



City Council Staff Report

DATE: June 3, 2015

NEW BUSINESS

SUBJECT: DEMOLITION OF PROPERTY LOCATED AT 999 S. PALM CANYON DRIVE, FORMERLY MAGRUDER CHEVROLET

FROM: David H. Ready, City Manager

BY: Office of the City Manager

SUMMARY

Public concern has significantly increased recently over the blighted condition of the former Mac Magruder Chevrolet dealership located at 999 S. Palm Canyon Drive, at the northwest corner of S. Palm Canyon Drive and Mesquite Avenue. The City Council has directed staff to pursue demolition of this property. Staff has investigated the costs to demolish the property, which warrant a discussion on whether to proceed based on the total estimated cost of \$300,000.

RECOMMENDATION:

Provide direction to staff, as appropriate.

STAFF ANALYSIS:

Mac Magruder operated a Chevrolet dealership located at 999 S. Palm Canyon Drive, at the northwest corner of S. Palm Canyon Drive and Mesquite Avenue, for over 30 years. The dealership is also located on the Agua Caliente Band of Cahuilla Indians Tribal Reservation on Allotment #24B, held in trust by the United States Bureau of Indian Affairs ("BIA"). In 2006, the dealership was sold and ultimately relocated to Cathedral City; subsequently, the property has been vacant and has become a public nuisance and blight by a transient population seeking to use the site for shelter.

The hope has been that economic development of the property would facilitate removal of the blight through demolition of the buildings and site improvements, to make way for new construction. However, the property is currently in probate administered by the BIA.

Recently, the public has requested that the City address the blighted conditions of various properties located along the stretch of S. Palm Canyon Dr. from Ramon Road to Mesquite Avenue where transient camps have drawn increased public attention.

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Adding to the concern was the death of a woman along the northern edge of the Magruder building on February 21.

The City shares the public's concern over the blighted condition of the Magruder property, and on April 9, 2015, the City submitted a formal letter to the BIA requesting permission to undertake demolition of the buildings and clear the parcel for future development; a copy of the City's letter is included as **Attachment 1**. Subsequently, the BIA coordinated with the owner's family, who provided their consent to having the City proceed with demolition of the abandoned buildings, with several conditions, including a requirement that, *"All structures/improvements on the property, including the foundation, will be removed by the City at its full cost and expense, i.e., so all that is left is vacant, unimproved land, ready for future development."* A copy of the BIA letter is included as **Attachment 2**.

Ordinarily, when the City proceeds with the demolition of a building under an order of public nuisance abatement, the City will leave the foundation and surface improvements in place as they act to secure and stabilize the site to prevent blowing sand and dust. However, in this case the BIA is specifically requiring that the building foundations and surface improvements be removed, as a condition of their consent to the demolition. This requirement significantly increases the cost of the demolition due to the work required to break apart the foundations and surface improvements, and to load, remove, and legally dispose of the materials at a waste facility.

Staff has obtained two informal bids for the required demolition: G&M Construction and Demo Unlimited. G&M's preliminary estimate is approximately \$290,000, and Demo Unlimited's preliminary estimate is approximately \$325,000. These estimates include costs to remove the foundations and surface improvements. If the foundations and asphalt concrete pavement on the site were to remain, G&M's opinion was that the resulting bids may be less than \$100,000. Thus, the removal and disposal of the building foundations and surface improvements amount to at least 50%, or as much as 67% of the total demolition cost.

Therefore, staff is prepared to proceed with one of two courses of action as directed by the City Council:

1. Proceed with bidding of the demolition at an estimated cost of \$300,000 with the City Council's approval pursuant to Section 7.03.040(2)(a) of the Palm Springs Municipal Code, requiring the City Council's formal approval and authorization to bid; or
2. Defer demolition and continue with proactive code enforcement in cooperation and coordination with the BIA.

If the City Council directs staff to proceed with bidding of the project, it will be necessary to adopt a budget resolution to appropriate initial funding to complete lead and hazardous materials surveys to identify any remediation to be completed as part of the

demolition. Ultimately, further funding will be required to award the demolition contract.

ENVIRONMENTAL IMPACT:

Section 21084 of the California Public Resources Code requires Guidelines for Implementation of the California Environmental Quality Act ("CEQA"). The Guidelines are required to include a list of classes of projects which have been determined not to have a significant effect on the environment and which are exempt from the provisions of CEQA. In response to that mandate, the Secretary for Resources identified classes of projects that do not have a significant effect on the environment, and are declared to be categorically exempt from the requirement for the preparation of environmental documents. In accordance with Section 15301 "Existing Facilities," Class 1 projects consist of the demolition of small structures, including up to three commercial buildings on sites zoned for such use; therefore, in the event the City Council directs staff to proceed with the Magruder Chevrolet Demolition, City Project No. 15-19, the project is considered categorically exempt from CEQA, and a Notice of Exemption has been prepared and with the City Council's approval will be filed with the Riverside County Clerk. A copy of the Notice of Exemption is included as **Attachment 3**.

FISCAL IMPACT:

There is no existing budget for this project. If the City Council directs staff to proceed with bidding, staff recommends that the City Council adopt a budget resolution to appropriate an initial budget of \$25,000 for costs incurred in completing lead and hazardous materials surveys of the property. At the time a contract award is presented to the City Council, a second budget resolution will be provided to appropriate the balance of the budget required. All costs associated with the demolition will be appropriated from General Fund balance.


SUBMITTED:

Prepared by:



Marcus L. Fuller, MPA, P.E., P.L.S.
Assistant City Manager/City Engineer

Approved by:



David H. Ready, Esq., Ph.D.
City Manager

Attachments:

1. City Letter
2. BIA Letter
3. CEQA Notice of Exemption
4. Budget Resolution

ATTACHMENT 1



City of Palm Springs

David H. Ready, Esq., Ph.D.
City Manager

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Tel 760.322.8350 • Fax 760.323.8207 • TDD 760.864.9527
David.Ready@palmspringsca.gov • www.palmspringsca.gov

April 9, 2015

Ms. Ollie Beyal, Director
Palm Springs Agency
US Department of the Interior
Bureau of Indian Affairs
3700-A Tachevah Drive, Suite 201
Palm Springs, CA 92262

Dear Director Beyal:

I am writing to you in regard to the former Magruder Chevrolet property located at 999 S. Palm Canyon Drive (Allotment #24B) in Palm Springs. The City understands that the original allottee recently passed away, and the property itself may be going through Indian Probate. As such, we further understand that during this transitional period, decisions cannot be made to determine the long-term disposition of the parcel, whether through a land lease or a trust-to-fee transfer.

As we are both aware, the vacant buildings on the property are clearly blighted and have become an attraction for illicit activity. Therefore, we are respectfully requesting that the Bureau, with the consent of the heirs, grant the City permission to undertake demolition of the buildings and clear the parcel for future development. By demolishing the buildings, the City would eliminate a current blighted and dangerous building, and the allottees or future allottees would receive a clean, development-ready parcel. Moreover, in compliance with the Federal Non-Deficiency Act, we would not request nor seek any abatement or other liens against the property, or any other conditions. The City, at its cost, would pay for the demolition and cleanup of the site.

If permission is granted, we will commence preparing demolition specifications for your approval and proceed with the project as soon as practicable.

Thank you for your consideration of our request. Please feel free to contact me at 760-409-0833, or John Raymond, Community Development Director, at 760-323-8228.

Very truly yours,

David H. Ready, Esq., Ph.D.
City Manager

DHR:cmc

ATTACHMENT 2

May 15, 2015

Via Hand Delivery

Ollie Beyal, Superintendent
Bureau of Indian Affairs
Palm Springs Agency
3700A Tachevah Drive, Suite 201
Palm Springs CA 92262

Re: Allotment 24B: Former "Mac Magruder" Property

Dear Superintendent Beyal:

As you know, we are the heirs of Leonard Joseph Saubel, Sr.'s estate and, upon the closing of the probate proceeding, we will be the beneficial owners/allotees of Allotment 24B, which is the parcel upon which the former "Mac Magruder" auto dealership was located.

The abandoned buildings that the dealership formerly occupied remain on the property. As you know, we have been unable to take or consider any action in connection with the property while it has been tied up in the lengthy probate proceeding.

We understand that the City of Palm Springs has asked for permission to demolish the buildings on the property, at its expense, and to clear the property for future development. You have asked for our input on that proposal.

We agree to give the City permission to demolish the buildings/all improvements on the property on the following conditions (the removal of all improvements in compliance with this letter being referred to herein as the "Work"):

1. All structures/improvements on the property, including the foundation, will be removed by the City at its full cost and expense, i.e., so all that is left is vacant, unimproved land, ready for future development.
2. The City will remove all materials, concrete, and other demolition debris from the site, at its full cost and expense.
3. The City will be solely responsible, at its full cost and expense, for legally compliant removal of any materials (if any) containing asbestos or other hazardous materials.
4. The City will be solely responsible, at its full cost and expense, for obtaining and complying with all required local, state and federal permits, if any, in connection with the Work, and for compliance with all applicable laws and regulatory requirements, including without limitation dust control requirements.

