

UNDERSTANDING SELF-MOVE AGREEMENTS

Details for nonresidential displacees

BY DARRYL ROOT, JD, MBA, R/W-RAC

Often times, business owners choose to move personal property themselves when being displaced by a federally funded project. After all, the Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) and its implementing regulations allow nonresidential owners and tenants to do so.

There are a multitude of reasons why a self-move may be chosen by the nonresidential displacee. Some displacees simply want the benefit paid directly to them rather than giving it to a commercial mover. Others believe they have equipment or inventory that is irreplaceable and do not want a commercial mover handling these items. Sometimes, displacees own machinery that must be delicately calibrated before and after the move. These displacees often feel it would be easier to calibrate the machines after the move if they personally relocate them.

Whatever the motivation, successfully implementing a self-move under the URA requires several practical considerations. First, the relevant regulation pertains to personal property only. That personal property should be included in an inventory submitted by the displacee and verified by the relocation professional. This verification process could involve carefully comparing the inventory against any real property or fixtures and equipment appraisals provided by the displacing agency. If a discrepancy exists, the appraiser should be contacted so a resolution is reached prior to approving any estimates to move the personal property. The relocation agent should also visit the displacement site to verify the contents of the inventory. Special attention should be paid to businesses whose inventory regularly fluctuates to ensure the inventory is accurate.



Options for Payment

As previously mentioned, regulations allow for personal property from a business, farm or nonprofit organization to be moved by the displacee. A self-move payment may be based on one or a combination of the following:

- (i) The lower of two bids or estimates prepared by a commercial mover or qualified Agency staff person. At the Agency's discretion, payment for a low cost or uncomplicated move may be based on a single bid or estimate; or
- (ii) Supported by receipted bills for labor and equipment. Hourly labor rates should not exceed the rates paid by a commercial mover to employees performing the same activity and, equipment rental fees should be based on the actual rental cost of the equipment but not to exceed the cost paid by a commercial mover.

Once the inventory is verified, the relocation professional should work with the business owner to discuss the two options for a self-move. Most business displacees choose the first option of being reimbursed based on the lower of two bids or estimates obtained from commercial movers. This option is less cumbersome than a receipted move and gives business owners an idea up front of the amount they will have to spend. Furthermore, the first option ensures that over-inflated hours and/or equipment rental receipts will not be presented to the displacing agency after the move.

However, if the second option of receipted bills for labor and equipment is chosen, the relocation professional will have to verify the labor rates for the displacee's employees and compare them to labor rates charged by the commercial mover. Likewise, the costs for rental of equipment cannot exceed that paid by a commercial mover.

This can present a problem for the displacee, as many movers have special arrangements with vendors for moving equipment and those prices may not be indicative of what a displacee would have to pay.

The first option for a self-move may also have some disadvantages for a displacee. Some displacing agencies may require that the overhead and profit be deducted from the movers' bids as these agencies believe that these costs would not be incurred by the displacee and should not be included in the bid. Businesses displaced by these agencies may argue that the time and effort required to move their personal property prevents them from earning overhead and profit from their business activities that they normally would earn.

Bids and Estimates

Regardless of the treatment of overhead and profit, the relocation professional should be present at the walkthrough of each commercial mover providing a bid or estimate. Each mover should be given a copy of the verified inventory list and be given an opportunity to ask questions. The relocation professional should review the completed bids to make sure there is a true "apples to apples" comparison in order to approve the bid that is truly the least expensive. If there is a significant price difference in the two bids, it is incumbent on the relocation professional to investigate the bids to determine the reason for the difference. This may result in obtaining a third bid from another commercial mover.

The contents of the bids should only deal with the movement of personal property. The self-move concept should not be used as a vehicle to include complicated installation and re-establishment tasks that a commercial mover would not normally do. The purpose of a self-move is to allow the displacee the ability to move its personal property

and to perform tasks that it has the expertise to perform itself. Hence, the term "self-move". As a general rule, it should not include complex tasks performed by others. Tasks performed by other specialized vendors—such as complicated electrical and plumbing work—should only be reimbursed if the work falls under other moving benefit categories and is actual, reasonable and necessary. Otherwise, the self-move concept could be turned into a vehicle for what would amount to a global settlement on relocation benefits without the duty to provide proof of payment and evidence that the expenses incurred were actual. To include these expenses in a self-move could encourage the manufacturing of over-inflated bids in an attempt to "pocket the difference" between the bid and the expenses actually incurred. In any event, it is important that the relocation professional confirm that any work listed in the self-move agreement is actually completed.

Final Steps

After the bids are completed, the relocation professional should advise the displacee on the amount of the approved lower bid and answer any questions. The displacing agency will then have the displacee sign an agreement limiting reimbursement to the amount of the lower bid, along with timeframes and items included in the self-move. Finally, the relocation professional should monitor the self-move to ensure the old site is vacated on time and under the specifications of the self-move agreement. ⚡



Darryl Root is a Program Manager and Northern California Regional Director for OPC. He has been in the right of way industry for 25 years.