



2.1 - APPRAISAL ADMINISTRATIVE ITEMS

2.1.1 - Pre-Contracting Activities

Regional real estate (RE) personnel working on a project need to familiarize themselves with project details: plats, plans, etc. The Plans Specifications and Estimate (PS&E) date, whether it is an advanceable project, etc., is especially important. It determines when appraisals need to be started and completed. The region should also review the title information available on each of the parcels on the project to determine if ownership issues, mortgage liens, easement restrictions, etc. will affect whether parcels should be appraised or not. A review of the title information prior to making appraisal assignments will help to avoid assignment changes and amendments.

Prior to contracting with or selecting an appraiser, as part of the eminent domain appraisal process (see REPM/Section 2.1.2), the region must consider and discuss the following questions:

- Can appraisal waivers be used?
- How many parcels will require appraisals?
- Are there sufficient qualified staff appraisers available to complete the project or will it be necessary to contract out any of the required appraisals?
- Can one appraiser handle the entire project?
- Which appraisals should be completed first?
- Will the income capitalization approach be required for any of the parcels?
- Which appraisal formats will be used?
- Will the sales study or the extended sales study be utilized, or will the sales study requirement be waived? Both the sales study and the expanded sales study may be waived; however, in the case of projects containing waiver valuations (see REPM/Section 2.5) the regions will retain the responsibility for documenting within the file containing the Nominal Payment Parcel-Waiver of Appraisal Recommendation and Approval (RE1897), the appropriate justification for the unit value chosen to establish just compensation. This documentation would consist of raw comparable land sales data or listing data.
- Will any special reports be required (i.e., Furniture, Fixture and Equipment Appraisal (FF&E) or inventory, perc tests, well or septic system replacement, driveway replacement, access study, etc.)?
- Will the proposed acquisitions result in the need to acquire or relocate an on-premise sign, will variances be required to move an impacted sign and will sign cost estimates be needed?
- Will two appraisals be required on any parcel?
- Are there any potential legal issues or legal opinions required?
- Are there any railroad-owned, Native American-owned, utility owned, federal government owned, or Section 4f/Section 6f properties?
- Are there any potential uneconomic remnants?
- Review appraiser assignment, BTS-RE or region?
- When do the appraisals need to be completed?
- What is the letting date?

- Does the project require that real estate be acquired early to accommodate the completion of utility work prior to the letting date? How early (how many months) does the real estate have to be acquired?
- When will plans and cross-sections be available?
- When will the project be staked?

2.1.2 - The Eminent Domain Appraisal Process

Appraisal Scope of Work:

The Uniform Standards of Professional Appraisal Practice (USPAP) states that in developing a real property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal.

The appraisal scope of work recognized by USPAP covers Standard 1, which addresses the development of an appraisal and Standard 2, which addresses the reporting of the appraisal findings. WisDOT has made the policy decision to expand the appraisal scope of work concept (identified above), which typically only addresses the appraisal activities (development and reporting) of an appraiser, to also cover the activities of the department in its preparation to secure the services of an appraiser. This expanded scope of work, which is referred to as the Eminent Domain Appraisal Process (appraisal process), has been established because appraisal reports commissioned by the department are relied upon to determine just compensation for an acquisition of real estate, under the threat of eminent domain. As such the department has a responsibility to ensure that the findings of the appraisal report are credible, and the findings can only be credible if the appraisal scope of work employed by the appraiser is valid. For this reason, WisDOT (the department) will participate in the process of defining a valid appraisal scope of work, as directed by 49 CFR Part 24.103(a)(1) (see REPM/Subsection 2.0.1.3). In addition to facilitating WisDOT's role in defining a valid appraisal scope of work, a well-defined scope of work for the appraisal process is a good business practice. A thoroughly reviewed project, and a detailed appraisal scope of work, developed cooperatively by the appraiser and the department, will result in less conflict between appraisers and reviewers, more accurate contracting, faster appraisal approvals and fewer contract amendments. The appraisal process will support: budgeting; estimating timelines; tracking of project changes; establishing accountability; the mapping of performance measures and the distribution of workload. The following appraisal process discussion will define the phases of the process, describe the project scoping checklist and the appraisal scope of work agreement forms, and will explain how the appraisal process and the forms interact.

WisDOT views the appraisal process as having five distinct phases. The first two phases address the department's project responsibilities prior to securing an appraiser. The third phase is a transitional phase that involves both the department and the assigned appraiser. The fourth and fifth phases are primarily the responsibility of the assigned appraiser, with the input and approval of the review appraiser. The appraiser's process (research and analysis) is commonly referred to as the appraisal scope of work (as defined above) and will be discussed in REPM/Section 2.3.5(8)(H). The department's responsibilities under the appraisal process are the subject of the following section.

WisDOT's appraisal process consists of five identifiable phases, with each phase corresponding to a specific set of tasks. The five phases are:

Project Development Phase: This portion of the appraisal process falls within what has historically been the responsibility of the engineering/design functions of WisDOT. The

project development phase is intended to encourage the utilization of the department's real estate professionals in the project development process. This phase of the appraisal process is defined as beginning as early in the project development process as possible and ending with the selection of the preferred project alternative. This phase of the appraisal process addresses the activities of the department.

Pre-Appraisal Phase: Once the preferred project alternative is selected, the cost estimates associated with the real estate acquisitions can begin identifying impacts to specific parcels or tracts of land. The pre-appraisal phase of the appraisal process begins at this point. WisDOT's real estate professionals will complete the project scoping spreadsheet, which will document estimated project costs associated with real estate acquisitions, and identify potential appraisal issues. The involvement of the department's real estate professionals in the completion of the project scoping spreadsheet is required. This phase ends with the completion of the project scoping spreadsheet, the occurrence of the real estate startup meeting and the beginning of the appraiser assignment process, which includes the preliminary development of the appraisal scope of work agreement. This phase of the eminent domain appraisal process addresses the responsibilities of the department

Scope of Work Agreement Phase: After the completion of the project scoping spreadsheet, the department will begin the process of developing an appraisal scope of work agreement. The appraiser(s) assigned to a specific project will be required to participate in the process of refining and finalizing the appraisal scope of work agreement, which upon completion, will be signed by the department and the appraiser(s). This phase of the eminent domain appraisal process addresses the transition of the appraisal process from the department to the assigned appraiser.

Development Phase: This phase of the appraisal process involves the research and analysis activities of the appraiser assigned to a specific parcel on a project and corresponds to USPAP Standard 1 (Real Property Appraisal, Development). The Appraisal scope of work agreement, developed cooperatively by the department and the assigned appraiser, addresses the anticipated depth of analysis required for this phase of the appraisal process. This phase of the appraisal process addresses the responsibilities of the assigned appraiser(s), with possible consultation with the department's review appraiser, and will be discussed in-depth in REPM/Sections 2.3 and 2.4.

Reporting Phase: This phase of the appraisal process involves the reporting of the research, analysis and value determinations of the appraiser assigned to a specific parcel on a project and corresponds to USPAP Standard 2 (Real Property Appraisal, Reporting). The appraiser responsibilities developed by the department together with the assigned appraiser and contained in the appraisal scope of work agreement, addresses, in part, the minimum reporting standards required for this phase of the appraisal process. This phase of the eminent domain appraisal process is the responsibility of the assigned appraiser(s) and the department's appraisal review staff and will be discussed in depth in REPM/Sections 2.3 and 2.6.

Note: The process discussed above applies to projects involving both in-house and consultant appraisers.

