



2.9 THE OFFERING PRICE

The region must prepare an Offering Price Report and Submittal (RE1894) for every appraised parcel upon receipt of a completed appraisal report. The area to be acquired must correspond with the latest right of way plat. Any additional interests being acquired (TLE, PLE, access rights, etc.) should be noted. The area of a limited highway easement need not be indicated. The Offering Price Report and Submittal (RE1894) along with the Appraisal Objective Review (RE1000) and the appraisal are then submitted to a reviewer. The amount offered (just compensation) is determined by the Bureau of Technical Services-Real Estate (BTS-RE) review appraiser, who also has authority to approve the offering price. Only WisDOT staff review appraisers have the delegated authority to approve offers on federally funded R/W projects. See sub-section 2.12.7 of this manual for limitations on use of fee (or consultant) review appraisers. Additionally, BTS-RE approves and maintains a list of designated regional review appraisers who have limited review and approval authority. An appointed regional review appraiser's authority is limited to:

1. Parcels that have been identified or could be identified for the waiver of appraisal process. See waiver requirements in Section 2.10 of this manual.
2. Appraisal Report Short Format Summary (RE1005) (non-complex and less than \$10,000). For example, a regional review appraiser may conduct the reviews for appraisals where:
 - cost to cure is economically justified and does not result in betterment;
 - damages to the remaining land do not exceed \$5,000 and can be logically explained;
 - land can easily be valued by the market approach with little or no adjustment to sales;
 - minor outbuildings or improvements can be valued by the cost approach or contributing value;
 - no change of highest and best use occurs.

Upon approval of the offering price, the reviewer shall enter the approval into READS and complete the Appraisal Review (RE2128). See Chapter 2/Sections 2.12 and 2.13 of this manual for detailed guidance on appraisal reviewer responsibilities and the review process.

2.9.1 Summary of Values

A Summary of Values (RE1639) will be required if supplementation to the appraisal is needed to explain special situations, clarify ambiguity, etc. This is also required when the review appraiser does not accept the appraisal in its entirety. Where two or more appraisals have been obtained or the owner's appraisal is also being reviewed, the various allocations must be set forth, the review appraiser's recommendation must be explained in detail, and the justification should not be limited. The amount of justification needed will vary with the parcel being considered. Extra detail will likely be required for complicated parcels to enable adequate and full explanation. The review appraiser must provide support to a recommendation with full, detailed and adequate explanation. The name of the staff person preparing and justifying the summary is a critical piece of information. All related READS information needs to be complete with documentation and records maintained as appropriate.

2.9.2 Uneconomic Remnants

The initial indication of an uneconomic remnant comes from the appraisal. The appraiser's determination of severance damages to the remainder gives the agency an indication of the remaining value. Based on the remaining value indication, region management will make a determination if the remainder is an uneconomic remnant. Once an uneconomic remnant has been determined to exist, the region will request an alternate offer approval from the review appraiser. The alternate offer will be made to the owner. The owner has the right to accept or reject the alternate offer. The ultimate decision lies with the owner. In the state statute, note the reference to "little or no utility or value" to the owner. The following is the whole statement for clarity: uneconomic remnant means a remainder property that the acquiring agency has determined has little or no utility or value to the owner. Ultimately, the decision to accept or reject that part of the offer lies with the owner. The appraisal indicates remaining value, but the concept of utility to the owner is difficult to discern by anyone other than the owner. See [32.05\(3m\) Uneconomic remnant](#). In this section, "uneconomic remnant" means the property remaining after a partial taking of property, if the property remaining is of such size, shape or condition as to be of little value or of substantially impaired economic viability. If the acquisition of only part of a property would leave its owner with an uneconomic remnant, the condemnor shall offer to acquire the remnant concurrently and may acquire it by purchase or by condemnation if the owner consents.

2.9.3 Alternate Offers

The Alternate Offers to Purchase (RE1975) is used to detail an offer made to the property owner to acquire remnants not needed for highway construction. This is typically done for relocation purposes when the value of the entire site must be included to complete a relocation payment. There are other times when it may relieve an owner's concern about damages to the remainder, or when it is in the best interest of the department to purchase remnants. Note: The purchase of such remnants cannot be handled as administrative revisions. The possibility of an alternate offer situation should be identified, whenever possible, prior to negotiations and prior to the approval of the offering price. There are two types of alternate offers: Alternate A, which is acquisition of an entire property; and, Alternate B, which is acquisition of one or more remnant tracts. If a decision is made by the region to acquire the entire property (Alternate A) or parts of the remnant that are economically viable (Alternate B), an Alternate Offers to Purchase (RE1975) must be submitted to a BTS-RE review appraiser for approval (exception, a regional review appraiser may approve total offers of less than \$10,000). A copy of the Alternate Offers to Purchase (RE1975) (except for dollar amount) needs to be sent with the appraisal review packet and Offering Price Report and Submittal (RE1894) to the review appraiser. The review appraiser will review and approve both the offering price and alternate offer. The review appraiser shall enter this documentation and the approval data into READS.

2.9.4 Revisions to Offering Price

After an offering price is originally approved, there are times when additional information is discovered during the negotiation process that may affect WisDOT's estimate of just compensation. These revisions are handled either as a new offering price or as an administrative revision. See Section 3.3 of this manual for more information on alternate offers and changes to original offering.