



CITY OF HARRISONBURG
**FINANCE
& PURCHASING**

409 SOUTH MAIN STREET, 3RD FLOOR
HARRISONBURG, VA 22801

FINANCE OFFICE (540) 432-7702 • FAX (540) 432-7779
PURCHASING OFFICE (540) 432-7794 • FAX (540) 432-7779

TO: Eric D. Campbell, City Manager
FROM: Larry L. Propst, Director of Finance, and G. Chris Brown, City Attorney
DATE: March 16, 2020
RE: Approval of Purchase and Sale Agreement for Real Estate and Supplemental Appropriation for the Water Capital Projects Fund

Summary: Consider approval of a Purchase and Sale Agreement for 151.51 acres more or less in Rockingham County for \$1,450,000 and a supplemental appropriation in the amount of \$1,456,000 for the Water Capital Projects Fund.

Background: The Harrisonburg Department of Public Utilities (HPU) is in the process of installing waterlines for its Eastern Source Development project and has identified property in Rockingham County to purchase for project purposes. The route of the waterline currently includes approximately 3,253 feet along a 151.51 acre parcel of property owned by Gerry Saufley in Rockingham County. HPU has encountered geophysical construction issues at a sinkhole on the Saufley property in the proposed alignment. Continuing the proposed alignment will add between \$65,000 to \$215,000 in construction cost and will also leave the City with significant risk during the life of the waterline. HPU was unsuccessful in negotiating an additional easement from Ms. Saufley to realign the waterline. Ms. Saufley's farm was listed for sale. After extensive study, HPU determined that by purchasing the property the waterline could be realigned to cross the property in such a way as to eliminate the costs and risk associated with the sinkhole and eliminate other work which would result in a savings of between \$253,451 and \$453,451. The property could also be used for pipe storage for the project for additional savings of approximately \$50,000. The property is zoned for agriculture. The waterline will not affect the use of the property after it is installed. HPU believes that at the end of the Eastern Raw Waterline Project the property can be resold, and the City's purchase price recouped.

The supplemental appropriation will provide the funding for the purchase of the property.

Key Issues: Purchase of the Saufley property will result in significant savings in the construction of the Eastern Raw Waterline and eliminate significant future risk to the City during the waterline's operation. The property can be resold after the project is completed to recoup the City's expenditure of the purchase price. This supplemental appropriation will provide funding to purchase property in Rockingham County. Public Utilities has determined that it would be in the best interests of the city to purchase the entire parcels of property that are currently for sale. Funding is being provided by the Sewer Fund's fund balance with the intention that it will be repaid when the property is subsequently sold after the project is completed.

Environmental Impact: None.

Fiscal Impact: The total city budget will increase by \$2,912,000. The Sewer Fund will increase \$1,456,000 and the Water Capital Projects Fund will increase \$1,456,000.

Prior Actions: None.

Alternatives: Do not approve the supplemental appropriation.



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Community Engagement: None.

Recommendation: Staff recommends approval of the purchase of the 151.51 acres for \$1,450,000 and the supplemental appropriation.

Attachments:

Resolution approving the Purchase and Sale Agreement between Gerry T. Saufley and Blue Mongoose Farm, LLC and an assignment thereof to the City from Blue Mongoose, LLC.

Copy of Purchase and Sale Agreement

Supplemental Appropriation.

Review:

The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.

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