2.1.2.1 - Project Development Phase

The project development phase of the appraisal process, which addresses the activities of the department, is defined as beginning as early in the project development process as possible and ending with the selection of a preferred project alternative. The increasing costs to acquire real estate and relocate displaced property owners is becoming a greater percentage of project costs. In addition, reductions in delivery timelines are placing increased pressure on the department to deliver projects on time. In the early stages of project development, real estate professionals can assist project designers to identify and potentially reduce real estate costs due to their understanding of eminent domain and the real estate market. In addition to cost savings, early detection of unnecessary real estate impacts will reduce delays later in the appraisal and acquisition process. For this reason, the regional offices are strongly encouraged to include regional real estate staff in the project development process as early as practicable.

The involvement of regional real estate staff for estimates that take place prior to project design beginning, will be of limited value, because the early real estate cost estimates are typically based upon project type and historical project cost data. Real estate estimates at this stage of project development are more of an engineering/planning function, rather than real estate. However, involvement of the regional real estate staff that approximately coincides with the 30 percent design completion point for the project, will begin to be of greater value. The availability of preliminary project corridor information will allow the regional real estate staff to assist the real estate cost estimating process by determining land types, providing highest and best use analysis, identifying potential sign moves for relocation, estimating land values by type and establishing preliminary improvement values (assuming total takings).

Depending on regional cost estimating practices, and the size and complexity of the proposed project, an additional real estate cost estimate may also be completed between the 30 and 60 percent design completion point. The number of real estate cost estimates performed on a specific project, the timing of when the estimates will be performed and who will perform the estimates, will be determined by the region. The use of regional real estate staff for early real estate cost estimates is preferred; however, the use of qualified real estate staff is critical in the preparation of the real estate cost estimate used in the Environmental Impact Statement (EIS). This real estate cost estimate will require the inclusion of refined determinations of land type, highest and best use and land values by type. This estimate will also address preliminary estimates of potential severance damages and an estimate of improvement values utilizing refined slope limits (no longer assuming every improved property is a total acquisition). These types of determinations must be made by individuals with the training and experience in real estate provided by qualified real estate staff.

The input of the department's real estate staff during project development may assist the project development process by identifying high cost property impacts and potential project delays, resulting from real estate impacts, that could be avoided early in the development process through design modifications. The early involvement of the department's RE staff at this phase is an organizational goal and is not currently a requirement; however, efforts should continue to expand the role of real estate professionals in the project development process.

2.1.2.2 - Pre-Appraisal Phase

After the selection of the preferred project alternative, the involvement of the department's RE staff is required as part of the project cost estimating process. The primary focus of the pre-appraisal phase of the eminent domain appraisal process is the preparation of the project scoping spreadsheet. The project scoping spreadsheet is part of the real estate estimate that is developed after the project design passes the 60 percent design completion point. This real estate estimate is part of what is referred to as the not to exceed estimate which is intended to establish the upper limit of project costs, so it is imperative that the preliminary R/W plat, plan and profile sheets and cross-sections are available to the RE staff preparing this real estate estimate.

Note: The project cost allocation-encumbrance estimate (see REPM/Section 1.1) is not considered to be part of the appraisal process.

The project scoping spreadsheet is designed to aid in the development of the not to exceed estimate; however, the use of the project scoping spreadsheet could begin as early as RE staff involvement will allow. The individual parcel estimate portion of the project scoping spreadsheet is applicable to the estimate developed at the 30 percent design completion point, and any subsequent estimates. Any cost estimate produced through the completion of the individual parcel estimate portion of the project scoping spreadsheet, no matter what stage of the project development it is completed for, is specific for the date that it was completed. The original estimate can be updated for any subsequent stage of project development, including the not to exceed estimate, by making an electronic copy of the original estimate and making the necessary changes to the copy. If multiple modifications (Example: original estimate at the 30 percent design completion point, next estimate between the 30 and 60 percent design completion points, and the not to exceed estimate) are required, the most current version of the project scoping spreadsheet would be saved and an electronic copy of that saved version would be used to make the subsequent changes. The original estimate and any subsequent versions must be saved, enumerated and dated to document the historical content and timing of the cost estimates. Utilizing the above methodology will preserve the data within the spreadsheet that does not change, while documenting the evolution of the project cost estimate. Consistent use of the project scoping spreadsheet throughout the cost estimating process should reduce the time and effort required for each cost estimate, and the information developed will further assist in the appraisal assignment process.

The project scoping spreadsheet consists of five interactive tabs that function together to support the estimation of real estate costs (delivery and non-delivery) for an entire project. The five tabs are:

- Project Wide Estimates
- Delivery Hours
- Individual Parcel Estimate
- Conclusion
- Appraisal Scoping Checklist

The first four tabs interact directly to produce an estimate of real estate costs associated with a proposed project. These costs are separated into delivery costs that cover personnel and site clearance costs, and non-delivery costs that cover acquisition, relocation and other miscellaneous costs associated with acquiring the required real

estate. The use of the first four tabs of the project scoping spreadsheet can be used to develop preliminary delivery and non-delivery cost estimates for a proposed project, and the information input into the tabs can be saved and carried forward as subsequent estimates are calculated throughout the project delivery and pre-appraisal phases of the appraisal process.

The fifth tab of the project scoping spreadsheet, the appraisal scoping checklist, is partially populated with information that is either input, or calculated, in the other four tabs. The appraisal scoping checklist tab is not focused on cost estimating. The appraisal scoping checklist tab is primarily focused on identifying appraisal complexity issues that will be utilized in the selection of qualified appraisal staff, and in the development of the appraisal scope of work agreement. While the first four tabs of the project scoping spreadsheet may be utilized for preliminary real estate cost estimating, the appraisal scoping tab is typically not completed until the preliminary platting and proposed acquisitions have been completed. The project scoping spreadsheet is not considered completed until the appraisal scoping checklist is completed.

Instructions on the completion of the project scoping spreadsheet:

1. The project wide estimate tab of the project scoping spreadsheet contains information relating to delivery costs associated with RE staff (or consultant) activities for the various parcel types. This information comes from the WisDOT staffing matrix and cannot be changed by the person completing the tab. The tab also includes non-delivery information, which must be entered by qualified regional RE staff. This non-delivery information consists of estimated land value information that will automatically populate the land value (Fee Value \$) column of the individual parcel estimate tab of the project scoping spreadsheet.

The land value information is based upon market research of the area around the proposed project. The market research will be conducted by the person(s) completing the project scoping spreadsheet, with the possible assistance of other regional staff. The project identification information at the top of the project wide estimates tab must also be completed. The delivery cost information from the staffing matrix along with equations built into the project wide estimates tab are essential to the operation of the project scoping spreadsheet and should not be altered or eliminated.

2. The delivery hours tab of the project scoping spreadsheet contains information from the staffing matrix provided in the project wide estimates tab, together with parcel type information input into the individual parcel estimate tab to calculate the delivery hours and costs associated with the various real estate activities on the proposed project. Information contained in this tab is either auto-filled from other tabs or consists of fixed data that cannot be changed.
3. The individual parcel estimate tab of the project scoping spreadsheet, which must be completed for all projects, addresses the potential impacts of the proposed acquisitions and subsequent construction project on each of the individual affected parcels. The individual parcels are identified by their Tax Identification (ID) Number and the parcel number assigned to the property for the proposed project. Tax ID Numbers can be input during preliminary estimates (or at any point in the estimating process) and would be perpetuated in subsequent estimates because they typically do not change. Parcel numbering derived from

the Transportation Project Plat (TPP), on the other hand, does have a potential for change. Owners and parcel types (see REPM/Subsection 2.1.4) are entered by qualified regional RE staff, as well as whether the parcel will involve a relocation. Information is also entered in this tab regarding title work costs, and whether department staff or consultants will be used for the various real estate activities associated with the identified parcels. The identified staff/consultant activities and property types will populate the project wide estimate tab, which will calculate delivery hours that will, in turn populate the delivery hours tab, which will then calculate delivery costs reported in the conclusion tab.

