



DATE: February 22, 2022
TO: Mayor and Members of the City Council
FROM: Mike Malone, Interim City Manager
Terrance Davis, Interim Assistant City Manager
SUBJECT: ADOPT A RESOLUTION AUTHORIZING THE SUBMISSION OF A FINANCING APPLICATION TO THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (“IBANK”) IN AN AMOUNT NOT TO EXCEED \$30,000,000 FOR THE DESIGN AND CONSTRUCTION OF A POLICE HEADQUARTERS FACILITY AT 400 MARE ISLAND WAY

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to submit a financing application to the California Infrastructure and Economic Development Bank (IBank) for an amount not to exceed \$30,000,000 to complete the design and construction of 400 Mare Island Way for a headquarters for the Vallejo Police Department.

REASONS FOR RECOMMENDATION

The existing police facility located at 111 Amador is in poor condition due to age and significant deferred maintenance. The facility is no longer suitable to adequately support police operations. Given that borrowing rates and construction costs are anticipated to escalate, adoption of a strategy to finance and replace the current police headquarters building is prudent at this time.

BACKGROUND AND DISCUSSION

The current Vallejo Police Department Building at 111 Amador has been deteriorating for many years. Originally constructed in 1961 as a part of a municipal services complex that includes the City's Corporation Yard, the current building is in poor condition due to its age and significant deferred maintenance. The building has antiquated HVAC systems, along with lead, asbestos, and other environmental hazards. Further, the building lacks adequate backup power generation and has recently lost power for extended periods of time, impacting the efficiency of operations.

Originally designed for 20,000 square feet, due to environmental concerns, portions of the building have been closed to employee access, limiting the usable office and storage space required to implement 21st Century policing best practices. The current facility lacks interview rooms, public spaces/community rooms, a press room, and ample storage space. The locker rooms are inadequate and there are no sleeping quarters for officers held over on shifts.

Given space limitations, numerous police units are located off-site due to the limited size of the current building. An updated police facility appropriately sized for the City of Vallejo and its Police Department will require over 60,000 square feet, with adequate acreage for parking and other critical related facilities. Units that are currently located off-site include:

- Investigations Unit and Professional Standards Unit
- Traffic Unit

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- Community Services Unit
 - Crime Reduction Team (CRT)
 - Property and Evidence Operations, and
 - Budget and Administrative Operations

All of these off-site units diminish the overall efficiency and effectiveness of the department.

The City has been discussing a new police facility for more than 20 years with very little progress until the purchase of the building at 400 Mare Island Way.

Building Assessments to Date

An internal assessment was completed on the 111 Amador building in 2017/2018 to identify improvements needed to the existing police facility to address the critical deferred maintenance items based on the age of the facility. HVAC, sewer, and asbestos and lead abatement were all identified as necessary to address. Additionally, operational improvements identified as priorities included upgrades to the holding facilities, officer locker room and shower facilities, and report writing areas. Finally, security upgrades to the lobby were also identified as important to address.

The total cost estimate for these improvements was \$7M (\$5M for facilities/operations and \$2M for HVAC). The top priorities to pursue were identified as abatement of hazardous materials, and design (not construction) of a new HVAC. At that point, scoping of other improvements was halted to examine alternative sites for a police building. These estimates have not been escalated to reflect inflation in construction labor and material costs, but would likely be 25-30% higher than original estimates.

