Introduction

The Federal Transit Administration (FTA) provides federal funding for various transit projects throughout the nation. Since the FTA has limited staff, it retains project management oversight contract (PMOC) specialists to accomplish oversight of the transit agencies that actually implement these projects. O. R. Colan Associates (ORC) provides expert real estate acquisition and relocation assistance services as a subcontractor to an FTA PMOC prime contractor on a dozen or more FTA transit projects involving real estate acquisition since the early 2000’s. On this project ORC serves as a subcontractor to STV Incorporated, the PMOC prime contractor for the project.

The San Francisco Municipal Transportation Agency (SFMTA) is an agency of the City and County of San Francisco, which operates the Municipal Railway (Muni) serving approximately 700,000 riders per day. This project, referred to as the Central Subway Project (CSP), is an extension of SFMTA’s Third Street Light Rail Transit (LRT), and will provide rail service to the Financial District and Chinatown, the most densely developed areas of San Francisco. Figure #1 Map depicts the CSP transit segment as the “dashed line” at the top.

Although this project does not involve a large number of fee parcel acquisitions, there are significant challenges involved, requiring the services and attention of the PMOC real estate expert.
One of the major challenges is that the project is located in congested parts of San Francisco known as Chinatown and South of Market Street or SoMa, the location of the Moscone Conference Center. The Moscone Center Station parcel housed a total of three commercial businesses. The Chinatown Station location, previously was an apartment building on the second floor housing 19 residential households and included eight retail rental tenants on the ground floor. The Chinatown Community Development Center (CCDC) was retained to assist with working in and with the Chinatown community. CCDC staff acted as translators and interpreters to ensure that affected occupants understood and were provided full assistance in accordance with program requirements.

Some of the key issues on this project are based in California state law. Since these items are not required by the URA, they are not considered eligible for FTA reimbursement.

Several parcel acquisitions were high value, including a partial taking of a City owned parking garage where 80+ parking spaces permanently lost. Property contamination existed on one parcel and contamination remediation is generally not eligible for FTA reimbursement. High property value appraisal estimates and acquisition settlements required prior FTA concurrences. Additionally, tenant business owned realty type improvements require valuation and acquisition by the project in compliance with the URA.

Figure #2 shows that the existing overcrowded residential housing was non-decent, safe and sanitary (DSS). This unit was occupied at the displacement property by two adults and two children. The apartment consisted of one room and a kitchen. Bathroom facilities were in the hall and shared with other apartments. Residential rent controls were operative at the displacement site.

This resulted in high rental assistance calculations and all residential tenants qualified as “low income” according to the HUD criteria.
Permanent subsidized housing will be available for displaced tenants that qualify after the URA 42 month subsidy expires, and will be provided by the project and San Francisco Mayor’s Office of Housing. A second residential move to subsidized housing was authorized by FTA and will be reimbursed. Payment for protective rents was also authorized by FTA to preclude subsequent occupants. Rental replacement housing could be secured and held as resource housing, if necessary, and was authorized by FTA. High rental assistance /downpayment eligibility resulted, and rents were paid in installments.

The estimated total real estate cost of the project is roughly $49.5 million. $10.4 million of the amount pertains to payments that are not eligible for FTA reimbursement. These include Loss of Business Goodwill- $2,400,000 and Permanent Replacement Housing (beyond 42 Months) $8,000,000. The remaining $39.1 million is for acquisition and relocation assistance costs and is eligible for FTA reimbursement.

**Acquisition-Parcel Interests Needed for the Project**

- 2 fee properties
- 3 tunnel easements
- 6 headwall/inclined pile licenses
- 31 compensation grouting licenses (includes licenses for easement properties)
- 30 interior monitoring equipment licenses
- 282 exterior monitoring equipment licenses
  (Note: all being obtained by contractor)

**Relocation Cases**

- Residential Relocations—19 Cases (all were tenants, and involved a total 56 persons all from the Chinatown neighborhood).
- Business Relocations—11 Cases (10 tenants and 1 owner).

**Current Project Status**

All residential tenants and nine business tenants have vacated the project. Several residential tenants are still in temporary housing while attempting to take advantage of the downpayment

(continued next page)
program and purchase a replacement property. The business owner and one business tenant remain in occupancy on the Moscone Station parcel.

All fee parcels have either been acquired or are under control of SFMTA. The various easements, construction licenses, etc., required for the project remain in various stages of acquisition depending upon the construction schedule for project for which they are needed.

