

**A PRESIDENT'S
PERSPECTIVE
CHAD CUTSINGER**



Greetings Bluegrass Chapter Members and Friends!

I hope this letter finds everyone in good health and financial wellness! Our upcoming March 14th General Membership Meeting will be held at the Kingfish Restaurant, located on the river here in Louisville, Kentucky. We will have 2 great speakers, both of whom will be discussing two (2) topics that we all will find interesting and helpful in our personal growth as professionals in the right-of-way industry.

- **Tom Springer, AICP, CEP**, is the Director of Planning & Environmental/Vice President at Qk4, Inc. He will be discussing the **National Environmental Policy Act (NEPA)**, and how it relates to federally funded road projects and how that can affect the R/W stage and how this can be beneficial to the field agent.
- **Paul McDonogh, MAI, SRA, PE**, is a long time, well known private appraiser whom has been working with the KYTC for many years. Paul will be discussing the unique difficulties he has encountered while appraising the Drumanard Estate and how to approach the determination of value on a property with such unique impacts as a result of the Ohio River Bridges Project. For those of you whom are not aware, this property is listed on the National Register of Historic Places and will have a tunnel running beneath the property after construction is complete.

Please mark your calendars to attend this event. The details of the membership meeting are in the back of this newsletter. **I do ask that you contact me or Mike Penick and RSVP as soon as possible so that we can make sure that we get a head count in order to make the necessary preparations at the venue.**

In other news, if everything goes as planned we have a great year planned ahead for 2014. The Executive Board is working on our general membership meeting that is to take place in June which is also going to include the installation of our 2014 officers. This will be the first year that we as a chapter will be installing officers on the same fiscal year acknowledged by headquarters. I would like to see this event become as well attended and recognized as we have recognized our annual

2013 Officers

President:
Chad Cutsinger

Treasurer:
Matt Chapman, MAI
(*Land & Economic Studies*)

Secretary:
Leigh Alden Karr, SR/WA
(*Newsletter, Relocation*)

International Director:
William L. Busch, SR/WA,

**2013 Committee
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Education:
Mike A. Penick SR/WA,
RW-EC

Membership:
W. Clement Russell

Roster:
Morris L. Smith

**Professional
Development:**
William Busch, SR/WA

Utilities:
Henry Ford, Jr.

Transportation:
Bruce Napier, SR/WA

Local Public Agency:
James Wray

Engineering Liaison:
Debby Taylor, PE

Valuation & Website:
William R. Cox, SR/WA

**Communication &
Marketing/Newsletter:**
Wayne Kimbel

Newsletter Publisher:
Jessica Grivna

Christmas installation banquet in previous years. That being said, if you would like to include yourself or nominate someone for the upcoming year to serve on the executive board, please let it be known ASAP. You can contact myself or anyone on the executive board and let your voice be heard. This chapter is only as good as the people who want to participate and be involved. And your involvement and participation is not only appreciated but more importantly, necessary.

I'd like to thank everyone who participated and attended ur annual Chili Cook Off, which was hosted back in October of 2013. Everyone who came out had a great time and the event was not only a success, but was also a blast! This year, we are going to host the cook off in conjunction with the Fall Forum, which is to take place here in Louisville this year. Details to follow as we get closer to the date.

As always, if there is anything that you need regarding education requirements or if you would like to get involved and participate on the executive board or at another lever, please let us know. We'll find a spot for you.

If you would like to share any ideas or have an article that you would like to see published in future newsletters, please contact Wayne Kimbel at wkimbel@lwcky.com and let him know.

Thank You,

Chad Cutsinger
Chapter 25 President



Your fearless President (right) at Christmas Banquet with members Jeff Nakken (left) and Wayne Kimbel

TIMOTHY J. O'DEA, SR/WA

CHAPTER 25 LIFETIME PROFESSIONAL ACHIEVEMENT AWARD

Timothy J. O'Dea, SR/WA, was recipient of the Chapter 25 Lifetime Achievement Award. Tim, a native of New York City has been a member of our chapter for 50 years. He graduated from St. Francis College in Brooklyn with a degree in commerce and economics before serving in the Army, including a tour of duty in Germany.

Tim moved to Kentucky and began work for the KYDOT Division of Right of Way, working in the Louisville district for 9 years, starting in 1963. Carl Bradley, who had been Director of the Right of Way Division, had become Director of Parks for Jefferson County, lured Tim to County government. He first worked for the Parks Department, then with the Department of Public Works. After retirement from the County, Tim joined James Winstead and Associates to head up their right of way program. Tim has served Chapter 25 with great distinction throughout the years. He served on various committees and Chapter offices and became president in 1974. He was selected as the Chapter Professional of the Year in 1974, and again in 1975. Tim was one of the Chapter's earliest SR/WA members. Tim was Co-Chair with Jack Lemley of the 1995 Louisville IRWA seminar, which is thought by many as one of the best seminars ever conducted.

THANK YOU TIM FOR YOUR MANY YEARS OF DEDICATED SERVICE!

