

Business Relocation Guidelines

County of Santa Cruz
and
Santa Cruz County
Redevelopment Agency

September 1998

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Your Relocation Coordinator is: _____

His/Her phone number is: _____

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INTRODUCTION

In carrying out County and redevelopment projects and programs, it is not always possible to avoid displacement of businesses or non-profit organizations. The policy of the County and Redevelopment Agency is to minimize the impact caused by such displacement so that individuals and business owners do not suffer disproportionately as a result of programs designed to benefit the public as a whole.

Displaced individuals, families, businesses, and nonprofit organizations may be eligible for relocation advisory services and payments as provided by federal, State, or local laws. This booklet summarizes these programs for businesses and describes the principal provisions of the legislation, and regulations concerning where and how to get assistance, eligibility requirements, payments available, and requirements for payment.

Because of its wide scope, relocation regulations are complicated and difficult to interpret. Therefore, persons reading this booklet are urged not to form any opinions in advance relative to benefits and amounts to which they may be entitled. Strict requirements must be met before eligibility can be established and payment benefits determined. Premature action may jeopardize your eligibility for a relocation payment.

If you are required to move as the result of a County or Agency project, a Relocation Coordinator will contact you. Your Coordinator will be able to answer your specific questions, provide additional information, and help you fill out reimbursement claim forms.

BEFORE taking any action involving relocation or moving, businesses or non-profit organization operators who may be affected are urged to talk with their Relocation Coordinator, whose name and telephone number are listed on the last page of this booklet.

WHO IS ELIGIBLE FOR BENEFITS?

Every business owner-operator or business tenant-operator (including non-profit organizations) who is displaced from his or her place of business as a result of a public project of the County or Agency is protected under federal, State, or local laws and policies pertaining to relocation.

CAUTION!

Relocation law establishes strict eligibility requirements for owners and tenants. To receive payment for a particular benefit as either an owner or tenant you must satisfy ALL requirements for that particular benefit payment. Contact your Relocation Coordinator BEFORE you incur any moving expenses to verify that it will qualify for reimbursement and that you have followed proper procedures.

WHAT RELOCATION BENEFITS ARE AVAILABLE?

To BUSINESSES and NONPROFIT Organizations:

Relocation Advisory Assistance;

Moving Cost Payments;

Alternate Moving Cost Payments:

- a. Low Value - high bulk personal property
- b. Loss of tangible personal property;

Reimbursement for costs related to searching for a new location, not to exceed \$1,000;

In certain cases, reestablishment expenses not to exceed \$10,000.

- OR -

Provided that the business meets certain requirements, an "In Lieu" Payment between \$1,000 and \$20,000, based on average annual net earnings.

WHAT ARE THE REQUIREMENTS TO OBTAIN BENEFITS?

The major requirements for each relocation benefit are listed below, however, these are not all-inclusive. Please consult your Relocation Coordinator about additional requirements before you vacate to insure compliance before you incur any moving costs or other related obligations.

Requirements For Receiving Relocation Assistance:

To be eligible for relocation assistance, you must operate a business or non-profit organization on property that is acquired by the County or Agency for a public purpose or acquired by a private party pursuant to an agreement with the County/Agency, where the County/Agency is otherwise empowered to acquire the property.

Requirements For Receiving Moving Costs Benefits:

1. Be In lawful occupancy prior to County/Agency's acquisition.
2. Operate a business on property being acquired by the County/Agency for a public purpose prior to and on the date of ownership of the property by the County/Agency.
3. Prepare a certified inventory of personal property to be moved.
4. Assist the County/Agency in obtaining at least two (2) written moving bids.
5. a. Accept a move by the low bidder
- OR -
b. Negotiate a self-move on the basis of the low 'bid.
6. Give the County/Agency reasonable notice of your move date.
7. Vacate the property.
8. File a claim for relocation assistance on Redevelopment Agency forms with proper documentation.

WHAT IS RELOCATION ASSISTANCE?

Relocation Advisory Assistance means the County/Agency will **assist you** in finding a new business property. A Relocation Coordinator is assigned to each business for this purpose. The Coordinator will **assist** you in finding properties being offered for sale or rent that are suitable in condition and in price or rental range. However, the County/Agency cannot guarantee that you will find an identical or similar property at the same rent or payment you are currently paying.

Also available is information concerning the services offered by other County, State, and federal agencies. The Relocation Coordinator is your principal contact in all matters concerning relocation payments, programs, and procedures.

Some examples of the areas in which your Relocation Coordinator can help you:

1. Provide information relative to zoning ordinances, general plan information, and other economic and general information which may assist the business owner or tenant operator.
2. Assist and/or refer you to the Small Business Administration or other organization(s) designed to assist businesses.
3. Assist in filing claim forms for the various types of relocation payments.
4. Provide information on the availability, size, prices, and locations of comparable commercial or industrial property including referrals to real estate brokers who may be able to assist in obtaining suitable property.
5. Serve as a source of information during the relocation process, referring you to outside sources as necessary.

What Is The Relocation Payment Program?

Relocation payments to businesses and non-profit organizations consist of moving and related costs, or the in-lieu payment. These various types of payments are described in more detail on the following pages.

