DTFH 61-10-F-00097

Business Relocation Assistance

Retrospective Study

Final Report

Research and Presentation by:

O. R. Colan
ASSOCIATES
REAL ESTATE SOLUTIONS FOR PUBLIC AGENCIES

Table of Contents

Attachments

Introduction/Background

The Federal Highway Administration (FHWA) contracted with O. R. Colan Associates (ORC) in 2010 to conduct a study of the actual costs businesses incur as a result of having to relocate for a public transportation project. The primary focus of this research effort was to determine the costs that a business incurs which would be reimbursable if reestablishment expense payments were not limited to the current Federal statutory maximum amount of $10,000. The Uniform Act provides this maximum amount to assist businesses in reestablishing at a replacement site. Since the actual, reasonable, and necessary costs of moving personal property are, generally, fully covered under the existing regulations, the main issue of concern in providing for adequate compensation to accommodate businesses involves items associated with reestablishing at a suitable and affordable replacement location. The FHWA has heard anecdotal evidence for many years that the payments were not adequate to reestablish a business. One purpose of this study was to determine if the $10,000 reestablishment payment is adequate to address these miscellaneous costs, which are necessary for the successful reestablishment of a typical business. The study also investigated the additional fixed payment (in-lieu-of payment) a business may be eligible to receive, if not for the statutory maximum payment of $20,000, and the $2,500 search expense payment, which is a regulatory limit. The program office will use this information to further assess the adequacy of the current benefit levels, and also document a need to update the benefit levels.

ORC conducted this research in several steps, which culminated in interviews with business owners who had been displaced by a State Department of Transportation for a federally-funded project. The primary purpose of the interviews was to identify the best practices and types of benefits and services that the relocated businesses indicated would best ensure successful business relocation.

Each phase of the research study is detailed in this final report. A section entitled Findings, Analysis and Recommendations is included at the end of the final report.

Literature Review

The study began with a literature review of previous relocation studies, including the *1996 Relocation Retrospective Study*, the *2002 National Business Study*, and the *2006 Government Accountability Office Report: "Eminent Domain: Information about Its Uses and Effects on Property*

Owners and Communities is Limited." ORC provided an Executive Summary of the review including key findings and recommendations. Following is a summary of the studies and report cited.

1996 Relocation Retrospective Study

The purpose of the 1996 Retrospective Study, contracted by the FHWA, was to review existing relocation policy and practices to identify areas in the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and the Surface Transportation and Uniform Relocation Assistance Act (STURAA) which might require change or review. This study focused on three areas: residential owners, residential tenants, and businesses. Consequently, the research team conducted interviews with residential owners, residential tenants and business owners in nine States covering a broad geographic area. Displaced persons from a transit project were also interviewed to provide an example of a non-highway relocation project.

Although the 1996 Study contained recommendations related to residential relocation, this review addressed the topics in the study associated with business relocation. The three basic categories of business relocation benefits that have maximum payment limitations are search expenses, reestablishment expenses, and fixed moving (in lieu of) payments. The 1996 study did not address the fixed moving payment limits in any great detail, but did review and make recommendations regarding limits and eligibility for reestablishment and search expenses.

Reestablishment Expenses

The conclusion from the 1996 study regarding reestablishment expenses was that the $10,000 limit for reestablishment items was too low at that point in time to adequately compensate many displaced businesses. This study made two recommendations concerning reestablishment expenses:

- The FHWA should seek legislative changes that would allow an adjustment of the reestablishment payment limitation to at least match inflation. There was not a recommendation to lift the reestablishment cap entirely, as it was felt that some degree of fiscal constraint should be in place.
- The FHWA could also grant some leeway to states to set their own cap on reestablishment expenses, in the same manner that each state has its own residential fixed move payment established through a schedule that is updated periodically.

Although there have not been any Federal legislative changes increasing the reestablishment expense payment, when the regulations at 49 CFR, Part 24 were subsequently amended in 2005, several of the cost items that previously were contained under the $10,000 ceiling were moved to a cost category that did not include a cap (§24.303). The effect of moving these items to this new category with no cap was to have fewer items classified under the $10,000 limitation; however, it is still unknown whether this amount is adequate to reimburse a business for its reestablishment expenses.

The FHWA did not implement the recommendation to allow states to set their own caps on reestablishment expenses by using something similar to the fixed residential moving payment schedule. In 2000, however, there was a regulatory change at 23 CFR Part 710 that allowed FHWA participation in any project expense that is required by state law. For those states that have passed legislation to increase reestablishment expenses above the URA limitation, this change allows the State DOT to claim Federal participation on highway projects.

Search Expenses

Under the category of search expenses, the study discussed simplifying the method necessary to claim the maximum $1,000 eligibility for search expenses. Subsequent to this study, the limit for search expenses was raised to $2,500. The 1996 study also pointed out that the ability to utilize and pay for professional relocation services might provide for overall benefits to certain types of business relocations. In 2005, a new subsection of the Federal Regulations at 49 CFR 24.303 contained a provision for professional nonresidential relocation services that are reasonable and necessary, but without a maximum cost limitation.

2002 National Business Study

The most recent and comprehensive business relocation study was issued in April 2002, as report No. FHWA-EP-02-030. This FHWA-commissioned study dealt solely with business relocation situations, and went into significant depth to evaluate the issues facing displaced businesses in the years immediately prior to 2002. The study included interviews with various relocation assistance personnel representing Federal, State and local acquiring agencies. The 2002 Business Study also went to great lengths to conduct both personal and telephone interviews of previously displaced business owners and operators in seven selected States. The effectiveness of a pilot business relocation program that was nearing its completion stage on a project adjacent to I-195 in Providence, RI was also evaluated as an element of this study.

This study occurred prior to the regulatory modifications made to the business relocation assistance program that became effective on February 3, 2005. Several of the recommendations that were contained in the 2002 study were ultimately incorporated in full, or in part, in the 2005 49 CFR Part 24 regulatory revisions. Listed below is a summary of the findings and recommendations that came out of the 2002 study.

Advisory Services

Through personal or telephone interviews with 178 displaced business owners and operators who were displaced not more than two (2) years preceding the study in the respective selected State, the 2002 study found that while most agency relocation assistance personnel had the best of intentions, they were generally not equipped to provide meaningful assistance in locating replacement properties. Although the agency personnel were typically able to provide and explain the program mechanisms adequately, the business owners and operators generally had to search out and evaluate replacement locations on their own.

Search Expense Reimbursement

At the time of the 2002 study, search expense reimbursement had a cap of $1,000. Most agency personnel and virtually all of the business displacees that were interviewed tended to agree that it would provide some reasonable benefit to raise the cap, if for nothing else than as an inflation adjustment. Subsequent to this study, the reimbursement cap was raised to $2,500, which was within the range of limits that the study recommended.

More important than the actual dollar reimbursement limit, the study found that many of the business owners and operators were not sufficiently advised of the availability of the search expense reimbursement category. This comment on the part of the relocated business community was widespread enough to apply some validity to the concern.

Fixed Moving Cost (In lieu of) Payment

Although this was not a defined general area of inquiry for the 2002 study, both agency personnel and business owners and operators were questioned regarding the $20,000 limit for the fixed payment. This payment is meant to capture those small moves where reimbursement documentation is based on net business earnings rather than actual costs. If the cap were to be raised, then a greater percentage of the moves could be reimbursed on a more simplified basis. Based on the interviews conducted, there was general agreement that the fixed moving cost payment cap should be raised, again if only for inflationary reasons. The study did not go into any great depth as to how many documented or actual cost moves could be eliminated if the fixed cap were to be raised by any stated amount, however, raising the cap up to the $30,000 to $40,000 range seemed to fit in with the general consensus of those interviewed.

The study did not address the manner in which the average net earnings were calculated; nor did it address any recommendations as to how the eligibility for the fixed payment might be modified.

Reestablishment Expense Payments

The most documented aspect of the 2002 Business Study was the adequacy of the reestablishment payment. Substantial analysis was made of both the flexibility and the $10,000 limit for this category of business move eligibility. At the time of the 2002 study, the reestablishment category of reimbursement had basically eleven (11) items of eligibility, which when combined together enabled the displaced business owner or operator to claim up to $10,000 in expense reimbursement. In interviews with both agency personnel and displaced business owners and operators, there was universal agreement that this $10,000 cap was too low for most business moves. There was also general agreement that the $10,000 reestablishment cap hindered many businesses in being able to make a successful transition move. Although there were numerous estimates of what limit would be reasonable (including unlimited reasonable and necessary), the study itself did make a recommendation. The study recommended increasing the reimbursement cap from $10,000 to $25,000 and providing for a 50% match for eligible expenses between $25,000 and up to $175,000, for a maximum agency payment of $100,000.

Although this recommendation was not adopted, when the regulations at 49 CFR, Part 24 were subsequently amended in 2005, several of the cost items that previously were contained under the $10,000 ceiling were moved to a cost category that did not include a cap (§24.303). The effect of moving these items to this new category with no cap was to have fewer items classified under the $10,000 limitation, which provided additional flexibility to businesses in claiming reimbursement for reestablishment expenses. One of the most common complaints made by impacted business owners and operators was that the reestablishment costs associated with making upgrades at the replacement site to account for building code and Americans with Disabilities Act (ADA) requirements were typically quite costly. As this item of reimbursement remains under the $10,000 reestablishment cap, this may continue to be a major concern for displaced businesses.

Other Recommendations

The 2002 Business Study also presented several common items for which business owners and operators felt they were due compensation, but are currently excluded.

a. The need for reimbursement for loss of profits resulting from downtime during the move was mentioned most often. Based on the interviews, the business community considered loss of profits a legitimate reimbursable item.
b. Another item of stated concern related to possible higher interest loan costs that may be incurred, somewhat similar to the increased interest payment for which residential property owners are eligible. While this particular issue is not a major factor in the contemporary economic climate where there have been many years of steady or falling loan interest rates, it could become a major source of business relocation concern when these rates do begin to rise.
c. The issue of compensation for loss of "business goodwill" was also raised by many of the affected business owners and operators.

Rhode Island Study

At the time of the 2002 study, the State of Rhode Island was in the final stages of a business relocation pilot program regarding the displacement of 76 businesses due to the realignment of I-195 in Providence, RI. While the pilot program did remove the cap of $1,000 on eligible search expenses, the centerpiece of the pilot program was providing an additional $75,000 of reimbursement cost for three eligible reestablishment items:

1. Repairs and improvements required by law;
2. Modifications to accommodate the business; and
3. Estimated increased operating costs for the first 24 months.

Additionally, a fourth item of "impact fees" was given its own $25,000 payment limitation. All other reestablishment items remained under the $10,000 payment limitation.

While the pilot program was not yet complete at the time of this 2002 Business Study, indications were that the added dollar availability created an environment which allowed for a significantly more successful relocation program than would have otherwise been expected. Most of the completed business relocations were able to legitimately claim most or all of the additional $75,000 in available benefits. Although the pilot program also allowed for increased mortgage interest payments, the historically low open market interest rate structure at the time did not lend itself to this category of payment being utilized to any great extent. While it is difficult to quantify, interviews indicated that the increased availability of dollar payments allowed businesses to relocate more easily, and in a timelier manner. An internal evaluation of the pilot program stated that "the state and its consultant believe the program made a stronger contribution towards successful relocation of all businesses."

One significant result of the pilot program was that the additional cost of the business pilot benefits raised the project business relocation costs to an estimated total of $7,350,000. About $3,064,000 (approximately 42%) of the total cost is attributable to the added pilot approved benefits. This information should be of some importance to those individuals who are responsible for estimating upcoming project costs with respect to transportation project planning.

It does not appear that there was any other analysis of the Rhode Island pilot program subsequent to that contained in the 2002 National Business Study. It is also interesting to note that the apparent success of the pilot program did not lead to any changes to Rhode Island laws or regulations concerning business moving cost benefits, although it did contribute to the flexibility provided in the revised regulations at 49 CFR Part 24 effective February 2005. This pilot project was considered to be a success, and the decision to not increase business relocation benefits statewide is likely attributable to the unique "one time" aspect of the situation.

2006 GAO Report – Eminent Domain

In November 2006, the Government Accounting Office (GAO) issued a report to the U.S. Congress titled *"EMINENT DOMAIN: Information about Its Uses and Effect on Property Owners and Communities Is Limited"*. The purpose of this report was to provide an overview on the use of eminent domain in general, and to review the legislative changes that had occurred throughout the United States in the period between June 23, 2005 and July 31, 2006, in particular. The date of June 23, 2005 marks when the U.S. Supreme Court handed down the Court decision *Kelo v. City of New London (Kelo* decision), which affirmed the rights of municipalities to utilize eminent domain in conjunction with redevelopment activities, as long as these eminent domain actions were not in conflict with that particular state's law. This 5-4 decision in favor of the City of New London was responsible for 29 States proceeding to enact new legislation which was primarily aimed at curbing eminent domain use in those States. Although other legislation may have occurred since July 31, 2006, this GAO report is only inclusive of actions up until July 31, 2006.

Although the focus of the GAO Report is on changes in state legislation in reaction to the *Kelo* decision in conjunction with municipal redevelopment actions, the Report does provide a variety of background information on general eminent domain procedures and property owner entitlements. At several discussion points within the report, statements are made which indicate that acquisition professionals believe that the business relocation statutory reimbursement limits are too low to adequately compensate displaced businesses in many situations. The GAO report also references the *FHWA 2002 National Business Study* on several occasions, as additional support for the contention that business move reimbursement limits may be inadequately low.

Other than general observations, the report does not provide specific details regarding business relocation payment limitations. One of the most relevant comments in the report can be found on page 16. "However, local officials, and redevelopment officials from four of the five cities we visited believed that payment amounts allowable under the URA might not be adequate to cover costs. For example, we were told that a $10,000 cap on reestablishment costs for business relocation, unchanged since 1987, was too low."

Additional Resources

There do not appear to be any additional articles or studies that add relevant information concerning business relocation issues from a nationwide perspective. A review of recent publications from the Appraisal Institute and the International Right of Way Association did not reveal any articles of interest.

At the time of the 2002 National Business Relocation Study, six (6) individual states were identified as providing enhanced monetary benefits applicable to business relocation situations, over and above those benefits contained in Federal Regulations. At the present time, at least fifteen (15) individual states have been initially identified that provide for additional business relocation benefits. Apparently, this expansion of State designated business relocation benefits is occurring via both state legislative action and state case law.

One example of this state activity is a 2004 Oklahoma Supreme Court decision, which had the effect of removing all caps from business relocation benefits. In this case (*State Department of Transportation v. Little*, No. 96,978), the business owner claimed relocation costs in conjunction with the eminent domain proceedings regarding market value of the acquired real property. The trial court ultimately awarded relocation costs, in addition to the market value determination. The Oklahoma DOT appealed the trial court decision based primarily on the Uniform Act provisions, and the case was eventually heard by the State Supreme Court, which essentially upheld the lower court decision. The Supreme Court determined that in Oklahoma, relocation expenses may be considered as part of an eminent domain action compensating a property owner for value of property taken, and for consequential damages. The court stated, "landowners were not required to proceed under the relocation assistance acts for the recovery of their moving and related expenses, such being an element of just compensation in an eminent domain proceeding". Based on this State Supreme Court ruling, the state now pays actual, reasonable, and necessary costs in business relocation situations.

There is a nationwide trend of individual states increasing the availability of monetary benefits for business relocations, especially in the area of reestablishment expenses. This information suggests that the Federal reestablishment expense limitation is still considered inadequate, even though the regulatory revisions of 2005 had the effect of moving five of the eleven items of eligibility out from under the reestablishment limit category, and into an actual cost category. While one solution may be to allow individual states or jurisdictions to pass their own legislation to address the need for increased business relocation payments, this solution will not promote the uniformity and consistency of the relocation assistance program. Neither will it provide the Lead Agency the ability to offer solutions to the other Federal Agencies that can only participate in the amounts currently provided under the Uniform Act and its implementing regulations. Those state and local agencies that implement aviation and transit project using federal funding, for example, must use local funding to reimburse reestablishment expenses, fixed nonresidential payments or search expenses that exceed the Federal limits.

Survey of Current Status of Business Relocation Payment Limits

In the next phase of the research study, ORC identified those states that have enacted legislation to enhance the statutory limits authorized by the Uniform Act and its implementing regulations for reestablishment expenses and fixed (in-lieu-of) payments. This included legislation which supplements, replaces or mitigates these benefits, such as loss of going concern or good will, or business damages. This information was documented in a summary report and a table with the appropriate supporting data.

ORC contacted a representative from the State Department of Transportation (DOT) in each of the fifty (50) states and found that fifteen (15) currently offer some type of business relocation cost payment eligibility above the current Federal statutory limits. Five (5) states offer payment for loss of going concern/goodwill or business damages caused by the acquisition.

The research findings related to business relocation assistance payments in excess of the current Federal statutory limits or those payments associated with loss of goodwill or business damages are summarized in Attachment A – State Excess Relocation Payments. However, some key findings from the survey are as follows:

- Thirteen (13) states have established a reestablishment payment limit above $10,000. The increased reestablishment expense payment ranges from $12,000 to the actual, reasonable and necessary expense to reestablish the business, with no monetary cap.
- Six (6) states have a higher limit for the fixed (in lieu of) moving payment. The increased fixed payment for businesses ranges from $40,000 to $100,000. The average of the six is just over $48,000. Maine provides the highest amount, with a maximum payment of $100,000. This is a difference of $80,000 (maximum amount) over the current Federal limit.

  Those states that have raised the limit for the fixed (in lieu of) moving payment report that it is not as useful as might be expected. This may be due to the fact that many small businesses work to reduce their reportable net income within the parameters of the tax code. This, in turn, tends to limit the applicability of an increased cap on the fixed payment since many businesses that may elect this payment may not have an average annual net income of $40,000 - $100,000.
- Currently, North Dakota is the only state that offers expanded search cost expense eligibility. This amount of $5,000 is twice the current Federal limit.

- The five (5) states that allow for some type of "loss of goodwill" or "business damage" payment typically do so in conjunction with the acquisition process. These payments represent a loss of benefits or profits to the business that is caused by the acquisition of the property. Representatives from these states indicate that there are provisions in place that both limit abuse of the payment and prevent duplication of relocation payments.

The following fifteen (15) states offer payments in excess of those provided under the Uniform Act or 49 CFR Part 24 in one or more of the following areas:

- Reestablishment expenses in excess of the current Federal statutory limit of $10,000;
- Fixed (in-lieu) payment in excess of the current Federal statutory limit of $20,000;
- Searching expense payment in excess of the current $2,500 maximum set forth at §24.301(g)(17).

ORC attempted to determine or verify the legislative history that prompted each state's legislation. However, this history was not readily available, and the current State DOT staff was not familiar with the legislative issues that led to the statutory change.

State	**Payment**	**Maximum Payment**	**Criteria for Receiving Payment**
Delaware	Reestablishment	$22,500	Same as URA & 49 CFR Part 24
Maine	Reestablishment	$20,000	Same as URA & 49 CFR Part 24
	Fixed Payment	$100,000	Same as URA & 49 CFR Part 24
Maryland	Reestablishment	$60,000	Same as URA & 49 CFR Part 24
	Fixed Payment	$60,000	Same as URA & 49 CFR Part 24
Minnesota	Reestablishment	$50,000	Same as URA & 49 CFR Part 24
Mississippi	Reestablishment	$10,000	Same as URA & 49 CFR Part 24 Note: All businesses are eligible to receive maximum $10,000 payment in addition to actual, reasonable moving expenses and fixed (in-lieu) payment.

State	Payment	Maximum Payment	Criteria for Receiving Payment
New Hampshire	Reestablishment	$100,000	Same as URA & 49 CFR Part 24
North Dakota	Reestablishment	Actual, reasonable & necessary costs to reestablish the business	Same as URA & 49 CFR Part 24
	Fixed Payment	$40,000	Same as URA & 49 CFR Part 24
	Search expense	$5,000	Same as URA & 49 CFR Part 24
Oklahoma	Reestablishment	Actual, reasonable & necessary costs to reestablish the business	Result of interpretation of State Supreme Court ruling. There are administrative requirements that the business owner must fully invest the fair market value of the acquired property in a replacement property in order to qualify for the reestablishment payment. There is a $2,500 cap on eligibility for reestablishment advertising expenses.
Pennsylvania	Reestablishment	$12,000	Same as URA & 49 CFR Part 24
	Fixed Payment	$60,000	All businesses are eligible for the fixed payment in addition to actual, reasonable moving expenses and reestablishment expenses. The minimum payment is $3,000.
South Carolina	Reestablishment	$50,000	Same as URA & 49 CFR Part 24
Utah	Reestablishment	$50,000	Same as URA & 49 CFR Part 24
	Fixed Payment	$75,000	Same as URA & 49 CFR Part 24

State	Payment	Maximum Payment	Criteria for Receiving Payment
Virginia	Reestablishment	$25,000	Same as URA & 49 CFR Part 24
	Fixed Payment	$75,000	Same as URA & 49 CFR Part 24
Washington	Reestablishment	$50,000	Same as URA & 49 CFR Part 24
Wisconsin	Business Replacement Payment	$50,000 -Owner $30,000 - Tenant	Reimburses business owner or tenant for the additional cost to purchase or rent a replacement business site (similar to replacement housing payment for residential displacees).
Wyoming	Reestablishment	Actual, reasonable and necessary costs to reestablish the business	Same as URA & 49 CFR Part 24

The following five (5) states offer payments for loss of goodwill, loss of patronage or business damages:

State	Payment	Description of Payment
California	Loss of goodwill	Goodwill consists of the benefits that accrue to a business as a result of its location, reputation for dependability, skill or quality, and any other circumstances resulting in probable retention of old or acquisition of new patronage. (California Code of Civil Procedure section 1263.510)
Florida	Business damages	Business damages are considered lost profits attributable to the reduced profit-making capacity of the business caused by the taking. The business must be subject to a partial taking to qualify for business damages. Business damages are payable under Section 73.071(3)(b), Florida Statutes, but are not specifically defined in the law.

