EARLY ACQUISITIONS ASSOCIATED WITH THE I-10 EXPANSION STUDY

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This presentation will cover 3 primary aspects of the project:

• An overview of the I-10 Study

• A glimpse of a recently implemented, improved method for estimating cost to cure payments

• A discussion on the benefits associated with an early start of the R/W process on a complicated corridor
**BACKGROUND (Design)**

- The project will construct capacity improvements to I-10 by implementing an Express Lanes/Local Lanes concept.
- Design year traffic volume is 450,000 Average Daily Traffic (ADT)
- A wide range of alternatives were considered. Double-decking was evaluated but subsequently eliminated due to cost considerations.
- A screening process ultimately recommends the Local lanes/Express Lanes concept.
- HOV lanes were evaluated and implemented to supply sufficient capacity for that demand.
- The existing I-10 freeway will be symmetrically widened by approximately 80’ to 100’.
- Along the Broadway curve, a total of 24 lanes are planned.
BACKGROUND (Right of Way)

- The Project will impact 130 parcels along Interstate 10 through Phoenix and Tempe Arizona
- The estimated Right of Way budget for the project is $363,000,000
- Partial Acquisition of existing Commercial, Office Park and Industrial developments
- Using State funding, the most complicated, problematic parcels were selected and then approached for Early Acquisition
- To assist with identifying the impacted businesses, a relocation plan was prepared
- NEPA requirements satisfied parcel-by parcel via Categorical Exclusion
Early Identification of need for Architectural and Civil engineering services

• Impact to properties included severance of big box industrial buildings, commercial/retail buildings, parking garages and site drainage systems

• Previous practice for estimating cost to cure payments was not adequate and left room for improvement; a new approach was needed

• ADOT recently developed an approved list of Architectural/Civil teams tasked with:
  ✓ individual site assessments
  ✓ remedial plans
  ✓ construction estimates for appraisal cost to cures
Early Identification of need for Architectural and Civil services

- The newly contracted architects conduct coordination meetings with property owners, tenants, and property managers
- Maximum utilization of remainder site along with needs of occupants are considered
- Lead time allowed by Early Acquisition
- Positive feedback obtained from all stakeholders using this approach
**Minimal Litigation**

- 21 of the 23 parcels identified for Early Acquisition realized negotiated closings
- $115M expended to date
- With expanded (architectural/civil) cost to cure analysis, both property owners and their attorneys indicate offers are comprehensive and fair
The University of Phoenix site

- One improved parcel occupied by the University of Phoenix presented unique complications
- Several multi-story office buildings were serviced by a two-level, 548 stall parking garage
- The ADOT area of acquisition severed the parking garage
- There was no available footprint of land on the remainder site to replace the parking garage
- Total Acquisition value is $39M
Early Strategy for solutions to University of Phoenix site

- The parcel adjacent and immediately west was identified as a potential footprint for a replacement parking garage for the University of Phoenix site
- Negotiations needed to be initiated with the owner of that parcel, Prologis
Early Strategy for solutions to University of Phoenix site

- Early in negotiations Prologis alleged severance damages claims and ADOT agreed
- Arizona Law allows total acquisition when severance damage claims arise
- Arizona Revised Statutes 28-7092 C. If a part of a parcel of land is to be taken for transportation purposes and the remainder is to be left in such shape or condition as to be of little value to its owner or to give rise to claims or litigation concerning severance or other damage, the director may acquire the whole parcel by any means provided in subsection A, and the remainder may be sold, exchanged for other property needed for transportation purposes or used for rights-of-way for relocated utility or irrigation facilities.
Early Strategy for solutions to University of Phoenix site (continued)

- The Prologis parcel was purchased as a total acquisition.
- Footprint of exchange property now available to potentially solve the parking issue.
- Negotiations for the University of Phoenix site could now proceed.
Architectural/Civil team Design and Estimate the cost of a Parking Garage and Site Improvements

- Architectural/Civil team met with property owner who raised concerns with aesthetic match (red brick theme) of replacement garage
- Architectural/Civil team design parking garage and other site improvements and obtain tentative plan approval from City of Phoenix Development Services Division
- Cost estimate provided to ADOT’s appraiser as cost-to-cure estimate
Successful Conclusion

- After 2 years of preparation and negotiation, escrow for partial acquisition of the University of Phoenix parcel, closed
- All of the property owner’s concerns were satisfactorily addressed
- The purchase price was in the amount of ADOT’s appraisal, $19M
- The total acquisition value of the same parcel would have been $39M, resulting in a savings of $20M
Contractual provisions allowing Demolition and Backfill on the Remainder

- Resulting void from garage demolition required engineered fill in R/W acquisition area
- Owner’s side was configured into water retention area capable of storing on-site drainage from the property
Other noteworthy Early Acquisitions

- Sundt / Triumph
- Tempe Fountainhead Corporation
- Galleria Palms Apartments
- Coordination with Design team to design a bridge to span 131 graves situated within the Tempe Buttes cemetery
Lessons learned

• A detailed, comprehensive relocation plan, prepared early in project development, proved critical to identifying which parcels would require long-term relocations
• Lead time of several years provided by early acquisition proved critical to thorough appraisal cost to cure estimates and successful negotiations
• Many of the early acquisitions now-concluded would have likely, otherwise resulted in total acquisitions
• Having now established an on-call team of architectural/civil teams will facilitate appraisals and acquisitions on problematic parcels located within other urbanized development corridors
• A team approach to identifying issues and problem solving
SUCCESSFUL Early Acquisition

- Design Team
- Appraisal/ Appraisal Review
- Demolition
- Procurement
- R/W Project Management
- Acquisition
- Relocation/ Relocation Plan
- Property Management
- Finance
- Attorney General
- R/W Plans/ Survey
- Categorical Exclusion
- Property Owners & Tenants
- R/W Title Report
- Architectural & Civil Team

EARLY ACQUISITION Team
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Questions ??

Thank you

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