Evolving Relations with Europe

By William Busch, SR/WA

I am about to log on to an international Webinar sponsored by IRWA and the IKT Institute. The IKT Institute is located in Germany and has a European focus. Joining with me on the webinar are infrastructure specialists from Germany, the United States, France, Belgium, The Netherlands, Sweden, Austria, South Africa and Algeria.

Four years ago the San Diego County Water Authority needed some technical data regarding potential tree root damage to underground pipelines. The IKT Institute in Germany surfaced as a resource following research by my wife Marjorie Busch, MBA. We arranged to meet IKT staff at their facility while visiting our family who was stationed with the Air Force in Germany. Not only did IKT engineering and research staff have specific tree root invasion information pertinent to my right of way management issues, but we had many professional interests in common.

Our relationship with IKT has grown like it was on steroids. On September 14, 2013, IRWA and IKT executed a Memorandum of Understanding that established a six person Working Group (3 from IRWA and 3 from IKT) to promote cooperation. The first meeting was held at IKT in Germany on October 11 and was attended in person by me (and Marjorie), and via telecom by the other IRWA members. All three IKT members were present. IKT proposed a Webinar series that IRWA and IKT would co-sponsor at no cost to IRWA. The Webinar is an eight part series dealing with management of the crowded underground (utilities) in the urban environment.

This collaborative effort with our new affiliate in Germany is a perfect example of how our members are already beginning to benefit from the IRWA's international growth. The knowledge gained from our growth will continue to increase dramatically as we are being joined by transportation experts from Australia ...oil & gas specialists from the Middle Eastappraisers, surveyors, and electric utility land agents from different areas of Africa and Central America.

We live in exciting times and a highly technological world. The Webinars are being saved for future podcast access. We are meeting using online meeting resources. Online courses will likely be a core of any international certification program. In three short months we have developed significant strategies and resources for sharing information internationally, and we are just getting started.

PLEASE READ BILL'S ARTICLE IN THE JANUARY/FEBRUARY ISSUE OF RIGHT OF WAY MAGAZINE (Page 30). THANK YOU BILL FOR HELPING TO TAKE IRWA TO THE NEXT LEVEL!

Right of Way 480 (Project Economics): Understanding the Impact of Inflation

By: Mike Penick, SR/WA, Education Chair and Facilitator

The process of planning a project is not nearly as difficult as the process of budgeting for it. In both cases, we are dealing with unforeseen events. However, only with project budgeting do these circumstances continue, and a major reason for this is because of **inflation**.

What exactly is inflation? According to The Browser's Dictionary, inflation is "the increase of prices on goods and services during a measured period of time." The preferred method of comparison of prices is through the use of ratios, with a calculated index as the final outcome. You will soon understand why all of this is important. Let's work through an example.



Remember going to see "Return of the Jedi" in 1983 at the Showcase Cinemas (or whatever movie theater you went to)? You saw the eight o'clock evening feature, and one ticket to see this movie in 1983 was \$3.15 (*according to Moviefone.com*). Now, fast forward to today, where you went to see "The Hobbit" in 2014 at the Stony Brook Cinemas. Again, you select the eight o'clock evening feature, but now this ticket costs \$8.75.

What is the **percentage of inflation** between the two? Well the math is simple enough; just take the 1983 price and divide it over the 2014 price. Thus, $\$3.15/\$8.75 = 36\%$. So, the percentage of inflation is 36% for eight o'clock movie tickets from 1983 to 2014. (*certeris paribus*)

But we are not done yet; we now know the percentage of inflation, but what is the **rate of inflation** for these eight o'clock movie tickets? Well, let's determine how many years it took to go from \$3.15 to \$8.75. That's 2014 minus 1983 for a total of 31 years. Next, take difference between the price of both tickets (which is \$5.60) and divide it by 31 years, which will give us an inflation rate of 0.181 (rounded to 0.18). This tells us that the cost of eight o'clock evening movie tickets increased **every year** in price from 1983 to 2014 at a rate of \$0.18. (*It's important to always state the exact range and parameters for the period in question.*)

This computed rate can now assist in projecting previous and/or future eight o'clock movie ticket costs. We can deduce that the price of a movie ticket in 1982 was \$2.97 (subtracting one year of the rate from the 1983 base), and the price of a movie ticket in 1990 was \$4.41 ($[1990 - 1983] \times \$0.18 = \1.26 , then added to the base of \$3.15). **Deflating** works by using the bases in reverse. What was the price of a movie ticket in 1990? Using the formula as a deflator, take $[2014-1990] \times \$0.18 = \4.34 , then subtract it from today's base of \$8.75, and you get \$4.41. (*Note: Deflating is not the same as "deflation" for the purposes of this article.*)

What will the price of movie tickets be in the year 2020? Well, today's base is \$8.75. We take $[2020 - 2014] \times \$0.18 = \1.08 , which we add to today's base for a total of \$9.83, which is the projected cost of a movie ticket in 2020.

We do not have to go through the rigor of finance mathematics to determine rates of inflation on products and services. I choose to do it mainly to demonstrate how the value of a dollar today does not go nearly as far as it used to. In the United States, the Bureau of Labor Statistics (a branch of the federal government) establishes the Consumer price Index (annual change), which is used by most as the standard measurement of inflation.

