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HQ REAL ESTATE SERVICES

Ms. Paula J. Hammond  
Secretary of Transportation  
Department of Transportation  
Olympia, Washington

Attention: Dianna Nausley

### Clarification on Eligibility of Move Expenses

Dear Ms. Hammond:

You requested additional information on how to calculate the cost to move an obsolete system when you cannot get an actual estimate.

First, it is necessary to determine whether the business will move and replace the item, or will either discontinue the business or continue but not replace the item in question. The regulatory references for these two options are 24.301(g)(14) for actual direct loss of tangible personal property (first option) and 49 CFR 24.301(g)(16) for substitute personal property (the second option). The reason why it is necessary to determine which option applies, for purpose of establishing the "cost to move", is to determine whether the "cost to move" will include the costs to reinstall/reconnect.

1. If the business discontinues or will not replace the item at the replacement site, installation/reconnection costs will not be included in the "cost to move" **if** the equipment is either in storage or otherwise not being used at the displacement site. However, if the equipment is installed at the displacement site then the installation/reconnection costs will be included in the "cost to move". In either case, the cost of code upgrades shall not be included in the cost to move.
2. If the business will continue and plans to replace the item at the new site, the "cost to move" will include the costs to the business for installation/reconnection of the substitute personal property.

Once this determination has been made, the "cost to move" will include the following:

- Disconnection from displacement site.
- Physical move to replacement site.
- Cost to install/reconnect at replacement site if the item is installed at the displacement site.

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If the item that is proposed to be replaced with substitute personal property is obsolete or in a condition where it cannot reasonably be moved and/or installed at the replacement site, the agency should take the following actions:

- Obtain an estimate of the cost to remove the item from the displacement site (including disconnect) and move it *as if*<sup>1</sup> it was intact and capable of being moved. For example, if a storage tank or water heater at the displacement site is considered to be personal property rather than real property, but its age and condition are such that a mover or specialist considers it not capable of being moved intact, have the estimator(s) provide a price to move as if it was in movable condition.
- If the technology for the item in question has changed and it would not be adaptable for installation or reconnection at the replacement site, one option would be to obtain an estimate to install/reconnect a substitute item that most nearly matches the item in question but conforms with current technology.

Once estimates have been obtained, the calculation would be done consistent with 49 CFR 24.301(g)(16).

NOTE: The intent of the regulation for "substitute personal property" is to set a threshold for reimbursement based on the cost of moving the item from the displacement site to the replacement site—not to cover the difference between the depreciated value of the old item and the cost of a new item. In rare cases where the item is of low value and high bulk, the threshold might reach that level. But in many cases, the "cost to move" is less than the value difference between the old and new item. This is different than the concept of a replacement housing payment, whose purpose to cover the difference between the displacement item (i.e., the subject dwelling) and the replacement item (i.e., the replacement dwelling).

Sincerely,

DANIEL M. MATHIS, P.E.  
Division Administrator



By: Elizabeth Healy, P.E.  
ROW Program Manager & Environmental  
Specialist

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<sup>1</sup> If you are not able to get this estimate, use the alternative calculation method described here: Calculate cost to disconnect and move the existing obsolete system (cost x). Get an estimate to purchase and install new system (cost y), with the actual cost of the new system/equipment (cost z) included in estimate (look at 49 CFR 24.301(g)(16)(ii) Substitute property). Eligibility calculation = x+y-z