



Judicial Council of California · Administrative Office of the Courts

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on: October 25, 2013

Title	Agenda Item Type
Court Facilities: Budget Allocations for Statewide Trial Court Facility Modifications and Planning in Fiscal Year 2013–2014	Action Required
Rules, Forms, Standards, or Statutes Affected	Effective Date
None	October 25, 2013
Recommended by	Date of Report
Trial Court Facility Modification Advisory Committee Hon. David Edwin Power, Chair	September 19, 2013
	Contact
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Executive Summary

The Trial Court Facility Modification Advisory Committee recommends allocations of the \$50 million appropriated by the Legislature for trial court facility modifications in the fiscal year 2013–2014 budget. The recommended allocations support facility modification planning as well as modifications for emergency and critical needs, but continue to defer funding of planned facility modifications.

Recommendation

The Trial Court Facility Modification Advisory Committee recommends that, effective October 25, 2013, the Judicial Council approve allocations of the \$50 million authorized by the Legislature for statewide court facility modifications and planning in fiscal year 2013–2014, as follows:

1. \$4 million for Statewide Facility Modifications Planning Allocation;
2. \$7 million for Priority 1 Facility Modifications Allocation;
3. \$39 million for Priorities 2–6 Facility Modifications Allocation; and
4. \$0 for Planned Facility Modifications Allocation.

Previous Council Action

The Trial Court Facility Modification Advisory Committee (TCFMAC) was established by Judicial Council policy in 2005. The committee currently operates under the charge¹ that the council approved for the working group that preceded this advisory committee on December 14, 2012.

The committee manages the facility modification process in alignment with the *Trial Court Facility Modifications Policy*² adopted by the council on July 27, 2012.

The Judicial Council allocated the fiscal year 2011–2012 budget of \$30 million at the August 26, 2011 meeting.

The Judicial Council allocated the fiscal year 2012–2013 budget of \$50 million at the July 27, 2012 meeting. Quarterly reports of projects funded from this allocation have been presented to the Judicial Council for their review and approval over the course of the fiscal year. The annual report for fiscal year 2012–2013 is due at the October 24, 2013, Judicial Council meeting.

Rationale for Recommendation

The TCFMAC developed the budget proposal in alignment with the *Trial Court Facilities Modifications Policy* with one exception, i.e., eliminating the requirements for review and approval of the proposal by the Court Facilities Working Group (now the Court Facilities Advisory Committee). In the council-approved charge dated December 14, 2012, the council changed the review and approval structure between the Court Facilities Advisory Committee and TCFMAC. The charge tasked “the TCFMAC with providing recommendations and advice directly to the Chief Justice, Judicial Council, and the Administrative Director of the Courts. This is a change from the practice of the past few years where the TCFMAC provided its recommendations through the Court Facilities Advisory Committee and not directly to the Judicial Council. This change aligns with the restructuring of the AOC and the creation of the separate Office of Real Estate and Facilities Management [OREFM], and Judicial Branch Capital Program Office. This will allow the TCFMAC to focus on the existing building program and the Court Facilities Advisory Committee to focus on the new building program. This focus will allow the two groups to more effectively fulfill their oversight responsibilities.” It is the belief of both Judge Power and Justice Brad R. Hill, the chair of the Court Facilities Advisory Committee, that this clause within the council’s current charge overrules the older facility modification

¹ The charge is attached to the report to the Judicial Council posted at www.courts.ca.gov/documents/jc-20121214-itemS.pdf.

² See www.courts.ca.gov/documents/jc-20120727-itemG.pdf.

policy. TCFMAC will submit an amended policy at a later date that aligns administrative processes with the current directives of the council.

Allocation strategy

The allocation strategy that underlies the recommendations presented in this report is designed to address planned facility modification projects that have been identified as critical needs for the trial courts. Although the judicial branch had submitted budget change proposals (BCPs) for an aggregate of \$18 million to support Planned Facility Modifications project requirements for the 2013–2014 fiscal year, the Department of Finance did not approve the BCPs. Because of this, the existing \$50 million allocated for facility modification projects will be subsumed by the continuous emergency and critical need projects that arise every day in our court facilities.

The strategy proposed by the TCFMAC will allow the branch to address emergency and critical projects as they arise within the real estate portfolio, at a time when program funding does not meet the overall need of the trial courts. If this funding were allocated to non-critical work, the result would be increased failure of crucial building support systems. These failures would have an operational impact on the trial courts, including the possible closure of courtrooms and potentially whole facilities.

The TCFMAC makes every effort to focus on the priority of each project and its potential impact to the local court, not the facility location or previous funding history. While it is possible that, over a short period of time, one court may receive more funding on a square foot basis than another, this is the result of the facility needs. Over the longer term, these variances will equalize.

Funding sources and budget

The Facility Modification Program is funded from two sources:

- State Court Facilities Construction Fund (SCFCF—Sen. Bill 1732)
- Immediate and Critical Needs Account (ICNA—Sen. Bill 1407)

The total legislative appropriations for facility modifications in fiscal year (FY) 2013–2014 is \$50 million, consisting of \$25 million in SCFCF funds and \$25 million in ICNA funds.

