



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

November 18, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

TRANSFER OF RESPONSIBILITY FOR SIXTEEN COURTHOUSES TO THE STATE OF CALIFORNIA (ALL DISTRICTS) (3 VOTES)

SUBJECT

This letter recommends Board approval of sixteen Transfer Agreements and fifteen Joint Occupancy Agreements, as well as other related actions, to effect the transfer of responsibility for the Superior Court's share of fifteen courthouses and one other court facility, and subsequent transfer of title for certain of the courthouses. This change will alleviate the County's current responsibility to provide, operate, and maintain space for the Superior Court in the sixteen locations.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the recommended actions are categorically exempt from the provisions of the California Environmental Quality Act (CEQA).
2. Approve and instruct the Chair to sign sixteen Transfer Agreements with the Judicial Council of California for:
 - (a) the transfer of responsibility, effective upon Board approval, for the Superior Court's share of facilities operations at fifteen courthouses, including Alhambra, Beverly Hills, Compton, Edmund D. Edelman Children's, East Los Angeles, El Monte, Inglewood, Metropolitan, Norwalk, Santa Monica, Torrance, Van Nuys East, Van Nuys West, West Covina, and Whittier Courthouses;

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

- (b) the transfer of responsibility, effective upon Board approval, for the Superior Court's leased Monrovia Warehouse;
 - (c) the transfer of title to the properties to the State of California, effective once the Judicial Council completes its title work, at ten of the fifteen courthouse sites;
 - (d) the transfer of title to the properties to the State of California, effective after the current bonded indebtedness is relieved and the Judicial Council completes its title work, at two of the courthouse sites; and
 - (e) the transfer of title to the property to the State of California, effective after the Option held by the County pursuant to the Option Agreement with the City of Norwalk Redevelopment Agency is exercised or terminated, and the Judicial Council completes its title work, at the Norwalk Courthouse site.
3. Approve and instruct the Chair to sign fifteen Joint Occupancy Agreements setting the terms and conditions for the shared use of the fifteen courthouses by the County and the Superior Court, along with the other State parties.
 4. Instruct the Chief Executive Officer (CEO) to sign the Quitclaim Deeds, which will be approved as to form by County Counsel, substantially similar in form and content to those included in each Transfer Agreement for the thirteen courthouses where title is to be transferred.
 5. Instruct the Auditor-Controller to make quarterly installments of the County Facilities Payment (CFP) associated with the sixteen facilities, to the State Controller in accordance with the Government Code for transferred facilities and the instructions of the State Controller, in the amount of \$5,980,244 for the remainder of 2008-09 and \$9,652,321 for subsequent years, as these amounts may be adjusted by the State Department of Finance to account for changes in the rate of inflation up to the date of transfer.
 6. Instruct the CEO to assign occupancy agreements, and to terminate those agreements that cannot be assigned, for third-party tenants if the responsibility for those agreements is transferred to the Judicial Council under the Transfer Agreements, in accordance with the Transfer Agreements.
 7. Authorize the CEO to execute any other documents, upon approval as to form by County Counsel, and to take other related actions necessary to complete the transfers and implement their purposes.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Trial Court Facilities Act (SB 1732, Chapter 1082 of 2002—the Act) established the authority for the transfer of responsibility for court facilities from the counties to the State, with the State's interests represented by the Judicial Council of California. The Act has been subsequently amended, including by AB 1491 (Jones, Chapter 9 of 2008), which extends the transfer period through December 31, 2008.

The Act authorizes the State of California, through the Judicial Council, to assume the financial responsibility for the facilities operations (e.g., payment of utilities, building and grounds maintenance, permitting of equipment, and other building management functions) in the Superior Court share of local trial courts. Transfer of the court facilities will relieve the County of its responsibility for operation and management of court facilities, which responsibility has largely been dictated by the non-County tenant, as well as of its obligations for future operational cost increases.

County work on the transfers of all 50 court facilities is virtually complete, including efforts related to assessment and documentation of present conditions, space and parking allocations, providing information to the Administrative Office of the Courts (AOC) in support of their due diligence process, documentation of legal descriptions, calculation of the annual County Facilities Payment (CFP), negotiation of general terms and conditions of transfers, and drafting of a "template" agreement. The remaining transfers will be submitted to your Board for approval as the agreements are completed by the AOC. Because penalties to counties required by AB 1491 increase the annual CFP with each month's delay in transfers, this office is diligently pursuing the completion of all transfers by December 2008. (Note that the count of 50 court facilities assumes that Van Nuys East and Van Nuys West, treated separately in this Board letter, are counted as one court facility.)

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we provide the public with beneficial and responsive services (Goal 1), and that we strengthen the County's fiscal capacity (Goal 4). The transfer of these sixteen court facilities to the State will support the County's efforts to maintain court services in those areas to the benefit of the public, while at the same time, limiting the County's exposure to inflationary cost increases in future years.

FISCAL IMPACT/FINANCING

The Act requires that, for each court facility transferred, the County develop and certify a CFP, which is the maintenance-of-effort payment. The CFP is intended to approximate the amount that the County has historically expended for facilities operations costs, excluding upgrades, associated with the Superior Court's share of each court facility, including payment of utilities, building maintenance, permitting of equipment, grounds maintenance, certain property claims and losses, and management of leases and licenses both with lessors, such as for the Monrovia Warehouse and for parking at the Santa Monica and West Covina Courthouses, and with third-party tenants in the Superior Court's area or whose responsibility is being transferred. To calculate the CFP, actual costs incurred during a five-year base period were adjusted for inflation, and the average used as the basis for the payment. Because inflation to the date of transfer can only be estimated, the Act provides for the calculated CFP amounts to be adjusted, on a one-time basis, for the actual rate of inflation, once it becomes known.

The CFP for 2008-09 will be a reduced amount, providing funding only for that portion of the year that the facilities are transferred, that is, from Board approval through June 30, 2009.

After transfer of responsibility for the State's share of each facility, the State and the County will each be responsible for their respective shares of all facilities operations costs. For 2008-09 only, while other courthouses are in process of being transferred, the County will bill, and the State will pay, an amount based on the CFP, rather than on actual costs, for facilities operations services rendered by the County to the Superior Court, except for upgrades and utilities, which will be paid by the State based on the actual costs incurred at each courthouse. As the years go by, the State will be responsible for all cost increases that may occur in their share of facilities operations, and the County's responsibility for the State area will remain at the original level, via the annual CFP payment.

Under SB 10 (Chapter 444 of 2006), earthquake damage becomes the responsibility of the State for buildings, such as Edelman Children's Court, which are rated at "Seismic Level IV." In accordance with SB 10, the County will continue to remain responsible for all real property losses associated with any seismic event at Alhambra, and other, older courthouses. In addition, because the County does not traditionally purchase property insurance, and is therefore not making a property insurance payment as part of the CFP, the County will instead indemnify the State for certain "insurable" property losses in excess of \$10,000, as long as the County retains building management responsibilities on behalf of the State, as part of a "soft landing" negotiated to lessen the impact on Internal Services Department employees of the reduced workload. In our experience, such property losses have rarely occurred in courthouses. Because the Alhambra and Edelman Courthouses are bond-financed, the County is insuring the buildings, and the State may participate in

the County's insurance coverage, including coverage for earthquake, by participating in the premiums. The AOC has not informed the County of their decision whether to participate in the County's insurance for these insured courthouses.

There will be a recommendation later in the current fiscal year, to adjust appropriations among various General Fund budget units to accommodate the new financing structure, with no net County cost impact. This Appropriation Adjustment will affect not only the court facilities in this Board letter, but also those facilities that have already transferred in the current fiscal year and those that will be transferred in December 2008.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Act, as amended by later statutes, authorizes the County to enter into agreements for the transfer of responsibility for and title to court facilities, as well as for the joint occupancy of those court facilities. The Transfer Agreements and Joint Occupancy Agreements have been approved as to form by County Counsel. The cities where these courthouses are located have been provided notice of the transfers pursuant to Government Code Section 65402.

