
GUIDANCE DOCUMENT 2
Responsible Office: R/W Appraisal

GUIDANCE DOCUMENT FOR RIGHT OF WAY COST ESTIMATES

PURPOSE:

To offer guidance concerning items and practices to be considered in the coordination and preparation of cost estimates for right of way in accordance with Procedure Topic 575-000-000, Right of Way Manual, Section 6.3. While these guidelines suggest a general framework in which to address the function of cost estimating, individual estimates may include or exclude items according to the nature of the assignment, customer needs, and District preferences.

REFERENCE:

Right of Way Procedures Manual, Chapter 6, Section 3.

GUIDANCE:

The following guidance document is for the preparation of right of way cost estimates.

The District Right of Way Manager should consider assigning the responsibility for cost estimates to a district coordinator hereinafter referred to as the Cost Estimate Coordinator. The Cost Estimate Coordinator should also be responsible for managing, reviewing and monitoring R/W cost estimates prepared by consultants. The Cost Estimate Coordinator should also serve as an advisor to designers for economic decisions such as selection of stormwater management facility sites.

I. Development of Preliminary Information

A. The district should develop, document and maintain historical district costs/factors and other information needed to complete the estimate. The district should establish a data base for the storage and analysis of the costs/factors from historical district project information as well as other sources. These historical costs and factors include: direct labor costs, right of way consultant contract costs, relocation costs (replacement housing costs, move costs, personal property), land, improvements, severance damages, administrative increases, litigation awards, business damages, owner appraiser

fees, other condemnation costs, appraisal fees, business damage CPA fees, court reporter/witness fees, move cost estimate fees, attorney fees (outside counsel), other experts, title search, demolition non-asbestos abatement contracts, hazardous waste-asbestos survey, abatement demolition fees, utility owner reimbursement costs, etc.

B. Levels of Confidence

(1) Not all cost estimates need to be prepared to the same level of confidence. The district should establish a system for identifying and ranking levels of confidence in relation to the quality and quantity of data available to complete the cost estimate. This information should be provided to all units that will request cost estimates, so they can determine and request the level of confidence needed. The levels of confidence determined by the district should be disseminated to district personnel. The level of confidence for each estimate should be reported by the estimator on all estimates so subsequent users of the estimate can judge the reliability of the estimate for their intended use.

The following are examples of confidence levels for demonstration purpose only.

(a) High level of confidence: R/W Maps or other exhibits that accurately and clearly depict the project are approximately 100%. Parcels are identified, delineated and areas of parent tract, take and remainders are shown. Potential relocation, property management, environmental and business damage concerns have been identified. Information is readily available on which to base probable property cost and damages.

(b) Average level of confidence: R/W Maps or other exhibits are sufficient to identify individual parcels, areas of take and the remainders. There is sufficient identification of potential relocation, property management, environmental and business damage concerns. Information is available on which to base probable property cost and damages.

(c) Below average level of confidence: R/W Maps or other exhibits are preliminary and may not identify individual parcels, areas of take and remainders. There is preliminary identification of potential relocation, property management, environmental and

business damage concerns. Market data are limited, but available.

(d) Poor level of confidence: R/W Maps are not available or are extremely preliminary. Other exhibits are of limited accuracy to depict the project. Parcels, proposed acquisitions and remainders are not identified. Potential relocation, property management, environmental and business damage concerns have not been identified. Market data are limited, but available.

- (2) The confidence levels should be based on the quantity and quality of data used to develop the estimate. The confidence levels may be higher or lower depending on time available to complete the estimate regardless of the data supplied or used by the estimator. When maps are sufficient to identify individual parcels, proposed acquisitions and remainders, the estimate should be prepared using a parcel specific estimate to achieve the highest level of confidence.

II. Request for R/W Cost Estimates

A. The Request for a R/W cost estimate should be in writing or via electronic submittal to the Cost Estimate Coordinator. In order to achieve the highest level of confidence the request should provide the following information: the purpose of the project (i.e. new alignment, widening, resurfacing, drainage, limited access, etc.). The request should be accompanied by the following data (if available): current R/W Maps with alternates to be considered, existing R/W and proposed R/W with dimensions and areas calculated, information about ownership, existing improvements and access. The following information is also helpful: any video tape or pertinent aerial photographs, construction plans with identification of changes (if any) in elevation, direct and indirect (median cuts) access, drainage and water retention, environmental assessments, etc.

B. Each cost estimate request should be logged in according to the date received. The Department's Right of Way Management System should be updated as events in the process occur.