In 2018, the City initiated a review of city-owned parcels that met the criteria to be utilized for the construction of a new Police Headquarters. Multiple sites were considered, but after considerable analysis of the site conditions, environmental concerns, and probable construction costs, the following two locations were selected for a feasibility analysis, although each had certain limitations as summarized below:

- South Waterfront: West quadrant of the Sonoma Blvd. and Solano Avenue intersection
 - Bay Conservation and Development Commission (BCDC) constraints exist related to this site
 - PG&E remediation site is just west of the proposed site
 - Adjacent to and west of the wastewater treatment plant
- Rollingwood: Northwest quadrant of the Benicia Rd and Rollingwood Drive intersection
 - Parcel closest to Benicia Road is privately-held property
 - Ballfields are on school district property

Leach Mounce Associates (LMA), who has over 60 years of public safety architectural experience, was hired by the City to prepare a feasibility study for a new Public Safety Facility. The Public Safety facility was envisioned to house police and fire operations, so the design concept was more comprehensive to reflect all public safety needs. The scope included a needs assessment, analysis of two potential sites, preparation of

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concept plans and cost estimates, and preparation of a rendering. This study cost \$102,618 to complete, and a copy of this study is attached.

The Rollingwood location was identified as the preferred site with a probable cost of construction estimated at \$95M (\$1,103/sf). (Those costs would need to be escalated 16% to reflect 2022 construction dollars.)

400 Mare Island Way Feasibility

In December 2018, the City became aware of the availability of the 400 Mare Island Way building for purchase. At the February 12, 2019 Council meeting, the City Council authorized execution of a Real Property Purchase and Sale Agreement (PSA) for the purchase of the property at 400 Mare Island Way.

In February 2019, the City of Vallejo engaged Glass Architects to perform a feasibility study on 400 Mare Island Way. The purpose of the feasibility study was to determine if the building would be suitable for conversion into an Essential Services facility to house the City’s Police Department. The study determined the facility to be feasible and identified the overall expected cost of required renovations. A detailed cost estimate estimated construction at approximately \$34M (\$479/sf). Those costs would be escalated 6% to reflect 2022 construction dollars. The Glass 400 Mare Island Way Study is attached.

In February 2020, City Council adopted a resolution amending the General Plan 2040 to change the General Plan designation at 400 Mare Island Way from Business/Limited Residential (B/LR) to Public Facilities and Institutions (PF) and an ordinance to amend the existing Zoning Map designation from Mixed Use Planned Development (MUPD) to Public and Quasi-Public Facilities District (PF).

JFK Library Feasibility

In 2019, in response to direction to explore the possibility of utilizing this location instead of 400 Mare Island Way, the existing JFK Library was separately assessed for feasibility by Glass Architects. To avoid significant expenditures associated with structural, engineering, and other assessments, the scope was limited to a high-level analysis to ascertain the anticipated cost. The cost for retrofit/construction is estimated to be equal to or greater than 400 Mare Island Way. Parking and security are identified as notable concerns for this location. This assessment is attached.

Other Potential Sites

As noted previously, other potential sites for a police building in Vallejo are limited due to a variety of factors, such as zoning, size, and environmental concerns. Several locations have been suggested for consideration. For example, the old Wal-Mart building that is located at 5180 Sonoma Blvd is one that is frequently noted as a possible location for consideration. The site is privately owned and not currently zoned correctly, nor is it currently for sale. The building is 127,000 square feet which is larger than the estimated 75,000-100,000 square feet estimated as required by Vallejo Police Department.

Public-Private Partnerships

Staff have also explored private-public partnership (P3) models, which are commonly used to construct civic buildings. Under a P3, it is typical for a firm to provide private market financing and design-build construction support to construct new buildings. In this scenario, a municipality does not typically own the new building, but makes lease payments to the P3 for over a designated term (e.g 30 years). At the end of the lease payment term, the municipality would then take ownership of the building or facility. This financial structure has many benefits; however, cost estimates for a new P3 building in Vallejo are estimated at \$800-1100 per square foot.

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Given Vallejo Police Department's required building footprint of 60,000 square feet, utilizing this model would equate to a cost of construction of \$48-60M, which exceeds the City's current financial capacity to make lease payments. Lease payments under this type of structure would be estimated in the range of \$5-8M per year, depending on final site development costs.

