

**Arizona Department of Transportation
Infrastructure Delivery and Operations Division**

**Right of Way
Procedures Manual**



**PROPERTY MANAGEMENT SECTION
UNIT 4947**

FHWA Certified: July 16, 2018

ADOT Updated: January 2024



Infrastructure Delivery and Operations

MEMORANDUM

TO: Interested Individuals and Each Holder of the Right Way Group Procedures Manual

FROM: Paula Gibson

CC:


DATE: July 30, 2018

RE: Manual Update

Attached is the most recent Procedures Manual for the Arizona Department of Transportation, Right of Way Group. As you are viewing the electronic (PDF) version of the manual, hyperlinks have been added allowing you to quickly navigate to the various Sections. At the end of each Section and exhibit, you will be given further directions.

This Procedures Manual complies with Title VI of the Civil Rights Act of 1964.

Should you have any questions please contact our office directly at (602)712-7316.



Paula Gibson
Right of Way Administrator



U.S. Department
of Transportation
**Federal Highway
Administration**

ARIZONA DIVISION

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December 13, 2018

In Reply Refer To:
ROWR 03
ROW Manual Approval

Paula I. Gibson
Right Of Way Administrator
Right of Way Group
Arizona Department of Transportation
205 South 17th Avenue, MD 612E
Phoenix, Arizona 85007-3212

Dear Ms. Gibson:

The Federal Highway Administration (FHWA) has received the update to the Arizona Department of Transportation's (ADOT) Right of Way (ROW) Manual. This update was required due to amended provisions published in a Final Rule on August 23, 2016. We have reviewed the updated manual and have determined that it meets the requirements of 23 CFR 710.201(c).

We appreciate the efforts of ADOT to update the manual, incorporate our comments and to consider the amended provisions in the Final Rule. With the completion of this review and update, FHWA is certifying that the Arizona Department of Transportation's 2018 Right of Way Manual is in compliance with federal regulations as of July 16, 2018. If you have any questions, please feel free to contact Alan Hansen at 602-382-8964 or alan.hansen@dot.gov.

Sincerely,

Karla S. Petty
Division Administrator

ecc:

John Eckhardt III, ADOT ROW
Alan Hansen, FHWA AZ Division Team Leader



Infrastructure Delivery and Operations

An Arizona Management System Agency

Douglas A. Ducey, Governor
John S. Halikowski, Director
Dallas Hammit, State Engineer
Steve Boschen, Division Director

July 6, 2018

Karla Petty
Arizona Division Administrator
Federal Highway Administration
Attn: Alan Hansen, Team Lead – PEARC
400 North Central Avenue, Suite 1500
Phoenix, AZ 85007-3212

Dear Ms. Petty:

As the Right of Way Administrator of the Arizona Department of Transportation, Right of Way Group, I hereby certify to the Federal Highway Administration in accordance with CFR 710.201(C), that the current Right of Way Manual submitted is in conformance with Federal and State real estate law and regulations.

There have been no changes to State law that would cause the manual to be in conflict with the Uniform Act requirements. The manual conforms to existing ADOT practices and contains the necessary procedures that comply with the Uniform Act and federal and State real estate laws and regulations. The ROW Manual reflects the amended provisions of the 23 CFR 710 Final Rule published August 23, 2016.

Sincerely,

Paula I. Gibson
Right of Way Administrator
Right of Way Group
205 South 17th Avenue, MD 612E
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*Title VI of the Civil Rights Act of 1964,
and the Americans with Disabilities Act (ADA)*

Pursuant to Title VI of the Civil Rights Act of 1964, and the Americans with Disabilities Act (ADA), ADOT does not discriminate on the basis of race, color, national origin, age, sex or disability. Persons that require a reasonable accommodation based on language or disability should contact ADOT's ROW office at (602) 712-7316. Requests should be made as early as possible to ensure the State has an opportunity to address the accommodation.

De acuerdo con el título VI de la Ley de Derechos Civiles de 1964 y la Ley de Estadounidenses con Discapacidades (ADA por sus siglas en inglés), el Departamento de Transporte de Arizona (ADOT por sus siglas en inglés) no discrimina por raza, color, nacionalidad, edad, género o discapacidad. Personas que requieren asistencia (dentro de lo razonable) ya sea por el idioma o por discapacidad deben ponerse en contacto con 602.712.7316. Las solicitudes deben hacerse lo más pronto posible para asegurar que el equipo encargado del proyecto tenga la oportunidad de hacer los arreglos necesarios.

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Chapter 1 Organization and Responsibilities

1.01 Purpose

The purpose of this Chapter is to describe the authorization, regulations, organization, and responsibilities of R/W Property Management Section, Right-of-Way Group (R/W), Delivery and Operations Division (IDO Division), Arizona Department of Transportation (ADOT).

The current Table of Organization is located main table of contents [\(Unit 4947\)](#).

1.02 Responsibilities of Right-of-Way Property Management Section

The R/W Property Management Section is responsible for several duties associated with the maintenance and disposition of property acquired by the Department of Transportation. These duties are carried out by a staff of agents working in concert but primarily assigned to one or more specific functions within the R/W Property Management Section. These functions are briefly described as follows:

- a. Inventory of all land owned and controlled by the Department of Transportation: This involves the development and maintenance of an integrated property inventory system for identifying and tracking all parcels of excess land, facility sites and highway rights-of-way. Property Management agents performing this function are required to maintain a current and accurate inventory. They research and respond to inquiries concerning location, ownership and status of Department-owned property. They are also involved in the development of information leading to disposal of excess land.
- b. Clearing rights-of-way for construction projects; testing for and abatement of asbestos; demolition activities. Property Management agents with these duties must be familiar with all asbestos-related policies and procedures. They must coordinate their duties with other areas of the Department to assure compliance with construction project requirements. They work closely with asbestos and demolition contractors and must closely monitor all aspects of these activities.
- c. Leasing of acquired property, which includes determining the most beneficial disposition of the property improvement in accordance with the construction schedule. Leasing agents must be familiar with the properties for which they are responsible. They administer the terms of each lease, and assure that the leased property is properly utilized. Regular property inspections and documentation of these inspections are required, and rent rates must be routinely reviewed and revised if necessary to assure compatibility with market conditions.
- d. Leasing of property for Department use requires that the assigned agent have a good knowledge of commercial leasing procedures. The agent must maintain an accurate inventory of leased properties, assuring that all leases and associated requirements are kept current.
- e. Implementing the disposal process for all parcels of excess land. These agents maintain an inventory of excess property currently offered for sale and of those properties being developed for future sale. They prepare sales packages and place public

advertisements. They conduct auctions, prepare and monitor purchase contracts and escrows. They respond to inquiries regarding properties for sale, and help develop strategies for marketing of properties.

- f. Maintenance of acquired rights-of-way prior to construction requires the Property Management agent to be familiar with the inventory of property owned and controlled by the Department. This involves regular inspections of those properties not under lease to assure that they are properly maintained, free of debris and weeds, and that all necessary dust stabilization and storm water runoff measures are in place. These inspections and the condition of properties must be documented. These agents also respond to requests from the public and from other agencies concerning the condition of Department property. They arrange for cleanup and maintenance of property and for security measures through the use of companies under contract to the Department.
- g. The financial functions of the Property Management Section are performed by agents familiar with real estate appraisal, mortgage, and leasing procedures. These agents establish and review rental rates, do Market Analyses and analyze appraisals obtained for disposal of excess land. They help establish terms for the sale of excess land, and monitor Department financing and trustee sales. They assist the leasing agents in dealing with past due rent and collection of overdue accounts.
- h. Assuring that the Irrigation Grandfathered Water Rights, Water Rights, and Wells are property registered, maintained, environmentally sound or inactivated, leased, sold, extinguished and or abandoned while observing all State Statutes, Federal, City, County and private Irrigation District rules and laws.

1.03 Authorization and Regulations

- a. Applicable Arizona Revised Statutes (ARS)
 - 1. ARS Section:
 - (a) 28-7048 - Lease of areas above and below highways, exceptions.
 - (b) 28-7091 - Market Value.
 - (c) 28-7094 - Property acquisition; future needs, highway properties fund; rental revenue.
 - (d) 28-7095 - Conveyance of property not needed for transportation purposes.
 - (e) 28-7096 - Appraisal reports, market analyses.
 - (f) 28-7099 - Property repurchase; right of first refusal.
 - (g) 28-7202 – 7208 - Disposition of unnecessary public roadways; application to other public uses; sale to abutting owners and vacation with title vesting in abutting owner.

2. ARS Title 33:
 - (a) Chapter Three (3) - Landlord and Tenant.
 - (b) Chapter Ten (10) - Arizona Residential Landlord and Tenant Act.
 - (c) Chapter Eleven (11) Arizona Mobile Home Parks Residential Landlord and Tenant Act.

- b. Applicable Federal Laws
 1. Public Law 91-646 - Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
 2. National Environmental Policy Act of 1969.

- c. Other Federal Authorities and Regulations
 1. Title 23 - Code of Federal Regulations (CFR), Part 710.
 2. Title 29 - CFR, Parts - Asbestos:
 - (a) 1910.1001 and Amendment
 - (b) 1910.134
 - (c) 1926.58
 3. Title 40, CFR, Parts:
 - (a) 61 - Subpart M
 - (b) 763 - Subpart E
 - (c) 763 - Subpart G
 4. Applicable portions of the Federal Aide Program Guidance (FAPG).
 5. Office of Management and Budgets Circular A-102 (9/12/77)

1.04 Reports

An annual report will be prepared at the close of each fiscal year and sent to the State Engineers Office (SEO). This report summarizes the status of the land inventory, the land sales, rentals, and demolition and building sales programs, and Water Rights and Well activities. These annual reports will include, as a minimum, the following:

- a. Facility sites by District location, area, cost and improvements, and a summary of changes to the facility sites.

- b. Excess land status by a list of new excess lands identified during the fiscal year. A list of parcels sold and sale prices and area of excess land remains.
- c. Operating rights-of-way by historical data of acquisition, total land area, status of inventory with respect to how much remains to be inventoried.
- d. Summary of special projects and achievements.
- e. Summary of rental properties, demolition's and building sales.
- f. Appropriate charts or other visual Exhibits will be included for clarity.
- g. Distribution of annual report:
 - 1. Original to be retained in R/W Property Management Section.
 - 2. Copy to the Manager, R/W Acquisition Section.
 - 3. Copy to the Right of Way Administrator, and
 - 4. Additional copies as requested.
- h. At periodic intervals, determined by administrative requirements, production schedules, and statutory considerations, other special reports may be prepared by R/W Property Management Section. The data for such reports will be extracted from the automated database.
- i. Delegation of the responsibility for the preparation of such reports will be at the discretion of the Manager, R/W Property Management Section.

1.05 Annual Production Report

R/W Property Management Section will prepare an annual report that details its production.

Chapter 2 General Procedures

2.01 Purpose

The general procedures described in this Chapter are intended to cover all information pertinent to R/W Property Management Section, which is not thoroughly developed in any subsequent chapter.

2.02 Definitions and Abbreviations

The following terms are used frequently throughout the Chapters of this manual. The definitions included here are those that pertain to the field of real estate, and particularly to the acquisition of real property for public use under the power of eminent domain.

- a. Property: In a legal sense, there are only two (2) varieties of property: "Real" property (often referred to as "realty") consists of land, improvements and appurtenances intended to be part of, and remain with, said land; all else is personal property, often referred to as "personality".
- b. Property Management: For the purpose of this manual, the management of real property includes the following activities: maintenance of both manual and computerized inventories of operating highway rights-of-way, facility sites and excess land; title searches; disposal of excess land; the renting or leasing of properties acquired, but not currently needed for right-of-way; the maintenance and rehabilitation of improved properties; the demolition of improvements to the land; the abatement of asbestos from all improvements scheduled for sale or demolition; and the caretaking of vacant land held by the Department for future transportation use.
- c. Value: For goods and services to have worth or value, they must possess certain economic and legal characteristics, such as, utility, supply, demand and transferability.
- d. Market Value: Market Value is defined as the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable.
- e. Escrow: "Delivery of a deed by a grantor to a third party for delivery to the grantee upon the happening of a contingent event. Modernly, in some states, all instruments necessary to the sale (including funds) are delivered to a third (neutral) party, with instructions as to their use "The Real Estate Dictionary 1986 (Fourth Edition)."
- f. Abandonment: Cessation of all rights to highway rights-of-way, with title transferring to the next lower echelon of government wherein the right-of-way lies.
- g. Abutting Properties: Two (2) adjoining properties having a common boundary line.
- h. Appraisal: The valuation of property by comparative, cost, or income methods.
- i. Disposal: The conveyance of excess land to private or public purchasers, for non-highway uses, by means of sale or exchange.
- j. Excess Land: Land acquired as, or in conjunction with, highway right-of-way and later determined to be inessential for such purposes.
- k. ADOT Facilities: Areas used to accommodate necessary personnel, equipment and improvements for the use as designated.
 - 1. Highway Administration
 - 2. Ports of Entry
 - 3. Airports

- 4. Maintenance Camps
 - 5. Storage Yards
 - 6. Rest Areas
- l. Operating Highway Right-of-Way: Land acquired by the State for direct use in connection with highway construction, maintenance, and operation.
 - m. Instrument of Conveyance: A written legal document by which ownership or other interest in real property is transferred. Common conveyances are Warranty Deeds, Special Warranty Deeds, Joint Tenancy Deeds, Quitclaim Deeds, and Easements.
 - n. Relinquishment: The conveyance of a portion of highway right-of-way or facility by a State highway department to another government agency for highway use. Commonly these rights are permits, grants or easements and are relinquished by ADOT Resolution.

2.03 Deviations from the Manual

Although the procedures specified in this and subsequent chapters apply to the vast majority of situations, the Manager of R/W Property Management Section may occasionally authorize deviations for special circumstances. In all cases, deviations will be documented in writing, with justification with approval from FHWA.

2.04 Federal Projects

Federal regulations, statutes, Federal Highway Procedures Guide, and other Federal guidelines will be followed on participating projects.

2.05 Title VI, Civil Rights Act of 1964

- a. Purpose: To assure equal treatment, prevent discrimination, and encourage all people of the State of Arizona to participate in and be beneficiaries of federal aid projects, regardless of race, creed, sex, national origin, age or handicap. The essence of this statement applies equally to non-participating projects.
- b. Definition: "Minority" is construed to mean those parts of a population differing from others in some characteristics, and often subjected to differential treatment. As used in this chapter, minority or minorities specifically includes the old, young, female, poor, handicapped, and members of those ethnic groups that have historically comprised a small percentage of the total population. Predominant among these ethnic groups are African-Americans, Mexican-Americans, American-Indians, and Asian-Americans.
- c. Possible Actions:
 - 1. Identify and utilize minority newspapers in Arizona, and specifically in the city, county, or area in which an activity occurs.
 - 2. Locate minority contractors in Arizona.

3. Determine that the necessary requirements for pre-qualifications are not set so high as to bar qualified minorities.

2.06 Receipt of Appraisal

R/W Property Management Section receives the appraisal from R/W Project Management Section. Upon receipt, an agent will review the data and determine the rental rate for all properties. If the agent finds the property is occupied, an Extended Occupancy Agreement (EOA) will be prepared in accordance with Chapter Three (3), Paragraph 3.09 entitled "OCCUPANCY AGREEMENTS," to be forwarded to R/W Project Management Section. The appraisal then goes to an agent who will update information for the file.

The Agent will also review the appraisal for any portion that identifies improvements, above or below ground, on the acquired parcel. This information will be retained as a reference for anticipating potential demolitions and for reference in completing the Project Clearance when it is routed through R/W Property Management Section.

The Agent will also note if a Cost-to-Cure amount is included in the appraisal and will prepare for inclusion in the R/W Acquisition Section package a Site Clearance Deposit amount sufficient to cover the state's cost to remove the referenced improvements, should the grantor not do so.

2.07 Receipt of Acquisition Package

The R/W Acquisition Section negotiates the purchase of the parcel with the grantor or the parcel is acquired through condemnation under the power of eminent domain. Whichever of these courses of action is followed, the R/W Acquisition Section will send the acquisition package to R/W Property Management Section. Although the contract has been executed by both the grantor and grantee, escrow has not closed at this time. Therefore, the agent will annotate the file with (1) the instrument date, (2) amount withheld in escrow (if any), and (3) the date that State disbursed funds. The acquisition package is then delivered to R/W Operations Section.

2.08 Receipt of Condemnation Transmittal Record

The R/W Acquisition Section sends two (2) copies of the Condemnation Transmittal Record to the R/W Property Management Section. An agent then annotates the file with the parcel number and date. The other copy goes to the assigned agent as notification of pending possession.

2.09 Acquisition Payment Notice

When the State has disbursed the required funds to the grantor, the Contracts Unit of the R/W Operations Section will send a card to R/W Property Management Section stating that a certain amount was released to the grantor on a specific date and a specific warrant. The agent will post the file accordingly.

2.10 Escrow Settlement Statement

When escrow has closed, the escrow agent mails the settlement statement to the Department. Upon receipt, the agent will annotate the file with the closing and possession dates. The settlement statement will be annotated and routed as follows:

- a. Possession date, in accordance with the escrow instructions.
- b. Amount of money withheld in escrow.
- c. Disposition:
 - 1. Vacant Land:
 - (a) Original to R/W Property Management Section.
 - (b) Copy to the R/W Acquisition Section.
 - 2. Improved Properties:
 - (a) Original to assigned agent if improvements are to be rented.
 - (b) Copy to R/W Acquisition Section.

2.11 State Takes Possession

The Department of Transportation usually acquires property by one (1) of the following means, and legal and actual possession occurs as follows:

- a. Negotiation: For vacant lands, possession occurs at the close of escrow. For improved properties, there are two (2) usual situations:
 - 1. If the improvement is grantor-occupied, possession will normally occur at the close of escrow plus thirty (30) days. If the grantor desires to vacate the premises prior to or by the close of escrow, possession may occur at the close of escrow.
 - 2. If the improvement is unoccupied, or occupied by anyone except the grantor, possession occurs at the close of escrow.
- b. Condemnation: Because of crowded court dockets, resolution of condemnation disputes may consume many months or even years. In most instances, the State's need for the property cannot wait the judicial decision and the State petitions the court for possession. If the State's petition is justified, the court will usually grant legal and actual possession in a decree titled "Order for Immediate Possession." The decree will specify the possession date.
- c. Prior to COE: The Department may take physical possession of a parcel prior to close of escrow, if agreed to by both parties. The grantor will provide, to R/W Property Management Section, a letter authorizing them to take possession. Generally, the grantor will remain responsible for all maintenance that may be required.

Note: ADOT will not take early possession unless the grantor has accepted the State's offer for purchase.

2.12 Determination of Property Disposition

When the Department of Transportation acquires an improved parcel of real property for right-of-way, R/W Property Management Section has the responsibility to determine what the most beneficial ultimate disposition of the improvements will be. The following options will be considered:

- a. **Construction Schedule:** If the construction schedule is close at hand, it pre-empts any other consideration. Whether or not the improvements to the land, or the land itself, can be leased, or the improvements sold or demolished, has relevance only if the construction schedule for the particular section of highway is sufficiently in the future to make such action practical.
- b. **Department Retention:** The Department of Transportation may elect to move and use the improvements at another location. If federal funds were involved in the acquisition of the improvement, those funds will be credited in an amount commensurate with the salvage value of the improvement.
- c. **Grantor's Retention:** If the Department does not elect to retain the improvements, the grantor has the option to retain and move the improvements from the land. If the grantor elects to exercise this option, the R/W Acquisition Section will negotiate, prior to consummation of the purchase, for the sale and removal of the improvements. The R/W Acquisition Section will request from R/W Property Management Section a salvage value for the improvements, i.e., the estimated amount the improvements would bring if offered for sale on the open market. This is the price the grantor will pay if the grantor is to retain and move the improvements. The amount of the site clearance deposit, if any, will also be requested.
- d. **Renting or Leasing:** If the construction schedule is far in the future, the renting or leasing of the structures may be pursued. If this course of action is taken, an agent will inspect the improvements to assure that they are in a rentable condition (See Chapter Three [3]).
- e. **Auction Sale:** If the construction schedule is so close that leasing the improvements is not practical an agent will inspect the property to determine whether the improvement can be moved within the prescribed time frame. The agent may ask house-moving specialists to inspect the property to ensure that the structure is worthy and capable of movement. If the agent believes that the improvements are salable, an auction will be held in order that everyone interested has an equal opportunity to bid for them (See Chapter Seven [7]).
- f. **Demolition and Clearance:** If none of the options described above is possible or practical, bids for demolition of improvements and clearance of the land will be solicited. This course of action is followed as a last resort because it produces no income; indeed, it is an additional cost to the State, above the acquisition cost (See Chapter Five [5]).
- g. **Asbestos Testing and Abatement:** Prior to the sale or demolition of any improvements located on ADOT-owned property, R/W Property Management Section will have each improvement tested for asbestos. If positive results are obtained, the asbestos will be abated in accordance with procedures set forth in Chapter Six (6).

- h. When making the determination concerning the disposition of improvements to the land, R/W Property Management Section may request that a Feasibility Analysis be prepared for the property. This analysis provides a detailed list of rehabilitation requirements and a conclusion concerning whether or not rehabilitation is in the best interests of the Department. Based upon all data provided from all sources, the assigned agent will recommend a course of action to the Manager, R/W Property Management Section, who will make the initial decision. Depending upon the variety of disposition, higher echelons of management may be required to concur with or reject the recommendation.

2.13 Required Documentation

When the R/W Agent contacts a property owner, tenant, rental applicant, contractor, vendor, or any person or group on government business, it is essential that an accurate record of the transaction be maintained. For this purpose, the R/W Section provides a "Contact Report" (Exhibit 17.01). Contacts should be recorded, dated and signed by the agent, and the Contact Report will be filed in the appropriate folder.

2.14 Files, Folders, Forms, Records and Reports

- a. Parcel Files: A "parcel" is a tract or plot of real property, normally in a single ownership. For each parcel of land to be acquired for right-of-way, the Delineation Section of R/W Plans Section prepares a work (acquisition) package which; after processing by all Sections of the R/W Group, will contain virtually all materials pertaining to the valuation and acquisition of the parcel and to the relocation of people who were on the land. It is the central depository for all written matter pertaining to the parcel, excepting only construction and right-of-way plans. When the parcel has been acquired, the State has taken possession, all funds have been disbursed and all eligible individuals have been relocated, the Parcel File reflects all such actions and is retained in the R/W Records Center. Eventually, after project finalization, the entire contents of the file will be microfilmed for permanent storage, safekeeping and future reference.
- b. Task Orders: There are many occasions when the time-consuming process of a contract is not warranted. To serve this process, as well as to be used in conjunction with contracts, R/W Property Management Section has designed a two-part "Task Order Form" (Exhibit 17.02). This form is used in a variety of ways, among them are:
 - 1. In conjunction with an existing contract for maintenance and repairs (See Chapter Four [4]) a task order will be used to confirm authorization to contractor to perform the required maintenance or repair.
 - 2. If no contract exists for a particular service, estimates will be obtained from contractors in accordance with the procedures set forth in Chapter Five (5), Paragraph 5.16e. The task order form will be used to confirm authorization to the contractor to perform the required maintenance or repair.
 - 3. If a particular improvement to the land is a public hazard or nuisance, the clearance may be performed through the use of a task order if within the financial limit established by the Procurement Code. Bids will be obtained in accordance with Chapter Five (5), Paragraph 5.16e.

Note: For all task orders initiated by R/W Property Management Section, the provisions of Title VI, Civil Rights Act of 1964 will be given appropriate consideration.

- c. **Summary Statement and Offer to Purchase and Improvement Report:** In order to establish Market Value, which the State will pay to a grantor for his property, the parcel is appraised by either a R/W staff appraiser or a fee appraiser. The appraiser, during the course of the valuation process, lists each improvement (building) separately and specifically separates those fixtures that are real property, and will remain with the property, and those items that are personal property, and will be removed by the grantor. During the acquisition process the R/W Agent may, with R/W Property Management Section's approval, offer to the grantor the option of retaining, moving and using in another location one (1) or all of the improvements listed in the appraisal as real property; the price paid for these improvements will be that amount which each would bring if offered for sale on the open market, i.e., the salvage value. Prior to final negotiations, the agent will prepare a "Summary Statement of Offer to Purchase and Improvement Report" (Exhibit 17.03), which lists all buildings, fixtures, and special items. If the grantor elects to retain certain improvements, each will be listed at the appropriate place on the form. Following this on the form is an agreement, which binds the sale and specifies the terms of clearance. At the bottom of the form is a place for the grantor's signature and that of a witness. Also, there is a block for "remarks" covering special items or conditions. The original Summary Statement and Offer to Purchase and Improvement Report initially is placed in the acquisition package and one (1) copy goes to the grantor., Upon receipt of the acquisition package by R/W Property Management Section, an agent will remove the original and place it in the R/W Property Management Section Project File. When the land is finally cleared by the prime contractor, by a demolition contract or by other means, the Summary Statement and Offer to Purchase and Improvement Report in the R/W Records Center is updated by the agent.
- d. **Available for Rent and Rented Report:** R/W Property Management Section utilizes Property Boss, which maintains all State-owned properties, which are rented or available for rent. Although this database includes vacant lands that are rented and producing revenue, it does not include the vacant lands under the jurisdiction of the District Offices. It also includes leased outdoor advertising signs and miscellaneous properties, which either are currently under lease or for which there is a market.

2.15 Contracts

R/W Property Management Section enters into contracts for the performance of various functions, including:

- a. Monitoring, testing and abatement of asbestos.
- b. Demolition of improvements and clearance of land.
- c. Maintenance, repair and rehabilitation of improvements.
- d. Maintenance of vacant land.

- e. Sale of excess land.
- f. Collection of delinquent rents.
- g. Escrow and title services.
- h. Other functions required by R/W Property Management Section.

Legally, "a contract is a deliberate agreement between competent parties, upon legal consideration, to do or abstain from doing some legal act." The requirements of any contract are (1) that the parties be competent, i.e., that neither is a minor, or insane, (2) that there is an offer and acceptance, i.e., that the agreement is voluntary, and that there is a meeting of minds, (3) that there is a consideration, i.e., that each party obligates himself to providing something of value, (4) that the items of exchange are not expressly forbidden by law, and (5) that the agreement be in writing and signed by both parties. A contract must also be dated (Real Estate Principles and Practices, North and Ring, Prentice-Hall, 1960).

Requests for contracts, and maintenance of the contracts, are coordinated through the Contract Section of R/W Operations Section and ADOT Procurement.

In all contracts initiated by R/W Property Management Section, the provisions of Title VI, Civil Rights Act of 1964 will be given appropriate consideration.

2.16 Authority to Approve Contracts, Task Orders

The management level at which contracts can be approved and executed is determined by the dollar amount of the contract. There is a clear distinction, however, between a formal contract and a task order. The contract is a formal agreement between two (2) or more parties. A task order is simply a statement of work to be performed and is for internal Department use only. However, the work must be authorized by appropriate authority, and, the criterion is the dollar amount. The appropriate levels of authority are described below:

- a. Contracts: All contracts are approved by the State Engineer or their designee.
- b. Task Orders:
 - 1. Less than \$1,000.00 may be approved by the R/W Agent (assigned to Rehabilitation and Maintenance only).
 - 2. Over \$1,000.00 must be approved by the Manager, R/W Property Management Section.
 - 3. EXCEPTION: Emergency Demolition: If, due to damage from age, the elements, vandalism or other causes, an improvement is in such condition that public health or safety is jeopardized and the situation can clearly be classified as an emergency, R/W Property Management Section can authorize the immediate demolition of the structure through the use of a task order. In all cases, the emergency and subsequent action by R/W Property Management Section will be documented.

2.17 Contractor Oversight

It is the responsibility of R/W Property Management Section to provide adequate oversight of its contractors to assure proper performance under the terms of the state contract.

Oversight begins with the law of Arizona, including where applicable, the Uniform Commercial Code as adapted by the State of Arizona, the Arizona Procurement Code, Arizona Revised Statutes (A.R.S.) Title 41, Chapter 23, and its implements rules, Arizona Administrative Code (A.A.C.) Title 2, Chapter 7.

Also to be considered are the Contract Terms:

- a. Special Terms and Conditions
- b. Uniform Terms and Conditions
- c. Statement or Scope of Work
- d. Specifications
- e. Amendments to the Contract

The extent of oversight should be commensurate with the nature (complexity) and dollar value of the services provided by the contractor.

Oversight functions can include, but are not necessarily limited to:

- a. "Partnering" sessions with the contractor; a "Kick-off" meeting at the beginning of the contract; regular status meetings during the term of the contract and or a closure meeting at the conclusion of the contract.
- b. A regular (Monthly, quarterly) "report card" or critique of contractor performance.
- c. Customer surveys to measure satisfaction of work performed by the contractor.
- d. Coordination with the Contracts Unit of R/W Operations Section and ADOT Procurement.
- e. Monthly Report from the consultant providing a narrative status report, summary of activities for the month, problems encountered and recommended actions, and anticipated work accomplishments.

Overall, contractor oversight should reflect a spirit of partnership between R/W Property Management Section and its contractors in the attempt to achieve the highest possible quality of service under the contract.

2.18 Insurance for Acquired Properties

Property acquired by ADOT for right-of-way or any other purpose is insured for public liability, fire, and damage. In order that there will be a central source for all insurance matters, ADOT has established the Risk Management procedures as follows:

- a. Property Damage:
 1. Upon receipt of notification (from tenant, fire department, or whomever) that an improved property administered by R/W Property Management Section has been damaged from any cause, an agent will inspect the premises, if practical. Following preliminary analysis, the agent will initiate a memorandum to Risk Management. The memorandum will contain the following information:
 - (a) Project Number
 - (b) Highway Name
 - (c) Section
 - (d) Parcel Number
 - (e) Address of property
 - (f) Date of loss
 - (g) Time of loss
 - (h) Damage (total or partial)
 - (i) Acquisition Cost (appraised value)
 - (j) Possession date
 2. Estimates and Repair Damage: The R/W Property Management Section agent will obtain two (2) or more estimates from qualified contractors for the required repairs. Repair work will normally be performed by the lowest bidder.

2.19 Bonds and Deposits

There are some contractual agreements entered into by the Department of Transportation wherein the second party must show good faith by placing with the Department a deposit, or a bond in a specified amount. Some of these deposits or bonds are statutory and some are required by Department policy.

- a. Security Deposits: A security deposit is required from all tenants of State-owned property, except for those with leases involving nominal rent (less than \$1,200.00 annually), or cases involving an eligible displacee who is a grantor of Real Property to the State (a Grantor wishing to occupy the premises beyond the date that possession passes to the State). Non-grantor lessees (tenants of the grantor, wishing to continue

occupying the premises after possession passes to the State) will be required to submit a security deposit to the State at the time of payment of the first month's rent.

The purpose of the security deposit is to indemnify the State against property damage in excess of normal wear and tear, or against non-payment of rent. Deposits required on residential properties are equal to one (1) month's rent; deposits required on commercial properties or vacant land are established in proportion to proposed use. Although a security deposit is normally required for the lease of State-owned land, a bond may be accepted with the approval of the Manager, R/W Property Management Section.