State	Payment	Description of Payment
Louisiana	Business loss	Reimbursement of damages to the full extent of the loss is required by the State constitution.
Minnesota	Loss of going concern/ goodwill	Going concern means the benefits that accrue to a business or trade as a result of its location, reputation for dependability, skill or quality, customer base, good will, or any other circumstances resulting in the probable retention of old or acquisition of new patronage. (Section 117.186, Minnesota Statutes)
Ohio	Loss of goodwill	Goodwill means the calculable benefits that accrue to a business as a result of its location, reputation for dependability, skill or quality, and any other circumstances that result in probable retention of old, or acquisition of new, patronage. (Section 163.01(K), Ohio Revised Code) A business owner may recover for loss of business goodwill if it is proven that the loss is caused by the taking of the property. (Section 163.14, Ohio Revised Code)

This survey confirms that 38% of the states (19 out of 50) have either increased the current Federal statutory limit for one or more types of business relocation assistance payments or allowed for some type of business loss payment. Representatives from most of the states that limit relocation benefits to the Federal statutory maximum payment indicated that their business relocation program is somewhat limited in ability and effectiveness to provide for successful relocations. In addition, representatives from those states that offer business relocation benefits above the current Federal statutory amounts consider them a positive effect to assure successful relocation.

Review of Relocation Files

The next phase of the study encompassed the review of relocation files in eight states: Delaware, Georgia, Indiana, Maryland, Minnesota, Texas, Virginia, and Washington. The following criteria were used for reviewing relocation files:

- The business completed its move and filed all relocation claims between January 1, 2006 and December 31, 2010;
- The move was the result of a federally-funded project; and
- The move involved the displacement of the economic activity itself, rather than the displacement of personal property only.

Three (3) people reviewed 244 relocation files between January and March, 2011. ORC provided the FHWA a written summary report and table of the actual move costs, reestablishment expenses and in-lieu of payments documented in the relocation files in comparison to each state's maximum benefit levels for those expenses.

Prior to the review, ORC developed a matrix of the business types and structures that each state could use to identify businesses for file review. ORC then contacted each State Department of Transportation (SDOT) in advance of the review to provide information about the purpose of the Business Relocation Assistance Retrospective Study. We requested inclusion of businesses from urban and rural projects, as well as businesses of varying sizes, in terms of employees and revenue. An example of the letter sent to each SDOT is attached (Attachment B – Letter to State DOTs).

ORC reviewed a total of 244 relocation files from eight (8) states (Delaware, Georgia, Indiana, Maryland, Minnesota, Texas, Virginia and Washington). Forty-four (44) files were reviewed in Georgia, thirty-six (36) files in Indiana, thirty-nine (39) in Minnesota, thirty-two (32) in Texas and forty-one (41) in Washington. This was a representative sampling of the businesses displaced during the time period identified for review (January 1, 2006 – December 31, 2010). In addition, six (6) files were reviewed in Delaware, fifteen (15) in Maryland, and thirty-one (31) in Virginia. This represents 100% of the businesses that moved in those states as a result of SDOT projects during the review period.

Following is a summary of the actual search expenses, reestablishment expenses and fixed payments (in-lieu-of payments) for each state. These figures were then compared to that state's maximum benefit levels (for those expenses). This information is summarized for all businesses reviewed at the end of this section, and in a spreadsheet included as Attachment C – Summary of Relocation Claims.

Delaware

ORC reviewed six (6) businesses displaced by the Delaware Department of Transportation (DelDOT) during the review period.

- 3 of the displaced businesses (50%) claimed actual moving expenses and 3 businesses (50%) claimed the fixed payment.
- 2 of the 3 businesses claiming actual costs (67%) claimed the maximum reestablishment payment of $22,500. 1 business claiming actual cost did not reestablish the business and was not eligible for reestablishment expenses.
- None of the 3 businesses claiming actual costs (0%) filed a claim for search expenses.
- All 3 businesses claiming the fixed payment (100%) claimed the maximum payment of $20,000.

Georgia

ORC reviewed forty-four (44) businesses displaced by the Georgia Department of Transportation (GDOT) during the review period.

- 32 of the displaced businesses (73%) claimed actual moving expenses and 12 businesses (27%) claimed the fixed payment.
- 24 of the 32 businesses claiming actual costs (75%) claimed a reestablishment payment, and of these, 13 (54%) claimed the maximum amount of $10,000. 11 of these businesses (46%) did not claim the maximum amount. 8 of the 32 displaced businesses (25%) did not make a claim for reestablishment expenses.
- 14 of the businesses claiming actual costs (44%) claimed search expenses, and of these, 7 (50%) claimed the maximum payment of $2,500. 7 of these businesses (50%) did not claim the maximum amount. 18 of the 32 displaced businesses (56%) did not make a claim for search expenses.
- 9 of the 12 businesses claiming the fixed payment (75%) claimed the maximum payment of $20,000, and 3 businesses (25%) claimed an amount less than the maximum.

Indiana

ORC reviewed thirty-six (36) businesses displaced by the Indiana Department of Transportation (INDOT) during the review period.

- 24 of the displaced businesses (67%) claimed actual moving expenses and 12 businesses (33%) claimed the fixed payment.
- 24 of the 24 businesses claiming actual costs (100%) claimed a reestablishment expense payment. 19 businesses (79%) claimed the maximum reestablishment payment of $10,000. The remaining 5 businesses (21%) claimed an amount less than the maximum.
- 16 of the businesses claiming actual costs (67%) claimed search expenses, and of these, 10 (63%) claimed the maximum payment of $2,500. 6 of these businesses (37%) did not claim the maximum amount. 8 of the 24 displaced businesses (33%) did not make a claim for search expenses.
- 8 of the 12 businesses claiming the fixed payment (67%) claimed the maximum payment of $20,000, and 4 businesses (33%) claimed an amount less than the maximum.

Maryland

ORC reviewed fifteen (15) businesses displaced by the Maryland State Highway Administration during the review period.

- 6 of the displaced businesses (40%) claimed actual moving expenses and 9 businesses (60%) claimed the fixed payment.
- 4 of the 6 businesses claiming actual costs (67%) claimed a reestablishment payment, and of these, 2 (50%) claimed the maximum amount of $10,000 before the maximum increased to $60,000. 2 businesses (50%) did not claim the maximum amount after it was increased to $60,000. 2 of the 6 displaced businesses (33%) did not make a claim for reestablishment expenses.
- 1 of the businesses claiming actual costs (17%) claimed search expenses, and this business claimed the maximum payment of $2,500. 5 of the displaced businesses (83%) did not make a claim for search expenses.
- 7 of the 9 businesses claiming the fixed payment (78%) claimed the maximum payment of either $20,000 or $60,000, depending on the date of the initiation of negotiations for the parcel. 2 businesses (22%) claimed an amount less than the maximum.

Minnesota

ORC reviewed thirty-nine (39) businesses displaced by the Minnesota Department of Transportation (MnDOT) during the review period.

- 20 of the displaced businesses (51%) claimed actual moving expenses and 19 businesses (49%) claimed the fixed payment.

- 20 of the 20 businesses claiming actual costs (100%) claimed a reestablishment expense payment. 14 businesses (70%) claimed the maximum reestablishment payment of $50,000. The remaining 6 businesses (30%) claimed an amount less than the maximum.
- 16 of the businesses claiming actual costs (80%) claimed search expenses, and of these, 13 (81%) claimed the maximum payment of $2,500. 3 of these businesses (19%) did not claim the maximum amount. 4 of the 20 displaced businesses (20%) did not make a claim for search expenses.
- 15 of the 19 businesses claiming the fixed payment (79%) claimed the maximum payment of $20,000, and 4 businesses (21%) claimed an amount less than the maximum.

Texas

ORC reviewed thirty-two (32) businesses displaced by the Texas State Department of Transportation (TXDOT) during the review period.

- 25 of the displaced businesses (78%) claimed actual moving expenses and 7 businesses (22%) claimed the fixed payment.
- 25 of the 25 businesses claiming actual costs (100%) filed a claim for reestablishment expenses. 22 businesses (88%) claimed the maximum reestablishment payment of $10,000. The remaining 3 businesses (12%) claimed an amount less than the maximum.
- 17 of the 25 businesses claiming actual costs (68%) claimed search expenses, and of these, 15 (88%) claimed the maximum payment of $2,500. 2 of these businesses (12%) did not claim the maximum amount. 8 of the 25 displaced businesses (32%) did not make a claim for search expenses.
- 5 of the 7 businesses claiming the fixed payment (71%) claimed the maximum payment of $20,000, and 2 businesses (29%) claimed an amount less than the maximum.

Virginia

ORC reviewed thirty-one (31) businesses displaced by the Virginia Department of Transportation (VDOT) during the review period.

- 19 of the displaced businesses (61%) claimed actual moving expenses and 12 businesses (39%) claimed the fixed payment.
- 16 of the 19 businesses claiming actual costs (84%) claimed a reestablishment expense payment, and of these, 14 (88%) claimed the maximum reestablishment payment of $25,000. 2 of the remaining businesses (12%) claimed an amount less than the maximum payment. 3 of the 19 displaced businesses (16%) did not claim a reestablishment expense payment.

- 13 of the 19 businesses claiming actual costs (68%) claimed search expenses, and of these, 11 (85%) claimed the maximum payment of $2,500. 2 businesses (15%) did not claim the maximum amount. 6 of the 19 displaced businesses (32%) did not make a claim for search expenses.
- 9 of the 12 businesses claiming the fixed payment (75%) claimed the maximum payment of $75,000, with the exception of one business that received a maximum payment of $50,000, the previous maximum payment amount. 3 businesses (25%) claimed an amount less than the maximum.

Washington

ORC reviewed forty-one (41) businesses displaced by the Washington State Department of Transportation (WSDOT) during the review period.

- 35 of the displaced businesses (85%) claimed actual moving expenses and 6 businesses (15%) claimed the fixed payment.
- 35 of the 35 businesses claiming actual costs (100%) filed a claim for reestablishment expenses. 19 businesses (54%) claimed the maximum reestablishment payment of $50,000. The remaining 16 businesses (46%) claimed an amount less than the maximum.
- 23 of the 35 businesses claiming actual costs (66%) claimed search expenses, and of these, 15 (65%) claimed the maximum payment of $2,500. 8 of these businesses (35%) did not claim the maximum amount. 12 of the 35 displaced businesses (34%) did not make a claim for search expenses.
- 6 of the 6 businesses claiming the fixed payment (100%) claimed the maximum payment of $20,000.

Summary

ORC reviewed a total of 244 businesses displaced by eight (8) different State Departments of Transportation.

