

WISCONSIN Dept. of Transportation

Relocation Incentive Pilots and (tentative) Conclusions



2012 AASHTO Subcommittee on Right of Way and Utilities Conference

Marriott Waterfront Hotel – Portland, Oregon
April 29 to May 3, 2012



Where Tradition and Transformation Converge 

Project Mgt Tool Timelines



- Residential relo's show a project mgt. schedule of 12 months for acquisition and move
 - Businesses relo's show a project mgt. schedules at 24 months for acquisition and move
- *These type of timelines are usually squeezed.

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Northeast Region Pilot Area



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NE Region Pilot Criteria

Two Projects, one a control project using typical acquisition processes, the second, the incentive project using the criteria set up for the pilot.

Pilot Project – USH 41

- 2 Lane to 4 Lane
- Acquisition Time 2005-2008
- Parcels 189
- Relocations 34
- Rural
- Oconto and Marinette Cty.

Control Project – USH 141

- 2 Lane to 4 Lane
- Acquisition tome 2002-04
- Parcels 134
- Relocations 36
- Rural
- Oconto and Marinette Cty.

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To Qualify for the Business Relocation Incentive:

Incentives were based on time:

Business Owners: 5% of initial offer or a \$10,000 minimum within 60 days, 2.5% or a minimum \$5,000 within 90 days

Business Tenants: 6X monthly rent within 60 days or a minimum of \$5,000, 3X monthly rent within 90 day or a minimum \$2,500

*Property must be convey and all personal property removed to qualify

*vacancy dates calculated from the date of relocation package

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Time Comparisons

	Pilot	Control
Average days accepted offer	36 days	107 days
Average days accepted relo package	14 days	117 days
Average days to vacate	50 days	245 days
% of owners signing on 1 st visit	19%	13%

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Project Cost Comparisons

	Pilot	Control
Parcel Count	189	134
<i>Acquisition Incentive Paid</i>	<i>\$2,024,867</i>	N/A
<i>Relocation Incentive Paid</i>	<i>\$314,781</i>	N/A
<i>Litigation Costs</i>	<i>\$25,000</i>	<i>\$1,063,793</i>
Cost per parcel Non Delivery	\$85,668	\$72,992

*Is the conclusion is that that WisDOT paid \$1.3 million in incentives to save 6 months?

*How do you quantify that it was a good business decision?

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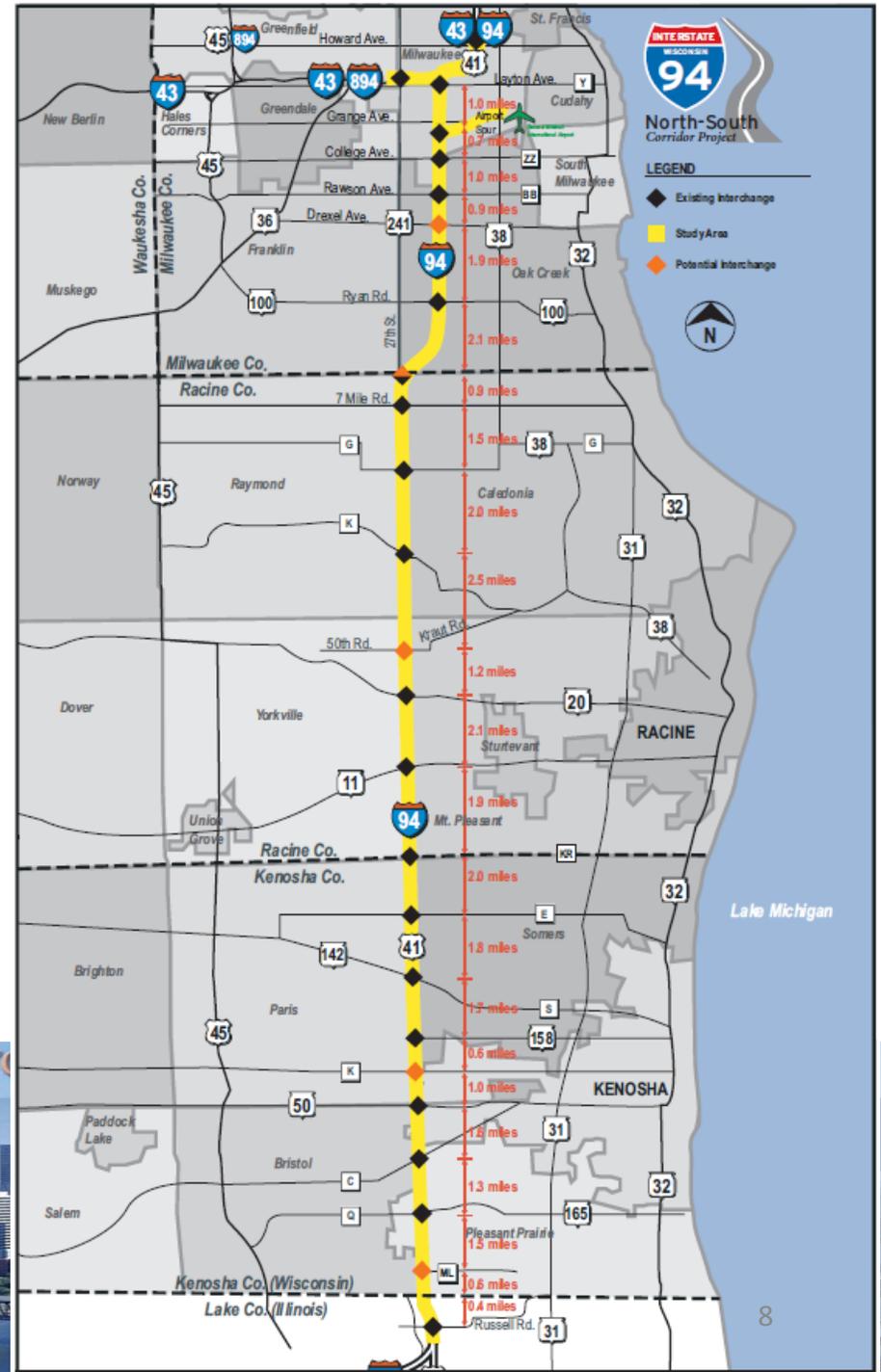
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I-94 North-South corridor in SE Wisconsin. The project runs from the Illinois state line to the Mitchell Interchange in Milwaukee.

