

NON-RESIDENTIAL MOVING EXPENSE PAYMENTS

GENERAL

Non-residential moving expense payments are designed to compensate the individual, business, farm operation or nonprofit organization for moving and related expenses which are incurred as a result of having to move from the acquisition area as a result of the project. They include such items as the cost of packing, transporting and unpacking personal property, the cost of storage, if necessary, and other related costs.

Reimbursement of expenses is limited to one move if a second, or split move is voluntary. Payment is limited to the reasonable and necessary expenses that would have been incurred had the displacee moved only once.

It is important to have a good understanding of which items are considered to be personal property and which are considered to be part of the real property to be acquired. This determination should be made before the appraisals are completed to make sure appraisals are consistent. It is also critical for relocation purposes. The relocation advisor should attempt to identify situations when such a determination may be necessary during the initial interview with the displacee.

Iowa law is not very clear about the distinction between personal and real property. In general, a fixture or piece of equipment is considered to be real property if:

- A typical buyer of the real property would consider the item to be part of the real property; or
- The item cannot be removed without injuring the structural integrity of a building, structure or other permanent improvement.

It is critical that an understanding be reached among the Appraisal, Relocation and Acquisition sections before problems develop. Without this understanding, it is nearly impossible for the relocation advisor to assist the displacee to plan a move or to monitor it. Up-front planning and communication is very important to ensure the success of the negotiations and move.

Typically, the Review Appraiser will make these determinations. Fixtures and other equipment considered to be part of the real property will usually be listed by the reviewer but it is possible that some items the reviewer assumes are generally understood to fall into one category or another may not appear on the list. Misunderstandings and clarifications must be worked out between the affected sections.

The relocation advisor is responsible for bringing any questions to the attention of the Relocation Supervisor for discussion.

ELIGIBLE NON-RESIDENTIAL MOVING EXPENSES

Any individual, business, farm operation or nonprofit organization that qualifies as a displaced person is entitled to payment or reimbursement of those actual and reasonable expenses that the Iowa Department of Transportation determines to be necessary for a successful move. Eligible expenses include:

1. Transportation of personal property for a distance not to exceed 50 miles, unless determined that a relocation beyond 50 miles is justified.
2. Packing, crating, unpacking and uncrating of the personal property.
3. Disconnecting, dismantling, removing, reassembling and reinstalling relocated machinery, equipment, substitute personal property and connections to utilities within the building. Also included are modifications to the personal property, including those mandated by Federal, State or local law, code or ordinance, necessary to adapt it to the replacement structure, the replacement site and modifications necessary to adapt the utilities at the replacement site to the personal property.

This includes expenses for connection to utilities available on the site, and for providing utilities from the right-of-way to the improvements.

There are instances when it is necessary to make other types of modifications that do not seem to fit any of the above categories in order to reinstall personal property or equipment. An example of such modification is the necessity for the installation of a special base or recessed area to accommodate a piece of equipment.

In general, if the modification to the real property is one that would create a discernible increase in the market value of the whole property, it is most likely an ineligible expense under this provision. Questions should be discussed with the Relocation Supervisor.

4. Storage of the personal property for a period not to exceed 12 months. The storage location cannot be a site in which the displacee has an ownership or tenant interest. The boarding of livestock is not considered to be an eligible storage expense.

The 12 month limitation can be waived in extraordinary circumstances. In those instances, the Relocation Supervisor will be consulted for approval.

5. Insurance for the replacement value of the personal property to be moved. This can be during the move and for any storage period determined to be necessary.

6. Any license, permit or certification required of the displaced person at the replacement location. Payment may be based on the remaining useful life of the existing license, permit or certification.
7. The replacement value of personal property lost, stolen or damaged when insurance covering such loss is not reasonably available. If the loss is through the fault or negligence of the displacee, or his or her agent or employee, reimbursement for the loss will not be allowed.
8. Professional services necessary for:
 - Planning the move of the personal property,
 - Moving the personal property, and
 - Installing the relocated personal property at the replacement location.
 - Services performed prior to the purchase or lease of a replacement site to determine its suitability for the displaced person's business operation including but not limited to, soil testing, feasibility and marketing studies (excluding any fees or commissions directly related to the purchase or lease of such site).

In some cases, the displacee is the most qualified person to plan the move. In those cases an agreement can be made to pay the displacee for time spent planning the move based on a reasonable hourly rate or other reasonable basis for payment.

9. Re-lettering signs and replacing stationery on hand at the time of displacement that are made obsolete as a result of the move. It is important to note that this material must have been made obsolete as a result of the move and not as a result of a previous move or a change in the name of the business or some other circumstance. Items that do not make reference to the business' obsolete address, telephone number, etc. will not be replaced.

Reimbursement will be limited to the cost of the same general quality. Same general quality means that if business cards or flyers are printed in one color before the move, reimbursement for card printed in two or more colors will be limited to the price for one color.

The number of items to be replaced are the number the business had on hand, or if necessary, the minimum order.

Stationery can also include pens, key fobs and other miscellaneous items used by the business to inform the general public and clientele of the location of the business.

10. A one-time notification to a business' clientele of its new location. This may be accomplished by postcard, newspaper, shopper or in some cases by radio or television.

It is very important to have an understanding with the displacee that the intent of this provision is not to advertise the sale of products, but to notify the clientele or general public of the move to a new location.

Examples of acceptable notifications from the print media are located in the Appendix. The notification method and content of the notice must be pre-approved by the Iowa Department of Transportation. Such prior agreement could prevent problems after the fact.