- b. **Buyer's Performance Bond:** When an improvement is sold at auction, the successful bidder will provide to the Department a site clearance deposit in a specified amount. If the provisions of the "Bill of Sale" (Exhibit 17.04) or the "Removal Agreement [Improvements]" (Exhibit 17.05) are not performed by the date specified, and it can be conclusively demonstrated that the buyer was responsible for the failure, the site clearance deposit may be forfeited to the State.

2.20 Land Inventory

Land Inventory, as it pertains to R/W Property Management Section, includes the following categories:

- a. **ADOT Facilities:** Sites (Administrative Services Division); Ports of Entry (Motor Vehicle Division); Grand Canyon Airport (Aeronautics Division); Maintenance Camps, Storage Yards, Oil Storage Sites, and Rest Areas (IDO Division).
- b. **Excess Land:** All fee-owned parcels of land in excess of Department needs.
- c. **Operating Rights-of-Way:** All parcels of land acquired for the use of highway rights-of-way.
- d. **Airspace Agreements:** Agreements for that space above, at, or below the highway's established grade line lying within the approved right-of-way operating limits.

2.21 Excess Land

A complete record of all excess land, either acquired in fee or inherited through incorporation within the State highway system will be maintained.

- a. Since excess land will eventually be disposed of, pertinent data for such an inventory will require readily accessible storage in the physical files.
- b. Included in the physical records will be maps, or plats, prepared for all parcels of excess land.
- c. Data will be compiled in a manner that will permit its inclusion within an automated inventory system.

2.22 Highway Rights-of-Way (Operating)

A complete record of all highway rights-of-way are maintained and updated by the Asset Management Unit. Such data as method and date of acquisition, parcel number, legal description, and size information will be made a part of the records.

Chapter 3 Renting and Leasing Operations

3.01 Purpose

The purpose of this Chapter is to describe the procedures for leasing property managed by the R/W Group, IDO Division, and ADOT.

3.02 Scope

The procedures specified in this Chapter cover the activities pertaining to the leasing of real property managed by, or referred to as R/W Property Management Section. The properties to which these procedures apply include all properties throughout the State of Arizona, which are currently owned, or will be acquired, by the Department of Transportation for highway construction purposes.

3.03 Authority

- a. Authority of the Director, ADOT: The Director is authorized under ARS 28-7095, to lease or rent any properties acquired, but not presently needed for state highway purposes, on terms and conditions established by the Director, and to maintain and care for such property in order to secure rent from them.
- b. Derivation Authority to Approve Leases: All real property purchased for rights-of-way, future rights-of-way, or any property purchased in excess of right-of-way requirements, may be leased or rented when such leasing or renting is not in conflict with the highway construction schedule or other IDO Division activity.
 1. All properties will be leased or rented by means of a properly prepared, processed and approved lease, rental agreement, or extended occupancy agreement.
 2. All rental agreements are subject to the approval of R/W Management.

3.04 General

- a. Rental Folder: For each parcel of property that is rented or leased, a rental folder is prepared. It contains the Feasibility Analysis Report, if required, the lease or rental agreement, copies of task order forms, contact reports, and any other correspondence or other papers which pertain to the parcel or individual improvement. The folders are numbered with the parcel number and the Rental Agreement number. An example of a Rental Agreement number might be: RA834-2b; the "RA" is an abbreviation for the words "Rental Agreement." The three (3) numbers following are simply consecutive numbers that started with 001. The "2" which follows the hyphen shows that the

property is a multi-tenant property and that this lease pertains to second of two (2) tenants. The suffix "b" shows that this is the third tenant of this particular property; the first time the subject was leased, the folder contained no suffix; the second time the subject was leased the suffix "a" was appended, and so forth.

Each rental folder shall contain a "Rental Folder Checklist Form" (Exhibit 17.06) that summarizes events pertaining to the rental of the property as well as the contents of the folder. The "Checklist" items are to be completed, as they occur to ensure completeness of documentation.

- b. Construction Schedule: When a parcel of real property has been acquired for highway construction purposes, the construction schedule pre-empts any other consideration mentioned in this Chapter. Whether or not the improvements to the land, or the land itself, can be leased has relevance only if the construction schedule for the particular section of highway is sufficient in the future to make leasing practical.
- c. Insurance Claims for Public Liability or Property Damage: The subject of insurance pertains to R/W Property Management Section and is thoroughly covered in Chapter Two (2) of this manual.

3.05 Personal Property

Eminent Domain statutes permit the acquisition of real property only. By exclusion, therefore, personal property cannot be acquired. Although some fixtures qualify as real property, ordinary items of furniture are almost always personal property. When the State acquires multi-family properties or, occasionally, single-family residences, which have been rented "partly furnished" or "fully furnished," the furniture cannot be acquired. If the construction schedule or other considerations prompt the State to continue renting the units to the current occupants, some contractual arrangement concerning the furniture must be made with the grantor. Therefore, under these special conditions, the State will lease the furniture from the grantor for a specified period at a specified price determined by R/W Property Management Section. This price is normally expressed as a percentage of the present rental rate for each unit and is normally paid quarterly to the grantor. The period of the lease is normally expressed: "Until the premises are vacated by the current tenant." The details of the lease are specified in a R/W Contract during the acquisition process. In relation to furniture leases, the R/W Property Management Section Leasing Agent will:

- a. Code the rental agreement to show the percent of the monthly payments that is to be returned to the grantor as lease payment for the furniture. For example, the rental agreement number might: RA567 (12); the number "12" in parentheses indicates that twelve percent (12%) of each rental payment is owed to the grantor. When the R/W Operation Sections Contract Section observes the number in parentheses, the account is automatically "flagged," and the appropriate amounts segregated.
- b. The R/W contract, through which the furniture was leased, specified that the grantor would receive payment quarterly. These quarterly periods, however, do not necessarily coincide with the fiscal quarters used by the Contract Section. Therefore, the agent will maintain a record of the grantors to whom payments are due and the dates on which the payments are to be made. At appropriate intervals, the agent will send a memorandum

to the R/W Operations Section, Contracts Unit requesting that the amount due to be paid to each grantor.

- c. As each tenant is relocated, the agent will advise and notify the grantor of the fact that the personal property (furniture) is to be removed from the premises within fifteen (15) days, unless a different time limit was specified in the contract.

3.06 Leasing Eligibility and Priorities

- a. **Eligibility:** Anyone is eligible to rent State-owned property in accordance with the terms stated in the "Rental Application & Contact Form" (Exhibit 17.07), and "Rental Application & Contact Form [Commercial Lease]" (Exhibit 17.08). Each applicant's will be required to submit a current Credit Report within thirty (30) days to the R/W Property Management Section Leasing Agent.

- b. **Priorities:**

1. **General:** When the grantor or current tenant wishes to rent back the property following acquisition, and such rental is convenient and beneficial to the State; a Leasing Agent will give them first priority. This process is sometimes referred to as "Grantor/Tenant Rent-Back" and is accomplished with either a Rental Agreement or an Extended Occupancy Agreement.
2. **Improved Properties:**
 - (a) To the grantor or present tenant.
 - (b) To persons being relocated from other properties (dire emergency only).
 - (c) All other applicants will be selected by using information on the application. Consideration will be given to credit reports, length of employment, monthly salary and any other information pertinent to selecting a good tenant. If not employed, the applicant must demonstrate to the Department their ability to make rental payments.
3. **Vacant Land (Available for Rent):** If a parcel of vacant land is not needed in the near future for highway purposes, it may be considered available for rent.
 - (a) If a proposal letter is received from an individual, company, or agency, the Manager may opt to accept the proposal amount and rent the parcel if the proposed rental amount meets or exceeds current market rental values.
 - (b) If the proposed rental amount is below current market rental value or the parcel is such that it would produce a competitive bidding situation, the Manager may opt to advertise for other proposals.
 - (c) If, at the time of acquisition, the vacant land parcel is being used by the grantor or is leased to a tenant, the occupant will have priority in the leasing of the land. No advertisement will be necessary.

4. When a decision has been made to notify the public of the availability of vacant land for lease, the following procedures should be followed:
 - (a) Advertise in the news media for a minimum of one (1) day.
 - (b) If potential lessees call concerning the property, they should be told to send a proposal letter to R/W Property Management Section. This letter should include proposed use of the property and a proposed rental amount.
 - (c) Each proposal received during the advertising period will be evaluated individually and the selection will be based upon the best interests of the Department of Transportation.

3.07 Release of Withheld Escrow Funds

Prior to the close of escrow, the R/W Acquisition Section, in cooperation with R/W Property Management Section, may specify in the escrow agreement that a portion of the purchase price (1%) is to be withheld by the escrow agent pending property possession by the State. The purpose of the withheld funds is to indemnify the State against unexpected property damage, the removal of items specified in the appraisal as real property, and other contingencies or for non-reimbursement of deposits to tenants.

If the grantor does not want to rent the property back from the State, an agent will inspect the property to insure that all items on the Summary Statement and Offer to Purchase and Improvement Report form are intact. After an agent is satisfied that all acquired items are there, the residents have vacated, the agent will prepare an "Escrow Release Notification Letter" (Exhibit 17.09) to the appropriate title company requesting release of the funds withheld.

3.08 Contracts

Rental agreements and extended occupancy agreements are different types of contracts. Accordingly, those written between the ADOT and second parties will contain the basic requirements of all contracts, i.e., they will be in writing, will be dated, will contain the names of the parties involved, will specify the consideration, and so forth. In addition, ADOT's rental agreements will contain other clauses as follows:

- a. Cancellation Clause: This provides notice to the tenants that they will vacate the premises within a specified period of time after receipt of notice to do so from the State. The times are normally thirty (30) days for tenants and ninety (90) days for eligible displacees.
- b. Hold Harmless Clause: This provides notice to the tenant that the State of Arizona and its employees will not be liable for accidents occurring to anyone on the premises. If the property involves public utilization:
 1. The lease must specify the required liability insurance.
 2. Within seven (7) days after the consummation of the lease, the lessee must furnish a certificate of public liability insurance.

3. If there is a question of compliance with the insurance certificate and the lease terms, a copy of the same will be sent to the ADOT Risk Management for concurrence.
- c. Eligible or Ineligible Displacee Clause: This provides notice to the tenant that the Arizona Statutes pertaining to the rights and benefits for eligible displacees (do or do not) pertain to the rental agreement being negotiated.
- d. Non-Discrimination Clause: This provides notice to the tenant that the intent of Title IV, Civil Rights Act of 1964, applies to the rental agreement and that no person on the grounds of race, color, creed, sex, age, handicaps, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the facilities.
- e. Sublease Clause: As a general rule there will be no subleasing; however, subleases will be considered on a case-by-case basis.
- f. Environmental Clauses: These clauses will be included in agreements for the lease of both commercial properties and vacant land. They provide notice to the lessee of the responsibilities of both lessee and Lessor with regards to environmental issues and the leased premises.

3.09 Occupancy Agreements

- a. Improved and unimproved properties are normally rented by rental agreement. There are occasions, however, when an applicant needs the property for a short period of time. On these occasions, an agent will prepare a letter of agreement for "Temporary Access and Usage of ADOT-Owned Property Letter" (Exhibit 17.10). Each letter shall be tailored to the specific requirements according to the location and use of the property. The agreement will be signed by the tenant and routed for approval as established in Paragraph 3.04 b. (2).
- b. **Extended Occupancy**: Properties not immediately needed by Project Management may be temporarily leased by the grantor or tenant until such time as property is needed for construction purposes. All extended occupancies must be done through a signed and approved extended occupancy agreement, along with a properly filled-out rental application. Such agreements will be negotiated in accordance with the following procedures:
 1. Upon receipt of the appraisal package, the R/W Property Management Agent will prepare an extended occupancy agreement for grantor or tenant occupied properties. The agreement will be tailored to include terms, conditions, and limitations for the extended occupancy and will be forwarded to the R/W Acquisition Section where it will be included in the package for presentation to the grantor. All displacees will be notified via cover letter to the agreement, that failure to pay rent could result in the account being referred to the Attorney General's Office for collection.

2. All extended occupancy agreements shall be granted free rent for the first thirty (30) days after close of escrow or Order of Immediate Possession (OIP) deposit date. If grantor or grantor's tenant intends to remain on the property beyond thirty (30) days after close of escrow or order of immediate possession date, the leasing agent shall prepare a trigger letter advising that the extended occupancy agreement is effective immediately and rent payments will commence after the thirty (30) days free rental period.
 3. If Grantor or Tenant becomes delinquent in their rental payments prior to vacating the premises (whether agreement is signed or not), agent will prepare a memo to the R/W Operations and Acquisition Sections. The memo will contain the following information:
 - (a) Occupant name, parcel number, agreement number.
 - (b) Monthly and daily rental rate.
 - (c) Delinquent amount calculated through date of memo.
 - (d) Request that all delinquent rent and late fees be referred to the Attorney Generals Office for collections.
- c. Vacated Property: When the property is vacated the following actions will be taken:
1. The agent will ensure that vacate notice and keys are obtained and in the file. This may be accomplished by either the Acquisition Agent or the Property Management leasing agent.
 2. An agent will prepare a memo to R/W Operations Section terminating the agreement. It will contain information for refunding prepaid rent and security deposit if applicable. If rents are delinquent, the memo will indicate actions being taken to collect.
 3. If delinquent rent cannot be recovered through withholding or relocation benefits, the following steps should be taken:
 - (a) Prepare letter to tenant requesting payment of delinquent rent, stating if not promptly paid, rent will be turned over to the Attorney General's Office.
 - (b) If no response from tenant, send request letter to Attorney General's office asking for assistance in recovering rent owed to the department.
 - (c) If the R/W Acquisition Section indicates a hardship situation and requests rent be waived, their memo must be approved by the Manager, R/W Acquisition Section. A subsequent memo is sent to R/W Operations Section indicating amount is to be waived as recommended by the R/W Acquisition Section. A copy of the recommendation should accompany memo to R/W Operations Section.

- (d) If the amount is such that it is not feasible to pursue collection, the R/W Agent shall prepare an “Uncollectible Delinquent Rent Memo” (Exhibit 17.11) to R/W Operations Section, requesting the delinquent rent be written off as uncollectible.
- (e) The building will be inspected by the agent for general condition and measures necessary for the protection of the property will be initiated.
- (f) If applicable to grantor-occupied properties, the agent will dispatch the Escrow Release Notification letter to the escrow company for release of withheld funds.
- (g) The property may be referred to an agent for a Feasibility Analysis and Report. The report will be submitted with a recommendation that the improvement(s) be rehabilitated, demolished or secured.
- (h) If the property is to be rehabilitated and rented, the agent will initiate all appropriate procedures to prepare building for rental and find a new tenant.
- (i) If the property is to be cleared, an agent will initiate procedures in accordance with appropriate Paragraphs of Chapters Five (5), Six (6), and Seven (7) as applicable.

3.10 Rental Agreements

The following is a list of rental agreements used for owners (EOA's), and tenants by the R/W Property Management Section:

- a. “Residential Lease Agreement” (Exhibit 17.12)
- b. “EOA Residential Lease Agreement” (Exhibit 17.13)
- c. “Agriculture Lease Agreement” (Exhibit 17.14)
- d. “EOA Agriculture Lease Agreement” (Exhibit 17.15)
- e. “Commercial Lease Agreement” (Exhibit 17.16)
- f. “EOA Commercial Lease Agreement” (Exhibit 17.17)
- g. “Mobile Home and Space Lease Agreement” (Exhibit 17.18)
- h. “EOA Mobile Home Lease Agreement” (Exhibit 17.19)
- i. “Outdoor Signs Lease Agreement” (Exhibit 17.20)
- j. “EOA Outdoor Signs Lease Agreement” (Exhibit 17.21)
- k. “Unimproved Vacant Land Lease Agreement” (Exhibit 17.22)

- I. "EOA Unimproved Vacant Land Lease Agreement" (Exhibit 17.23)
- m. "Type 2 Well Rental Lease Agreement (used on ADOT owned Land)" (Exhibit 17.24)

If the lease is not an extended occupancy agreement, a standard agreement (as listed above) will be prepared. When a qualified applicant has been accepted, an agent will complete a "Lease Preparation/PATS Data/Contact Information Form" (Exhibit 17.25). In addition, an approved application cover letter will be prepared setting forth the rental rate, the amount due with the returned agreement, the method of payment and the notification that any prorated rent and/or security deposit will be remitted to the State.

- a. Distribution of the Rental Agreement and the Approved Application and Cover Letter will be as follows:
 - 1. Original and copy of the rental agreement, with the original letter to the applicant.
 - (a) Applicant retains the notification letter, and signs and returns all three (3) original rental agreements.
 - (b) The three (3) original rental agreements will be routed for appropriate approvals.
 - (c) If approved, a consummated copy of the rental agreement will be mailed along with appropriate cover letter to the applicant and the original agreement will be placed in the rental folder.
 - 2. One (1) copy of the consummated rental agreement will be delivered to the R/W Operations Contracts Unit, to enter information into the rental program.
 - 3. Remaining copies of the Consummated Rental Agreement will be distributed as follows:
 - (a) To Grantor or Tenant
 - (b) To R/W Property Management Section rental file
 - (c) To R/W Records Center (Management reading copy)
 - (d) To R/W Operations Section
- b. An agent will annotate the Available for Rent and Rented Report as well as the file accordingly.

3.11 Rental Agreements (Multi-Unit Property)

- a. Managed by State: Individual units of a multi-unit property, for which a master water meter and electric meter serves the entire property, will be rented to qualified applicants on an individual unit basis. The State will pay for the water and electricity under this arrangement. An agent will prepare and process a standard Rental Agreement, altered

to accommodate the particular circumstances. This alteration may be accomplished by an "Addendum" (Exhibit 17.26) to the agreement as well as an "Addendum Letter" (Exhibit 17.27) to the agreement.

- b. **Managed by Grantor:** When a grantor-occupant, who has qualified to rent State-owned property, desires to rent back and manage a multi-unit property, the agent may prepare a standard lease in quadruplicate. The rental rate will be established in accordance with the procedures set forth in this Chapter, Paragraph 3.16. The grantor must supply to the State a liability insurance certificate in the amount specified in the lease. The insurance policy will remain in force until the lease is terminated. The cost of the insurance will be paid by the lessee.
 - 1. If the standard lease form is impractical for a particular lease, the agent will design a lease format which best satisfies the special requirements, and may submit the lease to the Office of the Attorney General for approval.
 - 2. The lease and the required cover letter will be processed and distributed in the same manner as set forth in Paragraphs 3.18 and 3.19.
- c. **Managed by Professional Service:** R/W Property Management Section may choose to retain a professional property manager to manage certain properties, if it is determined it is in the best interest of the State. The agent will prepare specifications for such an agreement and forward this information to State Procurement Office for the necessary selection process.

3.12 Waiver of Interest Payment

In the event an agent is unable to negotiate a rental agreement with the defendant of a condemnation case, in accordance with applicable procedures set forth in this Chapter, R/W Property Management Section, through R/W Acquisition Section, shall immediately request the Office of the Attorney General to obtain a stipulation and waiver of interest payment on the subject parcel for the time the defendant occupied the property, beginning the date of the Order of Immediate Possession until the date the State obtains actual physical possession of the subject property.

3.13 Termination of Agreements

When, due to the construction schedule or other requirements, it is necessary to terminate a rental agreement, an agent will dispatch a "Notice of Termination of Rental Agreement Letter" (Exhibit 17.28) to the occupant of a State-owned property in accordance to the terms and conditions set forth in the lease. The letter will be sent by certified mail.

- a. The letter will contain at least the following information:
 - 1. Project number
 - 2. Parcel number
 - 3. Name and address of the tenant

4. Rental agreement number
 5. Date on which tenant must give up possession (expressed as number of days following official notice).
- b. The date on which the tenant receives and signs for the letter of termination will be considered the date of official notice.

3.14 Landlord/Tenant Responsibilities

The responsibilities of tenant and landlord are the same as they are for the rental of a similar property in the private sector. Both tenant and landlord are bound by the provisions of ARS Title 33, Chapter Ten (10), and particularly by Articles 2 and 3, Landlord Obligations and Tenant Obligations, respectively. Essentially, the parties are bound as follows:

- a. The State, as landlord, will spell out, in a written rental agreement, the responsibilities of both parties.
- b. The tenant will follow all terms and conditions as set forth in the rental agreement.

3.15 The Rental Process

- a. Advertising for tenants:

1. **Satellite Rental Office:** It may be expedient, from time to time, to establish a satellite rental office within a particular area to take rental applications for improved properties and show the property to potential tenants. R/W Property Management Section may take such action when, in its judgment, conditions warrant the expense and use of personnel.
2. **Advertising:** R/W Property Management Section may advertise in appropriate news media to attract potential tenants.

Title VI Conformance: Use of the news media shall include minority publications when advertising for potential tenants.

- b. **Rental Applications:** An agent will furnish a Rental Application and a "Notice to Applicants Desiring to Rent" (Exhibit 17.29) information sheet to each person interested in renting State-owned properties. The rental application must be fully completed and returned to the R/W Property Management Section before the applicant can be given consideration. A letter application may be substituted for the standard rental application with the approval of the Manager of R/W Property Management Section.
- c. **Review of Applications:** Upon receipt of the completed rental application, an agent will request the prospective tenant for a current credit report. Using the information in the application and credit report, an agent will evaluate whether the applicant is qualified to rent State property. If qualified, applications will be placed on file by an agent in the order of the date received to await availability of an appropriate rental property.

- d. **Showing and Renting the Property:** When a property becomes available for rent, an agent will review the approved applications. Agents will then show the property to qualified applicants until leased. When a tenant has been approved to lease the property, the agent will schedule a move-in inspection of the property. For residential properties, the agent will use the “Residential Inspection Form” (Exhibit 17.30); all other property inspections will be documented using the “Property Inspection Report” (Exhibit 17.31).

Leasing agents should conduct a prompt inspection of ADOT property that has been vacated by a Lessee. In the event that such an inspection reveals a possible environmental problem, the leasing agent is advised to contact an ADOT Environmental Enhancement Group staff member with a request to inspect the property for environmental issues. The results of this inspection process will dictate whether or not the agent will request a release of a security deposit, and whether further legal action against the tenant is necessary.

- e. **Leasing Excess Lands and Facility Sites:** Responsibility for the care and protection of excess lands and facility sites is vested in the applicable District Engineer, but this responsibility may, upon written notification from the District Engineer, be assumed by R/W Property Management Section, if formally requested. Also, the responsibility for the sale or lease of excess lands and facility sites is vested in R/W Property Management Section. For any particular property, an interested applicant will submit a rental request to an agent, who will:

1. Determine the availability of the parcel.
2. Request approval or denial of the lease from the applicable District Engineer. If the District Engineer disapproves the request for lease, the agent will submit a letter to the applicant explaining that the parcel is not available. If the District Engineer approves, the agent will:
 - (a) Establish a rental rate.
 - (b) Prepare and process the lease (or other occupancy contract).

- f. **Security Deposits:** Although there are exceptions, a security deposit is required from all tenants of State-owned property, except for leases with nominal rent, or for hardship cases involving an eligible displacee, or for extenuating circumstances. The purpose of the security deposit is to indemnify the State against property damage in excess of normal wear and tear. The security deposit normally is equal to one (1) month's rent.

- g. **Air Space:** Air space is that space above, at, or below the highway's established grade line lying within the approved right-of-way operating limits. FHWA approval is required for air space leases as prescribed in FAC Sect 710.405. Air space rental agreements will be prepared and executed in accordance with the procedures outlined in 23 CFR 710.405 – 710.407.

- h. **Insurance Certificates:** Insurance Certificates are required for all leased properties, except single-family residential usage.

1. Each leasing agent will maintain a log of insurance renewal dates for fire and liability insurance required of lessees, and will check their log not less than monthly to verify continuous coverage of insurance.
2. Additionally, leasing agents will place current insurance certificates in their respective lease files as confirmation of current coverage.
3. Lessee's failure to maintain required insurance coverage will be cause for notification by the leasing agent that their lease is in default and will be terminated if coverage is not maintained.
4. When R/W Property Management Section leases a parcel of land, either improved or unimproved, which will involve public use, the lessee will provide to the Department a public liability insurance policy in an amount commensurate with the risk. The lease will specify the amount of insurance required and the lease and the insurance policy may be submitted to Risk Management to insure that the protection afforded is truly the protection required. If there will be considerable public use on the parcel, the amount required is normally one (1) million dollars. This amount will vary downward in proportion to the risk. If the agent is in doubt concerning the type or amount of coverage, they will contact individuals at ADOT Risk Management for clarification.

3.16 Rental Rates

- a. Grantor Rent-Back: ADOT common practice allows all occupants up to thirty (30) days rent-free to vacate. If the occupant requires more than thirty (30) days to vacate, rent will accrue from the close of escrow plus thirty (30) days, and the rental rate will be:
 1. As previously established by R/W Property Management Section or the appraiser.
 2. As determined by R/W Property Management Section after the close of escrow.
- b. Rental Rate Criteria: One or more of the following criteria may be used together with the market rent provided by the ADOT appraiser, or when the appraiser does not provide market rent:
 1. Purchase price of the property.
 2. Current economic rent in the neighborhood (from private sector).
 3. Location of the property.
 4. Condition of the property.
 5. Existing rental rate being paid by the present occupant.
 6. Any other significant factors of comparison that may influence the rental rate.

- c. Rate of return on investment: As a general policy, rental rates will be high enough to provide a reasonable rate of return on investment to the State. The following will be used as general guidelines:
1. Residential (No special amenities): Seven percent (7%) per year of the acquisition cost.
 2. Residential (Special amenities): Twelve percent (12%) per year of the acquisition cost.
 3. Commercial and industrial properties: Eight percent (8%) per year of the acquisition cost.
 4. All properties:
 - (a) A lower rate may be established in certain instances when conditions warrant.
 - (b) A higher rate may be established for special properties, particularly if general market conditions support the increased rate.
 - (c) Eligible displacees who continue to rent from the State under a rental agreement or extended occupancy agreement may have their rental rate increased if the property warrants the increase and it is justified by comparable properties in the immediate area.
 - (d) In order to document the methodology used to establish rental rates, the "Calculations Used for Determination of Rent Form" (Exhibit 17.32) is to be completed when a rental rate, either initial or revised, is established. This form will identify the specific method (comparable property rent, percentage of acquisition price, etc.) as well as the other factors influencing the rental rate (i.e. month-to-month lease, poor access, tenant to perform maintenance). This form when completed for each lease is to be signed/approved by the Section Manager and retained in the rental folder.
- d. Review and Adjustment of Rental Rates: At least once per year the rental rates of all existing leases will be reviewed to ensure that the State is receiving proper rent for each property. During this review the rental market will be researched for comparable income properties and the rental rates for these properties used in confirming or adjusting the rental rates for existing leases on each state rental property, and in establishing rental rates on new rental properties.

Changes in tenancy or in the usage of state rental properties, or other factors impacting the properties can also require a review and possible adjustment of the rental rate at any time. Such conditions should be dealt with on a case-by-case basis.

If a particular property merits a rental rate adjustment, the agent will notify the tenant and revise the rental agreement using the adjusted rate. When a rental rate increase is

indicated, an agent will prepare an addendum to the agreement as well as an addendum letter.

1. The addendum must be signed by the tenant, routed for appropriate approvals and be placed in the rental file as an integral part of the rental agreement.
 2. A copy of the addendum is sent to R/W Operations Section Contracts Unit to update their records.
- e. Extenuating Circumstances and Hardship Cases: There may be infrequent special cases wherein a tenant of State-owned property, due to circumstances beyond his or her control, can no longer pay the established rental rate. It may also be true that the best interest of the State will be served if the rental rate is reduced, with or without compensatory services from the tenant. If the agent is notified that such a case exists, the agent will conduct an investigation to gather all available information. If the agent believes that a rent reduction is in the best interest of the Department, the following steps will be initiated:
- If the rent reduction is in the best interest of ADOT, the agent will prepare a memo to the Manager, R/W Property Management Section, setting forth all the evidence, and requesting authority to reduce the rent in an amount commensurate with the seriousness of the situation.
- f. Copies and Distribution: If the request is approved, the agent will take the actions necessary to implement the rent reduction, and the memo will be distributed as follows:
1. Original to Rental File (as attachment to rental agreement),
 2. Copy to R/W Records Center,
 3. Copy to Contacts Section, R/W Operations Section.
- g. Abatement of Rents: Lessee may request abatement of rents for specified costs to repair or maintain property leased from ADOT, provided that:
1. The repair was done by a contractor responding to an emergency situation and paid for by the Lessee at the time of the emergency, or
 2. The Lessee is performing a property maintenance function that would normally be performed by ADOT and the abatement represents only the cost of materials and not the Lessee's labor. This type of abatement must be approved by the Property Management Manager.
- h. Conflict of Interest-Rental Calculation: In order to avoid possible conflicts of interest, the leasing agent managing a particular property is not to calculate the rental rate(s) for that property. This prohibition includes any rent rate updates or adjustments.

3.17 Accrual Dates

- a. Negotiated Purchase - Grantor/Tenant-Occupied Residential Properties: When the State purchases a residential property, and the occupant elects to continue occupancy, rental charges accrue from the date specified in the escrow instructions. Normally rent will commence thirty (30) days after the close of escrow or thirty (30) days after delivery of the Relocation Determination letter, whichever is later.
- b. Negotiated Purchase - Grantor/Tenant-Occupied Commercial Properties: When the State purchases a commercial property, and the occupant elects to continue occupancy, rental charges will commence thirty (30) days after the close of escrow.
- c. Acquisition through Condemnation: When the State acquires property through condemnation, and the occupant elects to continue occupancy, rental charges accrue thirty (30) days after the established possession date.

3.18 Processing the Rental Agreement

- a. The original and one (1) copy of the rental agreement will be submitted to R/W Property Management Section, for review and approval.
- b. When the approved rental agreement is returned, the following actions will be taken:
 1. A letter returning the tenant's copy will be prepared and a copy of the rental agreement will be mailed to the tenant with this letter. Also enclosed, if applicable, will be a copy of the appropriate inspection form for the tenant's information.
 2. The original of the rental agreement will be placed in the Rental File.
 3. A copy of the rental agreement will be inserted in the Parcel File maintained in the R/W Records Center.

3.19 Processing Rental Agreement Funds

Upon receipt of an applicant-signed original and copy of a rental agreement, the payment for the first month's rent and the security deposit will be processed as follows:

- a. All forms of payment will be sent to R/W Operations Section.
- b. The rental agreement will be annotated as follows:
 1. Date initial payment is received.
 2. Amount and type of initial payment.

3.20 Rental Payments and Delinquent Rental Accounts

- a. Rental Payments: For most rental agreements, rent is due on the first day of each month and delinquent after the seventh day of each month. However, any rental

agreement negotiated and approved after the first day of the month will be prorated on a daily basis and the rent paid will be for only those days remaining in the month.

1. Rental payments should be payable and mailed to, or made in person at:

Arizona Department of Transportation
IDO Division, R/W Group
R/W Operations Section
205 South 17th Avenue, 612E
Phoenix, Arizona 85007

2. Initial or periodic rental payments, or the payments of the initial security deposit, made to an agent or to R/W Property Management Section, will be processed in accordance with procedures specified in this Chapter.