5. As indicated in the City's proposal, the City will not request any abatement or liens against the property, or any other conditions.
6. The Work must be completed no later than December 31, 2015.
7. The City will indemnify, defend and hold us harmless from and against any and all liabilities, claims, damages, losses and expenses (including, without limitation, attorneys' fees) that are asserted against us or incurred by us to the extent arising from the Work, including without limitation any claims for injury to or non-payment of any contractors.

If the Bureau and the City are amenable to the foregoing, please have the City respond accordingly in writing.

If any further documentation needs to be signed by the heirs in connection with this particular matter, we hereby authorize Lonae Saubel to sign on our behalf.

Thank you for your assistance with this matter, and please convey our appreciation to City staff for taking the initiative to collaborate with us on this solution.

ATTACHMENT 3

NOTICE OF EXEMPTION

To: Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

From: City of Palm Springs
3200 E. Tahquitz Canyon Way
Palm Springs, CA 92262

Clerk of the Board
County of Riverside
P.O. Box 751
Riverside, CA 92502-0751

Project Title: Demolition of McGruder Chevrolet, City Project No 15-19

Project Applicant: City of Palm Springs

Project Location (Specific): 999 South Palm Canyon Drive; APN 513-250-014

Project Location (City): City of Palm Springs

Project Location (County): Riverside

Project Description: The scope of work is to demolish the existing building, facilities and improvements located at the former Mac McGruder Chevrolet dealership, including removal of all asphalt and concrete foundations.

Name of Public Agency Approving Project: City of Palm Springs

Name of Person or Agency Carrying Our Project: City of Palm Springs, Public Works & Engineering Department
3200 E. Tahquitz Canyon Way, Palm Springs, CA 92262

Exempt Status: (check one)

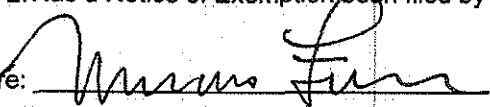
- Ministerial (Sec. 21080(b) (1); 15268);
- Declared Emergency (Sec. 21080(b) (3); 15269(a));
- Emergency Project (Sec. 21080(b) (4); 15269 (b)(c));
- Categorical Exemption. State type and section number: 15301 Class 1(I) – Demolition and removal of small structures
- Statutory Exemptions. State code number:

Reasons why project is exempt: Class 1 projects consist of the demolition of small structures, including up to three commercial buildings on sizes zoned for such use. Therefore, the demolition of the McGruder Chevrolet, City Project No. 15-19, is considered categorically exempt from CEQA.

Lead Agency Contact Person: Marcus Fuller, P.E., P.L.S. Area Code/Telephone/Extension: (760) 322-8380

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? Yes No

Signature:  Date: _____ Title: Assistant City Manager/ City Engineer

Signed by Lead Agency Signed by Applicant

Authority cited: Sections 21083 and 21110, Public Resources Code
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Date received for filing at OPR: _____

ATTACHMENT 4

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF PALM SPRINGS CALIFORNIA, AMENDING
THE BUDGET FOR FISCAL YEAR 2014-15

WHEREAS, Resolution No. 23559 approving the Budget for the Fiscal Year 2014-2015 was adopted on June 4, 2014; and

WHEREAS, the City Manager has recommended, and the City Council desires to approve, certain amendments to the budget for Fiscal Year 2014-2015.

NOW, THEREFORE THE CITY COUNCIL DETERMINES, RESOLVES AND APPROVES AS FOLLOWS:

SOURCE(S):

Fund	Activity	Account	Amount
001 General Fund		Fund Balance	\$25,000

ADDITION(S):

Fund	Activity	Account	Amount
261 Capital Improvement Projects	4491	New Account	\$25,000

PURPOSE: Provide initial budget for the Magruder Chevrolet Demolition, City Project No. 15-19.

ADOPTED THIS 3rd DAY OF June, 2015.

CITY OF PALM SPRINGS

David H. Ready
City Manager

ATTEST:

James Thompson
City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. ____ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on June 3, 2015, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

James Thompson, City Clerk
City of Palm Springs, California