

THE FLORIDA TURNPIKE ENTERPRISE

An Early Acquisition Program with Win-Win Results

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Whether travelers on the Florida Turnpike Mainline are seeking fun or business – going shopping, home or to the office – the Hollywood Boulevard exit is the way to go for the residents and visitors of south Florida. This strategically located off-ramp just north of Miami drops motorists onto this well-traveled road leading to commercial and residential developments, downtown Hollywood, and south Florida beaches.

As a result of this draw, compounded by expanding growth, traffic at this intersection has been coming to a halt.

To provide relief for the area, the Florida Turnpike Enterprise is planning capacity improvements as part of its overall expansion program. Targeted for 2007, these improvements necessitate the acquisition of both residential and commercial properties in the surrounding vicinity.

Because of scheduling, right of way acquisition will typically start at the 60% design phase of a project and enter a lifecycle of 18 months. Situated at this point in the production schedule, right of way is usually driving the project, which puts the team firmly in the “hot seat.” For this project, however, we had the good fortune of having additional time built into the project schedule, where design was in place well in advance of the anticipated right of way acquisition phase.

This gave us the opportunity to take a different approach to negotiations. Beginning in late 2004, the acquisition team developed a comprehensive program to define ways to open dialogue and build relationships with the property owners affected by this project, evaluate potential properties for the program, and introduce flexible incentives to property owners to settle early.

Now, with construction less than a year away, the Florida Turnpike Enterprise has successfully negotiated 64% of the parcels identified for early acquisition, and in the process, has modeled an Enterprise-wide early acquisition program that could become a best business practice.

One-on-One Relationships

Overall, the project consists of 19 parcels, including rights of way owned by local municipalities. The right of way team identified 14 parcels for early acquisition – a mix of leased and owner-occupied residential units and two commercial

properties off Hollywood Boulevard. All titles need to be in hand by January 2007.

As part of the relationship-building element of the acquisition program, we initiated a dialogue with designated property owners. Public information meetings provided an ideal open forum early in the process. Owners were asked if they knew about the project and whether they had any interest in selling their property to the Turnpike. During these preliminary discussions, it was explained that acquisition was not scheduled to commence for several months, but if they were interested in selling now, then the Turnpike would purchase their property early.

Many property owners were receptive to this idea and indicated that they were willing to work with us to expedite the process. In most cases, owners who were landlords were more concerned with the relocation process and how their tenants would be treated than the actual purchase price of their property.

Since there was no Federal funding on the project, Florida Turnpike Enterprise was able to bring incentives to the negotiations. When making offers on these properties, we knew that these people and their willingness to sell were benefiting both our acquisition schedule and budget, given the region’s rapidly escalating real estate values. During this time, listing prices for residential properties were increasing at a rate of up to 2.5% per month.

Our foremost strategy was to lay our highest and best offer on the table at the outset. This helped not only to minimize the involvement of attorneys, but also helped to defray attorney and expert fees, which the Turnpike would be obligated to pay in accordance with Florida law. This scenario resulted in a highly desirable win-win transaction. Property owners won because the money went directly into their own pockets; the Turnpike won because the acquisition was expedited.

Because the Florida Turnpike Enterprise follows the Uniform Relocation Assistance and Real Property Acquisition Policies Act for relocation, many tenants “won” too. Three families who were formerly renters were able to apply their relocation monies toward the down payment on a house. And since this process began so far ahead of the right of way clear date, former tenants had considerable breathing room to hunt for a suitable neighborhood and new home.



Planned capacity improvements for Hollywood Boulevard Interchange necessitated acquiring of surrounding residential and commercial properties.



Successful negotiations with homeowners - not auction or condemnation - allowed early acquisition and subsequent demolition of numerous structures.

Managing Expectations

In retrospect, this project provided our right of way team with valuable lessons about expectations versus reality.

At each property, we looked to define unique incentives for the given situation by taking into consideration rising real estate prices and future costs. We operated on the principle that it is better to pay now than to wait and face higher costs down the road. In all cases, we obtained appraisals and discussed with the appraisal section and legal counsel the property values and potential exposure to fees.

However, reality sometimes upended our sound homework and good intentions. Some owners who were receptive to the early acquisition used the extra time to deliberate – as we assembled the information to make our offers – and subsequently backed out of making a deal.

Sometimes unforeseen events interfered. For instance, one parcel was held in title to a husband and wife who were in the process of finalizing their divorce. We made an early initial offer but never received a response. Unknown to the team at the time, the lack of reply stemmed from communication challenges between the owners, and not a lack of interest in selling. Ultimately, the Turnpike lost the opportunity to acquire the property early, but we were eventually able to bring the interested parties together and negotiate an acquisition that was suitable to all.

Communication must be initiated and nurtured throughout the relationship with property owners - until the deal is closed.

Redefining Acquisition

The success of the Hollywood Boulevard interchange early acquisition program has sparked interest throughout the Florida Turnpike Enterprise, particularly with upper management and the entire right of way staff. Upper management sees this program

as a way to reduce construction delays by securing the rights of way necessary for a project. Our right of way team sees it as a way to redefine our role in the negotiation phase from adversary to collaborator. Put in this perspective, this program trims some of the stress that comes along with the job!

Given the successful outcome, the Hollywood Boulevard experience suggests a comprehensive game plan for future early acquisition projects:

- Begin dialogue early and keep it open. Keep attuned to the property owners' expectations throughout the dialogue. Even if property is not acquired initially, a positive and supportive dialogue helps move acquisitions along later in the process.
- Give property owners the best possible offer up front to show that you are making a good faith effort to settle as quickly as possible.
- Some property owners will choose to have attorney representation. Under Florida law, the property owners' fees and costs for services rendered are compensable through the condemning authority. Work with these property owners to secure a settlement in the best interest of all parties.
- Take the opportunity to educate the public about the right of way process. Be continually informative about the overall project goals, property owner rights, and other right of way-related activities.

The application of these principles has made the Hollywood Boulevard early acquisition program a great success. To date, fewer properties than typical have required condemnation proceedings, and the Florida Turnpike Enterprise has acquired more than half of the properties it needs by January 2007. To the satisfaction of all, time is on the Turnpike's side! ■