Under the Transfer Agreements, the State will become financially responsible for facilities operations in the Superior Court share of each courthouse, including the areas that house the Superior Court and the State-funded Sheriff security services, as well as the areas leased or licensed to Superior Court-related tenants, and the Superior Court's share of the common area. The County will continue to be financially responsible for facilities operations in the County share of each courthouse that houses the District Attorney, Public Defender, Alternate Public Defender, Probation Department, County-funded Sheriff Civil Management services, and other miscellaneous County spaces, as well as the County's share of the common area. Title will be transferred for those courthouses in which the Superior Court is the majority occupant, except in facilities that are on an integrated campus, including East Los Angeles and West Covina. For the bond-funded courthouses, including Alhambra and Edelman, the title transfer will be delayed until the bonds are paid off. For the Norwalk Courthouse, the title transfer will be delayed until the Option held by the County pursuant to the Option Agreement with the City of Norwalk Redevelopment Agency is exercised or terminated.

Under the Joint Occupancy Agreements, the AOC will become the manager in those buildings where the Superior Court is the majority occupant, after a period of one to three years wherein management will be delegated to the County. The County will retain management control of all buildings where the County is the majority occupant. The County will also retain management control of the West Covina Courthouse, which shares a campus with other County buildings. Specific information relating to each courthouse's Transfer Agreement and Joint Occupancy Agreement is as follows:

- Alhambra Courthouse (Attachments A and B)

Superior Court share: 86.00 percent

County share: 24.00 percent

Title transfer expected by December 1, 2031, including building, on-site parking, and grounds; both title transfer and responsibility transfer will exclude the child care center and associated parking, located to the south of the courthouse

Seismic responsibility will be retained by the County

CFP: \$364,868 in 2008-09 (part-year); \$588,909 in future years (full years)

Management: AOC after delegation period

Tenants to be terminated (agreement to be replaced by AOC): California Department of Rehabilitation (snack bar), and First Class Vending

- Beverly Hills Courthouse (Attachments C and D)

Superior Court share: 79.52 percent

County share: 20.48 percent

Title transfer expected within one year, including building and grounds

Seismic responsibility will be retained by County

CFP: \$210,816 in 2008-09 (part-year); \$340,264 in future years (full years)

Management: AOC after delegation period

Tenants assigned to AOC: none

Tenants to be terminated (agreement to be replaced by AOC): First Class Vending

- Compton Courthouse (Attachments E and F)

Superior Court share: 66.13 percent

County share: 33.87 percent

Title transfer expected within one year, including building, parking structure, other ancillary buildings, Martin Luther King, Jr., monument, and grounds

Seismic responsibility will be retained by County

CFP: \$620,850 in 2008-09 (part-year); \$1,002,074 in future years (full years)

Management: AOC after delegation period, including management of parking

Tenants assigned to AOC: Children's Creative Learning Centers (formerly Children's Discovery Centers), Los Angeles County Law Library, City of Compton (for conduit in underground parking and for space for communications equipment)

Tenants to be terminated (agreement to be replaced by AOC): California Department of Rehabilitation (cafeteria and snack bar)

- Edmund D. Edelman Children's Courthouse (Attachments G and H)

Superior Court share: 69.99 percent

County share: 30.01 percent

Title transfer expected by December 1, 2031, including building, parking structure, and grounds

Seismic responsibility will be transferred to the State

CFP: \$300,596 in 2008-09 (part-year); \$485,172 in future years (full years)

Management: AOC after delegation period, including management of parking

Tenants assigned to AOC: CulinArt, Inc. (cafeteria), Children's Law Center (formerly Dependency Court Legal Services), the Information and Referral Corporation of Los Angeles ("211-L.A."), Comfort for Court Kids, Friends of the Child Advocates, Los Angeles Dependency Lawyers, Inc., Free Arts for Abused Children, Alliance for Children's Rights, Shields for Families, Learning Rights Law Center, and Public Counsel

Tenants terminated: none

- East Los Angeles Courthouse (Attachments I and J)

