



Budget Engagement Commission

City of Arts & Innovation

TO: HONORABLE COMMISSIONERS

DATE: JANUARY 12, 2023

**FROM: GENERAL SERVICES & POLICE
DEPARTMENTS**

WARD: 1

SUBJECT: MEASURE Z – REQUEST FOR ADDITIONAL FUNDING FOR THE NEW POLICE HEADQUARTERS IN THE AMOUNT OF \$14.7 MILLION FOR AN UNDERGROUND AND SURFACE LEVEL PARKING STRUCTURE WITH 150 SECURED PARKING SPACES FOR POLICE DEPARTMENT EMPLOYEE PARKING AND ESCALATED DESIGN AND CONSTRUCTION COSTS, TOTAL PROJECT COST \$50 MILLION; AND APPROXIMATELY \$19.7 MILLION IN TOTAL ESTIMATED DEBT SERVICE COSTS – SUPPLEMENTAL APPROPRIATION

ISSUE:

Recommend that the City Council approve a supplemental appropriation in the amount of \$14.7 million from Measure Z unallocated fund reserves for an underground and surface level parking structure, with 150 secured parking spaces for Police Department employee parking, in the design of the new Police Headquarters and escalated design and construction costs, for total project costs of \$50 million and approximately \$19.7 million in total estimated debt service costs.

RECOMMENDATION:

That the Budget Engagement Commission recommend that the City Council approve a supplemental appropriation in the amount of \$14.7 million from Measure Z unallocated fund reserves for an underground and surface level parking structure, with 150 secured parking spaces for Police Department employee parking, in the design of the new Police Headquarters and escalated design and construction costs, for total project costs of \$50 million and \$19.7 million in total estimated debt service costs.

BACKGROUND:

On May 16, 2017, the City Council adopted the Measure Z, Five-Year Spending Plan, which included \$45 million for New Police Headquarters.

On October 3, 2017, the City Council approved a reallocation of \$9,692,600 from the Police Headquarters project to the Downtown Main Library Project, resulting in a revised funding allocation of \$35,307,400.

On April 19, 2022, the City Council approved the Purchase and Sale Agreement with the County of Riverside for the Downtown Police Headquarters, located at 4102 Orange Street and authorized a supplemental appropriation of \$3,100,000 (plus miscellaneous title, escrow, and related costs) from Measure Z unallocated fund reserve for temporary funding for the purchase of the Downtown Police Headquarters to be renovated to serve as the new Police Headquarters.

On May 24, 2022, the City Council approved a Reimbursement Resolution to provide for the use of future bond proceeds for the acquisition, construction, and expansion of the Downtown Police Headquarters, located at 4102 Orange Street. The Resolution included a maximum principal amount of \$43 million.

On June 21, 2022, the City Council approved the proposed fiscal year 2022-2024 biennial budget, which increased the Measure Z Spending Plan, Item #25 – New Police Headquarters to \$44 million. This amount represents the estimated annual debt obligations on a principal amount of \$44 million over the life of the Measure Z tax which ends in March 2037.

DISCUSSION:

The current Police Headquarters, located at 4102 Orange Street, was built in the mid-1960s and has long since exceeded its 50-year building life cycle and does not meet present day essential services code requirements. The current approach to the Police Headquarters is to demolish the existing facility and build a new approximately 40,000 square foot facility, to include a two-story secured parking structure, with one level below ground and one level at ground level.

Police Department Parking

The current building is approximately 32,991 square feet in area and includes 57 parking stalls on site. The City of Riverside has had a long-standing Management Agreement with the County of Riverside for 200 additional parking stalls for City of Riverside employees in the County of Riverside owned parking structure, located at 4157 Lemon Street, Riverside, Ca. 92501 (on the corner of Lemon Street and 12th Street adjacent to the Downtown Police Headquarters).

Of the 200 leased parking stalls, 64 are allocated to the Human Resources Department as part of the City Hall Employee Parking Program and the remaining 136 parking stalls are allocated to the Police Department. The total cost of the parking stalls for FY20/21 was \$44,232.21, which includes a cost of \$30,077.90 to the Police Department and a cost of \$14,154.31 to the Human Resources Department. The Costs for FY21-22 are currently under review but are presumed to have increased since the previous year.

