



JOINT REPORT

DATE: April 14, 2026

CATEGORY: New Business

DEPARTMENT: City Manager's Office

TITLE: **Approve the Public Safety Building Construction Financing Plan and Recommended FY 2025-26 Fund Transfers and Appropriations**

RECOMMENDATION

1. Approve the Public Safety Building development financing plan.
2. Adopt a Resolution of the Board of Directors of the Shoreline Regional Park Community Amending the Fiscal Year 2025-26 Adopted Budget to Transfer and Appropriate \$10,000,000 from the Shoreline Regional Park Community Fund to CIP 20-49, Public Safety Building, Design, to be read in title only, further reading waived (Attachment 1 to the Council report).
3. Adopt a Resolution of the City Council of the City of Mountain View Amending the Fiscal Year 2025-26 Adopted Budget to Appropriate \$2,000,000 in the General Operating Fund for a Transfer to the Public Safety Building Reserve, to be read in title only, further reading waived (Attachment 2 to the Council report).

BACKGROUND

The existing 44,000-square-foot Police and Fire Administration Building (Public Safety Building) was opened in 1980, and houses fixed Mountain View Police Department operations, Emergency Dispatch, the Fire Chief, the Deputy Fire Chief, support staff, and the Emergency Operations Center.

For many years, the building has been undersized as the Mountain View Police Department has grown and changed. Although the building's durable concrete-block walls have served the City well, they have made interior layout adjustments challenging and costly whenever the Mountain View Police Department changes its operations and staffing. As the building was designed prior to the Essential Service Seismic Safety Act of 1986, it also does not meet current seismic standards, which is a requirement for a new essential facility of this nature.

The project would replace the existing facility with a new, 75,000-square-foot, three-story building on the same site. The proposed Public Safety Building would be located at 1000 Villa

Street, Mountain View, CA, at the corner of Villa and Franklin Streets in the Public Facility zoning district. The 4.3-acre site is occupied by the City’s current 44,000-square-foot Police/Fire Administration Building and associated site improvements

The project has completed its preliminary design and environmental clearance under the California Environmental Quality Act (CEQA). An Environmental Impact Report was certified by the City Council on November 4, 2025, and the Notice of Determination was filed with the California State Clearinghouse on November 5, 2025. The CEQA determination was a prerequisite condition prior to issuing any municipal bonds.

With design underway and CEQA clearance complete, staff is prepared to proceed with a recommended financing plan for the construction of a new public safety building. The table below summarizes the projected total project costs based on current estimates.

Project Detail	Cost
Construction (including contingency)	\$138,000,000
Consultancy Services (design and construction management)	\$14,500,000
City Services (project management/inspections)	\$5,442,000
Right of Way, CEQA, Permits	\$2,670,000
Miscellaneous Costs (furniture/fixtures/equipment, public art, temp facilities, etc.)	\$18,550,000
Project Contingency	\$838,000
Subtotal	\$180,000,000
City Administration (6.5% est)	\$9,000,000
Total Estimated Project Cost	\$189,000,000

Detailed design is underway, and the first phases of site-clearing work and off-site preparation packages are planned for bid in the summer of 2026. The project is scheduled for completion in 2031.

The table on the following page illustrates the three phases associated with the project.

Construction Phases	Est. Start	Est. End	Cost (M)
Phase 1 – Site Preparation, Selective Demo, Utilities & Lot 11 Prep.	Jul 2026	Apr 2027	\$15.0
Phase 2 – Public Safety Building, Lot 11 Conversion to Parking & Building Activation	May 2027	Aug 2029	\$135.0
Phase 3 – Demo of Existing Bldg. and Construction of Garage & Site Improvements	Sep 2029	Dec 2030	\$39.0
Total			\$189.0

ANALYSIS

The Public Safety Building project funding plan is the culmination of proactive Council reserve policies, community support for new revenue generation, and the ability to access the municipal financial markets in a prudent and cost-effective way. The following is a summary of the key components of financing for the Public Safety Building

Public Safety Building Reserve

The Public Safety Building Reserve was established to set aside funds for the Public Safety Building project and related debt service. The reserve was initially funded from revenues associated with a long-term ground lease for 750 Moffett Boulevard, commonly referred to as the Ameswell Hotel project, and earmarked by Council in 2018, along with Transient Occupancy Tax, property tax, and sales tax generated from the hotel property. These revenue sources from the Ameswell project currently provide approximately \$5.3 million in annual revenue, with the potential for nominal increases in the future. **Since inception of the partnership in 2018, the revenue has been maintained in a reserve and has an anticipated balance of \$26.5 million as of June 30, 2026.**

With the passage of Measure G in 2024, an additional important revenue source has been secured for the Public Safety Building Project. Measure G is estimated to generate approximately \$8.0 million annually, on average, of which up to \$3.2 million can be allocated toward annual debt service. **By allocating \$3.2 million in potential Measure G annual revenue plus the \$5.3 million in annual revenue from the Ameswell project, a total amount of \$8.5 million annually is potentially available to finance the debt service for this project.**

Lease Revenue Bond Financing

In consultation with the City’s Municipal Financial Advisor (Urban Futures), staff estimates that approximately **\$8.1 million in annual revenues (Ameswell/Measure G) could service approximately \$135.0 million in bond proceeds**, based on current market rates. It is important to note that the actual bond proceeds will be dependent on interest rates and market conditions at the time of issuance. Staff will return to Council on April 28, 2026, for approval of the necessary bond documents related to the issuance of lease revenue bonds in the State of California.

