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Superior Court of California
County of Los Angeles

September 30, 2011

Honorable Brad R. Hill, Presiding Justice
Court of Appeal, Fifth District
2424 Ventura Street
Fresno, California 93721

Dear Justice Hill,

By email on September 2, 2011, you asked Presiding Judge Edmon and me for our input on how the Court Facilities Working Group should decide how SB 1407 projects should move forward given the fact that court construction funds have been borrowed, swept to the General Fund and reallocated to judicial branch operations. We agree with you that we need a plan that not only accommodates those shortfalls, but recognizes that similar future actions might occur.

To best manage the attendant risks – both to the portfolio of ICNA-funded projects, and to trial court operations – it is our recommendation that the Working Group allocate moneys to bring projects to the conclusion of their Site Acquisition phases, but that no funding be used to begin preliminary plans or working drawings.

There is a natural and meaningful distinction between the real-estate-related activities leading to the purchase of a property, and the design-related activities that follow subsequently. The approach suggested below would allow each project to gain the full benefit of any site selection activities, such as environmental studies and mitigations. It would ensure that the gains made this fiscal year would not decay, since the land thus acquired would continue to be available for development in future years. It would delay construction activities; but given that the construction price index has lately been near zero, such costs are negligible. It would also avoid embarking upon a process of architectural planning that, should it ultimately prove financially unsustainable, would leave us with obsolete plans and put our architectural and design partners at risk.

With reference to the plans laid out in Lee Willoughby's memo of August 22, 2011, to the Members of the Court Facilities Working Group, we therefore recommend the following:

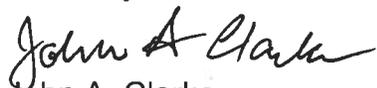
1. Of the \$105.7 million in Column C of Table 1, earmarked as "Remaining Expenditures Needed in FY 2011-2012 to Complete Current Phase," the Branch expend \$60.1 million needed to complete the Site Acquisition phases.

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2. This would leave \$45.5 million for additional Site Acquisition needs. Additional Site Acquisition needs listed in Column D total \$49.9 million. Therefore, the Branch would use \$4.4 million of the \$101.9 million currently available to bring all projects through their Site Acquisition phases.
3. This would leave \$97.5 million of available construction moneys for mitigation of current and future cuts to trial court operations.

I believe this approach represents an optimal balance between managing project risks, recouping sunk costs, and supporting the trial courts in time of economic crisis. I hope you find these ideas helpful in your deliberations.

Sincerely,



John A. Clarke
Executive Officer/Clerk
Los Angeles Superior Court

c: Presiding Judge Lee Smalley Edmon
Judge William F. Highberger