- 164 of the displaced businesses (67%) claimed actual moving expenses and 80 businesses (33%) claimed the fixed payment.
- 150 of the 164 businesses claiming actual costs (91%) claimed a reestablishment expense payment. Of these, 105 businesses (70%) claimed the maximum reestablishment payment available under the displacing agency's statutory requirement. 45 businesses (30%) did not claim the maximum payment. 14 of the 164 displaced businesses (9%) did not make a claim for reestablishment expenses.

- 100 of the 164 businesses claiming actual costs (61%) claimed a search expense payment. Of these, 71 businesses (71%) filed a claim for the maximum amount of $2,500. 29 businesses (29%) filed a claim for less than the maximum amount. 64 of the 164 displaced businesses (39%) did not file a claim for search expenses.
- 62 of the 80 businesses claiming the fixed payment (78%) claimed the maximum amount available under the displacing agency's statutory requirements. 18 businesses (22%) claimed an amount less than the maximum.

The summarized data for each state is included in Attachment C – Summary of Relocation Claims.

Interview/Survey

In the final stage of the research, three (3) interviewers from ORC conducted telephone interviews with business owners in the selected States, which represented businesses of different organization structures, sizes and types. ORC conducted these interviews during the months of February through June 2011 with businesses that were included in the relocation files previously reviewed in Task 4. A copy of the questionnaire form used is included as Attachment D – Business Owner Questionnaire.

Introduction and Background

When ORC interviewed business owners regarding patronage impacts after the relocation, many indicated that the business economic climate has been very weak since 2008. Economists have labeled this time since 2008 as the "great recession," implying that opportunities for business growth have been much more negative than in typical economic downturns. Overall, the past three years have been particularly difficult for reestablishing businesses, and these economic conditions make it difficult to determine the true impact of the move on those businesses that we interviewed. Numerous business owners confirmed a decrease in business profits or clientele after the move. Some attributed this decrease to the general state of the economy or cited this factor in conjunction with the move as a reason for the decrease in business.

ORC reviewed 244 relocation files in Task 4 of the Business Relocation Assistance Retrospective Study. The initial objective of the research study was to conduct a total of 175 interviews with business owners. ORC sent a letter to each of the 244 business owners prior to the initial attempt to conduct the telephone interview. This letter explained the purpose of the interview, provided a copy of the questionnaire form, and indicated that an ORC employee would be calling them soon. Approximately fifty (50) of these letters were returned as undeliverable. The interviewers made intensive efforts through internet search engines (Google Maps, online phone directory websites) to locate updated phone numbers, and/or business address listings when the contact information from the relocation file review was missing, or no longer valid. In some cases, these searches yielded no results. If the telephone number was valid and there was no answer, the interviewer left a message with a request to return the call or a message that the interviewer would call back later. In these situations the interviewer made 3-4 follow-up calls to attempt to interview the business owner.

Although we made repeated, and numerous, attempts to contact and interview these business owners, we were able to conduct 148 interviews with displaced business owners, rather than a total of 175 interviews, which was the initial objective of the research study. While we were unable to confirm the cause of this problem with the businesses, there are two likely reasons we encountered this difficulty: 1) the business had either gone out of business and could not be contacted; or 2) the business owner was unwilling to respond to our repeated requests for contact.

Following is a listing of the selected states and the number of businesses interviewed in each state. Attachment E – Summary of Business Interviews is also included that indicates the organizational structure and type of each business interviewed, as well as the state.

State	Number of Files Reviewed	Number of Interviews
Delaware	6	1
Georgia	44	19
Indiana	36	25
Maryland	15	13
Minnesota	39	19
Texas	32	25
Virginia	31	21
Washington	41	25
Total	**244**	**148**

Best Practices Identified by Businesses

The business owners identified several areas in the relocation assistance program where changes could improve the business relocation process. Following is a summary of the best practices and types of benefits/services that should be considered to ensure successful business relocations in the future, as indicated by the relocated businesses during the interviews.

1. Increase the maximum reestablishment expense payment

At least 20 of the 107 business owners interviewed who claimed actual move costs (18.7%) recommended an increase in the reestablishment expense payment; indicating that it was not sufficient or adequate to reestablish the business operation at the replacement site. It is difficult to determine the actual amount a business spent since most State DOTs cease collecting data once the limit is reached. Some business owners did provide information about additional expenses during the interviews, however, this information is based on their recollection and cannot be documented. Other business owners either declined to provide any information, or summarized the amount as being "a lot" or "much more than what the DOT paid." This information is summarized in Attachment E – Summary of Business Interviews.

Note: If one were to adjust the $10,000 reestablishment expense payment authorized in 1987 (based solely on the Consumer Price Index), the amount would be approximately $20,000 in 2011 dollars. The United States Department of Labor website (http://www.bls.gov/cpi/) defines the Consumer Price Index (CPI) as "a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services." This website contains a CPI Inflation calculator tool that allows a user to compute the buying power of an amount of money in one year to another year (http://www.bls.gov/data/inflation_calculator.htm).

During Task 4 of the Business Relocation Assistance Retrospective Study, ORC reviewed the relocation files of 150 businesses that claimed a reestablishment expense payment. In states with a reestablishment payment limited to the $10,000 statutory maximum payment (authorized under the Uniform Act), 75% incurred a reestablishment expense equal to or greater than $10,000. In states that authorized a payment in excess of $10,000, 65% of the businesses reviewed incurred reestablishment expenses equal to or greater than the maximum amount allowed. This last statistic is probably the strongest support for increasing the Uniform Act statutory limit of $10,000. Even in states where the reestablishment payment is authorized at $50,000, such as Minnesota and Washington, the majority of the businesses claimed the maximum allowed.

Business owners commonly cited the following reasons for increasing reestablishment expenses:

- Code modifications to accommodate the business operation at the replacement site - This question was included in the questionnaire (#5). Of the 107 business owners interviewed who claimed actual move costs, 91 responded to this question. 55 of the 91 business owners (60%) indicated that they incurred code modification expenses associated with reestablishing at the replacement site.
- Increased cost of rent at the replacement site - This question was not included in the questionnaire, however, 10 of the 107 business owners interviewed who claimed actual move costs (9%) stated that they incurred a large increase in rental costs at the

replacement location, and that this expense should be addressed in an increased reestablishment expense payment.

- Advertising costs for the replacement location - This question was not included in the questionnaire, however, 9 of the 107 business owners interviewed who claimed actual move costs (8.4%) stated that they incurred advertising costs in excess of the maximum reestablishment expense payment provided by the respective State DOT.

As a group, food handling operations, and any type of medical facility, incurred the largest amount of code modification costs. For example, three (3) different business owners of medical facilities in the state of Washington said they incurred code modification expenses ranging from $120,000 to $250,000. These modifications included items such as special flooring, impermeable walls, widened doorways, an additional handicap accessible ramp, and a sprinkler system.

2. Increase the amount of the fixed payment for nonresidential moves

The fixed payment (or in-lieu-of payment) has traditionally been an expedient alternative to an actual move cost claim for a small business. There is no relationship between the payment amount and the complexity of the move. Displaced businesses are often glad to accept the fixed payment because it provides a simplified method of compensation, or sufficient amount of money without having to document details.

9 of the 41 business owners interviewed (22%) who claimed a fixed payment recommended an increase in the amount of this payment. During Task 4 of the Business Relocation Assistance Retrospective Study, ORC reviewed the relocation files of 80 businesses that claimed a fixed payment. In those states with a fixed payment limited to the $20,000 statutory maximum payment (authorized under the Uniform Act), 78% had two-year average annual net earning equal to or greater than $20,000. In states that authorized a payment in excess of $20,000, 76% of the businesses reviewed had two-year average annual net earning equal to or greater than the maximum amount allowed.

If the maximum statutory amount of a $20,000 payment were updated (based on the Consumer Price Index for the time since the 1987 amendments to the Uniform Act), the payment amount would be approximately $40,000 in 2011 dollars. This amount was determined using the CPI Inflation calculator at the U. S. Department of Labor website (http://www.bls.gov/data/inflation_calculator.htm).

3. Improve advisory services provided to business owners/operators

After conducting the interviews with the business owners/operators, we surmised there was a wide variance in the quality of advisory services provided. Some business owners were complimentary toward those personnel handling their relocation. They indicated that the process worked well, that they were happy with the program, and they were very pleased with the payments and advisory services. This assessment is confirmed by the fact that 63% of the business owners who responded to question to Question #7, "["Do you feel you were treated fairly by the displacing agency?") answered "yes." Others reported not being informed of certain payment options, or had negative comments about the competency of the assigned agents (DOT employees and consultants). For example, there were instances during the interviews where the business owners alleged that they were not informed about payment options (searching expenses or reestablishment expenses), or were directed toward a fixed payment rather than an actual cost move (at least 11 business owners made this comment during the interviews, which represents a 7.4% occurrence).

Business owners also recommended that DOTs provide more information related to the projects, including schedules, which would assist them in planning for their move. Although the State DOTs *did* offer assistance, in some instances the displaced businesses believed the assistance would have been of little benefit because the agent did not adequately understand the business or its needs. This opinion is illustrated by comparing the business owners' responses to two questions on the questionnaire form. Question #2.b. Part Two asks, "In terms of advisory assistance, did the State assist in locating replacement locations?" Of the 127 business owners who responded to this question, 88 (69%) indicated the State DOT **did** provide assistance, while 39 (31%) said the State **did not** provide assistance. Question #3 asks, "How did you locate your replacement site?" 89 of the 95 business owners who responded to this question (94%) stated that they located the replacement site on their own. Looking at these responses together, one can conclude that the DOT may have provided information about replacement sites, but it did not lead to the business owner locating the replacement location. They saw this effort as one they accomplished on their own because they had the best understanding of what was needed at the replacement site.

In addition, the discussions with the business owners indicated that the assigned relocation agents did not possess the specialized expertise that could benefit certain kinds of businesses. For example, medical facilities and food handling operations may require special permitting at the replacement site; auto repair operations may need zoning variances; or franchise operators may have special needs to be able to maintain the franchise license. The feeling was that assigned relocation personnel lacked the necessary expertise and, therefore, provided inadequate advisory assistance. The relocation agents also could have advised the owners that professional services were available to assist with various aspects of the move. At least 14 business owners made comments related to a relocation agent's inadequate specialized expertise or an agent's failure to refer them to professional services, which represents a 9.5% occurrence rate.

4. Simplify the relocation process

At least 6 business owners commented that either the overall relocation process, or some aspect of it, was too complex. Their comments included statements such as, "make it simple – too picky about documentation," and "too much paperwork." Some of their recommendations for simplifying it include:

- **Make the brochure easier to understand**

  A graphical depiction of services and monetary benefits available, followed by a more detailed explanation, would be more beneficial. Most brochures contain too much narrative information. It is difficult to understand how the relocation program applies to the owner's particular business.

