



10.0 PURPOSE

The purpose of this chapter is to guide decision-making and describe procedures for relocating, realigning, appraising or acquiring off-premise signs affected by Wisconsin Department of Transportation (WisDOT) highway projects. This process will determine what compensation, if any, is owed by WisDOT to the parties of interest.

10.0.1 Introduction

Off-premise outdoor advertising signs (billboards) are regulated in Wisconsin under a variety of statutes, regulations, and case law at the federal, state and local levels. Some regulations include: the federal Highway Beautification and Bonus Acts; relocation laws under Wisconsin Statutes §32.19 - 32.195 and Wisconsin Administrative Code Ch. Adm 92; the eminent domain statute, Wisconsin Statutes §32.05; the state outdoor advertising control laws, Wisconsin Statutes §84.30; Wisconsin Administrative Code Ch. Trans 201; agreements between Wisconsin and the United States Department of Transportation (USDOT) from 1961 and 1972; the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended; local ordinances; and the state and federal constitutions. In addition, provisions of a lease, easement or contract related to a sign site may affect how WisDOT proceeds.

This chapter details the procedures for WisDOT RE staff to follow so that compensation can be fairly determined and provided to both the sign owner and sign site owner. This is a multi-step process; when a billboard is encountered on a highway project, there are multiple issues to consider, over and above the sign structure itself. The complex set of regulations and requirements means that a WisDOT Real Estate (RE) specialist must carefully analyze each billboard encountered on a highway project. This requires close coordination with the Bureau of Technical Services - Real Estate (BTS-RE) staff and the regional outdoor advertising sign coordinator. Complex acquisitions may also include coordination with WisDOT's Office of General Counsel (OGC).

There are two basic components to consider when WisDOT is acquiring, realigning or relocating a billboard under eminent domain. First, there is the physical sign structure itself. Second, there may be a real estate interest in the underlying land being acquired, known as the sign site. If compensable, the sign site will be appraised as part of the acquisition of the underlying fee interest in the real estate. The real estate interests include any leasehold or easement interests and permit-based interests.

WisDOT must follow one of two statutory programs that govern compensation for off-premise signs affected by a project, depending on whether the sign is conforming or nonconforming; either Wis. Stat. §84.30, which applies to nonconforming signs; or, Wis. Stat. §§32.05, 32.19, 32.195(4) and Adm 92.64, which apply to conforming signs. Valuation of billboards has been the subject of litigation in Wisconsin, in the contexts of both eminent domain and property tax assessment. In several key Wisconsin Supreme Court decisions, discussed further in REPM 10.2.1, the court established and clarified several points that have dictated the development of this chapter:

1. When valuing signs and sign sites, WisDOT only acquires real property interests. It does not acquire businesses or business value.
2. Sign-related real property interests are the underlying fee, any sign site leasehold or easement interests, and the right to have a sign at a location under state and local regulation, whether by permit or as a nonconforming or grandfathered use.
3. The sign structure, in most cases, is the personal property of a tenant sign owner.

See APPENDIX C: Definitions specific or pertinent to REPM/Chapter 10.



10.1 SIGN STATUS AND SIGN CATEGORIES

To evaluate a sign for acquisition or appraisal purposes, WisDOT must first determine the legal status and category of the sign involved. The result of this analysis will determine the steps to follow before the sign is appraised, acquired, realigned, removed or relocated. Several questions need to be answered as part of the analysis, such as:

- Could sign be relocated to a different site or realigned on the same property?
- Is a real property interest going to be lost, and if so, should the appraisal of the real property include the sign site?
- Is sign conforming or nonconforming under local zoning or sign ordinances?
- Is sign conforming or nonconforming under Wis. Stat. §84.30?
- Is sign grandfathered?
- Is sign legal?
- What are terms of lease, if any?
- What is the sign's category (e.g., religious notice, directional, on-premise, off-premise, etc.)?

A sign's category is important because it affects whether the sign can be relocated to a new site or realigned on the same parcel. Its category may also affect the extent to which the sign site contributes to the value of the real estate. The WisDOT regional outdoor advertising sign coordinator can identify a sign's category, offer an opinion on its legal status, and help determine if the sign needs to be addressed in the appraisal and acquisition process. Keep in mind, the legal status and category of a sign can change during the life of a project, so an initial determination may need to be changed.

10.1.1 On-Premise vs. Off-Premise Signs

Under state, federal and many municipal and county laws and regulations, signs advertising a business conducted at a location (on-premise signs) are generally regulated differently than signs advertising products or businesses that are not located on the property. On-premise signs are often owned by the person who also owns the underlying fee interest in the real estate or a long-term tenant. Off-premise signs are often owned by a business located elsewhere and are erected on the fee owner's land pursuant to some type of easement, lease or verbal permission.

Signs are considered "on-premise" under Wis. Stat. §84.30 if they are constructed at a business location, advertise a business conducted at the property, and are located within the area bounded by the buildings, driveways and parking areas in which the activity is conducted or within 50 feet of that area.

Signs are considered "off-premise" under Wis. Stat. §84.30 if they do not meet the conditions described above. For example, a sign is an off-premise sign if it is located on an area across a street or road from the area where the business is conducted or any area developed for erecting a sign. ([Trans 201.02\(9\)](#)).

10.1.2 Illegal Signs

A sign that was erected or maintained in violation of the law is considered an illegal sign. Wisconsin Statute §84.30, and [Trans 201](#), are enforced by WisDOT's regional outdoor advertising sign coordinators. Local ordinance violations are enforced by local government authorities. In the context of a highway project, illegal signs may be removed without any compensation and are not eligible for relocation benefits. Before the sign may be removed, however, a process must be followed. See REPM 10.3.4.

10.1.3 Conforming Signs

A conforming sign is one that meets the provisions of the state highway beautification laws, Wis. Stat. §84.30 and [Trans 201](#). Wisconsin Stat. §84.30 generally prohibits the erection and maintenance of off-premise outdoor advertising signs along the state highway system. However, the statute allows signs to be erected at specific locations for specific purposes. The significance of conforming status is that the sign is lawfully in existence and is not subject to removal, unless there is a change in certain circumstances. Examples include:

- A conforming sign may become a nonconforming sign. For example, if zoning were changed from commercial to residential where an initially conforming sign was lawfully erected, the change in zoning would make the sign nonconforming.
- A conforming sign may become an illegal sign. For example, conforming signs are limited to 1,200 square feet. If a sign was properly erected and permitted and is later enlarged to 1,500 square feet, it would become illegal. Its permit is subject to revocation, and the sign is subject to removal.
- Physical changes can affect the status of a sign. For example, the relocation of a highway may result in a sign becoming visible from the new highway and therefore subject to regulation.
- The construction or extension of a turning lane might result in a sign violating intersection spacing requirements, thereby making the sign nonconforming.

Under the federal Highway Beautification Act, states cannot consider local zoning specifically adopted for the sole purpose of permitting billboards when determining whether an area qualifies for billboard erection. WisDOT occasionally encounters a property that has been rezoned for the specific purpose of allowing construction of a billboard sign. WisDOT cannot recognize such zoning for outdoor advertising purposes. Conforming signs may only be erected and permitted if local zoning is enacted for legitimate development purposes and not merely to allow the erection of a billboard. If this occurs, WisDOT RE staff should contact the regional outdoor advertising sign coordinator, BTS-RE, and OGC. Signs in this situation may be illegal, even if permitted and may be removed without compensation following issuance of a removal order and a hearing, if requested. (23 CFR §750.708(b); and Wis. Stats. §§84.30(2)(b) and (2m)).

10.1.4 Special Sign Categories

Under state and federal sign statutes and regulations, some signs are given special treatment, usually because the signs benefit the public. For example, to direct the public to tourist attractions, "directional signs" may be erected. ([Trans 201.05](#)) Some of the more common categories of signs that are given special treatment include political signs, real

estate “for sale” signs, directional signs, utility signs, and service club or religious meeting notices. A sign that was permitted or allowed to exist because it fell into one of these special categories may become illegal if its message is changed to a message that does not qualify for the exemption. A sign that qualifies for one of these special categories may be eligible to be relocated.

10.1.5 Nonconforming Signs

A nonconforming sign is a sign that lawfully existed on March 18, 1972, and is located outside of a business area, or is a sign that was lawfully erected after March 18, 1972, but subsequently did not conform to Wis. Stat. §84.30. Signs can also be nonconforming under local ordinances; however, in this chapter, nonconforming refers to nonconforming with Wis. Stat. §84.30, unless otherwise indicated.

Most signs that were lawfully in existence prior to the enactment of Wis. Stat. §84.30, but that do not fall within any of the exceptions for conforming signs are considered nonconforming signs. For example, signs that were lawfully in existence in areas zoned agricultural or residential at the time the law took effect on March 18, 1972, do not meet any of the exceptions in Wis. Stat. §84.30, and therefore would be nonconforming. It is necessary in most cases to review records to determine if a sign lawfully existed as of that date. The regional outdoor advertising sign coordinator can make this determination. If there is uncertainty as to the status, contact the BTS-RE acquisition facilitator.

If a structure is classified as a nonconforming sign, even if the sign has been legally maintained, it is subject to removal upon order by WisDOT. Unless the sign is illegal, Wis. Stat. §84.30(6) requires WisDOT to pay just compensation to the sign owner and the owner of the sign site when the sign is removed. This is significant in a real estate context because signs acquired under Wis. Stat. §84.30(6) are not Wis. Stat. §32.05 acquisitions by WisDOT, and are not subject to eminent domain provisions, such as eligibility for attorney fees under Wis. Stat. §32.28.

Failure to abide by the restrictions applicable to nonconforming signs can result in the sign becoming illegal and therefore subject to removal without compensation. If a sign is nonconforming, the regional outdoor advertising sign coordinator must investigate whether any conditions have been violated that would render the sign illegal. WisDOT policy is to remove illegally maintained signs following the procedures in Wis. Stat. §84.30.

The following requirements are for nonconforming signs:

- It must remain substantially the same as it was on the effective date of the state law. For example, adding lights to an unlighted sign, changing the materials from which the sign is constructed, or adding support poles, may result in a sign that is no longer substantially the same as the original structure.
- It cannot be relocated to another nonconforming site; however, may be moved to a conforming site.
- It cannot be enlarged.
- It may continue as long as it is not abandoned. Under a subjective test, a sign is abandoned if there is evidence that the owner intended to abandon the sign. This might happen if a landowner refuses to renew a lease and the tenant sign owner decides to walk

away. Under an objective test, a sign is considered abandoned if it carries obsolete or no advertising material for 12 months, is in substantial disrepair for 12 months, if the owner's name is not on the sign or in WisDOT's records, or if the sign owner fails to pay annual sign fees.

- It may be reasonably repaired and maintained (for example bolt tightening and structure painting), but repairs cannot exceed 50% of the sign's replacement cost (see below). Repairs must leave the sign substantially the same as it was when it became nonconforming. Message changes are permitted, but wholesale replacement of the face of the structure would need to be evaluated.
- It may continue as long as it is not destroyed. A sign is considered destroyed if it is damaged in excess of 50% of its replacement cost. The Wisconsin Department of Administration's Division of Hearings and Appeals has held that replacement cost is the actual cost to erect an identical sign and includes the cost of the identical material and labor necessary to reconstruct an identical sign. The evaluation requires determining the cost to reproduce the sign as it existed when it became nonconforming. This amount is then compared with the amount it would cost to repair the damaged sign using identical materials and expected labor costs. Regional outdoor advertising sign coordinators use a template to calculate this amount and should be contacted in this situation. See APPENDIX E: Worksheet for determining ratio of outdoor advertising sign repair costs to replacement costs (RE2240).

The nonconforming status of a sign depends mainly on the pertinent zoning. A legitimate change in zoning may enable a sign to be conforming where it was once nonconforming. For example, a previously rural location containing a nonconforming sign in a farm field could be annexed into a municipality, zoned, and developed as a business area. Investigation is warranted to determine whether the change in zoning is legitimate. See REPM 10.1.3 for more on this subject.

It is possible for a sign that was erected as a conforming sign after March 18, 1972 to become nonconforming because of a change in the underlying zoning. For example, a legally permitted sign located in an area zoned as business may become nonconforming if the area is rezoned for condominiums after business development fails to occur.

10.1.6 Grandfathered Signs

Grandfathered signs are similar to nonconforming signs in that these signs lawfully existed on March 18, 1972, when Wis. Stat. §84.30 took effect. However, this category is limited to signs that were located in business areas and did not conform to the size, spacing, and lighting restrictions required to be considered a conforming sign. (Wis. Stat. §84.30(3)(d); Trans 201.02(4)) Grandfathered signs are subject to the same conditions and restrictions as nonconforming signs. Like nonconforming signs, they can lose their status if they are changed in violation of the statutes and regulations. Such violations render them illegal and subject to removal without compensation.

The difference between nonconforming signs and grandfathered signs is that grandfathered signs are considered one of the exceptions to the general prohibition of signs in Wis. Stats. §§84.30(3) (intro) and 84.30(3)(d). Therefore, they are not subject to removal under Wis. Stat. §84.30 as a part of a regulatory scenic improvement program. This is consistent with the underlying policy that outdoor signs are less of a scenic problem in business areas. Grandfathered signs that are removed qualify for compensation under Wis. Stat. §84.30(6).

It may be possible for a grandfathered sign to become a conforming sign. For example, a grandfathered sign in a business area along a state highway might be too close to another sign to be eligible for permitting. If one of the signs is removed, then the spacing problem for permitting would be eliminated, and the grandfathered sign could be permitted and brought into conforming status.

