



## JUDICIAL COUNCIL OF CALIFORNIA

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# REPORT TO THE JUDICIAL COUNCIL

For business meeting on May 24, 2018

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Title

Judicial Council-Sponsored Legislation  
(Court Facilities): Disposition of Mental  
Health Courthouse

Agenda Item Type

Action Required

Effective Date

May 24, 2018

Rules, Forms, Standards, or Statutes Affected

None

Date of Report

April 27, 2018

Recommended by

Policy Coordination and Liaison Committee  
Hon. Kenneth K. So, Chair  
Facilities Policies Working Group  
Hon. Douglas P. Miller, Chair  
Hon. Marla O. Anderson, Vice-chair

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### Executive Summary

The Los Angeles County Mental Health Courthouse facility has been permanently closed and is unsuitable to the needs of the judicial branch. The local court supports disposition of this facility. To eliminate the Judicial Council's continuing liability and expense in holding this facility and to realize its value in a fair market value sales transaction, the Policy Coordination and Liaison Committee and the Facilities Policies Working Group recommend that the council approve the sale of this facility as nonsurplus property and direct council staff to take all actions necessary to dispose of it.

### Recommendation

The Policy Coordination and Liaison Committee and the Facilities Policies Working Group recommend that the Judicial Council, effective May 24, 2018:

1. Approve the sale of the Los Angeles County Mental Health Courthouse as nonsurplus property in a fair market value transaction subject to obtaining statutory authorization for the disposition of the facility;
2. Direct council staff to take all actions necessary to:
  - a. Obtain statutory authorization to dispose of the facility with the proceeds to be directed to the Immediate and Critical Needs Account of the State Court Facilities Construction Fund established by Senate Bill 1407 (Perata; Stats. 2008, ch. 311) or any other Judicial Council facilities fund authorized by the Legislature; and
  - b. Draft and negotiate a real property disposition agreement and any other related necessary documents for the disposition of this facility, which agreement and documents may be contingent on legislative authorization for the disposition of the property; and
3. Delegate to the Administrative Director or his designee the authority to sign a real property disposition agreement and any other related necessary document for the facility, which agreement and documents may be contingent on legislative authorization for the disposition of the property.

### **Relevant Previous Council Action**

The Judicial Council has not previously acted on the Los Angeles County Mental Health Courthouse facility, however, on April 26, 2018, the Policy Coordination and Liaison Committee reviewed the proposal described in this report and joins with the Facilities Policies Working Group in recommending sponsorship of necessary authorizing legislation.

The Judicial Council has previously taken action on other permanently closed court facilities where the state held title to the property.

In April 2015, the Judicial Council declared the San Pedro Courthouse as surplus property, with proceeds from its sale to be deposited in the Special Fund for Economic Uncertainties, and authorized its disposition and the sponsorship of legislation to accomplish that goal. In December 2015, the Judicial Council approved sponsorship of an alternative proposal to authorize the disposition of the San Pedro Courthouse as nonsurplus property to allow the judicial branch to retain the proceeds of its sale in the Immediate and Critical Needs Account (ICNA) of the State Court Facilities Construction Fund. As finally approved, the disposition legislation for the San Pedro Courthouse authorized the sale of that facility as nonsurplus with net sales proceeds directed to the ICNA.<sup>1</sup>

In February 2016, the Judicial Council approved the sale of the Corning Courthouse to Tehama County and the Chico Courthouse to Butte County in fair market value transactions under similar disposition authorization as provided with the San Pedro Courthouse. Legislative authorization was obtained and the funds were deposited in the ICNA.

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<sup>1</sup> Assem. Bill 1900 (Jones-Sawyer; Stats. 2016, ch. 510), codified at Government Code section 70395.

In December 2016, the Judicial Council approved the sale of the Firebaugh, Reedley, and Clovis Courthouses in Fresno County and the Avenal and Corcoran Courthouses in Kings County as nonsurplus property with proceeds from those sales directed to the ICNA.

In September 2017, the Judicial Council approved the sale of the West Los Angeles Courthouse in Los Angeles County as nonsurplus property with proceeds from that sale directed to the ICNA or such other Judicial Council facilities fund authorized by the Legislature.

## **Analysis/Rationale**

The State of California, on behalf of the Judicial Council of California, Administrative Office of the Courts, is the record title holder of the Los Angeles County Mental Health Courthouse facility, which it acquired through the Senate Bill 1732 transfer process.<sup>2</sup> The state holds a 71.31 percent equity interest in this facility with the County of Los Angeles holding the remainder.

The Mental Health Courthouse facility is located at 1150 North San Fernando Road in Los Angeles and is an approximately 25,768 square-foot building that consists of three attached buildings on 1.3 acres. The two-story building contains two courtrooms, two judges' chambers, and clerk and administrative space. The Superior Court of Los Angeles County closed the Mental Health Courthouse to the public for building-related safety reasons in October 2016. Court operations were temporarily consolidated into the Metropolitan Courthouse until improvements are complete at the closed Hollywood Courthouse. The court expects to move into the Hollywood Courthouse in the summer of 2018 and plans to remain there until a new Mental Health Courthouse is constructed. An April 25, 2017 appraisal determined the fair market value of the Mental Health Courthouse was \$3,830,000. The Judicial Council remains responsible for the ongoing maintenance costs of the Mental Health Courthouse even though it remains unoccupied.

This facility is unsuitable to the needs of the judicial branch, and the Superior Court of Los Angeles County supports the sale of the facility (see Attachment A). The Judicial Council and judicial branch as a whole will benefit from the transaction because it will eliminate ongoing operations and maintenance costs and liability risks associated with the closed facility, and will direct net sale proceeds to the ICNA or other Judicial Council facilities fund authorized by the Legislature.

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<sup>2</sup> The Judicial Council in the past referred to its staff as "the Administrative Office of the Courts." Rule 10.81(b)(4) of the California Rules of Court provides as follows:

The Judicial Council will continue to perform all duties, responsibilities, functions, or other obligations, and bear all liabilities, and exercise all rights, powers, authorities, benefits, and other privileges attributed to the "Administrative Office of the Courts" or "AOC" arising from contracts, memorandums of understanding, or other legal agreements, documents, proceedings, or transactions. The Judicial Council may be substituted for the "Administrative Office of the Courts" or "AOC" wherever necessary, with no prejudice to the substantive rights of any party.

## **Legal authority**

Every sale of state-owned real property such as the Los Angeles County Mental Health Courthouse must be specifically authorized by statute.<sup>3</sup> The language of the authorizing legislation will determine where the net sale proceeds will be deposited.

As noted above, in 2016 the Legislature authorized the sale of the San Pedro Courthouse as nonsurplus, with the net sales proceeds staying within the judicial branch and deposited into ICNA.<sup>4</sup> In September 2017, the Legislature authorized the sale of seven other court facilities<sup>5</sup> as nonsurplus and directed that net sale proceeds remain with the judicial branch in the ICNA.<sup>6</sup>

In this case, the sale of the Los Angeles County Mental Health Courthouse will be treated in the same manner as the other recent sales of closed courthouses as nonsurplus with net sales proceeds retained within the judicial branch for facilities purposes. The language of the authorizing legislation will determine where the funds will be deposited within the judicial branch for facilities purposes, which in the past has been the ICNA.

## **Policy implications**

The recommended action has no policy implications.

## **Comments**

This proposal was not circulated for comment. Staff has received written communication from the Superior Court of Los Angeles County stating that the Mental Health Courthouse is no longer being used for court operations, the court does not intend to resume court operations at the court location, and the court supports the disposition of the facility (see Attachment A).

## **Alternatives considered**

Because of the ongoing burden of carrying the operation and maintenance costs associated with this closed facility and the future benefit of the addition of the net sales proceeds to the ICNA or another Judicial Council facilities fund, the Facilities Policies Working Group rejected the alternative of having the Judicial Council retain ownership of the Los Angeles County Mental Health Courthouse.

## **Fiscal and Operational Impacts**

Some out-of-pocket costs to the Judicial Council are associated with the recommended action including costs of appraisals and possibly title and escrow fees. Any such costs will, however, be

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<sup>3</sup> *People v. Chambers* (1951) 37 Cal.2d 552.

<sup>4</sup> Assem. Bill 1900 (Jones-Sawyer; Stats. 2016, ch. 510), codified at Government Code section 70395.

<sup>5</sup> The Corning Courthouse in Tehama County and the Chico Courthouse in Butte County as approved by the Judicial Council in February 2016, and the Firebaugh, Reedley, and Clovis Courthouses in Fresno County and the Avenal and Corcoran Courthouses in Kings County as approved by the council in December 2016.

<sup>6</sup> Sen. Bill 403 (Cannella; Stats. 2017, ch. 358), codified at Government Code section 70396.

offset by the sale proceeds. Sale of the facility will have the fiscal benefits described elsewhere in this report.

### **Attachment and Links**

1. Attachment A: E-mail with Sherri Carter, Court Executive Officer, Superior Court of Los Angeles County

DRAFT

**Bustamante, Mary**

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**From:** Calvert-Banks, Eunice  
**Sent:** Monday, March 5, 2018 8:31 AM  
**To:** Bustamante, Mary  
**Subject:** Fwd: Disposition of the Closed Court Facility at 1150 North San Fernando Road (Former site of the Mental Health Court)

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

FYI

*Sent from my Verizon Wireless 4G LTE DROID*

----- Original Message -----

Subject: Disposition of the Closed Court Facility at 1150 North San Fernando Road (Former site of the Mental Health Court)

From: "Courtney, Mike" <Mike.Courtney@jud.ca.gov>

To: "Carter, Sherri R." <SRCarter@lacourt.org>

CC: "Wordlaw, John" <John.Wordlaw@jud.ca.gov>, "Calvert-Banks, Eunice" <Eunice.Calvert-Banks@jud.ca.gov>, Allen Leslein <ALeslein@LACourt.org>, "McCormick, Pella" <Pella.McCormick@jud.ca.gov>

This is to confirm our conversation on Friday, March 2<sup>nd</sup> that the Los Angeles Superior Court does not object to disposing of what was the site of the Los Angeles Mental Health Court, located at 1150 North San Fernando Road in Los Angeles. With the court's confirmation, the JCC will proceed to dispose of this property.

Thanks

**Mike Courtney, Director**  
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