

“We are a welcoming, active and business-friendly rural foothill community built on California’s rich gold rush history”



City Manager’s Report
September 10, 2024, City Council Meeting
Prepared By: Pierre Rivas, Development Services Director
Item#: 12.5

Subject: Consideration of a professional services agreement for legal services with Cole Huber LLP to represent the City in seeking a Court appointed receiver for the property identified as 3113 Clark Street, Assessor’s Parcel Number 003-241-016 and a \$35,000 budget appropriation from the General Liability Fund unassigned fund balance.

Recommendation: Adopt a resolution to:

1. Approve the professional services agreement for legal services with Cole Huber LLP and authorize the City Manager to execute the same; and
2. Approve a budget appropriation in the amount of \$35,000 from the General Liability Fund unassigned fund balance.

Purpose: To secure legal representation to seek a Court appointed receiver for the subject property to abate a public nuisance.

Strategic Plan Strategy: Maintain/Improve Quality of Life: Strategy 7 – Develop a comprehensive Code Enforcement Program.

Background: The subject property has been in code enforcement since April of 2020. The issues involve lack of defensible space constituting a fire hazard; accumulation of trash, refuse, and garbage constituting a public health hazard; fire damage to the structure and loss of electrical service; deterioration of the structure including decking constituting a public health hazard; and abandonment of the property creating an attractive nuisance.

On August 8, 2023, the City Council held a closed session to discuss the status of the subject property. Following Council consideration of the circumstances in regard to this property, the Council directed that staff seek a court approved receiver to be given custodial responsibility of the property and to remedy the site conditions and to dispose of the property.

Discussion: Receivership is used for abandoned and substandard properties where the owner has a history of non-compliance with City Codes and abatement orders. The receiver will serve as an agent of the Court being appointed by a judge to oversee the abatement of nuisance issues with a property and to secure and manage the property for eventual sale.

The receiver, under the authority and supervision of the appointing court, borrows against the property and uses those funds to pay for emergency owner/occupant relocation, property rehabilitation, demolition, or other work as authorized by the court in order to bring the property into compliance with local and state land use regulations and building codes.

Options:

1. Approve the legal services agreement as recommended by Staff.
2. Do not approve the legal services agreement and provide direction to Staff.

Environmental Review: The City has reviewed this proposed action and has determined that it is categorically exempt from environmental review pursuant to California Environmental Quality Act (CEQA) Section 15301 (Existing Facilities), in that the rehabilitation or the removal of an existing single-family residential structure and detached garage shall result in no expansion of the existing use.

Cost: The estimated cost for legal services is estimated to be between \$30,000 and \$35,000. Half of this amount, or \$15,000 to \$17,500, is expected to be incurred in the first three months following execution of the agreement (one to two court hearings). Monthly expenses are expected to be approximately \$1,000 per month following.

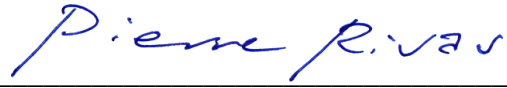
No fees are paid to the Court appointed receiver. The receiver is “at risk” financially. If the subject property has equity, the receiver can secure loans to rehabilitate the property. Typically, proceeds from the eventual sale of the property will cover the expenses of the receiver and cover all City costs.

Zillow estimates the current value of the property at \$348,200, or a range from \$296,000 to \$397,000. Redfin estimates the home’s value at \$394,535 or from \$375,000 to \$446,000. The property last sold on September 12, 1978, for \$19,500. The property is free and clear of debt.

Budget Impact: The estimated cost of \$35,000 for legal services was not included in the adopted Fiscal Year 2024/2025 Operating Budget. Staff recommends that the Council approve a \$35,000 budget appropriation from the General Liability Fund unassigned fund balance. Staff anticipates that the proceeds from the eventual sale of the property will cover the total cost of legal services.



M. Cleve Morris, City Manager



Pierre Rivas, Development Services Director

Attachments:

- A. Resolution
- B. Professional Services Agreement for Legal Services