Along Interstates, “business areas” are limited to areas that are within the incorporated boundaries of the municipality, as those boundaries existed on September 1, 1959. If those boundaries did not exist on that date, the sign cannot be permitted along the Interstate.

10.1.7 Determining Sign Status and Category - Summary

In summary, it is important to determine a sign’s legal status and category accurately. This should be completed at the corridor planning stage, but no later than at the 30% design stage of a highway project to allow sufficient time to analyze and relocate, remove or realign any signs as needed under state or local laws. The process of determining the status of each sign may be lengthy and involve the regional outdoor advertising sign coordinator, BTS-RE, and OGC.



10.2 COMPENSATION AND RELOCATION BENEFITS

10.2.1 Background

There are separate legal bases for compensation and/or relocation benefits for the acquisition, relocation, realignment or removal of a sign, depending on whether the sign is nonconforming, or conforming. Wisconsin Stat. §84.30 provides the basis for compensation for nonconforming signs. By contrast, conforming sign compensation is determined under Wis. Stat. §32.05: whereas relocation benefits are determined under Wis. Stats. §§32.19 – 32.195(4) and Adm 92.64.

Relocation benefits are provided under Wis. Stat. §32.19 as a reimbursement, which may include actual move payments and search expenses. Wis. Stat. §32.195(4) provides for payment of the cost of realignment of personal property on the same site.

The concept and phrase “just compensation” is the constitutional requirement that the government shall not take property without just compensation. This is the constitutional basis for the state’s eminent domain laws, found in Wis. Stat. Chapter 32. Historically, personal property is not considered a compensable interest when affected by the acquisition of the underlying real estate. Personal property is considered moveable and no just compensation is due to the owner of the personal property. Typically, where a sign owner is a tenant, the constitution would not require payment of just compensation to that sign owner.

The U.S. Congress and Wisconsin state legislature created additional payments separate from the concept of just compensation, so that people with personal property who are required to relocate due to a government project are provided relocation assistance. These payments are provided under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act) and federal code 24 CFR Part 24. State relocation assistance laws are found in Wis. Stats. §§32.19 - 32.27 and Adm 92. The provisions of Adm 92.64 apply specifically to conforming outdoor advertising signs.

Further, the state legislature (at the behest of the U.S. Congress in the federal Highway Beautification Act) established additional compensation requirements for nonconforming signs under Wis. Stat. §84.30. The Wisconsin Supreme Court has held that §84.30 provide the exclusive means for determining just compensation for nonconforming signs. (*Vivid, Inc. vs. Fiedler*, 219 Wis. 2d 764, 580 N.W. 2d 644 (1998)).

WisDOT generally treats the sign site as a real estate interest. If WisDOT determines that a sign can be realigned on the same property (e.g., sign conforms to state requirements) and the property owner(s) will have a sign site in the after condition, WisDOT will not acquire the sign site. The only payment due the property owners and interest holders in that case will be reimbursement for the cost of realigning the sign on the same site. In contrast, where no sign site will exist after WisDOT’s acquisition (e.g., the sign does not conform to Wis. Stat. §84.30), WisDOT will acquire all right, title, any permit, and interests related to the sign site as part of its acquisition and must pay just compensation to the owners. The just

compensation will be determined in an appraisal of the entire parcel acquired and will include the real property value of the sign site. This is referred to in this chapter as the Total Outdoor Advertising Real Property (TOARP). No relocation payments will be provided if the sign structure is acquired as part of the real property.

Under Wisconsin property law (*Old Line Life Insurance Co. of America vs. Hawn*, 225 Wis. 627, 275 N.W. 542 (1937)), sign structures are considered personal property if they are owned by a tenant. A sign structure will only be treated as part of the real estate if the sign owner also owns the real estate in fee or owns a permanent easement for the sign. The most common situation WisDOT encounters is when the land is owned by one party and the sign is owned by a tenant sign company that has a lease with the landowner. However, if one owner owns the sign site, the underlying fee, and the sign structure, the structure is a fixture and will be treated as real property.

As stated above, for valuation purposes, WisDOT considers the entire property as a single unit and all the various interest holders as a single owner. The appraiser values the entire parcel as a unit. Legal contracts between landlords and tenants or between fee owners and easement owners do not increase the value of the real estate beyond what the land is worth without those complex contracts.

The Supreme Court held, in the case of the *City of Milwaukee Post No. 2874 Veterans of Foreign Wars of the United States vs. Redevelopment Authority of the City of Milwaukee*, (2009 WI 84. 39), under the unit rule, there is no separate valuation of improvements or natural attributes of the land. The manner in which the land is owned or the number of owners does not affect the value of the property. When property that is held in partial estates by multiple owners is condemned, the condemnor provides compensation by paying the value of an undivided interest in the property rather than by paying the value of each owner's partial interest. Simply stated, the unit rule determines the fair market value as if only one person owned the property. When the value of the property is determined, the condemnor makes a single payment for the property taken and the payment is then apportioned among the various owners, in a separate action.

10.2.2 Conforming Sign Compensation

10.2.2.1 Realignment Under Wis. Stat. §32.195(4) and §84.30(5r)

Conforming signs are in areas where signs are allowed, therefore, it may be possible to realign a conforming sign on the same property. If the existing sign conforms to both state law and local requirements, and can be realigned on the same site, the cost to realign it may be reimbursed as a relocation payment to the owner under Wis. Stat. §32.195(4). In such a situation, WisDOT does not acquire the sign site (or the structure).

When a sign is conforming to state requirements but nonconforming under local zoning or ordinances, sign realignment on the same parcel is also possible. Wis. Stat. §84.30(5r) allows realignment of signs under this circumstance. Under Wis. Stat. §84.30(5r), WisDOT must first identify that the sign is legal and conforms to state law. However, if the sign is determined by WisDOT to be nonconforming under local zoning or a local ordinance, WisDOT may, but is not required to, propose realignment of the sign on the same site. Realigning a sign avoids the need for the state to acquire the sign site and

structure. If this occurs, WisDOT does not acquire a sign site, because the sign site has not been lost. The department will, however, pay for the reimbursement of relocation costs for realigning the sign structure on the same property. Realignment costs include uninstall, moving, storage (if applicable) and reinstallation costs on the same property for the same sign. Realigning a sign does not qualify the sign company for the provisions found under Adm 92.64 moving payment for outdoor advertising signs. Realignment provisions under Wis. Stat. §32.195(4) and Wis. Stat. §84.30(5r) can be used for both on-premise and off-premise signs.

If a municipality wants to prevent the realignment, it can ask WisDOT to acquire the sign site rather than realign the sign. WisDOT will then acquire the real property interests. The municipality will then be liable for costs in excess of the relocation costs to realign the same sign.

If the region is unsure if the sign will be realigned on the same parcel, an appraisal that includes the sign site should be undertaken. If it is later determined the sign site will not need to be acquired, the appraisal will be adjusted accordingly.

Realigning a sign does not qualify the sign owner for the provisions found under Adm 92.64 moving payment for outdoor advertising signs. Realignment provisions under Wis. Stat. §32.195(4) and Wis. Stat. §84.30(5r) can be used for both on-premise and off-premise signs.

If state law prohibits the ability to erect a sign at a location, then Wis. Stat. §84.30(5r) is inapplicable, and any sign at that location will need to be acquired or removed as discussed elsewhere in this chapter.

To reiterate, when a sign can be legally realigned to another location on the same property under Wis. Stat. §32.195(4), and Wis. Stat. §84.30(5r), and the visibility of the sign as an advertising location is not diminished, the unit (all interests in the property considered as a single unit) is considered to have no loss in value. The sign site is present in both the before and after condition.

If WisDOT is certain that a conforming sign will be realigned on the same parcel, the appraisal of the acquisition parcel need not include the value of the sign site.

10.2.2.2 Relocation Under Administrative Rule 92.64

If a conforming sign cannot be realigned on the same site, the sign site will likely need to be appraised and acquired as part of the real property acquisition. The region must decide if it is necessary for WisDOT to acquire the sign structure as well or acquire only the sign site as part of the real property and allow the sign owner to retain the sign structure and provide relocation reimbursement to move it to a new site. Regardless of whether the structure itself is acquired by WisDOT, the sign owner and the underlying fee owner will receive compensation for the real property being acquired, which will include the value of the sign site. The compensation will be determined in the appraisal of the real property.

When WisDOT does not acquire the sign structure, the department will reimburse the sign owner for actual move costs, including search expenses up to \$2,500 and moving

expenses related to the relocation of the structure consistent with Adm 92.64. Move expenses may include disconnecting and reconnecting electricity to a sign if the subject sign was lighted in the before condition. Relocating a sign does not qualify the sign owner for reestablishment expenses.

Under Adm 92.64(5), the sign owner may choose a payment in lieu of actual and reasonable moving costs. WisDOT requires income tax returns to establish adequate documentation for payment. See REPM 5.7.13 for details regarding this provision.

10.2.3 Nonconforming Sign Compensation

Usually, a nonconforming sign cannot be realigned on the same property. Nonconforming signs may not be relocated to locations that do not conform to the requirements of state law under Trans 201.10(2)(c). Therefore, usually, WisDOT must appraise and compensate for the loss of the TOARP when impacting a nonconforming sign.

Occasionally circumstances may make it possible to bring a nonconforming sign into conformance when a highway project affects a sign. For example, if the only reason a sign is nonconforming is related to spacing requirements from an intersection or another sign, it might be possible to realign the sign in a manner that meets all the requirements of state law. In rare instances, a permit could be issued to move the sign to a new, conforming, location on the same property. If the sign owner realigns the sign on the same property, neither the sign site nor the sign structure is acquired by WisDOT. The sign owner would in that case be entitled to reimbursement for the cost to realign personal property on the same property under Wis. Stat. §32.195(4). No damages would accrue to the sign owner because the department would not have taken any of their “right, title and interest in and to the sign and the owner's leasehold relating thereto”, nor would WisDOT be “taking of the right to erect and maintain such signs thereon from the owner of the real property on which the sign is located.” (Wis. Stat. §84.30(7)) Because both the sign and the sign site would remain in the after condition, no compensation is due under Wis. Stat. §84.30.

If realigning the sign on the same parcel is not possible, WisDOT will acquire the sign site and the sign structure as part of the underlying fee acquisition. Generally, nonconforming signs affected by a project that cannot be realigned are acquired by WisDOT. In *Vivid, Inc. vs. Fiedler*, 182 Wis.2d 71, 512 N.W.2d 771 (1994) (“Vivid II”), the Wisconsin Supreme Court rejected WisDOT’s suggestion that such signs could be relocated under Wis. Stats. §32.19 when eminent domain proceedings related to a highway project required removal or relocation of a sign. “When a governmental body requires removal of billboards in its official capacity, Wis. Stats. §84.30(6) require just compensation for the removal.” (*Vivid II*, p. 81)

The court’s decision is consistent with the language of Wis. Stats. §84.30(6), (7) and (8). Subsection (6) requires just compensation be paid for a nonconforming sign if it is acquired outright or relocated. Subsection (7) provides that the compensation must include payment for the sign structure, any tenant sign owner’s interest in the sign site (the lease), and the property owner’s interest in the sign site. Just compensation for the sign structure is determined following the process in §84.30(6) to (8). The sign site and the structure will need to be valued as part of the appraisal process.

This reading of the law is set forth in a successor case to *Vivid II* involving the same parties and signs. In *Vivid IV* (“Vivid IV”), the Wisconsin Supreme Court ruled that §§84.30(6) to (8)

is the sole means by which compensation is available to owners of removed nonconforming signs. (*Vivid, Inc. vs. Fiedler*, 219 Wis. 2d 764, 580 N.W.2d 644 (1998)). The court determined that Wis. Stat. §84.30(7)(a) provides that sign owners are to be paid for all right, title and interest in a sign and any leasehold value, while Wis. Stats. §84.30(7)(b) provides that the landowner must be paid for the sign site, which is the “right to erect and maintain such signs” on the property. The court ruled that §84.30 requires WisDOT pay for the sign structure when it acquires a nonconforming sign site. Because WisDOT must pay for a nonconforming sign structure in any §84.30 acquisition, WisDOT generally acquires the nonconforming sign and removes it.

If WisDOT acquires a parcel of land, a nonconforming sign structure, and a sign site in a unit by agreement and the owners convey the property to WisDOT using a deed, as opposed to WisDOT acquiring through the use of an award of damages, because the parties have agreed upon the price, neither the property owner nor sign owner can appeal the compensation allocated for the sign site under Wis. Stat. §32.05 (the fee owner still has the right to appeal the compensation under Wis. Stat. §32.05, if any, for the remainder land rights WisDOT acquired). In contrast, when WisDOT acquires the land, sign structure and sign site by award of damages rather than by agreement, the sign owner or landowner, or both, may appeal the amount of compensation in a court action under Wis. Stat. §32.05.

When a nonconforming sign structure is purchased under Wis. Stat. §84.30(7), the sign owner is not eligible for relocation benefits under Adm 92.64 or Wis. Stat. §32.195(4), because the state has taken possession of the sign structure and the state does not pay relocation for property it already owns.

10.2.4 Grandfathered Sign Compensation

Grandfathered signs are acquired and compensated in a manner similar to that for nonconforming signs.

10.2.5 Illegal Signs Get No Compensation

Illegal signs are removed without compensation. See REPM 10.3.4. No relocation benefits are provided for owners of illegal signs under Adm 92.64 or Wis. Stat. §32.195(4).



10.3 PROCEDURES

10.3.1 Identify Signs Early

A property that includes a sign and/or sign site takes longer to analyze, appraise, realign, acquire and/or relocate, than a typical property acquisition. The region must identify all signs that will be affected by a project as early in the project planning process as possible. This should ideally be done at or before 30% of design. Identification will typically be done by the RE project manager or negotiator. They should invite the regional outdoor advertising sign coordinator to accompany them as they drive the entire project, identifying all signs that will be impacted. They must photograph any signs, and begin the process to determine the status and category of the signs. While driving the project, complete the Outdoor Advertising Survey (RE 1676).

10.3.2 Identify Impact Type

For signs affected by a project, the region must determine the extent to which the billboards will be impacted. For example, will a sign need to be moved, or is just a temporary limited easement (TLE) required around the sign during construction? RE staff should work with the design engineers to determine whether the sign can be avoided and remain after the project. The real estate plat must identify all parcels from which any off-premise sign structure or sign interest is impacted by the project. (See [FDM 12-1](#)).

10.3.3 Review Plat

The RE project manager or negotiator must review the plat to ensure that off-premise signs on parcels affected by the project have been identified on the project plat. Owners' names must be included. The OASIS number must be included in the schedule if the sign has one. See [FDM 12-1](#) for more about platting requirements when signs exist.

10.3.4 Determine Sign Status and Category

The RE project manager or negotiator and the regional outdoor advertising sign coordinator must determine each sign's category and status. This step is critical, because the status and category of the sign determines whether the sign can be realigned, relocated, or acquired, and the amount (if any) of compensation due the landowner and/or sign owner. There are a number of steps involved in this determination:

1. Request that the regional outdoor advertising sign coordinator provide a copy of any sign permit and any other OASIS information for each sign impacted by the project; also request copies of any outstanding removal order that can be issued for any of the signs impacted. The fact that a permit has been issued for the sign infers, but does not confirm, that a sign is legal.

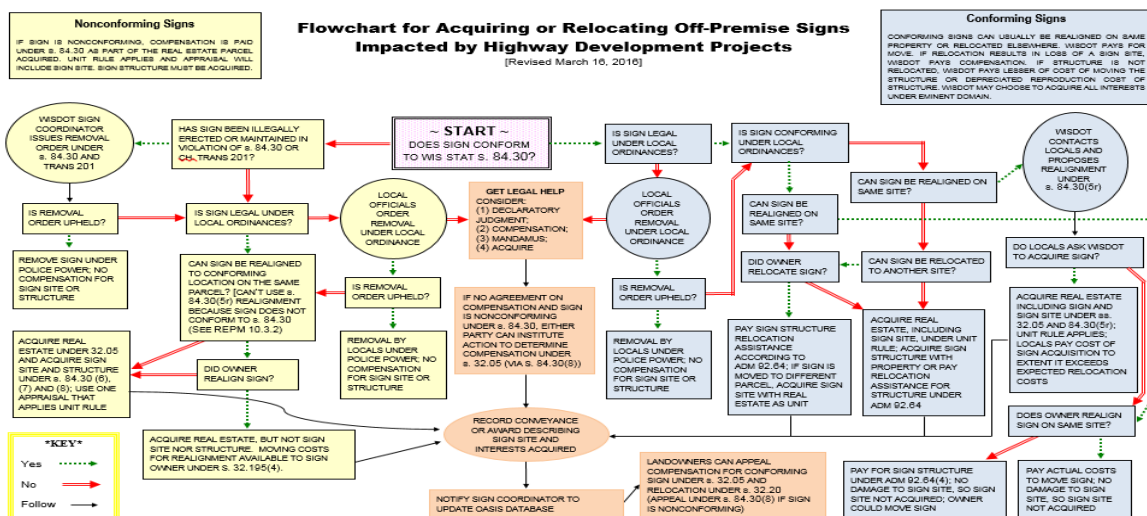
2. Request that the regional outdoor advertising sign coordinator examine whether the sign has been changed in a manner that renders it illegal and subject to removal without compensation.
3. Talk to the property owner to find out the ownership and/or rental situation of each sign. Find out who owns the sign, and if the landowner is the same as the sign structure owner. If they are different, find out if the sign structure owner is renting from the landowner. Obtain a copy of a lease if one exists. Review the lease to determine the conditions and what effect the conditions of the lease may have on the sign realignment, relocation, removal or acquisition. When talking to the property owner, explain the impact that the project will have on the sign, and the process WisDOT will use to ensure they receive just compensation and/or relocation benefits, if applicable.
4. The title report should be reviewed for ownership details such as easements or notices related to a lease. If the parties refuse to provide documentation of their ownership or leasehold interests, consult the BTS-RE statewide acquisition facilitator.
5. Contact the BTS-RE statewide acquisition facilitator if sign status or category is not easily determined, or if there are other questions.

10.3.5 State-Municipal Agreement

The state-local municipal agreement for the project should include a provision requiring local officials to remove any signs that are illegal under local ordinances, or require the local unit of government to pay the cost to WisDOT for removing any illegal signs.

10.3.6 Process Overview

This flowchart, also found in Appendix A, provides a general process to remove, acquire, relocate or realign a sign. For a sign that conforms to Wis. Stat. §84.30, follow the blue colored portion of the chart on the right. For a nonconforming sign, follow the yellow portion on the left. The process details will vary, depending on the status and category of the sign and various other factors that can affect the process. Note: Although a sign may not initially be determined to be illegal, this determination could change at any time during the acquisition process, for example, if previously unknown facts are discovered. This may make it necessary to revisit the previous steps.



Flowchart Diagram: WisDOT's flowchart shown above is for acquiring, realigning, removing or relocating off-premise signs. See APPENDIX A for link to a larger view and printable version; printing in color on 11 x 17 (or 11 x 15 legal sized) paper is recommended.

10.3.7 Illegal Signs - Procedures

If the regional RE team and outdoor advertising sign coordinator considers a sign illegal, the region, in conjunction with the regional outdoor advertising sign coordinator and OGC, must be careful to document the basis for this determination properly.

If WisDOT concludes a sign is illegal under state law, the regional outdoor advertising sign coordinator will issue a removal order to the sign owner and landowner. A sign owner has 30 days to appeal to the Wisconsin Department of Administration's (DOA), Division of Hearings and Appeals. In either case, the sign will be removed due to the project right of way needs, and if a sign is later determined to be legal, compensation will be determined at that time.

When a local unit of government orders a sign removed for violation of local ordinances, the procedure and timeline will be determined by local ordinances and officials. However, coordination is necessary to ensure the sign is removed in time for project construction.

If, after going through the sign removal process described above, it is determined that a sign is illegal, WisDOT may remove the sign without compensation. Often, the sign owner prefers to remove the sign in order to retain the materials from the sign. Illegal signs are not eligible for reimbursement of costs to realign the sign on the same site or any relocation benefits.

The legality of the sign should be determined before the appraisal is ordered. If, however, due to project timing issues, WisDOT may need to appraise the sign structure and site before the legality of the sign is resolved. For any sign determined to be illegal, the value of the sign site and the structure will be removed from the appraisal.

10.3.8 Conforming Signs - Procedures

As stated above, the RE project manager or negotiator must contact the regional outdoor advertising sign coordinator to inventory the signs affected by the project and determine each sign's category and status. After this is complete, follow procedures 10.3.1 - 10.3.7.

10.3.8.1 Realignment of Conforming Signs to State and Local Requirements

If a sign is conforming to state law and local ordinances, a sign can likely be realigned on the same property. If the sign can be realigned, the acquisition of the sign site may not be needed, and there may be no need to appraise the sign site or structure. This process applies both to signs owned by the landowner and tenant owned signs.

1. The project manager or negotiator verifies through research that the sign can be realigned on the same property. Notify the relocation specialist if realignment is permissible.
2. The negotiator should inform the sign owner that realignment on the same site is allowable under state law.
3. A relocation specialist shall provide a 90-day notice to vacate (with a firm date) to the sign owner for removal of the sign and realignment on the same site. The letter must

include a description of benefits provided for realignment, an identification of the two-year claim period for reimbursement, and indicate that verifiable state and local permits and an OASIS number will be required for reimbursement. This mailing must also include a relocation claim form and the relocation specialist's contact information.

4. A signature from the sign owner of the Certification of Legal Residency form is required prior to any reimbursement.
5. The relocation specialist must work directly with the sign owner to coordinate the vacate date and document the sign owner's intentions for moving and reinstalling the sign. No betterments to the existing, relocated sign will be reimbursed.
6. The relocation specialist must obtain two estimates to move the sign to another location on the same property, including the cost to uninstall, move and reinstall the existing sign structure and any existing electrical service to the sign or other elements/components. The sign structure owner is eligible to receive the lower of the two move estimates, if a self-move is chosen. A self-move agreement must be signed.
7. Upon receipt of a claim for reimbursement for realignment of personal property on the same parcel, the relocation specialist will verify costs, receipts, all required permits and photos of the reinstalled sign on the same property. The specialist should visually verify the new location of the sign on the same property.

10.3.8.2 Realignment of Conforming Signs to State, but Not Local Requirements

If a sign is conforming to state law, but nonconforming to local ordinances, the RE project manager or negotiator will determine if the sign may be realigned on the same parcel. See REPM 10.2.2.1.

1. The RE project manager must notify the governing body of the municipality or county where the sign is located in writing that WisDOT proposes to realign a sign on the same parcel. See APPENDIX B: Sample (5r) letter; Notice of Proposed Realignment of Sign. Upon receiving this notice, the municipality must decide if it will allow the sign to be realigned on the same parcel.
2. If the municipality does not allow the sign to be realigned, and asks WisDOT to acquire the sign, the municipality is required to pay the difference between the acquisition cost and the amount that would have been paid by WisDOT if the sign had been realigned. WisDOT is entitled to reduce the municipality's general transportation aid payment to recover costs of the acquisition when a municipality decides not to allow a conforming sign to be realigned on the same parcel. If this occurs, contact the BTS-RE acquisition facilitator for additional assistance. In this case, the sign site and structure will be appraised and acquired. See 10.3.8.3.
3. If the municipality allows the sign to be realigned on the same site and elects not to have WisDOT acquire the sign site and structure, WisDOT will reimburse the sign owner the costs to realign it on the same property. See process in 10.3.8.1. The relocation specialist must verify that the sign has a valid state permit and OASIS number. The sign site will not need to be appraised.

10.3.8.3 Realignment on Same Parcel Not Possible - Sign Site Acquired

Where realignment on the same site is not possible or where the municipality does not allow the sign to be realigned and directs WisDOT to acquire the sign site under Wis. Stat. §84.30(5r), WisDOT will likely acquire the sign site.

If the sign structure is owned by the underlying fee owner, the region must decide whether to purchase the sign structure, or if they will allow the sign owner to retain it. If the structure is acquired by WisDOT, no relocation benefits are available, and the sign structure must be appraised. If the sign owner retains the structure, and plans to relocate it, see below.

If the sign structure is owned by a tenant sign owner, the sign structure is considered removable personal property of the tenant and not part of the real estate. However, for purposes of valuing a sign site, it is necessary to first place a value on the entire sign site package, which includes the sign structure. Once the value of the total sign site, with structure, is determined, the value of the sign structure can be carved out.

If WisDOT decides to buy the sign structure, then no relocation benefits are provided, and the value of the sign structure, from the appraisal, is paid to the sign owner.

If the sign owner retains the sign structure and plans to relocate the sign to another conforming site under Adm 92.64, the relocation specialist must:

1. Provide a written 90-day notice to vacate (with a firm vacate date) to the sign owner for removal of the sign. This letter must include a description of benefits under Adm 92.64 and explain that there will be a two-year claim period for reimbursement, commencing on the vacate date. The letter must also indicate that a copy of applicable state and local permits and an OASIS number will be required for reimbursement. Include a claim form and the relocation specialist's contact information.
2. The relocation specialist must work directly with tenant sign owner to coordinate a vacate date and must fully understand the sign owner's intentions for moving and reinstalling the sign.
3. The relocation specialist must obtain two estimates to uninstall the sign, move the sign to the location as noted by the tenant sign owner, and reinstall the sign including the reinstallation costs of the existing electricity or other existing sign components. The sign owner may select a self-move in which the lower of the two estimates may be reimbursed. A self-move agreement must be signed.
4. The claim for reimbursement must include photos of the vacant site; photos of the reinstalled sign; and, a paid invoice from a mover/installer or in the case of reimbursement for a self-move, a signed self-move agreement. When receiving a claim for reimbursement for relocation of the sign, the relocation specialist must verify the costs, receipts, permits and photos of the reinstalled sign. If necessary, the relocation specialist should visually verify the new sign location.
5. The claim documentation must include a copy of the WisDOT sign permit for the new sign location, including its assigned Outdoor Advertising Sign Inventory System (OASIS) number.
6. If the sign owner is a member of the Outdoor Advertising Association of Wisconsin (OAAW), the Moving Cost Agreement for the Relocation of Outdoor Advertising Signs (RE1033) (a.k.a., Outdoor Advertising Relocation Agreement) may be used instead of Adm 92.64 to determine relocation payments; however only the lower of the move estimates or the sign schedule is reimbursed.

