

BUSINESS RELOCATION INFORMATION

Business Tenant Occupant

(For at least one year at your current location)

As a business owner who is a tenant at the displaced site and is required to relocate due to a highway construction project, your business may be eligible for relocation benefits, payments and services through the Wisconsin Department of Transportation (WisDOT). This informational brochure outlines those services and benefits.

RELOCATION ADVISORY SERVICES

A relocation specialist will be assigned to you to discuss your business relocation and eligibility for various benefits. Your relocation specialist will provide information about the general relocation process during several personal visits and review the timeframe you may remain at your current location. He/she will be available during the relocation process to answer questions and assist you in your relocation efforts.

At a minimum, you will be provided at least 90 days' notice prior to the date you will be required to move. You will not be displaced unless at least one available, comparable rental replacement property is presented to you.

Interview and Market Study

As a first step in the relocation process, your relocation specialist will interview you as part of a project-wide relocation plan about your business and relocation needs.

The relocation plan provides a market study of available business properties considered comparable to your current business (subject) site, including lease terms, if applicable and other contractual obligations and the financial ability of your business to accomplish the move. A comparable property is a property that: is adequate for the needs of your business; is reasonably similar in all major characteristics; functionally equivalent; meets applicable federal, state and local codes; is within reasonable proximity of the subject site; and is suited for the same type of business.

During the interview, your relocation specialist will review project timelines and possible relocation benefits and provide you with his/her contact information.

Legal Citizen Certification

Under federal law, in order to qualify for relocation services and payments, you must certify that you are a legal citizen or lawfully present in the United States. Your relocation specialist will review this policy with you and ask you to sign a WisDOT certification form. Any person (or corporation) who is not lawfully present in the U.S. is not eligible for relocation advisory services and payments, unless ineligibility would result in exceptional and unusual hardship to a qualifying spouse, parent, or child. Please contact your relocation specialist for further information.

Relocation Package

After WisDOT initiates negotiations for the purchase of the property you are a tenant of, you will be provided a relocation package, which includes a summary of all relocation benefits available in the program. This package will include a business replacement payment calculation; available comparable business locations; a 90-day assurance letter; and other information. You will be asked to sign a form acknowledging your receipt of the documents.

Business Moving Needs

Your relocation specialist will work closely with you on your business moving needs, which may include hiring specialized contractors for moving and reinstalling machinery at your replacement location. Additional advisory services provided by WisDOT include, but are not limited to:

- Listings of available business properties including pertinent data for the replacement sites as necessary;
- Referrals to financial institutions, local development corporations and other similar organizations; and,
- Scheduling appointments to view property listings. Please contact your specialist if you require transportation assistance.

RELOCATION BENEFITS

Business Replacement Payment

You may qualify for a business replacement payment (BRP) through the relocation program as a tenant to the business site. You must have been in business at the same location for at least one year prior to the initiation of negotiations with the property owner to qualify.

Your relocation package will include a calculation of a tenant BRP. WisDOT calculates the payment by subtracting the average monthly rent you paid for the 12 months prior to the initiation of negotiations from the cost of renting a comparable replacement business (as determined by WisDOT), multiplied by 48 months. This calculation establishes the maximum benefit amount you are eligible for the BRP. However, the actual payment amount depends on the documentation verifying your rental (or purchase) of a replacement business property.

A replacement business payment can also be used to purchase a comparable business property (up to the calculated maximum) and must be applied as a down payment for the purchase of a replacement site. This amount includes any reasonable costs incidental to the purchase of a replacement business site.

If eligible, you will receive a BRP after you have moved to a replacement property. For payment, your replacement business site must meet federal, state and local codes and requirements. Please discuss the details of a replacement business payment with your relocation specialist.

Business Replacement Payment – Reasonable Project Costs

A business tenant occupant is eligible for "reasonable project costs" in addition to the calculated differential amount of a BRP. These reimbursable costs are related to certain costs incurred at the business replacement property within the two-year claim timeframe. WisDOT will review all submitted claims for "reasonable project costs" to determine whether the costs incurred are actual, reasonable and necessary. These reimbursements are provided to assist in establishing a comparable business replacement property; therefore, betterments, upgrades and duplicated payments are not allowable.