- b. Delinquent Rental Accounts: Rental agreements for which payment is not received by the seventh day of the month in which it is due shall be classified as delinquent. The length of time the account remains delinquent dictates the course of corrective action, which R/W Property Management Section will initiate to collect the delinquent rent.

1. Late Charge:

R/W Property Management Section, upon preparing a lease, will establish a late charge. If on the seventh day of the month, the rent remains unpaid, the late charge will be calculated on a daily basis from the eighth day until the rent is received. Late charges will be paid by tenants simultaneously with the rental fee. R/W Property Management Section, at its discretion, may elect to waive late charges.

2. Reports of Delinquent Rental Accounts:

R/W Operations Section provides a "Delinquent Rental Report" to the Rental Unit twice each month. The report should list all delinquent rental accounts as of the report date. The agent reviews the reports in a timely manner and, when a delinquent lease is detected, initiates the appropriate action.

3. Actions Required to Produce Stable Rental Payments:

- (a) Seven (7) Days Past Due: When a rent payment is seven (7) days past due, the agent contacts the tenant either by telephone or in person and requests the account to be brought current to include all accrued late charges. If there is an unsatisfactory response or no response at all to the contact, the agent then sends, either by registered mail with return receipt requested or by hand delivery, a "Notice to Pay Rent or Quit" (Exhibit 17.33) to the tenant. All such contacts are documented via contact sheet and placed in the respective parcel file.

- (b) Seven (7) Day Grace Period: Following the tenant's receipt of the Notice to Pay Rent or Quit, a seven (7) day grace period is generally allowed for

compliance. If the tenant pays all delinquent rents during the seven (7) day grace period, occupancy is automatically reinstated.

- (c) Notice of Termination of Rental Agreement Letter: The notice contains a deadline that, if missed, results in termination of the lease, an issuance of a written notice for the tenant to vacate the premises. All notices will conform to the Arizona's Landlord/Tenant Act. If, by the end of the grace period the tenant has neither paid the delinquent rent or made satisfactory arrangements with the agent to fully liquidate the indebtedness, a Notice of Termination of Rental Agreement is sent and distributed as follows:
 - (1) The Notice of Termination of Rental Agreement shall be sent by certified mail or hand delivered by an agent.
 - (2) If the ex-tenant, within a short period of time after receipt of the Notice of Termination of Rental Agreement, fully liquidates the indebtedness or makes satisfactory arrangements to do so, the agent may, according to their best judgment:
 - (a.) Issue instructions to regain possession of the premises.
 - (b.) Reinstatement the tenant as a legitimate occupant.

3.21 Collecting Delinquent Rents from Ex-Tenants

When a tenant vacates a State-owned property and owes rent, despite the agent's efforts to recover; the agent will either seek legal action or write-off the bad debt with Management's approval.

- a. Legal Action or Bad Debt Write-off: If efforts to locate the ex-tenant have failed, or if located and no payment has been received, the account will be forwarded to the Attorney General's Office of Tax, Bankruptcy and Collection for further action. If the amount is such that it is not feasible to pursue collection, the agent shall prepare a memorandum to R/W Operations Section requesting the delinquent rent be written off as uncollectible.

The memorandum will be accompanied by a written advisal of non-collectability issued by the Office of Tax, Bankruptcy and Collection. Amounts recovered by that office would be remitted back to ADOT, minus a thirty-five percent (35%) collection fee. The Office of Tax, Bankruptcy and Collection will notify ADOT of delinquent rent settlement advisal, and the rental agent shall prepare a memorandum to R/W Operations Section requesting the delinquent rent be removed from the delinquent rent roll. The memorandum will be accompanied by the appropriate settlement advisal issued by the Office of Tax, Bankruptcy and Collection.

- b. Documentation: It is essential that the assigned agent document each step taken and put such documentation in the Rental File.

3.22 Actions to Evict Tenant

- a. At the expiration of the time allowed in the Notice to Pay Rent or Quit, if the tenant has neither liquidated the indebtedness nor vacated the premises, an agent will prepare a "Request for a Forcible Entry Detainer Action Memo" (Exhibit 17.34). The original and three (3) copies will be submitted to the R/W Property Management Section Manager:
 1. Original to Attorney General Office, together with the following attachments:
 - (a) Copy of the rental agreement.
 - (b) Copy of each notice to tenant, pertaining either to delinquent rent or an order to quit. If delivery was made by certified mail, a copy of the return receipt must be included; if personal delivery was made, the name of the person making such delivery must be included.
 2. Copy to R/W Property Management Section Rental File.
 3. Copy to R/W Records Center.
- b. Following legal resolution of the "Request for Forcible Detainer Action" and evacuation of the premises by the tenant, the agent will prepare and process an inter-office memorandum in accordance with the procedures specified in Paragraph 3.22e.
- c. Agent Will Take Possession: When the property has been vacated, an agent will inspect and assume possession of it for the State.
- d. Rehabilitation Cost Estimate: An agent will inspect the property and may prepare a Feasibility Analysis and Report or an update thereto, as applicable. Based upon the recommendation contained in the agents report, R/W Property Management Section Manager will determine whether the improvement is to be re-rented, demolished or secured.
- e. Lease Cancellation Memorandum: When the tenant has vacated the property, the agent will issue an inter-office memorandum canceling the rental agreement.
 1. A memorandum is prepared, addressed to R/W Operations Section and distributed as follows:
 - (a) Original to R/W Operations Section.
 - (b) Copy to R/W Property Management Section Rental File.
 - (c) Copy to R/W Records Center
 2. The above memorandum will contain the following information:
 - (a) Project number.
 - (b) Parcel number.

- (c) Date of cancellation.
- (d) Rental agreement number.
- (e) Name of tenant.
- (f) Date of memorandum.

3. The file will be annotated.

f. Resume Normal Property Management: From this point the disposition and management of the property will be in accordance with appropriate paragraphs of this Chapter or Chapters Four (4) through Seven (7).

3.23 Loan Accounts

Currently, ADOT requires each successive bidder/purchaser to have their own financing in place before making an offer to purchase excess land properties. These instruments are exclusively cash sales. However, statute allows ADOT to provide financing to purchasers under certain conditions. The Property Management Section reviews loan accounts monthly.

- a. Annual Payments: Debtor makes annual payments to the Trustee/Service Group, such as a title company when due. The title company will process the payment and send a check to R/W Operations Section, which takes about ten (10) days. R/W Operations staff will receive the deposits and record the payments on a loan spreadsheet.
- b. Tracking of Payments for Loan Accounts: R/W Operations Section provides a "payment spreadsheet" to the Property Management Section. Property Management staff checks the loan spreadsheet monthly.
- c. Delinquent Loan Accounts: When a debtor fails to make an annual payment on the required date, such an event is detected by use of the loan repayment spreadsheet kept current by R/W Operations staff. Property Management staff shall take the following actions when a loan payment has not been made by the payment date:

Methods to Collect Delinquent Accounts:

- 1. Notice of Delinquent Debt and Demand for Payment: R/W Property Management staff contacts the Trustee-Service (title company as example) handling the delinquent loan and requests that a late payment letter (Notice of Delinquent Debt and Demand for Payment) is sent to the Trustor (debtor). Most Trustee-Servicers will send such a letter within ten (10) days after the payment due date. However, some Trustee-Servicers insist upon a delinquency minimum of thirty (30) days before such a letter is sent. This letter gives the Trustor (debtor) ten (10) days in which to bring the loan current with interest, late fees, etc.
- 2. Notice of Trustee Sale: If there is no response by the eleventh (11) days after the letter's date, the Property Management agent instructs the Trustee-Service

to commence a Trustee Sale (foreclosure) as cure for the default. Almost all of ADOT's Trustee Sales result in eventual payment and reinstatement of the loan because there is usually substantial equity to be lost if the Trustor (debtor) ignores the Notice of Trustee Sale to the point of actual sale. The Trustee-Servicer will send a certified mailing of the Notice of Trustee Sale to the Trustor (debtor), and all parties who have an interest in the property. Within thirty 30 (days) of the first certified mailing, a second mailing will go out to ensure all parties have been informed of the Notice of Trustee Sale.

A copy of the Notice of Trustee Sale is normally sent by the Trustee-Servicer to all parties concerned with that transaction.

3. Ability of Trustor to Reinstate: Anytime during the Trustee Sale proceeding the owner has the right to reinstate the account by paying all past due installments together with foreclosure fees and costs. The right to reinstate the account ends at 5:00 pm the day before the scheduled sale date.
4. Actual Trustee Sale: On the day of the sale, the Trustee-Servicer will send an Auctioneer to the Courthouse to conduct the auction. If someone bids higher than the opening bid, the property will be sold to that person and ADOT will receive payment of the amounts owed. If no one bids higher, the property will be deeded to ADOT by a Trustee's Deed. Property Management staff will proceed to market the property as excess land, per excess land disposal procedures.

It takes a minimum of 120 to 150 days after issuance of a Notice of Delinquent Debt and Demand for payment before a Trustee Sale concludes with either recovery of the debt amount owed ADOT, or conveyance of the secured property's title back to ADOT.

3.24 Temporary Use Controls

As highway construction projects are initiated, it is frequently necessary to secure temporary use permits, and similar authorizations from property owners. Although such permits are obtained by R/W Acquisition Section, the filing control procedures are a responsibility of R/W Property Management Section when periodic use payments are a condition of such authorizations.

- a. These may take the form of temporary construction easements, R/W for monthly, annual, or other periodic rent payments are applicable under these procedures as well as contracts with special conditions or right of entry permits and lease agreements.
- b. Only those temporary use permits which incorporate provisions for monthly, annual, or other periodic rent payments are applicable under these procedures.

3.25 Establishing a Control File

In order to establish definite control over specific payment dates and amounts, R/W Property Management Section will maintain an appropriate file.

- a. When a newly acquired parcel file is sent to R/W Property Management Section, a R/W agent will inspect the file for relevant documents.
- b. R/W Property Management Section will prepare a file, to be prepared in an informal manner, containing the following information.
 - 1. Project number
 - 2. Parcel number
 - 3. Highway Section
 - 4. Grantor/Owner
 - 5. Document type
 - 6. Expiration, if any
 - 7. Construction bid call date
 - 8. Estimated completion date
 - 9. Use fee and due date
 - 10. Date of filing
- c. The completed file will be filed and be reviewed ninety (90) days in advance of payment due date.

3.26 Payment Control Procedures

It will be the responsibility of R/W Property Management Section to conduct periodic inspections of the files.

- a. If construction is expected to exceed the estimated completion date, a file will be so noted and appropriate action will be taken to extend the existing agreement or enter into a new one.
- b. The R/W Operations Section will be advised of any forthcoming payment due.
- c. The file will be reviewed at a later date for any necessary extension, renewal, or termination of the agreement.

3.27 Inspection of Real Property

Efficient property management demands that leased vacant land and all parcels improved with buildings be periodically inspected.

- a. The purpose of property inspections is to insure that:

1. Lessee or tenant is maintaining the property in a condition equal to or better than it was at time of possession, as required by the terms of the lease.
 2. Property meets the requirements of being habitable as required by ARS and the terms of the lease.
 3. No environmental or health related conditions have occurred since the previous inspection.
 4. The rental rate is reviewed to insure that the property is generating the optimum amount for the people of Arizona and the Department of Transportation.
 5. The property is being used in accordance with the terms of the lease.
 6. There is no evidence of unauthorized sub-leasing on the property.
- b. Frequency of Inspections:
1. A drive-by (exterior) inspection monthly, where practical to do so, to ensure that the tenant maintains the property as called for in the rental agreement. Date of inspections shall be documented in the rental file.
 2. An on-site inspection, including interior of buildings, at least once every calendar year. Date of inspection shall be documented in the rental file.
 3. A lessee or tenant vacates the premises.
 4. The land or improvements, or both, undergo a substantial change in character; for example, if the lessee or tenant creates conditions which might attract and sustain rodents (See Chapter Eight (8), Paragraph 8.05c[1]).
 5. The agent has cause for concern and believes an inspection is warranted.
- c. Documentation: Whenever R/W Property Management Section inspects vacant land or improved parcels; the results will be recorded on either a Property Inspection Report or Contact Report. When all appropriate actions in relation to the inspection have been completed, the form, with the applicable fully completed Contact Reports, will be inserted in the permanent rental file.
- d. Tenant Notification of Landlord's Inspection: Prior to entering onto or within the premises of a leased property, the authorized R/W Agent will give the applicable tenant at least two (2) days' notice (48-hours) of the intent to inspect. This time limitation is prescribed in ARS Chapter Ten (10), Section 33-1343, Paragraph C.
- e. Rodent Control: For the applicability of rodent control procedures, see Chapter Eight (8), Paragraph 8.05.

3.28 Improved Property Rental by ADOT Prior to Acquisition

- a. When in the course of negotiations for the purchase of an improved property, an agent or appraiser finds an improved property which is vacant, available for rent, and is located in the proposed corridor limits, the R/W Agent or R/W Appraiser will immediately gather and forward to R/W Property Management Section, the following information.
 1. The number of available units and the correct address.
 2. The number of bedrooms, bathrooms and any other pertinent information concerning the house or apartment.
 3. The rental amount.
 4. The name of owner/managing agent, address and telephone number.
- b. Upon receiving the above information, R/W Property Management Section will decide if it is cost effective to rent the vacant unit. In order for it to be cost effective, the rental of available properties must be consummated some time prior to our written offer. If rental properties become vacant after our written offer has been presented, the subsequent tenants would probably be eligible for moving costs only, thereby, not being cost effective. As a general rule, when acquisition is imminent and appraisals have been started, R/W Property Management Section should rent the property.
- c. If it is not cost effective to rent the vacant unit, R/W Property Management Section will advise the owner/managing agent of its decision not to rent. If it does appear to be cost effective, R/W Property Management Section will negotiate and prepare a rental agreement, cancelable by the State after giving thirty (30) days' notice of its intent to do so. R/W Property Management Section will initiate the processing and payment of the monthly rent to the owner/managing agent. Prior to processing the monthly payments, a review of each lease will be made to ascertain the status of acquisition or condemnation. In the event that our acquisition process does not meet our projected schedule or any other circumstances arise that would change the cost effectiveness of the situation, R/W Property Management Section may cancel the agreement after giving adequate notice.
- d. The rental agreement must be signed by the grantor, accepted and approved by the Manager of R/W Property Management Section.

Chapter 4 Leasing Of Existing Right-of-Way Operations

4.01 Purpose

The purpose of this Chapter is to describe the procedures for leasing existing right-of-way.

4.02 Scope

The procedures specified in this Chapter cover activities pertaining to the leasing of existing right-of-way in possession of the Department of Transportation throughout the State of Arizona.

A specific aspect of Right-of-Way leasing; the Cellular Leasing Program can be found at the end of this chapter.

4.03 Authority

- a. Authority of the Director, ADOT: The Director, is authorized under ARS Section 28-7048, to lease existing right-of-way, after competitive bidding, on terms and conditions established by the Director and approved by the Transportation Board.
- b. Derivation Authority to Approve Leases: Existing right-of-way may be leased when such leasing is not in conflict with the highway construction schedule or other IDO Division activity.
 1. All properties will be leased by means of a properly prepared, processed, and approved lease.
 2. All leases must be bid for competing proposals and are subject to the approval of the Transportation Board with prior review by the Office of the Attorney General. Individual Site Agreements, which are attachments to a Master Lease Agreement, also must be bid for competing proposals and are subject to approval by the R/W Property Management Manager, with prior review by the Office of the Attorney General of any variation from the standard approved format.

4.04 General

- a. Rental Folder: For each site, which is proposed, a lease folder is prepared. The folder contains the Proposal to Lease, the Proposal Advertisement, the Individual Lease, or an Individual Site Agreement under a telecommunications Master Lease Agreement, and any correspondence or other papers and documentation that pertain to the leased site. A separate folder is prepared for each telecommunications Master Lease Agreement and contains the master lease and any correspondence or other papers and documentation, which pertain to the Lease.
 1. Individual Lease or Master Lease Agreement and folders are numbered with the Lease number. An example of an Individual Lease number would be XI0007, the "I" an abbreviation for "Individual". A telecommunications Master Lease Agreement number would be XM0007, the "M" an abbreviation for "Master". The four (4) numbers following the abbreviations are consecutive numbers, which started with 0001.
 2. The Individual Site Agreements are numbered with the Master Lease Agreement number followed by a "-" and three (3) additional numbers, i.e., XM0007-001. The three (3) numbers following the "-" are consecutive numbers which started with 001.

4.05 Leasing Eligibility

Anyone is eligible to lease existing right-of-way that possesses the acceptable background, financial capability and business capability to perform the stated use.

4.06 Cellular Leasing Program

The Cellular Leasing Program Manual has been developed and is attached as Chapter 14 of this Section.

Chapter 5 Rehabilitation and Maintenance Operations

5.01 Purpose

The purpose of this Chapter is to explain in detail the procedures necessary for the rehabilitation and maintenance of improved rental properties managed by the R/W Group, IDO Division, and ADOT.

5.02 Scope

The procedures specified in this Chapter are intended to list some of the functions and activities performed for rehabilitation and maintenance, by R/W Property Management Section. The properties to which these procedures apply include all improved rental properties throughout the State of Arizona that are currently owned or will be acquired by the ADOT for highway purposes, excepting only those parcels that are cleared soon after acquisition to facilitate construction.

5.03 Administration

Rehabilitation and maintenance operations will be administered by R/W Property Management Section. The functions and activities will be performed by agents assigned to rehabilitation and maintenance and there may be occasions when the services of commercial contractor-estimators are required.

5.04 General

At some stage in the life of an improved rental property, the structures may have depreciated to the degree that they are no longer capable of generating a stable income. This depreciation may be the result of physical deterioration, functional obsolescence, economic obsolescence, or any combination of these. Economic obsolescence is usually considered to be incurable; the other two (2) forms of depreciation can usually be corrected in some degree and prolong the economic life of the property. The purpose of rehabilitation is to restore structurally sound buildings to a fit and habitable condition, which is sufficient to generate a regular income stream. A decision to rehabilitate a building is sound only if the restoration costs can be recovered over the certain economic life of the property and if the probable income from the property will provide a reasonable return on investment. Such restoration requires continuing maintenance over the life of the property, and the amount of maintenance will vary with the original quality of construction, the neighborhood, the tenants and other factors.

5.05 Implementation

The Rehabilitation Program and the Maintenance Program are separate activities. The major phases of each are as follows:

- a. Rehabilitation Program: This Program will normally be implemented prior to the rental of an improvement and will proceed through four (4) consecutive phases:
 - 1. Physical property inspection,
 - 2. Repair specifications and cost estimates,
 - 3. Feasibility analysis and report (if applicable) and
 - 4. Rehabilitation or clearance of the improvement.

- b. Maintenance Program: This Program, consisting of normal upkeep, minor, major and emergency repairs, will usually involve the following elements:
 - 1. Notification or complaint from tenant,
 - 2. Tenant contact and property inspection,
 - 3. Inspection by contractor, if required,
 - 4. Determination of repair method,
 - 5. Cost estimate of necessary repairs,
 - 6. Inspection and certification of completed repairs, and
 - 7. Accountability and documentation.

5.06 Rehabilitation Cost Estimates by Commercial Contractor Estimator

A commercial estimator holding an appropriate contractor's license may, on occasion, be utilized to produce the rehabilitation cost estimate. This requirement might occur if the building restoration were extremely complex or technical, or if the buildings were very large commercial or industrial types.

- a. Estimator Selection:
 - 1. The State Procurement Office shall make the final selection of the commercial estimator and the selection will be accomplished in accordance with standard procurement practices and procedures established for that purpose.
 - 2. Except in the most unusual circumstances, the company, which the estimator represents, shall not be retained to perform the building restoration.
 - 3. When selected, the estimator will be retained by a contract administered by R/W Property Management Section.
 - 4. The estimator's contract will provide for the initial property inspection, preparation of a comprehensive rehabilitation cost estimate (including materials and

workmanship specifications), periodic inspection of in-progress work of the repair contractor, and the inspection when the work is completed.

b. Subsequent Estimator Activities:

1. The commercial estimator will conduct an inspection before, during and after restoration and at other times as required. Reports of these inspections will be submitted to R/W Property Management Section as soon as possible after each inspection.
2. While the rehabilitation work is underway, the estimator will be responsible for coordinating all change orders, handling all special or unusual conditions in connection with the subject property, and will maintain regular communications with R/W Property Management Section, the restoration contractor and any sub-contractors.

5.07 Rehabilitation – Physical Inspection

When an improved property has been acquired and the determination has been made that it should be rented, the agent will provide the property address, the project number and the parcel number to an agent with a request for a Feasibility Analysis and Report. The evaluator will visit the property and conduct a detailed physical inspection, documenting observations while on the site.

a. The Land:

1. The landscaping and grounds, because they are normally the first things encountered, will be given careful scrutiny for signs of disease, gross inattention, clutter, debris and unevenness of terrain (holes, ditches, etc., should be filled).
2. The condition of fences, walls, gates, flatwork, miscellaneous yard improvements, and the need for pest control will be noted.

b. Exterior of the Building(s):

1. The agent will examine the exterior of the improvements, with particular attention given to the roof and overhangs, the exterior walls, the foundation, the utility meters and boxes, the air conditioning, the water heater, the exterior doors and porches, and any other exterior components or accessories.
2. Accessory buildings such as garages and storage sheds will be inspected.
3. If the windows and doors have been boarded for security, the requirement to remove them will be noted.

c. Interior of the Building(s): The agent will inspect the interior for cracks in the walls and ceilings, broken windows, the condition of floors and carpets, painted surfaces, shelves, cabinets, hardware, etc. Plumbing, gas and electrical outlets will be inspected for utility and safety, noting whether or not these systems will require the services of skilled specialists.

- d. **Photographic Evidence:** As an attachment to the analysis and report, at least one (1) photograph of the front of the building is required. If the evaluator believes that other photographs will contribute to the clarity and easy understanding of the report, as many photographs as are required may be attached. As a general rule, photographs of gross vandalism, severe physical deterioration, or defects that may be dangerous or unhealthy will be attached to the report.

5.08 Rehabilitation – Repair Specifications and Cost Estimate

Following the inspection of the property, the agent (or contract estimator) will prepare a comprehensive, detailed estimate of the costs required to rehabilitate the subject property, specifying the nature, quality, and extent of remedial repairs to be performed. Following are some of the considerations and requirements of the estimate:

- a. **Standards:**
 - 1. If the cost estimate is being developed by a contract estimator, their specifications will be prepared in accordance with the standard practices of the construction trade and the City Code.
 - 2. If the cost estimate is being developed by a staff evaluator, they will assume that all work will be performed by commercial contractors, even though such a course of action may not be followed. Thus, all specifications will be in accordance with the standard practices of the construction trade and the City Code, and all costs will be those charged by commercial contractors.
- b. **Cost Data:** In preparing the estimate, the agent will utilize all available data contained in the R/W Property Management Section files, current costs for materials and labor in accordance with current service contracts awarded by the State Procurement Office for maintenance and repairs. The agent may also utilize price indexes contained in construction cost manuals, quotations from local materials suppliers, and estimates from local commercial contractors.
- c. **Materials Labor Breakdown:** If the cost estimate is being developed by a staff evaluator, the itemized list of repairs and costs will be followed by a "RECAP" which will give totals for materials, labor, and special items which may be performed only by commercial contractors. This RECAP, or breakdown, is unnecessary for estimates prepared by a contract estimator, unless such a breakdown is specified in the contract.

5.09 Rehabilitation – Feasibility Analysis and Report

When the Rehabilitation Cost Estimate is completed, a report of final recommendations will be prepared upon request, based either on the agent's own cost estimate or on that prepared by a contract estimator.

- a. The report will reference the property address, the project number and the parcel number.

- b. The stated purpose of the report shall be to estimate the costs necessary to restore the subject property to a rentable condition; a brief description of the physical condition of the property will also be made.
- c. The structure of the report will consist of the following essential elements:
 - 1. An itemized list of the proposed repairs and other rehabilitation work,
 - 2. Monthly rent computations and net income projections, including deductions for prior expenditures, and
 - 3. The agent's final conclusions, justifications, and recommendation.
- d. All estimates of expected income will be based on projections of three (3) and five (5) years, unless otherwise specified, and should adequately justify the total costs of rehabilitation, as well as the costs of normal maintenance during the rental period.
- e. Whenever a tenant vacates a rental unit, the agent will inspect the property and may submit a full feasibility analysis and report, or an update to a prior report on the same rental unit.
- f. The finished feasibility analysis and report will be submitted to the R/W Property Manager for approval and signature. If the final recommendation was for rehabilitation rather than demolition, the signed report will be forwarded to an agent for action. When the agent has implemented the findings of the report, it will be placed in the appropriate rental file.

5.10 Rehabilitation or Demolition of Improvements

The decision to rehabilitate or demolish improvements to the land will be based upon the recommendations specified in the feasibility analysis and report.

- a. If it is recommended by the agent that the improvements should be demolished and appropriate authorities concur in the recommendation, the procedures of Chapter Seven (7), "Demolition Operations," of this Manual will be followed.
- b. If is recommended by the agent that the improvements should be rehabilitated and appropriate authorities concur in the recommendation, one (1) of the following courses of action will be taken:
 - 1. A contractor, or group of contractors, will be used to accomplish the necessary repairs. The contractors utilized are those who have entered in a contract with the Department, through the State Procurement Office, for maintenance and repair services.
 - 2. Tenant labor may be used to affect the necessary repairs.
 - 3. Any combination of one (1) and two (2), above.

- c. The selection of the type of labor, i.e., a contractor or the tenant, will be used based upon:
 - 1. The market value of the improvement(s) and the probable income that the property can generate over the projected three (3) and five (5) year periods.
 - 2. The extent and complexity of the necessary repairs.
 - 3. The technical ability of the tenant to perform the necessary repairs.
 - 4. Safety considerations. Electrical, plumbing or gas repairs will always be performed by qualified contractors
- d. Some portion of the total repairs for single-family residences; normally can be performed by the tenants. In accordance with the recommendations of the feasibility analysis and report, the agent may permit tenant labor in lieu of rent for a specific period following initial occupancy. The agent will be responsible for decisions regarding tenant labor, rent and adjustments and paint and material allowances. A written statement, stipulating the repairs to be made by the tenant, will be placed into the rental folder and a task order will be prepared. The tenant's work will be inspected and approved.

5.11 Rehabilitation Contract

When it is determined that complete rehabilitation is feasible and economically sound and the total cost will be in excess of \$10,000.00, the work will be performed by a contractor or group of contractors. In this case, the State Procurement Office shall make the final selection of the contractor(s) and the selection will be accomplished in accordance with procurement standard practices and procedures established for that purpose.

5.12 Rehabilitation with Tenant Labor

For most single-family residences and some other properties, some of the necessary repairs can be performed by the prospective tenant. Examples of such repairs are the patching and painting of interior walls, exterior and interior cleaning, shampooing of wall-to-wall carpeting, the replacement of bowls and dishes for ceiling light fixtures, etc.

- a. If the agent's recommendation specified rehabilitation to be the most economical course of action, the feasibility analysis and report will be delivered to the agent for action.
- b. The report will contain an estimate of the rental income, which can be expected from the property and will also contain a recommendation for the maximum period of occupancy, which should be awarded for tenant labor in lieu of rent.
- c. When interviewing tenants, the agent will ascertain the extent of repairs which each desires to perform. Depending upon the tenant's desires, abilities and limitations, the agent will attempt to arrive at a mutually acceptable arrangement for specific repairs to the property.

5.13 Regular Maintenance

Once a given property has been rehabilitated and the normal occupancy period is established, it will periodically become necessary to perform certain maintenance functions on the land and building(s), in order that they may remain in a habitable condition.

- a. Maintenance on the land generally encompasses the watering of all yards, trees and shrubs, they're periodic cutting and trimming, and related yard work duties, which are normally required in the standard rent contract.
- b. Maintenance on buildings includes the degree of normal upkeep required to maintain the dwelling in a decent, safe, and sanitary condition and which is normally a requirement of the standard rent contract.
- c. In addition to post repair inspections, discussed in the following paragraphs, R/W Property Management Section will conduct periodic inspections of all occupied properties to assure that the premises are being maintained in good condition and in compliance with existing rental agreements.

5.14 Contractor Selection

The State Procurement Office shall make the final selection of the contractor(s) utilized by R/W Property Management Section for maintenance and repairs. The selections will be accomplished in accordance with procurement standard practices and procedures established for that purpose. State Procurement Office will provide to R/W Property Management Section the following:

- a. List of approved contractors.
- b. Copy of complete bid package, including terms and specifications.
- c. Copy of executed contract and emergency numbers for each of the contractors.
- d. Price sheets, as bid, for each of the contractors.

5.15 Normal Upkeep

Throughout the rental period of a property, normal wear and tear will reduce the utility of various components of the improvement. Usually, these defects require minor repairs or the replacement of parts and are within the capability of the average tenant. Upon notification from the tenant, or any other source, that some part of the improvement needs minor repair, the agent may authorize the tenant to purchase the materials, make the repairs, and deduct the cost of the materials from subsequent month's rent. When the work has been accomplished, an agent will inspect the repairs for quality and, particularly, safety. Also, there are occasions when the tenant's complaint will be referred to the agent immediately, and the agent will inspect the defect. After analysis, the agent will determine whether or not the repair is within the capability of the tenant. If it is not, the agent will proceed in accordance with procedures established in Paragraph 5.16.

5.16 Major Repairs

Throughout the rental period of a property, any repairs, which are beyond the capability of the tenant, will be the responsibility of R/W Property Management Section. Upon notification by the tenant that some fixture is inoperative, or some part of the house has been damaged, a task order will be prepared which specifies the general nature of the complaint. This task order will be delivered to the agent assigned. Upon receipt, the agent will:

- a. Physically inspect the inoperative appliance or the damaged area and determine the cause of the deficiency.
 1. If the tenant, through neglect, malice or any other cause, is directly responsible for the damage, the evaluator will refer the tenant to the appropriate clause in the Rental Agreement, which specifies that such repairs are the responsibility of the tenant.
 2. If the damage has resulted from any other cause, the evaluator will estimate the cost of repairs and complete the appropriate portions of the task order.
- b. Contact the appropriate contractor under contract with the Department and request an inspection and a cost estimate. Normally, the evaluator will join the contractor at the building and discuss the nature and cost of the repairs.
- c. If the repair cost is less than \$10,000.00, give verbal authorization to proceed to the contractor. Normally, the R/W Agent will visit the building while the repairs are being performed and insure that the quality of work is accomplished in accordance with ADOT standards, the standards of the industry, and the City Code.
- d. When the contractor's work is completed, make a detailed physical inspection of the repairs. If the agent is satisfied that the work has been performed professionally, and in accordance with specifications, the R/W Agent will:
 1. Complete the description of the event and sign and date the task order,
 2. Upon receipt of the contractor's invoice, process the invoice and the completed task order through the R/W Contracts Unit for payment.
- e. If the State Procurement Office has not entered into a contract for a specific repair, R/W Property Management Section will proceed as follows:
 1. Contact at least three (3) contractors for submission of bids as follows:

Over \$10,000 - Written quotes or Invitation for Bids Request for Proposals.