If the sign owner removes the sign by the date stated in the vacation notice, but chooses not to relocate it, discontinuing its use, Adm 92.64(4) will apply. Under Adm 92.64(4), *“an agency shall pay a person for direct loss of tangible property when a person does not*

relocate a conforming sign.” The sign owner will only be entitled to payments that are equal to the depreciated reproduction costs or estimated moving costs, whichever is less. (See Adm 92.64(4).)

10.3.9 Nonconforming Signs - Procedures

As stated above, the RE project manager or negotiator must contact the regional outdoor advertising sign coordinator to identify the signs affected by the project and determine each sign’s category and status. Follow steps 10.3.1 through 10.3.5.

If the sign is nonconforming under state law, it is unlikely that it will be realigned on the same property or relocated to a new site. If the sign is in the acquisition area, WisDOT will likely acquire the sign site as a part of any underlying real property acquisition. The real estate, including the sign site, must be appraised under the unit rule. The appraisal will consider the sign site, including any leasehold interest and any permit interest, and the sign structure. This is referred to in the appraisal section of this chapter as the Total Outdoor Advertising Real Property (TOARP).

Nonconforming sign structures that cannot be realigned must be acquired by WisDOT. (Wisconsin Statutes. §84.30(6), (7) and (8)). Subsection (6) requires just compensation be paid for a nonconforming sign. Subsection (7) provides that the compensation must include payment for the sign structure, any tenant sign owner’s interest in the sign site (the lease), and the property owner’s interest in the sign site. Although 84.30 (6) and (8) refer to relocation, the department’s policy is generally to buy nonconforming signs outright, because the measure of damages is the same, and because this practice is more efficient for clearing the right of way in time for project construction.

When a sign structure is acquired pursuant to Wis. Stats. §84.30(6) and (7), no relocation benefits are provided under Adm 92.64, because the sign is owned by the department.

If a sign owner expresses an interest in retaining ownership of a nonconforming sign structure, contact BTS-RE or OGC for assistance. It might be possible for the sign owner to purchase the billboard structure back from the state after WisDOT acquires it.

10.3.10 Jurisdictional Offers - Conveyance Forms and Payments

WisDOT will provide payment for all land and sign interests in one check. The parties must make their own arrangements for the division of the proceeds; that is a private matter between the parties. WisDOT does not divide the unit interests into separate allocations. For litigation purposes, it must be clear that WisDOT paid one sum to all the parties for the entire real property unit (land, sign site, structure; referenced in the appraisal section as the TOARP). In any compensation appeal, this will help focus the court on the question it must consider – the value of the entire unit in the before and after condition, rather than on separate individual valuations for the component parts of the unit.

Likewise, the deed, and any jurisdictional offer or award of damages will have all parties of interest named. A single deed is preferred for acquisitions with multiple interests – the underlying fee interest, the sign site, and the sign structure. When using a single deed, it

must be signed by all parties of interest including the landowner(s) and the sign owner(s), and any other interest holders.

If WisDOT, the sign owner, and the landowner all agree on compensation for the land, the sign and sign site, the sign may be purchased and the sign site conveyed to WisDOT by deed. A purchase may be closed without issuing an award of damages. However, the typical appeal rights available to condemnees under [Chapter 32](#) will not apply to the acquisition from the sign owner. Therefore, standard WisDOT deeds that include language regarding a right to appeal compensation for up to six months after recording may not be used. Special deed language is to be used for this circumstance, noting that the sign owner will not be able to appeal if they accept the offer and sign the deed. Sample language to add to the deed is provided here:

“Possible eligibility for payment of litigation expenses is not applicable to signs governed by Wis. Stat. Sec. 84.30(6).”

Whether acquired by deed or an award of damages, special language must be included on the conveyance stating that all rights to the sign site, sign structure (if applicable), permit and any leasehold interest are included in the acquisition. Sample language to be added to the conveyance document is provided here, but may need to be edited slightly depending upon exactly what we are acquiring (sign site and structure, or just structure, or just sign site):

“Also, included herein is all right, title and interest in and to any outdoor advertising sign site and sign structure including leasehold or permit interests, related to the sign known as OASIS number xxxxx (if applicable).”

Note: Every situation will be different; depending on the situation, this sample language or something similar must be drafted and added as appropriate to either the Jurisdictional Offer or Award of Damages.

10.3.11 Abandoned Signs

If a sign is abandoned by its owner, and the sign is removed at the department’s expense after the date stated in the vacation notice, the sign owner is not eligible for relocation benefits under [Adm 92.64\(4\)](#). If the sign owner does not remove the sign by the date specified in the notice, WisDOT may remove the sign, as it will be considered “abandoned” under its permitted conditions. In this situation, the relocation specialist must contact the BTS-RE statewide relocation facilitator. Under [Adm 92.64\(5\)](#), the sign owner may choose a payment in lieu of actual and reasonable moving costs. (See [REPM 5.7.13](#)).

10.3.12 Leasehold Interest

A tenant sign owner may be concerned about “leasehold value,” especially where the sign owner has rented property at below market rates. Although the value of the leasehold interest is included in the appraisal, WisDOT will not make any determination as to the leasehold value due to the tenant. WisDOT uses a single conveyance document for the entire unit acquired and will pay one check to all the parties of interest for them to divide according to their private agreement. Occasionally, the lease will address the issue of who is entitled to compensation in the event the property is condemned. This is a matter of contract between

those parties, and does not affect the valuation of the unit or the need to treat the owners as one unit under a single payment.

10.3.13 Sign Inventory Maintenance Notification

If the regional outdoor advertising sign coordinator has not otherwise been made aware or involved in the process, the RE negotiator must notify their regional outdoor advertising sign coordinator when a sign has been acquired, relocated or realigned. Submit a Sign Inventory Maintenance Notification (RE2242) to the regional outdoor advertising sign coordinator. The regional outdoor advertising sign coordinator will update WisDOT's Outdoor Advertising Sign Inventory System (OASIS). See APPENDIX D: Sign Inventory Maintenance Notification (RE2242).

10.3.14 Leasing and Removal of Outdoor Advertising Signs on Highway Lands

The department has established through past practice that it generally does not allow the use of highway land for outdoor advertising signs. This practice is rooted in the intent of federal and state law to limit outdoor advertising signs to locations that are zoned and used for commercial or industrial purposes. In addition, the department, as the agency responsible for regulation of this industry, desires to avoid any potential conflict of interest related to that regulation. Because the department is responsible for regulating outdoor advertising, it is appropriate to avoid any real or perceived conflicts of interest regarding that regulation. In addition to potential conflicts of interest, the permitting of outdoor advertising on highway lands is prohibited by Wis. Stat. 86.19 except in accord with certain exceptions. Those exceptions include allowing certain signs promoting Wisconsin agricultural products, certain directional signs, and historical monuments.

Acquisition or condemnation of a parcel of land by the department quiets all prior right, title and interest in the property, as described in the deed or award. For both acquisition and condemnation, any existing leasehold interest, including any sign site leasehold, will be terminated so long as such interest is named in the deed or award. In either situation, a sign lease does not survive acquisition. By policy and practice, for the reasons stated above, WisDOT will not enter into new leases for outdoor advertising signs on lands acquired for highway purposes. Since a sign located on a parcel acquired by the department no longer enjoys a lease, it will be removed by either the owner or department, depending on the circumstances:

- In the case of an illegal sign, the department issues a removal order, which requires the sign owner to remove the sign. If they do not, the department may do so.
- In the case of a sign, which is not illegal, the department allows the sign owner to remove the same if the sign was not purchased as part of the real estate transaction. In this case, as well, the department may provide a notice to the sign owner that it will remove the sign in case the owner does not. This notice can be time determinate.
- Finally, in the case of a sign that the department purchases, the department will remove the sign as soon as practicable after acquisition. Depending on the timeframe of the project, this can be done as part of the real estate acquisition process or the construction process.



10.4 OFF-PREMISE SIGN AND SIGN SITE APPRAISAL

Appraisers are expected to have a thorough understanding of advanced appraisal techniques as well as an understanding of this chapter. Appraisers are also expected to follow the Uniform Standards of Professional Appraisal Practice (USPAP) on all appraisals done for WisDOT. WisDOT will identify a sign's category and status and the information will be shared with the appraiser. WisDOT must work with the appraiser so that the appraiser fully understands the significance of the category and status classifications.

10.4.1 Billboard Valuation Case Law

The Wisconsin Supreme Court addressed billboard valuation in two major cases. *Vivid vs. Fiedler* (219 Wis.2d 765; 580 N.W. 2d 644 (1998)) involved compensation for nonconforming signs removed for a highway project. *Adams vs. City of Madison* (*Adams vs. City of Madison*, 2006 WI 104) was a personal property tax case.

In *Vivid*, the justices agreed that WisDOT was required to acquire all right, title and interest in the nonconforming sign and the sign location, including any leasehold interest, when acquiring land containing a sign. While three justices thought that the gross income multiplier (GIM) method was appropriate, a majority of the court had doubts about the GIM. Their concern about the GIM was that it includes non-compensable items such as business value, profits and expectancy of lease renewals. The court held that the cost approach is a legitimate method although it might not be entirely satisfactory in these cases. All seven justices agreed that lost business profits and expectation of lease (or contract) renewals are non-compensable in determining just compensation for a nonconforming sign and location.

In the *Adams* case, it was the sign company that was advocating the cost approach, and it was the city assessor who was arguing for an income approach exclusively for valuation of a billboard as personal property. The focus in *Adams* was on the asset being valued. The majority held that the assessor's approach had improperly included the value of sign permits in the value of the billboard structure. This was held to be error because the majority held that sign permits are real property, not personal property. (*Adams* at pars. 61 - 64) The *Adams* court gave the following guidance regarding valuation of billboards in both the eminent domain and property tax settings:

There are three recognized valuation methods for billboards - cost approach; income approach; and, market approach. These three methods are equally applicable to establish fair market value in eminent domain cases... and to establish true cash value for personal property tax assessments. Although the same appraisal methods may be used to establish fair market value for condemnation purposes as may be used to establish true cash value for purposes of personal property tax assessments, the property valued differs depending upon the purpose.

In eminent domain, fair market value of a billboard is the price that "the aggregate asset - the lease, permit and sign - would bring in the marketplace [.]" *Vivid*, 219 Wis.2d at 780, 580

N.W.2d 644 (Bablitch, J., with two justices joining). Necessarily, this includes the value attributable to the location of the billboard. *Id.* at 803-04, 580 N.W.2d 644 (Bradley, J., with three justices joining, noting the value of the location is included in the value of the leasehold).*

In contrast, an appraisal for personal property tax assessment purposes includes only the value of personal property, and therefore excludes the value of the leasehold and billboard permit.

* (Adams, 294 Wis. 2d 441, ¶¶ 87-89 (some citations omitted))

The sign permit is now categorized by subsequent legislation as personal property for property tax purposes only. 2013 Wis. Act 20, s. 1278e and 1278g. (Amending Wis. Stats. §§70.03(2) and 70.04(3))

In general, the sign property to be considered in an eminent domain appraisal is the aggregate package of the sign structure and the sign site including any leasehold interest and the right to erect and maintain a sign pursuant to a permit or otherwise. These are the recognized property components that constitute the assets being acquired. Regardless of which valuation method is used, focus is kept on these assets. Whether and to what extent the sign contributes to the fee must be determined. The underlying fee owner and sign owner are treated as one, and their land interests are treated as a single unit. (The Lamar Company vs. Country Side Restaurant, 340 Wis. 2d 335, ¶28). WisDOT acquires the unit, and the division of compensation for that unit is left to the property owners to sort out with assistance from a court if needed.

* This description captures all aspects of the TOARP.

10.4.2 Appraisal Process Introduction

In Wisconsin, all real property appraised for eminent domain purposes is evaluated using the “unit rule,” which requires property to be valued as a whole rather than as a sum of the values of the individual real estate components and interests. In the valuation of an off-premise sign (subject sign), the appraiser must value the total aggregate real property component of the permitted “sign site and sign structure” otherwise known as the Total Outdoor Advertising Real Property (TOARP). Typically, the land for an off-premise sign site is owned or controlled by a party that is different than the permit holder for that sign site use. The permit holder is usually an outdoor advertising company, who obtains the permit from WisDOT and/or the local municipality and then erects a sign structure.

These are key items of consideration in the valuation of a permitted off-premise sign site and sign structure:

- *Apportionment* – Once the fair market value of the subject sign is determined, it is the responsibility of the various interest holders to divide the proceeds of the transaction either as agreed to by each of the parties by apportionment, or with court assistance per Wis. Stat. §32.05(9)(a)3.
- *Business value* – WisDOT acquires only real property and real estate interests. WisDOT does not acquire businesses. Only the real property interests of an outdoor advertising location that would or could contribute real property value to an underlying fee ownership

are considered in the appraisal of the subject sign. Business value and lost profits are not part of the real estate and must be excluded from any real estate appraisal.