- **Require less documentation from the business owner to claim and process payments**

  Several business owners commented that it was difficult to provide the quantity of documentation the DOTs required to process relocation payments. In response to Question #11, "What additional services could the displacing agency offer to lessen the impact of business displacements?" one business owner stated that "for actual move costs make the process simpler." He added that the process was very difficult and the business finally just took the fixed payment, but ended up with a large loss.
  One example of this practice is the process for documenting and claiming searching expenses. Two of the businesses owners interviewed commented that the process was too cumbersome to justify claiming such a relatively small amount of money. Another owner stated that he incurred more expenses than he could claim, because he was unable to provide the required documentation. Most, if not all, of the selected State Departments of Transportation (DOTs) require a log for time and cost spent searching, which varies in complexity. The time required to complete such a log may be several hours in itself. Further, the actual process of searching for a replacement location does not lend itself to maintaining such a record. The typical process is a series of quick calls

from a real estate broker to inspect a site, or meet to discuss the search. Most of these meetings are unplanned and squeezed into the business owner's schedule. For example, an owner might get a call from a broker to inspect a site, which he does on his way to lunch or home. The required record keeping becomes a burden or inconvenience to the owner.

One State DOT Relocation Chief suggested making the searching expense payment a lump sum payment that a business could claim without documenting time and actual costs incurred. For example, if a business owner claimed other actual move costs under §24.301, the owner would also be eligible for a searching expense payment of $2,500 (similar to a schedule payment that could be updated periodically). This method would provide relief to the business owner, and also reduce the administrative burden to the agency. The DOT field personnel in this state also generally supported the lump sum payment method when it was discussed with them.

Another example is the actual direct loss of tangible personal property payment, or the substitute personal property payment, which can be very effective for a business owner. However, the effort to find a value in place, or a salvage value, can be difficult for the owner, even if the agency provides assistance in locating these values. The business owners view it as too burdensome, and they often decline to pursue it. One business owner stated during the interview that he "was informed of 'alternate' payments, but felt they are too complex and time consuming." Displacing agencies also experience problems calculating actual direct loss payments, since it may be difficult to document an appropriate value in place.

- **Permit moving estimates up to $10,000 prepared by a qualified Agency staff person**

Although this item was not mentioned by business owners, it is an additional simplification to the relocation process. Since most State DOTs do not currently allow qualified staff to prepare moving cost estimates as high as $10,000, the FHWA could recommend this as a best practice. This recommendation aligns with FHWA's Every Day Counts (EDC) initiative, allowing State DOTs to save time and money in the preparation of relatively low cost move estimates. The State DOTs could save time by not having to coordinate the effort of obtaining moving estimates from commercial movers, which typically involves providing inventories, meeting the movers at the displacement site and reviewing the moving estimates for reasonableness. The agencies will also save money by not reimbursing commercial movers for the preparation of a move cost estimate.

Other Comments of Interest

Some of the interviewed business owners also recommended making the following items eligible for reimbursement or compensation:

- Downtime/loss of profits during the move;
- Loss of patronage/goodwill;
- Loss of franchise fees;
- Expanded eligibility/compensability for owner's time invested in the relocation process; and
- Advertising sign at the displacement location directing public to replacement location (until right-of-way clearance).

Findings, Analyses, and Recommendations

Following is an analysis of the comments related to the best practices and types of benefits/services that the relocated businesses mentioned during the interviews should be considered to ensure successful business relocations in the future. ORC's recommendation related to each item is included after the analysis.

Finding: Increase the maximum reestablishment expense payment

Analysis

The Uniform Act limits reestablishment expenses to $10,000 per business displacement. As noted earlier in the report, thirteen (13) states have enacted legislation to increase the limit of this payment for displaced businesses in their particular state. The increased limits range from $12,000 to $100,000, with six (6) of the states having raised their reestablishment limit to either $50,000 or $60,000. In addition, three (3) states have enacted procedures to provide unlimited actual, reasonable, and necessary reestablishment payments to businesses, in accordance with stated guidelines. This results in a total of thirteen (13) states (26%) which do not cap the reestablishment expense payment at the Federal limit of $10,000.

This review indicated that 70% of those businesses that filed a claim for a reestablishment payment were able to claim the maximum payment available (this includes 75% of those with a $10,000 maximum and 65% with a maximum in excess of $10,000). Even in states such as Minnesota and Washington, where the maximum reestablishment payment is set at $50,000, the majority of the businesses were able to claim the maximum allowed. Based upon the files reviewed and the phone interviews, it was clear that virtually all businesses of any moderate size or complexity, could easily incur substantial reestablishment expenses, exceeding the current maximum limitations.

There is almost universal agreement from the displaced businesses and the State DOT relocation professionals that the current Federal limit of $10,000 is insufficient to compensate for the categories of costs that most businesses incur during the process of reestablishing their business at a replacement location. In many situations, the total $10,000 was used up simply in the calculation of increased rent at the new location over the first two years after displacement. Since most businesses generally stopped making additional claims once the dollar limit was reached for reestablishment benefits, we were unable to determine what a typical reestablishment claim might ultimately total. However, based on the interview information, along with the data from those states that have a reestablishment limit of $50,000 or $60,000, it is estimated that a significant number of displaced businesses could easily qualify for a reestablishment payment in excess of $60,000.

Recommendation

Consider raising the cap on reestablishment expenses, as the study finds that most business reestablishment costs far exceed the current $10,000 statutory maximum. Those states that have recently enacted legislation to increase this payment benefit have generally set this limit at around $50,000. An alternative would be to establish a set limit with a 100% reimbursement, and then provide for a 50% match up to a higher level.

Example: Raise the reimbursement cap to $25,000, but then have a 50% match for all additional eligible expenses between $25,000 and $175,000, for a maximum Agency payment of $100,000. A cost sharing formula encourages efficient use of the benefit and facilitates administrative review of payments.

Another recommendation is to provide inflation adjustments to any statutory limit established in the Uniform Act and the implementing regulations. The current reestablishment expense payment limit of $10,000 was established by legislation approved in 1987. If that amount was adjusted based solely on the Consumer Price Index, it would be approximately $20,000 in 2011 dollars. The United States Department of Labor website (http://www.bls.gov/cpi/) defines the Consumer Price Index (CPI) as "a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services." This website contains a CPI Inflation calculator tool that allows a user to compute the buying power of an amount of money in one year to another year (http://www.bls.gov/data/inflation_calculator.htm).

Finding: Increase the amount of the fixed payment for nonresidential moves

Analysis

A business may elect a lump-sum fixed payment as an alternative to accepting the actual cost of their move. This payment is an amount between $1,000 and $20,000, for those dislocated business that either believe that the fixed payment is a more simplified method of compensation, or a sufficient amount of money without having to document details. This payment is based on the net earnings of the business and is not directly related to the intensity or complexity of the business move. It is an easy alternative for those businesses that have relatively simple moves to make, involving minor displacement of personal property.

Obviously, the higher the upper limit for this payment is adjusted, the greater the number of businesses that would be attracted to this alternative payment. Since the payment is based solely on the net earnings of the business, there are tax analysis implications which must be considered, such as the components and definition of net taxable income. The FHWA has traditionally given guidance that net earnings include actual reportable annual net profit, plus any compensation paid to the owner of the business (including the owner's spouse and dependents).

When calculating net income, there is some room for discussion regarding whether net depreciation of capital assets should also be added into the definition of net income. Depreciation is not a cash expense to a business; it is an allowable deductible expense that reduces the taxable net income. In any particular tax year, the dollar amount of capital depreciation as shown on the business tax form represents more of a tax accounting tactic, rather than a cash expense in that tax year. As an example, it is possible for two identical businesses, such as restaurants, to elect different depreciation methods for capital assets. The business owner who elects the straight-line depreciation method shows a higher net income than the one who elects an accelerated depreciation, and would be eligible for a higher fixed payment. Both business owners are using a legal process to compute taxable net income, however, the business owner claiming accelerated depreciation would be penalized by having a lower "profit" reflected on the tax information used to compute the fixed payment. For the purposes of determining "annual net earnings," it is reasonable to disregard the capital depreciation expense, which serves to reduce net earnings, in the net income calculation.

The *Survey of Current Status of Business Relocation Payment Limits* cited above indicates that five states have specifically raised their cap on the fixed payment through legislative means. Two states now have a limit of $60,000; two states have a limit of $75,000; and one state has a limit of $100,000. (A sixth state allows for the fixed payment to be paid in addition to the actual move cost). This research study included businesses in one state that currently has a $60,000 limit and one state that currently has a $75,000 limit.

While this is a popular method of compensation for qualifying businesses due to its ease of calculation, there are equality considerations that come into play as the payment's upper limit is increased. For example, a small office type business (lawyer, insurance sales, travel agency, etc.) with high net earnings could possibly qualify for whatever upper limit is established, while incurring only a few thousand dollars in total moving expenses. Any intention to raise this payment should take into consideration the balance between ease and simplicity of payment versus potential excess payments for relatively uncomplicated moves.

During the relocation file reviews, 80 of the total 244 moving cost claims (33%) involved fixed payments. The research team interviewed 41 of these 80 fixed payment business owner/operators (51%). The relatively low percentage of interviews is due to the fact that a much higher percentage of those business owner/operators who took this payment did not actually reestablish their business at a new location. Since these owner/operators closed their businesses, it made it much more difficult to try to locate and contact them several years later. Virtually all of the owner/operators who chose the fixed payment, and were interviewed, were satisfied with the payment calculation. If they had not been satisfied that the fixed payment was providing adequate compensation, they could have opted for an actual cost reimbursement for their moving expenses.

Recommendation

Consider raising the maximum fixed payment limit, which currently stands at $20,000. Since this payment is not directly associated with the complexity of the actual moving costs, a balance must be reached between ease and simplicity of payment, and the potential for excess payments for relatively uncomplicated moves. The five states that have recently raised this limit have applied a maximum dollar figure from $60,000 to $100,000.

In addition, for purposes of the fixed payment, consider refining the definition of net income; possibly including the annual deduction for depreciation of capital assets as an element that can be added back to net income.

Another recommendation is to provide inflation adjustments to any statutory limit established in the Uniform Act and the implementing regulations. The current fixed payment limit of $20,000 was established by legislation approved in 1987. If that amount was adjusted based solely on the Consumer Price Index, it would be approximately $40,000 in 2011 dollars. This amount was determined using the CPI Inflation calculator at the U. S. Department of Labor website (http://www.bls.gov/data/inflation_calculator.htm).

Finding: Improve advisory services provided to business owners/operators

Analysis

Although the agency relocation agents generally provide adequate advisory services and guidance, most business owner/operators are best equipped to find their own replacement sites. This finding coincides with a similar finding in the previous 2002 National Business Study. Most of the businesses had positive feelings regarding the manner in which they were treated by agency representatives (63%), however, a minority (7.4%) alleged that the relocation agent did not provide information about payment options. Since approximately 39% of the business displacees that were eligible for search expenses did not claim this payment, there is some question about whether all displaced businesses were fully advised of their eligibility to claim search expenses. During the 2002 National Business Study many business owners also stated during the interviews that the State DOT relocation personnel did not emphasize that owners were able to claim the search expense payment. The similarity in interview comments in the 2002 study and the current study does not appear to be a simple coincidence and is noted as an ongoing item of concern.

Some business owners also indicated that relocation agents were unable to provide the required expertise to assist with the certain aspects of moving their businesses (for example, assisting with special permitting or obtaining zoning variances).