Between \$1,000 and \$10,000 - Verbal or written quotations, three (3) minimum.

Less than \$1,000 - Competition not required. Reasonable competition should be utilized.
 2. Select the lowest most responsible bid and assign work to contractor.

3. Follow procedures established in Paragraph 5.16 a. (2) through 5.16 d.

5.17 Emergency Repairs

"Emergency Repairs" are those which necessitate immediate attention for reasons of health, safety, or essential need, and which are normally beyond the capabilities of the average tenant. When contacted by the tenant, the agent and/or the agent assigned to week-end holiday and evening calls, will:

- a. Proceed with contacting the appropriate contractor in accordance with procedures set forth in Paragraph 5.16.
- b. Under special circumstances, such as weekends, holidays or severe time limitations, rental agreements provide that emergency repair services may be obtained by the tenant's own initiative.
 1. Upon completion of such repairs, a full inspection will be conducted and a report will be prepared. The report will be approved by the Manager, R/W Property Management Section and placed in the rental file.
 2. The cost of these emergency services may be paid as follows:
 - (a) If the tenant paid the Vendor's invoice, the cost may be deducted from the next subsequent month's rent, provided:
 - (1) The cost is documented by the vendor's invoice; the invoice is marked "paid" and signed by the vendor's representative (or the invoice is accompanied by the vendor's receipt of payment).
 - (2) Subsequent inspection showed that the work was necessary and that it was performed in accordance with ADOT standards.
 - (b) If the tenant paid the vendor's invoice, the tenant may be reimbursed for the cost of the repairs, provided:
 - (1) The tenant requests reimbursement.
 - (2) Subsequent inspection showed that the work was necessary and that it was performed in accordance with ADOT standards, and
 - (3) The Manager, R/W Property Management Section, after investigation, approved reimbursement.

5.18 Cost Estimating Requirement (Reporting)

All Right of Way Property Management Agents are required to provide at least Three (3) estimates:

- a. Paragraph 5.16.

Chapter 6 Asbestos and Environmental

6.01 Purpose

The purpose of this Chapter is to explain in detail the procedures necessary for asbestos surveys, abatement (removal) of asbestos-containing materials (ACM), abatement monitoring by an oversight consultant and proper disposal of ozone-depleting compounds as administered by the R/W Group, IDO Division, ADOT.

6.02 Scope

The procedures specified in this Chapter represent a list of the functions and activities involved in surveying and removing asbestos by R/W Property Management Section. The properties (facilities) to which these procedures apply include all improved parcels throughout the State of Arizona, which are currently owned, or will be acquired, by the ADOT for highway purposes.

6.03 Administration

Asbestos surveys, asbestos abatement and abatement monitoring will be initiated by R/W Property Management Section under the purview of two (2) different contracts awarded by the State Procurement Office for asbestos abatement contractor services and for asbestos oversight consultant services

The functions and activities necessary to initiate the process will be performed by a qualified agent of R/W Property Management Section. This agent is required to be certified as a Contractor/Supervisor by successfully completing an EPA-approved course given by the Asbestos Institute.

6.04 General

Federal regulations, i.e., EPA and OSHA, are very strict about the removal and disposal of regulated asbestos-containing materials (RACM). In addition, it is ADOT's policy to remove all categories of asbestos containing materials prior to demolition. The contracts mentioned above relieve ADOT of the cumbersome task of determining what is required by the regulations and how to select a qualified vendor. They will make these services more readily available so that scheduled demolition projects can proceed without the long delays usually experienced in procuring these services.

6.05 Implementation

Prior to the sale or demolition of improvements (including mobile homes) located on parcels acquired by ADOT, each improvement must be surveyed to determine the presence of asbestos. If ACM is found in any improvement, it must be removed prior to the sale or demolition of said improvement.

- a. The survey process may be initiated prior to ADOT's taking possession of a parcel. R/W Property Management Section will make every effort to obtain the grantor's permission to allow the oversight consultant to enter the premises to collect the necessary samples

for laboratory testing and analysis. If this permission cannot be obtained, the survey will be done as soon after possession as is possible or feasible.

- b. The asbestos removal process will be initiated after receipt and review of the oversight consultant's report.
- c. The survey/monitoring contract and the asbestos abatement contract will be issued by the R/W Operations Section under the auspices of State Procurement Office.

6.06 Survey/Monitoring Contract by Oversight Consultant

- a. An agent from R/W Property Management Section will submit a written "Asbestos Test & Oversight Bid Sheet" (Exhibit 17.35) to R/W Operations to do the necessary asbestos survey on facilities that are slated for sale or demolition.
- b. Each facility to be surveyed will be identified by its project number, parcel number, street address, and a brief description.
- c. The written request will include a site plan and/or floor plan for each facility, instructions as to how to gain access to each facility, or keys (if available).
- d. The R/W Operations Section will solicit bids from the contractors identified in the ADOT Procurement contract. A minimum of three (3) bids will be solicited.
- e. When all bids are submitted by the invited contractors, they will be evaluated by R/W Operations Section and the R/W Property Management Section agent.
- f. After the lowest qualified and responsible bidder is identified, the R/W Operations Section will issue written authorization to proceed with the necessary surveys. The contractor selected to do the surveys may also perform the oversight (monitoring) function for the removal of any ACM identified in the report.
- g. Upon receipt of the oversight consultant's report, the R/W Property Management Section agent will determine if abatement is required prior to the sale or demolition of each facility surveyed.
- h. Invoices for payment for services rendered will be submitted to R/W Operations Section. The R/W Operations Section will process the invoices for payment and give copies to R/W Property Management Section.

6.07 Abatement Procedures

- a. After a careful review of the oversight consultant's report, the R/W Property Management Section agent will identify all ACM to be removed by a qualified asbestos abatement contractor chosen from the list approved by The ADOT Procurement Group.
 - 1. RACM consists of the following:
 - (a) All friable asbestos material

- (b) Category I non-friable material that has become friable
 - (c) Category I non-friable material that has been, or will be, subjected to sanding, grinding, cutting or abrading
 - (d) Category II non-friable material that has become, or has a high probability of becoming, crumbled, pulverized or reduced to powder by the demolition process
- 2. Category I ACM consists of the following:
 - (a) Packings
 - (b) Gaskets
 - (c) Resilient floor coverings
 - (d) Asphalt roofing products
- 3. Category II ACM consists of all asbestos materials not listed under Category I. This includes asbestos cement (transite) pipes, panels, siding, and other similar materials.
- b. The R/W Property Management Section agent will submit a written "Request for Abatement Survey Bids Task Order" (Exhibit 17.36) to R/W Operations to do the necessary asbestos abatement prior to sale or demolition. The request will include the following:
 - 1. The project number, parcel number and address of the facility.
 - 2. The amount and location of the RACM to be abated.
 - 3. The desired or mandatory completion date.
 - 4. Keys to the facility, if available or instructions for gaining access.
- c. The R/W Operations Section will solicit bids from the contractors identified in the ADOT Procurement contract. A minimum of three (3) bids will be solicited.
- d. When all bids are received, R/W Operations Section and R/W Property Management Section will evaluate them and select the lowest qualified and responsible bidder. The R/W Operations Section Leader will consult the R/W Property Management Section agent to arrive at a final selection.
- e. When the abatement contractor is identified, R/W Operations Section will issue written authorization to proceed with the abatement work and will notify the oversight consultant.

- f. The R/W Property Management Section agent will work with the two (2) contractors to coordinate their activities to establish a start date and an estimated completion date, and to ensure that the required ten (10) day notice has been submitted to ADEQ and to the County Asbestos Coordinator.
- g. The R/W Property Management Section agent will monitor the abatement process on a regular basis.
- h. The agent will prepare and maintain an asbestos abatement folder for each parcel or group of parcels to be abated. The folder will be labeled with the project number, parcel number and street address of the facility. Ultimately the folder will contain all correspondence, contact reports, and all documents, which pertain to the abatement of the facilities on that parcel. **All** records regarding asbestos must be maintained for a minimum of thirty (30) years. This is in accordance with current federal regulations.
- i. Invoices for payment for services rendered will be submitted to the Consultant Contracts Team. The R/W Operations Section will process the invoices for payment and give copies to R/W Property Management Section. These will be filed in the asbestos abatement folder.

6.08 Emergency or High Priority Procedures

When there is a need to clear a parcel, or group of parcels, on an emergency basis, or to meet accelerated construction schedules, the normal bidding process may be forsaken. The R/W Property Management Section agent may assign the survey/oversight and abatement work to any consultant/contractor on the DOA list who is able to meet the deadlines.

6.09 Recovery of Ozone Depleting Compounds

In general, Section 608 of the Federal Clean Air Act, as amended, and 40 CFR, Part 82, Subpart F, specifies methods for proper disposal of ozone-depleting compounds (chlorofluorocarbons [CFCs], and hydro chlorofluorocarbons [HCFS's]), and their blends during servicing and disposal of air-conditioning and refrigeration equipment.

6.10 Implementation

- a. The opportunity for improper disposal of CFCs and HCFC's occurs at the time an ADOT acquired structure has been vacated and awaits demolition.
- b. Upon confirmation of final vacation of a structure, R/W Property Management Section will contact one of its air-conditioning and heating contractors to arrange for the immediate recovery of refrigerant contained in air-conditioning and/or refrigeration equipment. The air-conditioning and heating company or companies used must be EPA certified for this type of work, and have provided to R/W Property Management Section proper documentation of this certification.
- c. R/W Property Management Section will monitor the work done by its air-conditioning and heating contractors and maintain documentation of work done.

Chapter 7 Salvage Operations

7.01 Purpose

The purpose of this Chapter is to describe the procedures for the salvage or outright sale of improvements to real property managed by the R/W Group, IDO Division, and ADOT.

7.02 Scope

The procedures specified in this Chapter cover the functions and activities pertaining to the salvage or outright sale of improvements to real property managed by, or referred to, R/W Property Management Section. The properties to which these procedures apply include all improved properties throughout the State of Arizona, which are currently owned or will be acquired by the Department for highway construction purposes.

7.03 Administration

Salvage operations will be administered by R/W Property Management Section. The functions and activities will be performed by R/W Agents.

7.04 General

- a. When the Department acquires an improved parcel of real property for right-of-way, the R/W Property Management Section has the responsibility to determine what the most beneficial disposition of the improvement(s) will be, provided that the construction schedule does not preempt such disposition. Normally, the renting or leasing of the property is economically most productive. If, due to location, the condition of the structures, or other factors, leasing is not practical, the sales and removal of the structures may produce some revenue. If the condition of the improvement is such that it is not economical to sell it at public auction, as a last resort, demolition and clearance is necessary. If the construction schedule will not permit the leasing or renting of the property, but is sufficiently in the future to permit the improvements to be sold and moved, consideration will be given to grantor retention, public auction sales, or removal by the Department or other State agencies.
- b. Construction Schedule: When a parcel of real property has been acquired for highway construction purposes, the construction schedule preempts any other consideration mentioned in this Chapter. Whether or not the improvements to the land, or the land itself, can be leased, or the improvements sold or demolished, has relevance only if the construction schedule for the particular section of highway is sufficiently in the future to make such action practical.
- c. Insurance Claims for Public Liability or Property Damage: The subject of insurance pertains to all R/W Property Management Section, and is thoroughly covered in Chapter Two (2) and Chapter three (3) of this manual.
- d. Folders, Files and Forms: The Property Control Report, Contact Report, and other forms used mutually by R/W Property Management Section, are fully described in Chapter Two (2) of this manual.

7.05 Site Clearance Soon After Acquisition

- a. Clearance by Prime Contractor: If the construction schedule is so close at hand that the rental or public auction of an acquired parcel is impractical and neither the grantor nor the Department elects to move and use the improvement(s), the structure(s) will be cleared by the prime contractor. The contractor may dispose of the salvage in any manner that appears most efficient under the existing circumstances.
- b. Grantor Retention: When the State acquires an improved parcel, the grantor has the right to move and retain the building(s), and all fixtures and appurtenances thereto, only if the State does not elect to retain the improvements in accordance with 2.12 b. Grantor retention, where allowed, should be at salvage value. If ADOT intends to lease the property after the grantor vacates, the property should be left intact and salvage should be the total building or nothing. However, if the building is going to be demolished, the grantor may salvage individual components of the building. The grantor's decision to retain the improvement(s) is made during the acquisition process, prior to signing the final papers. The Acquisition agent will submit a request for a "Salvage Value Determination" (Exhibit 17.37) to R/W Property Management Section. R/W Property Management Section will consult their records, and provide the price at which the improvement(s) may be retained.
 1. Salvage Value Determination: When an improved parcel is acquired by the State, the grantor is paid the appraised value for the structures, fixtures and appurtenances. Eventually, these improvements will be cleared from the land. Therefore, the structures are no longer worth the appraised value, but have value only to someone who wishes to bear the expense to move them, or disassemble and move the components. From records assembled over a long period of time, R/W Property Management Section can estimate with reasonable accuracy the value of buildings and other structures and the price they might bring if offered for sale. There are two (2) situations which require a salvage value determination from R/W Property Management Section; they are:
 - (a) When the grantor elects during the acquisition process to move and use the improvements at another location, the R/W Acquisition Section agent will request a salvage value determination from the R/W Property Management Section. The R/W Property Management Section agent will inspect the property, research all available records, and consult knowledgeable individuals in appropriate commercial trades, and provide in writing to the R/W Acquisition Section the estimated value which the improvements would bring if offered for sale on the open market. The R/W Acquisition Section agent will use this information in negotiations with the grantor.
 - (b) If the grantor declines the invitation to move and use the improvements, the Department may foresee a practical use for them in another location. If the Department elects to move and use the improvements, the R/W Property Management Section agent will provide a salvage value determination, but only for record. It will be placed in the acquisition package.

- (c) The information contained in and the distribution of the salvage value determination is as follows:
 - (1) Parcel Number
 - (2) Project number
 - (3) Property address
 - (4) Description of improvements
 - (5) Salvage value
 - (d) Distribution:
 - (1) Original to R/W Acquisition Section (if applicable)
 - (2) Copy to FHWA (participating projects only)
 - (3) Copy to R/W Property Management Section project file.
2. Distribution of Escrow Funds: During the acquisition process, a proportion of the purchase price for the property is withheld in escrow to indemnify the State against unexpected property damage, the removal of fixtures specified in the appraisal as real property, and other contingencies. If the grantor elects to purchase and move the improvements, and also elects to pay the costs from the funds withheld in escrow, the agent will prepare an Escrow Release Notification. The notice indicates the amounts to be disbursed to the State and to the grantor. The notice will direct the escrow agent to disburse the amount owed to the State, but to hold the amount owed to the grantor until the improvements are moved from the land and a satisfactory site clearance inspection has been completed.
3. Payment of Salvage Items: Salvage item payments can be deducted from relocation benefit payments provided they are listed as a deduction on the relocation expense form. The salvage payments are collected from the displacee in the following order:
- (a) Deductions taken from the acquisition payment through Escrow Agent.
 - (b) Deductions taken from any relocation payment if escrow has already closed.
 - (c) If both relocation and escrow payments are completed, the displacee can issue a check to ADOT which will be deposited by the R/W Operations Section into the project's account.
- c. ADOT Retention: When a request for a particular type of building (or a fixture) is received from either a District Engineer or Facilities Management, R/W Property Management Section will hold the request until an appropriate building or fixture

becomes available. When such a structure becomes available, notification will be made to the requesting agency. The agency's representative will inspect the improvement and determine whether or not it satisfies the requirement. If it does, the representative will arrange to move the structure and will notify the agent accordingly.

- d. Property Damage prior to the Close of Escrow: If the improvement(s) to the land are damaged prior to close of escrow, the cost of repair may be paid from funds withheld in escrow. If the damage is substantial, and the cost of repair exceeds the amount withheld in escrow, the conditions may require a new appraisal, completely new negotiations and another escrow process.

7.06 Sale of Property Improvements

When the State takes possession of a property, which must be cleared, and neither the grantor nor the State elects to retain the improvements, the agent will determine whether it is beneficial to the State to sell them at public auction. Prior to determining whether improvements will be sold or demolished, R/W Property Management Section will proceed with procedures set forth in Chapter Five (5) for asbestos surveying and abatement. The agent will, when possible, seek the advice of local house movers and others to assist in the determination. If the structures are to be sold, they will be sold at public auction.

7.07 Early Procedural Steps

- a. The agent will provide a list of the improvements to be sold. The list will include all information gathered at this time for each unit or item.
- b. The agent will inspect each unit or item to be sold, and will number each structure with a sale number plus a digit commencing with "1" and continuing through the number of units which are for sale on the same contract. Prior to the recommendation, the agent may have the improvements inspected by a local independent house mover. The purpose of this inspection is to assure that the structures are sound, capable of being moved, and that no State, county or city codes will be violated by moving them.
- c. When it is certain that the structure(s) will be moved or cleared from the land, the agent will read and record all utility meter numbers and notify the utility companies, in writing, to terminate service and remove their property from the premises.
- d. Sometime prior to the sale of the improvement(s), each will be photographed by the agent or a designee.
- e. The agent will remove the Summary Statement and Offer to Purchase and Improvement Report form for each unit from R/W Property Management project folder and hold it in the sale folder until the sale and land clearance are consummated.
- f. If the services of security police are required at the auction, the agent will prepare a letter to the agency requesting that an appropriate number of guards be present.
- g. The agent or a designee will fill in all appropriate blanks in the bid tabulation form, the Bill of Sale and the Removal Agreement and other applicable documents for each unit or item to be sold. These will be taken to the auction for processing.

- h. If appropriate, R/W Property Management Section will establish a minimum price that the Department will accept for each unit or item. This will be announced to all bidders prior to any offers at the auction.
- i. When all of the above preliminary procedures are completed, or are at least started, the agent will establish a date for the auction. All advertising will announce that the auction will be held at a specific place at a specific time.

7.08 The Public Auction for Non-Realty

- a. Approval for the Auction: When a group of appropriate buildings or items are available for sale, the agent will first obtain verbal approval from FHWA (if they participated in the acquisition). Then a letter is written to FHWA advising them of the verbal approval and requesting written approval to clear the parcels by public auction. The letter will also contain a statement that relocation assistance has been offered, the occupants physically relocated, the property is permanently vacated, and there was a rodent control inspection. An attachment to the letter will contain the following information for each parcel:
 - 1. Attachment:
 - (a) Project number
 - (b) Parcel number
 - (c) Parcel address
 - 2. The original and two (2) copies of the letter and the attachment will be routed for signature and distributed as follows:
 - (a) Original to FHWA
 - (b) One (1) copy to sale file
- b. Advertising the Public Auction: The agent will prepare and process a "Public Auction Notice" (Exhibit 17.38), a "Public Auction Advertisement Request Facsimile" (Exhibit 17.39), or a "Public Auction Advertisement Request Letter" (Exhibit 17.40) and an Improvement Sales Brochure.
 - 1. Public Auction Notice: The notice will contain:
 - (a) Time, date and place of sale
 - (b) Items to be offered for sale
 - (c) Sale number
 - (d) Project and parcel number for each item.

2. Distribution: The Public Auction Notice will be distributed as follows:
 - (a) Original(s) to newspaper(s).
 - (b) Copy to sale folder.
 3. Improvement Sales Brochure: Approximately six (6) weeks prior to the auction, the agent will prepare and process an Improvement Sales Brochure. It will contain information and receive distribution as follows:
 - (a) Deductions taken from the acquisition payment through Escrow Agent.
 - (b) Deductions taken from any relocation payment if escrow has already closed.
 - (c) If both relocation and escrow payments are completed, the displacee can issue a check to ADOT which will be deposited by the R/W Operations Section into the project's account.
- c. Conduct of the Auction: The designated agent will conduct the public auction at the advertised time and place. The person conducting the sale will first read aloud, to those attending, the contents of the improvement sales brochure; the terms and specifications governing the submission of bids, then declare the auction open for bidding. Each item described in the notice will be auctioned individually.
1. Payment Requirements for Successful Bidders:
 - (a) A deposit may be paid by the successful bidder, with a cashier's check, or money order, or by posting a bond in the required amount. Whichever method is used, the amount will be paid to the State at the time the bid is accepted at the auction.
 - (b) The successful bid price for the building (or other improvements) will be paid to the State with a cashier's check or money order, as per the deadline described in the Terms and Specifications document.
 2. Bill of Sale and the Removal Agreement: The Bill of Sale and the Removal Agreement prepared in duplicate prior to the auction, will be completed by the R/W Agent with the name and address of the successful bidder, the amount of such bid, and any other required information. The successful bidder will sign all copies.
 3. Temporary Receipt: A "Temporary Receipt and Temporary Receipt for Improvements" (Exhibit 17.41) will be prepared in duplicate by the agent at the time of sale and will contain the following information.
 - (a) Information:
 - (1) Sale number.

- (2) Item number.
 - (3) Parcel number.
 - (4) Name of successful bidder.
 - (5) Amount of bid payment received.
 - (6) Amount of site clearance deposit received.
- (b) All copies of the Temporary Receipt will be signed by the Manager of R/W Property Management Section or a designee. Distribution will be as follows:
 - (1) Original to successful bidder.
 - (2) Copy to agent for sale folder.
 - (c) All monies received will be given to the R/W Operations Contracts Unit, along with copies of both the Bill of Sale and receipt for each item sold.
4. Second Opportunity to Bid: If, during the course of the auction, items offered for sale received no bids, the person conducting the auction will call for bids on these items before the auction is concluded. If one (1) or more bids are received, the sale will be accomplished in the manner set forth above. If no bids are received, disposition of the property will be in accordance with Chapter Seven (7).
- d. Disposition of Auction Papers:
- 1. Bill of Sale and the Removal Agreement: The Bill of Sale and the Removal Agreement will be routed through the following for information and approval, and distributed as indicated below:
 - (a) Manager, R/W Property Management Section:
 - (b) Original to sale folder.
 - (c) Copy to successful bidder.
 - 2. Annotation of Forms:
 - (a) All appropriate information concerning the sale of the improvements will be recorded in the file.

7.09 Actions Required Following Auction

- a. Report of Sale - Auction Bid Approval Memo: The agent will prepare and process a "Report of Sale - Auction Bid Approval Memo" (Exhibit 17.42), and an "Auction Bid

Approval Letter” (Exhibit 17.43). The report will contain the following information and receive the distribution indicated:

1. Information:

- (a) Sale date.
- (b) Sale time.
- (c) Sale location.
- (d) Name of person who conducted auction.
- (e) Complete list of items offered for sale.
- (f) Disposition of items offered for sale.
- (g) Name of each successful bidder.
- (h) Address of each successful bidder.
- (i) Amount of each successful bid.
- (j) Number of participating bidders at the auction.

2. Distribution:

- (a) Original to sale folder.
- (b) Copy to R/W Operations Section.
- (c) Copy of report, together with letter of transmittal, to FHWA.

- b. House Moving Agreement: At the auction, the salvage agent or the person conducting the auction will complete the Bill of Sale and the Removal Agreement. If the successful buyer fails to carry out the provisions of the contract by the time specified and no extension is granted, the amount of the deposit is forfeited to the State.

7.10 Site Clearance Inspection and Report

The successful bidder for each unit or item agrees to clear the land by a specified date and guarantees clearance with a deposit. When the land is cleared, the bidder will notify the agent that the job is completed; upon such notification, the agent or a designee will inspect the site to verify that it has been cleared. When the clearance is satisfactory, the following actions will be taken:

- a. Improvement Sales Clearance Memo: The agent will prepare a “Site Clearance Deposit-Refund Memo” (Exhibit 17.44) to notify the R/W Operations Section that the unit or item is cleared and that the deposit is to be returned to the bidder. The letter, with the

voucher, is routed for signature. The letter will contain the information and receive the distribution indicated below.

1. Information:

- (a) Project number.
- (b) Parcel number.
- (c) Sale number.
- (d) Item number.
- (e) Description of improvement.
- (f) Name of successful bidder.
- (g) Amount of deposit

2. Distribution:

- (a) Original with voucher to R/W Operations Section.
- (b) Copy to sale folder.

b. If the site is not properly cleared, the bidder will be directed to accomplish the job completely and correctly.

7.11 Final Action

If the building, which has just been sold and moved, was constructed on concrete footings and the floors were concrete slab, the agent or a designee will provide a list of such footings, piers, collars or slabs with a recommendation that they be removed through a demolition contract.

Chapter 8 Demolition Procedures

8.01 Purpose

The purpose of this chapter is to describe the procedures for the demolition of improvements on lands managed by the Right-of-Way Group, Infrastructure Delivery and Operations Division, and ADOT.

8.02 Scope

The procedures specified in this chapter cover the activities pertaining to the demolition of improvements to real property managed by R/W Property Management Section. The properties to which these procedures apply include all improved properties throughout the State of Arizona that are currently owned, or will be acquired, by the Department for highway construction purposes.

8.03 Administration

Demolition operations will be administered by R/W Property Management Section. A qualified agent will perform the functions and activities. All such functions and activities will be carried out under the purview of a contract issued by the State Procurement office.

8.04 General

When the State takes possession of a parcel of real property intended for highway construction, the improvements to the land must be cleared at a time that conforms to the construction schedule. If the construction schedule requires clearance as soon as possible, and neither the State nor the grantor elects to move and retain the buildings, the land may be cleared by the prime contractor. If the construction schedule permits, the parcel may be rented, or the improvements may be sold or demolished. If it is determined that the improvements are to be demolished, the procedures set forth in this chapter will apply.

8.05 Preliminary Procedures

When the Manager, R/W Property Management Section, has determined that demolition of the improvements is the course of action to be taken, the agent will prepare a demolition folder. A separate folder may be used for each parcel. The folder will be labeled with the project number, parcel number and street address. Ultimately the folder will contain all correspondence and documents that relate to the demolition of the improvements on that parcel.

8.06 Initial Inspection of Parcel

- a. The agent will ensure that the parcel is clearly identified by a street address so that prospective bidders can easily locate it.
- b. During the initial inspection, the agent will also record the appropriate utility meter numbers and later request the utility companies to abandon their services (gas, electric, water, telephone and cable).

8.07 Asbestos Surveys and Abatement

Prior to the demolition of any improvement (including mobile homes, but not signs and billboards); the agent will request an asbestos survey to determine the presence of asbestos. This survey, as well as any subsequent necessary abatement, will be accomplished in accordance with the procedures outlined in Chapter Six (6). Only after all asbestos-containing materials have been removed from the facilities on a given parcel, will the demolition process continue.

8.08 Erosion and Storm Water Run-Off Procedures

- a. Arizona Department of Environmental Quality's (ADEQ), Arizona Pollution Discharge Elimination System (AZPDES) storm water requirements.
 1. Prior to demolition activity a demolition site must be evaluated in order to plan for securing potential run-off of sedimentary and, or polluting material.

2. Reference the “ADOT EROSION AND POLLUTION CONTROL MANUAL” for planning to secure a site from discharge of any sedimentary and, or polluting materials.
 3. Best Management Practices (BMP) are to be implemented by ideally securing a demolition site by trenching and berming the perimeter to contain sediment and, or polluting material from discharging from the work site.
- b. Storm Water Pollution Prevention Plan (SWPPP) filing procedures.
1. If storm water discharge cannot be contained on a worksite, then a SWPPP must be developed along with a Notice of Intent (NOI) to be filed with either ADEQ or Federal Environmental Protection Agency (EPA), whichever is applicable.
 2. The SWPPP, if required, must be developed along with an NOI through ADOT’s Intermodal Roadside Development Department due to its complexity of engineering requirements and post land disturbance monitoring.

8.09 Request for Demolition

Only when a facility is certified as cleared of asbestos, utilizing the “Asbestos Abatement Completion Checklist Form” (Exhibit 17.45), will the R/W Property Management Section Agent initiate the demolition process. If it is more prudent or cost effective to group together several facilities in the same project or in the same general area, and the construction schedule permits it, the R/W Property Management Section Agent will proceed with a group of facilities instead of just one. The process starts with mailing or faxing to the demolition contractors a “Request for Quotation (RFQ)” (Exhibit 17.46). The RFQ will contain, as a minimum, the following information:

- a. Project number, parcel number and street address.
- b. A detailed scope of work listing everything that is to be removed and everything that is to remain.
- c. Special requirements, if any.
- d. Desired or mandatory completion date, if applicable.

8.10 Demolitions on Cost-to-Cures

Offers are occasionally made to the grantor to include funds, which will allow the grantor to completely remove or relocate improvements within the right-of-way acquired by ADOT. R/W Property Management will prepare a cost-to-cure holdback deposit to insure the work is completed for which the grantor was paid for. This deposit will ensure ADOT will retrieve any costs if work needs to be completed at cost to ADOT. A completed “Cost-to-Cure Holdback Determination Memo” (Exhibit 17.47) is sent to the Acquisition Section. A copy of the memo will be placed in the Property Management and Demolition file folder. If the project is Federally Funded there will be no reimbursement if the work is not completed or if there are any change orders.

Because these cost-to-cures have the potential for violation of EPA/ADEQ regulations by letting the grantor arrange for asbestos and demolition, whenever possible, R/W Acquisition Section and R/W Property Management Section will handle all of the demolition activities of any improvements to be cleared from the right-of-way. Theoretically, the grantor will only receive as a cost-to-cure the amount necessary to rehabilitate the improvements on the remainder property. R/W Property Management Section will coordinate the demolition with the grantor to achieve a satisfactory solution.

As an alternative, if a cost-to-cure is paid that covers all costs of the demolition, R/W Property Management Section will provide oversight to insure satisfactory compliance with EPA/ADEQ requirements. This oversight will require close coordination with the grantor. If, in the opinion of R/W Property Management Section, there is a risk of EPA/ADEQ violation by allowing the grantor to arrange for the demolition activities, even if we provide oversight, R/W Property Management Section will incur the additional cost to have the work done by our contractors.

8.11 Authorization to Begin Demolition Work

A demolition contractor, or contractors, will not be selected until the structure or structures involved have been certified for completion of asbestos abatement by the assigned agent utilizing the Asbestos Abatement Completion form, with sign-off by the manager of the Property Management Section. When the successful bidder has been identified, the agent will fill out the bottom block of the RFQ and notify the contractor in writing that they are authorized to begin the demolition work for the amount of their successful bid. A completion date will be stipulated at this time. Additional information to be provided to the demolition contractor:

- a. Name of the Oversight Consultant who conducted the initial asbestos surveys.
- b. Name of the Asbestos Abatement Contractor, if applicable.
- c. Re-emphasize the requirement to submit a NESHAP “(ADOT NESHAP Form) Notification of Demolition and Renovation Activities” (Exhibit 17.48) in a timely fashion.
 1. The notice must be properly filled out and must bear a postmark of at least ten (10) working days prior to the planned start date.
 2. Any revision to this notice must bear a postmark of the planned start date or earlier.
 3. The notice must be submitted to the applicable County agency, even if no asbestos was found in the facilities to be demolished.
 4. Require the contractor to send a copy of this notice to ADOT for review prior to the start of the demolition work.
- d. When a mobile home is to be demolished: the R/W Property Management Section Agent must get the original title from R/W Operations Section and sign it over to the Demolition Contractor.