- *Hypothetical conditions* – According to Wisconsin case law, a *tenant-owned* sign structure is considered personal property and if it is being displaced by an eminent domain project, its owner may be eligible to receive relocation benefits. When the underlying land and sign structure owner are the same, the sign structure is considered a fixture to the land and is valued as such. In order to comply with the unit rule, when valuing a *tenant-owned* sign structure, the appraiser will use a hypothetical condition that the sign structure is considered a fixture to the land.
- *Property rights appraised* – The fee simple interests comprising a permitted or allowed billboard site improved with a sign structure (TOARP) or the total outdoor advertising real property component as a contributory part of the whole underlying fee property (larger parcel) in adherence to the unit rule.
- *Real estate interest of off-premise sign* – An off-premise sign typically occupies its site under one of four land tenure systems with the primary differences being the degree of control over the site and the value of the interest. The four possible interests are, the off-premise sign:
 1. Owner has fee ownership of the site.
 2. Occupies land owned by another with a permanent outdoor advertising easement (easement in gross).
 3. Is sited on land owned by another with a lease for a certain term and conditions.
 4. Is sited on land owned by another with a license.
- *TOARP (Total Outdoor Advertising Real Property)* – The fee simple real property interest of a permitted or allowed billboard site improved with a sign structure as a package or component of the underlying real estate, including all right, title and interests to the sign site at a location for outdoor advertising use.
- *Utilizing the unit rule* – The appraiser values the fair market value of all the real property interests for the larger parcel, including any lease and leasehold interests. If there are off-premise signs on the property, the fair market value of the larger parcel includes the contributory value, if any, of the off-premise sign structure and sign site.

The following key market data must be considered as part of the process of appraising a permitted sign site and sign structure:

1. Market sales of comparable properties that include a permitted or nonconforming sign site, with or without a sign structure, excluding any business value.
2. Market sales of vacant land that include a permitted sign site or a permit-table sign site location.
3. Sales of permanent outdoor advertising easements from a landowner on permit-table locations where there is open market competition. These sales should not include typical lease conversions where an existing and often nonconforming sign site lease is converted to an outdoor advertising easement where the current outdoor advertising company holds exclusive right to the permit or sign structure use from the regulating authorities.
4. The real estate lease of total off-premise sign packages (TOARP) from fee landowners that include the permitted sign site and sign structure, including all real property right, title and interests associated with the sign site location. These leases compare actual net advertising revenue to a dollar amount paid to lease the total sign site real property package.

Note: When analyzing items 1 thru 4 above, consider that, due to the scarcity of new sign site locations and a *valuable business monopoly effect* for a location, resulting from the

permitting process, a sale of a permitted sign site or nonconforming sign site in the form of an easement, or as part of a land sale, may *also* include a business value component. For this reason, market data for *leases*, of permitted or nonconforming sign sites with or without a structure, as an aggregate component, best represents the data to be used to value the TOARP of an off-premise sign, without a business component.

5. WisDOT has found transactions where this package of assets (TOARP) is leased by a fee owner to an outdoor advertising business entity. It is possible to analyze these transactions to derive market rental information for the TOARP. This market data can then be used to value the TOARP (subject sign) at a specific location on a property by applying an income capitalization approach.

10.4.3 Appraisal Problem Identification and Discussion

When defining the appraisal problem, it is necessary to determine the real property components of the TOARP in affected location. Under the unit rule, the real property components of the TOARP (subject sign) are analyzed to establish their contribution to the total market value of the larger parcel, on which the subject sign is located, as if all property components are owned by one entity.

WisDOT's regional office, in consultation with the appraiser, must correctly identify the real property interests to be acquired from the larger parcel. If a larger parcel includes an off-premise sign, the real property interests may include a sign site, sign permit(s) and a sign structure. When the sign structure is owned by the underlying fee owner, WisDOT treats the sign as a permanent fixture and considers it part of the real estate. If the sign structure is a tenant-owned improvement, it is generally considered personal property that can be moved, except if the sign is nonconforming to state law.

If the subject sign is a tenant-owned conforming sign, it is generally treated as moveable personal property. In this situation, the conforming sign will not be acquired, and moving the sign will be handled as a relocation issue. If the subject sign is nonconforming, §84.30(6) – (8) requires the department to acquire the permitted sign site and sign structure; therefore, it is treated as a permanent fixture, and as part of the real estate. In situations where a conforming sign is owned by the fee owner of the larger parcel, and will not be acquired, moving the subject sign will be handled as a relocation issue.

For the limited purpose of defining the scope of work consistent with the unit rule, the real property features for a property with an off-premise sign will include:

1. Sign structure, treated as a fixture;
2. Permit(s) for the sign (state and local);
3. Sign site;
4. Underlying fee simple title to land including all interests pertaining to the larger parcel; and,
5. Other improvements as they exist on the land.

The acquisition is defined per the schedule of interests on the plat for either:

1. Full acquisition of the larger parcel, or
2. Partial acquisition of the larger parcel.

When a partial acquisition occurs, the appraiser must answer these questions:

1. What real property features are left after the partial acquisition?
2. Does the acquisition cover all or a part of or the sign site?
3. What other real property is being acquired? (This is a consideration, whether under a partial acquisition or a total taking.)

By identifying the real property features to be included in the acquisition and by identifying the real property features to be included in the remainder property, the scope of work can be developed for the appraisal, along with details for solving the appraisal problem. Note: The value of the sign site and structure rental income streams cannot exceed the rent for the TOARP when rented as an aggregate unit.

10.4.4 Scope of Work

The scope of work is the amount and type of information researched and the analysis applied in an appraisal assignment. Scope of work includes, but is not limited to the type and/or extent of which:

- Analysis was applied to arrive at opinions or conclusions.
- Data was researched.
- Property is identified.
- Property is inspected.

That portion of the scope of work that is specific to the valuation of the total outdoor advertising real property (TOARP) component to be acquired, should consider the following analyses and reviews:

- A replacement cost new estimate (less depreciation) may be needed for the subject sign's structure.
- Data tables, prepared by WisDOT, based on known leases to outdoor advertising companies of TOARPs by fee landowners, that include the permitted sign site with structure and all real property associated with the sign location.
- Inspection of the subject sign and sign site, sign measurements and sign photos.
- Outdoor advertising easements sales on permit-table sites, as available, as a check to the rental income approach.
- Requests for information from outdoor advertisers regarding sign rents, advertising revenue data and land/easement sales.
- Sales comparison, cost and income approaches to value as they pertain to the TOARP to be acquired.
- Subject sign view from an adjoining highway to measure the "time of viewing" at normal vehicle speeds.
- Subject sign's site lease.
- WisDOT OASIS record system.

- Zoning and permitting regulations established by WisDOT and local governing entities for conforming and nonconforming outdoor advertising sign use.

10.4.5 Highest and Best Use

Highest and best use is generally defined as the reasonably probable use of property that results in the highest value. The four considerations for highest and best use of a property are physical possibility, legal permissibility, financial feasibility, and maximum productivity. The following are the four criteria when considering the highest and best use of a larger parcel with an existing or possible off-premise sign use:

- *Physical possibility* – Off-premise signs are physically possible to erect on a wide variety of properties. Physical constraints include size, topography, utilities, visibility, and access.
- *Legal permissibility* – This concept deals with the availability of a site for billboard use. Off-premise signs are generally legally permissible on only a small number of properties as conforming or nonconforming uses. Legality of use is determined by local zoning codes and state law.
- *Financial feasibility* – The cost to erect a new sign is generally reasonable considering the return in outdoor advertising fees, although the sign may interfere with a variety of other property uses, possibly making some other property uses financially not feasible. For example, the highest and best use of high-end retail tends not to be compatible with outdoor advertising signs, and if the potential market value of a site is higher under a high-end retail use than as a sign site combined with some other compatible sign use, then the sign site use would not be financially feasible.
- *Maximum productivity* – The mix and location of real estate uses on a larger parcel that includes an off-premise sign will dictate the maximally productive uses on that property. In some cases, the sign is a benefit to the overall single real estate value of the property; and, in some cases, the sign may interfere with a particular property use.

An off-premise sign site on a property imparts value to the land where the sign is specifically placed. Sign sites are typically located on ground leases where one party owns the sign structure and a different party owns the underlying fee of the larger parcel. Additional uses of the larger parcel will have varying compatibility with the sign site use. As such, the sign site use typically adds a split highest and best use on the property where it is located and must be considered as part of the overall highest and best use of the property.

After estimating the contributory value (to the larger parcel) of the permitted sign site and sign structure, the appraiser needs to determine the nature of the sign site interest owned by the sign package owners. Depending on the highest and best use analysis for the property, the estimated net rental income to real property may be evaluated on a long-term basis, a short-term basis, or excluded from the appraisal as having no effect on market value, or the presence of the sign could be a detractor from the fair market value of the larger parcel.

If the highest and best use of the larger parcel indicates the best use of the property is to include long-term use of the sign site, then direct capitalization of the estimated net operating income to the real property is appropriate to determine the market value of the sign package, which should be equal to the sign package's contributory value to the larger parcel. The direct capitalization method for calculating the market value of the sign package will be discussed in 10.7.4.3.

If the highest and best use of the entire property indicates a short-term sign package use, then a present value is determined based on the expected number of years of use, and a yield capitalization formula is utilized for the determined number of years. A highest and best use that includes a short-term sign package could exist, for example, if it is clear that an area will be redeveloped for a higher value purpose inconsistent with outdoor advertising in a few years and that the sign site will no longer contribute to the value of the property after that occurs. As with the direct capitalization method to be described in 10.7.4.3, using a hypothetical TOARP to estimate the necessary variables associated with the yield capitalization formula would be considered an appropriate method for estimating the sign package's contributory value to the larger parcel.

Capitalization is not appropriate where the sign site adds no value to the property. For example, WisDOT acquires an entire property that includes a leased sign site. The property would be valued higher as a vacant lot than with the sign in place. The property consists of a downtown lot which is currently vacant except for the sign, but which has a highest and best use as a high-rise commercial office development. The property, without the sign present, might be worth \$1,000,000. However, if the property cannot be developed with the sign in place, the highest and best use of the larger parcel as improved may be such that the total property value of the lot improved with the sign site might be only \$500,000. The sign does not contribute to the fair market value of the larger parcel in its highest and best use, and it would be inappropriate to add anything to the \$1,000,000 value-as-vacant. For the permitted sign, site and sign structure to be acquired.

This is not to say that the sign package has no value. It is just that the value is not added to the property's fair market value for purposes of appraising the entire property. The sign owner may still be entitled to a portion of the \$1,000,000 eminent domain award in this example, depending on the terms of the lease, and may receive value from the award for the sign site absent contrary provisions in the lease. However, when appraising the property as a whole, the value of the sign package is not added to the \$1,000,000 value of the property in its highest and best use as vacant. The sign owner, if entitled to a share of the award, is paid from the \$1,000,000 paid for the entire property.

In analyzing the highest and best use of the larger parcel, the appraiser makes an *initial* estimate of sign site value as a *possible* contributory component to the property's fair market value. The final step requires the appraiser to revisit this question and apply a highest and best use analysis to the property to determine whether the sign site actually contributes value to the larger parcel. As discussed above, it could be the case that the highest and best use of the property would be for development without a sign site. In that case, the sign site would not contribute to, or enhance, the value of the larger parcel.

The highest and best use analysis for the off-premise sign and sign site in its impacted location involves assessing the subject "as if vacant" and "improved" before and after the acquisition. REPM/Chapter 2 sets forth the process used for appraising real estate for eminent domain purposes.

10.4.6 Valuation Process – Approaches to Value

The valuation process involves the gathering of information and the analysis of data in order to develop an opinion of value for the subject property interest. There are three basic

approaches to value as they relate to valuation: the cost approach, the sales comparison approach, and the income approach.

10.4.6.1 Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available. When market sales are available, the sales comparison approach is considered the most reliable indicator of market value.

As noted by the Supreme Court in the Adams Case, finding comparable sales of billboard real property assets can be difficult. Billboards are often erected on leased land; consequently, when a billboard sells, they are transferred by assignment of lease or bill of sale, rather than by warranty deed recorded in the public record. Therefore, many appraisers are not aware of billboard transfers nor do they have access to sales data for billboard transactions, so they are unable to apply the sales comparison approach. (Adams at pars. 46 to 47)

When determining whether comparable property sales can be used in the valuation of a property with an off-premise sign site, the appraiser needs to pay attention to the interests conveyed in that sale. Often, the permit or right to place the sign on the property is owned by a third party outdoor advertising business and is not an interest conveyed with the sale of the property. In such a case, the value of the permit as part of the “permitted sign site” or the right to have the sign on the property is not included in the sale of the property and would not be directly comparable to the property WisDOT intends to acquire.

10.4.6.2 Cost Approach

The cost approach is used for valuation and allocation of the sign structure as separate from the sign site. The reason for allocation of the sign structure relates to statutes dealing with possible relocation of a structure to another market location or the purchase of that structure by the condemning authority.

The regional RE project manager or negotiator must inform the appraiser if WisDOT will be buying the sign structure as part of its acquisition. That will determine if the appraiser should leave the structure in the appraised valuation for the TOARP or remove the structure value from that figure. If it is unclear, then the in-place sign structure value is included in the report for use by the acquiring agency and if necessary deducted later if the region determines the sign will not be acquired.

As with any other site improvements or buildings, the appraiser may utilize a cost service, or estimates from qualified sign fabricators, to establish the replacement cost of the affected sign structure. Often, with newer signs, the outdoor advertising business will disclose the cost of construction for a sign. Whatever method is used to estimate the replacement cost of the affected sign structure, the cost to build a new structure must be adjusted for depreciation.

If the sign structure is not being acquired as part of the real estate, then its value must be removed from the valuation of the sign package (TOARP).

