



Budget Engagement Commission

City of Arts & Innovation

TO: BUDGET ENGAGEMENT COMMISSION **DATE: APRIL 10, 2025**
FROM: POLICE DEPARTMENT **WARD: 1**
**SUBJECT: MEASURE Z SUPPLEMENTAL APPROPRIATION FOR AN ADDITIONAL \$10
MILLION TOWARD THE CONSTRUCTION OF A NEW POLICE
HEADQUARTERS BUILDING**

ISSUE:

Recommend that the City Council approve a Measure Z supplemental appropriation for an additional \$10 million toward the construction of a new Police Headquarters Building, for a total project cost of \$62 million.

RECOMMENDATION:

That the Budget Engagement Commission recommend that the City Council approve a Measure Z supplemental appropriation for an additional \$10 million toward the construction of a new Police Headquarters Building, for a total project cost of \$62 million.

BACKGROUND:

On May 16, 2017, the City Council adopted Measure Z, outlining a Five-Year Spending Plan that allocated \$45 million for the development of the new Downtown Police Headquarters Building.

On October 3, 2017, the City Council approved a reallocation of \$9,692,600 from the Downtown Police Headquarters Building project to the Downtown Main Library project. This change resulted in a revised funding allocation of \$35,307,400 for the police building.

On April 14, 2022, the Budget Engagement Commission (BEC) voted unanimously to recommend that the City Council approve a supplemental appropriation of \$3,100,000 (plus any ancillary costs) for the purchase of 4102 Orange Street as the location of a new Police Headquarters Building.

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

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

On June 21, 2022, the City Council approved the fiscal year 2022-2024 biennial budget, which included an increase in funding for Measure Z Spending Item #25 – the New Downtown Police Headquarters Building. The total project budget was increased to \$44 million, encompassing building and improvement costs. Estimated annual debt obligations are budgeted over the lifespan of Measure Z, which expires in March 2037. (The BEC did not receive the proposed budget due to a lack of quorum.)

On May 9, 2024, following discussion and without formal motion, the BEC received and ordered filed the Proposed Fiscal Year 2024-2026 Biennial Budget, which included an increase in funding for Measure Z Spending Item #25 – the New Downtown Police Headquarters Building. The total project budget was increased to \$52 million, covering building and improvement costs. The anticipated debt obligations were updated to reflect the estimated financing costs. The revised financing strategy ensures a realistic and sustainable repayment schedule - distributing project costs equitably over an extended period and enhancing generational equity, thus preventing undue burden on any single generation of taxpayers. On June 25, 2024, the City Council approved the Fiscal Year 2024-2026 Biennial Budget.

DISCUSSION:

The existing Downtown Police Headquarters Building, built in 1963, is now functionally obsolete due to outdated physical, spatial, and ergonomic conditions. The building faces ongoing issues, including inadequate heating, cooling, and ventilation, recurring plumbing failures, and an insufficient power supply and layout.

Holt Architecture, Inc. (Holt) completed the conceptual design process with a proposed three-level, 37,838-square-foot building to accommodate employees from key divisions, including the Office of the Chief, Personnel and Training, Records, Internal Affairs, Administration and Accounting, Community Services, and IT. The new facility is designed to support over 630 employees and serve a growing community of nearly 320,000 residents. Holt's total project cost estimate is approximately \$62 million which includes design and construction, hazardous materials abatement, demolition, construction contingencies, projected building cost escalation, and estimated soft costs such as permits, inspections, furniture, fixtures, and equipment. The total estimate is outlined in the chart below:

Project Breakdown	
Description	Cost
Design Fees	\$3,762,753
Building Demolition, Site Improvements	\$4,050,000
Building Construction	\$41,000,000
Escalation Costs	\$4,550,883
Permits, Testing, Inspection, Administration	\$500,000
Furniture, Fixtures and Equipment	\$2,500,000
10% Project Contingencies	\$5,636,364
Total Project Costs	\$62,000,000

The General Services Director concurs with this report.

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** – A well-designed facility can help officers do their jobs more effectively, with better technology, training rooms, and interview areas, leading to more efficient and respectful policing. This can result in faster response times, better case handling, and more positive day-to-day interactions.
2. **Equity** – The new Police Headquarters Building 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** – Construction of a new Police Headquarters Building will adhere to all Purchasing guidelines and best practices.
4. **Innovation** – The new Police Headquarters Building will be designed with the latest technology and innovative design strategies to support modern policing.
5. **Sustainability & Resiliency** – The new Police Headquarters Building design will incorporate sustainable materials and improve the department’s resiliency by providing more functional design for the new facility.

FISCAL IMPACT:

The total fiscal impact of this action is \$10,000,000, which will be fully offset by bond proceeds upon issuance of the debt. Annual debt obligations are estimated at approximately \$4 million annually for a 30-year term. If Council approves the action, a supplemental appropriation will be recorded in the Measure Z, New Police Headquarters Building and Improvements Account No. 9901819-462050.

Prepared by:	Joseph Lopez, Capital Project Manager
Approved by:	Larry V. Gonzalez, Police Chief
Certified as to availability of funds:	Kristie Thomas, Assistant Chief Financial Officer/Treasurer
Approved by:	Edward Enriquez, Assistant City Manager/Chief Financial Officer/Treasurer
Approved as to form:	Jack Liu, Interim City Attorney

1. Attachment: Presentation