Real Estate Project Oversight

As the real estate PMOC, ORC was responsible for ensuring that SFMTA administered real estate acquisition and relocation assistance consistent with the URA and its implementing regulations at 49 CFR Part 24, as well as FTA requirements outlined in its Circular 5010.1D. Given the challenges of the real estate PMOC work on this project, there was a real need for teamwork and sharing of technical assistance within the ORC organization over the 2+ years we have been working on this project. In this regard, special thanks go out to Lisa Barnes, Ted Pluta, Bob Merryman, Ron Fannin, Jerad Yates and Delores Singletary, all of ORC, who provided assistance to Dick Moeller, the ORC lead team member.

Conclusions and Lessons Learned

• The retention of Chinatown Community Development Center (CCDC) to assist in cooperation with the Chinatown community was essential and very beneficial.

• SFMTA was very cooperative with and receptive to guidance from the PMOC, which contributed to a positive outcome for the project.

• Residential rent differential calculations were much higher than the statutory limit of
$5,250 for 42 months, and last resort housing was used to accomplish successful relocations with rental assistance payments ranging from $46,000 to $88,000 for the 42 month subsidy period. Potentially five tenant displacees were able to utilize the rental payments as a down payment and became homeowners.

- Using local funding in conjunction with the San Francisco Mayor’s Office of Housing, the project will provide housing to all eligible tenant relocatees after the 42 month URA subsidy period expires. The SFMTA is contributing $8 million to the cost of a new housing facility. The project will also pay for the second move cost of eligible relocatees that elect to move to the new subsidized housing location. These benefits go beyond the norm, but were considered necessary to mitigate disproportionate sociological impacts caused by the project.¹

- Weekly, and later biweekly, real estate project team meetings were helpful to address implementation issues early and to achieve resolution. The real estate PMOC participated in these meetings with the team.

- A successful record of business relocations was achieved on the project. To date 5 of the 9 displaced businesses that have vacated were successfully relocated. Two businesses consolidated at other existing operations. Payments for loss of goodwill (available only under state law) also were helpful to the business relocatees. One business was able to purchase a replacement site for the relocated business (see San Sun Restaurant photos).

¹Since this item is not required by the URA, it is not eligible for FTA reimbursement.

²Costs associated with housing beyond the 42 month period are not eligible for FTA reimbursement, since this item is not required by the URA. The costs associated with the second move to the new subsidized housing location are eligible for FTA reimbursement.
Report from AASHTO Right of Way and Utilities Subcommittee Conference
Portland, Oregon April 29 – May 3, 2012

By Lisa Barnes, VP, ORC Training, LLC; NHI Instructor of Excellence

The AASHTO meeting was filled with congratulations to Dee Jones, retiring Director of Right of Way for ODOT. At the awards luncheon she received an AASHTO Service Recognition Award highlighting Dee’s service on the Executive Board as a Region 4 R/W representative, as well as her previous leadership in hosting the conferences in 2001 and 2012, both in Portland, Oregon. John Campbell, Director of R/W for TxDOT, also received a Service Recognition Award for his years of service to the Executive Board and as the retiring Chair of the Right of Way and Utilities Subcommittee. The new Chair will be Matt DeLong of Michigan DOT.

While there were many excellent topics covered during the three and a half day meeting, the most significant may have been the presentation by Gloria M. Shepherd, Associate Administrator for Planning, Environment and Realty, Federal Highway Administration. She addressed the opening session of the conference and outlined several key issues in the proposed transportation reauthorization legislation that will impact right of way. (See a related story in the Report from FAU in this edition of the Acquirer.) She discussed the FHWA’s Every Day Counts (EDC) initiatives, which are designed to identify and deploy innovation aimed at shortening project delivery, enhancing the safety of our roadways, and protecting the environment. These EDC initiatives are included in the proposed transportation reauthorization language. Of particular interest for the right of way audience were comments about emphasizing the consideration of right of way issues in the planning process and making a right of way specialist a member of the planning team. She also discussed streamlining project delivery by moving toward a greater use of programmatic categorical exclusions in the...
environm ental process. Ms. Shepherd said that this reauthorization, if it passes, will be the biggest change since the Intermodal Surface Transportation Efficiency Act (ISTEA), which was passed in 1991.

Both NHI and IRWA offered training courses on the days following the AASHTO meeting. These courses were well received and set a precedent for future meetings. Bob Merryman and Lisa Barnes instructed the NHI course Introduction to Federal-Aid Right-of-Way Requirements for Local Public Agencies. This two-day course focuses on applying the Uniform Act, as well as related federal regulations to specific situations and issues. It targets LPA employees and those State DOT employees who have LPA oversight responsibilities. Several R/W Directors sat in on this course and expressed a desire to schedule if for their states in the near future.