Consider a typical situation, wherein an outdoor advertising business owns and maintains a sign structure on a site owned by another individual(s), and the sign structure is considered the personal property of the tenant, which is removable by the tenant. Unless WisDOT is acquiring the sign structure, the sign structure should not be included in the appraisal. The sign owner may qualify for relocation benefits for reimbursement to move the sign to a new location. The sign's value must be deducted from the estimated contributory value of the sign package (TOARP). This is done using the depreciated replacement cost of the subject sign structure, and is identified using the cost approach. Example, if the cost approach determines that a sign structure is valued at \$25,000, that amount is subtracted from the present value of the sign package (TOARP) as follows:

Estimated sign package value (TOARP)	\$50,250
Minus sign structure value	– \$25,000
= Estimated sign site value	\$25,250

The estimated sign site value represents the value of the sign site including all leasehold and real property interests. This amount excludes the structure, as the structure was not bought in this example. The sign owner will incur moving costs in relocating the sign; however, these costs do not contribute to the value of the real estate and are not considered in the appraisal. As previously stated the sign owner may be eligible for reimbursement of relocation costs for realigning the subject sign on the same site under Wis. Stat. §32.195(4) or relocating to a new, conforming site under Adm 92.64.

10.4.6.3 Income Approach

This “income approach” discussion is from The Dictionary of Real Estate Appraisal 6th Edition published by the Appraisal Institute, and based upon the direct capitalization method. *“A method used to convert an estimate of a single year’s income expectancy into an indication of value in one direct step, either by dividing the net income by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one-year’s income is used. Yield and value changes are implied, but not explicitly identified.”* The basic formula for direct capitalization is:

$$\text{Value (V)} = \frac{\text{Net Operating Income (I)}}{\text{Overall Capitalization Rate (R)}}$$

Use of the income approach in the valuation of the permitted sign site and sign structure (TOARP) is not dissimilar from its use on any other type of improved property. The difference comes in the methods used to establish the net operating income and the overall capitalization rate.

Appraisal valuation steps using the income approach:

A combination of market data, billboard industry standards, and estimated capitalization rates as well as other relevant information that is applicable to billboards are used to

estimate the value of the subject sign structure with the sign site (the TOARP). This is a summary of the valuation steps:

1. *Determine potential gross and net market advertising revenue generated by subject sign*
2. *Determine TOARP ratio applicable to subject sign*
3. *Determine net rental income for subject sign**
4. Determine overall capitalization rate (R)
5. Calculate market value of TOARP (V)

* (Completing steps 1 thru 3 will identify the net operating income [I] for the TOARP).

In a traditional income approach analysis, each comparable sale provides a market capitalization rate to support a capitalization rate for the subject. However, because sales of a TOARP are rare, alternative methods must be used to establish a capitalization rate. The appraiser can use permanent easement sales, land lease rates and the band of investment method to calculate a rate. Calculation of the market value is the fee simple value of the TOARP, as an indication of just compensation of assets taken.

STEP 1 – Determine Market (Gross and Net) Advertising Revenue

Typically, the land for an off-premise sign site is owned or controlled by a party that is different from the permit holder for that sign site use. The permit holder is usually an outdoor advertising company, who obtains the permit from WisDOT and/or the local municipality and then erects a sign structure. Determining market value of the subject sign and sign site assumes that the acquired real property is not, in and of itself, the producer of the outdoor advertising business income; rather that it is solely the “operational” location, site and structure used by the billboard business firm in production of its advertising service and resulting business revenue upon the location. The income approach is based on an analysis of the net operating income, or rental income to the fee landowners generated by a hypothetical lease of the “*permitted sign site and structure*” or TOARP as a package to an outdoor advertising business. The amount of rent paid for a specific TOARP is typically stated as a percentage of the net market advertising revenue, to the outdoor advertising company, generated by the permitted sign site and sign structure.

Advertising rates for individual billboards will vary depending on a number of factors that should be considered. Determining market advertising revenue attributable to the subject sign’s TOARP involves the following concepts, or factors, some of which are unique to the outdoor advertising industry:

- *AADT (annual average daily traffic)* – Traffic counts are measured as annual average daily traffic (AADT) and typically are done on state of Wisconsin highways on a three-year cycle. This number typically represents traffic in two directions but in certain highway, ramp or flyover layouts, may represent only one.
- *Load factor* – The advertising industry uses the term “load factor” to represent the average number of people, 18 years or older, riding in a vehicle. These numbers are obtained from the Federal Highway Administration’s National Household Travel Survey (NHTS). Based on 2010 NHTS data, the average “load factor” is estimated to be 1.50 people per vehicle in a 24-hour period.

The load factor is then adjusted based on one or more of the following:

- If sign is illuminated and has 24-hour exposure (load factor is 1.50).
- If sign is illuminated, but only from 6 a.m. to 12 a.m. NHTS estimates that 95% of traffic volume occurs during the 18-hour, 6 a.m. to 12 a.m. timeframe. (An 18 hour period; load factor is $1.50 \times 95\% = 1.425$.)
- If sign has no lighting at all. The NHTS estimates that two-thirds (67%) of traffic volume occurs during the 12-hour, 6 a.m. to 6 p.m. timeframe. (A 12 hour period; load factor is $1.50 \times 67\% = 1.0$.)
- *Traffic* volumes at certain times of the day.

Exposure time/period: When used in reference to sign advertising, exposure time refers to the amount of time a vehicle occupant would typically be able to view an advertiser's message. An optimum eight-second exposure to the advertising is desired, but is not always achievable. A less than optimal exposure time may require an adjustment to the exposure factor as presented in the chart below.

The exposure factors calculated in the following example assume that the sign being analyzed is a single faced structure with an optimal 8-second exposure period. Because the sign is one sided the load factors need to be divided by 2.

Daily Effective Circulation Exposure Factors			
Exposure Period	Load Factor ÷ 2	=	Exposure Factor
24-Hour	$1.50 \div 2$	=	0.75
18-Hour	$1.425 \div 2$	=	0.7125
12-Hour	$1.00 \div 2$	=	0.50

DEC (daily effective circulation): The sign industry uses DEC as its advertising rating standard and is described as the average number of persons potentially exposed to an advertising display for:

- 12 hours (unlit sign – 6:00 a.m. to 6:00 p.m.)
- 18 hours (unlit sign – 6:00 a.m. to 6:00 p.m. and illuminated from 6:00 p.m. to 12:00 a.m.)
- 24 hours (illuminated – 6:00 a.m. to 6:00 a.m.)

The DEC incorporates traffic counts along highways and roads adjacent to billboard sign sites tempered with other outdoor advertising demand factors. These counts are used to calculate daily effective circulation (DEC) and give an indication of the number of viewers having an opportunity to see an advertiser's message (ad impressions). The DEC is often reported as DEC-monthly, which usually represents the number of ad impressions per 30-day cycle divided by 1,000. In some cases, a 28-day cycle is used.

DEC is relevant to billboard appraisal as it provides a means of comparing the relative worth of sign locations, which is a factor in advertising potential for a site and correlates positively with site rent (when considered with other demand factors for the market).

*Example: Calculating the DEC of a sign
(assuming one sign face on a road with a 14,500 AADT)*

Daily Effective Circulation (DEC)			
AADT	Exposure Period	Exposure Factor	DEC per day
14,500	24-Hour	0.75	10,875
14,500	18-Hour	0.7125	10,331
14,500	12-Hour	0.50	7,250

If sign were lit 18 hours per day, the DEC for one sign face on a 28-day ad billing cycle would be:

- 14,500 (AADT 2-way traffic) x .7125 (1/2 of 1.425 load factor* due to 1-way traffic) = 10,331 DEC (one sided daily)**
- 10,331 x 28 days = 289,268 DEC (DEC per billing cycle)
- 289,268 divided by 1,000 = 289 DEC (in thousands per billing cycle, rounded).

* This represents the 1.5 load factor adjusted downward for reduced lighting hours.

** When a sign can be viewed in only direction, the industry will typically adjust the load factor rather than the AADT. Another way to calculate it is 7,250 (1/2 of 14,500 AADT 2-way traffic) x 1.425 (load factor) = 10,331 DEC.

CPM (cost per thousand): In sign valuation, this refers to a number derived from dividing a sign's advertising revenue by the sign's DEC. It is the cost to deliver an advertisement to 1,000 people (18 or over) in a vehicle passing by an off-premise sign.

The income generated through the hypothetical rental of a TOARP to an outdoor advertising company (gross income for the TOARP) is based on a percentage of the net advertising revenue to the outdoor advertising company resulting from their use of the sign structure.

It is preferred that the advertising revenue, used to calculate the income to the TOARP, be obtained from either actual data on the subject sign, a survey of advertising revenues from nearby signs under the same general influence, or a combination of both. If a survey of nearby signs is used, factors such as location, lighting, sign size, sign face direction, traffic count (AADT), CPM, DEC, and vinyl wrap inclusion are considered.

After the estimated gross advertising revenue is determined, the net advertising revenue for the sign is calculated as the gross advertising revenue of the sign less a vacancy of advertisements, advertising agency commission/fees, production costs (vinyl wraps) and artwork to install the advertising on an outdoor advertising sign. This is an overview of the steps estimating the expected net advertising revenue on a sign:

1. Obtain advertising revenue information for similar comparable billboard advertisements on the subject or in the local market.
2. If the vinyl wrap was included in the advertising revenue, adjust the advertising revenue accordingly.
3. Calculate the DEC for the subject and each comparable advertising site.
4. For each comparable, divide the advertisement fee per month by its DEC, which results in the cost per thousand (CPM).
5. Evaluate the data to determine a market gross advertising revenue estimate for the subject sign.
6. Subtract the necessary costs, as indicated above, from the gross advertising revenue to estimate net advertising revenue.

Market advertising revenue estimate based on DEC and actual advertising income: Industry advertising rating standards are typically based on *daily effective circulation or DEC* and on traffic counts along highways and roads adjacent to billboard sign sites tempered with other outdoor advertising demand factors.

Example: An off-premise sign has a single side with the panel exposed to west bound traffic and an annual average daily traffic two way count of 6,600 (AADT). The sign face is not lit and as a result has an estimated exposure period of 12 hours (load factor of 1.00). The sign face has a minimum of 8 seconds exposure to traffic. Eight seconds of good viewing is considered optimum viewing. The viewing time will be considered in the expected advertising revenue estimate. The DEC (daily effective circulation) to those over age 18 going one way viewing is 3,300 (6,600 two-way AADT x (load factor of 1.00 ÷ 2 for one way viewing) = 3,300 one-way). The outdoor advertising industry generally reports DEC in thousands, so subject’s west side viewing location has a daily one way DEC of 3,300 and a 28 day month DEC of 92.4 (3,300 x 28 days = 92,400 ÷ 1,000 = 92.4) and a 30 day month one way DEC of 99.0 (3,300 x 30 days = 99,000 ÷ 1,000 = 99.0).

Advertising revenue comparables: Advertising revenues paid on a property can be compared to similar sized or located signs based on their traffic counts and view times. While certain advertising rates can vary on any specific sign face, an overall typical expected advertising rate can be reasonably estimated.

Example: Advertising Revenue in Grid Form

Comp.	Sign No.	Location	Advertiser	Ad Fee	Lights Yes/No	Sign Size	Sign Facing	AADT 2-Way	Approx. Visibility	CPM	DEC Monthly	Vinyl Wrap Yes/No
Subject	All Clear 1	STH 1	W's Ranch	\$200/30 days	No	±8x16	EB	6,600	±8 sec.	\$2.02	99	No
1	Marimar 1234	STH 2	West/East Credit Union	\$200/30 days	No	±12x10	WB	7,000	±8 sec.	\$1.90	105	No
2	Frontback 5678	USH 3	The Burger Shack	\$150/30 days	No	±15x8	SE	3,200	±8 sec.	\$3.13	48	No
3	Smiths 8910	STH 4	Biggie Burgers	\$200/30 days	No	±9x20	WB	5,900	±8 sec.	\$2.26	88.5	No

The comparable advertising rates ranged from \$150 to \$200 with an average of \$183.33 for a 30-day month. The CPM for the sign comparables range from \$1.90 to \$3.13 and had an average CPM ad rate of \$2.43 per thousand viewing impressions. Based on these

numbers it would be reasonable to conclude a gross advertising rate of \$200 per month, indicating a CPM ad rate of \$2.02 per thousand viewing impressions.

As previously noted the net advertising revenue for a sign is calculated as the gross advertising revenue of the sign less a vacancy of ads, advertising agency commission/fees, production costs (vinyl wraps) and artwork to install the advertising on an outdoor advertising sign.

STEP 2 – Determine TOARP ratio

Because business value is not compensable under Wisconsin's eminent domain state statutes, the percentage of the net advertising revenue that correlates to the real estate rent component (the TOARP) must be determined. The amount of rent for a TOARP can be determined by starting with the net advertising revenue. The net advertising revenue resulting from the use of the TOARP by the outdoor advertising company includes the business services and acumen of the outdoor advertising business, cost of running the company and profits to the company. These elements of income are part of the business value of the outdoor advertising company, and not part of the real estate value of the TOARP. For this reason, the income capitalization analysis of the TOARP uses the hypothetical rental of the sign to the outdoor advertising company, rather than the net advertising rental income, to calculate the market value of the TOARP.

To establish the annual rental rate of the affected billboard real estate component, long-term leases of sign structures with sign site packages (TOARPs) to outdoor advertising companies can be analyzed. The rent the outdoor advertising company pays to the property owner represents the gross rent to the TOARP real estate component. When this rent is compared to the net advertising revenue (which is the business revenue) of those same signs, a ratio can be developed. This ratio is called the "TOARP ratio" and it will be applied to the estimated net advertising revenue for the subject sign to determine the percentage of its net advertising revenue that is attributable to the gross rental income for the affected real estate component (the TOARP).