The RE staff filling out this tab will also be tasked with entering estimates for the required acquisitions, potential severance damages and relocation costs. These estimated costs will populate the non-delivery costs in the conclusion tab. Finally, parcel information from the individual parcel estimate will populate several fields in the appraisal scoping checklist. The individual parcel estimate must be completed before an appraiser is assigned to any of the affected parcels.

4. The conclusion tab of the project scoping spreadsheet is a view only reporting tab, that provides a summary of the delivery and non-delivery costs associated with the proposed project, that is generated by the completion of the other tabs of the project scoping spreadsheet. No attempts should be made to alter or eliminate this tab.
5. The appraisal scoping checklist tab of the project scoping spreadsheet, which must be completed for all projects requiring appraisals, provides appraisal complexity information on the parcels affected by the proposed project. Issues associated with appraisal complexity include, but are not limited to: zoning, waterfront, possible curable or incurable severance damages, etc. The identification of these issues requires that the individual completing the appraisal scoping checklist be a qualified real estate professional. The information contained in the appraisal scoping checklist will be utilized in the selection of qualified appraisal staff, and in the development of the appraisal scope of work agreement.

The individual parcel estimate tab partially auto fills to the appraisal scoping checklist tab. The person completing the appraisal scoping checklist must verify the auto-filled information. If the auto-filled information is different, the responsible RE staff will make the appropriate changes. Changes can only be made to the scoping checklist and not to the individual parcel estimate. The appraisal scoping checklist is a required document in the appraisal bidding process and must be completed before an appraiser (staff or fee) is assigned to any of the affected parcels.

As stated above, the individual parcel estimate and the appraisal scoping checklist must be completed by qualified RE staff. The individual parcel estimate requires up to 26 separate pieces of data, observations and estimates for each parcel. The appraisal scoping checklist requires up to 18 separate observations for each parcel. Because of the potential complexity associated with completing the individual parcel estimate and appraisal scoping checklist, a training video explaining the forms and how to complete them has been developed and is available through the WisDOT Learn Center. The title of the training video is "How to Complete the Appraisal Scoping Checklist." RE staff preparing the

individual parcel estimate and the appraisal scoping checklist, must complete the above training video. Any questions that arise during the preparation of the individual parcel estimate and appraisal scoping checklist should be directed to experienced regional or statewide appraisal/review staff.

The completion of the appraisal scoping checklist will provide regional RE staff and management with the information needed to determine whether the region will employ waiver valuations or appraisals to value each of the parcels on the project. The appraisal scoping checklist will also aid in the preliminary determination of the appraisal reporting formats for each of the parcels on the project. Prior to securing the services of an appraiser the region should also review the title information available on each of the parcels on the project to determine if ownership issues, mortgage liens, easement restrictions, etc. will affect the preliminary determination of whether a parcel should be appraised or not. A review of the title information prior to making appraisal assignments will help to avoid assignment changes and amendments.

Upon completion of the individual parcel estimate, the appraisal scoping checklist, and the title review, the regional offices will secure the services of an appraiser and a review appraiser. When making a request for and, or assignment of, a review appraiser:

- The appraisal scoping checklist must be sent with the reviewer request.
- The appraisal scoping checklist and project plat must be sent to the assigned regional and statewide reviewers.
- The cost estimate includes valuation information and should not be provided to the review appraiser to avoid the potential for guiding appraisal findings.

When making a request for the assignment of an appraiser:

- The appraisal scoping checklist must be completed before the appraiser is selected, assigned or contracted.
- The appraisal scoping checklist and project plat must be sent with the request of bid interest email to consultants and to assigned staff appraisers.
- The cost estimate includes valuation information and should not be provided to the appraiser to avoid the potential for guiding appraisal findings.
- The appraisal scoping checklist must be sent to assigned in-house appraisers.

The pre-appraisal phase of the appraisal process ends with the completion of the project scoping spreadsheet, the occurrence of the RE startup meeting and the beginning of the preliminary development of the appraisal scope of work agreement.

2.1.2.3 - Scope of Work Agreement Phase

The appraisal scope of work agreement phase of the appraisal process addresses the transition of the appraisal process from the department to the assigned appraiser. After the completion of the project scoping spreadsheet, the regional RE project manager

together with the assigned review appraiser(s) (the department) will develop a preliminary scope of work agreement.

The Appraisal Scope of Work Agreement:

Is a written statement agreed upon by the appraiser and the department (represented by the regional RE project manager and the review appraisers) describing the appraisal work to be done. It defines the responsibilities of both the appraiser and the department and establishes a minimum appraisal scope of work for the specific appraisal assignment. The appraisal scope of work, together with the parcel variations portions of the appraisal scope of work agreement must address the unique, unusual and variable appraisal complexity issues identified for the parcels covered by the agreement. The scope of work agreement, which is consistent with USPAP, reflects the requirements of the department as defined in REPM/Chapter 2, state statutes and federal regulations.

Is a template that consists of four distinct sections:

1. The Appraisal Scope of Work defines the assignment conditions and the expected research and analysis requirements necessary to address the appraisal problems identified in the appraisal scoping checklist. The elements of the appraisal scope of work will not change significantly from project to project. For this reason, the primary elements of the appraisal scope of work have been templated and will likely require only minimal modification. The primary source of modification to the appraisal scope of work will be the assignment conditions. The assignment conditions found in this section of the appraisal scope of work agreement include; hypothetical conditions; extraordinary assumptions and jurisdictional exceptions. If any of these three assignment conditions are anticipated for any of the parcels covered by the appraisal scope of work agreement, they must be identified, defined and justified in the appraisal scope of work section. The parties developing the appraisal scope of work agreement must not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use. An appraiser must not allow the intended use of an assignment or a client's objectives to cause the assignment to be biased. (per USPAP)
2. The Appraiser's Responsibilities defines the department's expectations regarding the appraiser's actions and the reporting standards that will be followed by the appraiser. The elements of the appraiser's responsibilities will not change significantly from project to project. For this reason, the elements of the appraiser's responsibilities have been templated and will likely require only minimal modification.
3. The Department's Responsibilities defines the department's role and responsibilities in the appraisal process. The elements of the department's responsibilities will not change significantly from project to project. For this reason, the elements of the department's responsibilities have been templated and will likely require only minimal modification.
4. The Parcel Variations will identify appraisal complexities that will be unique to individual parcels covered by the agreement. This section of the appraisal scope of work agreement will address which of the three assignment conditions identified in the appraisal scope of work will apply to the individual parcels on the project. The parcel variations will also address a fourth

assignment condition of special appraisal instructions which will be established for each parcel based upon the information contained in the appraisal scoping checklist.

After the completion of the preliminary appraisal scope of work agreement the department will conduct a RE startup meeting and appraisal scoping meeting. The nature and intent of the RE startup meeting is discussed in REPM/Subsection 2.1.9. The appraisal scoping meeting will be utilized to complete the final appraisal scope of work agreement.

- The appraisal scoping meeting should be attended by the assigned appraisers, the assigned review appraisers, the RE project manager, and/or the RE lead worker.
- The appraisal scoping meeting may be conducted at the end of the RE startup meeting or a later date; however, it must be conducted before any appraisal work commences.
- The appraisal scoping checklist should be utilized to facilitate the discussion about each parcel being appraised. The discussion should include appraisal complexity issues or unique appraisal concerns. The attendees should work together to develop the final scope of work agreement.

