



MEMORANDUM

TO: Karen Scarano, RWP
DATE: March 11, 2022
FROM: Chris Swartz, PE
RE: Price Adjustment Justification
Suffolk Pump Station Replacement Phase 2 (NP010620)

Subject and Purpose

The purpose of this memorandum is to justify a price adjustment in the real estate negotiations for Parcel 11 on the Suffolk Pump Station Replacement Phase 2 (NP010620) project (Project). Parcel 11 is the home of Suffolk Used Auto Parts at 965 Portsmouth Blvd, Suffolk, VA 23434. It is owned and operated by the Tran Family. The business involves acquiring vehicles, often those involved crashes, and piecing out salvaged parts.

The Project will replace an aging sewer that meanders along Shingle Creek through Parcel 11. At the completion of the project, it is HRSD's intention for the City of Suffolk to accept conveyance of this gravity sewer and the associated permanent easement.

Initial Offer and Counteroffer

An independent appraisal was performed to determine a value on the necessary easements for the Project. The appraisal was based on a 30' wide permanent utility easement (13,062 square feet (SF)) and a 20' wide permanent ingress/egress easement (8,393 SF) from the Tran family. The factor for the permanent utility easement was 33% and the permanent ingress/egress easement was 90%. Based on a rate of \$2.0087 per SF, the determined value of the easements to be acquired was \$23,832 for the two easements.

Through discussions with the property owners, the design team, and the City of Suffolk, the permanent utility easement was reduced to 25' and the permanent ingress/egress easement was converted to a temporary construction easement. Using the same rate and factors as the original appraisal the revised value of the acquisition would be \$13,234.

After addressing all concerns as reasonably as possible, the property owners requested the total compensation offer be increased to \$30,000 siting all of the additional work involved in moving the hundreds of vehicles (logging and tracking the stock, relocating multiple rows of vehicles).

Property Owner Concerns

From the first interaction, the Trans have been accepting of the project although they have had a few concerns. One concern is the future limitations on use of the property resulting from any new easements. They would prefer to allow the Project to proceed as planned without any compensation in lieu of losing some rights of their property by accepting HRSD's acquisition of easements. While commendable, it would be unfair to the Tran's and not serve the best interest of HRSD as there would be no legal right to utilize the property for infrastructure or access.

Another concern of the property owners was an increase in the number of manholes. The property owners would be able to use the easement areas once construction was completed. However, the manholes would still have to be accessible. These areas would limit the storage area available for their inventory.

The last concern was the impact to the business during construction. The property owners are currently using the areas of the proposed easement. While they would be able to continue to use it after construction, making the easement area available during construction would require support from the Tran's. There are hundreds of vehicles stored within the easement as shown in the figure below.

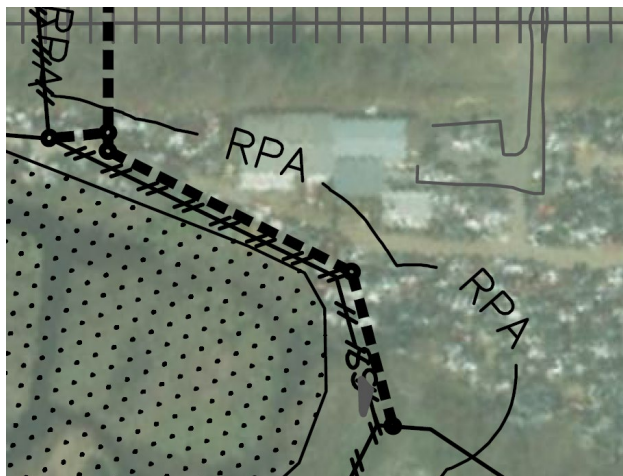


Figure 1: Aerial image of the pipeline from the Construction Drawings.



Figure 2: Aerial Image of lot and cars to move

The effort to label, log, remove, and store the vehicles during construction and return them to the original locations would be an extensive effort (both financially and of time).

Observations

The existing sewer line encumbers the outer edge of the property. The proposed sewer alignment encroaches further into the property. Based on the existing limitations of the proposed easement area, the appraiser placed a utilization factor of only 33% on the property. Justification for this is covered in more detail in the appraisal. However, this is lower than a typical permanent utility easement. For example, the factor used for the permanent ingress/egress easement was 90%. Another appraiser could consider a high percentage resulting in a higher percentage.



During the appraisal, the Tran's mentioned that it be no problem to move the vehicles on their own to accommodate the construction. Therefore, the cost to move cars was not captured within the appraisal, nor does the appraisal factor in the loss of inventory space during construction. Reasonable costs incurred due to the impact of the Project should be reconsidered.

Independent cost estimates for moving and storing the vehicle's during construction cannot reasonably be determined. It would involve bringing in specialized equipment to avoid damaging the vehicles and significant coordination to accommodate an appropriate space. If additional space were not offered by the Tran's, a separate leased area may be required. This is not a standard moving request. The only reasonable accommodation is with the property owners moving the vehicles themselves where they need them as necessary during construction activities.

Recommendation: Price Adjustment

Accepting \$30,000 as a counteroffer is reasonable and justified for the reasons described in this memo. There are several factors that justify an accepting the counteroffer. It avoids the use of eminent domain and associated costs, as well as the unknown costs associated with having to relocate the vehicles without the direct efforts from the Tran's.