What Are Moving Cost Benefits?

In general, moving expense benefit payments include all regular and normal costs associated with moving, such as the following:

Dismantling equipment and machines

Crating and uncrating machines or business equipment.

Loading and unloading

Insurance during the move

Reasonable replacement value of property lost, stolen, or damaged (through no fault of the displaced business owner) and not covered by insurance

Temporary storage as determined necessary by the County/Agency

Disconnecting and reconnecting machinery and equipment

Packing and unpacking

Transportation and **cartage**

Moving expenses do not include any additions, improvements, alterations, or structural changes in connection with moving personal property, except when they are necessary in connection with the reassembling, reconnection, or reinstallation of machinery, equipment, or other personal property. They do, however, include payment for such items as stationery reprinting, telephone reinstallation, and burglar and fire alarm system reinstallation (if these items are not purchased by the County/Agency), and moving and reconnection costs of other specialty equipment or systems not purchased by the County/Agency. Other expenses such as professional services necessary for planning and carrying out the move and the cost of licenses, permits, and certifications may also be reimbursable.

Moving payments are generally made after the move is completed and the premises are left clean and orderly.

Limitation

Transportation payments are limited to moves of fifty (50) miles or less,

Charges for additional mileage are the responsibility of the business being moved.

Moving Options

The business or non-profit organization may seek payment of moving expenses under the following options:

Option 1: Actual Costs as Performed by a Commercial Mover

The business operator may elect to have the moving job done by a qualified commercial mover. In this event, the County/Agency will work with the operator in obtaining moving bids and arranging the move. The County/Agency can arrange to pay the mover directly.

Option 2: Self-Move Based on Bids

Instead of using a commercial mover, the business operator may wish to do the moving. In this event, the County/Agency will negotiate with the business operator on a moving payment not to exceed the lower of at least two (2) moving bids. The County/Agency will work with the operator in obtaining the necessary moving bids. No further documentation is required. No additional costs can be added to the self-move payment to cover any other moving expenses.

Option 3: Self-Move Based on Receipts

If the operator and/or the County/Agency cannot obtain bids, the business operator may choose to do all the moving, disconnecting, reconnecting, etc., by himself/herself or contract out privately to have others do all or some of the work. The business operator may then present the County/Agency with receipts and claim reimbursement on eligible items. No additional costs can be added to the self-move payment to cover any other moving expenses. The County/Agency retains the right to limit this amount to the least costly approach or to what it considers to be reasonable.

Alternate Benefits For Personal Property

In addition to the previously mentioned move options, the business owner or operator may be paid moving costs determined by the two alternate methods described below:

Payment for Low-Value, High-Bulk Personal Property

When a business operator elects to retain and move personal property which has low value and high bulk, such as junk, stockpiled sand, gravel, minerals, metals or similar items, payment for actual reasonable moving expenses may not exceed the cost of replacing that property at the relocation site minus the amount for which it could be sold at the displacement site. The County/Agency may purchase the personal property through an escrow. In this event, allow 45 days for escrow to close.

Payment for Loss of Tangible Personal Property

A business may claim payment for actual direct loss of tangible personal property as a result of moving or discontinuing a business operation, but not in an amount to exceed the reasonable expenses that would have been incurred to relocate the property, as determined by the County/Agency.

Actual direct loss of tangible personal property is allowed when persons who are displaced from their places of business are entitled to relocate such property in whole or in part, but elect not to do so.

To be eligible for this benefit, the owner of the personal property must:

1. Be eligible to receive payment for actual and reasonable moving expenses.
2. Enter into a written agreement with the County/Agency electing this method of payment, and agreeing that the personal property specifically described is not to be moved.

When personal property is abandoned with no effort being made by the owner to dispose of such property, the owner shall not be entitled to receive moving expenses or losses for the items involved.

What is the Search Cost Benefit?

A business may claim actual reasonable expenses in searching for a replacement business site. Payment for searching expenses may not exceed \$1,000.00.

Search expenses may include transportation costs, meals and lodging away from home, and the reasonable value of time actually spent in the search.

All expenses claimed, except value of time actually spent in the search, must be supported by receipted bills and other appropriate documentation. Payment for time spent in searching shall be based on the applicable hourly wage rate for the person(s) conducting the search.

WHAT ARE REESTABLISHMENT EXPENSES?

A small business or non-profit organization may be eligible for a payment, not to exceed \$10,000, for expenses actually incurred in relocating and reestablishing the enterprise at a replacement site. To qualify, the organization being displaced by the project must have at least one but not more than 500 employees working at the site affected by the displacement.

