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FACT SHEET

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Improving Trial Court Facilities Through SB 1407: Potential Costs of Delay

Establishing one of the largest capital programs in California, Senate Bill 1407 (Stats. 2008, ch. 311) authorizes up to \$5 billion to construct or renovate 41 courthouses in 34 counties, financed through lease revenue bonds supported by increased court fees, penalties, and assessments.

These projects replace or improve courthouses with critical problems—security, safety, physical deterioration, and overcrowding.

Approximately \$275 million in annual revenues fund the Immediate and Critical Needs Account, which pays for pre-construction costs, construction costs, and debt service payments.

The Immediate and Critical Needs Account also supports up to \$40 million annually in urgently needed renovations, such as security enhancements, life safety and code compliance improvements, and repairs in courthouses recently transferred from the counties, for which the state is now responsible.

Costs of Delay

Delaying SB 1407 courthouse construction would have significant negative impacts. Such delay would:

- Impair the state's ability to create 105,000 direct and indirect new jobs, critically needed when the state faces its worst jobs crisis since the Great Depression.
- Prolong security risks to the public as well as to judicial officers and court staff, as security problems are one of the primary drivers of the need for new facilities;
- Continue to expose the public, judicial officers, and court staff to hazardous conditions posed by structurally unsafe and unsound buildings; and
- Cost the state an estimated \$300 million in lost buying power for each year of delay.

Delay slows job creation

Implementation of SB 1407 presents an unparalleled opportunity for economic stimulus at a time when the state's economy desperately needs new jobs. This \$5 billion of construction will create an estimated 105,000 jobs through direct employment and the indirect boost to local economies, thereby helping to reduce the historic high level of unemployment in California.

Many SB 1407 projects are located in high-growth areas now experiencing record-level job losses. The negative impact of delay would be felt throughout the construction industry and related trades, including both skilled and unskilled labor. To create jobs, this infrastructure effort needs a stable, ongoing commitment, not a series of stops and starts.

Delay prolongs security risks

The courthouse projects authorized by SB 1407 are the most immediate and critically needed throughout the state. Delaying construction prolongs and could worsen many risks to public safety.

The design of some courthouses is dangerous, and these public buildings need to be replaced or remodeled to eliminate or reduce the danger. A March 2009 incident in a Stockton courtroom, when a defendant was shot to death after he attacked the judge with a handmade weapon, illustrates the multifaceted nature of courtroom security challenges and their direct relationship to courthouse design and construction. In many courthouses to be replaced, in-custody defendants move through the same hallways used by the public. This can easily lead to intimidation of victims and witnesses and to contamination of jurors. Inadequate security is a major concern in courthouses that deal with gang-related criminal proceedings. These problems illustrate why the Administrative Office of the Courts (AOC) is prioritizing security in the planning for new and renovated courthouses.

Delay prolongs other physical risks

California's courthouses suffer from years of neglect. The deficient courthouses to be addressed by SB 1407 are unsafe for the public and staff in many ways. They often lack adequate fire alarm systems, emergency evacuation systems, or other basic life safety systems. Many courthouses are seismically deficient as well. Roofs and windows are leaking, often causing severe water damage and in some cases mold.

Delaying replacement or repair of these facilities extends the hazards that have long been identified as unacceptable. For example, in Tehama County at the Corning courthouse, the public passageway consists of one main corridor that ends at the

facility's single courtroom. There is only one emergency exit through the courtroom, but the exit is kept locked to prevent in-custody defendants from escaping. Additionally, limited seating capacity in this courthouse has occasionally forced the judge to conduct some types of sessions, such as blanket advisement of rights at arraignment, in the parking lot.

Delay escalates costs

Implementation delay will prevent the AOC from taking advantage of a unique window of opportunity for reduced pricing on land, design, and construction available during the current recession. Assuming typical construction escalation costs, delaying for one year would undermine the state's buying power by an estimated \$300 million.

If construction is delayed, cautious private sector participants likely will increase their bids to mitigate the perceived increased risk of uncertainty in doing business with the State of California. This risk assessment could lead to another 1 to 2 percent increase in costs, which translates into another \$50 to \$100 million in lost buying power for every year of delay.

Implementation Moving Forward Expeditiously

The AOC is moving forward quickly to seize the opportunity created by the current economic climate. As of mid-December 2009, we have initiated 26 SB 1407 projects. These include courthouses in Riverside, Imperial, Sacramento, San Diego, and Santa Clara Counties, as well as three projects in Los Angeles, among others. These projects have an estimated total project cost of \$3.6 billion. The remaining 15 projects are scheduled to be authorized by May 2010, including projects in Fresno and Riverside and 3 additional projects in Los Angeles.

Efforts are already under way by the AOC, the courts, and local governments to proceed with all 41 projects financed through SB 1407:

- The AOC has solicited more than 160 public entities across the state for discounted or donated land for SB 1407 projects and has received nearly 65 responses. Delay may cause local governments to consider withdrawing these offers, resulting in higher future project costs.
- The AOC solicited architecture and engineering firms for 13 of the first projects and received over 300 submittals. This shows the high and immediate level of interest in the design community for working on the courts program. After collaborating with the courts to select firms for each project, the AOC is now in the process of contracting with the selected firms.

- The AOC is actively surveying potential sites for all projects and has received state approval for four selected sites, with another four projects scheduled for site selection approval by March 2010.
- Project management plans are already in place and under review by the local courts for most of these projects.

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More information:

SB 1407 list of projects:

www.courtinfo.ca.gov/programs/occm/documents/sb1407projectlist.pdf