Reasonable project costs reimbursement may include the following items:

- Capital costs including actual costs of construction of improvements, new buildings, structures, fixtures;
- Demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures and fixtures;
- Removal or containment of or the restoration of soil, groundwater affected by environmental pollution;
- Clearing and grading of land;
- Financing costs including all interest paid to (mortgage) holders issued to pay for project costs and any premium paid over the principal amount of the obligations of the payback prior to maturity;

- Professional service costs, including architectural, planning, engineering and legal advice/services to make a business operation to which the owner/tenant moves a comparable replacement business;
- Imputed administrative costs, including reasonable charges for time spent by the owner/tenant in connection with the implementation of the replacement project (limited to \$30/hr. unless documentation can be provided to support a higher hourly rate); and
- Costs related to construction of alteration of sewer/water treatment plants, or other environmental protection devices, storm/sanitary sewer/water lines, amenities on streets, relocation of utility lines (electric, natural gas, telecommunications) and installation of infrastructure necessary to provide utility services, street reconstruction or expansion if required, but not paid for by a municipality.

Your relocation specialist will provide you with a worksheet to keep track of the reasonable project costs that you incur. Your relocation specialist will assist you in filing your claims.

Actual and Reasonable Moving Costs

As outlined above, your relocation package identifies the date you will need to be relocated to your new location. At a minimum, you are provided 90 days after the date of the initiation of negotiations to relocate your business.

You may choose to receive reimbursement for the actual, reasonable cost of moving personal property to your new business location. Your relocation specialist will work with you to prepare an inventory of personal property items that will be moved. She/he will contact at least two commercial movers to provide moving estimates based on this inventory. Reimbursement is provided, once you have vacated the premise, in a lump sum based on the lower of the two moving estimates.

You will have the choice of either receiving reimbursement for your moving costs by using a commercial mover or conducting a self-move.

- *Commercial Move* - Reimbursement is provided for the actual and reasonable costs incurred in moving the business to a replacement business site when the move is accomplished by a licensed commercial mover, in an amount up to the lower of the two estimates received.
- *Self-move* – This option allows a business tenant occupant to conduct its own move, utilizing owned or leased equipment; employees, relatives or other persons hired specifically for the move; supervised by himself/herself and/or a working foreman. Or, you can also choose to move your business with a self-move combined with a partial commercial move. A self-move agreement is required between WisDOT and you, as the business tenant occupant, before the move takes place and reimbursement is provided. You will be provided with the actual date necessary to have all personal property removed and premises “broom cleaned” to WisDOT.

WisDOT is available to assist you in every aspect of your move. You are strongly encouraged to work closely with your assigned relocation specialist in planning for your business move. Prior to proceeding with a move, you must notify your assigned relocation specialist of your intention to move, including the date, location of the replacement property, and approximate time required to accomplish the move. Failure to inform your relocation specialist prior to a move or specialized move can negatively impact your eligibility for reimbursement of moving costs incurred by your business.

Common reimbursable items of your business move include:

- Planning the move of your personal property.

- Packing, moving, and unpacking of personal property at your replacement location.
- Disconnecting, dismantling, removing, reassembling and reinstalling relocated personal property and substitute personal property. Modifying personal property necessary to adapt to replacement location may not exceed reasonable replacement cost.
- Professional services performed prior to the purchase or lease of a replacement site to determine its suitability including soil testing, feasibility and marketing studies (excludes fees or commissions directly related to the purchase or lease of such site).
- Providing public utilities from the public right of way to a building or improvements.
- Re-lettering signs and replacing business forms/stationary; costs shall be reimbursed for replacement of existing supply only.
- Connecting utilities and modifications to adapt or provide utilities for relocated personal property.
- Impact fees or one time assessments for anticipated heavy utility usage.
- Cost of licenses, fees and permits based on the remaining useful life of the existing license, permits, and fees.

WisDOT determines whether the items are actual, reasonable and necessary in order to be reimbursed. Please work with your assigned relocation specialist to discuss your business move as soon as possible.

Unless specific arrangements are made and approved by WisDOT, all items of personal property must be removed from the property including agency verification of the removal of hazardous materials from the property prior to move payments being released.

Exclusions on Moving Expenses and Losses - The following expenses are considered ineligible for reimbursement as "actual moving expenses":

- Additional expenses incurred because of doing business in a new location.
- Cost of moving structures, improvements or other property purchased by WisDOT or when the displaced reserved ownership. This includes items that have been included in the acquisition of the property and paid for as part of the real property and items retained by the owner.
- Modification of personal property, except when necessary to adapt personal property to the replacement site or structure.
- Costs for storage of personal property on real property you already own or lease.
- Physical changes to the real property at the replacement location of a business, except for the modification and adaptation of utilities to the personal property at the replacement site. (Please see reestablishment expenses outlined on the next page for further information.)
- Interest on loans or the money borrowed to cover moving expenses.
- Loss of good will, business, profits or trained employees.
- Personal injury, annoyance or discomfort.