After the appraisal scoping meeting the assigned review appraiser will draft the final appraisal scope of work agreement for the project. The review appraiser will then sign and date it and send it to appraisers.

The assigned appraiser will review the final appraisal scope of work agreement for the project. The appraiser then signs and dates it, uploads it to READS project log and sends it to the review appraiser, the RE project manager and/or the RE lead worker.

The final appraisal scope of work agreement, that comes out of the decisions of the appraisal scoping meeting could result in amendments to the contract. If the individual who administers the appraisal contract for the proposed project is not in attendance at the appraisal scoping meeting, a final copy of the Appraisal scope of work agreement should be provided to them so that he or she can address any potential contract amendments resulting from the final agreement.

The assigned appraisal work can now commence.

The development phase of the appraisal process will be discussed in-depth in REPM/Sections 2.3 and 2.4.

The reporting phase of the appraisal process will be discussed in-depth in REPM/Sections 2.3 and 2.6.

2.1.3 - Parcel Types and Corresponding Valuation Methods and Appraisal Formats

Prior to assigning a regional appraiser, requesting a statewide appraiser, or contracting with a fee appraiser, the region will need to make a preliminary estimation of the parcel types that exist on the proposed project. Identification of the parcel types on the project will allow the region to make a preliminary estimation of the likely valuation method (waiver valuation or appraisal) to be used for each parcel. If the parcel type identified requires that the valuation method

employed be an appraisal, the region can make a preliminary estimation of the appraisal report format to be used. The preliminary determination of the parcel type, valuation method and appraisal format, combined with the real estate staffing matrix, will also allow the region to estimate the delivery costs for the real estate portion of the proposed project. The hours per parcel for every real estate activity is taken directly from the real estate staffing matrix based upon the parcel type. The parcel type utilized to determine the activity hours is entered on the individual parcel estimate tab of the project scoping spreadsheet.

The parcel type is based upon the nature of the proposed acquisition, together with the use and level of development of the parent tract (larger parcel) from which the proposed acquisition will be taken. When estimating the preliminary property type, together with the corresponding valuation method and appraisal format, the following definitions and guidance should be used together with the real estate staffing matrix:

- **Nominal Parcel** - Nominal parcels involve partial acquisitions from non-complex parent tracts that have a readily identifiable highest and best use, and no issues associated with the determination of the larger parcel. The value of the land contained within the larger parcel can be readily determined from comparable sales available in the area of the proposed project. Total damages resulting from the proposed taking and subsequent construction project have an estimated value of \$25,000 or less (this damages threshold is tied to the potential use of the waiver valuation). The proposed acquisition involves land and minor acquisitions of site improvements. The total damages may include minor cost to cure severance damages to site improvements that are readily identifiable and easily calculated.

Valuation Method: The proposed acquisition can be valued utilizing a waiver valuation if the property owner waives his/her right to receive an appraisal. If the property owner does not waive his/her right to receive an appraisal, then the proposed acquisition should be valued utilizing an appraisal.

Reporting Format: If the property owner waives their right to receive an appraisal, the value may be reported in a Nominal Payment Parcel Report form (NPPR) (RE1889). If the property owner does not waive his/her right to receive an appraisal, then the Appraisal Report - Short Format is the most appropriate reporting format.

- **Intermediate Parcel** – Intermediate parcels involve acquisitions from (of) parent tracts that have a readily identifiable highest and best use, and no issues associated with the determination of the larger parcel. The value of the land contained within the larger parcel can be readily determined from comparable sales available in the area of the proposed project. The proposed acquisition includes land, site improvements such as landscaping, driveways, wells and septic systems. The total damages may include minor severance damage, in the form of costs to cure if they can be documented without the need for a full before and after analysis. The intermediate parcel may also involve total takings of vacant property that will not result in the need for relocation.

Valuation Method: The proposed acquisition should be valued utilizing an appraisal.

Reporting Format: The Appraisal Report – Short Format is the most appropriate reporting format. The short format appraisal may also be used for a total taking of an intermediate vacant parcel.

- **Intermediate Improved Parcel** – Intermediate improved parcels are similar in nature to intermediate parcels with regards to the characteristics of the parent tract and issues

associated with the proposed acquisition impacts. The primary difference involves the presence of minor buildings, such as garages, sheds, or non-agricultural outbuildings within the area of the acquisition. The existence of the buildings results in the potential for a before-condition value of the larger parcel based on either market data or assessed values (of the buildings), or a combination of the two methods. The acquisition of minor buildings such as garages or sheds may result in the need for a relocation payment for moving expenses but will not result in the creation of a displaced person. The acquisition of minor buildings will also result in the need for site clearance.

Valuation Method: The proposed acquisition should be valued utilizing an appraisal.

Reporting Format: The Appraisal Report – Standard Abbreviated is the most appropriate reporting format. The appraisal report must include sufficient detail to adequately address the improvements affected and to justify that there is no severance damage to the remaining improvements.

- Major Parcel – Major parcels involve acquisitions from parent tracts that may be transitional property with a highest and best use that is not consistent with the current use. In addition, the larger parcel determination may require the analysis of multiple configurations. Major parcels may also include minor site contamination. The existence of contamination and, or the transitional nature of the identified larger parcel, may result in comparable data (sales or income) not being readily available. This will require a more expansive search area to identify comparables, and the likely need for more extensive adjustments to the comparables that are located. The proposed acquisition may cause changes in the highest and best use of the remaining property. The acquisitions and subsequent construction project may also cause incurable severance damages resulting from changes of grade, restriction of access, changes in proximity, and reduction in site size, or changes in site shape, etc. Major parcels may also include the total taking of a vacant parcel that exhibits the physical characteristics described above but does not include any primary building improvements requiring site clearance or the relocation of a displaced person.

Valuation Method: The proposed acquisition should be valued utilizing an appraisal.

Reporting Format: Because of the likely existence of incurable severance damages, the Appraisal Report – Detailed Before and After is the most appropriate reporting format. If the major parcel involves a total taking, the Standard Abbreviated reporting format should be used.

- **Major Improved Parcel** - Major improved parcels are similar in nature to major parcels with regards to the characteristics of the parent tract and issues associated with the proposed acquisition impacts. The primary difference between major improved parcels, and major parcels is the acquisition of occupied buildings and the resulting requirement for the relocation of displaced persons. Examples of impacted improvements include residences and small commercial buildings. The acquisitions associated with major improved parcels will result in the creation of a displaced person and the need for a relocation that is routine in nature.

Valuation Method: The proposed acquisition should be valued utilizing an appraisal.

Reporting Format: Because of the likelihood that the acquisition will either be a total taking, or result in a vacant remainder, the Appraisal Report – Standard Abbreviated is the most appropriate reporting format.

- **Complex Parcel** – Complex parcels involve complicated acquisitions from farm, business, manufacturing, or unique special purpose properties. Complex parcels also include either partial or total acquisitions from quarries, gravel pits, or property with significant contamination issues. Partial acquisitions from complex parcels will severely affect the site and/or improvements, requiring a detailed before and after analysis. Examples include loss of substantial parking from a shopping center/commercial property; loss of adequate access to a retail property; loss of pumps and a pump island from a convenience store; or acquisitions from special purpose properties such as a school, government property or a golf course. These acquisitions all have the potential to result in curable and incurable severance damages that require an extensive before and after analysis. Any potential for a finding of special benefits will result in a parcel being designated as a complex parcel.

Valuation Method: The proposed acquisition should be valued utilizing an appraisal

Reporting Format: In the case of a partial taking the Appraisal Report Detailed Before and After is the appropriate reporting format. In the case of a total taking the Appraisal Report – Standard Abbreviated is the appropriate reporting format.

