Judicial Council of California · Administrative Office of the Courts

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www.courts.ca.gov

REPORT TO THE JUDICIAL COUNCIL

For business meeting on June 28, 2013

Title
Court Facilities: Court Financial Contributions

Rules, Forms, Standards, or Statutes Affected
None

Recommended by
Administrative Office of the Courts
Steven Jahr, Administrative Director of the Courts

Agenda Item Type
Action Required

Effective Date
June 28, 2013

Date of Report
June 13, 2013

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Executive Summary

The Administrative Office of the Courts (AOC) recommends temporarily continuing the limited Court-Funded Facilities Request (CFR) Procedure, approved at the council's December 2012 meeting, pending receipt of a report regarding the courts' existing financial commitments to contribute to facilities costs and the advisability of permitting future such contributions to supplement insufficient state funding.

Recommendation

The AOC recommends that the Judicial Council, effective June 28, 2013, temporarily delegate to the Administrative Director of the Courts the authority to approve new Court-Funded Facilities Requests between June 28, 2013, and the date of the Judicial Council's August 2013 meeting (previous delegation was provided for the period between December 14, 2012, and the date of the Judicial Council's June 2013 meeting), consistent with the following guidelines and requirements:

- The court contribution will be used exclusively to pay either:

    - Lease-related costs (i.e., lease payments, operating costs, repairs, or modifications required by a lease); or
    - Costs that otherwise are allowable under rule 10.810 of the California Rules of Court (i.e., equipment, furnishings, interior painting, flooring replacement or repair, furniture repair, or records storage);
- The resulting court financial commitment will extend no longer than three years;
- If the court contribution is for lease-related costs, the contribution must be necessary to avoid other greater costs, such as a lease termination that would require relocation to a different facility and increased space rental costs;
- The court will be able to demonstrate its ability to meet its full financial commitment; and
- Each CFR approved between December 2012 and August 2013 will be reported to the Judicial Council by the Administrative Director at each council meeting during this time period, in an informational report covering CFR approvals that have occurred since the last council meeting, with the report to cover all points specified in this delegation.

Previous Council Action

In October 2006, the Judicial Council, among other things, delegated to the AOC the authority—under Government Code section 68085(a)(2)(A)—to (1) approve the direct payment or reimbursement of allowable costs from the Trial Court Trust Fund (TCTF) to fund the costs of operating one or more trial courts, upon the consent of the participating courts; and (2) make corresponding reductions to courts' TCTF allocations.[1] Consistent with this delegation, the AOC adopted the original CFR Procedure to assist courts by enabling their contribution to short-term facilities maintenance needs while the Judicial Council and the counties were negotiating the transfer of responsibility for court facilities.

Because the CFR Procedure had been an interim measure, the transfer process had been completed, and new legislation had further reduced superior court budgets, imposing new limits on their ability to carry fund balances,[2] the Judicial Council discontinued the original CFR Procedure for all new requests on December 14, 2012, with a limited six-month exception, pending review. Under the exception, the council delegated to the Administrative Director of the Courts the authority to approve new CFRs in specified instances to avoid other greater costs between December 2012 and the date of the council's June 2013 meeting.

Rationale for Recommendation

The Judicial Council discontinued the prior CFR Procedure for new requests in December 2012 with limited exception pending receipt of a report at the June 2013 council meeting regarding the extent of existing outstanding CFR commitments, the impact of legislation on courts' fund

[1] See Judicial Council of Cal., mins. (Oct. 20, 2006), p. 38, item G, numbered para. 13, *www.courts.ca.gov/documents/min102006.pdf*.

2 See Gov. Code, § 77203(b): "Commencing June 30, 2014, a trial court may carry over unexpended funds in an amount not to exceed 1 percent of the courts operating budget from the prior fiscal year."

balances, and the advisability of the council's approving a new procedure going forward for new commitments. At the council's direction, staff prepared the initial draft report and presented it to the Executive and Planning Committee on May 30, 2013. The committee then directed staff to seek comments from the Court Executives Advisory Committee on the draft report before returning to the council with the final report. The final report will likely be ready for council review at the council's August 23, 2013, meeting.

Comments, Alternatives Considered, and Policy Implications

The AOC considered recommending discontinuation of the existing limited CFR Procedure for all new requests until submission of a report on existing commitments and the advisability of permitting future such contributions to supplement insufficient state funding. It does not present such a recommendation, however, given the potential negative consequences that would result. For example, if courts are not permitted to contribute funding for lease renewals during the period between now and the next council action, significant interruptions to court operations may occur, impairing courts' ability to provide public services. Because existing alternative funding sources are fully committed, if court contributions are impossible, leases could lapse. Courts would have to incur moving expenses to consolidate into their remaining spaces, and those spaces would likely be inadequate. Permitting courts to contribute funding for costs allowable under rule 10.810 assists the courts and permits the prompt and efficient delivery of facilities-related services, for example, if repairs or alternate space is needed following an unanticipated emergency, such as a fire or flood.

Implementation Requirements, Costs, and Operational Impacts

For the AOC, implementing the above recommendations will entail continued use of AOC administrative services to perform services allowable under rule 10.810, such as preparing and distributing communications with courts and other stakeholders, evaluating responses, preparing a financial evaluation, and providing a report to the Judicial Council. These actions are recommended to ensure that the council has the information required to fully assess all issues related to the CFR Procedure and to take corresponding action.

For courts, continued use of AOC staff to provide assistance with work that is allowable under rule 10.810 provides opportunities for efficient delivery of services and reduces the administrative burden on the courts. For those courts with resources to contribute to facilities beyond rule 10.810–allowable expenses or leases, there may be delays in receiving facility improvements that could otherwise proceed if the CFR Procedure were not discontinued. Any delays, however, would leave the courts that have additional resources in the same condition as courts that lack the resources to make such contributions.

Relevant Strategic Plan Goals and Operational Plan Objectives

The recommended council actions support Goal III, Modernization of Management and Administration, and Goal VI, Branchwide Infrastructure for Service Excellence.