Recommendation

Emphasize and improve relocation assistance advisory services in explaining each of the benefits available to displaced businesses. Both the 2002 National Business Study and this research study indicated doubts regarding whether all businesses are aware of the availability of the search expense payment. In addition, the displacing agency should ensure that if the assigned relocation agents do not possess the specialized expertise necessary for the successful move of the business, the agents should advise the owners that professional services are available to assist with various aspects of the move.

Finding: Simplify the relocation process

Analysis

The overall relocation process was viewed as too complex, or requiring too much documentation by at least six (6) of the business owners who were interviewed. Several business owners commented that it was difficult to provide the quantity of documentation the DOTs required to process relocation payments. One example of this practice is the process for documenting and claiming searching expenses. Most of the selected State Departments of Transportation (DOTs) require a log for time and cost spent searching, which varies in complexity. The time required to complete such a log may be several hours in itself. Some business owners felt it was not worth the time to obtain the amount of money involved.

Another example is the actual direct loss of tangible personal property payment, or the substitute personal property payment, which can be very effective for a business owner. However, the effort to find a value in place, or a salvage value, can be difficult for the owner, even if the agency provides assistance in locating these values. The business owners view it as too burdensome, and they often decline to pursue it.

Recommendation

Consider making the searching expense payment a lump sum payment that a business could claim without documenting time and actual costs incurred. For example, if a business owner claimed other actual move costs under §24.301, the owner would also be eligible for a searching expense payment of $2,500 (similar to a schedule payment that could be updated periodically). This method would provide relief to the business owner, and also reduce the administrative burden to the agency. This suggestion was made by a State DOT Relocation Chief and the DOT field personnel in this state also generally supported the lump sum payment method when it was discussed with them.

Alternately, a lump sum search fee could be paid at a lower level (say $2,500), with a higher limit (say, $5,000) requiring documentation. Since 71% of those businesses in this research study who claimed search expenses claimed the maximum amount of $2,500, consideration should be given to raising the cap on search expenses to a higher amount, say $5,000. Since State DOTs typically stop collecting data related to claim information when a business reaches the current $2,500 limit, it is difficult to document the actual searching expenses business owners incur and provide exact substantiation for the increase to $5,000. The business owners interviewed did provide the following information: two (2) business owners stated they spent "more than $2,500"; two said they spent "much more than $2,500"; one (1) owner said he spent $5,000, two (2) stated they spent $10,000, and one (1) indicated he spent over $11,000.

Another recommendation to simplify the relocation process is to provide a less complicated brochure. Business owners would find it easier to understand how the relocation program and the benefits apply to their business.

The research team also recommends permitting move cost estimates up to $10,000 by a qualified Agency staff person. This recommendation aligns with FHWA's Every Day Counts (EDC) initiative, allowing State DOTs to save time and money in the preparation of relatively low cost move estimates. The State DOTs could save time by not having to coordinate the effort of obtaining moving estimates from commercial movers, which typically involves providing inventories, meeting the movers at the displacement site and reviewing the moving estimates for reasonableness. The agencies will also save money by not reimbursing commercial movers for the preparation of a move cost estimate. The recommended amount corresponds to the waiver valuation amount previously approved by FHWA as a threshold figure for serious concerns related to professional requirement needs. In this regard, having a knowledgeable State DOT employee, rather than a professional mover, prepare the estimate would seem to conform to established guidelines.

General Comments

Although the primary goal in conducting this research study was to evaluate how the caps on reimbursement limits impacted the ability of displaced business to successfully relocate and reestablish, there were several other interesting findings that were identified as result of the reviews. The research team arrived at a series of general observations based on the combination of the file reviews and the interviews;

1. Virtually all of the interviewed businesses expressed satisfaction with the promptness of payment once the claims were filed.

2. Virtually all of the interviewed businesses indicated that they were aware that they were entitled to file an appeal if they were dissatisfied with any aspect of the displacement.

3. Those business activities that were dependent on a local patronage base had more difficulty relocating successfully than those that did not rely on a local patronage base. For example, if a dry cleaner business located in a strip mall could not reestablish within a very short distance, their business activity could easily be absorbed by those competing dry cleaners located in nearby strip mall locations. The displaced dry cleaner would have little alternative but to try to establish itself in a new outlying location, thereby losing its existing customer base. If however, the displaced business was a plumbing repair contractor that sends its trucks out to requested repair locations, the specific location of the home base facility would not be essentially dependent on any patronage requirement.

4. Businesses located in a rented facility (a "tenant business") tended to have more difficulty in reestablishing their business compared to those where the business operator owned the site of the business. This is logical, as those who owned the underlying property in addition to the business would typically have greater financial resources to assist in the relocation.

5. Certain types of business seemed to encounter the greatest financial difficulty in relocating to a new business facility, due to machinery, equipment, and health related requirements at the new replacement location. These issues were most often associated with businesses related to food handing and processing, or anything medically related. The interviews with restaurant or food handling businesses, physician offices, and veterinary businesses

indicated that actual costs to reestablish the business often were in the range of several hundred thousand dollars for each displacement.

6. The review has documented that, as of this writing, fifteen (15) states have increased their maximum limits on some of the capped payments, while five (5) other states have some provision to compensate businesses for loss of "goodwill" or "patronage." These states obviously believe that the current Federal business relocation benefits are not sufficient to adequately compensate the various businesses in their particular jurisdiction. This trend of expanded benefits on a state-by-state basis will likely continue if the Federal statutory limits are not adjusted to provide for what the states apparently perceive as inadequate compensation for displaced businesses.

7. Some general comments that were made by at least a few business displacees included;

    - Provide compensation for loss of profits during downtime (similar to comments received in the 2002 National Business Study).

    - Provide compensation for loss of patronage/goodwill (similar to comments received in the 2002 National Business Study).

    - Provide compensation for loss of franchise fees previously paid. Many businesses are required to pay an "upfront and nonrefundable" franchise fee in order to operate a franchised business in a particular location, and to guarantee that no other similar business will compete in a defined geographic area. These fees can cost any amount and many are several hundred thousand dollars, depending upon the nature of the business. When the business is forced to relocate, the value of that franchise fee payment is extinguished unless the business can be relocated in the immediate area. The franchised business typically expects to amortize out the franchise fee over the length of the business operation, however, if the business operation is cut short due to displacement, the proportionate value of the fee is similarly lost.

    - Provide for expanded eligibility/compensability for owner's time invested in the relocation process.

    - Allow advertising signs at displacement location directing the public to the replacement location (until at least right of way clearance). Some business owners stated that it would be convenient if the lot or property they previously occupied could have a sign in place noting the new location where the business had relocated. This was intended to be a short term arrangement for the period between the business move and when project activity commenced.

- Provide Agency letter of support for zoning changes where the displaced business needs local government approval to locate a replacement site. There are instances where a business will select a suitable replacement site, but the zoning at the new site may not accommodate the operation of the business. Often the displacing Agency may be in the position to lend support to the displaced business by providing letters or personal contacts to zoning officials explaining the nature of the displacement and the public need for the acquired property. By offering additional information to the municipality where the business has selected to relocate, they may aid in the consideration of the rezoning of a specific site in order to expedite the relocation of the business.

State Excess Relocation Payments

State	State Search Amount Limit	Federal Search Amount Limit	Search Amount Difference	State Reestablishment Limit	Federal Reestablishment Limit	Reestablishment Difference	State Fixed Payment (In-Lieu) Limit (Minimum - Maxium)	Federal Fixed Payment (In-Lieu) Limit (Minimum - Maxium)	Fixed Payment Difference (Maximum Amount)	Loss of Goodwill, Loss of Patronage, Business Damages
California	$2,500	$2,500	$0	$10,000	$10,000	$0	$20,000	$20,000	$0	X
Delaware	$2,500	$2,500	$0	$22,500	$10,000	$12,500	$20,000	$20,000	$0	
Florida	$2,500	$2,500	$0	$10,000	$10,000	$0	$20,000	$20,000	$0	X
Louisiana	$2,500	$2,500	$0	$10,000	$10,000	$0	$20,000	$20,000	$0	X
Maine	$2,500	$2,500	$0	$20,000	$10,000	$10,000	$1,000 - $100,000	$20,000	$80,000	
Maryland	$2,500	$2,500	$0	$60,000	$10,000	$50,000	$1,000 - $60,000	$20,000	$40,000	
Minnesota	$2,500	$2,500	$0	$50,000	$10,000	$40,000	$20,000	$20,000	$0	X
Mississippi	$2,500	$2,500	$0	$10,000	$10,000	$0*	$20,000	$20,000	$0	
New Hampshire	$2,500	$2,500	$0	$100,000	$10,000	$90,000	$20,000	$20,000	$0	
North Dakota	$5,000	$2,500	$2,500	ARN	$10,000	**	$1,000 - $40,000	$20,000	$20,000	
Ohio	$2,500	$2,500	$0	$10,000	$10,000	$0	$20,000	$20,000	$0	X
Oklahoma	$2,500	$2,500	$0	ARN	$10,000	**	$20,000	$20,000	$0	
Pennsylvania	$2,500	$2,500	$0	$12,000	$10,000	$2,000	$3,000 - $60,000	$20,000	$40,000	
South Carolina	$2,500	$2,500	$0	$50,000	$10,000	$40,000	$20,000	$20,000	$0	
Utah	$2,500	$2,500	$0	$50,000	$10,000	$40,000	$1,000 - $75,000	$20,000	$55,000	
Virginia	$2,500	$2,500	$0	$25,000	$10,000	$15,000	$1,000 - $75,000	$20,000	$55,000	
Washington	$2,500	$2,500	$0	$50,000	$10,000	$40,000	$20,000	$20,000	$0	
Wisconsin	$2,500	$2,500	$0	$30,000 or $50,000	$10,000	$20,000 or $40,000***	$20,000	$20,000	$0	
Wyoming	$2,500	$2,500	$0	ARN	$10,000	**	$20,000	$20,000	$0	

ARN = Actual, reasonable & necessary

*Mississippi pays reestablishment expense payment to business that claims a fixed (in-lieu-of) payment

** Reestablishment difference is not limited to a monetary amount - depends on actual, reasonable & necessary expenses

*** Wisconsin pays a business replacement payment - up to $30,000 for tenants & $50,000 for owners

O. R. Colan ASSOCIATES
REAL ESTATE SOLUTIONS FOR PUBLIC AGENCIES

[Date]

[Contact and Address]

Re: DTFH61-10-F-00097
Federal Highway Administration
Business Relocation Assistance Retrospective Study

Dear [State DOT ROW Director]:

As you are probably aware, O.R. Colan Associates (ORC) is conducting a Business Relocation Assistance Retrospective Study on behalf of the Federal Highway Administration (FHWA) Office of Real Estate Services. The primary focus of this research effort is to determine the costs that a business incurs which would be reimbursable if there was not a statutory maximum amount for reestablishment expenses, and to examine the additional fixed payment (in-lieu payment) a business would be eligible to receive. The FHWA Office of Real Estate Services will use this information to further assess the adequacy of the current benefit levels, and to document a need for benefit level update.