- **Complex Improved Parcels** – Complex improved parcels are similar in nature to complex parcels with regards to the characteristics of the parent tract and issues associated with the proposed acquisition impacts. The primary difference between the complex improved parcels and the complex parcels is the acquisition of occupied buildings and the resulting requirement for a complex relocation associated with the creation of displaced persons. Leasehold interests and tenant owned improvements can be complex and may require high levels of coordination between appraisal staff, relocation staff and the preparation of fixture appraisals. Examples of impacted buildings include a farm, church, school, motel, supper club, major retail operations, manufacturing plant, etc. The acquisitions of these major improvements will result in difficult site clearances. Because of the acquisition of complex building improvements, the appraiser will not be permitted to utilize assessed values in his or her appraisal report. The improvements must be appraised to assess damages.

Valuation Method: The proposed acquisition should be valued utilizing an appraisal.

Reporting Format: In the case of a partial taking the Appraisal Report Detailed Before and After is the appropriate reporting format. In the case of a total taking the Appraisal Report – Standard Abbreviated is the appropriate reporting format.

- Signs – The sign parcel designation is only intended for use with off-premise signs. These signs are identified as either outdoor advertising industry owned signs or privately-owned signs. For guidance in how to determine the legal status of the off-premise sign, the options for valuing the sign and when relocation of the off-premise sign is an option, consult REPM/Chapter 10.

Valuation Method: If it becomes necessary to value an off-premise sign, the valuation must be based upon an appraisal.

Reporting Format: The Appraisal Report - Standard Abbreviated is the most appropriate reporting format. The appraisal report must contain a complete description of the sign and the valuation method(s) used.

2.1.4 - Requesting a Staff Appraiser

After the region determines that a project will require the preparation of real estate appraisals, and before starting the process of contracting with a fee appraiser, the region within which the proposed project is located must determine if they have adequate qualified regional appraisal staff available to handle the needed appraisal workload on the project.

If the region determines that they have inadequate qualified appraisal staff to handle the needed appraisal workload on the project, the region must contact the BTS/RE appraisal manager to request the assignment of statewide appraisal staff. This request must be made before the region may start the process of contracting with a fee appraiser. The request should be processed as an email to the appraisal manager, generated in the project log of the proposed project. The request must include a completed Appraisal/Appraisal Review Request form (RE1010), together with the completed appraisal scoping checklist and project plat. The appraisal manager will determine whether it is appropriate for a statewide appraiser to complete the requested appraisals, based upon information in the appraisal scoping checklist. If it is determined that it is appropriate for the requested appraisals to be undertaken by a statewide appraiser, the appraisal manager will check if a qualified appraiser is available and will notify the region of the availability of statewide appraisal staff. If it is inappropriate for the statewide appraisers to complete the requested appraisals, or if a qualified statewide appraiser is not available, the appraisal manager will inform the region that statewide appraisal staff will be unable to assist in the meeting the proposed project's appraisal needs.

After (if) the region is informed that BTS-RE will be unable to provide appraisal assistance to the region, and before the region starts the process of contracting with a fee appraiser, the region should contact other regional RE units to determine if appraisal assistance is available from another regional office. The use of appraisal staff assigned to other regional offices serves to maximize existing staff while avoiding the cost of securing a fee appraiser. The region requiring the appraisal assistance may bypass requests for assistance from other regional offices if the appraisal requirements of a proposed project (number of appraisals required, tight project timelines, appraisal complexity issues, etc.) dictate the use of a fee appraiser. If it is determined that the use of staff appraisers (regional or statewide) is inconsistent with the appraisal needs of a proposed project, the region should begin the process of contracting for a fee appraiser.

2.1.5 - Selecting and Contracting with a Fee Appraiser

See REPM/Section 1.7 for a detailed description of contracting procedures, and the appraisal work order development process. There are a few key points to be aware of when developing a work order for appraisal work:

- Regions may only contract with fee appraisers on the approved appraiser list. The firm for which the approved appraiser works will have a low bid master contract. A work order for the specific appraisal project will be written under the low bid master contract for the chosen firm. A list of firms currently under master contract for appraisal work can be obtained by accessing the All-Inclusive List of Real Estate Master Contracts spreadsheet that is maintained by BTS-RE.
- The region will contact at least three appraisal firms from the all-inclusive master contract list that they determine have appraisers who are best qualified to perform the work. The first contact will be to determine if the firm is interested and available to complete the project.
- The appraisal scoping checklist is a key component of the appraisal work order process. The appraisal scoping checklist will provide the information needed to estimate appraisal complexity, and expertise requirements for the parcels covered by the proposed work order. The appraisal scoping checklist will also provide guidance on the appropriate appraisal reporting formats for each parcel. The appraisal scoping checklist must be completed before beginning the work order process.
- Do not include the individual parcel estimate tab of the project scoping spreadsheet when sending the project information to a consultant. The individual parcel estimate includes valuation information and should not be provided to the fee appraiser to avoid the appearance of the department guiding appraisal findings.
- Unlike work orders under other types of master contracts, such as eminent domain/full service, the appraisal firms will submit bids and will be selected based on the lowest bid.
- Fee appraisers must complete parts of the work order process in Masterworks. The region must inform the selected appraiser that he/she must sign up for a Masterworks ID in order to complete his/her portion of the work order process.

See REPM/Section 1.7 or the Facilities Development Manual (FDM) Chapter 8 for a description of the entire appraisal work order development process.

2.1.6 - Requesting a Statewide Review Appraiser

As discussed in REPM/Subsection 2.6.3.1 the responsibility for appraisal review and offering price approval has been divided between the regions and BTS-RE, or statewide review appraisers. The review and approval of non-complex appraisals of \$10,000 or less has been delegated to regional review appraisers. Regional review appraisers also have the delegated authority to review waiver valuations up to \$25,000. BTS-RE review appraisers have been delegated the authority to review and approve all complex appraisals (REPM/Subsection 2.6.3.1 discusses determining the complexity of an appraisal) and non-complex appraisals where the value is greater than \$10,000.

As soon as a region determines that a project will include complex appraisals, or appraisals with damages that exceed \$10,000 the region must request the assignment of a statewide review appraiser from the BTS-RE appraisal manager. The request should be processed as an email to the BTS/RE appraisal manager, generated in the project log of the proposed project. The

request must include a completed Appraisal/Appraisal Review Request form (RE1010) and project plat, together with the completed Appraisal scoping checklist. The appraisal manager will assign an available qualified review appraiser and notify the region of the assignment.

2.1.7 - Real Estate Startup Meeting and Appraisal Scoping Meeting

Prior to the start of appraisal work on a proposed project, the regional office will schedule and hold a RE startup meeting and appraisal scoping meeting.