FHWA Announces Proposed Changes to the Uniform Act

Report from FAU in DC – March 21, 2012

By Cathy Muth, CEO, O. R. Colan Associates

The big news from FHWA, as announced by Arnold Feldman at the Federal Agency Update in Washington, D.C. on March 21, is that both the Senate version of the transportation bill (MAP-21) and the House version contain language that would change the Uniform Act. The Senate version of the transportation bill contains the following amendments:

- Increase Reestablishment expenses to $25,000
- Increase nonresidential Fixed business In-lieu payment to $40,000
- 180-day ownership requirement reduced to 90 days
- 180-day owner-occupant max replacement housing payment is $31,000
- 90-day occupant max payment is $7,200

Lead agency can make cost of living adjustments to these payments based on inflation

There is also provision for an “Alternative Relocation Payment Demonstration Program” in the Senate Bill that basically allows a combination of acquisition/relocation payments, based on reasonable estimates, and paid in advance of the physical displacement of the displaced person. The Senate version would begin with a five state pilot program as a first step. The proposed House version would make it effective now.
Following is a link to a copy of the bill – the Alternative Demonstration Program is in Section 1315 on Page 383 – the URA Amendments are in Section 1514 on page 433.


FHWA Realty Specialist Mike Jones, SR/WA reported on a study related to Incentive Payments. The authority for Incentive Payments to expedite project delivery is found in 23 CFR 710.203(b)(2)(ii). Texas, Mississippi, Connecticut and Wisconsin all have relocation incentive payments in their programs now. Wisconsin and Florida have acquisition incentives in place. New Jersey is planning to add incentive payments to their program. Utah, Arkansas, South Carolina and Nevada are all interested as well. FHWA will release a “How To” guide for Incentive Payments in two months.

In Texas, there was an opinion by the IG that you can’t have protective rents, since the state determined it was a “loss of business,” which is not compensable in Texas. Instead they pay incentive payments to the tenants to stay.

John Turpin, Chief Appraiser of FHWA, reported on Railroad Mitigation policies. There are 660 Railroads in the US and 220,000 miles of track with seven heavy carriers, according to a recent study by the Transportation Research Board (TRB) entitled “Strategies for Improving the Railroad Agreement Process”. The final report is due in 90 days. The purpose of the study is to improve communications between railroads and State DOTs, and assist each side in understanding each other’s needs. Railroads will give a lease or license but will not sell a fee interest. He advised that if you ever have to request an interest from a railroad, it will expedite the process to provide them with 12 copies of the plans up front because they have to have that many approvals. He said this can “save you years.”

Marshall Wainright, FHWA Realty Specialist, reported that there will be an upcoming study on Reverse Mortgages. It will look at how displaced persons are affected by the loss of the reverse mortgage and what the effects are to the agency.

Marshall also reported on the Business Relocation Retrospective Study from 2011 that was conducted by O. R. Colan Associates. This report made four primary recommendations based on interviews with business owners who were displaced by a federally-funded project over a five year period ending 12/31/2010.

• Increase the maximum reestablishment expense payment
• Increase the amount of the fixed payment for nonresidential moves
• Improve advisory services for business owners/operators
• Simplify the relocation process

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As stated above, the proposed changes to the Uniform Act in currently proposed transportation legislation would change the re-establishment payment to $25,000 and the nonresidential fixed payment to $40,000 and tie each to an index like the consumer price index or something similar. The report found that 14 states have limits higher than the statutory limits for re-establishment, some up to $100,000. The report is available on the FHWA website at http://www.fhwa.dot.gov/realestate/business_relocation_assistance/index.htm

Marshall Wainright also discussed the Negative Equity waiver for FHWA, which can be found at FHWA/realestate/tempwaiv10.htm. He announced that the Turbo Relocation software is now available at http://www.aashtoware.org/pages/turborelocation.aspx. The idea is to have a one stop shop for relocation, but the program is in its infancy. Many states are reporting that they don’t have the funding to implement the program.

Presentations were also made by representatives of the Federal Transit Administration, the Federal Aviation Administration, the Federal Rail Administration, the U. S. Army Corps of Engineers, the Department of Housing and Urban Development, and the Bureau of Land Management.

A welcome addition to the federal agencies represented at the FAU was the Federal Rail Administration (FRA), represented by Susan Herre, FRA Transportation Planner. The FRA is responsible for intra-city high speed rail projects, with an emphasis on creating an environment of livability at station locations. Susan gave examples of how livability has been achieved at stations in Europe.

The 2012 Federal Agency Update (FAU) was held at the Washington Hilton in an intimate setting with Lee Hamre, SR/WA, as the facilitator. Fifty-eight people were registered for the event, making it the smallest FAU conference in recent memory.