FHWA selected seven (7) State Departments of Transportation to participate in this study, and one of the tasks involved in this analysis is the review of a minimum of twenty-five (25) business relocation files in each State. Since the [State] Department of Transportation is taking part in the study, ORC wanted to contact you in advance of this file review to let you know the parameters FHWA has established for the displaced businesses that should be selected for review.

Each business identified for the file review should conform to the following criteria:

- The business completed its move and filed all relocation claims within the last five (5) years (since January 1, 2006);
- The move was the result of a federally-funded project;
- The move involved the displacement of the economic activity itself, rather than the displacement of personal property only.

725 East Park Avenue, Suite B, Tallahassee, FL 32301 • phone 850.907.0400 • fax 850.906.0401
www.orcolan.com

FHWA has also requested that we obtain a cross-section of business types and business structures for this review. Following is a matrix ORC developed that you can use to identify businesses for file review:

		Business Structure				
		Sole Proprietorship	Partnership	Corporation	Limited Liability Corporation	Professional Association
Type of Business	Retail					
	Manufacturing/ Industrial					
	Service					

Using this approach, we should have a sample based on the full range of the matrix, assuring there is representation from each of the business structure types, and type or nature of the business.

Attachment B - Letter to State DOTs

The research effort will also benefit if you can include:

- Businesses from both urban and rural projects;
- Businesses of varying sizes, in terms of employees and revenue;
- Businesses that claimed actual cost reimbursement and businesses that claimed the fixed (in-lieu) payment.

Since we will subsequently conduct interviews with the business owners/operators who are the subject of the file reviews, we think it would be beneficial to identify 35-40 files. These additional businesses will provide an opportunity to review a more varied sampling of business types and structures, as well as offer a higher likelihood that we can later locate 25 business owners to interview. We realize that you may not be able to identify businesses that match every category in this matrix because of your work program over the last 5 years.

[ORC Researcher] will be reviewing the business relocation files for your agency, and I believe he has already contacted you. As [ORC Researcher] explained, if you can consolidate the files in one geographic location for review it will certainly facilitate the study. We will be in touch with you shortly to schedule the actual dates of the file review, which we anticipate will take 4-5 days.

Please feel free to call or email me if you have any questions regarding the information in this letter or you can reach [ORC Researcher] at [Phone] or [Email]. O. R. Colan Associates appreciates your participation in this study and we are looking forward to a successful research effort.

Sincerely,

[Project Manager]
[Phone]
[Email]

cc:

Search Amount Claims	All states	%	WA	%	TX	%	IN	%	MN	%	GA	%	DE	%	MD	%	VA	%
Businesses eligible for search expenses	164	67%	35	85%	25	78%	24	67%	20	51%	32	73%	3	50%	6	40%	19	61%
Businesses claiming search expenses	100	61%	23	66%	17	68%	16	67%	16	80%	14	44%	0	0%	1	17%	13	68%
Times max search limit claimed	71	71%	15	65%	15	88%	10	63%	13	81%	7	50%	0	0%	0	0%	11	85%
Times max search limit not claimed	29	29%	8	35%	2	12%	6	38%	3	19%	7	50%	0	0%	1	100%	2	15%
Times no search claimed	64	39%	12	34%	8	32%	8	33%	4	20%	18	56%	3	100%	5	83%	6	32%

Reestablishment Claims	All states	%	WA	%	TX	%	IN	%	MN	%	GA	%	DE	%	MD	%	VA	%
Businesses eligible for RE	164	67%	35	85%	25	78%	24	67%	20	51%	32	73%	3	50%	6	40%	19	61%
Businesses claiming RE	150	91%	35	100%	25	100%	24	100%	20	100%	24	75%	2	67%	4	67%	16	84%
Times max RE claimed	105	70%	19	54%	22	88%	19	79%	14	70%	13	54%	2	100%	2	50%	14	88%
Times max RE not claimed	45	30%	16	46%	3	12%	5	21%	6	30%	11	46%	0	0%	2	50%	2	13%
Times no RE claimed	14	9%	0	0%	0	0%	0	0%	0	0%	8	25%	1	33%	2	33%	3	16%

Fixed Payments	All states	%	WA	%	TX	%	IN	%	MN	%	GA	%	DE	%	MD	%	VA	%
Times FP claimed	80	33%	6	15%	7	22%	12	33%	19	49%	12	27%	3	50%	9	60%	12	39%
Times max FP claimed	62	78%	6	100%	5	71%	8	67%	15	79%	9	75%	3	100%	7	78%	9	75%
Times max FP not claimed	18	23%	0	0%	2	29%	4	33%	4	21%	3	25%	0	0%	2	22%	3	25%

Total Files Reviewed	All states		WA		TX		IN		MN		GA		DE		MD		VA	
	244		41		32		36		39		44		6		15		31	

Personal Interview Questionnaire
Version 05/15/2009

State:
Project:
Parcel:

Name of Business:

Contact:

Old Address:

New Address:

Type of Business:

Phone Number:

(W)

(H)

(M)

Tenancy Status:

Displacement Site: Owner ☐ Tenant ☐

Replacement Site: Owner ☐ Tenant ☐

Date of Move:

Relocation Payments Received: Yes ☐ No ☐

Moving $

Reestablishment $

In Lieu $

Search $

1.

a. Did you feel that the payments you received were adequate to move and re- establish your business?

Yes ☐ No ☐

b. If not, what specific items do you feel you should have been paid for but were not?

2.

a. Did you request advisory assistance from the State? Yes ☐ No ☐

b. In terms of advisory assistance, did the State:

Attempt to determine your needs and preferences? Yes ☐ No ☐
Assist in locating replacement locations? Yes ☐ No ☐
Provide references, contacts and counseling to minimize hardships? Yes ☐ No ☐
Inform you that you could appeal disputed amounts and payments types? Yes ☐ No ☐
Did you specifically ask for any of the above listed services? Yes ☐ No ☐

3. How did you locate your replacement site?

4. Was the payment you received for searching (the search payment) adequate? Yes ☐ No ☐

5. Did you have code-related cost modifications (e.g., building codes) with the new site, building or equipment?

Yes ☐ No ☐

6. Approximately what was the total cost of these code-related modifications? Yes ☐ No ☐

7. Do you feel you were treated fairly by the displacing agency? Yes ☐ No ☐

8. How long did it take you to receive payment from the agency?

____

9.

a. After the completion of the move, did you incur an increase or decrease in business, i.e., clients, profits, etc.?

Increase ☐ Decrease ☐

b. What do you feel caused this increase or decrease?

____

10. If you could design a better program, what changes would you make?

11. What additional services could the displacing agency offer to lessen the impact of business displacements?

12. What was the effect of the move on your employees?

13. Interview remarks:

Interview completed by: Date:

______________________________________ ________________________

DTFH61-10-F-00097 Table 1 - Summary of Business Interviews							
State	**ID**	**Business Type**	**Business Structure**	**RE Payment**	**Actual RE**	**SE Payment**	**Actual SE**
Delaware							
DE	2011-1	Retail	LLC	Fixed pymt	NA	Fixed pymt	N/A
Georgia							
GA	2011-2	Retail	Sole Prop	$8,569	$8,569	$2,500	$2,500
GA	2011-3	Service	LLC	Fixed pymt	NA	Fixed pymt	N/A
GA	2011-4	Service	Sole Prop	Fixed pymt	NA	Fixed pymt	NA
GA	2011-5	Retail	Corp.	Fixed pymt	NA	Fixed pymt	NA
GA	2011-6	Service	Sole Prop	$10,000	unsure/unknown	0	not offered
GA	2011-7	Retail	Sole Prop	$3,426	unsure/unknown	$999	unsure/unknown
GA	2011-8	Service	Corp.	Fixed pymt	$80,000	Fixed pymt	NA
GA	2011-9	Retail	LLC	$10,000	$150,000	0	not offered
GA	2011-10	Retail	Sole Prop	$10,000	unknown	0	not offered
GA	2011-11	Retail	Sole Prop	$4,800	unknown	0	not offered
GA	2011-12	Retail	LLC	Fixed pymt	NA	Fixed pymt	NA
GA	2011-13	Retail	LLC	$10,000	unsure/unknown	0	not offered
GA	2011-14	Landlord	Sole Prop	$6,765	$6,765	0	not offered
GA	2011-15	Service	Corp.	$8,850	$8,850	0	not offered
GA	2011-16	Service	Corp.	$10,000	unsure/unknown	$198	$198
GA	2011-17	Service	Sole Prop	$10,000	unsure/unknown	0	not offered
GA	2011-18	Service	Sole Prop	$10,000	unsure/unknown	$2,500	$2,500
GA	2011-19	Retail	Sole Prop	Fixed pymt	NA	Fixed pymt	NA
GA	2011-20	Retail	Sole Prop	6,071	$6,071	0	not offered
Indiana							
IN	2011-22	Service	Sole Prop.	$10,000	pymt adequate	$2,495	pymt adequate
IN	2011-23	Retail	Corp.	$10,000	"drop in bucket"	$2,500	$5,000
IN	2011-24	Service	LLC	$10,000	$20,000	$2,500	pymt adequate
IN	2011-25	Retail	Corp.	$10,000	pymt adequate	0	no claim
IN	2011-26	Retail	LLC	Fixed pymt	NA	Fixed pymt	NA
IN	2011-27	Industrial	Sole Prop.	$10,000	pymt adequate	$2,500	pymt adequate

DTFH61-10-F-00097
Table 1 - Summary of Business Interviews

State	ID	Business Type	Business Structure	RE Payment	Actual RE	SE Payment	Actual SE
IN	2011-28	Service	Partnership	$10,000	pymt adequate	$2,500	pymt adequate
IN	2011-29	Retail	Corp.	$10,000	pymt adequate	0	did not claim
IN	2011-30	Industrial	Corp.	$9,479	pymt adequate	$2,500	pymt adequate
IN	2011-31	Service	Sole Prop	Fixed pymt	NA	Fixed pymt	NA
IN	2011-32	Service	Sole Prop	Fixed pymt	NA	Fixed pymt	NA
IN	2011-33	Retail	Sole Prop	$3,769	pymt adequate	$2,477	$2,477
IN	2011-34	Service	Sole Prop.	Fixed pymt	NA	Fixed pymt	NA
IN	2011-35	Service	Non-profit	$10,000	$15,000	$1,661	pymt adequate
IN	2011-36	Service	Non-profit	$10,000	pymt adequate	$2,489	pymt adequate
IN	2011-37	Landlord	Sole Prop	$10,000	pymt adequate	$2,500	pymt adequate
IN	2011-38	Service	Sole Prop.	$10,000	unsure/unknown	$2,500	unsure/unknown
IN	2011-39	Service	Sole Prop	$10,000	pymt adequate	$2,500	pymt adequate
IN	2011-40	Service	Non-profit	$10,000	pymt adequate	0	no claim
IN	2011-41	Service	Corp.	Fixed pymt	NA	Fixed pymt	NA
IN	2011-42	Service	Corp.	$9.98	pymt adequate	0	not explained
IN	2011-43	Service	Landlord	$10,000	pymt adequate	$498	pymt adequate
IN	2011-44	Retail	Corp.	Fixed pymt	NA	Fixed pymt	N
IN	2011-45	Service	Non-profit	Fixed pymt	NA	Fixed pymt	NA
IN	2011-46	Service	Sole Prop.	$9,641	pymt adequate	0	no claim
Maryland							
MD	2011-48	Service	LLC	Fixed	NA	Fixed	NA
MD	2011-49	Retail	Corp.	Fixed	NA	Fixed	NA
MD	2011-50	Service	Corp.	$49,801	pymt adequate	0	no claim
MD	2011-51	Service	Sole Prop.	$10,000	$20,000	$1,843	pymt adequate
MD	2011-52	Service	LLC	Fixed	NA	Fixed	NA
MD	2011-53	Retail	LLC	$3,122	unsure/unknown	0	no claim
MD	2011-54	Service	LLC	0	unsure/unknown	0	no claim
MD	2011-55	Service	LLC	Fixed	NA	Fixed	NA
MD	2011-56	Retail	Corp.	0	no claim	0	no claim
MD	2011-57	Retail	Corp.	Fixed	NA	Fixed	NA