The business or organization may be eligible for the following general types of expenses, subject to cost limitations and applicable regulations:

1. Repairs or improvements to the replacement real property required by law, code, or ordinance.
2. Modifications to the replacement real property to make the structure suitable for the business operation.
3. Installation of exterior advertising signs.
4. The cost of installing utilities from the right-of-way line to the structure or improvement on the replacement site.
5. Redecoration or replacement such as painting, wallpapering, paneling and carpeting when required by the condition of the replacement site.
6. The cost of license fees and permits when not covered as a moving expense.
7. Marketing studies, feasibility surveys and soil testing.
8. Advertising the new business location.
9. Professional real estate services needed for the purchase or lease of a replacement site.
10. The estimated increased costs of operation at the replacement site during the first two years, such as:
 - a. Lease or rental charges
 - b. Personal or real property taxes

- c. Insurance premiums, and
 - d. Utility charges (excluding impact fees),
11. Onetime assessments or impact fees for anticipated heavy utility usage.
 12. Other items that the County/Agency considers essential for the reestablishment of the business.

Specific reestablishment expenses requested may be subject to dollar limitations even if the total amount requested is less than \$10,000.

WHAT IS THE IN-LIEU PAYMENT?

Instead of actual moving expense payments, a business may claim an amount equal to the average annual net earnings of the business over a two year period. Such payment shall not be less than \$1,000 nor more than \$20,000.

For a business to be eligible for this payment, the County/Agency must determine that:

1. The business owns or rents personal property which must be moved in connection with the displacement and for which an expense would be incurred in such move; and, the business vacates or relocates from its displacement site; and,
2. The business cannot be relocated without a substantial loss of existing patronage; and,
3. The business is not part of a commercial enterprise having at least one other establishment not being acquired, engaged in the same or similar business activities.

Average annual net earnings are generally those earnings before federal, State or local income taxes, during the two (2) taxable years immediately preceding the taxable year in which the business is displaced.

Certified copies of federal or State income tax returns are the best means of establishing earnings, although the County/Agency may require other documentation such as financial statements or accounting records.

Any amount the business receives as a goodwill payment from real estate acquisition must be deducted from any In-Lieu Payment to be received or vice versa.

APPEALS

If you are denied a relocation payment which you think you should receive or believe the amount was not correctly computed, you should contact your Relocation Coordinator. Your Coordinator will provide you with information and forms regarding the Appeals Procedure.

Your appeal is an administrative process first to the Director of Public Works, in the case of a County project, or the Redevelopment Agency Administrator, in the case of an Agency project, or an authorized representative. The next step would be to go to the County Administrative Officer (for a County project), or to the Redevelopment Agency Executive Director (for an Agency project). If you are still dissatisfied after these reviews of your case, redevelopment law provides for review by a relocation appeals board, which makes recommendations to the Board of Supervisors or the Agency Board of Directors. Finally, if you are still not satisfied, you may seek judicial review of your claim.

You and/or your attorney or representative may present your case at any level of appeal.

Appeals must be filed no later than eighteen months after you vacate the acquired premises, or within eighteen months after the date on which the County or Agency has made its final payment for the property, whichever is later.

You may accept the County or Agency's authorized amount of your claim with no effect on your right to appeal for additional amounts.

Please note that no attorneys fees or other expenses associated with an appeal will be paid for or reimbursed by the County or Agency.

ADDITIONAL INFORMATION

In most cases, no person eligible for relocation payments and who is **LAWFULLY** occupying real property required for a project will be asked to move without first being given at least 90 days' advance notice in writing. You may, however, be evicted **WITHOUT** 90 days' advance notice for reasons such as the following:

1. Failure to pay rent, except for just cause.
2. Performance of a dangerous or illegal act on the premises.
3. Material breach of the Rental Agreement and failure to correct within 30 days of notice.
4. Maintenance of a nuisance and failure to abate within a reasonable time following notice.
5. The eviction is, required by State Law or County Ordinance, and cannot be prevented by reasonable efforts on the part of the public entity.
6. For Health or Safety reasons.

Relocation Payments As Income

Relocation payments received are not normally considered as income for the purpose of the Internal Revenue Code of 1954, or for the purpose of determining eligibility or the extent of eligibility of any person for assistance under the Social Security Act or any other federal law (except for any federal law providing low-income housing assistance). Generally, relocation payments are not considered as resources to persons who receive Welfare or Public Assistance Payments. However, some payments may affect your eligibility for federally-assisted programs. Consult your tax advisor for further advice.

Relocation benefit payments are generally not subject to attachment for payment of debt or liens by third parties. If any problem arises regarding attachment, please notify your Relocation Coordinator who will assist you in determining your liability.

The above statements concerning income and tax consequences of relocation

assistance are not presented as tax advice. You must consult your own tax advisor or attorney for guidance as to the tax consequences of receipt of relocation assistance.

IMPORTANT NOTICE!

This brochure is a general description of the Relocation Assistance Program and is not intended as a complete statement of all State, federal and County laws and regulations which, if not complied with, could cause loss of, or reduction in the amount of relocation benefits a person might otherwise receive. Loss of eligibility may occur if you purchase or move from your property without first contacting your Relocation Coordinator.

No thing stated herein shall be deemed to provide greater relocation assistance than that provided for by applicable law, including but not limited to Government Code Sections 7260 et seq. and Sections 6000 et seq. of Title 25 of the California Code of Regulations. In the event of any discrepancy between the contents of this brochure and applicable law, applicable law shall apply.

Additional information regarding the Relocation Assistance Program is available from your Relocation Coordinator, whose name and telephone number are listed on the inside front cover of this brochure.