The startup meeting will bring together project design staff and real estate staff to discuss the effects of the proposed construction project and required acquisitions, on the project parcels. This meeting will be the first to include all key participants on a proposed project and is intended to ensure a minimum level of familiarity between project design, real estate and appraisal staff on the proposed project. The startup meeting will also act to facilitate cooperation, between regional staff, consultant appraisers and BTS-RE (statewide appraisers and review appraisers), in jointly developing a plan for the appraisal and review of the parcels on a project. A startup meeting shall be held on all projects. The recommended participants in the startup meeting include:

- Regional RE project manager or lead agent (this person is responsible for scheduling the meeting)
- Project engineer
- Access management representative (if access will be an issue on the project)
- Acquisition agent
- Appraiser(s), either staff appraisers, consultant appraisers, or both
- Review appraiser(s)
- Relocation advisor (if there are any potential relocation issues, including sign moves)
- Local Public Agency (LPA) representatives (if meeting is for an LPA project)

The startup meeting will, at a minimum, address the following issues:

- A review of the available plan and profile sheets.
- A review of the Transportation Project Plat (TPP)
- Appraisal assignment:
 - Which appraisals will require the assignment of a BTS-RE statewide review appraiser and which appraisals can be reviewed by the region. BTS-RE and regional review on the same project must be coordinated to maintain efficiency and consistency.
 - If relocation is involved – establish need for on-site meeting between relocation specialist and appraiser to discuss personal property/fixture issues.
 - Which appraisals should be completed first?
 - Will any special reports be required (i.e., fixtures, timber cruise, perc tests, septic system replacement, cost estimate, etc.)?
- Are there any potential legal problems or legal opinions required?
- Are there any railroad parcels?
- Are there any potential uneconomic remnants?
- Are there sensitive parcels?
- Date of relocation order?
- What are appraisal completion dates?
- What is letting date?

- What is the Temporary Limited Easement (TLE) timeframe?
- What is sales study completion date?
- When will the project be staked?

If the region believes that a startup meeting is not needed, they must make the recommendation to the BTS-RE statewide review appraiser. The BTS-RE review appraiser must concur with this recommendation.

Prior to the Real Estate Startup Meeting the region is advised to request that the project engineer develop a brief description of the proposed project. The description should be consistent with the requirements outlined in Subsection 2.3.5, Item 9 (Project Information) of the REPM, and should be no more than two paragraphs long. The regional real estate unit is encouraged to develop an acceptable example of a project description to provide to the project engineer. The project engineer should also provide a timeline for the proposed construction project. The project description and construction project timeline should be provided to the appraiser at the real estate startup meeting.

The appraisal scoping meeting may be conducted at the end of the startup meeting or later but must be held before appraisal work commences. The appraisal scoping meeting is part of the eminent domain appraisal process and is intended to address specific anticipated appraisal complexity issues associated with individual parcels on a proposed project. Typically, the appraisal scoping meeting will take place immediately after the startup meeting and will be attended by the RE project manager (lead agent), the assigned appraiser(s) and the assigned review appraiser(s). The participants will review the appraisal scoping checklist, along with the available plan and profile sheets, the TPP and the preliminary appraisal scope of work agreement. The information provided by the above documents will be used by the attendees of the appraisal scoping meeting to complete the assignment conditions section (Item 8 of the appraisal scope of work) and the parcel variations section of the appraisal scope of work agreement. The appraisal scoping meeting will result in decisions being made regarding whether assigned appraisals will likely be complex or non-complex, and the anticipated report format that will be employed by the appraiser. The decisions of this appraisal scoping meeting could result in amendments to the contract. If the individual who administers the appraisal contract for the proposed project is not in attendance at the appraisal scoping meeting, a final copy of the appraisal scope of work agreement should be provided to them so that he or she can address any potential contract amendments resulting from the final agreement.

Upon completion of the appraisal scoping meeting, the statewide review appraiser (or regional review appraiser if there are no complex appraisals or appraisal amounts over \$10,000 on the proposed project) will make any necessary changes to the appraisal scope of work agreement and process for signatures.

2.1.8 - Establishing an Expiration Date for Temporary Limited Easements (TLE)

The date of the completion of construction will be provided by the regional project engineer. Responsibility for the establishment of the expiration date of the TLE, however, rests with the regional RE office. For this reason, the expiration date does not have to be directly connected to the anticipated completion of construction. If a project has the potential of being advanced, the regional RE office has the option to choose to utilize the program year for the expiration date of the TLE or the potential advanced date. If there is concern about the project being completed on time or the letting date being delayed, the regional RE office has the option to choose to add

time to the duration of the TLE. In addition, the month of the expiration date for the TLE does not need to be tied to the anticipated construction completion date. It can be based, for example, upon the typical end of the construction season (November 30), or the last day of the calendar year (December 31). The date does not need to be tied to an anticipated event if the regional RE office so chooses.

It is recognized that the addition of time, that ultimately may not be needed, will increase the cost of the TLE; however, it will allow the region to avoid the possibility of having to obtain TLE extensions at a later date. The region must weigh the potential costs of increasing the duration of the TLE against the risk of possibly having to pay for extensions, which must be obtained under tight time constraints, that could have the potential of delaying a project. An additional element of consideration when determining the expiration date of the TLE is that the increased costs of extending the timeframe of a TLE will be mitigated somewhat by the discounting process discussed in the REPM/Subsection 2.4.6.4. The expiration date of the TLE should be communicated to the appraiser, the review appraiser and the RE project manager in writing, and documented with a project log entry in READS.

2.1.9 - Project-Wide Minimum Payment

The establishment of a project-wide minimum payment, is a policy decision, determined by the regions, regarding the minimum amount of just compensation that is appropriate for a given project. There is no statewide department policy that establishes an appropriate amount of minimum compensation. The amount of minimum compensation will likely vary from region to region. Within a given region, minimum payments may be consistent for all projects, or they may differ from project to project, depending on the market conditions within the project area. This section will not address the establishment of the amount of a project-wide minimum payment but will rather address the process for documenting the amount of the minimum payment and the reasoning behind the amount utilized.

The following procedure is recommended for the documentation of the establishment of a project-wide minimum payment:

- The amount of the minimum payment must be established before any valuations (waiver valuations or appraisals) take place.
- The amount of the minimum payment should be documented in the project log as a comment. The comment subtype should be Cost Allocation and the subject of the comment should be Minimum Payment. Consistent use of the comment, and a specific subtype and subject will make filtering the project log entries to locate the minimum payment entry easier.
- The comment must contain the amount of the minimum payment together with enough of a description of the reasoning behind the amount of the minimum payment to justify potential differences between projects. Examples:
 - Project is in a rural area of predominantly agricultural uses;
 - Project is in an urban area consisting of smaller high value commercial properties, etc.

When the regional office establishes a minimum payment the amount of the minimum payment must be communicated to the review appraiser(s) assigned to the project. If an effected parcel will be appraised the effects of the minimum payment will not be addressed in the assigned appraisal. The effects of the minimum payment on a specific parcel is a just compensation issue that will be addressed by the review appraiser as part of the just compensation approval process (see REPM/Subsection 2.6.10). If an effected parcel will be valued utilizing a waiver

valuation, the minimum payment will be stated on the NPPR and approved by the regional review appraiser. The regional review appraiser's signature on the NPPR will be taken as his/her approval of the amount of just compensation.

2.1.10 - Entering Appraisal Information in READS

Prior to beginning the process of securing appraisals, parcel information must be entered in READS. The person responsible for this varies by region. Those fields, within READS, that are of primary concern to the appraisal process include:

- Interests Required
- Parcel Type (see REPM/Subsection 2.1.3)
- Present Use
- Property Address
- Property Owner
- Tax Key No.
- Taxing Unit
- Zoning
- To the extent possible, it is also important to ensure that the project plat has been uploaded into READS and is available for the appraiser.

Each region will need to determine whether the assigned appraiser(s) will be responsible for entering any of their value findings into READS. If the appraisers will be required to make entries into READS, then this responsibility must be indicated in the scope of services included in the appraisal contract, and the appropriate steps must be taken to provide appraisal consultants appropriate access to READS. The region should also ensure that department appraisal staff and the review appraiser(s) are informed of any READS entry responsibilities. Ultimately, the assigned review appraiser(s) will be responsible for ensuring that the information in READS and the appraisal report under review are the same at the time that he or she approves the appraisal report.