1. A copy of the transfer of title is to be sent to Arizona Department of Transportation, Motor Vehicle Department advising them of the transfer.
2. The demolition contractor will have the title transferred to his/her name for a dismantle or salvage title within Thirty (30) days.
3. A copy of the signed title will be turned over to R/W Operations Section.

8.12 Periodic Inspections of Contractor's Work

During the performance of the demolition work, the R/W Property Management Section Agent will inspect the demolition site(s) on a regular basis. Essentially, the inspections will evaluate the contractor's adherence to the contract specifications. A "contact report" will be compiled and maintained in the demolition folder. This report will document all actions related to contract administration, conversations with the contractor, inspections, and general observations.

8.13 Amendments to Contracts

During the course of the demolition work, circumstances beyond the control of the contractor may necessitate amendments to the contract. This may include the removal of such things as septic tanks, basements, and extra slabs hidden under the surface, old foundations, and similar items whose existence was not previously known. The R/W Property Management Section Agent will verify and report these hidden structures and estimate the additional cost, based on experience. The R/W Property Management Section Agent will recommend, in writing, a contract adjustment and act as primary negotiator between ADOT and the demolition contractor. Should the two (2) sides fail to agree on the contract adjustment, the State Procurement officer, who issued the contract will be asked to intervene and negotiate a settlement.

8.14 Site Inspection and Acceptance

When the work is completed, the agent will inspect the site. Upon receipt of the contractor's invoice, the R/W Property Management Section Agent will process it for payment, provided the work has been satisfactorily completed.

8.15 Sign Removal

When the Infrastructure Delivery and Operations Division (IDO Division) of ADOT acquires real property for right-of-way, there are frequently outdoor advertising signs on the premises within the part taken. These signs have no value to the Department and must be moved. In all cases, the owner has the first right to move and retain the improvements by paying the salvage value for them. R/W Property Management Section participates in sign removal in two (2) ways: (1) If the owner wishes to move and retain the sign, the R/W Property Management Section Agent will provide the salvage value, expressed in dollars, and, (2) if the owner does not want the sign, the agent will initiate actions to have the sign removed. The procedures for these functions are as follows:

- a. **Salvage Value:** If the owner of the sign elects to move and retain the sign, R/W Acquisition Section will send a memorandum to R/W Property Management Section requesting a salvage value for the sign and, if appropriate, the amount of the site clearance deposit. The agent will:

1. Maintain records of comparable sign salvage values. These will be as comprehensive as possible. The agent will also gather data from sign companies, contractors and other reliable sources.
 2. Determine a salvage value for the subject sign(s) from all available sources, and, if required, the amount of the site clearance deposit. The agent will enter these amounts on the memorandum from R/W Acquisition Section, and return it to them. The agent will also file a copy of the memorandum.
- b. Sign Removal: When the acquisition process has reached the appropriate stage, R/W Acquisition Section will notify R/W Property Management Section. If the owner does not want the sign, R/W Property Management Section will remove the sign using the same demolition procedures previously outlined in this chapter.

Chapter 9 Caretaking Responsibilities

9.01 Purpose

The purpose of this chapter is to explain in detail the procedures for the care and general maintenance of all unoccupied properties (except facility sites and excess land) managed by, or referred to, Right-of-Way Group, Infrastructure Delivery and Operations Division, and Arizona Department of Transportation.

9.02 Scope

The procedures specified in this chapter are intended to cover all functions and activities pertaining to the general maintenance of unoccupied improved and unimproved properties managed by, or referred to, R/W Property Management Section. The properties to which these procedures apply include all unoccupied properties throughout the State of Arizona (except facility sites and operating rights-of-way), which are currently owned or will be acquired by ADOT for highway construction purposes.

9.03 Administration and Responsibility

- a. Caretaking operations will be administered by R/W Property Management Section. The functions and activities will be performed by R/W Agents.
- b. Until a Section of highway is constructed, the care of the acquired lands is the responsibility of the Right-of-way Group. The applicable District Engineer may be able to perform some of the care and maintenance upon request from R/W Property Management Section, but the responsibility rests with R/W Property Management Section for the entire State of Arizona. It is evident that R/W Property Management Section, located in Phoenix, cannot monitor all the applicable land throughout the State. Therefore, many of the aspects of caretaking will be performed only upon complaint or notification from individuals, agencies or the applicable District Engineer.

9.04 General

ADOT has statutory, procedural and social obligations to protect the public against hazardous, unsanitary and nuisance conditions which might initially exist, or come to exist, on properties under its jurisdiction. It is obligatory that properties be inspected prior to sale or demolition to prevent the spread of disease or other anti-social conditions. This obligation is imposed by the FHWA, and internal policies and procedures. Protections from anti-social conditions includes, but are not limited to, rodent control, noxious weed control, dust control, the posting of "No Parking" and "No Trespassing" signs, and protection from physical hazards and unsightly conditions.

9.05 Rodent Control

The responsibility for rodent control, as it pertains to the R/W Group, belongs solely to R/W Property Management Section. R/W Property Management Section reviews the plans of acquired properties to determine if further investigation into rodent infestation is necessary. The responsibilities of the procedures for each of the units are specified below.

a. Responsibility and Procedures:

1. Initial Procedures Prior to Acquisition: R/W Property Management Section receives a copy of all R/W plans and change orders from R/W Plans Section. This copy will be routed for analysis, and will be inspected in detail to determine whether or not the conditions exist which could attract and sustain rodents, e.g., garbage dumps, land fills, granaries, substantial number of buildings, etc.
 - (a) If none of the conditions specified above exists, and the presence of rodents is improbable, the agent will prepare a memorandum which clearly identifies the Section and/or parcels involved. It will state that the plans have been scrutinized, and that there is no evidence to indicate that rodents might exist.
 - (b) If some or all of the conditions which might attract and sustain rodents do exist on one (1), a group, or all of the project's parcels, then the agent will prepare a memorandum similar to the one explained in (a) of this Chapter, except that it will state that there is possible presence of rodents and that actions are being withheld pending acquisition and possession. The original memorandum, when initialed by the addressees, will be placed in the file.
2. Inspection and Eradication Procedures following Acquisition: When the suspect parcels have been acquired, and ADOT has taken legal and actual possession, a R/W Agent will make a physical inspection of the properties to confirm or deny that there is evidence of rodents. Depending on whether or not evidence of rodents exists, the agent will, in the case of:
 - (a) No Evidence of Rodents: Take those actions specified in Paragraph 9.05a (1) (a), herein, and establish a suspense date for re-inspection if considered appropriate.

- (b) Evidence of rodents: If there is even a remote possibility of rodent infestation, list the project and/or parcels involved on a contact report, state that the parcels were physically inspected, describe the evidence, e.g., verbal reports from tenants or neighbors, visual sighting, physical evidence, and give a comprehensive analysis of the remedial actions to be taken. The agent will prepare a letter to the appropriate State and County health agencies.
- (c) In the event that the State and/or County health agencies cannot or will not take effective action within a reasonable period of time (as determined by the R/W Property Management Section Manager), the agent will contract for eradication through the use of a task order. Procedures will be as specified in Chapter Two (2), Paragraph 2.15c in this manual.

3. Periodic Re-inspection of Acquired Property

- (a) Vacant Land: If the initial analysis indicated that the presence of rodents was improbable, no re-inspection is required. If the initial analysis and inspection disclosed that the land contained land fills, garbage dumps, etc., a re-inspection during the anniversary month of State possession will be made by an agent, whether or not eradication was initially attempted.
- (b) Improved Parcels: Following the plans survey and initial property inspection, a determination will be made concerning the ultimate disposition of the improvements to the land. If the land is to be cleared by any means within a reasonable time, no re-inspection of the property is required. If, conversely, the improvement(s) are to be retained and leased, the procedures specified in 9.05b and 9.05c, et seq., will be followed.

b. Rehabilitation and Maintenance Responsibilities and Procedures: An agent of this Section will be alert for evidence of rodents whenever an improved property is inspected. If the agent enters an improved property in response to a tenant's request for assistance and observes evidence of rodents, the data will be recorded in the agents contact report. The agent will then take those actions specified in Paragraph 9.05a (2) (b), ET seq.

c. Rental Responsibilities and Procedures: R/W Property Management Section will have rodent control responsibilities for leased properties, whether vacant land or improved parcels.

Improved Parcels: Whenever a tenant vacates an improved property, the agent will inspect the property for general condition, and specifically for evidence of rodents. Depending on whether or not there is evidence of infestation, the agent will take those actions specified in Paragraphs 9.05a (2) (a), (b) or (c).

d. Contingencies: If any agent assigned to R/W Property Management Section receives notification from any source, or personally observes any evidence which indicates that there may be rodents on any property acquired for right-of-way, the agent will take that action which is considered appropriate.

- e. Documentation: With the exception of the inspection form and contact reports, which are normally placed in the rental file, all data and correspondence pertaining to rodent control will be filed and maintained by R/W Property Management Section. Right-of-way Agents will make every effort to insure that contact reports and other forms are clear and comprehensive when referring to rodent infestation, and that forms and correspondence are properly filed.
- f. Payment for Rodent Extermination: All payment for rodent extermination shall be processed in accordance with task order procedures outlined in this manual, Chapters Two (2), Four (4) and Six (6).

9.06 Building Protection (Security Enclosures)

When acquired buildings remain unoccupied, awaiting clearance or occupancy, it may be necessary to secure them from the elements, theft or vandalism. When it is determined that such course of action is appropriate, the R/W Agent takes action necessary to fence the premises and otherwise prevent access. These actions will be accomplished through a task order in accordance with the procedures set forth in Chapters Two (2) and Four (4). There may be occasions when the value of the property will warrant the hiring of security guards. The guards will be retained with a contract and be processed in accordance with procedures set forth in Chapter Four (4).

9.07 Vacant Lands Management

ADOT, as an owner of public lands, reserves the right to protect itself and the public from unauthorized use of its property. In the interest of public health, sanitation or quiet enjoyment, it is necessary from time to time to take the actions indicated in subsequent paragraphs.

- a. Prevention of Unauthorized Entry: There are occasions when the public uses ADOT owned vacant land for public parking, a public playground, and automobile or motorcycle raceway, etc. Such uses may be extremely dangerous and produce noise and air pollution. In order to prevent injury or nuisance, ADOT may:
 - 1. Post "No Parking" and/or "No Trespassing" signs: When unauthorized uses of public lands are observed by or reported to R/W Property Management Section, appropriate notices to the public will be prominently posted on the premises.
 - (a) For enforcement of the "No Parking" or "No Trespassing" provisions, ADOT will normally have the assistance of the local city police department.
 - (b) When the purpose for which the sign was posted no longer exists, R/W Property Management Section will issue instructions to remove the sign. If the sign has deteriorated to the degree that it cannot be used again, it may be discarded; if it can be used again, it will be maintained in an appropriate place by ADOT.
 - 2. Trenching and Fencing: If usual efforts fail to prevent vehicle entry to ADOT owned vacant lands, it may be necessary to dig trenches and/or erect fencing

around the perimeter of the parcel. This may be accomplished by the District Engineer, upon request, or by a task order.

3. **Removal of Unauthorized Vehicles:** If the property has been clearly identified with "No Parking" and/or "No Trespassing" signs, and unauthorized vehicles continue to utilize it for parking or any other purpose, R/W Property Management Section will utilize the appropriate contractor under contract with the State Procurement office to remove and/or impound the vehicles. This will be accomplished through the use of a task order.
- b. **Noxious Weed and Dust Control:** Weed and dust control will be accomplished by task order or contract in the same manner as shown in Chapters Two (2) and Four (4) herein.
- c. **Improved Property Landscape Maintenance:** When an improved parcel is vacant, but available for lease, it is necessary that the yards be maintained to prevent them from becoming eyesores. R/W Property Management Section will utilize the appropriate contractor under contract with the State Procurement office to maintain, on an on-going basis, the grounds of each parcel. Upon the premises being re-rented, R/W Property Management Section will terminate the maintenance service (see Chapter Four [4]).
- d. **Pool Maintenance:** When ADOT acquires a property with a pool or spa, R/W Property Management Section will utilize the appropriate contractor under contract with the State Procurement office to maintain and repair the pool/spa until such time as the improvements are to be demolished or sold. (See Chapter Four [4]).

9.08 Landscape Salvage

Many properties acquired by IDO Division have items of landscaping which may be needed by Roadside Development for the improvement of Arizona highway rest areas. This variety of salvage operations is different from others in that the landscape items are of interest to IDO Division only; no outside approval or notification is appropriate and only internal sources are required for completion.

- a. When a determination has been made that an improvement is to be sold or cleared from a parcel owned or managed by IDO Division, the R/W Property Management Section Agent will notify Roadside Development. The location, variety or landscape items, and probable sale or clearance date will be given.
- b. Roadside Development will inspect and physically identify, i.e., "tag", any landscape item desired. They may remove the items at that time, or at any time prior to construction.
- c. In the event Roadside Development does not choose to salvage the items of landscaping, suitable arrangements may be made with the local government for identification (tagging) and removal.
- d. Generally, items of landscaping, even if classified as indigenous to the area, are not protected under state or local ordinances because the items of landscaping did not occur at the site naturally, but were planted there. If in doubt as to these conditions, contact with the Arizona Department of Agriculture or other appropriate agency may be required to ensure proper and legal disposition of the items.

9.09 Dust Stabilization

The Environmental Protection Agency (EPA), under court order, developed and implemented a Federal Implementation Plan (FIP) for control of particulate matter with diameters of 10 microns or less (PM₁₀). The primary cause of the PM₁₀ problem in the Phoenix, Tucson and other metropolitan areas of Arizona is dust on unpaved and paved roads kicked up by vehicle traffic, and windblown dust from construction sites, earth moving operations, unpaved parking lots and roads, disturbed vacant lots, agricultural fields and aprons, and other disturbed areas.

The FIP was promulgated in August 1998 and became effective in September 1998. ADOT committed to inventory and evaluate its parking lots and vacant lands, and implement a deliberate action plan.

R/W Property Management Section is responsible for dust stabilization, to accepted standards, of vacant lots. This category includes right-of-way not yet under construction and excess land.

The following dust stabilization measures will be utilized.

- a. **Weed Abatement:** Apply dust suppressant(s) immediately prior to or during weed abatement AND prevent or eliminate material tract-out onto paved surfaces AND apply dust suppressant(s), gravel, compaction or alternative control measures immediately following abatement. This measure will be required within eight months of the effective date of the FIP. This requirement applies to vacant lots with disturbed surfaces of 0.50 acres or greater.
- b. **Vacant Lots – Disturbed Surfaces:** Establish ground cover vegetation, apply a dust suppressant, resort to a natural state, or apply gravel within eight months of the effective date of the FIP or sixty (60) calendar days following the disturbance, whichever is later. This requirement applies to vacant lots with disturbed surfaces of 0.50 acres or greater.
- c. **Vacant Lots – Motor Vehicle Disturbances:** Place signs, fencing, shrubs, trees, barriers, surface gravel, or chemical/organic stabilizer within eight months of the effective date of the FIP or sixty (60) calendar days following the initial determination of disturbance, whichever is later. This requirement applies to vacant lots greater than 5,000 square feet in size.
- d. **Alternative control Measures:** Owners/operators may submit other measures to EPA for approval.

The measure, or measures, utilized will be applied on an individual property basis, weighing practicality and cost to the taxpayer.

9.10 Record Keeping and Reporting:

The Environmental Protection Agency (EPA) Federal Implementation Plan (FIP) fugitive dust rule for unpaved parking lots, unpaved roads, and vacant lots includes record keeping and reporting requirements that will help ensure source compliance with the rule's control requirements. The requirements include:

- a. Owners/operators of unpaved roads must keep a record, which indicates the date and type of control (i.e., paving, stabilizing, or applying gravel) applied to the road.
- b. Owners/operators of unpaved parking lots must keep a record, which indicates the date and type of control (i.e., paving stabilizing, applying gravel, or temporary stabilization for lots used less than thirty-five (35) days per year) applied to the unpaved parking lot.
- c. Owners/operators of vacant lots with disturbed surfaces must keep a record, which indicates the date and type of control (i.e., applying ground cover vegetation, stabilizing, restoring to natural undisturbed state, or applying gravel) applied to the vacant lot.
- d. Owners/operators of vacant lots with motor vehicle disturbances must keep a record, which indicates the date and type of control applied to the vacant lot.
- e. When chemical stabilization is applied as a control measure, specific information regarding the product being used is required.

Agency surveys will be conducted by the EPA or other appropriate agencies to determine the effectiveness of the Rule in the Phoenix area. EPA or other appropriate agencies will conduct a survey at least once every three years within the Phoenix PM10 non-attainment area to determine the effectiveness of the Rule, whether it is the FIP or county Rule 310. This will include a description of the most frequently used Reasonable Accepted Control Measures (RACM), and estimates of their control effectiveness.

- f. Property Management Section will maintain a current inventory of parcels with potential for fugitive dust problems and will maintain a log documenting periodic inspection of those parcels, determination of dust stabilization measures needed, and subsequent actions taken. Property Management staff will be tasked with conducting parcel inspections not less than once every three (3) months or upon notice. Property Management staff will also provide as required to ADOT's Transportation Planning Division; Air Quality Policy Section, inventory updates and dust stabilization measures taken.

There is a notable difference between Maricopa County Rule 310 and the final FIP rule. Rule 310 contains a record keeping requirement for permitted dust-generating activities, but does not contain such a requirement for permitted activities, including unpaved parking lots, unpaved roads and vacant lots. Therefore, the final FIP rule includes a requirement that owners/operators subject to the rule maintain records demonstrating appropriate application of RACM.

9.11 Water Rights Program

The State of Arizona, by and through its Arizona Department of Water Resources (ADWR) sets the policies and procedures for obtaining water used outside of the public water systems.

Right of Way Property Management Section, as the Administrator of the Irrigation Grandfathered Water Rights and Wells on ADOT-owned property has developed policies and procedures to assist the R/W Property Management Section Lessee's as well as provide guidelines to ADOT Construction and District Maintenance personnel.

9.12 Other Requirements and Contingencies

There may be unforeseen circumstances that will require regular or emergency action by R/W Property Management Section. Among these may be:

- a. **Dead Trees:** If a dead tree is toppled by the elements, age, vandalism or any other cause, and it is considered a hazard, nuisance or is unsightly, R/W Property Management Section may elect to have it removed by a contractor through the use of a task order.
- b. **Tree Trimming:** If the limbs of a tree grow to a point that they either damage or may potentially damage an improvement, R/W Property Management Section may elect to have them trimmed by a contractor through the use of a task order.
- c. **Summer Employees:** If trees and plants need to be watered, trimmed or otherwise cared for during the summer months, and "Summer Employees" are available, R/W Property Management Section may elect to utilize their services for caretaking duties, or for any other variety of work for which they may be capable or qualified.

Chapter 10 Facility Site Inventory Procedures

10.01 Purpose

The purpose of this chapter is to present procedures for the inventorying and drafting of all ADOT facilities, and any improvements located thereon. It also describes procedures involved with lease payments, renewals and terminations when ADOT is the Lessee.

10.02 Scope

The functions and activities described herein are accomplished by R/W Property Management Section, with assistance in part from R/W Operations Section, R/W Plans Section and R/W Project Management Section.

10.03 Computerized Inventory Process

The data entry for land acquisition is described in Chapter Eleven (11). R/W Property Management Section will maintain a current list of all existing numbers assigned to facility sites and improvements. The data entry for the inventory of improvements will include the following:

- a. Improvement number
- b. Type of construction
- c. Type of improvement
- d. Fiscal year constructed
- e. Size of improvement in square feet

- f. I.D. Plate attached?
- g. Economic life
- h. Effective age
- i. Condition of improvement
- j. Value of improvement
- k. Fiscal year of value
- l. Construction cost
- m. Additional construction and costs information to improvements
- n. Land cost

10.04 New Sites

As a matter of operational necessity, locations for new facility sites may be required periodically.

- a. The site numbers are furnished by the State Fixed Assets Accounting Services. This number will be entered by the R/W Property Management Section Agent.
- b. R/W Property Management Section, prior to acquisition, may request R/W Plans Section to develop the left hand side of the new Plat.
- c. The District Engineer will be requested to provide a certified survey of the new site and an "Record Drawings" for improvement locations.
- d. Upon request to acquire a new site, R/W Property Management Section will prepare a file in which a copy of the plat and all related and future correspondence will be retained.
- e. If the site has been purchased by ADOT, copies of the recorded deed, staff appraisal report, and the paid claim voucher will be furnished by R/W Operations Section, and will be placed in the file.

10.05 Leases (ADOT as Lessee)

If a site is to be leased to the State, or if an expiring lease is to be renewed, R/W Property Management Section will request the Lessor to submit a "Lease Agreement (ADOT as Lessee)" (Exhibit 17.49) in duplicate, setting forth the terms of the agreement. (Leases for sites owned by private individuals may be prepared by R/W Property Management Section).

- a. Leases, permits or grants on public domain lands, (BLM, BIA, Forest Service, etc.) will require substantially more documentation and will be obtained by coordination with R/W Acquisition Section. Leases with private parties will be obtained by coordination with R/W Property Management Section.

- b. Upon receiving all copies of a private lease agreement from the Lessor, R/W Property Management Section will prepare a file with the following information also to be entered into the automated database:
 - 1. Name of site
 - 2. Site number
 - 3. Terms of the lease
 - 4. Date of expiration
 - 5. Amount of rent
 - 6. Rent due date
 - 7. Name of Lessor
- c. New forms of lease agreements will be submitted to the Office of the Attorney General for approval.
- d. The lease agreements will be submitted for approval.
- e. The approved lease agreement will be distributed in accordance with the following:
 - 1. Original lease agreement to R/W Property Management file,
 - 2. First copy of the lease agreement to the Lessor; and
 - 3. Second copy of lease agreement to the District Engineer.

10.06 Lease Agreements Involving Protective Rents

In the event the issue of loss of rents cannot be settled in the acquisition, a lease agreement will have to be requested from the Property Management Section. To prepare the necessary "Protective Rents Lease Agreement" (Exhibit 17.50) and the "Protective Rents Lease Letter" (Exhibit 17.51), the Property Management Agent will need the following information:

- a. A Copy of ADOT's Acquisition Offer Letter. If a tenant vacates the property on or after the first written offer date, ADOT will pay protective rents to the property owner/Lessor from the tenant's vacate date to the date of subsequent possession by ADOT (whether through settlement or condemnation).
- b. A Notice Showing Tenant's Actual Vacate Date. A separate vacate notice is required for each tenant. If a tenant vacates the property prior to the date of the first written acquisition offer, ADOT will not pay protective rents, unless special circumstances exist. In such cases the appropriate Acquisition Agent will contact the Property Management Section manager to arrange for special dispensation.

- c. Existing Leases. A copy of any lease agreement evidencing a lessee's interest in the property and the current rental rate is necessary. In most cases the current contract rental rate will be replicated, unless the amount is considered unjustified by Property Management.
- d. Contact Information for Lessor/Lessee. Include the name, mailing address, and telephone/facsimile numbers for all ownership and lessee interests.
- e. Arizona Substitute W-9 Form. A completed and signed Arizona Substitute W-9 form is required for all payees (must be an original live-signature document; no copies), unless our Operations Section already has a W-9 on file from a previous payment submittal.

Upon close of Escrow or by the Order of Immediate Possession of the property, the R/W Property Management Agent will send a "Certified Termination of Protective Rents Letter" (Exhibit 17.52) requesting immediate reimbursement of any overpayments to the Arizona Department of Transportation.

10.07 Lease Addendums

Any changes to the original lease can be accomplished by an Addendum.

- a. The original and two (2) copies of Addendum, along with an Addendum letter will be sent to Lessor for signature and returned to Leasing Agent.
- b. When approved by Manager, R/W Property Management Section, the consummated copy of the Addendum is returned to Lessor along with a "Consummated Lease Addendum Letter" (Exhibit 17.53).
- c. The Consummated Addendum will then be distributed as follows:
 - 1. One (1) copy to R/W Property Management lease file,
 - 2. One (1) copy to R/W Record Center.

10.08 Excess Land Insurance

When ADOT leases a parcel of land, the Lessee, ADOT, will contact Risk Management for a "Certificate of Insurance" (Exhibit 17.54), to supply the Lessor, one million dollars (\$1,000,000.00) of General Liability coverage. This self-insurance protects the Lessee only.

10.09 Lease Payments

If a site is leased to the State, R/W Property Management Section will process the lease payments as outlined below:

- a. For a first time payment, the property owner must complete a "W-9 Form" (Exhibit 17.55). They must provide their Social Security or Federal I.D. No. (Part 1), and must sign Part III.

- b. The Department/District (or the ASO), for which the lease has been created is required to provide the appropriate accounting codes, which may include all or some of the following:
 - 1. Fund
 - 2. Unit
 - 3. Function
 - 4. Appropriation
 - 5. Object
 - 6. Project
 - 7. Vender No.

- c. At the beginning of each month, all leases will be reviewed to determine if the monthly/yearly payment rate will increase/decrease per the terms of the agreement..
 - 1. The Property Boss Database will be checked monthly to review leases for delinquency and take any necessary actions to bring the lease current. This information shall be notated within the Property Boss Database.

- d. The R/W Property Management Section Leasing Agent will prepare a "Request for Payment Form" (Exhibit 17.56), and process as outlined below:
 - 1. The R/W Property Management Section Manager must sign and approve each lease to be paid.
 - 2. The R/W Property Management Section Leasing Agent will make three (3) copies and distribute as outlined:
 - (a) Two (2) copies and the original are paper-clipped together and sent to R/W Operations Section. If the Lessor remits an invoice to be used in making the payment, a copy is made for the R/W Property Management Section lease file and the original is paper-clipped to the Request for Payment form.
 - (b) One (1) copy to the R/W Property Management Section lease file.

10.10 Lease Renewals

At the beginning of each month, R/W Property Management Section will review all leases to determine if there are any changes. If any changes are noted, the appropriate Department/District having jurisdiction over the site is notified, and based on their needs may request the following action from R/W Property Management Section:

- a. If the lease has a renewal option, R/W Property Management Section will prepare an "Option to Renew Lease Agreement Letter" (Exhibit 17.57), or if the Department/District makes the decision to request an extension of the lease, a "Request to Extend the Lease Letter" (Exhibit 17.58) will be prepared and distributed as follows:
 1. Original to Lessor
 2. Copy to the Department/District
 3. Copy for R/W Property Management Section lease file
- b. If the decision is to allow the lease to expire, R/W Property Management Section will prepare a Notice of Termination Letter, and distribute as follows:
 1. Original to Lessor
 2. Copy to Department/District
 3. Copy for R/W Property Management Section lease file

10.11 Lease Terminations

Lease terminations will be conducted by the following procedures:

- a. R/W Property Management Section will prepare a lease termination letter to the owner advising that the State does not desire to renew the lease, and will distribute as follows:
 1. Original copy to the property owner (Lessor),
 2. Copy to the R/W Property Management Section file.
- b. R/W Property Management Section will advise the District Engineer on the disposition of improvements, which may be located on the facility site.
- c. The lease file will then be filed with any other closed files and maintained in R/W Property Management Section for an appropriate period of time.

10.12 Disposal

Disposal of ADOT-owned sites requires the approval of Highway Management and the official concurrence of the State Engineer. Refer to Chapter Eleven (11), "Excess Land Inventory & Disposal Procedures," for property procedures.

10.13 Changes to Improvements

Changes to the inventory of any site will be reported by the respective District Engineers through the use of ADOT form "Notice of Change in Status of Facility Site" (Exhibit 17.59), directed to the Manager, R/W Property Management Section.

- a. Upon receipt of the approved Notice of Change in Status of Facility Site, R/W Property Management Section will copy and distribute as follows:
 1. Original retained in the file,
 2. Copy to the originating District Engineer,
 3. Copy to the Maintenance Operations Engineer, and
 4. A copy to ADOT Fixed Asset Accounting.
- b. After proper distribution of the copies, R/W Property Management Section will reflect the changes in the inventory file.
- c. The agent will be responsible for notifying R/W Plans Section of the necessary revisions to be made on the site plat.
- d. After such revisions are completed, copies of the facility site plat will be provided to the District Engineer, and the original linen tracing will be replaced in the R/W Plans files.

10.14 Valuation Report Procedures

- a. All appraisal reports, with the exception of rest area estimates and value memorandums, will be subject to review by the Appraisal Review Section of R/W Project Management Section prior to their finalization.
- b. Sufficient reproductions of all appraisal reports will be made to enable proper distribution.

Chapter 11 Excess Land Inventory & Disposal Procedures

11.01 Purpose

The purpose of this chapter is to present procedures for the inventory control and disposal of all excess lands under the administration of R/W Property Management Section of the R/W Group.

11.02 Scope

The functions and activities described in this chapter are accomplished by R/W Property Management Section, with assistance from R/W Titles Section, R/W Acquisition Section, R/W Operations Section, R/W Plans Section, R/W Project Management Section (Appraisal Section).

11.03 Acquisition and Inventory of Excess Land

Land acquired by IDO Division which exceeds actual construction and maintenance requirements, or which is later declared as such, and which meets the definition of "excess land" as defined in Chapter Two (2), Paragraph 2.02, sub-paragraph j, will be identified as excess by either R/W Acquisition Section, R/W Condemnation Section, or R/W Property Management Section.

- a. Upon receipt of the acquired parcel file from R/W Operations Section, copies of all documents and necessary data will be made and placed in a file that is then assigned an excess land number.
- b. If both highway rights-of-way and excess land are included in one legal description, it will be necessary to request R/W Plans Section to prepare a legal description of the excess portion of the acquisition for inventory purposes.
- c. Appropriate data will be entered into the computerized inventory system, as described in Chapter Eleven (11).
- d. The original parcel file will then be returned to R/W Operations Section.
- e. R/W Property Management Section will coordinate with the Project Manager of each new highway project in order to track the development of any new excess parcels. As soon as is practical (i.e., when project plans are complete or when the project goes to construction) all potential excess parcels will be identified with a disposal number and entered in the excess land database.

These potential excess parcels will thereafter be monitored to determine whether and when they can be sold. It can be expected that a number of potential excess parcels will be used for construction or other purposes and not be available for sale.

Although this process will identify most excess parcels, some excess is created when a partial acquisition is changed to a total. This decision often is not made until the parcel is in the hands of the R/W Acquisition Section agent. In this regard, the parcel transmittal has been modified to include a reference to newly acquired excess land. If excess land is acquired, the applicable box on the parcel transmittal will be checked "yes" and a copy forwarded to R/W Property Management Section at the time of payment processing.

These parcels will also be given disposal numbers, entered in the excess land database and tracked for eventual sale.

11.04 Excess Land Leases

Excess land parcels may be available for lease to other governmental agencies or to the public. The preparation and securing of such leases will be the responsibility of R/W Property Management Section.

11.05 Classification of Excess Land

Parcels of land discovered to be possible excess land, but not classified as such, shall be documented by the following process:

- a. Prepare a working file containing copies of all documents and data pertinent to the parcel.
- b. Obtain required recommendations on the status of the land from the following offices:

1. Project Management Coordinator
 2. District Engineer.
 3. ADOT Materials Unit, if necessary.
- c. The excess parcel shall be assigned an excess land number. A working file and pertinent information shall be created and properly maintained.
1. A soft file must be created in the "G" Drive under the R/W Property Management Sections Excess Land.
 - (a) The file will contain copies of all the pertinent information utilizing the color scan when necessary.

