Budget Engagement Commission

City of Arts & Innovation

TO: **BUDGET ENGAGEMENT COMMISSION** **DATE: JUNE 12, 2025**

FROM: **POLICE DEPARTMENT** **WARD: 1**

SUBJECT: **MEASURE Z - FIRST AMENDMENT TO PROFESSIONAL CONSULTANT SERVICES AGREEMENT FOR PHASE II ARCHITECTURAL DESIGN SERVICES OF DOWNTOWN POLICE HEADQUARTERS BUILDING WITH HOLT ARCHITECTS, INC. EXTENDING TERM THROUGH MARCH 1, 2028, AND INCREASING COMPENSATION BY $3,331,916 FOR A TOTAL CONTRACT AMOUNT OF $3,430,916 AND A CONTINGENCY OF $333,192 AND RECOMMEND A MEASURE Z FUNDING INCREASE OF $10 MILLION FOR FULL SCOPE OF PROJECT CONCEPTUAL DESIGN WITH A TOTAL ESTIMATED PROJECT COST OF $62 MILLION**

ISSUES:

Recommend that the City Council approve the First Amendment to the Professional Consultant Services Agreement for Phase II Architectural Design Services of the Downtown Police Headquarters Building with Holt Architects, Inc., (dba Holt Architecture) of Palm Desert, California, extending the term through March 1, 2028 and increasing the compensation by $3,331,916 for a total not to exceed contract amount of $3,430,916, authorize a contingency of $333,192, and approve a total project cost of $62 million for the construction of a new Police Headquarters Building, subject to availability of funds.

RECOMMENDATIONS:

That the Budget Engagement Commission recommend that the City Council:

1. Approve the First Amendment to the Professional Consultant Services Agreement for Phase II Architectural Design Services of the Downtown Police Headquarters Building with Holt Architects, Inc., (dba Holt Architecture) of Palm Desert, California, extending the term through March 1, 2028, and increasing the compensation by $3,331,916 for a total not to exceed contract amount of $3,430,916;

2. Authorize a contingency in the amount of $333,192 for unforeseen project changes including but not limited to, owner requested changes and design improvements;

3. Authorize the City Manager, or designee, to execute the First Amendment to the Professional Consultant Services Agreement for Phase II Architectural Design Services of the Downtown Police Headquarters Building with Holt Architects, Inc., (dba Holt

Architecture) of Palm Desert, California, including approval of contingency amendment (if needed), and making minor, non-substantive changes; and

4. Increase the project budget by $10 million for a total project cost of $62 million for the construction of a new Police Headquarters Building, subject to availability of funds.

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 Police Headquarters.

On October 3, 2017, the City Council approved a reallocation of $9,692,600 from the new Police Headquarters 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 19, 2022, the City Council approved a Purchase and Sale Agreement with the County of Riverside for the existing Downtown Police 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 Building at 4102 Orange Street. The maximum principal authorized amount 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 were 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 January 12, 2023, the BEC voted unanimously to 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. This item was not forwarded to the City Council for consideration.

On April 20, 2023, the City issued Request for Proposals (RFP) No. 2288 to solicit architectural design services for developing conceptual plans and drawings for the Downtown Police Headquarters Building. The RFP was distributed to 408 City of Riverside vendors and 500 external vendors. A virtual, non-mandatory pre-proposal meeting was held on May 3, 2023, with 24 vendors in attendance. By the closing date of the RFP, there were 49 prospective bidders. After an extensive evaluation of each proposal, Holt Architecture, Inc., of Riverside, CA, was selected as the most qualified bidder.

On March 12, 2024, the City Council approved a Professional Consultant Services Agreement with Holt Architecture Inc. expiring on November 1, 2024, amounting to no more than $99,000, for Phase I Design of the Downtown Police Headquarters Building. This phase included project programming, spatial requirements, conceptual design, public presentations, and the

development of preliminary cost estimates for a fully functional police headquarters building. The RFP required proposers to submit two conceptual designs. One of the designs was for a facility with 150 secured employee parking spaces to accommodate all RPD employees assigned to the facility and employees or vendors visiting the facility for meetings or other purposes. The other design was for a facility with the current level of employee parking spaces.