The availability of parking in the Downtown Core continues to be an issue for businesses and government agencies in the area. Additionally, due to the expected 50-year service life of the new Downtown Police Headquarters, it is impossible to forecast the County of Riverside's future plans with the parking structure and property that the City currently relies upon for parking. If this arrangement were to cease at any time over the next fifty years, this would create a substantial burden to the City and the employees working at the Downtown Police Headquarters.

The industry standard for the estimated life of a new police building is approximately 50 years. On a project like this, it is important to prepare and plan for the future. Therefore, the Police Department is proposing to include 150 secured parking spaces in the design of the new Police Headquarters in order to prepare for the ever-changing needs of the City. Due to the 24-hour service needs of the community, it is also essential for employee safety that Police Department employees are able to park in a secured location for after-hours access. The proposal to include

parking will improve the asset and ensure its resiliency to sustain the length of its estimated life span.

Police Headquarters Estimated Project Costs

The estimated cost to include underground and surface level employee parking stalls for 150 Police Department employees is approximately \$7,650,000. When added to the estimated costs associated with design and construction escalation, demolition, temporary relocation, and furniture, fixtures, and equipment the total proposed budget for the new Police Headquarters is approximately \$50,000,000 in Measure Z Funding.

Total estimated project costs for the new Police Headquarters and parking facility are as follows:

| Project Components | Estimated Cost |
|---|-----------------------|
| 40,000 sq. ft. facility @ \$1,000 per sq. ft. | \$40,000,000 |
| Parking Structure (150 spaces) | 7,650,000 |
| Demolition | 740,000 |
| Temporary Relocation | 610,000 |
| Furniture, Fixtures and Equipment | 1,000,000 |
| Total: | \$50,000,000 |

Staff recommends increasing the current Measure Z allocation by approximately \$14.7 million for total project costs of \$50 million to construct a new Police Headquarters and parking structure to better accommodate police operations to serve the community now and for years to come.

After City Council approval for the supplemental funding, staff will issue a Request for Proposals for Architectural Services to design the new Police Headquarters. The design and construction of the new facility will take approximately 36 months to complete.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 6 – Infrastructure, Mobility & Connectivity** and **Goal 6.2 – Maintain, protect and improve assets and infrastructure within the City’s built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.**

This item also contributes to **Strategic Priority 2 – Community Well-Being** and **Goal 2.4 – Support programs and innovations that enhance community safety, encourage neighborhood engagement, and build public trust.**

The item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The proposal to include secured parking stalls for Police Department employees is a decision based on sound policy to protect employees and the community. It is also being brought before the Budget Engagement Commission for inclusive community engagement and transparency.
2. **Equity** – The new Police Headquarters will be built to meet the changing needs of the community and will provide services to which every member of the community will have equal access.
3. **Fiscal Responsibility** – The proposal to include secured parking stalls for Police Department

employees will eliminated the lease payments for parking stalls in the 12th Street Parking Structure made by the Police Department and future parking uncertainties. Additionally, the request to utilize Measure Z funds will relieve the burden on the General Fund.

4. **Innovation** –This item is neutral towards this cross-cutting thread.
5. **Sustainability & Resiliency** – Having police employee parking incorporated into the design of the new headquarters helps to ensure the Police Department’s operational sustainability and resiliency should County of Riverside owned parking structures no longer be available.

FISCAL IMPACT:

To date, \$43,000,000 in anticipated costs inclusive of debt service costs has been allocated for the Police Headquarters project in Police Headquarters account no. 9901819-382040. This supplemental appropriation request will increase the total estimated project cost from \$35,307,400 to \$50,000,000, including purchase of the existing Police Headquarters building. Estimated debt financing costs on a principal amount of \$50,000,000 will require an estimated additional allocation for debt service costs of \$10.4 million from unallocated fund reserves in the Measure Z Spending Plan through March 2037. Based on preliminary 2021/22 fiscal year-end results, sufficient funding is available to accommodate the anticipated increase in debt service costs.

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| Attachment: | Presentation |