



## FOR IMMEDIATE RELEASE

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### **PALACE HOTEL RECEIVER AUTHORIZED TO SEEK FINANCING FOR AND BEGIN WORK AT THE HISTORIC PROPERTY**

**Ukiah, CA. April 4, 2017.** The Receiver in the Palace Hotel case has been granted approval to move forward with his proposed plan to abate the safety and nuisance conditions at this historic building. Mark Adams, Receiver, presented a plan to Judge Leslie C. Nichols on March 1<sup>st</sup>, which included an outline of the necessary rehabilitation work and a proposal for the reuse of the building.

Adams will begin working to obtain financing for the project immediately. Loans will be secured by the property, not City funds, to abate the nuisance conditions; taxpayer funds do not pay for work on the Palace or the receivership expenses.

To get financing, Adams must establish that the value of the property, after the conditions are corrected, is sufficient to repay the loan. He has tentatively concluded at this early stage in the process that the value of the Palace, after the conditions are abated, will equal or exceed the value required to secure financing.

The Court will not authorize demolition unless it can be shown that demolition is the only option to abate the hazardous condition of the property. At this stage in the process, the receiver has concluded that the value of the property, if the Palace is demolished, will be less than the cost of demolition. Based on that assessment, Adams is not pursuing demolition at this time.

In Adams' report to the court, he recommended that "several matters be addressed immediately: (a) shoring of at least portions of the first floor joists and elsewhere to protect against further deterioration and possible collapse of any floors or ceilings; (b) installation of an early warning fire alarm system connected via a third party vendor to the Ukiah Fire Dept.; (c) commission of a comprehensive asbestos abatement inspection; (d) obtain a bid for seismic retrofitting based on the structural engineer's report...; and (e) approval of an increase in super priority funding from the current \$35,000 to \$438,000."

Adams also outlined a plan for reuse that includes a retail/restaurant and bar use for the entire first floor and a hotel for part of the upper floors.

This recent news is very timely. The January 9<sup>th</sup>, 2017 court order stated that “the violations [at the building] are so extensive and of such a nature that the health and safety of neighboring residents and the general public is substantially endangered.” This was demonstrated late last week, when a large piece of metal was spotted dangling from the rooftop. The Fire Department responded, using a ladder truck to remove the debris.

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Sage Sangiacomo, City Manager

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