Public Safety Building, CIP Project 20-49

On January 27, 2026, the City Council authorized the transfer and appropriation of \$7.5 million from the Public Safety Building Reserve to the Public Safety Building, Project 20-49, for pre-construction services, construction management, LEED commissioning, and special inspection services. **This transfer increased the current CIP funding from \$8.8 million to \$16.3 million.**

Shoreline Regional Park Community

The Shoreline Regional Park Community is a separate legal entity created by State legislation to support the economic and environmental enhancement of the surrounding North Bayshore Area. The Shoreline Regional Park Community Act (the Act) prescribes the powers and responsibilities of the Shoreline Community. As the Shoreline Community is served by dedicated public safety resources, it is responsible for a proportionate share of the infrastructure necessary for the provision of public safety resources to the community. **As such, the Shoreline Community will contribute \$10.0 million toward the centralized public safety administration building.**

Total Project Funding Sources	
Bond Financing supported by Measure G and Ameswell Revenue	\$135,000,000
Public Safety Building Reserve	\$26,500,000
Public Safety Building, CIP Project 20-49	\$16,300,000
Shoreline Regional Park Community	\$10,000,000
GOF Fiscal Year 2025-26 Recommended Budget Action	\$2,000,000
TOTAL OF INITIAL FUNDING SOURCES	\$189,800,000

Additional Sources/Contingencies

In addition to the funding sources identified above, bond proceeds may generate interest earnings, within applicable legal constraints, that can be applied to the project costs. **Over the project's estimated five-year horizon, interest earnings are reasonably projected to range from \$5.0 to \$10.0 million**, depending on market conditions and timing of project costs. Additionally, the City retains flexibility throughout the life of the project to reevaluate existing CIP allocations, and if appropriate, reprogram funds to support the project. This provides an additional contingency should project costs or funding needs change.

The project budget also includes \$9.0 million for City administration and overhead costs, which are reimbursed to the General Fund. This estimate reflects the full cost of project support services over the life of the project. Given that the project's debt service will also be supported by the General Fund, staff will continue to evaluate the overall net General Fund impact, including internal cost recovery assumptions, and may recommend adjustments to this estimate, subject to Council approval, to support overall project affordability and provide additional financial flexibility.

Additional Funding Sources	
Other Sources, including interest income and CIP funds	\$5,000,000 to \$10,000,000
TOTAL	\$194,800,000 to \$199,800,000

ENVIRONMENTAL REVIEW

The project has completed its preliminary design and environmental clearance under the California Environmental Quality Act. An Environmental Impact Report was certified by the City Council on November 4, 2025, and the Notice of Determination was filed with the California State Clearinghouse on November 5, 2025.

FISCAL IMPACT

The funding plan is contingent on the issuance of municipal lease revenue bonds, which are a General Fund obligation. While the City has been diligent in allocating revenues from both Measure G and the Ameswell property, in the event those sources aren't sufficient to cover debt service, the General Fund would be obligated to make up the difference.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a "license, permit, or other entitlement for use" if the official has received a campaign contribution exceeding \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent

financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

EXEMPT FROM THE LEVINE ACT

General policy and legislative actions

CONCLUSION

With the two dedicated revenue sources, accumulated reserves to date, lease revenue bond proceeds, and additional funding sources, staff believes a suitable financing plan can now be achieved with minimal anticipated impact to the General Fund. Staff is currently working with the City's Financial Advisor, Bond Counsel, Disclosure Counsel, and Underwriter and anticipate returning to Council on April 28 with a final documents for the issuance of lease revenue bonds.

ALTERNATIVES

1. Modify the scope of the project to reduce the overall construction.
2. Do not approve the financing plan as presented and provide other direction.

PUBLIC NOTICING

Agenda posting. Public notice of the hearing and Economic Development Subsidy Report was published in a newspaper of general circulation.

Prepared by:

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Approved by:

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City Manager

Attachments:

1. A Resolution of the Board of Directors of the Shoreline Regional Park Community Amending the Fiscal Year 2025-26 Adopted Budget
2. A Resolution of the City Council of the City of Mountain View Amending the Fiscal Year 2025-26 Adopted Budget