11. The reasonable cost incurred in attempting to sell an item that is not to be relocated.
12. Expenses incurred searching for a replacement location. Eligibility is limited to businesses, farm operations, nonprofit organizations and owners of off-premise advertising devices. Payment under this provision cannot exceed \$2,500.

Reimbursement can include:

- Reasonable and necessary expenses incurred for transportation;
- Meals and lodging away from home, not to exceed 150% of the current expense allowance provided to Iowa Department of Transportation employees;
- Time spent searching based on a reasonable hourly rate. Reasonable is limited to an amount the relocation advisor considers to be adequate based on the business the displacee is engaged in and what the earnings of the displacee are;
- Fees paid to a real estate agent (not including commissions) or some other agent who provides this service to the displacee.
- Time spent in obtaining permits and attending zoning hearings; and
- Time spent negotiating the purchase of a replacement site based on a reasonable salary or earnings

The displacee must provide adequate documentation of the expenses incurred including locations inspected, dates and time spent. Receipts for expenditures in excess of \$25 must also be provided.

13. Actual direct loss of tangible personal property incurred as a result of the move. The payment will be the **lesser** of:

- The fair market value (value-in-place) of the item for continued use at the displacement site, less the proceeds from its sale. If the personal property claimed as lost consists of goods that the business sells, the value will be based on the cost of the goods to the business, not the potential selling price if sold during the regular course of the displacee's business.

If the Iowa Department of Transportation determines that it is not necessary for the displacee to make a good faith effort to sell the item(s), the relocation advisor must document the file of the reason(s) for that decision. In some cases, it is impractical to attempt to sell an obviously obsolete or very low-value item; or

- The estimated cost of moving and reinstalling the item to the replacement location without any consideration for storage expenses. If the operation is discontinued, the distance is assumed to be 50 miles.

Example:

Fair market value of the item:	\$ 1,500
Less proceeds from sale:	<u>- 500</u>
Loss of tangible personal property:	\$ 1,000
Cost of moving the item:	\$ 750
Reinstallation:	<u>+ 150</u>
Total moving cost:	\$ 900

In this example, the Iowa Department of Transportation would pay the displacee \$900. That, plus the proceeds from the sale would net \$1,400 to the displacee.

Example:

Fair market value of the item:	\$ 1,500
No value (obsolete, low value, etc):	<u>- 0</u>
Loss of tangible personal property:	\$ 1,500
Cost of moving the item:	\$ 750

Reinstallation:	+ 150
Total moving cost:	<u>\$ 900</u>

In this example, the Iowa Department of Transportation would reimburse the displacee \$900 to move and reinstall the item.

Example:

Fair market value of the item:	\$ 1,500
Less proceeds from sale:	<u>- 500</u>
Loss of tangible personal property:	\$ 1,000
Cost of moving the item:	\$ 1,000
Reinstallation:	<u>+ 250</u>
Total moving cost:	\$ 1,250

In this example, the Iowa Department of Transportation would reimburse the displacee \$1,000. The displacee would receive a total of \$1,500.

This provision is generally initiated by the displacee and in order for the displacee to make an informed decision, it is important that the relocation obtain timely and accurate estimates.

14. Purchase of substitute property. If an item of personal property which is used as a part of the business is not moved but is promptly replaced with an item that performs a similar function at the replacement location, the displacee is entitled to payment in the amount of the **lesser** of:
- The cost of the substitute item including installation costs at the replacement location, minus any proceeds from the sale or trade-in of the replaced item; or
 - The estimated cost of moving and reinstalling the replaced item at the replacement location, without any consideration to storage expenses.

Example:

Cost of substitute item:	\$ 3,000
Installation costs:	+ 150
Less trade-in:	<u>- 1,000</u>
Net cost of substitute item:	\$ 2,150
Cost of moving the item:	\$ 750
Reinstallation:	<u>+ 150</u>
Total moving cost:	\$ 900

In this example, the Iowa Department of Transportation would reimburse the displacee \$900. The displacee would then have a net out-of-pocket expense of \$1,250 (\$2,150 minus \$900) for an item that is most likely newer, more dependable and more energy efficient.

15. Low value/high bulk: When the personal property to be moved is of low value and high bulk and the cost of moving the property would be disproportionate to its value in the judgment of the Iowa Department of Transportation, the allowable moving cost payment shall not exceed the lesser of:
 - The amount which would be received if the property were sold at the site or;
 - The replacement cost of a comparable quantity delivered to the new business location

Examples of personal property covered by this provision include, but are not limited to stockpiled sand, gravel, minerals, metals and other similar items of personal property.

16. Impact fees or one time assessments for anticipated heavy utility usage, as determined necessary by the Iowa Department of Transportation.
17. Reimbursement for other expenses (not listed in the next section as ineligible) may be available. If the relocation advisor believes a displacee has or will incur such an expense, the Relocation Supervisor should be consulted.

DIRECT PAYMENTS

In order to minimize or eliminate a hardship, the displacee may request that the vendor be paid directly. The relocation advisor can arrange for such payments. The displacee may assign payments to movers and other vendors providing services required by the move. The Assignment of Interest form should be used.

If the vendor has an outstanding lien with the State of Iowa, the Iowa Department of Revenue may attach any payments to satisfy said lien. When this occurs it is important that the relocation advisor notify both the displacee and vendor that this has happened. Neither the displacee nor the Iowa Department of Transportation will be required to make additional payments to the vendor.