2016 AASHTO Right of Way, Utilities, Outdoor Advertising Control & National Alliance of Highway Beautification Agencies Conference

Sunday, May 1–Thursday, May 5
Rosen Centre Hotel
Orlando, Florida
Maintaining Appraisal Consistency

In Design-Build Projects

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2016 AASHTO ROWUOAC & NAHBA Conference
ROW in the “Fast Lane!”

Design-Build Project Velocity

Appraisal & Appraisal Review

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Design-Build Projects are “Schedule-Driven”
Appraisal is the Keystone

The Right of Way Process

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Without a Well-Supported Appraisal

When Appraisal Consistency is not present, it threatens to topple the entire Right of Way Process.
Project Delivery Differences

- **Traditional Design/Bid/Build** vs. **Design-Build**

- Design/Bid/Build → "Handing Off The Baton"
Project Delivery Differences

- Traditional Design/Bid/Build vs. Design-Build

- Design-Build “Simultaneous Combustion”
Comparison to Design/Bid/Build

Traditional Design/Bid/Build Process
Comparison to Design/Bid/Build

The Design/Build Process

- Appraisal Progress
- Appraisal
- Environmental Progress
- Survey / Title Progress
- Survey, Title & Mapping
- Roadway Design
- Roadway Design Progress

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Essential Collaboration

The Design/Build Process

The Relationship between the Developer’s Design Engineer and the Appraisers
Information Provided by the Design Engineer

- **Roadway Plans** and **Profiles** for Individual Parcels
- **Access** to Individual properties: Before and After project completion
- **Schematics** and **Aerial Drawings**
- Any **Exhibits** illustrating how the project impacts individual properties
- **Drainage easements** and **Structures** affecting individual properties
- Any **Permanent, Temporary Easements** or other **Interests** impacting individual properties
How do you create Appraisal Consistency Conscientiousness?

- Ensure it is defined in the **CDA** (*Comprehensive Development Agreement*) with the Developer and is a priority.
- Make certain the Developer’s **Right of Way Service Provider or Consultant** understands the significance of Appraisal Consistency.
- Require the **Developer’s Appraisers** are *pre-qualified* to perform appraisals according to your DOT Appraisal Standards and Manual.
- If the Developer is using **Fee Appraisal Reviewers** be clear about **Appraisal Consistency rests with them**.
How Federal Regulations Can Help?

- §710.313 Design-build projects 23CFR Ch. I (4-1-11 Edition)

- §710.401(1)(i)
  
  “The design-builder must submit written acquisition and relocation procedures to the STD for approval prior to commencing right-of-way activities.”

  “These procedures should contain a prioritized appraisal, acquisition and relocation strategy as well as checkpoints for STD approval...”
• §710.401(1)(ii)

  “Accordingly, the **time frames** estimated for right of way acquisition **will not be compressed** in the event other necessary actions preceding right-of-way acquisition miss their assigned due dates.

• §710.401(2)(i)

  “The design-builder **must** establish a project tracking system and quality control system. This system **must** show the appraisal, acquisition and relocation status of all parcels.”
Other CDA Consistency Measures

- **Require** Sample Appraisals – from the Developer’s fee appraisers
- **Require** Sample Appraisal Review Reports – from the Developer’s fee review appraisers
- **Review & Evaluate** the Sample Reports
- **Check** the State Appraisal Certification & Licensing Agency to ensure fee appraisers and fee review appraisers do not have any complaints filed against them
“Before anything else, Preparation is the Key to success.”

~ Alexander Graham Bell
Appraisal Consistency Preparation

- **Identify** and Study the Project’s ROW Acquisitions.
- **Work with** the Design-Build Contractor’s Design Engineer to determine individual parcel impacts.
- **Meet with** the Design-Build Contractor’s Acquisition Service Provider regarding the appraiser selection and appraisal assignment process for the project.
Ensure Consistency

• ROW needs a “say” in the Project Development Documents, I.E. “Technical Provisions.”

• Establish Guidelines for “Collaboration.”

• Make “Engineering Collaboration” with ROW and Appraisers a priority in the scope of services.

• Include “Quality Assurance” and “Quality Control Methods” in ROW appraisal to promote appraisal consistency.
Prior Planning

• **Instill** Appraisal Consistency before the Developer and ROW Acquisition Service Provider are selected.

• **Incorporate** innovative techniques for maintaining appraisal consistency into the scoring for the project selection.

• **Plan** an Appraisal Consistency Workshop right after Developer selection takes place.
Appraisal Consistency = Quality Control

• **Tie** Appraisal Consistency to the Developer’s Quality Control Plan.

• **Insist** the Developer create and maintain an **Appraisal Consistency Map** for the project.

• **Require** every Appraiser and every Fee Appraisal Reviewer have access to the **Appraisal Consistency Map**.

• **Require** each Fee Appraisal Reviewer maintain a **Land Value Tracking Spreadsheet**.

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Developer Tools
Appraisal Consistency/Quality Control

• Land Value Tracking Map

• Land Value Tracking Spreadsheet

• Project Appraisal Reviewer – ensures appraisal consistency among various fee appraisers and fee review appraisers.
Appraisal Assignments

- **Provide guidance** to the Developer’s ROW Consultant or Acquisition Service Provider.
- **Emphasize** the importance of the appraisal assignment process to appraisal consistency.
- The Developer’s appraisers **must** meet and satisfy minimum appraisal standards.
- **Consistent, reasoned assignments create consistency in appraisals.**
Appraiser A is an expert in restaurant valuation; he is assigned all restaurants on the project.

Reviewer Appraiser B is assigned to review all of Appraiser A’s restaurant reports.

Restaurant valuation is consistent throughout the project and quality is good.
When Inconsistency Happens
Inconsistency Example

- Land Value Inconsistency – Multiple Appraisers/Multiple Reviewers
  - Three Different Appraisers
  - Three Different Reviewers
  - Five Parcels?
  - Five Different Unit Values

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Different Highest & Best Uses

• Larger Parcel – What is the Larger Parcel?

Appraise the whole property

Decide whether to consider smaller economic units.

Determine the whole Property’s H&B Use or Uses.

What is the “Larger Parcel” here?
**Same Property – Two Potential Uses**

- Larger Parcel – Two Appraisers/Different Valuations

![Diagram showing valuation as acreage and valuation as pad sites]
Critical Points – Appraisal Consistency

• Authoring Consistency – writing it in the CDA
• Creating Design-Build Guidelines – ROW Appraisal
• Hold Pre-Contract Workshops – Potential Developers
• Establish Scoring Criteria – ROW Appraisal Consistency
• Build Consistency – Provide Developer and ROW Service Provider Guidance for Appraisal Assignments
• Request & Evaluate – Sample Appraisals & Reviews
• Hold Post NTP Appraisal Workshops
• Check Appraisal Consistency – Throughout the Project’s Life Cycle

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Appraisal Consistency Pyramid

- Fee Appraiser’s Internal Q.A. & Q.C.
- Fee Reviewer’s Q.A. & Q.C. of Several Fee Appraisers’ Values
- Developer’s Project Review of Values
Final Thoughts

• Build Appraisal Consistency in the CDA (Comprehensive Development Agreement)
• Ensure the Developer’s Appraisers and Review Appraisers are well qualified and able to deliver quality appraisals within the Project Schedule
• Insist on the Appraisers having all plans, surveys, title work and ESA’s before they begin appraisals
• Make certain the Developer understands the need for collaboration between the Appraisers and the Design Engineers
Questions
Thank You!

• My Contact Information is:

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