Allocation for statewide facility modifications planning

The TCFMAC recommends allocating \$4 million for this category, which targets the costs associated with facility assessments and facility modification planning. This allocation includes the costs of contracts, equipment, and materials to set up operations; development of building-specific facility management plans and procedures; development of hazardous material plans; and continuation of facility analysis using engineers, technicians, and trade professionals to determine the condition of facilities within the OREFM portfolio. These tasks are required to identify deferred maintenance requirements, plan future requirements, and ensure proper maintenance, thereby reducing the need for future facility modifications. Most of the needed costs will be used for consultant expenses. The proposed allocation of \$4 million is equal to the

previous year's allocation and is based on the ongoing demand for planning in order to spend this money.

Allocation for Priority 1 facility modifications

A reserve of \$7 million is recommended for allocation to immediate or potential emergency needs (Priority 1) that may develop in facilities. The allocation is greater than the FY 2012–2013 allocation and is based on the:

- Annual number of Priority 1 events over the past two fiscal years;
- Increased cost per event due to continued systems degradation; and
- Realization of the impact of a full year with the Los Angeles portfolio with its extremely large facilities.

Allocation for Priorities 2–6 facility modifications

The TCFMAC recommends the allocation of the remainder of the budget, \$39 million, to this category. The TCFMAC will review all facility modifications and fund those with the highest priority according to the council-approved policy. The TCFMAC budgets the funds from this category proportionally over the course of the year, ensuring that funds are available for the highest priorities throughout the year.

The AOC Office of Real Estate and Facilities Management will continue to perform retro-commissioning studies in the facilities that have the highest utility consumption in order to target infrastructure facility modification projects with the goal to decrease program costs as a whole. While many facility modifications are in response to a specific broken system, \$1 million has been allocated to target energy conservation projects. In fiscal year 2012–2013, \$500,000 was allocated for these types of projects, and the result was a return on that investment in the form of utility costs savings of approximately \$160,000 annually.

No allocation for planned facility modifications

The TCFMAC does not recommend any funding approval for planned facility modifications this fiscal year. The proposed allocation strategy is designed to address facility modification projects that have been identified as emergency and critical needs for the trial courts, and those needs will require all available funding. As the BCPs submitted by the branch were declined by the Department of Finance, the original plan to propose \$18 million in planned work has been suspended. At this time, there is insufficient funding to allow the branch to execute the planned facility modifications originally considered for execution in fiscal year 2013–2014.

Samples of projects that were considered for execution using the proposed \$18 million but continue to be deferred are:

- **Mendocino County Courthouse:** Heating, ventilation, and air conditioning (HVAC) system—replace three 3.3-cubic-foot fan coils units. These units are corroded and leaking. This work also requires asbestos abatement. Estimated project cost: \$106,863.

- **Kern County, Bakersfield Justice Building:** HVAC system—install two four-ton HVAC split system units, 200 linear feet of associated piping and wiring, and associated UL-rated smoke detection hardware to remediate inadequate ventilation and air conditioning in the transformer room. Estimated project cost: \$104,862.
- **Los Angeles County, Burbank Courthouse:** Roof—replace 29,000 square feet of built up roof and 12,000 of shingled roof. System is 20 years old and at end of life. Estimated project cost: \$438,743.
- **Santa Barbara County, Santa Maria Courts Building C and D:** Elevator systems—Renovate two 40-year-old hydraulic elevators, to include equipment and control modernization and Americans with Disabilities Act and fire code compliance for both passenger and freight elevators. Estimated project cost: \$236,486.
- **Alameda County, Hayward Hall of Justice:** Air distribution system—refurbish approximately 350,000 linear feet of leaking and deteriorated ducting to improve indoor air quality throughout the building. Estimated project cost: \$230,537.

Comments, Alternatives Considered, and Policy Implications

The TCFMAC considered various dollar allocations for the different budget categories. The amounts recommended are based on historical data and a very conservative funding plan to allow sufficient funds for critical needs as they are identified by the courts and the AOC. This allocation strategy will allow the TCFMAC to have the flexibility to fund the most critical needs throughout the year.

Judge Power, the advisory committee’s chair, sent this budget proposal in direct communication to all trial court presiding judges and court executive officers; it was also posted on Serranus for general court comment on August 19, 2013. The Mendocino Court commented voicing a concern that the committee had decided to not pursue any planned work in this next fiscal cycle. The committee recognizes the lack of program funding that resulted in its decision and is making efforts to lobby both internally and with the Legislature to improve the funding situation in order for the committee and the branch to plan better in later fiscal cycles. No other comments were received from the Presiding Judges or Court Executive Officers.

Implementation Requirements, Costs, and Operational Impacts

The FY 2013–2014 facility modifications budget will be allocated as the council approves, including as determined by the TCFMAC under the council-approved policy. There is no cost to the trial courts associated with this proposal.