On June 25, 2024, the City Council approved the 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 over a thirty-year term. 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.

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. Therefore, a new Downtown Police Headquarters Building was identified as a primary project upon the adoption of Measure Z.

The City entered into a Professional Consultant Services Agreement for Phase I Design of the Downtown Police Headquarters Building with Holt Architecture, Inc. (Holt). Holt completed the conceptual design process with a proposed three-level, 37,838-square-foot building to accommodate employees from Police administrative divisions, including the Office of the Chief, Personnel and Training, Records, Internal Affairs, Administration and Accounting, Community Services, and IT.

Initially, the RFP required proposers to submit two conceptual designs, one design which included 150 secured onsite employee parking spaces and a second design with the current level of onsite employee parking spaces, also secured. Near the beginning of the design process, the decision was made to forgo the conceptual design with the 150 secured onsite employee parking spaces due to the estimated construction costs the scope would entail. Therefore, the completed Phase I Design includes about the same number of onsite parking spaces as the current facility in order to minimize total construction costs and maximize the design of the building.

The City is now proposing to move into Phase II of architectural design services with Holt. Phase II design includes design development, construction drawings, construction bidding, construction administration through building completion, and final building acceptance. A term extension and compensation increase are necessary to accommodate the scope of work for Phase II. Therefore, the First Amendment will extend the term of the agreement with Holt through March 1, 2028, and increase the compensation by $3,331,916. The Department is also requesting a contingency in the amount of $333,192 for unforeseen project changes including but not limited to, owner requested changes and design improvements.

The new facility is designed to administratively support over 630 RPD employees and serve a growing community of nearly 320,000 residents. Holt's total project cost estimate is approximately $62 million and 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**

Purchasing Resolution 1104 "Change Orders" states "Modifications to a Purchase Order shall be made only by Change Order… Change Orders may be utilized for purposes of…(3) modifying scope of work/services being provided, where the modification is reasonably related to the original scope of work/services, (5) modifying contract completion time or the term of a Contract, or (6) any other change approved by the Manager… Unless otherwise specifically authorized by the Awarding Entity, Change Orders which cumulatively exceed the following will require Awarding Entity approval: c) 10% of the original contract price for Contracts and/or Purchase Orders previously approved by the Awarding Entity and the total Change Order amount will not exceed $150,000 and e) Any Change Order which extends the time of completion beyond one year of the original date."

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution 24101 Section 1104.

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 RPD employees do their jobs more effectively, with better technology, multi-use conference rooms, and interview areas, leading to increased community engagement, improved customer service, 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 a more functional design.

FISCAL IMPACT:

The total fiscal impact of this action is $13,665,108 inclusive of Phase II Architectural Design Services ($3,331,916) and the contingency ($333,192), as well as the recommended project increase of $10 million.

Funding for Phase II Architectural Design and the contingency is currently available in the Measure Z Fund, New Police Headquarters Building and Improvements Account No. 9901819-462050. This amount will temporarily draw down Measure Z reserves but will be reimbursed by bond proceeds upon the future issuance of debt, effectively restoring the fund balance.

The full project cost is now estimated at $62 million, with annual debt service projected at approximately $4 million over a 30-year term. An appropriation for the increased debt obligation is included as a placeholder in the proposed amended FY 2025/26 Budget, which is scheduled for public hearing before City Council on June 17, 2025. While this budgeting strategy allows planning efforts to proceed in alignment with the full project scope, it does not represent a final commitment to move forward with construction. Given current budget constraints and ongoing economic uncertainty, staff are seeking the BEC's support for the revised project budget at this time. This early endorsement would allow the City to pivot quickly as financial conditions improve.

Prepared by:	Brandi Becker, Police Administrator
Approved by:	Larry V. Gonzalez, Police Chief
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Edward Enriquez, Assistant City Manager/Chief Financial Officer/Treasurer
Approved as to form:	Jack Liu, Interim City Attorney

Attachments:

1. First Amendment to the Professional Consultant Services Agreement with Holt Architects, INC.
2. Presentation