The project will improve safety, help ease congestion and modernize this important 35-mile transportation artery, including:

- Constructing an additional lane in each direction, for a total of eight lanes.
- Replacing deteriorating pavement and structures with new designs.
- Moving ramp exits to the right side of the freeway.
- Providing aesthetic treatments for those who live adjacent to the freeway.
- Rebuilding eighteen interchanges and adding one new interchange.



Businesses Eligible Under the Pilot

Businesses that qualified for Incentive Pilot 20

Owner occupied 12

Tenant occupied 8

Business Types

Gas Stations 5

Commercial Building Owners 3

Retail Cheese/Food/Wine 2

Trucking Operations 2

Franchise Fast Food 1

Independent Restaurant 1

Gentlemen's Club 1

Cosmetics - home based 1

Wholesale Auto Sales 1

Business IT Consultant 1

Small Manufacturing 1

Crane Repair and Rental 1

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- **Incentive to Owner**

- If closed and vacated within 6 months of initial offer the owner will receive either a 20% of the initial offer or \$10,000 which ever is greater.
- If closed and vacated within 9 months of initial offer the owner will receive either a 10% of the initial offer or \$5,000 which ever is greater.

- **Incentive to Tenant**

- If the tenant moves out within 6 months of the date they receive the relocation package, they receive 6X their monthly rent or \$5,000 is ever is greater.
- If the tenant moves out within 9 months of the date they receive the relocation package, they receive 3X their monthly rent or \$2,500 is ever is greater.

***The parcel must be vacated and all personal items removed to qualify.**

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65% Accepted the Incentive

- 3/5 gas stations used incentives
- 2/3 landlords used incentives
- Large cheese/wine retailer used incentive to build new facility on remaining footprint.
- Independent restaurant owner used incentive & retired
- Auto wholesaler used incentive & found new location
- 3 tenants from one building all used incentives & moved
- 2 trucking/trailer tenants used incentives & found new locations

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35% Declined the Incentive

Why did they turned it down?

- (3) determined it was more profitable to stay open and continue to run their business until the last possible day.
- (3) decided they would rather litigate than settle for the incentive.
- (1) has yet to furnish us with documentation of a home based business.

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Before & After – “Mars Cheese Castle”



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Lessons Learned

- For high volume/dollar businesses, the amount of the incentive was not enough to entice them.
- Too vast of a discrepancy between business owners vs. business tenants on incentive dollars.
- Timing on the incentive was not going to work for under “building new”, unless a great deal of pre-planning was done and lead time was given.

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Changes in RE Manual after Pilots at WISDOT

Currently WISDOT is only offering Incentives under Relocation, for now.

New Criteria for a Project to Qualify:

Unanticipated funding (ARRA)

Public safety

Escalating property or construction costs

Multiple/similar property types along the project

Approval to Qualify:

Region would complete a Public Interest Findings/Cost Effectiveness Document, approved by Central Office.

Region to select project by 30% design, when possible.

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Changes in RE Manual after Pilots at WISDOT

Incentive Payments are as follows:

Business

Owner – vacated within 60 days	\$30,000
Tenant – vacated within 60 days	\$30,000

Residential

Owner – vacated within 45 days	\$10,000
Tenant – vacated within 45 days	\$ 5,000

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CD's available with the following info:

- Power Point Presentations AASHTO and Peer Exchange
- Updated Real Estate Program Manual on Incentives
- Public Interest Finding/Cost Effectiveness Document
- Relocation Incentive Offer Forms (3)
 - residential owner, residential tenant, business owner or tenant
- Assessment of Incentive from WISDOT & FHWA
- Incentive Summary Document
- Project Tracking Tool, I-94 N/S Corridor Project
- WISDOT Acquisition Flow Chart



Thanks everyone!



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