Proposed Design for 400 Mare Island Way

The 400 Mare Island Way was originally built for office use for State Farm Insurance. The current design and construction estimate to convert the building to a police headquarters facility is \$30M and is comprised of the following elements:

- Retrofitting the entire building to meet Essential Services building code requirements. Essential Services buildings are designed and constructed to resist gravity forces, minimize fire hazards, and resist forces from wind and earthquakes.
- Construction of a new dispatch and communication center
- Construction of a new second floor public entrance on the south side of the building
- Construction of a community room and emergency operations center
- Addition of a public elevator to meet American with Disabilities Act requirements
- Parking and security improvements
- Addition of a sally port and detention facility for adult and juvenile suspects
- Addition of K-9 kennel and outdoor dog run facilities
- Addition of multiple locker room facilities
- Electrical, HVAC, and plumbing retrofits to accommodate an expanded floor plan for operations.

Additional interior, exterior, and parking improvements are desired for the facility. However, given funding limitations, those items would be considered in future phases. As the City continues to expand its waterfront, the goal is to incorporate those design elements into the 400 Mare Island Way facility.

The current design for the retrofit is at 35% completion. If funded, final design would resume in the summer of 2022 and be completed by the end of the calendar year. Construction is anticipated to take 14 months, with a tentative completion date of April 2024.

The full detailed cost estimate is attached for reference.

Cost Comparison of Various Options

Staff have examined a variety of alternatives for a police headquarters, including Public-Private Partnership (P3) models utilized by other cities, new construction, and retrofit of other facilities. Although there are many options, it is difficult to make a comparison of alternatives without examining the total side-by-side development costs to assess the various potential scenarios. The table below summarizes the various options that have been examined to date, including the acreage (ac), building area, and the corresponding cost per square foot (sf) to construct and develop the site.

Project	Site Area	Building Area	Direct Construction Cost Estimate	Direct Construction Cost per SQ of Bldg Area	Total Project Development Cost	Total Project Development Cost per SQ ft of Bldg Area
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Rollingwood Site	4.31 ac	65,366 sf	\$65,236,00	\$998/sf	\$74,600,000	\$1,141/sf
Salinas Police Station	6.5 ac	69,230 sf	\$62,300,00	\$900/sf	n/a	n/a
Leach Mouce Study	4.1-5.65 ac	86,377 sf	\$68,052,380	\$788/sf	\$95,234,189	\$1,103/sf
400 Mare Island Way	4.9 ac	55,923 sf	\$28,634,500	\$491/sq	\$42,054,500*	\$752/sf

* includes the \$13.42M acquisition cost of the 400 Mare Island Way building

Police Facility Location and Effective Public Safety Services

The new building design and location at 400 Mare Island Way will be key to accomplishing a number of The OIR Group Recommendations for the Vallejo Police Department:

- Community Engagement and Inclusion (Recommendation 1 – New Building/Public Access, Recommendation 7 – Effective Crime Prevention Strategy)
- Highly Visible, Pillar of Safety and Community Policing (Recommendation 7 – Effective Crime Prevention Strategy)
- New High Performing System Collaborative, Community Resource Collaborative for Victim/Survivor Services. (Recommendation 3 - Ensure Sufficient Resources)
- New Family Justice Center or Community Resource Collaborative. Serving families affected by domestic violence, sexual assault, child abuse, elder abuse and human trafficking. (Recommendation 3 - Ensure Sufficient Resources)
- Parking, Lobby and Community Space (Recommendation 2) “Put your presence in places people can access and where communities congregate – and be flexible in this regard. Demand shifts – never put down inappropriate building ‘roots’. (Recommendations 1, 2 New Building/Public Access)
- Increased Operational Efficiencies, Synergy and Communication (Recommendation 37 - Community Meetings, Other Operational Issues)
- Effective Crime Prevention Strategy Involving problem solving and community engagement (Recommendation 7 - Effective Crime Prevention Strategy)
- Strengthens the range and responsiveness of community policing through the foundation of recruitment and retention through diversity and inclusion (Recommendation 5 - Racial, Gender and Ethnic Diversity in Recruiting)
- Ideally located and highly suitable for strong community partnerships. Location produces and empowers growth, transformational change and productivity for the police and the community. The location is designed to protect and serve people. (Recommendations 1, 2 New Building/Public Access)