DTFH61-10-F-00097 Table 1 - Summary of Business Interviews							
State	**ID**	**Business Type**	**Business Structure**	**RE Payment**	**Actual RE**	**SE Payment**	**Actual SE**
MD	2011-58	Service	LLC	Fixed	NA	Fixed	NA
MD	2011-59	Service	LLC	Fixed	NA	Fixed	NA
MD	2011-60	Retail	Sole Prop.	Fixed	NA	Fixed	NA
Minnesota							
MN	2011-62	Service	Sole Prop.	Fixed pymt	NA	Fixed pymt	NA
MN	2011-63	Service	Corp.	$50,000	unsure/unknown	$2,500	$10,000
MN	2011-64	Service	LLC	$50,000	pymt adequate	$2,500	pymt adequate
MN	2011-65	Farm	LLC	$50,000	unsure/unknown	$2,500	pymt adequate
MN	2011-66	Retail	Inc.	$50,000	"not nearly enough"	0	no claim
MN	2011-67	Service	Inc.	$50,000	$50,000 for code only	$2,500	$10,000
MN	2011-68	Service	LLC	$50,000	pymt adequate	$2,500	pymt adequate
MN	2011-69	Retail	LLC	$50,000	unsure/unknown	$2,500	unsure/unknown
MN	2011-70	Service	Sole Prop	$50,000	unsure/unknown	$2,500	unsure/unknown
MN	2011-71	Retail	Sole Prop.	Fixed pymt	NA	Fixed pymt	NA
MN	2011-72	Farm	LLC	$19,411	unsure/unknown	$2,500	unsure/unknown
MN	2011-73	Service	Corp.	Fixed pymt	NA	Fixed pymt	NA
MN	2011-74	Retail	LLC	Fixed pymt	NA	Fixed pymt	NA
MN	2011-75	Service	Sole Prop	$42,211	pymt adequate	0	no claim
MN	2011-76	Retail	LLC	Fixed pymt	NA	Fixed pymt	NA
MN	2011-77	Farm	Sole Prop	$49,440	pymt adequate	$2,193	pymt adequate
MN	2011-78	Service	LLC	$45,600	pymt adequate	$2,500	pymt adequate
MN	2011-79	Service	Sole Prop.	Fixed pymt	NA	Fixed pymt	NA
MN	2011-80	Retail	Inc.	Fixed pymt	NA	Fixed pymt	NA
Texas							
TX	2011-82	Retail	Sole Prop.	$10,000	$200,000 for code mod.	$2,500	pymt adequate
TX	2011-83	Retail	LLC	$10,000	$26,400 rent increase	0	no exp incurred
TX	2011-84	Retail	Sole Prop.	$10,000	$13,000	$2,500	spent more
TX	2011-85	Retail	Sole Prop.	$10,000	$200,000+	$2,500	pymt adequate
TX	2011-86	Retail	Sole Prop.	$10,000	$59,188	$2,500	$11,526
TX	2011-87	Retail	Corp.	$10,000	unsure/unknown	$2,500	pymt adequate

DTFH61-10-F-00097 Table 1 - Summary of Business Interviews							
State	**ID**	**Business Type**	**Business Structure**	**RE Payment**	**Actual RE**	**SE Payment**	**Actual SE**
TX	2011-88	Retail	Corp.	Fixed	NA	Fixed	NA
TX	2011-89	Retail	Corp.	$10,000	$20,000	$2,500	pymt adequate
TX	2011-90	Retail	Corp.	$10,000	$30,000	$2,500	pymt adequate
TX	2011-91	Retail	Sole Prop.	$10,000	pymt adequate	$2,500	pymt adequate
TX	2011-92	Retail	Corp.	$10,000	$25,000 code mod	$2,500	pymt adequate
TX	2011-93	Retail	Corp.	$10,000	$15,000	$105.00	pymt adequate
TX	2011-94	Retail	Corp.	$10,000	$34,000	0	no claim
TX	2011-95	Retail	Corp.	$10,000	unsure/unknown	0	no claim
TX	2011-96	Retail	Sole Prop.	$10,000	$30,000 for code mod.	$1,348	unsure
TX	2011-97	Retail	Corp.	$10,000	unsure/unknown	$2,500	$3,240
TX	2011-98	Service	Corp.	Fixed	NA	Fixed	NA
TX	2011-99	Landlord	Sole Prop.	$4,725	unsure/unknown	0	no exp incurred
TX	2011-100	Retail	Sole Prop.	$10,000	$25,000 code mod	$2,500	pymt adequate
TX	2011-101	Retail	Corp.	$10,000	about $50,000	$2,500	much more
TX	2011-102	Retail	LLC	$10,000	$20,000	0	no claim
TX	2011-103	Retail	Sole Prop.	$5,914	pymt adequate	$100	pymt adequate
TX	2011-104	Service	Non-profit	$8,896	pymt adequate	0	no claim
TX	2011-105	Retail	Sole Prop.	$1,921	pymt adequate	0	no claim
TX	2011-106	Retail	Sole Prop.	$10,000	more than pymt	$2,500	pymt adequate
Virginia							
VA	2011-108	Retail	LLC	$25,000	pymt adequate	$1,480	pymt adequate
VA	2011-109	Service	Sole Prop	$11,628	unsure/unknown	$2,500	pymt adequate
VA	2011-110	Retail	Sole Prop	Fixed	NA	Fixed	NA
VA	2011-111	Retail	Corp.	$25,000	pymt adequate	$2,500	pymt adequate
VA	2011-112	Retail	Corp.	$25,000	$64,390 for rent increase	$2,500	pymt adequate
VA	2011-113	Retail	LLC	$24,600	pymt adequate	$2,500	pymt adequate
VA	2011-114	Industrial	Corp.	Fixed	NA	Fixed	NA
VA	2011-115	Retail	Sole Prop	$25,000	unsure/unknown	$2,500	pymt adequate
VA	2011-116	Retail	Corp.	$25,000	$40-45,000	0	no claim
VA	2011-117	Retail	Corp.	Fixed	NA	Fixed	NA

DTFH61-10-F-00097							
Table 1 - Summary of Business Interviews							
State	**ID**	**Business Type**	**Business Structure**	**RE Payment**	**Actual RE**	**SE Payment**	**Actual SE**
VA	2011-118	Retail	Corp.	Fixed	NA	Fixed	NA
VA	2011-119	Retail	LLC	$25,000	unsure/unknown	$2,500	pymt adequate
VA	2011-120	Industrial	LLC	$25,000	unsure/unknown	$2,185	pymt adequate
VA	2011-121	Retail	LLC	$25,000	pymt adequate	0	no claim
VA	2011-122	Retail	LLC	Fixed	NA	Fixed	NA
VA	2011-123	Service	Non-profit	$25,000	$50-60,000	0	no claim
VA	2011-124	Retail	Corp.	$25,000	$56,800 for rent increase	$2,500	pymt adequate
VA	2011-125	Service	Partnership	Fixed	NA	Fixed	NA
VA	2011-126	Service	Corp.	$25,000	$162,732 for rent increase	$2,500	pymt adequate
VA	2011-127	Retail	LLC	$25,000	pymt adequate	0	no claim
VA	2011-128	Retail	Corp.	Fixed	NA	Fixed	NA
Washington							
WA	2011-130	service	Corp.	$50,000	$120,000	$2,500	spent more
WA	2011-131	service	Corp.	$50,000	$250,000 code mod	$2,500	spent more
WA	2011-132	Service	Corp.	$50,000	unsure/unknown	0	no claim
WA	2011-133	Retail	Sole Prop.	$50,000	pymt adequate	$2,500	spent more
WA	2011-134	service	Non-profit	$26,966	unsure/unknown	0	no claim
WA	2011-135	Service	Inc.	$49,860	pymt adequate	$1,638	pymt adequate
WA	2011-136	Service	Inc.	$50,000	$160,000 code mod	$2,500	spent much more
WA	2011-137	Service	LLC	$19,820	pymt adequate	$617	pymt adequate
WA	2011-138	Service	Corp.	$50,000	$80,000	$2,500	pymt adequate
WA	2011-139	Industrial	Corp.	Fixed pymt	NA	Fixed pymt	NA
WA	2011-140	Landlord	LLC	$50,000	unsure - paid more	0	no claim
WA	2011-141	Service	Sole Prop.	Fixed pymt	NA	Fixed pymt	NA
WA	2011-142	Industrial	Inc.	$50,000	pymt adequate	$1,242	pymt adequate
WA	2011-143	Retail	Corp.	$50,000	$100,000 code mod	$2,500	looked a long time
WA	2011-144	Service	Corp.	$50,000	pymt adequate	0	no claim
WA	2011-145	Industrial	Corp.	$19,200	pymt adequate	0	no claim
WA	2011-146	Service	Inc.	$22,080	pymt adequate	0	no claim
WA	2011-147	Retail	Sole Prop.	$18,399	unsure/unknown	$1,667	pymt adequate

DTFH61-10-F-00097

Table 1 - Summary of Business Interviews

State	ID	Business Type	Business Structure	RE Payment	Actual RE	SE Payment	Actual SE
WA	2011-148	Retail	Sole Prop.	$33,267	pymt adequate	0	no records of time
WA	2011-149	Retail	Corp.	$31,568	pymt adequate	0	no claim
WA	2011-150	Retail	Corp.	$46,330	pymt adequate	$375	pymt adequate
WA	2011-151	Landlord	Corp.	$16,193	pymt adequate	0	no claim
WA	2011-152	Service	Corp.	$50,000	$80,000 code mod	$2,500	spent much more
WA	2011-153	Retail	Sole Prop.	Fixed pymt	NA	Fixed pymt	NA
WA	2011-154	Service	Corp.	$50,000	$68,146 rent increase	$2,100	pymt adequate