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**On the Road with Bob: Baton Rouge**

*By : Bob Merryman, SR VP, O. R. Colan Associates; Technical Expert, ORC Training, LLC; NHI Instructor of Excellence*

When we think of Louisiana most of us think about New Orleans. However, located just an hour north of the Big Easy is the capitol of the state, Baton Rouge. Baton Rouge (the “red stick”) is almost as old as New Orleans. It was founded in the early 1700’s and the name was derived from a red pole that supposedly divided two competing Indian tribal hunting grounds. The “Red Stick” became Baton Rouge to the French city founders.

The State of Louisiana has active transit programs in several of its cities. The National Transit Institute course “Federal Transit Administration Real Estate Requirements” was recently offered in Baton Rouge
for the benefit of the various local transit agencies. O.R. Colan developed and instructs the two-day course. The course is offered periodically by FTA based on the interest of its local grantees.

People in Louisiana are a perfect expression of southern hospitality. At lunch one day of the class, a non-Louisiana attendee told an interesting story of how a shop owner “loaned” her some rubbing alcohol to remove a stain rather than require her to purchase the entire bottle. She was pleasantly surprised and acknowledged that it would not happen in her hometown! Likewise, when Ron Fannin (co-instructor of the course) and I were about to leave the hotel to take a long walk around the City Park lake, the bell-person jaunted off to find us two bottles of water to make our walk more comfortable.

So after that long walk, dinner sounded good. You cannot go to Louisiana and not enjoy the local food. We headed over to Parrans, a local classic Cajun seafood restaurant, where fried alligator tail is a favorite. It is moderately priced and very good. We arrived about 6 PM on a Wednesday, and it was already full for dinner. The locals all love it.

We had a large group as we invited a retired FHWA realty officer and some of the out-of-town class participants. With that size group, we got to try all of the local specialties such as fried alligator tail and crawfish etouffee. We also found crawfish macaroni and cheese, and some interesting cole slaw with peanuts. Everyone enjoyed the unique food, interesting setting, and reasonable prices. It was a hit.

My only regret of the trip was that I did not have time to head down to the Central Grocery store in the New Orleans French Quarter for one of their famous muffaletta sandwiches. Maybe next time.
Announcements / Promotions

Daryl Knobbe Appointed VP of Project Development at ORC - Daryl will lead and oversee the firm’s various offices across the country. His role will be to manage the financial, contractual and staffing needs of the firm’s transportation and infrastructure programs. Prior to this new role, Daryl was a Senior Manager for the firm’s Midwest operations managing projects in Missouri, Illinois, Mississippi, Arkansas and Louisiana. Daryl is located in ORC’s St. Louis office. He currently serves as an officer on the ROW Consultants Council and is a member of the International Right of Way Association.

ORC Trainee Program Graduates Promoted

Benjamen Zera and Matthew Starling Appointed Project Administrators at O. R. Colan Associates

ORC is proud to announce the promotion of Ben Zera and Matt Starling to the position of Project Administrators in our Cleveland, Ohio office. Ben and Matt are graduates of Florida State University with B.S. Degrees in Finance and Real Estate. They both entered ORC’s Trainee Program in 2006 shortly after graduation.

Ben Zera leads the firm’s Aviation Sector Group for Ohio, Pennsylvania & W. Virginia and has 6 years of experience on a wide range of transportation projects. He oversees a group of acquisition and relocation agents in administering and managing multiple aviation projects and highway programs. Ben currently serves as the Vice-President of the International Right of Way Association’s Buckeye Chapter.

Matt Starling provides management support in the firm’s Highway Sector Group for the Ohio region and has 6 years of experience on a wide range of transportation projects. He oversees a group of title, acquisition, relocation and closing agents in administering and managing multiple highway projects. For the past 2 years Matt has served in the role as International Director for the International Right of Way Association’s Buckeye Chapter. Prior to that role, Matt was President of the IRWA’s Ohio (Buckeye) Chapter.

Nikola Radonjic Promoted to Network Administrator. Nik started in the IT Department in our Charlotte, NC office in 2010 as a Junior Network Administrator and has since shown consistent dedication to technical training and implementation. Over the past year, he has completed both the Microsoft Certified Technology Specialist (MCTS); Windows 7, Configuration certification as well as the Microsoft Certified IT Professional (MCITP); Enterprise Desktop Support Technician on Windows 7 certification. Nik joined ORC in 2008 as a Billing Administrator after graduating from St. Andrews Presbyterian College with a B. A. Degree in Business Administration/Finance and Management.

O. R. Colan Associates has 23 office in 17 states. Visit our website for a complete list of current offices or contact Steve Toth at stoth@orcolan.com.

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