Searching for a Replacement Business Site

A displaced business is eligible for the reimbursement up to a maximum of \$2,500 for actual and reasonable searching expenses for a replacement business site. Related reimbursable expenses (limited to a 50 mile radius from your displaced location) include: transportation, meals, lodging away from home, time spent searching, fees

paid to real estate agents or brokers in relocating, time spent obtaining zoning permits and negotiating the purchase of a replacement site. Payment is based on the applicable hourly wage rate for the persons conducting the search, not to exceed \$30.00 per hour. Receipts for meals and lodging must accompany your claim for search expenses. Your relocation specialist will provide a form for you to track search expenses.

Actual Direct Losses of Tangible Personal Property

This benefit is provided if you discontinue business or you elect not to relocate a particular item of personal property from your displaced business. As a business tenant occupant, you may be eligible for a calculated benefit based on the actual direct loss of tangible property. To be eligible to receive a direct loss of tangible personal property payment, the personal property owner must make a meaningful effort to sell the items.

If an item of personal property used in connection with your current business is not moved, the payment will be either:

- The fair market value “in place, as is” for continued use of the personal property, minus the proceeds from its sale;

OR

- The estimated cost of moving the item “as is”, but not including any storage costs or reconnections/recalibration costs if the item is in storage or not being used at the subject site.

Eligible moving costs of direct loss of tangible personal property include reconnection costs if the item was used at your current business operation. Reconnection and recalibration costs are based on estimates of what it would be to install items as they currently exist at your property. If you discontinue your business, the estimated cost of moving the item is based on a moving distance of 50 miles.

Ineligible costs of tangible personal property include: increased costs to meet codes or other requirements that would only be necessary if item were actually relocated to a replacement site; storage and installation costs for inoperable or uninstalled machinery or equipment at the subject site; installation costs of equipment not moved to replacement site; moving costs exceeding the 50-mile radius limit. Please discuss this benefit with your relocation specialist, as the WisDOT may need to obtain an appraisal to determine fair market value in place for equipment or other items of personal property in order to ensure accurate benefit calculation.

Purchase of Substitute Personal Property

This benefit is intended to provide payment for an item of personal property that will not be moved but will be promptly replaced with an item that performs a comparable function at your replacement site. Commonly “substituted” items are technology-based equipment, such as computers and phone systems.

The substitute personal property benefit is the lesser of:

- The cost of the substitute item including installation costs of the replacement site, minus all proceeds from the sale or trade-in of the replaced item;

OR

- The estimated cost of moving and reinstalling the replaced item (no allowance for storage).

Eligible moving costs of purchase of substitute personal property include reconnection costs, based on estimates of what it would be to install items as they currently exist at the subject site.

Ineligible costs of purchase of substitute personal property include: increased costs to meet codes or other requirements that would only be necessary if item were actually relocated to a replacement site; installation for inoperable or uninstalled machinery or equipment at subject site; moving costs exceeding the 50-mile radius limit; and storage costs.

Please discuss this benefit with your relocation specialist, as WisDOT will need to obtain additional documentation and estimates to ensure accurate benefit calculation.

Business Re-Establishment Expenses

You may be eligible to receive reimbursement, up to \$25,000, for expenses incurred in reestablishing your business at a replacement site. Reimbursable items must be actual, reasonable and necessary, as determined by WisDOT, and may include:

- Repairs or improvements to the replacement property as required by applicable federal, state or local codes and ordinances.
- Modifications to the replacement property to accommodate the business operation or make replacement structures suitable for conducting the business.
- Construction and installation costs for exterior signing to advertise the business.
- Redecoration or replacement of worn surfaces at the replacement site, such as paint or carpeting.
- Advertisement of the replacement location.
- Increased costs of operation during the first two years at the replacement site for items such as: lease or rental charges; personal or real property taxes; insurance premiums; and, utility charges, excluding impact fees.
- Licenses, fees and permits when not paid as part of moving expenses.
- Other items that the agency considers essential for re-establishment of the business.

Generally, items ineligible for reimbursement under re-establishment expenses include (nonexclusive list):

- Purchase of capital assets, such as office furniture, filing cabinets, machinery, or trade fixtures.
- Purchase of manufacturing materials, production supplies, product inventory or other items used in the normal course of business operations.
- Interest on money borrowed to make the move or purchase the replacement property.
- Interior or exterior renovations at the replacement site, which are for aesthetic purposes.

Optional Fixed Payment for Moving Expenses

The business tenant occupant of a discontinued or relocated business may be eligible to receive a fixed payment for moving expenses. This is an **optional payment you may choose** in lieu of all other moving expense payments, such as actual moving expenses, re-establishment expenses, and search costs. The maximum amount eligible for a fixed move payment is between \$1,000 and \$40,000 and will depend on supporting documentation.