In the following discussion, the "outdoor advertising business" refers to the company that is marketing and installing advertising on the billboard and the "TOARP owner" refers to the owner of a sign site where a landowner obtained a sign permit, erected a sign structure himself/herself, and leases the sign to an outdoor advertising business that markets and displays advertising on the structure.

To determine the TOARP ratio, appraisers will first look for signs owned by TOARP owners. The rent paid by the outdoor advertising business to the TOARP owner includes payment to the landowner for the entire package of sign rights including the land, the billboard structure, the permit (or right to have a sign), and the location.

If, as part of the appraiser's market investigation, an actual TOARP is found, the appraiser must try to find the rent paid to the TOARP owner. Usually this will be found in a lease. The appraiser would then estimate the net advertising revenue received by the outdoor advertising business for displaying advertising on the identified TOARP. Net advertising revenue is the gross advertising revenue, minus advertising agency costs (e.g., commissions and production cost for ad displays). The companies whose advertisements appear on these signs should be contacted and asked what they are paying for the advertisement on that sign. The outdoor advertising business may or may not be willing

to share data on its advertising revenue with the appraiser. Regardless, the data should be requested.

The market derived TOARP ratio for an existing package is then determined by dividing the rent paid to the TOARP owner by the net advertising revenue. For example, assume a landowner charges an outdoor advertising business \$360 per month to rent the right to display advertising materials on the landowner's sign. Assume further that the outdoor advertising business markets and sells the advertising space on the sign and nets \$800 per month advertising revenue after advertising agency costs (e.g., commissions and production cost for ad displays) are subtracted. The ratio for that property is then calculated as follows:

Example: Market Derived TOARP Ratio Calculation

Criteria	Monthly Amounts	Market Derived TOARP Ratio
Rent paid by outdoor advertising business to TOARP owner to rent entire package of sign structure and permitted sign site	\$360/month	$\$360 \div \$800 = 0.45$ or 45%
Net advertising revenue received by outdoor advertising business	\$800/month	

The appraiser does this calculation for a number of packages. The appraiser then compiles the data on similar packages to arrive at a market derived TOARP ratio. The appraiser must determine whether each package reflects an arm's length transaction between knowledgeable parties, whether each transaction is affected by unusual factors or circumstances, whether the locations and traffic are similar, and whether the data from that package should be used. The market derived TOARP ratio is then used, along with the net advertising revenue on the subject sign site, to estimate the gross rental income that the affected sign site and structure would be expected to generate to the subject's owner.

To do this, the appraiser must try to find the net advertising revenue collected by the outdoor advertising business for the sign on the subject property. Advertising revenue rates should be collected for other comparable billboards in the local advertising market area to estimate advertising rates in the local market. The market net advertising revenues are relevant to determining whether the net advertising revenues for the subject sign are at market rates. The appraiser should compare the net advertising revenues at the subject site to the market rates for similar sites, and decide whether local market rates are more appropriate for determining the value of the sign site. If so, the revenues at the subject site must be adjusted in the appraisal, using the local market rates. The resultant (final) net advertising revenue will be recognized as reflective of the market.

The final net advertising revenue for the subject sign is multiplied by the market derived TOARP ratio to estimate the gross rental income to the affected permitted sign site and sign structure. This figure represents that portion of the income stream that flows to the landowner, in terms of rent, and is attributable to the "entire package" of sign rights, including the sign structure (the TOARP).

For example, assume that the market TOARP ratio is 45% and the annual net advertising revenue for the sign is \$9,600 or \$800 per month. The gross rental income that flows to

the real property at the sign is calculated as follows:

Example: Calculation of Estimated Gross Rental Income to Real Property

Net Market Advertising Revenue from Subject Sign per year			
(\$800 per month for 12 months)		\$9,600	/ Year
Market Derived TOARP Ratio	x	45%	
Estimated Gross Rental Income to Real Property Interests		\$4,320	/ Year

This estimated gross rental income to real property estimates the amount of money flowing from the outdoor advertising business to the sign site owners for use of the package of sign rights and sign structure (the TOARP).

In a typical case where a sign company rents land from a landowner, obtains a permit, and builds a sign, the landowner owns the underlying fee, but the outdoor advertising business owns the structure, the right to put up a sign at the location, and any permit. Because WisDOT is trying to value all of these rights as a bundle for unit rule purposes at the time of the acquisition, it is possible, and even likely, that this figure will vary from the rent paid to the landowner under the sign lease. The WisDOT appraisal is not used to determine how much money is 'due' either the landowner or the sign owner. WisDOT appraisals are intended to determine the value of the real estate, taking into account any contributory value from the sign site.

STEP 3 – Determine net rental income

Next, the appraiser must use the estimated gross rental income to determine net rental income to the affected real property. The landowner’s operating expenses for maintaining and operating the real estate must now be deducted from the estimated gross rental income to the real property in order to arrive at a net rental income to the real property. Continuing the example given above and assuming the landowner spends \$300 per year (\$25 per month) on expenses and activities related to renting the sign package (off-premise sign structure with its permitted sign site), the net rental income to real property is calculated by simple subtraction:

Example Calculation of Estimated Net Income to Real Property

Estimated Gross Rental Income to Real Property Interests		\$4,320	/ Year
Less Annual Operating Expenses		(\$300)	/ Year
Estimated Net Operating Income to Real Property Interests		\$4,020	/ Year

The estimated net rental income to the real property is the amount of income that flows to the real property from the gross advertising revenue for the subject sign on an annual basis. This net rental income is equal to the net operating income (I) from the formula for calculating the value of real estate utilizing the direct capitalization method of the income approach.

STEP 4 – Determine capitalization rate (R)

An overall capitalization rate reflects a relationship between a single year's net operating income expectancy and the total property value. Capitalization rates for specific outdoor advertising assets are slightly atypical to the normal real estate market capitalization rates, due to the unique influences of the outdoor advertising business environment. The outdoor advertising industry's reluctance to divulge public sales and income information necessary to develop direct capitalization rates contributes to the difficulty of the process.

The derivation of market capitalization rates require a modified method of comparing limited sales data, which may vary as to the composition of the assets sold and the time of sale, with readily available market and economic indicators of alternative investment rates and yields. The most typical methods include derivation from the analysis of sales of comparable properties, published rates from surveys, and the band of investment method.

Capitalization rates based on sales: Market capitalization rates derived from the sales of similar properties under similar market conditions, are appropriate in estimating market value. Experience has indicated comparable sales with a total billboard package included in the sale and owned in total by the fee landowner may not exist. The off-premise sign total package sale could be part of a land sale, as a permanent sign easement sale, or other long-term lease sale of the total sign package. Types of off-premise sign or sign site transactions to be considered for deriving overall capitalization rates may include:

1. Purchases of permanent outdoor advertising easements where comparisons can be made to their market land lease dollar amounts.
2. Market sales of land by a purchaser not involved in the outdoor advertising business that include a total sign package where the total sign package can be rented to an outdoor advertising business with market real estate lease dollar data available.
3. Market sales of land or a permanent sign easement that includes a permit-table sign site location that is then developed by a variety of landowners where there is lease data available.
4. Sales of outdoor advertising business concerns or individual outdoor advertising billboards or billboard groups where a capitalization rate can be derived for EBITDA (earnings before interest, taxes, depreciation, and amortization) cash flow as a measure of investment yield for an outdoor advertising business.
5. Alternative investments to total sign packages. An investor in a total outdoor advertising sign package needs to consider if he will invest in alternative investments with similar, less or more risk along with the investment yield required to make that investment. A total sign package may have a limited number of possible tenants in a given market that may increase the risk factor or investment yield requirements. A higher investment yield requirement would reduce the purchase price of a total off-premise sign package.

Caution must be used in considering and comparing permanent easement sales as those sales may also be "below market" in the case of a nonconforming location or above market for static use on select locations where the influence of possible digital use may be evident. The easement sale may also include "business value" beyond the real property. A business value component may be evident in the permanent easement sale due to the business monopoly effect of controlling a length of highway for outdoor advertising.

Capitalization rates based on surveyed rates: Market capitalization rates and investment yield requirement for a total off-premise sign package can be supported and reconciled with consideration of alternative investments. Real estate investor surveys, such as Realty Rates and Korpacz Real Estate Investor Survey, summarize overall cap rates and yield requirement rates for core real estate (retail, office, industrial, and apartments) properties; comprised of improved and vacant land leases.

Capitalization rates based on band of investment: The band of investment method is used to estimate an overall capitalization rate an investor would expect if a mortgage were taken on an investment property with a down payment made. In the band of investment technique, the capitalization rates attributable to the components of a capital investment are weighted and combined to derive a weighted (built-up) overall capitalization rate attributable to the total investment. For the “built-up rate,” the appraiser first multiplies the percentage of the purchase price that will be financed times the mortgage constant (a function of the interest rate, the frequency of amortization, and the term of the loan).

In this example, the lender would require 30% down payment and issue a mortgage for 70% of the investment at the current cost of money. An interest rate of 6.65% over 20 years is the average surveyed interest rate of “special purpose properties.” Using the average rate, term, and amortization frequency, a mortgage constant, otherwise known as a mortgage capitalization rate or a debt service constant, is calculated at 9.05% (0.09053).

The second part of the calculation involves multiplying the percentage of the purchase price that will be provided by the investors cash times the equity dividend rate. The investor would be expected to satisfy the 30% difference between the loan amount and the purchase price. The return (or equity dividend Rate) that investors expect to receive on this 30% cash investment is difficult to obtain from the market. A prudent investor would consider other forms of investment such as treasury bills or CD’s and bonds as an alternative investment for the 30% down payment.

The return on equity percentage is based on alternative, similar-risk investments in the market. For this example the current reported discount rate for land leases, as reported by a real estate investor survey was utilized. The current average discount rate for similar land leases is reported to be 7.50% (0.07500).

BAND OF INVESTMENT					
Mortgage Interest Rate	6.65%				
Mortgage Term (Amortization Period)	20 Years				
Mortgage Ratio (Loan-to-Value)	70%				
Mortgage Constant	0.09053				
Equity Dividend Rate (EDR)	7.5%				
Mortgage Requirement	70%	x	0.09053	=	0.06337
Equity Requirement	30%	x	0.07500	=	0.02250
	100%				0.08587
Indicated OAR:					8.60%

STEP 5 – Calculate TOARP (V) market value

Once the appraiser has identified the net rental income (net operating income) from the TOARP (I) and the overall capitalization rate (R), it will be possible to solve the market value of the TOARP (V) using the following equation:

$$\text{Value (V)} = \frac{\text{Net Operating Income (I)}}{\text{Overall Capitalization Rate (R)}}$$

10.4.7 Severance Damage to TOARP

When a portion of a property is acquired in eminent domain and the fair market value of the owner's remaining land after the acquisition has a reduced value because of the partial taking, the condemner must pay "severance damages" to the landowner under Wis. Stat. §32.09(6)(e). (See *Arents vs. ANR Pipeline Company*, 2005 WI App. 61, 281 Wis.2d 173, 189, 696 N.W. 2d. 194 [Ct. App. 2005]). Severance damages are possible if a highway project acquisition affects the use of the property when an off-premise sign is moved to another location on the property. Whether the property value is affected either up or down by the movement of the sign on the property should be considered in the total valuation of the property in the before and after analysis of the appraisal. See REPM/Chapter 2- Appraisal for further discussion on severance issues.

10.4.8 Division of Proceeds

It is not unusual for landowners to ask WisDOT what they will receive from an acquisition or condemnation award. Where all property is owned by one landowner, that landowner will receive the entire award. However, where property is held by multiple parties, as occurs where a sign owner leases land from a landlord or owns an easement on another's property, WisDOT will not divide the award between the parties. That division does not involve WisDOT. The division of the proceeds is a private matter between the property owners, and either the parties or a court will have to decide how to conclude their private contractual arrangements. WisDOT's appraiser cannot be compelled to offer an opinion in the partition of proceeds. (*Burnett vs. Alt*, 224 Wis. 2d 72, 589 N.W.2d 21 [1998]).



CHAPTER 10 - APPENDICES

Note: This document is available in printable format from "Appendix" link; and, is viewable only in "Figure" below.

APPENDIX A: Flowchart for Acquiring or Relocating Off-Premise Signs. Note: Chart is best viewed when printed using 11x17 paper; and, can be resized down to 11x15 (legal size paper).

