Police Services of Salinas Headquarters

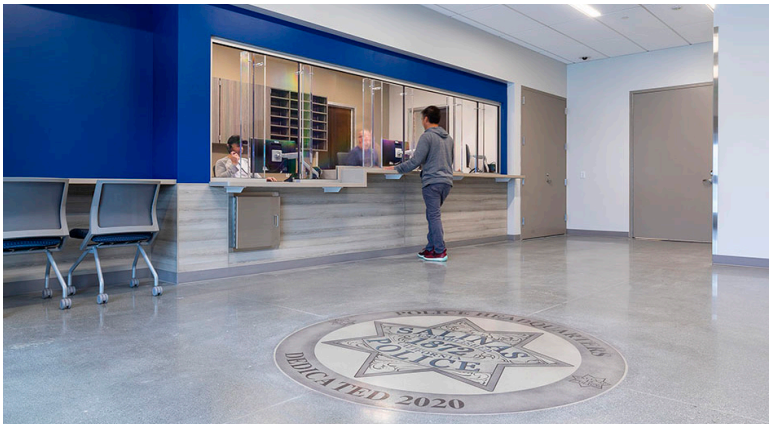
A new, $56 million Police Services Headquarters Building for the City of Salinas

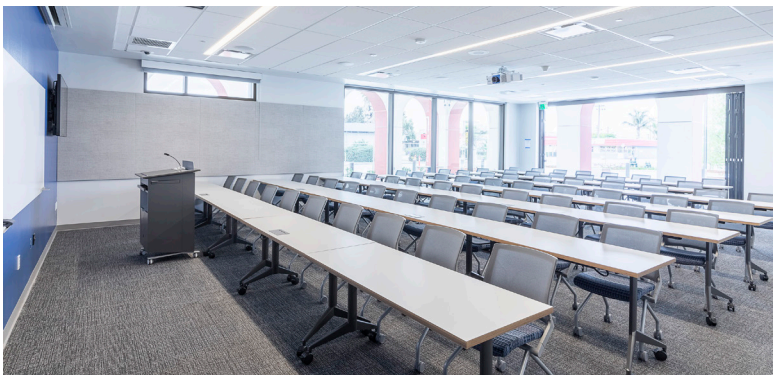
The new state-of-the-art police facility replaced a 62-year-old, deteriorated facility and anchors the City's redevelopment objectives along the Alisal Street corridor. The new Police Headquarters consists of a two-story, 44,352 square foot building and a second, 24,878 square foot building and is designed to house all first responder functions. The headquarters is the hub for patrol, administrative support, and investigative functions associated with law enforcement. It has been built to the highest life safety building standards for wind and seismic events and includes state-of-the-art evidence storage areas, forensic laboratories, canine and bicycle officer support and a ten-station firing range. The 6.5 acre site also includes 250 secure and 20 public parking spaces.

Delivered on-time and under budget

The new building was completed in January 2020, on-schedule and under budget. Project savings, and the flexibility provided by the 63-20 Progressive Design-Build delivery model, made it possible for the project to incorporate several ancillary components that were not part of the original project scope. These included street lighting, a traffic signal, curbs and gutters, and the cleanup of contaminated soil that exceeded the original contracted obligation. The project also completed a portion of the City's fiber optics installation project, which was behind schedule. All of this was done to accommodate the City's objectives in their Alisal Market Master Plan, for which, the new police station serves as an anchor project to establish further improvements along the Alisal corridor.

An additional benefit of project savings is a lower annual debt service payment. Combining that with the additional incorporated ancillary improvements resulted in a real and direct benefit to the City at no additional cost.





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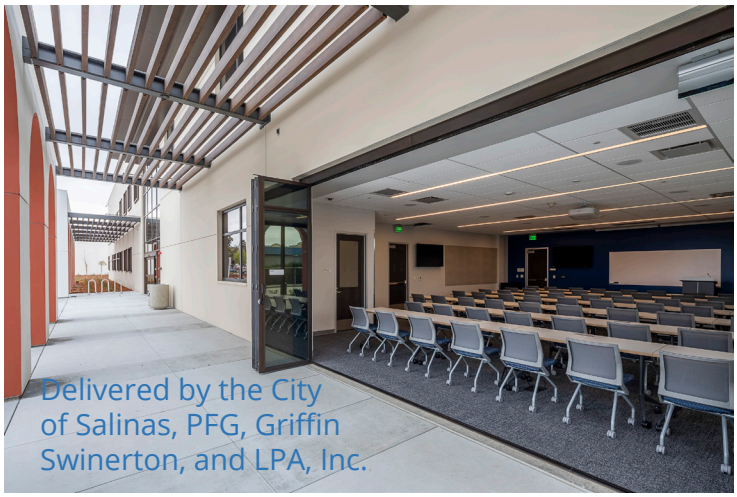
63-20 Progressive Design-Build Delivery

Delivery of the new police facility followed a typical 63-20 Progressive Design-Build appraoch. The City of Salinas selected Public Facilities Group (PFG) as the Not-for-Profit Partner. PFG acted as a third-party issuer, issuing 63-20 tax-exempt lease revenue bonds for the City of Salinas, allowed under IRS revenue ruling 63-20. The City and PFG partnered to select the development team and architecture firm. Griffin Swinerton, a joint venture between Griffin Development and Swinerton Construction, acted as the Developer and Builder and designs for the police station were delivered by LPA, Inc.



Delivered by the City of Salinas, PFG, Griffin Swinerton, and LPA, Inc.

A traditional equity based P3 approach can save money by expediting construction, but it has a very expensive financing structure when compared to municipal bonds and 63-20 debt. By contrast, a traditional public delivery approach benefits from low cost tax-exempt financing but typically suffers from excessive change orders and a protracted construction timeline that drive up cost. Using the 63-20 Progressive Design-Build approach, the City was able to combine the benefits of private delivery found in a typical P3 delivery approach with low cost 63-20 tax-exempt financing, bringing together the advantages of both public delivery and private delivery.

In their presentation to the city council, the City of Salinas listed the following benefits of a 63-20 Progressive Design-Build approach that attracted them to the model:

- **Tax Free Financing** - IRS revenue ruling 63-20 grants a qualified not-for-profit entity the right to issue tax-exempt bonds to own, operate and maintain a project on behalf of a public agency.
- **Insulates the City from legal challenges (Spearin Doctrine)** - This insulates the public agency from contractual privity and allows for the transfer of development risk to the private development team.
- **Incentivizes Performance** - An incentivized structure in the contracting awards the development team a minor stake in the savings achieved at completion. The outcome is faster delivery and shared cost savings.

PFG Webinars

PFG hosts free webinars every Spring and Fall. To register or find out more, contact Matt Calcavecchia at mcalcavecchia@publicfacilitiesgroup.org

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