11.06 Disposal Sequence

State law authorizes prior owners or their heirs repurchase rights or first rights of refusal of lands declared excess to ADOT's needs. The R/W Property Management Section shall be responsible for securing repurchase rights waivers required by the agency. Only the Section Manager is authorized to sign correspondence relating to this procedure. These procedures are applicable to all parcels of excess land scheduled for public sale or exchange. In general, the sequence is as follows:

- a. The R/W Property Management Section or the District Engineer submits a "Recommendation for Disposal of Real Property Form [60-3311]" (Exhibit 17.60), which recommends disposal of excess land and requests concurrence of all affected departments within ADOT.
- b. R/W Property Management Section notifies the District Engineer that disposal processing is being started for sale or exchange.
- c. R/W Property Management Section assembles a disposal package consisting of a detailed R/W map and Record Drawings, legal description, title report, and environmental clearance. In some cases R/W Property Management Section may have a disposal package but lacks a current Environmental Clearance. R/W Property Management Section will coordinate efforts with all necessary Departments in preparation of the disposal package, to include the Drainage Unit when applicable.
- d. When a survey or legal description is needed to clarify the boundaries of the excess parcel, R/W Property Management Section will submit a Information/Delineation Request form to the R/W Plans Section, while continuing the circulation process
- e. It is understood that no property can be sold as excess land until internal Department approval of the disposal has been obtained.

There are various points at which this may occur. A property utilized by the Department for some time (i.e., Maintenance Camp or Facility Site) can be determined to be no longer required for Department use, or public inquiry concerning an excess parcel,

previously established or newly identified excess parcels can motivate approval for disposal. A local government agency can request sale or exchange of an ADOT parcel.

Also, in an effort to reduce liability and maintenance cost to the Department, small, low value parcels will be offered to adjacent property owners as soon as is practical after their identification as excess. The overriding motivations for the disposal of excess land are to place Department owned property back into private ownership on the tax rolls, to generate income and relieve the Department from maintenance and liability.

High value parcels should be given careful consideration as to method and timing of marketing in order to maximize the financial return to the Department. Low value parcels should be sold as expeditiously as possible in order to minimize disposal cost and other costs to the Department.

- f. If a parcel was acquired under an Interstate designation with Federal Funds, a disposal file is prepared for final review and all necessary maps, legal descriptions, title information, environmental and valuation is sent to FHWA requesting approval to dispose. Upon FHWA approval, the parcel can move forward for disposal.
- g. Entry and storage of the disposal data in the physical files and the automated inventory system will be accomplished according to the coding procedures of Chapter Eleven (11.14).

11.07 Excess Land Appraisals & Market Analyses

The market value of the excess parcel will be established by at least one (1) appraisal or market analysis.

- a. Requests for Appraisals for disposal of excess land will be routed directly from R/W Property Management Section to R/W Project Management Section. The R/W Project Management Section Review Appraiser will order and review all appraisals requested by R/W Property Management Section.

R/W Property Management Section together with R/W Project Management Review Appraiser will determine which excess parcels may require either an appraisal if valued in excess of \$50,000.00 (\$25,000.00 on projects which include Federal Funding participation this value is based on full market value FMV) or a market analysis if valued at \$50,000.00 (\$25,000.00 on projects which include Federal Funding participation) or less. R/W Property Management Section will produce the entire Market Analysis using the "Market Analysis & Proposed Offer Worksheet" (Exhibit 17.61), in accordance with established procedures.

- 1. Excess Land Appraisal: If it is estimated that the value of the excess land to be disposed of will be more than \$50,000.00 (\$25,000.00 on projects which include Federal Funding participation this value is based on full market value FMV), one or more appraisals of the property will be requested in accordance with 11.07.a.
 - (a) For all appraisals, R/W Project Management Section Review Appraiser will perform an appraisal review to determine if the value is reasonably supported, and concurred to. If not reasonably supported, a second

appraisal or a value will be ordered by the Reviewer. FHWA has indicated that for parcels requiring reimbursement to a Federal Aid project; a review in any appraised amount must be conducted by an ADOT staff appraiser or a fee appraiser. R/W Property Management Section will identify Federal Aid parcels prior to requesting the appraisal.

2. Market Analysis: If it is estimated that the value of the excess land to be disposed of will be \$50,000.00 (\$25,000.00 on projects which include Federal Funding participation this value is based on full market value FMV) or less, a R/W Property Management Section Agent will produce a Market Analysis using the Market Analysis & Proposed Offer Worksheet. If the anticipated minimal-valued disposal parcel is located in an area where other parcels have recently been, or are in the process of being, appraised, the assigned R/W Agent may utilize the comparable market data from these appraisal reports to calculate the proposed minimum bid for the subject disposal utilizing the Market Analysis & Proposed Offer Worksheet form. If this procedure cannot be utilized, the assigned R/W Agent will be responsible for researching comparable sales data. The comparable information will include:

- (a) Assessor Parcel Number
- (b) Date of Sale
- (c) Sales price per unit (square foot, acre, etc.)
- (d) Total size of the comparable property.

Additional information concerning zoning, access, location and other potential adjustment features will also be provided, if readily available. This information will be included on the Market Analysis & Proposed Offer Worksheet form. The assigned R/W Agent will complete the form and calculate the proposed minimum bid for the subject excess land for disposal purposes. The proposed minimum bid must be approved by the R/W Property Management Section Manager.

11.08 Pre-Disposal Activities

ADOT is authorized to dispose of real property by either sale or exchange under provisions of ARS 28-7095, 28-7202 and 28-7208.

- a. When a parcel of excess land is exchanged for highway right-of-way, such transactions will be initiated by written request from R/W Acquisition Section to R/W Management. R/W Property Management Section will then be notified of the excess land parcel being exchanged but generally will not be involved in this transaction. Upon completion of the exchange transaction, R/W Operations Section will send copies of all pertinent documents and information to R/W Property Management Section for documentation in the Excess Land Database.
- b. When the excess parcel is to be sold at a public sale, disposal will be accomplished by procedures as described in Paragraph 11.09.

- c. When the parcel of excess land is to be sold to an agency of the federal government, the State, or any county, city or town of this State, without a public auction, the disposal will be accomplished as described in section 11.13.
- d. A sign giving notice of sale will be posted on or near the subject parcel prior to its disposal, when it is practical to do so.
- e. Properties available for sale are also advertised on the Worldwide Internet (www). A description of the properties for sale will be found on ADOT's web page of excess land offerings.
- f. When an offer is tendered for a parcel of excess land, the agent will prepare and process a Public Auction Notice. This sales advertisement will be submitted to a newspaper of general circulation in the County where the property is situated, authorizing publication. Additional advertising with the media may be utilized, if appropriate.
- g. In the event additional offers are received prior to the expiration of the thirty (30) day advertisement period, a public auction will be held in accordance with Paragraph 11.09.
- h. If the Director deems it appropriate, a commission may be offered to license real estate brokers whose clients complete a purchase of property, unless the broker is the purchaser or the purchaser is another governmental agency. The rate of commission shall be determined by the Director and paid at close of escrow.

11.09 Competitive Bid Sale

Excess land may be disposed of by public sale.

- a. R/W Property Management Section will open the sale and conduct the proceedings at the advertised time and place. Prior to commencement, information will be offered relative to the conduct of the sale and close of escrow, and questions will be answered regarding the Conditions of Public Sale.
- b. A representative will keep a running record of the sale proceedings, which includes bid increments, and a record of those in attendance.
- c. A cashier's check or money order in the amount of the required deposit must accompany all written bids or 10% of the determined value or \$100,000.00 whichever is less; 1% if the property is a dwelling deemed Residential. The initial earnest deposit shall be deposited into ADOT's general fund. Additional earnest money deposit prior to auction shall be placed in the safe located in R/W Operations Section until after auction. Upon receiving the highest unopposed bid, the sale will be declared closed. The successful bidder at the oral auction must present a cashier's check, money order, or cash in the amount of the required earnest money (10% of the final sales price or 1% if the property is a dwelling deemed Residential) within five (5) business days of opening escrow. The unsuccessful bidder deposits will be returned.

- d. An "Excess Land Purchase Agreement & Receipt for Deposit" (Exhibit 17.62) will then be completed and will indicate purchase terms, property identification, date of bid, and signature of the buyer. Buyer will also execute the Environmental Release form.
- e. Identifying information and amount of bid will be obtained from the second highest bidder which may be noted on the "Bidder Form" (Exhibit 17.63), who may be notified should the successful bidder default.
- f. In the event no offer is received equal to the appraised value, subsequent to employing all marketing strategies, then and in that event, marketing of the property may proceed at a value not less than eighty percent (80%) of the approved appraised value. Based upon all available information, the amount of reduction in the sale price will be recommended by the R/W Property Management staff with concurrence by the Section Manager.

11.10 Direct Sale (Value below \$10,000.00)

Excess land may be disposed of by direct sale as authorized in ARS-28-7095. This method of property disposition is appropriate for sale to the adjacent property owner(s) or to the underlying fee owner(s) and will be done by quitclaim deed.

- a. The market value of the parcel will be established by Market Analysis performed by R/W Property Management staff and when established, adjacent property owner(s) or underlying fee owner(s) will be notified of price and availability.
- b. R/W Property Management Section may accept a written offer for the purchase of excess land. In the event more than one (1) offer is received from an adjacent property owner, an auction will be held.
- c. In the event no offer is forthcoming from adjacent property owner(s) or underlying fee owner(s), the Director may notify adjacent property owner(s), and underlying fee owner(s) that estimated market value of the property may be reduced by up to twenty percent (20%) of the established market value. Interested parties must respond within sixty (60) days of the date of notice from the Director. If no response is received within sixty (60) days, the Director may dispose of the property at the best price the Director can obtain, pursuant to procedures established by the Director.
- d. For the purpose of establishing value, consideration may be given to net value (the estimated market value of the property reduced by the cost to sell and the cost of continued maintenance of that property, if applicable, computed as shown on the "Net Value Analysis Form" (Exhibit 17.64) or the "Minimum Bid Proposal Concurrence Worksheet" (Exhibit 17.65).

11.11 Cash Sale Requirements

All excess land sales of less than \$10,000.00 will be on a cash only basis, except when it is deemed by the R/W Property Management Section Manager that a credit transaction is in the best interest of the State.

- a. The successful bidder must present a cashier's check, money order, or cash in the amount of the required earnest money, 10% of sales price or \$500.00, whichever is greater. Full payment may be accepted, but shall not be deemed final until the excess land purchase agreement and receipt for deposit has been accepted and approved by ADOT Management. Should a sale be rejected by Management, the proceeds will be refunded to the bidder. No interest will be payable by ADOT on monies paid by buyer.
- b. When a sale is approved, a conveying instrument for the property will be prepared by R/W Property Management Section staff, and execution of said instrument would be obtained and transmitted to R/W Titles Section for recording.
- c. When the conveying instrument has been recorded by the appropriate county, it will be returned to the R/W Property Management Section. A copy will be sent to the R/W Operations Section and to the R/W Title Section if there is an existing Disposal file and the original sent by registered mail to the Grantee.

11.12 Credit Sale Requirements

All excess land sales of \$10,000.00 or more may be credit transactions, if approved by the R/W Property Management Section Manager. Approval will not be given without satisfactory evidence of credit worthiness, including but not limited to tax returns, credit reports, etc., and personal guarantee, if deemed necessary.

- a. The buyer will have sixty (60) days from the date of approval of sale to complete the sales transaction. The buyer may pay the remaining balance by cashier's check made payable to ADOT or deposit same into a mutually acceptable escrow company at the buyer's expense.

Any extension to complete the sales transaction must be in writing and approved by the R/W Property Management Section Manager. An additional deposit may be required for such extension. This non-refundable additional deposit will be applied to the purchase price, if the sales transaction closes.

- b. Before close of escrow, a sum equal to ten (10%) percent of the purchase price (less deposit) will be placed in the escrow account, accompanied by a signed note and trust deed for the balance, a set of escrow instructions, and a conveying instrument that will be executed by ADOT. The earnest deposit made at the time of sale will be retained by ADOT and not placed into escrow.
- c. In accordance with A.R.S. 28-7095, the note shall provide that the unpaid balance of the purchase price will be payable in equal annual or monthly installments not to exceed ten (10) years, and will bear an interest rate determined by the Director. Interest shall commence on the same day as recording of the sale agreement or trust deed. If the property conveyed is improved single-family residential, then monthly payments will commence following close of escrow in accordance with current industry standards.
- d. The escrow company will record the conveying instrument and trust deed, retain the note and trust deed for collection purposes, and send the conveying instrument to the buyer. If the property conveyed is improved single-family residential, the

Trustee/Servicers will be instructed to create impound accounts for payment of real property taxes and insurance. If impounds are not required for property taxes and Fire Insurance, then R/W Property Management Section will review on a semi-annual basis to insure the payment of property taxes and Insurance Premiums.

R/W Property Management Section will, in conjunction with the escrow company administering the trust, monitor the status of mortgage payments; attempt to resolve delinquent accounts, and process, as necessary, cases for trustee sale (foreclosure).

- e. Upon receipt of final payment, ADOT will execute a deed of release and reconveyance and forward it to the escrow company. The escrow company will forward it to the grantee, confirming satisfaction of the buyer's obligation.

11.13 Sale to Governmental Agency without Public Auction

ADOT may convey excess property to any agency of the federal government, this state or any county, city or town of this state without the necessity of a public auction if the sale is in the public interest and if the excess property is to be used for a specific public purpose.

- a. "Disposal of Real Property Form" (60-3311), may be initiated by the Property Management Section or the District Engineer and processed in the usual manner.
- b. The market value of the parcel will be established by at least one (1) appraisal or Market Analysis.
- c. The agency must submit the following in writing before ADOT will commence the disposal process:
 - 1. Letter requesting purchase of the excess property;
 - 2. Documentation verifying property to be used for a specific public purpose.

The agency shall pay ADOT based on an appraisal (within twelve (12) months of the date of conveyance) if the property is to be used for a public purpose. If the property is to be used for a specific highway purpose, the agency shall reimburse ADOT for its expenditures for the property.

- d. If the property is not used for highway purpose, the property shall revert to the Department. If the Director determines any property conveyed under this Section is needed by the Department for a transportation purpose, the Department may acquire the property from the agency at a cost equal to the amount paid by the agency or the fair market value at the time of the repurchase by the Department, whichever is less.
- e. If the parcel is to be used for highway purpose, but ADOT is unable to determine the original expenditure for the property, the conveyance price will be determined as follows:
 - 1. A similar ADOT property will be chosen as a comparable.
 - 2. The parcel must have been acquired at approximately the same time as the subject parcel.

3. The parcel must have been acquired for similar purposes, (e.g. a maintenance camp).
4. The acquisition price per acre will be determined and then that price will be applied to the subject parcel.

11.14 Updating Inventory Records

After each disposal, whether by sale or exchange, the necessary data will be entered into the automated database to update the inventory records

Chapter 12 Highway Rights-of-Way Inventory

12.01 Purpose

The purpose of this chapter is to present procedures for the research, verification, and inventory of all ADOT-controlled land.

12.02 Scope

The functions and responsibilities described herein are accomplished by R/W Property Management Section, with assistance from R/W Plans and R/W Operations Section and R/W Acquisitions Section.

12.03 The Land Inventory System

The Land Inventory System is a record of the acquisition, geographic location, and the status of operating rights-of-way, facility sites and excess lands. It also includes an inventory of improvements on ADOT properties.

- a. Operating rights-of-way are defined as lands acquired by ADOT for direct roadway use and lying within right-of-way boundaries.
- b. Facility sites are defined as areas to accommodate necessary personnel, equipment, and improvements for uses listed below:
 1. Administration
 2. Ports of Entry
 3. Airports
 4. Maintenance Camps
 5. Storage Yards
 6. Rest Areas

7. Driver License Sites

- c. Excess lands are defined as lands acquired in fee by ADOT that exceeds actual construction and maintenance requirements.
- d. Facility sites are defined as lands acquired in fee or lesser interest for sources to extract earthen materials for use in the construction and maintenance of roadways.

12.04 Data Inventoried in Computer Database

A complete inventory of rights-of-way, excess land and facility sites within ADOT control will be retained in an automated database.

- a. All data input for the automated database will be compiled from R/W plans, Transportation Board summaries and R/W files.
- b. R/W change orders will be used to update existing data in accordance with the change.
- c. Finalized projects will be used as a final comparison check against the existing inventory and will be updated accordingly.
- d. The data will consist of the following items:

Acquisition Record

- Parcel number
- Grantor
- Description (Section, Township and Range, or Lot & Block)
- Type of instrument
- Date of instrument
- Recording data
- Project number
- Map number (R/W Plans)
- Size of parcel (area)
- Cost of parcel (acquisition cost)
- Remarks (misc.)

Property Control Data

- Realty Improvements
- Initial date parcel package received by R/W Property Management Section
- Project possession date
- Close of escrow date
- Actual possession date
- Site clearance deposit amount
- Date parcel sent to Condemnation
- Date of site clearance deposit
- Disposition of improvement
- Bid amount on improvement
- Date site cleared
- Demolition number

Facility Site Information

- Land cost
- Fiscal year of land value
- Improvement number
- Type of improvement
- Type of construction (frame, block, steel, etc.)
- Fiscal year improvement constructed
- Size of improvement (sq. ft.)
- I.D. Plate attached
- Economic life of improvement
- Effective age of improvement

- Value of improvement
- Condition of improvement
- Fiscal year improvement value
- Construction Cost

Excess Land Record/Inventory

- Date Created
- Agent
- Excess Land Number
- District
- Status
- Level

Disposal Number (if existing in R/W Titles Section)

- Square feet and Acreage
- Project Number
- Project and construction Tracks Number(s)
- Location (address and cross streets)
- Highway and Highway Section, new and old Route (if applicable) and Milepost
- Assessor's Number, Section, Township and Range
- City and County
- GPS Coordinates
- Bing, Google and Excess Land Maps
- Leasing information
- FHWA verification
- Water Rights and Well verification

- Remarks

Sales Information

- Administrative Price Adjustment/Date
- Approved Appraiser; Value and Date of Valuation
- Second Appraiser; Value and Date of Valuation
- Prior Appraiser; Approved Value and Date of Valuation
- Improvements
- Repurchase Rights and Status
- Zoning and Property Type
- Public Auction; Auction Date and number of Bidders
- Sold Price and
- Recording Date and Document number
- Interested Parties information
- Sales Remarks

Disposal Information: Dates To and From for Approvals of the following Departments.

- Right of Way Project Management Section
- ADOT District Engineer
- Right of Way Administrator
- Right of Way Operations Section
- FHWA
- Right of Way Plans Section

Deputy Right of Way Administrator for Real Estate

- ADOT Utilities and Railroad Engineering
- Right of Way Plans Section, Delineations Section
- ADOT Environmental Planning Group

- SPM/VPN
- ADOT Roadside Development, Pre-design Section
- ADOT County Maintenance Group
- ADOT Materials Group

Additional Information

- Order Title Report
- Appraisal
- Appraisal Review
- Marketing
- On Website
- Place Sign on Property
- Escrow Open and Close
- Update Right of Ways Plans

Note: Document Library and additional parcel information are not actively utilized at this time.

Chapter 13 ADOT Materials Sites Processes

13.01 Overview

The purpose of this chapter is to outline the process of for the payment and renewal of material sites operated by ADOT.

13.02 Processing Annual Rent Payments, Renewal Fees and Royalty Payments

The Arizona State Land Department (ASLD) remits invoices annually for rental payments of stockpile material sites or haul roads.

- a. Process payments utilizing the “State Land Department Payment Request Memo” (Exhibit 17.66). The following information will be provided and verified with the District Financial Analyst prior to submitting the payment to R/W Operations Section:
 1. Fund Code
 2. Appropriation Code

3. Function Code
 4. Unit
 5. Object Code
 6. ASLD Lease Number
- b. The ASLD Invoice is attached to the Memo.
 - c. Once notified by the R/W Operations Section to pick-up the transfer of funds paperwork, the R/W Property Management Agent will deliver the processed paperwork to State land Cashiers office for processing.
 - d. In order to avoid late fees that may be imposed by ASLD, a tickler system is to be maintained to ensure receipt of the annual billing invoices.

13.03 Processing Royalty Payments for Private Owners and Tribal Nations

- a. The production report is based on individual sites use and provided by the ADOT Materials Group and calculated on the a consideration worksheet by the R/W Property Management Agent as follows.
 1. Base the usage per site using tons or cubic yards. The royalty rate is then based on tons or cubic yards which is determined by the individual license. The license is maintained in the Material Site file. The calculation method which determines the amount owed as shown below:
 - (a) The ton amount is taken from the production report and multiplied it by 1.35 = for a total, then (see example below).

The charge for materials on the License/Easement, e.g. MS0000 is 75 cents per cubic yard or ton. The reported use is 1612 Cubic Yards X 1.35 = 2126.20 Tons.
- b. Processing the Royalty Payment through R/W Operations Section:
 1. The R/W Property Management Agent will provide the PD or Decentralized Purchase Order without a tracks number to the Materials Accounting Section or the R/W Operations Section along with the following documents:
 - (a) A supplement receiving report
 - (b) A production report

13.04 Renewing Easements and Licenses for Private Owners

As the Lessee of privately owned haul road easements, the ADOT Materials Group uses the following process for renewals:

- a. Submit the “Request to Renew the License or Easement Agreement for Private Owners Letter” (Exhibit 17.67) expressing interest to renew. The following documents or forms are included with the letter:
 1. Copy of the original License and Easement Agreement
 2. Blank W9 form
 3. Aerial photo and vicinity and plat map
- b. Processing the Renewal Payment:
 1. Upon receipt of the signed license and easement from the private owners the one (1) time fee may be processed either by the R/W Operations Section or the ADOT Materials Accounting Section.
 - (a) A copy of the fully executed license and easement is returned to the private owner.
 - (b) The original signed license and easement is retained in the ADOT Material Unit File.

Note: This process may also be used when an Option to Renew is given.

13.05 Renewing a Permit with U.S.D.A. (Forest Service)

As the Permittee the ADOT Materials Group uses the following process for renewals:

- a. Submit the “Application to Renew the USDA Forest Service Permit Letter” (Exhibit 17.68) with the related information involved with this permit below:
 1. The letter is directed to the District Ranger where the material source is located.
 - (a) The ADOT Materials Group provides the completed SF-299 form (application for transportation and utility systems and facilities on Federal land) to the R/W Property Management Agent to enclose as part of the renewal package which also contains the following:
 - (1) The plat map
 - (2) Aerial photos and vicinity map
 - (a.) ADOT Materials Group is responsible for ensuring the dates on the maps are current.
 - (3) Fire plan if possible
 - (4) Erosion and pollution control plan
 - (a.) Provided by the ADOT Materials Group.

- (5) Plan of operations
 - (a.) Provided by the ADOT Materials Group.
 - (6) Decision memos
 - (a.) Decision memos are needed and are processed by the forest service for non Tonto National Forest permits and are affiliated with the plan of operations.
- b. Upon completion of the above steps, the information is sent by certified mail to the Forest Service.

13.06 Renewing a Permit with the Arizona State Land Department

- a. The ASLD will send the application package at least ninety (90) days prior to the permit application date.
- b. ADOT Materials Group will return the completed application to the ASLD prior to the expiration date with the renewal fee.
- c. The ASLD will process the application and return the original permit to the ADOT Materials Group for signatures.
 - 1. The executed permit will be placed in the ADOT Materials Group.
 - 2. Update ADOT Materials Group and the R/W Property Management Agents database to reflect new expiration date.

13.07 Renewing a Permit with Bureau of Land Management (BLM)

The following steps are taken prior to the renewal to determine the term of the permit:

- a. The status of the selected permit can be obtained through BLM's website. The following steps are to be used in determining the permit status using BLM's website:
 - 1. Click on run reports.
 - 2. Click on the Pub Case Recordation Reports
 - 3. Click on the Pub CR Serial Register page
 - 4. Select the button "new format serial entry"
 - 5. Select State (AZ), Land office is "A"
 - 6. Prefix is "0"

7. Serial number is the BLM number is on the permit
8. Press “enter value”.

b. If the Material Site (Pit) **has not** been used before the Permit Expires

The following procedures are used to request a permit for a highway easement deed from Federal Highway Administration (FHWA):

- a. The ADOT Materials Group requests a Right of Entry Appropriation Request to FHWA and BLM as prescribed by 23 CFR , MOU No. AZ-931-0309
 1. Send Appropriation Request to BLM Field Office Manager. If FHWA concurs then BLM will send back a letter of consent.
 - (a) Include plat and vicinity maps.
 - (b) Include amount of acres from plat map on request.
 - (c) Pit sketches or aerial photos showing the location of the material site and haul road(s).
 - (d) A current environmental clearance document.
 2. FHWA will then ask ADOT Materials Group to prepare a Highway Easement Deed. Once recorded, a copy is sent to FHWA and BLM.
- b. If the Pit was used before the expiration date of the permit

If ADOT uses the pit before the permit expires, ADOT District would send BLM a usage report before the permit expires. BLM would then make the lease a “Perpetual Lease”. Nothing else would need to be done for this permit.

Please note that ADOT District must use pits before it expires or the process outlined in 13.05 “b” requesting Title 23 Right of Entry would need to be done again.

13.08 Renewing Stockpile Sources with the U.S. Army Corp

The Realty Specialist with the U.S. Army Corps will process the renewal and forward to the ADOT Materials Group to sign off on for approval.

13.09 Renewing permit with the Tribal Nations

The R/W Property Management Agent will send a Request to Renew Letter ADOT letterhead to the Realty Specialist or Principal Leasing Agent with that Tribe requesting that ADOT would like to renew the permit.

- a. A copy of the current permit, plat map, and aerial photos are to be included.

In the event the Tribal representative may ask to meet in person to discuss the renewal, if so royalty fees would need to be established.

13.10 Requesting a Title Report

A title report is needed when a new material site/source has been obtained or to research ownership of the mineral estate.

The R/W Property Management Agent would complete a Title Date Request form and send the original to R/W Titles Section to process. The R/W Titles Section will forward copy of the title report to the ADOT Materials Group upon completion, and forward a copy to the R/W Property Management Agent.

13.11 Research for Information

The research of specific issues and concerns is often necessary for the Material sites. Access to reviewing files should be done at the ADOT Materials location.

- a. Files may not be removed from this location.

Permits, License, and Applications shall be reviewed per the request of the ADOT Materials Group. Travel may be necessary on occasion to perform the outlined duties.

Chapter 14 Irrigation Grandfathered Water Rights and Wells

14.01 Overview

Below is a basic overview of the Groundwater Rights in Arizona, as presented by the Arizona Department of Water Resources (ADWR).

A grandfathered right is the right to use groundwater from well pumping and other sources based on historic withdrawals. For example, a farmer who historically used groundwater for the irrigation of specific acres within an Active Management Area (AMA) can continue to withdraw groundwater for the irrigation of those acres.

There are three (3) types of grandfathered rights:

Irrigation Grandfathered Water Rights (IGR)

An IGR is the right to use groundwater to irrigate specific acres of land. That land must have been irrigated with groundwater between 1975 and 1980. Land without an IGR may not be irrigated with groundwater. An IGR may not be sold apart from the associated land. When irrigated land is sold, the IGR goes with it.

Irrigate means to apply water to two (2) or more acres of land to produce plants for sale, human consumption, or as feed for livestock. This means that the watering of grass on a lawn or a golf course is not irrigation; nor is the watering of a commercial orchard that is less than two (2) acres in size. An IGR does not specify how much groundwater can be pumped; that amount will

vary over time according to a formula established in management plans developed by ADWR for each AMA.

If the irrigated land is located outside the service area of a water company, the landowner may apply to ADWR to have the IGR retired and converted to a Type 1 non-IGR.

Type 1 Non-Irrigation Rights

The Type 1 non-IGR (Type 1) is a right to use groundwater for non-irrigation purposes. It is associated with farmland that has been retired from cultivation for a non-agricultural use. Examples of non-irrigation uses of Type 1 include golf courses or industrial plants. With few exceptions, the irrigated land being retired must be located outside the service area of a city, town or private water company. (A service area is the area of land being served water by a city, town or private water company). Once an IGR has been converted to a Type 1, the retired farmland can never be irrigated to grow crops again.

The maximum amount of groundwater that may be pumped each year using a Type 1 is three (3) acre-foot per acre; in some cases the amount is less. (An acre-foot of water covers one (1) acre of land to a depth of one (1) foot; it equals 325,851 gallons).

The owner of irrigated land must file with ADWR in order to convert an IGR into a Type 1. The rules governing Type 1 are complicated. The original owner of a Type 1 may either withdraw the groundwater from the retired farmland associated with the right or use groundwater from elsewhere on that retired farmland. However, if the groundwater is withdrawn from a well that is not located on retired farmland, the water must be used on the retired farmland.

Like the IGR, the Type 1 may be sold only with the land with which it is associated. The new owner of a Type 1 is more restricted than the original owner. The new owner may only withdraw groundwater from the retired farmland associated with the right. Additional restriction may apply to where the water may be withdrawn and where it may be used.

Type 2 Non-Irrigation Rights

The Type 2 non-IGR is another right to pump groundwater from a well for non-irrigation purposes. The right is based on historical pumping of groundwater for a non-irrigation use and equals the maximum amount pumped in any one (1) year between 1975 and 1980. Examples on non-irrigation uses include industry, livestock watering and golf courses.

The owner of a Type 2 may only withdraw water from the specific wells listed on the Certificate. An owner wishing to add or delete wells from the Certificate must apply to ADWR. Any wells added to the Certificate, however, must be located in the same AMA in which the historical pumping of groundwater occurred.

Unlike the Type 1 and IGR, Type 2's can be sold separately from the land or well. People needing groundwater for non-irrigation use may wish to consider buying a Type 2. The owner of a Type 2 may, with ADWR approval, withdraw groundwater from a new location within the same AMA. It is possible to lease a portion of a Type 2, but if the right is sold, it cannot be split. Instead, the entire right must be sold.

ADWR sets limits on who can use groundwater, where it can be used, and how much of it can be withdrawn. ADWR administers and enforces Arizona's groundwater law.

Exempt Wells

An exempt well is a well that has a maximum pump capacity of 35 gallons per minute and is used to withdraw groundwater on for non-irrigation purposes, including watering less than two (2) acres of grass or garden.

Only one (1) exempt well is allowed to serve the same use at the same location. In other words, an individual cannot drill a second exempt well to serve the same purpose.

A person wishing to have an exempt well drilled must file a Notice of Intent with ADWR and receive approval before drilling. Exempt well owners are not required to measure groundwater pumpage, file annual water use reports, or pay withdrawal fees.

Non-Exempt Wells

A non-exempt well has a pump capacity over 35 gallons per minute or irrigates more than two (2) acres. The Arizona Department of Water Resources (ADWR) requires an annual usage report for this well type.

Irrigation Water Duties and Maximum Annual Groundwater Allotment

The irrigation water duty and maximum annual groundwater allotment was established in the Management Plan for the Phoenix AMA for the Third Management Period (TMP), and became effective in 2003. The irrigation water duty and maximum annual groundwater allotment applied to water use on a farm while regulated under the Base Agricultural Conservation Program (Base Program). ADOT will be regulated under the Base Program unless we apply for, and are accepted into, one of the two alternative agricultural conservation programs.