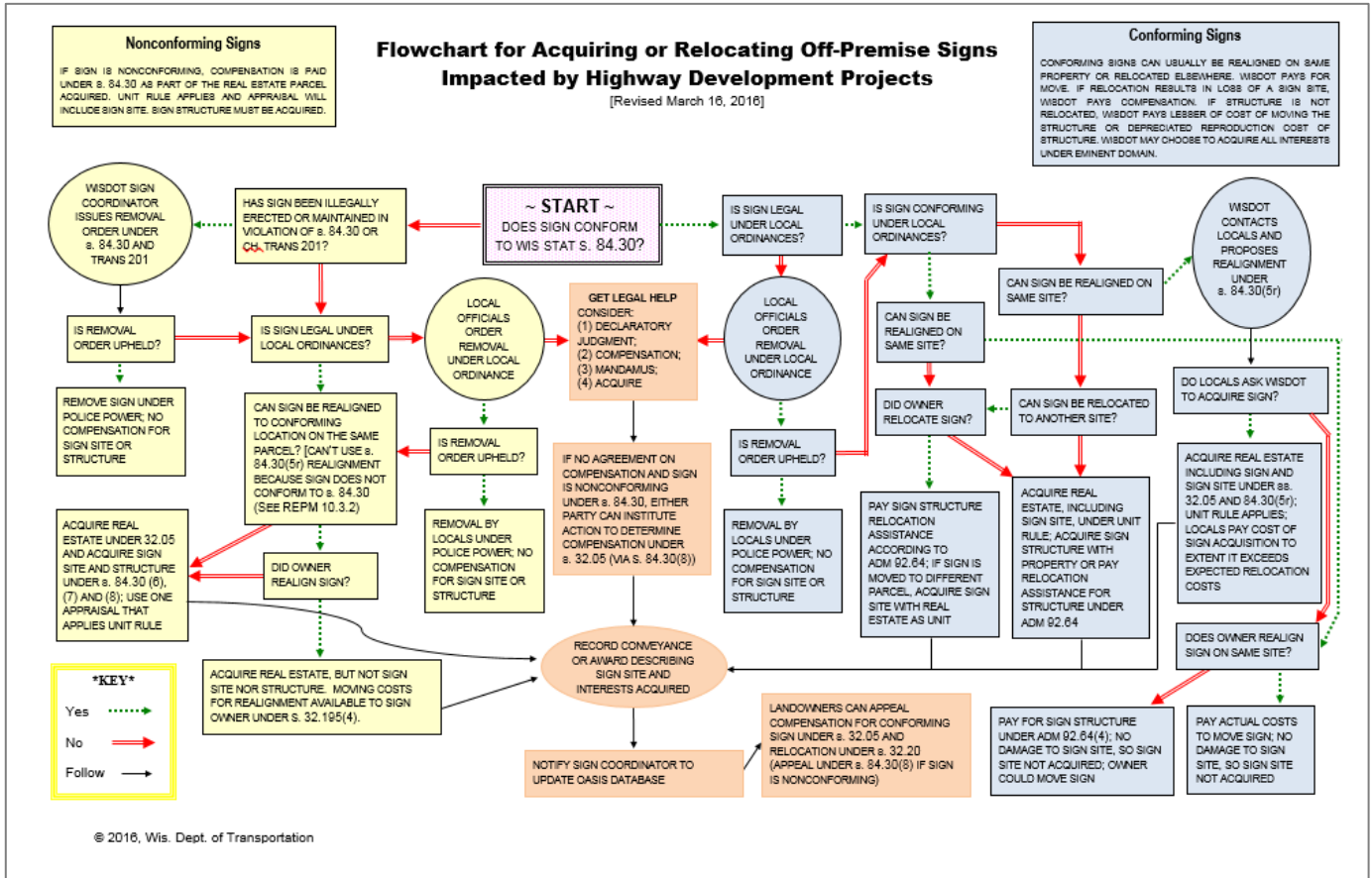



Figure 1 - Sign Flowchart

CHAPTER 10 - APPENDICES

Note: This document is available in printable (fillable) format from "Appendix" link; and, is viewable only in "Figure" below.

APPENDIX B: Sample (5r) letter; Notice of Proposed Realignment of Sign

Real Estate Program Manual Chapter Ten: Outdoor Advertising Signs / Appendix B



~ ~ Use current WisDOT Letterhead ~ ~

Notice Date

To: Town administrator or other appropriate authority
Complete mailing address

From: WisDOT Rep
Title
Return mailing address

Subject: Realignment of billboard OASIS (Unassigned #)
Located on the property of _____ at _____, WI _____
WisDOT highway project ID _____; parcel # _____

NOTICE OF PROPOSED REALIGNMENT OF SIGN
(Response required within 60 Days from date listed on this notice)

Pursuant to the provisions of Wis. Stat. § 84.30(5r), a courtesy copy of which is attached for reference, the Wisconsin Department of Transportation (WisDOT) proposes to realign a billboard located on the above-described lands. The realignment of the billboard will be on the same real estate site. The sign conforms to state law, but the department understands that the sign is a nonconforming structure under local ordinances. Under § 84.30(5r), realignment of the sign will not affect its nonconforming status under your jurisdiction's local ordinances.

You may petition the department to acquire the sign rather than realign it. If you petition the department to acquire the sign, it will do so at the time it acquires the land needed for the highway project involved. A petitioning local government, however, is responsible for any cost of acquiring the sign above and beyond the cost to WisDOT of realigning the sign.

We estimate WisDOT's cost to realign the sign to be: \$_____ to \$_____.

Because a decision to realign or acquire the sign must be made before the real estate involved is appraised and acquired by WisDOT, it is essential that we receive a prompt response from you regarding this matter. If you have questions or concerns, you may contact me at (xxx) xxx-xxxx; email _____@dot.wi.gov. Please respond to this notice within 60 days so that the department may proceed with its real estate acquisition in a timely fashion.

Please inform WisDOT of your intentions by simply indicating your jurisdiction's preference below. Check the appropriate box; sign and print name/title as authorized; then, return copy of signed notice to my address as listed.

The local government entity to which this notice is addressed is not interested in acquiring the above-described sign.

The local government entity to which this notice is addressed hereby petitions the Wisconsin Department of Transportation to acquire the sign and any real property interest of the sign owner.

Authorized by (signature) Print name and title _____
Date signed

IMPORTANT: FAILURE TO RESPOND WITHIN 60 DAYS OF THIS NOTICE WILL BE TREATED AS AN EXPRESSION OF NON-INTEREST IN ACQUIRING THE SIGN.

Enclosure: Extra courtesy copy

Rev. 10/2016

Figure 2 - Notice of Proposed Realignment of Sign

CHAPTER 10 - APPENDICES

Note: This document is available in printable format from "Appendix" link; and, is viewable only in "Figure" below.

APPENDIX C: Definitions specific or pertinent to REPM/Chapter 10

DEFINITIONS SPECIFIC OR PERTINENT TO REPM/CHAPTER 10

Adjacent area - An area that is adjacent to and within 660 feet of the nearest edge of the right of way of any interstate or primary highway or the Great River Road, which 660 feet distance, shall be measured horizontally along a line normal or perpendicular to the centerline of the highway.

Business area - Business area means different things along interstate and non-interstate highways. Along non-interstate highways, "business area" means land within 660 feet of the right of way that is:

- Zoned for business, industrial or commercial activities under the authority of the laws of this state; or
- Not zoned, but constitutes an unzoned commercial or industrial area as defined in Wis. Stat. [§84.30\(2\)\(k\)](#).

Along the interstate system, "business area" generally means lands that are within 660 feet of the interstate right of way that are currently zoned commercial or industrial AND that are within the September 1, 1959, boundaries of an incorporated municipality. Lands in commercial or industrial districts that were annexed by a municipality after 1959 do not qualify as "business areas." Wis. Stat. [§84.30\(2\)\(b\)](#). Date of annexation can be found from annexation records at Secretary of State, see <http://www.sos.state.wi.us/record.htm>.

Gross/Net advertising revenue - Net Advertising Revenue is usually reported as an annual dollar amount and calculated by determining the gross advertising revenue from sales of advertising on a billboard at a location and then making adjustments as follows. From the gross advertising revenue figure, the following are subtracted: ad agency fees and production costs, such as printing, vinyl production, and ad production. That net amount is then reduced for expected ad vacancy to arrive at Net Advertising Revenue for the sign.

Off-premises sign - "Off-premises" or "off-property sign" means a sign that is not an on-premises sign. ([Trans 201\(8\)](#))

On-premises sign - "On-premises" or "on-property sign," for purposes of Wis. Stat. [§84.30](#) and Chapter [Trans 201](#), means a sign at a business location advertising a business that is conducted on the property and that is located in the immediate vicinity of the business. "Immediate vicinity" in this definition means the sign is within the area bounded by the buildings, driveways and parking areas in which the activity is conducted or within 50 feet of that area. "Immediate vicinity" does not include any area across a street or road from the area where the business is conducted or any area developed for erecting a sign. Local laws may define the term differently so it is possible for a sign to be considered on-premise under a local ordinance and off-premise under state law. ([Trans 201\(9\)](#))

Market/Sign site ratio - This is the ratio of the real estate rent paid to the package owner for the total off-premise sign package divided by the net advertising revenue for the sign.

Unit rule - Sometimes called the "undivided fee rule," is a method for valuing property in eminent domain proceedings where the property being acquired is subject to multiple ownership interests. Compensation is determined based on the fair market value of the property as a whole, as if there were only one owner. Once the property's fair market value is determined, then that value is apportioned among all of those who hold an interest in the property. The division of the value of the fee into separate interests cannot exceed the amount of compensation to be paid by the condemning authority.

Figure 3 – REPM/Chapter 10 Definitions

CHAPTER 10 - APPENDICES

Note: This document is available in printable (fillable) format from "Appendix" link; and, is viewable only in "Figure" below.

APPENDIX D: Sign Inventory Maintenance Notification (RE2242)

Real Estate Program Manual Chapter Ten: Outdoor Advertising Signs / Appendix D

SIGN INVENTORY MAINTENANCE NOTIFICATION Wisconsin Department of Transportation
RE2242 10/2016

When a sign structure other than an on-premise sign has been affected by a highway improvement project, the regional WisDOT Real Estate (RE) specialist must provide the following information to the regional WisDOT sign coordinator. The sign coordinator must update the OASIS database, including entry of the documents provided into the database of records and images related to the sign.

OASIS number: _____

Real Estate project no.: _____

Parcel number and right acquired (fee, PLE, other): _____

Parcel owner's name: _____

Parcel acquisition date: _____

Sign acquisition date (attach award or conveyance or enter N/A if not acquired): _____

Parcel owner after acquisition: _____

This sign structure has been or will be:

Realigned on same parcel (moved back); if so, by whom and when? _____

Relocated to different parcel/location; if so, by whom and when? _____

Removed, if so, by whom and when? _____

Explain (who took action and when was it taken?): _____

Special agreements or commitments were made with the sign owner; if yes, explain.

No; Yes; if "yes," explain: _____

Attached are copies of:

Award or conveyance Plat sheet showing where sign existed Sign picture

Additional comments:

Format updates and WisDOT form number added 10/2016

Figure 4 - Sign Inventory Maintenance Notification (RE2242)

CHAPTER 10 - APPENDICES

Note: This document is available in printable (fillable) format from "Appendix" link; and, is viewable only in "Figure" below.

APPENDIX E: Worksheet for determining ratio of outdoor advertising sign repair costs to replacement costs (RE2240)

Real Estate Program Manual		Chapter Ten: Outdoor Advertising Signs / Appendix E				
WORKSHEET FOR DETERMINING RATIO OF OUTDOOR ADVERTISING SIGN REPAIR COSTS TO REPLACEMENT COSTS* Under s. Trans. 201.10 (2) (e) or (f), Wis. Adm. Code						
Wisconsin Department of Transportation RE2240 10/2016						
A. Sign Element	B. Materials (describe, including: dimensions, length, width, thickness)	C. Cost per unit	D. Quantity in entire sign	E. Entire sign cost (cost per unit x quantity in entire sign)	F. Quantity used in repair	G. Repair cost (cost per unit x quantity used in repair)
Advertising message		\$				\$
Apron		\$				\$
Border		\$				\$
Fasteners		\$				\$
Footings		\$				\$
Lighting		\$				\$
Poles		\$				\$
Sign face		\$				\$
Stringers		\$				\$
Other costs		\$				\$
Other electrical		\$				\$
Other elements (specify)		\$				\$
Labor	Employee name	Hourly salary	Estimated hours needed to build new sign	Salary x hours needed to build new sign	Hours needed to repair sign, incl. salvaging materials, site preparation, clearing debris, constructing	Salary x hours needed to repair sign
		\$		\$		\$
		\$		\$		\$
Travel		\$		\$		\$
Note: If labor and travel costs for repairs are less than estimated costs for erecting new sign, include explanation:				Sum of costs Column E		Sum of costs Column G
				\$		\$
Ratio of repair costs to replacement costs (sum of Column G divided (÷) by sum of Column E [G / E]) =						%

* This worksheet complies with *In the Matter of Collins Outdoor Advertising Sign (Old Towne Inn Sign)*, Case No. 98-H-1099 and 98-H-1100 (DOHA October 18, 1999), available at <http://dha.state.wi.us/static/Decisions/DOT/1995-1999/98-H-1099.pdf>.

Notwithstanding the result of this worksheet, a sign may not be enlarged and must remain substantially the same as it was on March 18, 1972 (or on the date sign became subject to outdoor advertising control, whichever is later). Trans 201.10 (2) (e), Wis. Adm. Code.

Wisconsin Department of Transportation
Rev. 05/2001; format updates 02/2014; WisDOT form number added 10/2016

Figure 5 - Worksheet for determining ratio of outdoor advertising sign repair costs to replacement costs (RE2240)

CHAPTER 10 - APPENDICES

For convenience, WisDOT's outdoor advertising sign-related documents and forms are linked below and can be download directly in a print-ready (fillable format); each is also available as a link from the official [REPM/Forms](#) page.

- APPENDIX A:** Flowchart for Acquiring or Relocating Off-Premise Signs. Chart is best viewed when printed using 11x17 paper; and, can be resized down to 11x15 (legal size paper).
- APPENDIX B:** Sample (5r) letter; Notice of Proposed Realignment of Sign
- APPENDIX C:** Definitions specific or pertinent to REPM/Chapter 10
- APPENDIX D:** Sign Inventory Maintenance Notification (RE2242)
- APPENDIX E:** Worksheet for determining ratio of outdoor advertising sign repair costs to replacement costs (RE2240)