

## **ACTUAL COST SELF-MOVES**

Actual cost self-moves must be planned and monitored in a manner similar to the category of complicated self-moves of \$5,001 or more. If the displacee uses his or her own employees, reasonable and acceptable documentation of their salaries and time spent must be provided.

The relocation advisor will explain to the displacee that the fact that the amount to be reimbursed is “to be based on the lower of two firm estimates” does not mean he or she will be able to claim the amount of the lower estimate. Movers have overhead expenses that displacees who are not in the moving business do not have. Movers are in the business to make a profit and displacees are not entitled to make a profit on their moves, but rather to be reimbursed for their actual and reasonable expenses. Movers’ overhead includes employee benefits, fleet maintenance expenses, building and equipment expenses, advertising and other expenses.

While it is not intended that the displacees suffer losses because they want to perform their moves, they are not entitled to receive what the Iowa Department of Transportation would pay a professional mover just because the department would incur that expense if the displacee did not choose the self-move option.

Given that the displacee and the advisor have agreed on a moving plan and at least two estimates have been obtained, the relocation advisor should analyze the estimates before attempting to negotiate an agreement with the displacee. Items to be considered are over-the-counter prices of cartons, probable rental rates for equipment and probable labor costs to be incurred by the displacee.

Since movers are professionals, it is assumed that they will pack cartons more quickly and efficiently than the displacee so the adjustment to the lower estimate should not be based on the labor rate charged by the mover versus the amount the displacee can be expected to incur, or the difference in the cost of cartons. Since the labor cost is probably less, one can assume it will be less efficient, so the relocation advisor’s good judgment is required. Once the advisor has analyzed the estimates and has an idea of approximate range of reasonable dollar adjustments, the displacee will be contacted to discuss potential reimbursement.

## **NON-RESIDENTIAL REESTABLISHMENT EXPENSES**

In addition to actual moving expenses, a small business, farm or nonprofit organization is eligible for reimbursement of reestablishment expenses. These payments are in addition to actual moving expenses and are intended to reimburse the eligible displacee for expenses that the Iowa Department of Transportation determines to be reasonable and necessary in connection with reestablishing the small business, farm or nonprofit organization at a replacement site. Reimbursement of reestablishment expenses **may not exceed \$10,000.**

It is important to remember that such expenses should be necessary to reestablish the present operation, not to improve it, allow it to enter new markets, or do those things that the operation

should have done itself or wanted to do at the displacement location. Displacement provides an excellent opportunity for an operation to do all of those things itself, but they should not be accomplished with public funds.

Relocation advisors should not attempt to unreasonably restrict displaced operations but it is important to keep in mind that this is not a “free” \$10,000 that will automatically go to an otherwise eligible operation.

If the displacee received a payment through acquisition, say, as a “cost-to-cure”, reestablishment cannot be used as this would represent a duplication of payment. However, if deemed reasonable and necessary, all or part of the difference between the actual cost and what was previously paid could be an eligible reestablishment expense.

The relocation advisor is not expected to make an exhaustive search for other such payments, the advisor is only required to avoid creating a duplication based on their knowledge at the time the payment is made.

Example: The displaced farm is paid \$5,000 in the acquisition process for the loss of a pond as a source of water to feed livestock. It is necessary to replace the pond and the cost of replacement is \$10,000.

If the displacee received assistance from another governmental agency to make up the difference in the cost, there would be no reestablishment expense incurred.

If the displacee received a portion, say \$3000, from another governmental agency, the difference, or \$2,000, could be reimbursed as a reestablishment expense.

### **ELIGIBLE REESTABLISHMENT EXPENSES**

All expenses in this category must be reasonable and necessary for reestablishment in the judgment of the Iowa Department of Transportation. Expenses eligible for reimbursement include, but are not limited to the following:

1. Repairs or improvements to the replacement real property that are required by federal, State or local law, code or ordinance.
2. Modifications to the replacement real property to accommodate the operation or to make replacement structures suitable for conducting the business.

In the case of an owner, the cost of constructing a new building on vacant replacement property is a capital expenditure and is generally not eligible as a reestablishment expense since the displacee was previously paid the market value of the acquired structure. Reimbursing the difference between the cost new and

the market value would constitute a supplemental building payment and not eligible for reimbursement.

In those rare instances when an operation can locate no available suitable buildings and construction of a replacement structure would enable the operation to remain a viable operation, a portion of the cost may be eligible for reimbursement, subject to avoidance of duplication of payments and the statutory \$10,000 limit for reestablishment.

In the case of an eligible tenant, such a cost would be eligible if the tenant received none of the proceeds from the sale of the structure to the Iowa Department of Transportation.

3. Construction and installation costs of exterior signing to advertise the operation. Exterior signing may include off-premise signing such as a billboard.
4. Redecoration or replacement of soiled, worn or damaged surfaces at the replacement site. Examples include painting, paneling or floor covering.
5. Licenses, fees and permits when not paid as part of moving expenses.
6. Advertisement of the replacement location.
7. Estimated increased costs of operation during the first two years at the replacement location for items such as:
  - Lease and rental charges;
  - Personal property or real property taxes;
  - Insurance premiums;
  - Utility charges.

Operating costs are expenses typically reported for income tax purposes. Those records should be made available by the displacee to document the costs at the displacement location. The costs at the replacement location can be documented with leases, property tax information, estimates from utility companies, etc.

8. Other items that the Iowa Department of Transportation considers essential to the reestablishment of the operation. Any expense the relocation advisor believes should be considered for reimbursement, should be brought to the attention of the Relocation Supervisor.

## **INELIGIBLE REESTABLISHMENT EXPENSES**

The following is a nonexclusive listing of reestablishment expenditures not considered to be reasonable, necessary or otherwise eligible:

1. Purchase of capital assets such as office furniture, filing cabinets, machinery or trade fixtures.
2. Purchase of manufacturing materials, production supplies, product inventory or other items used in the normal course of the operation.
3. Interest on money borrowed to make the move or purchase the replacement property.
4. Expenses incurred to reestablish a part-time business in the home which does not contribute materially to the displacee's income. See definition on Page 68.

## **NON-RESIDENTIAL FIXED PAYMENT FOR MOVING EXPENSES**

### **GENERAL**

A displaced business, farm operation or nonprofit organization may be eligible to choose to accept a fixed payment in lieu of the payments for actual moving and related expenses and actual reasonable reestablishment expenses.

Payment under this category can range from a minimum payment of \$1,000 to a maximum payment of \$20,000.

There are several advantages to the fixed payment. First, it is simple to administer and relieves the Iowa Department of Transportation and the displacee of having to detail actual moving costs. Second, it provides flexibility for the displacee to use the fixed payment to cover those costs it deems to be most important. This can be especially useful for the eligible operation which chooses not to reestablish and may have to cover loss of income or the cost of discontinuing operations.

Not all small businesses, farm operations or nonprofit organizations will be eligible for a fixed payment under this category. In order to be eligible for this payment, the displacee must meet certain criteria. Specific requirements and payment calculations for small businesses, farm operations and nonprofit organizations are slightly different and each is discussed separately.

### **SMALL BUSINESSES**

A displaced business is eligible for a fixed payment in lieu of payment for moving and related expenses and reestablishment expenses if the Iowa Department of Transportation determines that the business meets ALL of the following criteria: