



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 18-1007

Board Meeting Date: 11/6/2018

Special Notice / Hearing:

One Week Published Notice

Vote Required: 4/5 Vote

To: Honorable Board of Supervisors

From: Michael Callagy, County Manager

Subject: Exchange of real property interests with the State to Facilitate the Construction of COB
3

RECOMMENDATION:

Adopt a resolution authorizing:

- A) The County Manager or his designee to execute a Memorandum of Understanding with the Judicial Council of California and the Superior Court of California, San Mateo County, for the County's acquisition of the Traffic Court Annex and Courtroom O in the Northern Branch Jail Annex in exchange for 13,112 square feet of space in the Hall of Justice improved with two new courtrooms and an expanded court clerk's office; and
- B) The County Manager to execute and/or accept on behalf of the County all additional documents necessary to effect said exchange, including any necessary amendments to existing court facility transfer agreements.

BACKGROUND:

Approximately ten years ago, the County transferred responsibility for the funding and operation of all trial court facilities to the State pursuant to the Trial Court Facilities Act of 2002. As part of the transfer, the State acquired from the County certain real property interests in the buildings and land comprising the court facilities in the Hall of Justice ("HOJ"), the Traffic Court Annex ("Annex"), and Courtroom "O" in the Northern Branch Jail Annex located at the campus on 1050 Mission Road in South San Francisco ("Courtroom 'O'"). With respect to the HOJ, because the Courts and the County each occupy significant proportional interests in the facility, the County was permitted to retain title to the building and to serve as the managing party for the facility, while the Court acquired a perpetual right to occupy a certain percentage of the HOJ exclusively. Courtroom "O" transferred to the State on a similar basis. In contrast, because the Court is the sole tenant of the Annex, the State acquired complete ownership of the Annex and the land it occupies.

The terms of the transfers of individual facilities to the State were governed by a number of facility-

specific agreements (“Court Transfer Agreements”) that address matters such as the proportionate share of building costs and the County’s obligation to provide parking to the Courts. In addition, the Court Transfer Agreement for the Annex envisioned that the County would eventually re-acquire the Annex to facilitate the construction of a new County office building and obligated the parties to work in good faith on the terms of such a re-acquisition.

DISCUSSION:

In 2017, the County approached the Judicial Council of California (“JCC”), the State agency that holds title to all trial court facilities, and the Superior Court of California, San Mateo County (“Courts”), the local court that occupies and operates the trial court facilities, about the possibility of acquiring the Annex to support the development of COB 3 and related improvements. Following about a year of negotiations, the JCC and the Courts agreed to the proposed MOU, by which the JCC will transfer immediately its property interests in the Annex to the County. In addition, the JCC will transfer to the County its interests in Courtroom “O,” a currently shuttered 3,383 square-foot courtroom in the Northern Branch Jail Annex. The inclusion of Courtroom O in the exchange allows the County to re-acquire complete ownership of the Northern Branch Jail Annex and create additional flexibility for any future development related to the Northern Branch campus in South San Francisco. The combined estimated fair market value of the JCC’s interests in the Annex and Courtroom O is approximately \$6,030,000. In exchange, the County will transfer approximately 13,112 square-feet of its County-exclusive space in the HOJ (“New Court Space”) (corresponding to the areas currently occupied by the Board of Supervisors offices and chambers, the County Manager’s Office, and the Office of Community Affairs on the first floor), the estimated fair market value of which is approximately \$4,200,000.

In addition, the County will manage and complete improvements to the New Court Space, including the construction of two new courtrooms and associated judicial chambers and support offices so that the Courts will experience no net loss of courtrooms under the exchange. The County will also renovate and expand the court clerk’s space on the first floor of the HOJ, including the planned addition of public walk-up windows at the exterior of the building, creating a new opportunity for the public to efficiently conduct certain business with the court clerk without having to enter the building. Pursuant to the MOU, the maximum County obligation to complete these improvements is \$7,898,902. The Courts will contribute an additional \$1 million to the improvements as well as all needed fixtures, furniture, and equipment.

The MOU also provides that the Courts will re-locate its traffic court functions to the Northern Branch Courthouse in South San Francisco for a period commencing no later than April 1, 2019 and ending no later than March 31, 2022, to allow time for the construction of COB 3 and the completion of improvements to the New Court Space before the traffic court functions are permanently re-located to the HOJ. In addition, the MOU makes other necessary changes to the Court Transfer Agreements, including revisions to the County’s obligation to provide parking to account for the temporary displacement and permanent re-location of certain parking resulting from changes in the layout of County Center and the planned new parking garage.

Approval of this action will contribute to the Shared Vision 2025 outcome of a Collaborative Community by allowing the County to combine the Annex parcel with other parcels already owned by the County to facilitate the construction of COB 3 and enhancing the development potential of the Northern Branch Campus, while providing the Courts with two new courtrooms and an enhanced

court clerk space to better serve the community.

The County Manager's Office recommends approval of the exchange, and County Counsel has reviewed and approved the resolution and the MOU as to form.

FISCAL IMPACT:

The fiscal impact of the proposed exchange is \$7,898,902, the maximum cost of the improvements to the New Court Space, which will be appropriated in the FY 2019-20 budget cycle.