To be eligible for a fixed move payment, a business must meet five criteria.

1. The business must own or rent personal property that must be moved in which move expenses would be incurred.
2. The business would not be able to relocate without a substantial loss of its existing patronage. (WisDOT assumes a business meets this requirement, unless it can be shown to otherwise not to be met.)
3. The business must have contributed materially to the income of the displaced person during the two taxable years prior to displacement. "Contribute materially" means the income from your business: 1) had an average annual gross receipts of at least \$5,000; 2) had an average annual net earnings of at least \$1,000; or 3) contributed at least one-third of the your average annual gross income from all income sources.
4. A business must not be part of a commercial enterprise having more than three other entities not being acquired by WisDOT, and which are under the same ownership and engaged in the same/similar business activities.
5. The business is not eligible for a fixed move payment if it is operated at the subject site solely for the purpose of renting to others (a landlord property owner, renting the property to a business).

You may decide a fixed payment option is an appropriate choice for your business. Documentation for this payment calculation is required, including a complete copy of the previous two years of federal tax returns and schedules. The fixed payment is calculated using your average annual net earnings of the business during the two taxable years immediately before the taxable year in which your business is relocated.

If you received reimbursement for actual move expenses and decide later to take a fixed payment, the fixed payment calculation would subtract those amounts previously paid. If you discontinue business at a replacement site within two years of your vacate date, you may be entitled to an additional benefit through the fixed move payment in addition to actual moving expenses already reimbursed. Please discuss this payment option with your relocation specialist to clarify fixed payment eligibility.

Multiple Businesses at a Property

Individuals sometimes own multiple, distinct businesses located at the same property to be acquired. To determine if more than one business occupies a single site, there are several factors WisDOT considers. These factors include the extent to which:

- The same facilities and equipment are shared;
- The businesses are substantially identical or are interrelated and carried out and the financial affairs are commingled;
- The entities are held out to the public, and to those customarily dealing with them, as one operation; and
- The same person, or closely related persons own, control, or manage the affairs of the entities.

Business taxes and schedules are required to determine multiple businesses relocation benefit eligibilities. If you believe you have more than one business at your current location, discuss your circumstances with your relocation specialist.

REQUESTING REIMBURSEMENT FOR ELIGIBLE ITEMS – RELOCATION CLAIMS

The relocation program is a reimbursement program with many requirements, statutory provisions and eligibility standards. You are encouraged to work closely with your relocation specialist prior to incurring an expense to

understand whether you will be eligible for reimbursement of a particular item or service. Documentation is very important - make sure you keep all documentation for move expenses, such as paid invoices, receipts, and photos.

In order to receive reimbursement for eligible relocation items, WisDOT will review your claim (including a signed form and supporting documentation) and determine whether the request is actual, reasonable and necessary. WisDOT will provide you claim forms in your relocation package. While you may submit a claim to WisDOT, it is not a guarantee that reimbursement will be provided.

Reimbursement depends on many factors including:

- Eligibility for reimbursement is allowable under the provisions of state and federal laws, codes and policies.
- WisDOT considers the claim for reimbursement of incurred costs to be actual, reasonable and necessary.
- Documentation that verifies payment and eligibility for reimbursement, such as copies of business taxes, paid invoices/receipts, photographic documentation.

Your agent will assist you to file relocation claims for reimbursement including identifying the necessary documentation. You have two years from the date you vacate from the subject site to file claims for reimbursement of relocation benefits.

A one-time reimbursement for up to \$500 may be paid for service fees preparing and documenting a claim for a business relocation payment or loan application.

APPEAL RIGHTS

Under Wisconsin statutes s. 32.20, you have the right to appeal a WisDOT decision that you disagree with, including a claim denial or a reduction from your claimed amount. There are three different ways to appeal a WisDOT decision.

1. You may appeal directly to WisDOT's Statewide Relocation Facilitator, who will review the specific request and facts of the situation. The agency may be able to work with you directly to resolve issues.
2. You may appeal to the Wisconsin Department of Administration for an informal review outlined in Wisconsin Administrative Code Adm 92.18.
3. You may file an appeal to the Circuit Court of the County in which the displacement took place.

Information on the appeals process will be provided to you by your assigned relocation specialist with any claim denial or reduction.

RELOCATION PROGRAM GOAL

Through your assigned relocation specialist, WisDOT will work closely with you to ensure your business relocation issues are addressed. Our goal is to assist you to relocate your business, making certain that process occurs as smoothly as possible.

We want you to be fully aware of the relocation process and the benefits you are eligible to receive. Your relocation specialist will also identify the supporting documentation needed to secure eligible benefits and assist you in preparing your relocation claim submittal. Please contact your relocation specialist with any questions.