Of special importance is the maximum annual groundwater allotment. This allotment is the maximum amount of groundwater that may be used to irrigate the acres described on the Certificate while we are regulated under the Base Program, except as provided by A.R.S. § 45-467, the flexibility account provision. Under this provision, if we use less than our maximum annual groundwater allotment, ADWR will register a credit to our flexibility account. If we use more than our maximum annual groundwater allotment, ADWR will register a debit to our account. The total amount of flexibility account debit allowed under A.R.S. § 45-467 is 50% of the maximum annual groundwater allotment. Any person using groundwater pursuant to the Certificate will be in violation of the Statute if the flexibility account exceeds 50% of the maximum annual groundwater allotment. There is no limit to the amount of flexibility account credit we can accrue.

Note: All forms required by the Arizona Department of Water Resources can be located under "forms" @ <http://www.azwater.gov/azdwr/>. The Arizona Department of Transportation does not supply, edit or maintain these forms. Only the names of the forms are provided.

14.02 ADOT Water Rights Management Program

The State of Arizona, by and through its Arizona Department of Water Resources (ADWR) sets the policies and procedures for obtaining water used outside of the public water systems.

These Irrigation Grandfathered Water and Well Rights play a big role in the development of Arizona's Highways, including but not limited to its use in dust mitigation, the construction of highways, rental agreements, facility sites and rest areas, maintenance camp sites, and any other project deemed necessary by the Arizona Department of Transportation (ADOT).

In keeping with ADWR's policies and procedures, the R/W Property Management Section Water Rights and Well Section, as the Administrator of the Irrigation Grandfathered Water Rights (IGR) and Wells on ADOT-owned property has put together the following policies and procedures to assist in processing the notification; transfer; reporting and maintenance of ADOT owned Irrigation Grandfathered Water Rights (IGR's) and Wells.

14.03 Identification and Notification of IGR's and Wells

Because of the potential benefits and liabilities to ADOT, it is important that R/W Property Management Sections Water Rights and Well Section be notified when property with an IGR or Well is purchased as soon as possible. Knowing if the property has water rights or a well is not always visible, however there are certain characteristics of a property that may help to determine this, as noted below:

- a. The Site Description of the Appraisal
 1. The Site Characteristics may refer to the water rights or wells if the value is affected.
 2. The Utilities will list the water supply source. If the property uses water and there is no supply noted in the appraisal, there is probably a well.
- b. The R/W Title Section Report
 1. The R/W Title Section Reviewer researches the Arizona Department of Water Resources (ADWR) Fortis database by inputting the Cadastral or legal information for every land researched for information on Water Rights and Wells and when possible verifies the ownership and provides the registration numbers for the IGR and Well in the report.
 - (a) The R/W Acquisition Section Agent having a copy of this report should rely on this information to further ask the owner for verification.
- c. R/W Acquisition Section Parcel Transmittal
 1. Prompts the R/W Acquisition Section Agent to ask the owner(s) if the property has Irrigation Grandfathered Water Rights or a Well.
 - (a) If the property owner's response is no, and the R/W Acquisition Section's Agent sees crops, horses, and notes the land does not have access to public utilities, it should be assumed that the property does have Irrigation Grandfathered Water Rights or a Well.

- (1) The R/W Acquisition Agent will provide the suspect information to the R/W Property Management Section Water Right and Well Section Agent for further research.
 - (2) The owner should be assured that no penalties will be imposed if there is an unregistered well on the property, but it is very important to know.
- (b) If the answer is yes, the R/W Acquisition Section Agent is requested to ask for the Certificate number which will begin with 58-xxxxxx.xxxx or Well number which will begin with 55-xxxxxx, and then provide a copy of the R/W Acquisition Sections Parcel Transmittal to the R/W Property Management Section Water Rights and Well Right Section.
- (1) A copy of the R/W Acquisition Section Parcel Transmittal; if any copies of the registrations for the water and well rights are provided to the R/W Property Management Section Water and Well Right Section.

14.04 Conveyance of an Irrigation Grandfathered Right

In accordance with A.R.S. §45-482(B), it is the responsibility of both the buyer and seller of an IGR to file a “*Notification of Change of Ownership of an Irrigation Grandfathered Right Form*,” along with any associated fees, within thirty (30) days of the conveyance.

In Arizona, water rights belong to the land. Although considered to be personal property, you can’t take them with you (unless it’s a type 2 Right), unless otherwise approved by ADWR. You may lease or sell water rights, but they will remain with the property. If a parcel has water rights and a portion of the property is sold (no matter the size), that portion will also have water rights.

An exempt right is considered to be ten (10) acres or less and does not need to be transferred, unless otherwise stated by the Arizona Department of Water Resources; however if the property is being farmed with an adjacent piece of property, it is not necessarily exempt.

ADWR requires the following information to transfer ownership of an Irrigation Grandfathered Water Right:

- a. The completed “*Notification of Change of Ownership of an IGR form*”. The signature must be received by ADWR with the owner’s signature in **Blue Ink**.
- b. Copy of the Purchasing Instrument, or Order of Immediate Possession (OIP).
- c. Copy of the Assessor’s Map.
- d. Certificate conveyance fee payable to ADWR for each new certificate to be issued.
 1. An interoffice memo requesting funds along with the above package is sent to R/W Operations Section for further processing.

14.05 Request to Change Well Ownership Information

In accordance with A.R.S. §45-593, on or before June 12, 1982, a person who owns an existing well which is or has been used to withdraw or monitor water shall register the well on a registration form provided by the ADWR.

The person to whom a well is registered shall notify the ADWR of a change in ownership of the well, and the new owner shall furnish information as required by the ADWR to keep the ADWR's well registration records current and accurate.

Within thirty (30) days after a change of ownership of real property, the new owner shall notify the ADWR in writing of the existence of any open well or wells on the property which the new owner has discovered. Thereafter, the owner shall report the existence of any open well on the property within ten (10) days after the owner discovers the well. The "*Request to Change Well Information form*" shall include:

- a. The registration number (if known).
- b. The legal description of the land upon which the well is located, the location (GPS Coordinates used on the Well) of the well on the land and the name and mailing address of the owner of the land.
- c. The Assessor Parcel Number (if known).
- d. The depth, diameter and type of casing of the well.
- e. Such legal description of the land upon which the groundwater is being used as may be required by the director to administer this chapter.
- f. The maximum pumping capacity of the well.

14.06 Annual Water Withdrawal and Use Report Procedures

Quoted from the Arizona Department of Water Resources

"The 1980 Arizona Groundwater Code (as applies to Annual Reporting)

It is important to understand that per ADWR, "The 1980 Arizona Groundwater Code recognized the need to aggressively manage the state's finite groundwater resources to support the growing economy. Areas with heavy reliance on mined groundwater were identified and designated as Active Management Areas (AMA's). There are five AMA's, Prescott, Phoenix, Pinal, Tucson, and Santa Cruz. These areas are subject to regulation pursuant to the Groundwater Code. Each AMA carries out its programs in a manner consistent with these goals, while considering and incorporating the unique character of each AMA and its water users. In the Phoenix, Prescott, and Tucson AMA's, the primary management goal is safe-yield by the year 2025. Safe-yield is accomplished when no more groundwater is being withdrawn than is being annually replaced.

In the Pinal AMA, where the economy is primarily agricultural, the management goal is to preserve that economy for as long as feasible, while considering the need to preserve groundwater for future non-irrigation uses.

In the Santa Cruz AMA the management goal is to maintain a safe-yield condition in the active management area and to prevent local water tables from experiencing long term declines.

The Groundwater Management Act also established two Irrigation Non-Expansion Areas (INA's) - the Joseph City INA and the Douglas INA. Since the law was passed, the Harquahala area has also been designated an INA. When an area is designated as an INA, a restriction is placed on increasing the number of irrigated acres in the area."

ADOT's Responsibilities as User and Landlord

ADWR requires the owners of a Grandfathered Water Right to file an "*Annual Water Withdrawal and Use form*," even if no Groundwater was used (unless the Right has been inactivated). Annual Groundwater Withdrawal and Use Reports for AMA's and INA's Reports are due by March 31st for water used in the prior calendar year.

As the owner and user of many Irrigation Grandfathered Water Rights (IGR's), ADOT has a responsibility to report and pay all Fees that are due to ADWR and the Irrigation Districts, if applicable and when using Rights.

ADOT filing requirements for Lessees

The R/W Property Management Section Leasing Agent will require the Lessee to file the Annual Water Use report and submit a copy for the Lease file. The Leasing Agent should monitor that the fee's are paid and not left for ADOT to pay in the event the Lease terminates. Following are the requirements by ADOT concerning these reports:

- a. ADWR will send a letter or E-mail informing the USER of the required reporting and the forms that need to be used, however they will not send the forms. The USER will be required to file on-line or print the necessary forms from the ADWR's database and submit them to ADWR.
 1. The R/W Property Management Section Agent or the Water & Well Rights Section Coordinator will send a "Annual Water Use Report Letter" (Exhibit 17.69) to the Tenant as a reminder to file their use reports and provide copies to this office.
- b. The Irrigation District will mail the usage report (in most cases) directly to the Lessee (user) unless otherwise directed.
- c. Lessee will be required to forward a copy of the completed report to the R/W Property Management Section Agent.
 1. The R/W Property Management Section Agent will provide the following notices and require the Lessee's to initial during the signing of the Lease Agreement and the "Attachment A (for use in Agricultural Lease Agreement)" (Exhibit 17.70).
 - (a) ADWR imposes a fine for each month late, if a report was not received. ADOT will forward this fine to the Lessee with a notice that the lease may be terminated.

- (b) ADWR requires payment for the use of a non-exempt well for any use on a per acre feet amount. This amount can vary and ADWR should be contacted for the fees for every use period.

- (1) Please see on-line reporting for options to mailing in the reports.

ADOT filing requirements as Lessee

If ADOT, as Lessee, is leasing the private property containing an Irrigation Grandfathered Water Right, for a Facility Site, Maintenance Camp Site, Rest Area, Construction Road, or any other project deemed necessary:

- a. The District Engineer or designated individual will file any required report with ADWR. Any water use fees associated with this IGR or Well are to be processed by the same ADOT office.
 - 1. ADWR imposes a fine (subject to change) for each month late, if a report is not received. ADOT as the USER will be responsible for this fine.
 - 2. The completed original forms are mailed to ADWR unless given the option to file on-line.
 - (a) If the Lease is owned by another State Agency, e.g. State Land Department, copies will be required along with any associated fees.
 - 3. Copies to the R/W Property Management Section files (when applicable).
 - (a) Please see on-line reporting for options to mailing in the reports.
 - (1) If using the option to report on-line, the Property Management Agent will still need to be notified in the event information is lost in the system(s).
 - (b) Fees are due at the time of the Annual Report. ADOT offices will require extra time to request fees and mail in the reports.
 - (1) ADWR requires any fees payable at the time of reporting, and due to ADOT's process to make a payment will require mailing in the reports.

Filing your Annual Use Report On-Line

- a. On ADWR's homepage there is a message, "click here to access or file your (year) Annual Report". After you click this message you will be guided to your selection, click on next and follow the instructions.
 - 1. "For Annual Water Withdrawal and Use Reports WITHIN an Active Management Area (AMA) or Irrigation Non-expansion Area (INA)".

2. "For Annual Water Use Reports for Community Water Systems OUTSIDE of Active Management Areas".
 - (a) These reports are typically filed by and on behalf of certain Rest Areas or Facility Sites, by the Water/Wastewater Office of the Facilities Unit.

Requirements for Filing a Report for Well Use

The ADOT-owned Well that has a pumping capacity of 35 gallons or more per minute is considered by ADWR as a non-exempt well and requires an Annual Report. Following are the requirements for using and reporting your use:

- a. If the Well is on ADOT-owned property, it is important to notify the R/W Property Management Section Water Rights and Well Section of any activity involving the Use, Capping, Deepening or Abandonment, Leasing, or any activity.
- b. The non-exempt Well is required to be Metered as ADWR requires a per acre foot Fee annually. The dollar amount of this Fee may change at any time, so it is important to use the ADWR web site for instructions.
- c. Depending on the site and needs for the Well, a Lease Agreement may be necessary.
- d. Contractors drilling a Well on ADOT-owned property including the right-of-way are required to communicate with the R/W Property Management Section Water Rights and Well Section, and with the Leasing Section.
- e. The ADOT Environmental Planning Group, Hazardous Materials Coordinator will be made aware of any new Well placed on ADOT-owned property. Any determination against drilling the Well based on an environmental risk by this office will be followed.

Note: The determination to keep, cap or abandon the newly drilled Well will be made by the individual offices involved with the well, such as the District Engineer, Resident Engineer, Project Manager, Project Coordinator, Right of Way Administrator, starting with the Environmental Planning Group, Hazardous Materials Coordinator and any other person's given authority.

14.07 Irrigation Districts Assessments

The yearly assessments on property with Irrigation Grandfathered Water Rights are used by the Irrigation Districts for the operation and maintenance of canals, laterals (small ditches) and machinery such as pumping equipment, and broken pipes, or any device necessary to maintain the District and are mandated as defined by A.R.S. Title 48.

The assessments are based on a per acre-foot fee established by each Irrigation District. The fees are not set and may vary per Irrigation District per year, depending on their needs.

Irrigation Districts may use their County Treasurer's office to collect the assessments and in most cases this information can be found on tax notices under Special Districts and Assessments.

ADOT is not exempt from paying the yearly assessments. If the property is developed for highway use, the Irrigation District (in some cases) will inactivate the rights and exempt the assessments.

Some Irrigation Districts charge a fee for exempting a parcel. The fee is to cover the legal costs the Irrigation District incurs in presenting it to Board of Directors for approval. *If the exemption is denied, the fee will not be returned.*

The decision must be made by ADOT Management and should be based on those parcels that exceed the fee imposed by an Irrigation District per year. Consideration should be determined by the amount of the yearly Assessments for the life of the property. The following information will be required by the Districts for exemption:

- a. The assessor number(s) for all ADOT parcels.
- b. Assessor Map.
- c. Legal Description; Section, Township and Range and if available quarter Sections.
- d. Irrigation Grandfathered Water Right Number(s).
- e. Well Number(s).
- f. Acres or square footage of property purchased.
- g. Copy of the purchasing instrument.
- h. Aerial map of the site.
- i. Previous Owners Name.

14.08 Water Delivery Fees

Irrigation Districts may charge a Delivery Fee, which is the annual administrative cost of servicing an active irrigation account. The fees may vary from Irrigation District to Irrigation District however the fees are required before any waters will be delivered. The fee is usually a flat fee for the delivery and an additional per acre foot fee for the administrative costs, e.g., new accounts, name changes, etc.

- a. This is considered a “utility”. ADOT does not pay for a Lessee’s utilities, unless otherwise instructed by Management.

14.09 Irrigation Water Duties and Maximum Annual Groundwater Allotment

The owner of an IGR has an allotment of water use for the year. If the allotted amount of water is exceeded by even one (1) acre foot of water, ADWR may require that a report for a conservation plan be submitted. It is important that Lessees not exceed the allowed allotment over 50% (also see “Grandfather Water Rights and Wells”, entitled “Irrigation Water Duties and Maximum Annual Groundwater Allotment”). Following are the requirements for the report to ADWR:

- a. The report can be anything from one (1) to 1000 pages, detailing the ways ADOT plans to properly use the IGR, e.g., knowing our limits, proper instructions to our lessees, district engineers, construction crews, project managers and anyone authorized to use an IGR on ADOT property.
- b. The methods ADOT would employ to accomplish the plan, e.g., low-flow plumbing fixtures, showerheads, toilets, and any other method that would reduce water flow.

14.10 Responsibilities of the R/W Property Management Section

Because ADOT R/W Property Management Section leases and sells property, the following guidelines have been put together for the current handling and maintenance of IGR's and Wells.

Agriculture Lease Agreement Documentation

The following information should be contained in the Lease Agreement:

- a. The IGR number or the Well number and if the property has both associated with the land the number are included as part of the header of the R/W Property Management Section Agricultural Lease Agreement or any property containing a Well.
- b. The form "Attachment A", as part of the Agriculture Lease Agreement requires the Lessee to initial in agreement to all requirements for maintenance; reporting and fees associated with the agricultural property, and further requests the following information:
 - 1. The IGR numbers, e.g. 58-123456.0000.
 - 2. The Well numbers, e.g. 55-123456, all wells on the property.
 - 3. The number of irrigation acres of land.
 - (a) Irrigation acres may differ from actual acres owned and will be determined by ADWR.
 - 4. The maximum annual groundwater allotment is assigned from historical use, and is the amount per acre foot. This allotted amount is determined by ADWR; however an estimate can be calculated by multiplying Water Duty times Irrigation Acres. This is an estimate only and unless a Certificate for the IGR is requested through ADWR, the Department can only use this as such.
 - (a) Is further defined as the maximum amount of groundwater that may be used per year for the irrigation of each irrigation acre in the farm that is calculated pursuant to A.R.S. § 45-465.
 - (1) The maximum allotment allowed, per ADOT Parcel annually can be found in the Water Rights and Well and the PaTS databases.

- (2) Should the lessee exceed the maximum allotment allowed, the R/W Property Management Section Agent will advise the lessee to contact ADWR and correct the situation.
 - (3) The Lessee will be required to purchase replacement credits through ADWR who will have a list of contacts willing to sell credits and the Lessee will have the responsibility of finding a seller.
 - (4) The Lessee is required to submit proof to the R/W Property Management Section Agent when the credits have been replaced.
 - (a.) The lessee should be instructed that the Lease Agreement might be terminated if the situation occurs again.
 - (1.) Please see Chapter 14.09; for more responsibilities imposed by ADWR should the maximum allotment be overused. If the lessee has either vacated or the Agreement terminated before this situation is resolved, the costs for replacing credits can be in the hundreds ± of dollars.
5. The Irrigation District (when appropriate), e.g. Salt River Project (SRP), Roosevelt Irrigation District (RID).
- c. This Attachment “A” requires Lessee(s) to initial in agreement all areas that apply to the specific property.
- 1. The R/W Property Management Section Leasing Agent will apply only those areas affecting that parcel to the Attachment “A”, and will:
 - (a) Provide the R/W Property Management Section Water Rights and Well Section all information for the IGR or Well immediately upon completion so that the information can be documented in the database.
 - (b) Provide notice to the R/W Property Management Section Water Rights and Well Section Agent when the lease is terminated.

Processing Assessments

Lessees on ADOT-owned property containing an IGR and or a non-exempt Well in an Irrigation District are required to pay the assessments as determined by the Irrigation District. The following requirements are presented to the Lessees by the R/W Property Management Section Agent:

- a. The Lessee will be advised to read and sign or initial all areas of the Attachment “A” portion of the Agricultural Lease Agreement explaining their assessment responsibilities.

1. The R/W Property Management Section Agent should flag or set up reminders for the Agricultural Lease Agreements that have the Annual Use Requirements and Assessments.
 - (a) First half assessments are due on October 1st and delinquent after November 3rd, of each year. Second half taxes are due by March 1st and delinquent after May 3rd, of each year.
 - (1) Lessee is required to pay only a half-year payment at a time (in most cases); however the Lessee is responsible for all assessments while under lease agreement with ADOT.
 - (2) Lessees will be required to send proof of the payment of the Assessments to the R/W Property Management Section Agent.
2. Lessee will be responsible for any late fees associated with the assessments.

Extended Occupancy Agreements (EOA's)

The R/W Property Management Section leasing agent will also incorporate the "Attachment A" as previously discussed in the EOA Agreement.

- a. Due to the reporting and assessments involved with IGR's, a deposit for the IGR and the non-exempt Well during the EOA period **should** be required.
 1. The R/W Property Management Section Manager will be notified when by the R/W Property Management Section Leasing Agent in the event Water Rights or Wells are a part of the EOA.
 - (a) The R/W Property Management Leasing Agent will request the R/W Property Management Water Rights and Well Section Agent to research the associated rights involved with the parcel and to provide an estimate of costs associated with the Rights.
 - (b) The R/W Property Management Leasing Agent will provide the information to the R/W Property Management Section Manager who will make a determination for a deposit based on the estimates and all commitments of the EOA Agreement.
 2. If the Lease Agreement terminates for any reason, the deposit will be returned once it is established that any fees associated with the use or reporting of the Rights have been met.

Direct Counter Cyclical Program

The United States Department of Agriculture (USDA) Farm Service Agency (FSA) Direct Counter Cyclical Program subsidizes certain program crops that are associated with the land. In order to participate in this program, the operator is responsible for maintaining the land according to the USDA program regulations.

The farm bill requires the owners of the land to sign the Base and Yield Election form before the operator can benefit from the FSA program. However the program is set up for the operators only and as owner, ADOT is not entitled to these benefits.

- a. Below is the recommended and FSA approved language needed for agricultural leases that will allow the Lessee to receive their earned benefits without relying on ADOT:
 - 1. “This statement will allow the operator/lessee of the ADOT owned property to be put into combination or to be farmed separate for the length of the lease.”

Excess Land

When ADOT sells excess property with IGR Rights and or Wells, the completed “Notification of Change of Ownership form”, should be provided to the title company involved in the sale of the property. The title company will then gather the following from the buyer:

- a. The required conveyance fee.
- b. Signature of the buyer.
 - 1. The title company will forward the completed forms and fees to the ADWR.
 - 2. The title company will forward a copy of the completed transfer to the R/W Property Management Section’s Water Rights and Well Section Agent.

14.11 Responsibilities of the Water Rights and Well Section Agent

ADOT Districts and IGR’s

ADOT Districts and Facilities use State-owned lands with IGRs or Wells for a variety of purposes, such as construction, dust stabilization, offices, or any other project deemed necessary by the State. Following are the procedures for the Districts:

- a. R/W Property Management Section Water Rights and Well Section will advise the District to request all reports and assessment billing to be addressed directly to the “User” or designee of the District who will report and process any fees.
- b. Any fees associated with the IGR are the responsibility of the user.
- c. The responsibilities and procedures as outlined in this Manual in Chapter 14.10 “Responsibilities of the R/W Property Management Section”, also apply to ADOT Districts.
- d. For the purpose of Environmental Compliance and documentation of the database’s, notification of the R/W Property Management Section Water Rights and Well Section is

required for any changes that affect the IGR or Well such as capping, deepening, abandoning the Well, or drilling a new Well on the site.

ADOT Construction and IGR's and Wells

ADOT's agreements with various Irrigation Districts for exchange water allow the Irrigation Districts to assign the use of State-owned IGRs to contractors for their use in dust mitigation and in the development of the highways (even if the rights have been inactivated).

In the event the R/W Property Management Section Water Rights and Well Section Agent was not informed about the IGR or Well-being used in advance, the following actions will be necessary:

- a. The R/W Property Management Section Water Rights and Well Section Agent will contact the Irrigation District to determine who is using the Right and will instruct the user of their responsibilities for any fees and reporting involved with using the Rights.

ADOT's Type 2 Non-Irrigation Certificate

As the owner of such a right when used for leasing purposes a special "Attachment "A" for Type 2 Non-Irrigation Grandfathered Groundwater Right" (Exhibit 17.71) will be used by the R/W Property Management Section after receiving approval and verification of availability from the R/W Property Management Section Water Rights and Well Section Agent.

- a. The Type 2 Non-Irrigation Right is an asset which has 101 acre feet available annually available to ADOT and requires a Lease Agreement for use through the R/W Property Management Section Manager. Other requirements are as follow:
 1. The Lessee/User will be required to contact ADWR and pay the associated fees to add the Well to the IGR Certificate number 58-114466.0000 which is assigned to the Type 2, under ADOT Parcel 7-02664.
 - (a) Verification will be required by the R/W Property Management Section prior to the use of this Type 2.
 2. Reporting and a Meter will be required for any Well use associated with the Type 2 as determined by the R/W Property Management Section's Manager.

14.12 Wells

A majority of water rights are served by wells which if not properly monitored can be a safety issue or an environmental concern. If the opening is large enough, someone could fall in and be injured. Wells can also become contaminated or contaminate the surrounding ground and the water table.

The ADOT Environmental Planning Group, Hazardous Materials Coordinator has to give the all clear before a well can be capped or abandoned, or leased, sold or before construction can begin. Not knowing about a well in advance can cost the State in both time and money.

- a. A majority of the wells on ADOT owned property will be abandoned, however before any procedures can be performed the rights have to be conveyed. Below are actions that may be taken depending on the need for the property the well is located on:
 1. The ADOT Environmental Planning Group, Hazardous Materials Coordinator needs to inspect the Well for contaminates, leeching, or any concern that may be associated to the property before requesting the conveyance.
 2. After a conveyance a Well may be capped temporarily only if the property is deemed Excess Land and there are no plans to lease the property.
 - (a) The R/W Property Management Water Rights and Well Section Agent requests that the Environmental Planning Group, Hazardous Materials Coordinator hires a Licensed Well Driller to a Cap a Well to ensure it is done properly.
 3. If there are intentions to use the Well for construction, it may be temporarily capped depending on the construction schedule.
 4. The Environmental Planning Group, Hazardous Materials Coordinator will hire a Licensed Well Driller to abandon the Well if not needed for either construction or excess land and after the Request for Action Process approves, but will require an inspection first which may cut into the construction schedule.
 5. Prior to the termination or expiration of a Lease Agreement on ADOT-owned property, the Environmental Planning Group, Hazardous Materials Coordinator should be requested to test the well for possible contaminants (if necessary). The lessee will be advised of the consequences of illegally contaminating a Well and or ADOT owned property prior to signing a Lease Agreement.

Request for Action Form

When ADOT purchases property containing a Well, a determination for the future of the Well must be made. A process was developed to allow those in authority and knowledge of the future of the property and the environmental impact to input their determination for capping, abandoning or leaving the Well.

The following processes and procedures should be done for every well in ADOT's name or on ADOT-owned lands, as follows:

- a. The "Request for Action Form" (Exhibit 17.72) and verbiage used in the email is compiled by the R/W Property Management Section Water Rights and Well Section, and emailed requesting input from the following areas and in this order:
 1. Environmental Planning Group, Hazardous Materials Coordinator.
 - (a) Will make a recommendation for capping, abandoning, or securing the Well, and justification for the recommendation, and then will email to the next person on the list.

- (1) It is also requested that the Coordinator provide an estimate for costs associated to the recommendation.
2. R/W Project Management Coordinator
 - (a) Is asked if the Well will affect the project, if it's in the path of construction or if there are plans to use it for construction. It is requested that they only provide information for their project and not attempt to answer on behalf of any other office. After making a recommendation and completing the areas of the form requested, will email to the next person on the list.
 - (1) The R/W Coordinator has the authority to request the Well to be abandoned immediately for project development purposes.
 - (a.) The R/W Property Management Section Water Rights and Well Section Agent will immediately contact the Environmental Planning Group, Hazardous Materials Coordinator to hire a Licensed Well Driller.
 - (b.) The Right of Way Administrator will be the only required signature.
3. ADOT Project Manager
 - (a) Is asked if the Well will affect the project, if it's in the path of construction or if there are plans to use it for construction. It is requested that they only provide information for their project and not attempt to answer on behalf of any other office. After making a recommendation and completing the areas of the form requested, will email to the next person on the list.
 - (1) The R/W Project Manager has the authority to request the Well to be abandoned immediately for project development purposes.
 - (a.) The R/W Property Management Section Water Rights and Well Section Agent will immediately contact the Environmental Planning Group, Hazardous Materials Coordinator to hire a Licensed Well Driller.
 - (b.) The Right of Way Administrator will be the only required signature.
4. R/W Property Management Section Manager
 - (a) May decide to have the Well abandoned, capped, or secured or to retain the Well for leasing or for the sale of property on Excess Land. After making a recommendation and completing the areas of the form requested, will email to the next person on the list.

5. Right of Way Administrator
 - (a) Makes a final decision based on the input of all of the above, or may request further information.

ADOT Facilities Sites

The ADOT Facilities Group maintains the Rest Areas, Maintenance Camps, Maintenance Yards, and any Facility Site needed by ADOT. The land these sites are on may be leased from other Government Agencies or owned by ADOT, however if there is a Well on site all processes and procedures outlined in this Manual and rules and regulations provided by the Arizona Department of Water Resources apply.

When the ADOT Facility Site has a Well that is no longer functioning for any reason, it has been determined that the well will be abandoned. The Well will only be capped in the event the site is temporarily closed or will be disposed of and the well will add value.

- a. The ADOT Facility office will contact the R/W Property Management Water Rights and Well Section to when it has been determined that a Well will need to be abandoned, capped or any other process. The Request for Action Form will then be processed in the same way used on property in the R/W inventory as follows.
 1. Environmental Planning Group, Hazardous Materials Coordinator.
 - (a) Will make a recommendation for capping, abandoning, or securing the Well, and justification for the recommendation and email to the next person on the list.
 - (1) It is also requested that the Coordinator provide an estimate for costs associated to the recommendation.
 2. Facilities Environmental Coordinator.
 - (a) Will make a recommendation for capping, abandoning, or securing the Well, and justification for the recommendation and email to the next person on the list.
 - (1) It is also requested that the Coordinator provide an estimate for costs associated to the recommendation.
 3. Facilities Project Manager
 - (a) Will make a recommendation for capping, abandoning, or securing the Well, and justification for the recommendation and email to the next person on the list.
 4. R/W Property Management Section Manager if the land is owned by ADOT.
 - (a) May decide to have the Well capped, or secured or to retain the Well for leasing or for the sale of property on Excess Land. After making a

recommendation and completing the areas of the form requested, will email to the next person on the list.

5. ADOT Facilities Management & Support Group Manager
 - (a) Makes a final decision based on the input of all of the above, however may be overruled by the Right of Way Administrator if the Well is on ADOT owned land.
6. Right of Way Administrator
 - (a) Makes a final decision based on the input of all of the above.

Facility Sites on non-ADOT owned Land

When an ADOT-owned Well is on a Facility Site that is under lease agreement with another Government Agency, permissions are required by the Agency before the Well can be abandoned or in any way be modified.

The ADOT Facilities will contact the R/W Property Management Leasing Agent and the R/W Property Management Water Rights and Well Section Agent who will help to determine what procedures need to be taken with the Agency involved.

If the property is owned by, as example the Arizona State Land Department (ASLD) and the lease has ended, the ASLD will most likely expect ADOT to abandon the Well. The Agency Head will have to approve any action taken on the Well, after which:

- a. The ADOT Facilities will provide the funding information to the R/W Property Management Water Rights and Well Section Agent.
 1. The R/W Property Management Water Rights and Well Section Agent will provide, by email, all the necessary information to the Environmental Planning Group Coordinator who will hire a Licensed Well Driller to abandon the Well.
 - (a) The information provided in the "Request for Action" process will be followed.