2.1.11 - Changes to the Appraisal Scope of Work Agreement

If, during the appraisal development process, the assigned appraiser determines that preliminary decisions made during the development of the appraisal scope of work agreement were flawed, or in error, then he or she must communicate their concerns to the review appraiser assigned to the parcel in question. The communication should be in writing; preferably an email generated through READS. The RE project manager or lead worker should be copied on the communication. Possible issues that might arise could be:

- It is discovered that a parcel, originally assumed to be clean, is potentially contaminated;
- The appraiser discovers impacts to previously unknown underground improvements (examples: well, septic system, irrigation system, buried electrical, etc.) that will require third party estimates and, or result in previously unanticipated severance damages;
- Previously unidentified ownership issues may change the larger parcel determination and potentially complicate the appraisal analysis;
- Previously unidentified land use, or zoning issues may result in unexpected severance damages that will complicate the appraisal analysis;

These examples are not all-inclusive. The primary point to be made is that previously unknown or overlooked property characteristics that have the potential to complicate the appraisal

analysis or require the use of assignment conditions (hypothetical condition, extraordinary assumption or jurisdictional exception) that were not previously approved, must be communicated by the appraiser, to the review appraiser. The review appraiser and the appraiser must then determine whether the discovered information requires a change to the appraisal scope of work agreement. The discussion on the possible need for a change to the agreement can be verbal; however, the initial notification by the appraiser, and approval of any changes by the review appraiser must be in writing (preferably by email through READS), with the RE project manager copied. A copy of the revised appraisal scope of work agreement must be provided to the RE project manager, who will determine whether the revisions will result in the need for an amendment to the contract. Any required amendments to the contract must be completed before the added work can be started. The appraisal scoping checklist and the appraisal scope of work agreement must be updated by the review appraiser to reflect the additional complexity issues.

2.1.12 - Alternate Offers

If the approved amount of just compensation for a partial acquisition must be revised to add an alternate offer for the acquisition of an uneconomic remnant (see REPM/Subsections 3.3.1 and 2.6.10.2). The Alternate Offers to Purchase Offering Price for Required Acquisition form (RE1975) is used to detail an offer made to the property owner to acquire uneconomic remnants not needed for highway construction. The initial indication of the possible existence of an uneconomic remnant comes from the findings of the appraisal report. The appraiser's determination of severance damages to the remainder gives the department an indication of the remaining value. Based on the remaining value indication, regional management will determine if the remainder is an uneconomic remnant. If a remnant is determined to be uneconomic, the region will request an alternate offer approval from the review appraiser. This is typically done for relocation purposes when the department must offer to acquire the entire site (including the uneconomic remnant) to establish the appropriate base amount for the calculation of a Replacement Housing Payment (RHP). There are other times when it may relieve an owner's concern about damages to the remainder, or when it is in the best interest of the department to purchase remnants.

Note: The purchase of such remnants cannot be handled as administrative revisions. The possibility of an alternate offer situation should be identified, whenever possible, prior to negotiations and prior to the approval of the offering price.

There are two types of alternate offers:

- Alternate A, which is acquisition of an entire property; and,
- Alternate B, which is acquisition of one or more remnant tracts.

The decision to acquire the entire property (Alternate A) or parts of the remnant that are economically viable (Alternate B), is made by the region, and the need for an alternate offer is communicated to the review appraiser. An Alternate Offers to Purchase Offering Price for Required Acquisition form (RE1975) will be completed and approved by the BTS-RE statewide review appraiser assigned to the parcel (except, a regional review appraiser may approve total offers of \$10,000 or less).

Note: When closing a parcel with a remnant, make sure READS is updated correctly so that this remnant is identified in the property management land inventory for future surplus land sales. Inform the plat unit of this alternate offer, the plat needs to be amended to show a total acquisition.

2.1.13 - Appraisal Report Updates and Contract Amendments

Design changes, or other significant changes on a project may require that an appraisal report be revised. The changes to the appraisal report may be minimal, or they may be extensive. An analysis of the potential report changes will reveal whether the work order will need to be amended. If the required modifications to the appraisal report are the result of an error on the part of the assigned appraiser or could have been avoided if the appraiser had adhered to the original terms of the contract, then an amendment to the original contract terms should not be required. If the appraisal modification is the result of a change initiated by the department, the fee for the changes to the individual parcels should be negotiated before approving the amended bid tab.

An amendment is required for any modification in the terms of the original contract. Amendments may not be used for additional work on projects not included in the original contract unless approved prior to submittal from the statewide consultant engineer. Amendments on work orders should be limited. See the FDM Chapter 8 for work order amendment procedures.

Appraisal reports occasionally must also be updated for time. This usually occurs when the project has been delayed, and the appraisal must be updated for potentially new comparable sales. If an appraisal is older than 6 months, or if the real estate market is especially volatile, consult with the review appraiser to determine if an appraisal update is warranted. If an appraisal must be updated for time, the region must either amend the work order, or handle it administratively.

The appraisal scope of work agreement does not need to be updated or revised as the result of a contract amendment or appraisal report update, unless the required changes will result in additional appraisal complexities being created and necessitate the appraiser's employment of previously unapproved appraisal assignments (hypothetical conditions, extraordinary assumptions or jurisdictional exceptions).

Note: During the two-year term of the master contract, fee appraisal firms may experience appraisal staff changes. The fee appraiser must notify WisDOT of new appraisal staff. If an individual(s) was not originally named or included as part of the appraisal master contract Notice of Interest (NOI) solicitation materials, the individual must complete the Appraisal Services Capability Statement form (RE1041). In addition to completing a capability statement form, each individual(s) seeking first time approval must receive a separate written approval from BTS-RE prior to beginning any work on a WisDOT real estate project.

2.1.14 - Reviewing Owner's Appraisals

49 CFR Part 24.102(f) – Basic acquisition states (in part) that: "...The owner shall be given reasonable opportunity to consider the offer and present material which the owner believes is relevant to determining the value of the property, and to suggest modification in the proposed terms and conditions of the purchase...." As part of the process of considering the property owner's appraisal, the regional office is encouraged to utilize the expertise of the review appraisers (region or statewide) assigned to the project.

The region is not required to seek the assistance of the assigned review appraiser, especially when the differences between the state's appraisal and the property owner's appraisal are

relatively minor or exhibit reasonable differences of opinion. However, it is strongly advised that the review appraiser be consulted when serious differences between the two appraisals exist. Involvement of the assigned review appraiser is at the discretion of the region. The region also has the option to determine what portions of the property owner's appraisal they want the reviewers to comment on. Unless the region requests that the review appraiser perform their own appraisal, they cannot ask the reviewer for their opinion of the value presented in the property owner's appraisal. REPM/Subsection 2.6.11 instructs the reviewer to limit their comments to issues of quality and appropriateness of analysis, when reviewing a property owner's appraisal, unless they are authorized to establish their own opinion of value. The reviewer can also verify factual data and check technical issues in the appraisal.

If the region feels that a specific property owner's appraisal requires an independent review by a review appraiser not involved with a project, they can request the assignment of a statewide review appraiser.

2.1.15 - Appraiser and Review Appraiser Qualifications

The following qualifications are based, in part, upon the training requirements for staff appraisers, regional review appraisers and statewide review appraisers found in Addendum A – WisDOT Real Estate Appraisal Training (Addendum A) of the REPM.

2.1.15.1 - Staff Appraisers Completing Non-Complex Appraisals

In order to complete non-complex appraisals (as defined in REPM/Subsection 2.6.3.1), regional appraisal staff must either:

- Be a state-licensed, or a certified residential or general appraiser, with adequate experience developing and reporting eminent domain appraisals to complete non-complex appraisals for WisDOT (adequacy of experience will be determined by the regional RE supervisor and BTS-RE chief).

