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## Judge may bar sale of 24 California buildings

*A suit contends the state cannot sell court facilities without the approval of the state Judicial Council. The governor proposes selling the buildings for \$1.2 billion and leasing the office space back.*

November 23, 2010 | By Maria L. La Ganga, Los Angeles Times

A San Francisco judge said Monday that she would consider whether to block the sale of more than 20 state buildings, including the home of the California Supreme Court, before the close of escrow next month.

A lawsuit, filed on behalf of two former members of the Los Angeles State Building Authority, contends the state cannot sell buildings that house the appellate courts without the approval of the state Judicial Council, the courts' policy-making body headed by Chief Justice Ronald M. George.

"The governor can't go selling the judiciary's buildings because of the separation of the branches of government," Joseph Cotchett, the lawyer who filed the suit, said outside Superior Court Judge Charlotte Woolard's courtroom Monday. "As to the other buildings, it's a waste ... like going to a loan shark when you need money."

Cotchett said a 180-page document about the sale to private investors — intended to generate short-term cash for the state — was delivered to his offices over the weekend by an anonymous whistle-blower. The document laid out an itemized list of what building contents would be included, he said.

"What's included in the sale are the computers of the courthouse, the file cabinets, the desks...", the lawyer said. "That means that justices' computers will be sold along to this private enterprise."

Andrew W. Stroud, hired by Gov. Arnold Schwarzenegger to represent the state, said the Judicial Council does not have the right to weigh in on whether the courthouse buildings are sold. The buildings "are the property of the state," he said. "The Legislature authorized the Department of General Services to sell these buildings if they could find an agreement that was in the best interests of the state."

Stroud said the state intends to complete the sale of the 24 government buildings, including the Ronald Reagan State Building in downtown Los Angeles. The building houses the California Supreme Court's local branch offices and courtroom and the 2nd District Court of Appeal.

The Earl Warren Building in San Francisco, headquarters for the California Supreme Court and home to the 1st District Court of Appeal, also would be sold.

"I think it goes without saying that all Californians know that the state is desperately in need of revenue, and this was a means of generating revenue for the state," Stroud said. "It's a responsible means. You sell assets in order to generate revenue."

Asked whether the contents of the courthouse buildings would be sold along with the buildings, Stroud said, "I'm just not aware whether that's true or not."

The asset list that found its way to Cotchett's office is largely a catalogue of building maintenance equipment — a toilet auger, jigsaws, vacuums, boilers and chillers from the Franchise Tax Board; a rotary saw, drill press and vise from the Public Utilities Commission; floor fans, buffers and bench grinders from the Department of Justice.

But included in the voluminous list are some computers from the San Francisco Civic Center complex, which houses the California Supreme Court, from the attorney general's office in Sacramento and from the Elihu Harris State Building in Oakland, home to the Workers Compensation Appeals Board and the attorney general's office, among other agencies.

Atty. Gen. and Gov.-elect Jerry Brown declined to defend the sale of the government buildings on behalf of the Schwarzenegger administration, which pushed through the deal over the objections of state fiscal experts. Brown instead authorized Schwarzenegger to retain a private law firm.

A spokesman for Brown declined to comment Monday on his reasons for refusing to participate in the case.

The governor's office has said the sale would provide \$1.2 billion to help shrink the budget deficit and save California \$2 million over 20 years, during which time the state would be obligated to lease back the properties for the agencies that now occupy them.

But the nonpartisan Legislative Analyst's Office has countered that the deal would cost California \$1.4 billion more over the long term than it would cost to keep the buildings. That is the equivalent of borrowing at 10% interest for 35 years, more than what the state pays on its bonds.

The analyst's report called the plan "poor fiscal policy."

California's new landlord would be a private consortium of investors called California First, LLC. The group is a partnership of a Texas real estate company and a private-equity firm in Irvine.

On Monday, Judge Woolard set a Dec. 10 hearing date to decide whether to bar the state from closing escrow on Dec. 15.

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