14.13 Drilling Wells on ADOT Owned Property

When a decision is made to place a Well on ADOT owned property or in the Name of ADOT, the following steps are required:

- a. The requestor for the Well, i.e. Project Manager, Project Coordinator, Resident Engineer Agent, etc., shall submit a copy of the request with the following information as outlined in the "Required information for Processing Notices of Intent" (Exhibit 17.73) to the R/W Property Management Sections, Water Rights and Well Section Agent:
 1. Project number (ADOT Tracks No.)
 2. Section

3. Highway
 4. ADOT Parcel Number (if known)
 5. Assessor number (if known)
 6. Mile Post (if known)
 7. Longitude and latitude (degrees, minutes, seconds)
 - (a) Every Well (construction, potable, bore hole, inclinometer, piezometer, etc.)
 8. Aerial Map of site
 9. Contact Person or Office requesting Well
 10. Contact name, address and phone number of the well driller
- b. Copies of the Notices of Intent (NOI) are to be sent to:
- R/W Property Management Section (Well Owner)
 Water Rights and Well Section
 205 South 17th Avenue, Mail Drop 612E
 Phoenix, Arizona 85007
 602-712-7435
 PDF Format r/wagent@azdot.gov
- c. Notice of Intent to Abandon
1. ADWR will only accept a signature from the Owner in **Blue Ink**
- d. Dates when the Well is Drilled and Abandoned
- Please Note: All Wells require a Withdrawal Permit, (Well number or an IGR number which can only be provided by the ADWR).

14.14 ADOT Materials Group

ADOT Materials Group (Geotechnical Unit) installs the Wells for the purposes as described below and following the processes as outlined in this Manual and all other mandated rules and laws:

- a. Piezometer is installed to monitor ground water level at a proposed construction site to obtain seasonal ground water levels of the site. This information assists potential contractor to plan its bid for this project by reducing the risks associated with unknown ground water condition. In addition, piezometer also installed at various locations (such as known landslide sites) around state to provide ground water level information when continuously monitoring program is warranted.

- b. Horizontal or Vertical Drain: Horizontal or Vertical Drain is a perforated drain pipe inserted horizontally or vertically into geomaterial to relieve water pressure from the geomaterial. It intercepts path of groundwater and drains the groundwater into a roadway drainage system.
- c. Inclinator: Inclinator is a sealed tube that is grouted into subsurface of a potential slide area. It moves along with the surrounding geomaterial. Periodically, a measuring probe is inserted into the inclinometer to document the horizontal movement of the geomaterial around the inclinometer.
- d. Drilled Shaft: Drilled shaft is not regulated by ADWR. It is a load bearing element (a deep foundation element) to provide load resistance for vertical and/or horizontal load(s).

14.15 Wells – Various Ownerships

Wells can be in ADOT's name on lands owned privately, or by other Government Agencies, such as the Arizona State Land Department (ASLD) or the Arizona Department of Environmental Quality (ADEQ) or The Arizona Department of Administration (ADOA) Risk Management. Wells can also be placed on ADOT-owned lands however the Well is not owned by ADOT.

No matter the reason for the well, if it is the name of ADOT or on ADOT owned land, all rules, laws, processes and procedures as outlined in this Manual apply. The R/W Property Management Section Water Rights and Well Section will require information for every well and will provide Management and the ADOT Environmental Enhancement Group with information when the process is not complied with.

14.16 The Arizona Department of Administration (ADOA) as Owner of the Well

The R/W Property Management Section Water Rights and Well Section should be the initial contact for all Wells installed, capped, abandoned or any other purpose of a Well, however when a suspected Hazardous Waste situation occurs the ADOT Environmental Enhancement Group will contact the ADOA Risk Management for oversight.

- a. The ADOA Agent will sign as owner of the Well and monitor throughout the process of clearing the possible or determined situation.
- b. The ADOT Risk Management Agent will contact the R/W Property Management Section Water Rights and Well Section as owner of the land, and provide copies of the actions necessary in documenting the Well.

14.17 Notice of Well Capping

It is the policy of ADOT to cap or abandon all open and unused Wells on State-owned property, and per the requirements of the Arizona Revised Statute § 45-594 and A.A.C. R12-822.

If the well is not properly capped the well is exposed to contaminants, should the opening be large enough a person, child, or even an animal could fall in. The R/W Property Management Section Water Rights and Well Section along with the Environmental Planning Group,

Hazardous Materials Coordinator made the decision based on that scenario and previous Violation Notices from the Arizona Department of Environment Quality (ADEQ) to require a contracted Licensed Well Driller to Cap Wells on ADOT's behalf.

Following is the procedures for the Capping of a Well:

The Environmental Planning Group, Hazardous Materials Coordinator or contracted Licensed Well Driller on ADOT's behalf shall file a "Notice of Well Capping Form" with ADWR no later than five (5) days after a well is capped. The following procedures are required:

- a. The office or person(s) requesting the Well to be capped, i.e. Project Manager, Project Coordinator, Resident Engineer Agent, etc., shall submit a copy of the request with the following information to the R/W Property Management Section Water Rights and Well Section Agent, or a copy of the filed and processed form submitted to ADWR:
 1. Project number (ADOT Tracks No.)
 2. Section
 3. Highway
 4. ADOT Parcel Number (if known)
 5. Assessor number (if known)
 6. Mile Post (if known)
 7. Longitude and latitude (degrees, minutes, seconds)
 - (a) Every Well (construction, potable, borehole, inclinometer, piezometer, etc.)
 8. Aerial Map of site
 9. Contact Person or Office requesting Well Capping
 10. Contact name, address and phone number of the well driller
- b. Copies of the Notices of Intent (NOI) are to be sent to:

R/W Property Management Section (Well Owner)
Water Rights and Well Section
205 South 17th Avenue, Mail Drop 612E
Phoenix, Arizona 85007
602-712-7435
PDF Format @ r/wagent@azdot.gov

1. Original form mailed to ADWR with any associated Fees.
2. Copy to R/W Operations Section Record Center Parcel file.

3. Notice of the Capping is to be documented in all databases associated with the R/W Property Management Section Water Rights and Well Section.

14.18 Notice of Intent to Abandon a Well Form

A "Notice of Intent to Abandon a Well Form" (this form can be found in the ADWR web site under Forms), is filed with the ADWR when during the construction of a highway or for preventive measures on State-owned property the decision has been made to permanently abandon a well.

- a. The Environmental Planning Group, Hazardous Materials Coordinator requires the Licensed Well Driller to:
 1. Complete all areas of the form. ADWR will not process incomplete forms.
 2. Provide the ADOT Parcel or County Assessor Number on the form.
 - (a) R/W Property Management Section Water Rights and Well Section must sign (in blue ink) on behalf of the State, as owner.
 - (1) If not available the R/W Property Management Section Manager or the Environmental Planning Group, Hazardous Materials Coordinator may sign.
 - (b) The Licensed Well Driller may not proceed until the above criteria have been met and ADWR issues a "Drilling Card." This card is mailed directly to the Driller by ADWR.
 - (c) Once ADWR has approved the abandonment and stamped the form, the completed form is mailed to the R/W Property Management Section Water Rights and Well Section.

14.19 Request Form to Change Well Information

The "Request Form to Change Well Information Form" (this form can be found in the ADWR web site under Forms), is used when any changes are made to the existing information concerning the ownership, Driller or if a variance is needed, e.g. if for any reason the Licensed Driller who remitted the forms to the ADWR is not able to continue with the project and a new Driller is hired, this form must be filed.

- a. Various other Well Types and Responsibilities:
 1. Potable (Domestic) Wells: Overseen by the ADOT Physical Plant Operations. The Water/Wastewater Operations Supervisor oversees the operation of ADOT Public Water and wastewater Systems as well as unregulated systems serving potable water for domestic use. These systems include most Rest Areas, MVD Inspection Stations, DPS and ADOT remote Maintenance Camps.

2. Potable (Domestic) Wells on ADOT owned property including residential, agricultural, etc., are maintained by the R/W Property Management Section and inspected by the Environmental Planning Group, Hazardous Materials Coordinator when the property is purchased. If it is determined to be a rental property, the well is to be inspected at the termination of each agreement.
3. Monitoring Wells: Requested by GEO-TECH and the Environmental Enhancement Group.
4. Dry Wells: Handled by the Environmental Planning Group, and the Arizona Department of Environmental Quality (ADEQ).

14.20 Documenting the Water Rights and Well Databases

PaTS Database:

All IGR and Well information as listed below is entered into the ADOT PaTS database (when available) for the R/W Property Management Section's use in developing a lease agreement:

- a. The IGR numbers, e.g. 58-xxxxxx.xxxx, under
- b. The well number, e.g. 55-xxxxxx.
- c. The number of irrigation acres of land.
 1. Irrigation acres may differ from actual acres owned and will be determined by ADWR.
- d. The maximum annual groundwater allotment.
- e. The Irrigation District (when appropriate), e.g. Salt River Project (SRP), Roosevelt Irrigation District (RID).

After inputting the information for the IGR or Well into the PaTS database, the information will display on the Rental Agreement Screen as a reminder to input information in the Lease Agreement or in any matter concerning the ADOT parcel.

Access Database:

Including the required information in the "PaTS database", the ADOT Water Rights and Well Access database includes Historical information for Facility Sites, including Rest Area Wells; Maintenance Camp Wells; Monitor Wells; and various Geotechnical Wells including Wells abandoned and the Hyperlinked Paperwork (when available) for assisting the Environmental, District offices and any other ADOT office requiring assistance. The database will also include the following information:

- a. The Facility Site Name, the Site Number and County.
- b. The type of IGR, e.g.

1. Type 1 non-irrigation GFR:
 - (a) “A Non-IGR associated with retired irrigated land in an active management area. A Type 1 Non-Irrigation Right generally allows a right holder to either withdraw or receive no more than three (3) acre-feet of groundwater per acre per year for a non-irrigation use on the retired land. Type 1 Non-Irrigation Rights may not be transferred to another location, although groundwater pumped from appurtenant areas may be transported to a new location for non-irrigation uses subject to certain restrictions”.

2. Type 2:
 - (a) “The Type 2 Non-IGR is another right to pump groundwater from a well for non-irrigation purposes. The right is based on historical pumping of groundwater for a non-irrigation use and equals the maximum amount pumped in any one (1) year between 1975 and 1980. Examples on non-irrigation uses include industry, livestock watering and golf courses”.

3. Domestic and Livestock, Industrial, Irrigation, Permit, Ponding Easement, Type 1 non-irrigation GFR:
 - (a) “Uses related to the supply, service, and activities of households and private residences and includes the application of water to less than two (2) acres of land to produce plants or part of plants for sale or human consumption, or for use as feed for livestock, range livestock or poultry”.

4. Industrial:
 - (a) “Water used by an industrial facility, such as a golf-course, dairy, feedlot, power plant, mine or paper mill, and that is served by the industrial facility’s well and not by a city, town or private water company”.

5. Irrigation Grandfathered Water Right:
 - (a) “A right to irrigate land in an active management area that was legally irrigated any time between 1975 and 1979, based on crops historically grown for which a certificate has been obtained. A few exceptions exist for substitution or transfer of acres under specified circumstances. The process for determining acreage and for calculating a groundwater allocation is specified in A.R.S. § 45-465”.

6. Assigned to the Land
 - (a) The right to use the IGR underground as owner of the Land.

➤ And any other not identified here.

- b. The Well Type, e.g.

- 1 Domestic
 - (a) "A small capacity water production well that is typically used to provide water for domestic purposes".
 2. Exempt
 - (a) "Within an AMA, a well having a pump with a maximum pumping capacity of 35 gallons per minute or less, used to withdraw groundwater for non-irrigation purposes. This term is also used to describe any well outside an AMA having a pump with a maximum pumping capacity of 35 gallons per minute or less".
 3. Exploration & Geotechnical
 - (a) "A well drilled in search of geophysical, mineralogical or geotechnical data A.A.C. R12-15-801(13)".
 4. Monitor
 - (a) "A well that is designed and drilled for the purpose of monitoring water quality within a specific depth interval A.A.C. R12-15-801(1)".
 5. Spring
 - (a) "A place where water emerges naturally from the earth without artificial assistance onto the land surface or into a body of surface water".
- And any not identified here, e.g. Piezometer, Soil Vapor Extraction, Dewatering, etc.
- c. The number of irrigation acres of land.
 1. Irrigation acres may differ from actual acres owned and will be determined by ADWR.
 - d. The maximum annual groundwater allotment.
 - e. The Irrigation District (when appropriate), e.g. Salt River Project (SRP), Roosevelt Irrigation District (RID).
 - f. The Facility Site Name and Number, and location, e.g. address or the corner of.
 - g. The previous Owners names.
 - h. The status of IGR's and Wells.
 - i. The Land Owner if different from ADOT.
 - j. The square feet and acreage purchased.

- k. Section, Township, Range, Quarter Sections.
- l. Longitude and Latitude.
- m. The number of Bore Holes.
- n. The date drilling authority expires.
- o. WQARF Site, yes or no or state the name of the site (contained in the ADEQ database).
- p. Reminders and Comments for each IGR or Well.
- q. Project Manager.
- r. Lessee Name.
- s. Date owners Final Notice of Abandonment sent.
- t. Delineation and PaTS databases project (tracks), highway and Section information.
- u. Excess Land Number, what is selling and date sold.
- v. Hyperlink (contains all documentation, i.e. emails, letters, memos, driller information, etc.)
 - Information in this database is *read* only and is maintained by the R/W Property Management Water Rights and Well Section Agent, or designee by the Manager of the R/W Property Management Section or Right of Way Administrator.

14.21 Records

R/W Property Management Section Water Rights and Well Section maintains information of ADOT owned Irrigation Grandfathered Water and Well Rights numbers and their status, along with the Irrigation Districts and their Boundaries, in a database entitled Water and Well Rights Section - Public, located in the G Drive under Right of Way, Everyone.

Any documentation received with live signatures is forwarded to the R/W Records Center and scanned into the R/W Property Management Section Water Rights and Well Section.

Note: Please see more “Well Types & Definitions” (Exhibit 17.74)

Chapter 15 Property Tax Resolutions

15.01 Purpose

The purpose of this chapter is to outline the procedures to resolve Notices received for Property Tax, Certificates of Purchase (CP’s) and Delinquent Tax Notices on ADOT-owned Property.

15.02 Title Companies Notification

The State of Arizona is exempt from paying real property taxes from the date of purchase, which is the recorded date on the Purchasing Instrument. The following instructions are included in the R/W Acquisition Section Purchase Agreement to the assigned Title Company:

- a. Total Acquisition of Grantor's Property: Full release of all monetary liens and encumbrances, and leases of any kind. Pay in full all due and delinquent real property taxes and general and special improvement assessments. Prorate the current year's real property taxes on closings that occur on or after the 3rd Monday of August each year. Escrow Agent shall withhold the prorated amounts from each party and pay the lien of the current year's taxes in full.
- b. Partial Acquisition of Grantor's Property: Partial release of all monetary liens and encumbrances, and leases of any kind. At the discretion of State, pay due and delinquent property taxes and general and special improvement assessments, including full payment of taxes and assessments on individual assessor parcels within State's partial acquisition, and any CP's. The current year's taxes shall not be prorated regardless of the closing date.

15.03 Non Compliance by Outside Entities

When the Assessor's Office fails to reflect the purchasing instrument, or the Title Company fails to pay all real property taxes in accordance with Chapter 15.02, or for any reason that the R/W Property Management Section should receive a notice of taxes due, it is the responsibility of the R/W Property Management Section Agent to forward the notice to those responsible and ensure that those taxes and any fines or CP's are paid immediately, and in full.

The following process should be used to determine where an error might have taken place that caused the notification of taxes due to be sent, and who should resolve the problem:

- a. The R/W Property Management Section Agent will search the ADOT parcel files which should contain the following information:
 1. Instrument used to purchase the parcel with the date of recording.
 2. The R/W Acquisition Section's Purchase Agreement detailing the instructions to the Title Company as referenced in Chapter 15.02.
 - (a) The Purchase Agreement indicates a partial or total take, the legal description and size of property purchased.
 - (b) This Purchase Agreement will include the name of the title company and the escrow agent's name and phone number.
 3. The Settlement Statement from Title Company detailing the payments made.
- b. If the determination is made that the Title Company is errant, the R/W Property Management Section Agent will contact the Escrow Agent. If after researching their files, the escrow agent comes to the same conclusion, the R/W Property Management

Section Agent will request that they contact the Treasurer's Office to determine the amount that will resolve any delinquent taxes. A copy of the check is then forwarded to R/W Property Management Section Agent.

1. The R/W Property Management Section Agent will apply the ADOT parcel number to the copy of the paid title company's check and the Delinquent Tax Notice and forward it to the R/W Operations Section, Records Center to be put in the ADOT parcel file.
- c. If it is determined that the parcel is in Condemnation, the tax notice should be forwarded to the appropriate R/W Titles Section Condemnation Agent.

15.04 Eminent Domain Tax Notices

Some parcels will go through the Condemnation process when the parties can't agree. Most of these parcels will have an Order of Immediate Possession (OIP) and will ultimately have a Final Order of Condemnation (FOC):

- a. Check the Condemnation Access records to determine the status of the file. If there is an OIP, the following will be required:
 1. Notify the Assessor's Office of the recording date and recording number.
- b. In the event the parcel only has an FOC, the following will be required:
 1. Research of the ADOT parcel file for a Disclaimer of Interest filed by the county Attorney in the Judgment. This Disclaimer of Interest should state no more monies are due the County.
 2. Send a "Assessor's Letter to Abate Taxes" (Exhibit 17.75) to the County Assessor's Office alerting them that the parcel was the subject of an eminent domain action filed by ADOT and that the County was named as a defendant in order to extinguish any outstanding tax liens related to the property and provide the following information:
 - (a) The Cause Number (CV Number).
 - (b) The Assessor Number.
 - (c) The ADOT Project, Highway, Section and Parcel information.
 - (d) Notify the Assessor's Office of the recording date and recording number.
 3. Some cases will state that there are no outstanding taxes or that the judgment provides for payment of outstanding taxes and that the State subsequently deposited sufficient funds with the Clerk of the Court. The letter should be adapted per the individual case.

15.05 Records

Because errant tax notices cause a lot of unnecessary work for ADOT, a spreadsheet, entitled Delinquent Taxes and Condemnation Notices was developed to contain the following information for future reference:

- a. The assessor number.
- b. The county the parcel is in.
- c. The ADOT parcel number.
- d. Comments concerning the research and outcome of the notices, i.e., resolution date and numbers submitted by the Treasurer's Office, etc.
- e. "Hard to Identify," Sometimes a notice is received for property that has been Highway Developed for several years. The information was time consuming and difficult to find in the systems. An asterisk next to the parcel or in a column indicates that the information should be maintained.

Each notice is entered into the spreadsheet each time it is received. If you receive the notice again, the information is already available to you.

Chapter 16 Cellular Site Manual

16.01 General Program Information

The Right-of-Way Cellular Leasing Program is the only State program of its type and is controlled by the State of Arizona Transportation Board.

The procedures specified in this manual pertain to the leasing of existing right-of-way. The property to which these procedures apply includes all existing right-of-way throughout the State of Arizona in possession of the Arizona Department of Transportation (ADOT).

Telecommunications companies, when determining needs for cell sites in a given area, search for potential site locations using the criteria of construction feasibility, site access, permitting requirements, lease rate and terms, and the total time needed to bring a site on-line. The telecommunication companies will usually start out with a list of three or four possible site candidates and then narrow the selection to one primary candidate.

When a telecommunication company has determined that a potential cell site is located on ADOT-owned property, it may initiate contact with ADOT through the R/W Property Management Section Cellular Leasing Agent or through the District Engineer or designee for the area. It may do that in the Letter of Intent format contained in the Exhibits Section of this Manual or comparable written inquiry. Upon learning of a proposed cell site, the Cellular Leasing Agent will visit the site, take pictures, and verify that the site is actually owned by ADOT. The Cellular Leasing Agent then sends all valid requests to the appropriate District Engineer or designee for a site suitability evaluation based on site access, safety issues, and impact upon future ADOT plans for highway expansion. After evaluating the site, the District Engineer or designee will either issue a preliminary approval of the site or a rejection of the site.

If the District Engineer or designee approves the potential cell site, the District Engineer informs the Cellular Leasing Agent of the preliminary approval and if the proposed site is on the Interstate System, the leasing agent submits a request to FHWA for concurrence. The agent in turn informs the requesting company of the preliminary approval. After the company has been notified of the preliminary approval, it will then be required to submit a written proposal to the Right-of-Way Property Management Section, expressing interest in the site.

Upon receipt of a telecommunication company's written proposal, as reflected in the Proposal Guidelines included herein in the Exhibits Section of this Manual, the Cellular Leasing Agent will advertise the site for competitive bids. If there are no competing bids, lease negotiations can commence between ADOT and that company. If there are competing bids, the Cellular Leasing Agent will evaluate the bids and select the bid that most benefits ADOT.

16.02 Authority Granted to the Director

The Director is authorized under A.R.S. §28-7048, to lease existing right-of-way after competitive bidding, on terms and conditions established by the Director and approved by the Transportation Board.

Existing right-of-way may be leased when such leasing is not in conflict with the highway construction schedule or other Infrastructure Delivery and Operations Division (IDO Division) activity.

16.03 Transportation Board

The Transportation Board must approve all Master Lease Agreements, Individual Lease Agreements, and Amendments originating under this program.

Pursuant to A.R.S. §28-7048, the Transportation Board may reject any or all bids or call for additional bids, if in the opinion of the Transportation Board; the bids submitted are not in the best interest of the state. No bid shall be accepted which does not yield at least a fair rental value for the property to the state highway fund.

16.04 Office of the Attorney General

The Office of the Attorney General reviews the leases making sure the lease terminology is in compliance with the state law. If terminology in a Master Lease or an Individual Lease Agreement changes the Attorney General must approve the change.

16.05 Property Management

The R/W Property Management Section is responsible for the inventory of all land owned and controlled by the Arizona Department of Transportation. The Cellular Leasing Agent in the R/W Property Management Section prepares the request for competing proposal packages.

The R/W Property Management Cellular Leasing Agent consults with the Transportation Board regarding Board policy issues that may affect the terminology in the lease agreements.

All unsolicited proposals shall be in writing and shall be delivered to the Arizona Department of Transportation R/W Property Management Section for consideration.

16.06 Lease Agreements

Master Lease Agreements contain the guidelines established for Individual Site Agreements and do not have to be put out for bid.

Individual Site Agreements which are attachments to a Master Lease Agreement must bid for competing proposals and are subject to approval by the R/W Property Management Section Manager. Any significant deviation from the standard format already approved by the Attorney General's Office, requires prior review by the Office of the Attorney General.

All Individual Lease Agreements must bid for competing proposals and are subject to the approval of the Transportation Board with prior review by the Office of the Attorney General. Individual Lease Agreements are not coupled with a Master Lease Agreement, but instead stand independently.

16.07 Amendments

If there are any changes to the original lease or site agreement, an amendment is prepared to include such changes. The amendment shall become part of the original lease agreement.

16.08 Signatures of Approval

The Representative of Lessee will sign a Master Lease, Individual Site or Individual Lease Agreement acknowledging Lessee has agreed with the terms and conditions of the lease. The following ADOT Representatives in the order specified in the lease must then sign the lease:

- a.** Master Lease Agreements are reviewed and signed by the Chief Financial Officer, and are approved and signed by the State Engineer and the Chairman of the Transportation Board.
- b.** Individual Site Agreements which are site-specific agreements that are attached to a Master Lease Agreement; can be signed by the State Engineer or designee.
- c.** Amendment to Individual Site Agreements can be signed by the State Engineer or designee.
- d.** Individual Lease Agreements are reviewed and signed by the Chief Financial Officer, and are approved and signed by the State Engineer and the Chairman of the Transportation Board, and are independent and not coupled with a Master Lease Agreement.
- e.** Amendment to Individual Lease Agreements are reviewed and signed by the Chief Financial Officer. It is then approved and signed by the State Engineer and Chairman of the Transportation Board.

16.09 Leasing

Anyone possessing acceptable background as determined by ADOT, the financial capability, and the business capability to perform the stated use is eligible to lease existing right-of-way.

16.10 Procedures

All leases and amendments are reviewed by ADOT Administration in the form of the District Engineer, or their duly authorized representative or may be and are presented to the Transportation Board at an official open session board meeting by the ADOT Chief Financial Officer with the assistance of the Cellular Leasing Agent. The Cellular Leasing Agent prepares a Memo to the Chief Financial Officer to present to the Transportation Board describing the lease or amendment.

All properties will be leased by means of a properly prepared, processed, and approved lease.

16.11 Proposals

All Individual Leases or Site Agreements must be bid for competing proposals and are subject to the approval of the Transportation Board with prior review by the Office of the Attorney General.

Individual Site Agreements, which are attachments to a Master Lease Agreement, also must be bid for competing proposals and are subject to the approval of the State Engineer or designee with prior review by the Office of the Attorney General of any variation from the standard format already approved by the Attorney General's Office.

16.12 Request for Competing Proposal Package

The "Request for Competing Proposal Package" will contain the following forms or resource guides:

- "Reference Material - Table of Contents" (Exhibit 17.76)
- "Public Advertisement" (Exhibit 17.77)
- "Proposal Guidelines" (Exhibit 17.78)
- "Master Lease Agreement for Limited Access Right-of-Way" (Exhibit 17.79)
- "Individual Site Agreement for Limited Access Right-of-Way" (Exhibit 17.80)
- "Individual Lease Agreement for Limited Access Right-of-Way" (Exhibit 17.81)
- "Proposed Sites" (Exhibit 17.82)
- "Map of Site Location" (Exhibit 17.83)

16.13 Unsolicited Proposals

All unsolicited proposals shall be in writing and shall be delivered to the Arizona Department of Transportation, R/W Property Management Section for consideration and shall contain the following:

- a. The proposer's name, address, telephone number and contact person.
- b. A map showing the location of the proposed lease site.
- c. A total value to be paid for the use of the highway right-of-way, as well as how and when the Department will receive payments. Any benefit offered to the Department, in lieu of or in addition to monetary consideration, should be clearly defined and a dollar value provided.
- d. Information about the background of the proposer, financial capability and business capability to perform the stated use.
- e. A statement in the proposal, confirming that the proposer was provided a copy of the "Proposal Guidelines".

16.14 Acceptable Proposals

All acceptable proposals shall be subjected to the competitive bid process as follows:

- a. The proposal shall be advertised in a local newspaper located in the subject lease Site County for a period of fifteen (15) days. A packet containing the proposal and all relevant bidding information shall be created and made available to the public.
- b. If no competing proposals are received, the proposer is eligible to enter into a lease agreement with ADOT.
- d. If a competing proposal(s) is received, the proposal that provides the greatest benefit to the State shall be selected and that proposer shall be eligible to enter into a lease agreement with ADOT.

16.15 Individual Lease Agreements and Master Lease Agreements

Proposed Individual Lease Agreement for existing right-of-way with final legal descriptions, site and improvement plans and Master Lease Agreement for existing right-of-way shall be submitted to the R/W Property Management Section for joint review by the Section and the Office of the Attorney General.

The R/W Property Management Section, the Office of the Attorney General and Lessee shall negotiate for a final signed lease agreement, which is acceptable to all three (3) parties. Three (3) signed copies of the lease agreement are required. The lease shall be subject to Lessee obtaining an ADOT permit from the District Engineer. An ADOT permit will only be issued after all other community permits and approvals are obtained.

In the event all three (3) parties find a Master Lease Agreement acceptable, it is then submitted to the Transportation Board for review and approval. If acceptable to the Transportation Board and signed, the lease is returned to the R/W Property Management Section for distribution to the appropriate parties:

- (a) Two (2) originals to the Lessee.

- (b) One (1) original for the R/W Property Management Section file

If the lease is unacceptable to the Transportation Board, it is returned to the R/W Property Management Section for further negotiations and resubmission or abandonment.

16.16 Individual Site Agreements

Proposed Individual Site Agreements with final legal descriptions, site, and improvement plans shall be submitted to the R/W Property Management Section for review. Three (3) signed copies of the site agreement are required. If the site agreement conforms to the standard approved format, including exhibits, it is submitted to the State Engineer for review and approval. If acceptable to the State Engineer and signed, the site agreement is returned to the R/W Property Management Section for distribution to the appropriate parties:

- (a) Two (2) originals to the Lessee.
- (b) One (1) original for the R/W Property Management Section file.

If the site agreement is unacceptable to the State Engineer, it is returned to the R/W Property Management Section for further negotiations and resubmission or abandonment.

16.17 Individual Site Agreement Amendments

Proposed Amendments to Individual Site Agreements with final legal descriptions, site, and improvement plans, shall be submitted to the R/W Property Management Section for review. Three (3) signed copies of the site agreement amendments are required. If acceptable to the State Engineer and signed, the site agreement is returned to the R/W Property Management Section for distribution to the appropriate parties:

- (a) Two (2) originals to the Lessee.
- (b) One (1) original for the R/W Property Management Section file.

If the Amendment is unacceptable to the State Engineer, it is returned to the R/W Property Management Section for further negotiations and resubmission or abandonment.

16.18 Master Lease Agreement Folder

The Master Lease Agreement folder contains the master lease and any correspondence or other papers and documentation, which pertain to the lease.

Master Lease Agreement folders are labeled with a lease number such as: XM0007. The “X” prefix is used to identify leases originated under this leasing program. The “M” is an abbreviation for “Master” followed by four (4) numbers beginning with 0001, which represent the number in which a lease was prepared.

16.19 Individual Site Agreement Folder

Individual Site Agreement folders are number with the Master Lease Agreement number such as: XM007-001. The dash “-“followed by three (3) numbers beginning with 001, represents the order in which an Individual Site Agreement is prepared.

The Individual Site Agreement folder contains the Proposal to Lease, the Proposal Advertisement, the Individual Site Agreement under a Master Lease Agreement, and any correspondence or other papers and documentation, which pertain to the leased site.

16.20 Individual Lease Agreement Folder

Individual Lease folders are numbered with a lease number such as: XI0007. The “X” prefix used to identify leases originated under this leasing program. The “I” is an abbreviation for “Individual” followed by four (4) numbers beginning with 0001, which represents the order in which an Individual lease was prepared.

The Individual Lease folder contains the Proposal to Lease, the Proposal Advertisement, the Individual Lease Agreement, and any correspondence or other papers and documentation, which pertain to the leased site.

16.21 Right Of Way Leasing Program Spreadsheet

This Excel spreadsheet tracks the status of cellular site leases and is reported each fiscal year. The spreadsheet contains:

- Route Number – ADOT highway designation
- Street Location – cross-street the site is located on
- Quadrant – describes which corner of the cross-street the site is on
- Current Lessee - who has the lease with ADOT
- ADOT Lease Number – an assigned number sequence identifying Master Lease and the individual site agreements numbered sequentially
- Individual Lease Agreements
- Site Identification Number – site reference number assigned by Lessee
- Start Payment Date – date first payment is made
- ISA Renew Date – date each term will renew
- Lease Income – specified dollar amount agreed upon
- Comments – a description of what is on the property and other comments.

16.22 Reports

An annual report will be prepared at the close of each fiscal year. This report summarizes the status of the cellular leasing program. This report will be in the form of an Excel spreadsheet tracking the status of cellular site leases.

Chapter 17 Property Management Exhibits

The Exhibits included herein are intended for reference purposes. The Exhibits have been scanned in order to include them in this manual. [Click here](#) to view the Exhibits.

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