

# Functional Replacement Program Is Explained

By John Sprague

Several years ago, the construction of a highway through a community often meant the necessary loss of a vital publicly owned structure such as a fire station or a school. The loss was permanent and was only partially compensated for with payment based on normal appraisal methods.

If the community had a requirement to replace the lost facility, it was on its own to do so and had to raise the necessary funds as best it could, usually through additional local taxation.

Times and attitudes have changed and the Functional Replacement Program (FRP) provides for the replacement of any publicly owned real property that must be acquired to permit a Federal-aid highway or highway-related project to proceed. The FRP does not, however, apply to real property owned by utilities, railroads, or the Federal government.

The FRP has been in existence since 1972 and, as of September 30, 1980, 45 states, Puerto Rico, the District of Columbia, and the U.S. Virgin Islands in the Caribbean have determined that they have the legal ability to take part in the program.

To date, 30 states have submitted 100 FHWA-approved functional replacement proposals, totaling more than \$200,000,000. These include such facilities as: 22 schools, 32 parks, recreation or wildlife facilities, six police facilities, nine fire stations, and 31 miscellaneous proposals covering such items as State motor vehicle garages and maintenance shops, animal shelters, and public housing units.

The pro rata share of Federal participation in the actual functional replacement costs is based on the type of highway system involved; i.e. 90 percent for Interstate, 70 percent for most primary or secondary routes.

The FRP is broadly covered in a pamphlet titled "Replacement of State and Local Publicly Owned Facilities Acquired for Federal-Aid Highways," which is available in local FHWA offices. Complete and detailed instructions regarding the program are contained in the Federal-Aid Highway

Program Manual, Volume 7, Chapter 2, Section 2, Subsection 1, titled "Functional Replacement of Real Property in Public Ownership."

The concept of payments for functional replacement is based on three factors. First, publicly owned real property used

for public purposes seldom, if ever, is sold on the open market. Therefore, it is difficult to determine the just compensation for the taking of such property using normal appraisal methods. Second, the governmental body owning the property normally must obtain a replacement be-



**Before**—The existing Baltimore, Maryland, Headquarters and Central District Police Station.



**After**—The functional replacement of the Central District Police Station (foreground) and Headquarters (background) which was not eligible for replacement.

fore vacating the original facility. This is necessary to avoid interruption of the necessary public function involved. For example, a school cannot be shut down for a year or more while the original structure is torn down and a new one erected in a different location. Third, to replace the public land and/or facilities being acquired, political subdivisions are often forced to impose additional taxes on their communities.

The major benefits resulting from the FRP include: Eliminating burdensome additional costs to local governments and preventing interruption of necessary public services; enabling affected owners to plan replacement facilities in a manner that is compatible with their physical and functional needs under current standards; and permitting the decision-making process to be participated in by all concerned.

In most cases, the FRP provides a completely new facility that meets all current local building laws and codes and the prevailing standards in the area for similar facilities. New schools, fire stations, police facilities, public housing units, parks and recreation areas—all can be and are provided by the FRP at little or no additional expense to the taxpayer.

## Report Available On Natural Gas Pipeline Work

The Michigan Public Service Commission has published a report entitled "Future Pipeline Development in the Northeast Michigan Coastal Zone and Niagaragan Trend: A Regional Analysis of Environmental Resources and Land Use."

The purpose of this report is to highlight sensitive areas that will need a closer evaluation if a proposed pipeline route enters them. The value of this report is in its use as a planning tool before the pipeline route is established.

Copies of the report with portions of the overlays are available for \$5.00 from: Scientific Research and Evaluation Section, Michigan Public Service Commission, P.O. Box 30221, Lansing, MI 48909. For further information, contact: George Carpenter at 517-373-8690.

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