Superior Court share: 77.72 percent

County share: 22.28 percent

Title will be retained by County

Seismic responsibility will be retained by County

CFP: \$376,386 in 2008-09 (part-year); \$607,500 in future years (full years)

Management: AOC after delegation period, for building only; grounds management will be retained by County; parking, except within the building, will be retained by County and provided for Superior Court use, but no responsibility transferred to AOC

Tenants assigned to AOC: none

Tenants to be terminated (agreement to be replaced by AOC): First Class Vending

- El Monte Courthouse (Attachments K and L)

Superior Court share: 58.12 percent

County share: 41.88 percent

Title transfer expected within one year, including building, parking structure, and grounds

CFP: \$247,013 in 2008-09 (part-year); \$398,687 in future years (full years)

Management: AOC after delegation period

Seismic responsibility will be retained by County

Tenants assigned to AOC: none

Tenants terminated (agreement to be replaced by AOC): Southern California Edison Company, California Department of Rehabilitation (snack bar)

- Inglewood Courthouse (Attachments M and N)

Superior Court share: 74.56 percent

County share: 25.44 percent

Title transfer expected within one year, including building, two parking structures, and grounds

Seismic responsibility will be retained by County

CFP: \$174,807 in 2008-09 (part-year); \$282,144 in future years (full years)

Management: AOC after delegation period

Tenants assigned to AOC: none

Tenants terminated (agreement to be replaced by AOC): California Department of Rehabilitation (snack bar), Neighborhood Legal Services (self-help)

- Metropolitan Courthouse (Attachments O and P)

Superior Court share: 94.54 percent of the courthouse building only

County share: 5.46 percent of main courthouse building, and entirety of the vehicle inspection station

Title transfer expected within one year, including building, parking structure, vehicle inspection station, and grounds

Seismic responsibility will be retained by County

CFP: \$218,673 in 2008-09 (part-year); \$352,946 in future years (full years)

Management: AOC after delegation period, for building, parking structure, and grounds, but not for vehicle inspection station

Tenants assigned to AOC: City of Los Angeles (city attorney)

Tenants terminated (agreement to be replaced by AOC): Volunteer Center of Los Angeles, California Department of Rehabilitation (snack bar), and Compass Group (vending machines)

- Monrovia Warehouse (Attachment Q)

Superior Court share: 100 percent

Lease to be replaced by AOC

Seismic responsibility will be transferred to the State

CFP: \$155,489 in 2008-09 (part-year); \$250,964 in future years (full years)

- Norwalk Courthouse (Attachments R and S)

Superior Court share: 85.03 percent

County share: 14.97 percent

Title transfer is anticipated when the Option held by the County pursuant to the Option Agreement between the County and the City of Norwalk Redevelopment Agency is exercised or terminated. If the Option is exercised, then title will include the building, the surface parking, the grounds, and the new "Option Parking Structure" (to be constructed pursuant to the Option Agreement to provide for secured judges parking), but not the portion of the property designated "Parcel 4." If the Option is terminated, then title will include the building, the surface parking, and the grounds, including the property designated "Parcel 4," but not the "Option Parking Structure." The existing parking structure and its access driveway (both under a ground lease to the City of Norwalk) will not transfer to the State in either case. Responsibility for parking in the parking structure will be retained by the County (via sublease from the City of Norwalk) and provided for Superior Court use.

Seismic responsibility will be retained by County

CFP: \$535,514 in 2008-09 (part-year); \$864,339 in future years (full years)

Management: AOC after delegation period for building, surface parking, and grounds only (not for parking in the parking structure, which is the management responsibility of the City of Norwalk)

Tenants assigned to AOC: Los Angeles County Law Library, City of Norwalk (for communications and for juvenile hearings), and Norwalk-La Mirada School District (juvenile hearings)

Tenants terminated (agreement to be replaced by AOC): California Department of Rehabilitation (snack bar)

- Santa Monica Courthouse (Attachments T and U)

Superior Court share: 78.49 percent

County share: 21.51 percent

Title transfer expected within one year, including building, certain on-site parking, and grounds