Or

- Be assigned a mentor (typically this will be a BTS statewide review appraiser but could also be a regional RE supervisor or lead worker). A mentoring agreement will be signed by the mentor and the mentee. The standard mentoring agreement can also be found in Addendum A of the REPM.
- The completion of coursework and experience required to establish competency as a staff appraiser, able to complete non-complex appraisals as outlined in Part II of Addendum A.

2.1.15.2 - Fee Appraisers

As required by federal regulations and the policies of the department all fee appraisers must be certified residential or general by the state of Wisconsin. WisDOT further requires that the fee appraiser have sufficient experience, and demonstrates an acceptable level of competency, in the preparation of appraisals for eminent domain. The fee appraiser must also complete the NOI process. The NOI process will be used to determine whether the fee appraiser has sufficient eminent domain appraisal experience. A list of firms currently under master contract for appraisal work can be obtained by accessing the All-Inclusive List of Real Estate Master Contracts spreadsheet that is maintained by BTS-RE.

2.1.15.3 - Regional Review Appraisers and Staff Appraisers Completing Complex Appraisals

Before a staff person can perform regional reviews or prepare complex appraisals, they must, in addition to completing Part II requirements, (as described in REPM/Subsection 2.1.15.1), meet the following qualifications:

- Be a state-licensed, or a certified residential or general appraiser, with adequate experience* developing and reporting eminent domain appraisals to complete or review (as a regional review appraiser) non-complex appraisals for WisDOT.

Or

- The completion of coursework and experience required to establish competency as a staff appraiser, able to complete complex appraisals, or as a regional review appraiser. Required coursework and experience is outlined in Parts III and IV of Addendum A.

For regional reviewers, the following experience is also required:

- A minimum of two years' experience preparing the type of appraisal being reviewed.

Staff who do not meet these requirements may be approved, subject to a conditional approval by the BTS-RE appraisal manager until all requirements are met. The BTS-RE appraisal manager will maintain a pre-approved list of qualified region personnel. The list can be obtained by contacting the BTS-RE appraisal manager.

*The adequacy of the experience and demonstrated competency to prepare complex appraisals will be determined by the regional RE supervisor and BTS-RE chief and will be determined for regional review appraisers by the BTS appraisal manager.

2.1.15.4 - Statewide Review Appraisers

Prior to conducting statewide appraisal reviews, an individual shall meet the following qualifications:

- Must have either a Wisconsin Certified General or Certified Residential Appraiser designation and must demonstrate sufficient experience in eminent domain appraising, as determined by the BTS appraisal manager.

Or

- Must be a Wisconsin licensed appraiser with significant experience in eminent domain appraising*.

And

- Have met all the educational and experience requirements outlined in REPM/Subsections 2.1.15.1 and 2.1.15.3 presented above.
- Completion of acceptable coursework, or demonstrated competency as outlined in Part V of Addendum*.

*Significant experience in eminent domain appraising, coursework or understanding will be determined by BTS appraisal manager.

If any of the above qualifications are not met, the BTS appraisal manager may require or approve other additional courses or appraisal-related experience to substitute temporarily until the qualifications are met.

2.1.16 - Appraiser Evaluations

All evaluations are now done electronically through Contract Administrative Reporting System (CARS). Wisconsin statutes requires the department to prepare performance evaluations of consultant appraisers at the conclusion of every project. However, as a best practice in RE, because our needs are so specialized, we want to conduct an evaluation at the close of every contracted service. Real estate project managers should work with their regional consultant services staff to ensure that evaluations are completed and entered at the close of every contract service for real estate. Copies of all completed evaluations are provided to the consultant being evaluated. Conferences to discuss performance can and should be arranged as needed. Regional offices may request removal of a consultant from the list of approved appraisers for performance problems. While the regional RE offices have discretion in recommending termination of a contract, if they choose to do so, they must coordinate with BTS-RE and Bureau of Project Development - Consultant Services (BPD-CS). If a consultant termination occurs, the agency will submit an explanation of termination to the consultant, with copies to Division of Business Management – Contract Administration Unit (DBM-CAU) and BTS-RE.

2.1.17 - Poor Performance by Appraisers

If WisDOT is having repeated problems with an appraiser; for example, the appraiser is not submitting their appraisals on-time, or their revisions on-time, or the appraiser is not adhering to the appraisal scope of work agreement, the regional RE supervisor and potentially the BTS appraisal manager, if requested, will meet with the appraiser, and identify the specific problems.

If there is an active contract with outstanding deliverables, WisDOT will communicate exactly what needs to be done to successfully complete work on that contract, and what corrective measures the appraiser must take to be considered for any future contracts to perform WisDOT appraisals. WisDOT will follow up with a letter to the appraiser. The letter will state WisDOT's expectations as expressed at the meeting.

If the appraiser takes the necessary corrective measures to comply with the performance terms contained in the contract and specified in the above performance letter:

- He or she will be permitted to complete the contract and receive payment, less any penalties for late delivery.
- The performance letter will be attached to all future contracts/work orders with the appraiser, until such time that WisDOT feels it is no longer necessary.
- If, under any future contracts/work orders, the appraiser does not meet the standards contained in the contract and spelled out in the performance letter, WisDOT will send him or her a follow-up letter, giving the appraiser two weeks to comply with the performance terms of the contract and any additional performance measures that WisDOT determines to be appropriate. If the appraiser does not meet the required performance measures their contract will be terminated, and he or she will be removed from the approved list of appraisers, for both state projects and LPA projects.

If the appraiser does not comply with the conditions in the letter on the unfinished contract, WisDOT will terminate the contract and only pay him or her for the usable work that was delivered.

If WisDOT determines, after the completion of a contract, that there were performance concerns with the appraisal consultant, the region will review the problems verbally and in writing at a meeting with the appraiser. At the meeting, the region will share the appraisal performance evaluation completed by the region and BTS-RE review appraiser(s). WisDOT will follow up with a letter, stating the specific problems with the appraiser.

- The performance letter will be attached to all future contracts/work orders with the appraiser, until such time that WisDOT feels it is no longer necessary.
- If, under any future contracts/work orders, the appraiser does not meet the standards contained in the contract and spelled out in the performance letter, WisDOT will send him or her a follow-up letter, giving the appraiser two weeks to comply with the performance terms of the contract and any additional performance measures that WisDOT determines to be appropriate. If the appraiser does not meet the required performance measures their contract will be terminated, and he or she will be removed from the approved list of appraisers, for both state projects and LPA projects.

2.1.18 - Third Party Estimates Required for Appraisals

At times, appraisers need to get third party estimates from specialists or private contractors outside of the department, for potential impacts being addressed within his or her appraisal.

Examples include:

- Testing, design and cost estimates needed to address impacts to a private well, or septic system;
- A cost estimate to relocate a driveway, or to replace landscaping or lighting;
- A design and cost estimate needed to address impacts to an irrigation system
- A design and cost estimate to modify the internal circulation for a convenience store after the acquisition of access rights;
- A design and cost estimate to reconfigure a parking lot as the result of the acquisition of parking.

Some estimates can be obtained for no cost, but many will require payment to the estimator. The region can either pay the estimator directly, or the appraiser can pay and then the region will reimburse the appraiser. Either way, these items must be accompanied by an invoice and should be paid with a READS payment request identified as payment type: Specialty Subconsultant Estimate Fees. This payment type is already set up in READS. If the estimator is paid directly, the person processing the payment must confirm that the company is setup in the financial system first.