Further, a number of California communities have effective and attractive police departments located on or near waterfronts:

- Napa Police Department
- Sausalito Public Safety Department
- Long Beach Police Department
- San Diego Police Department - Western Station
- Venice Beach Police Department
- Capitola Police Department

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- Pismo Beach Police Department
 - Carpinteria Sheriff’s Station

400 Mare Island Way is centrally located in the Civic Center, has increased visibility and easy access to public safety services, and allows for enhanced community engagement and collaboration with the availability of attractive and welcoming public spaces in the facility. It will also allow for a new emergency operations center, which is a critical need.

“IBank” Infrastructure State Revolving Loan Program (IRSF)

The California Infrastructure and Economic Development Bank (“IBank”) administers a financing program to assist local governments with the financing of eligible projects in accordance with Section 63000 *et seq.* of the California Government Code (the “Act”). The Infrastructure State Revolving Fund (ISRF) Program is authorized to directly provide low-cost public financing to state and local government entities. ISRF financing is available in amounts ranging from \$50,000 to \$35 million with loan terms for the useful life of the project up to a maximum of 30 years. A few examples of ISRF financed projects include water and wastewater treatment plant upgrades or construction, venue or airport construction or street repair and upgrades. Eligible applicants must be located in California and include any subdivision of a local government, including cities, counties, special districts, assessment districts, joint powers authorities and nonprofit organizations sponsored by a government entity.

Given that IRSF offers competitive terms with 2-3% interest rates, and is set up to serve local municipalities, staff believes that the utilization of IBank for this project is the best financing option. Once an application is submitted, it is anticipated that the City will receive final approval and terms by Summer 2022.

FISCAL IMPACT

As detailed above, studies related to the police building, to date, have cost approximately \$172,000. The cost to purchase the building at 400 Mare Island Way was \$13.4M.

In October 2019, the City solicited proposals for the design of a PD Headquarters at 400 Mare Island Way. Indigo Architects was selected and issued a contract not to exceed \$3M, subject to approved annual budget appropriations. The retrofit design of the facility was broken into phases:

- Costs: 400 MI Way site prep, feasibility and preliminary design costs to date:
 - o Feasibility: \$60,000 plus staff time (30%) – Glass Architects
 - o Phase I Design (35%) – \$932,000, plus staff time (30%) – Indigo Architects

Currently, the City receives \$250,000 annually in revenue, due to the Veterans Administration leasing a portion of the building. The only other current costs for the building are those needed for ongoing maintenance, which are fully covered by the rent revenue.

The current design and construction estimate for completion of the retrofit of the 400 Mare Island Way building is \$30 million. The 20-year debt service payment for a \$30M IBank loan in this amount is \$1.6 million annually.

Due to identified new revenue offsets and cost savings, this debt service payment will not negatively impact

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the General Fund. As the Blue Rock Golf Course's financial performance improves, the General Fund subsidy to the Golf Fund has been reduced, resulting in a \$350,000 savings annually. In addition, staff have identified an additional \$1.3M in ongoing salary savings from police vacancies. These vacancies are not anticipated to be permanent in nature, and will be re-evaluated on an annual basis as other revenues increase. However, due to attrition, the Vallejo Police Department has averaged a 12% vacancy rate for the last five fiscal years.

ENVIRONMENTAL REVIEW

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

ATTACHMENTS

1.	400 Mare Island - Glass Feasibility Study 2019
2.	400 Mare Island - PD Facility Retrofit Construction Estimate 2022
3.	Leach Mounce Public Safety Feasibility Study 2018
4.	JFK - Glass Police Feasibility Assessment 2019
5.	ISRF Borrower Resolution_PFM_2-8-22 CAO Stamp

CONTACT

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