Seismic responsibility will be retained by County

CFP: \$577,027 in 2008-09 (part-year); \$931,342 in future years (full years)

Management: AOC after delegation period; parking lease with the City of Santa Monica may be transferred to the AOC at that time, or divided between the parties, based on each party's parking requirements

Tenants assigned to AOC: Los Angeles County Law Library

Tenants terminated (agreement to be replaced by AOC): Neighborhood Legal

- Torrance Courthouse (Attachments V and W)
 - Services (self-help), and Compass Group (vending machines)
 - Superior Court share: 85.14 percent of courthouse buildings and land, and 70.00 percent of vacant property to the north (which was purchased by the County for a new courthouse and Probation office)
 - County share: 14.86 percent of courthouse buildings and land, and 30.00 percent of vacant property to the north
 - Title transfer expected within one year, including all court buildings on the site, parking, and grounds, as well as the vacant property to the north
 - Seismic responsibility will be retained by County
 - CFP: \$521,013 in 2008-09 (part-year); \$840,933 in future years (full years)
 - Management: AOC after delegation period
 - Tenants assigned to AOC: Los Angeles County Law Library, City of Torrance (for drainage, parking, and landscape maintenance)
 - Tenants terminated (agreement to be replaced by AOC): Southern California Edison Company and California Department of Rehabilitation (snack bar)

- Van Nuys Courthouse East (Attachments X and Y)
 - Superior Court share: 89.74 percent
 - County share: 10.26 percent
 - Title transfer expected within one year, including courthouse, parking structure, and grounds
 - Seismic responsibility will be retained by County
 - CFP: \$332,312 in 2008-09 (part-year); \$536,364 in future years (full years)
 - Management: AOC after delegation period
 - Tenants assigned to AOC: Los Angeles County Law Library
 - Tenants terminated (agreement to be replaced by AOC): Neighborhood Legal Services (self-help), California Department of Rehabilitation (snack bar)

- Van Nuys Courthouse West (Attachments Z and AA)
 - Superior Court share: 80.48 percent
 - County share: 19.52 percent
 - Title transfer expected within one year, including courthouse and grounds
 - Seismic responsibility will be retained by County
 - CFP: \$689,102 in 2008-09 (part-year); \$1,112,235 in future years (full years)
 - Management: AOC after delegation period

- West Covina Courthouse (Attachments BB and CC)

Superior Court share: 83.01 percent of courthouse only
County share: 16.99 percent of courthouse, and entirety of East Valley
Community Health Center and other County buildings on campus
Title will be retained by County
Seismic responsibility will be retained by County
CFP: \$354,251 in 2008-09 (part-year); \$571,773 in future years (full years)
Management will be retained by County
Tenants assigned to AOC: none
Tenants to be terminated (agreement to be replaced by AOC): California
Department of Rehabilitation (snack bar)

- Whittier Courthouse (Attachments DD and EE)

Superior Court share: 86.43 percent
County share: 13.57 percent
Title transfer expected within one year, including building, parking structure, and
grounds
Seismic responsibility will be retained by County
CFP: \$301,527 in 2008-09 (part-year); \$486,675 in future years (full years)
Management: AOC after delegation period
Tenants assigned to AOC: Howard Hong (snack bar), Whittier Union High School
District (juvenile hearings)
Tenants terminated: none

ENVIRONMENTAL DOCUMENTATION

The recommended actions are categorically exempt from the provisions of California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines, since the courthouses are existing public facilities, and the recommended actions involve negligible or no expansion of use of those facilities.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Inasmuch as the State will continue to operate the various Superior Courts in the facilities being transferred, the transfers will result in no significant impact in the level or quality of services provided to County constituents.

The Honorable Board of Supervisors
November 18, 2008
Page 12

CONCLUSION

Please return one adopted copy of this letter and two signed originals of each of the agreements to the Chief Executive Office for further processing.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL:JSE
MV:tih

Attachments

c: County Counsel
Auditor-Controller
Alternate Public Defender
District Attorney
Health Services
Probation Department
Public Defender
Sheriff
Los Angeles Superior Court