III. Preparation of the Estimate

A. It is suggested that the district consider appointment of a team to participate in the preparation of the estimate on large or complex projects. The cost estimate coordinator may be part of the team depending on the district's needs. The estimator or team should review the information supplied with the

Cost Estimate Request. The estimator or team should conduct field inspections to gather and consider pertinent information for preparation of the estimate. Items to consider may include parcel ownership and other interests, parent tract delineation, areas to be acquired, whole takes versus partial take, business damages, relocation, need for studies or specialists (i.e. parking, costs to cure, land planning, surveys, environmental concerns).

B. The estimator or team should bring any significant adverse impacts identified in the field inspection or during the review of information submitted with the request to the attention of the Design Project Manager or the appropriate staff, and may suggest any specialized studies and/or design modifications required to develop the estimate to the desired confidence level of the requesting unit and to ensure prudent expenditure of funds.

C. The cost associated with each type of R/W activity should be estimated by using historical and statistical information from similar projects, previous cost estimates, real estate market data, cost manuals, and interviews. It is recommended the cost estimator coordinate with other personnel (i.e. those involved in Relocation, Appraisal, Acquisition, Legal, etc.) to obtain project costs estimates. The district should provide an estimate of expected increases or decreases in cost based on expected market conditions for the properties along the proposed project. The district should consider historical growth, as well as interviews with local real estate economists and planning departments to determine how any future development may impact the market conditions in the project area.

D. Complete a cost estimate summary worksheet which may include the following sections: (The district should develop a worksheet to meet the district's needs)

(1) Basic Project Information

Items in this section may include: Item/Segment number, managing district number, county name, FAP No., Date, State Road No., Cost estimate type (such as pre-work program, initial estimate, update, certification estimate, or post certification estimate, etc.), number and type of parcels (Business, Residential and Unimproved)

(2) Phase 41 (R/W In-house Support Cost)

Phase 41 includes amounts estimated for direct overhead costs.

(3) Phase 4B (R/W OPS)

Phase 4B amounts include estimated costs such as appraisal and review fees, CPA fees, court reporter and witness fees, demolition contracts, move cost estimate fees, outside counsel fees, title search fees, hazardous material investigation fees, etc.

(4) Phase 43 (R/W Land)

Phase 43 amounts included estimated costs such as for land, improvements, damages, litigation awards and administrative settlements, business damage payments, owner appraisal fees, owner CPA fees, owner attorney fees, and other owner costs. Administrative and legal settlements or litigation awards increase the cost for the acquisition of land. For example assume that district data indicate that out of 100 parcels, 15% are negotiated at the recommended compensation amount, 35% are administratively settled above the recommended compensation amount, and 50% are litigated. If historical data indicates that administrative settlements average 30% above the recommended compensation amount, a factor of 1.30 would be applied to 35% of the estimated compensation for all parcels.

(5) Phase 42 (R/W Consultant)

Phase 42 amounts include estimated costs for acquisition and relocation consultant fees.

(6) Phase 45 (R/W Relocation Cost)

Phase 45 Costs should be obtained from the Relocation Administrator. These estimated costs include replacement housing for owners and tenants, move costs for residences, businesses, and personal property.

(7) Phase 46 (Utility Replacement R/W)

Phase 46 includes costs estimated to reimburse a utility owner (company) for costs associated with the purchase of a replacement easement when an existing utility easement is acquired by the Department. This occurs when a utility cannot move back from the acquisition area.

(8) Phase 48 (Right of Way- Other Agency)

If the cost estimator has been advised that the Department will contract with another governmental agency for services provided, appropriate total costs should be shown for this line item.

IV. Documentation and Quality Control

A. All information relied on to develop cost and factors used in the estimate should be documented and available for inspection. It may not be necessary to file this information with every estimate, but indicate where the information relied on can be located.

B. Right of Way Management System (RWMS): Information about a R/W cost estimate can only be entered into RWMS after a Work Program Item/Item Segment exists in the Financial Management (FM) database of the Department's mainframe computer. Please refer to the RWMS User's Manual for instructions on data entry. Programmed amounts, which typically reflect the preferred alternative must be based on a current cost estimate. Right of Way should coordinate with Program Development and the Design Project Manager to ensure that programmed amounts are reflective of the preferred alternative and based on a current cost estimate. The district should establish a schedule for the updating of cost estimates. On an annual or biannual basis to allow management to develop/modify the work program, depending on the needs of the district.

C. The cost estimate process should be tested or verified periodically by comparing the cost estimate on a project with actual project costs. These evaluations can then lend support to the District methodology or indicate areas where the process needs modification.

HISTORY: 11/06