I bring this issue up because we typically do not discuss inflation as we budget (or price) projects. Whatever we budget in 2014 will not be reliable in 2017. The reverse is also true: what you priced in 2011 should be revised to reflect today's rate of inflation.

Consider this next point: think about the last time you went to the grocery store, and purchased twenty items. Those same twenty items just last year are probably costing more if you stayed with the exact same brand, weight, size and store. Yet a problem occurs: as you grab specific brands, often the product has changed in some manner and you may not be aware. Those Hefty garbage bags that cost you \$3.00 last year may have had 15 bags in them, whereas this year the same box of Hefty garbage bags that cost the same \$3.00 may now only have 13 bags in them. The price of a Del Monte can of corn for \$0.89 this year may be the same cost it was three years ago, but



have you checked the size of the can? This year's can is 13.75 oz., yet three years ago the size was 14.5 oz. See the subtle difference? It's the same with the price of beef, chicken and pork. Sure, the weight is a variable consideration, but the pricing rate has definitely increased. Wonder why? Well remember, the cost of grain to feed the animal has increased, along with the increased costs of labor, shipping, heating/treating and cooling the meat. There are numerous factors to take into consideration when budgeting and pricing!

So what does this have to do with our industry? Whether you recognize it or not, inflation has everything to do with right of way. As you prepare to make a bid on projects, are you taking into consideration ALL of the inflation factors that impact your budget? For example: traveling back and forth on a project. Gasoline, maintenance, and insurance are all higher today. You are probably thinking "Mike, you're stating the obvious". But at the time of planning out these things, is it really obvious?

We as agents tend to focus our energies on the appraisal, acquisition, and relocation of a parcel. Most times we do not consider inflation as a factor in our work on a conscious level; we usually leave that to the "bean counters". It may be planted in our subconscious, or hit us as a fleeting thought. However, the point is inflation should be a factor as you plan projects and prepare your budgets.

Take a good look at the following picture:



(Broad Run Road Bridge crossing Back Run Creek, leading to Floyds Fork)

This is a bridge on Broad Run Road in Jefferson County. The road on the bridge is in bad shape and in dire need of repair. However, the bridge itself has been past due for replacement for (more than) five years. Will it now cost more to replace this bridge today that it would have five years ago? ABSOLUTELY! The cost of materials (stone, timber, steel, concrete), labor (framing, forming, cutting, welding) and variants (inspections, certifications, boring, testing) are definitely higher now than five years ago. This is why it is important to begin projects on time as soon as the funding is available. Also, this is important to explain to others who do not understand why a project priced five years ago is not and will not be the same projected cost today (*certeteris paribus*). (cont)

Furthermore, if the new bridge will be wider than the original, we may need more right of way from impacted land owners. No inflation there, right?

Any questions, comments, or complaints, send them to me. If not, 'til next time...CLASS IS DISMISSED! ---**Professor Mike P**

**(certeteris paribus = all things equal/constant)*

The Reviewer's Corner – Issues & Answers

Talking to Property Owners

With this column, I'm going to take a slight detour away from technical appraisal issues and explore another aspect of the process of right of way appraising, the property owner interview.

At the recent 2013 KYTC/FHWA/ACEC-KY Partnering Conference, I was invited to give a presentation on how to talk to property owners. Now I want to tell you what I should have said.

I recently ran across an article by Eric Barker while wandering the web that was linked from: <http://www.bakadesuyo.com/2013/06/hostage-negotiation/> that describes the Behavioral Change Stairway Model that is a 5 step technique formulated by the FBI's Crisis Negotiation Unit, the hostage negotiation unit that talks hostile extremists in dangerous situations into yielding their positions.

This is going to sound strange, but I realized that the process described is exactly the same process that I go through every time I talk to property owners!!! But, on a much less confrontational level. Well, most of the time anyway.

A little digging and I found a more detailed account of the process in a downloadable 19 page pdf file entitled *Crisis (hostage) Negotiation: Current Strategies and Issues in High-Risk Conflict Resolution* by Gregory M. Vecchi, Vincent B. Van Hasselt, and Stephen J. Romano.

This dissertation includes topics such as establishing communication, dealing with emotions, and problem solving. You can download the document at:

http://www.academia.edu/1498235/crisis_hostage_negotiation_current_strategies_and_issues_in_high_risk_conflict_resolution

Here are the five stages of the Behavioral Change Stairway Model:

Step 1) Active Listening so they are aware of your attention to their needs.

Step 2) Develop Empathy about how they feel.

Step 3) Establish Rapport, the reverse empathy.

Step 4) Influence comes from trust earned, so they allow you to work on helping to solve their problems.

Step 5) Behavioral Change – They act.

Am I right? Just like property owners!

The steps must be developed in the proper order for the process to work and you have to be sincere. Emotions are a huge part of the equation. Humans act on emotions, so empathy and rapport are essential to building trust.

Empathy and Rapport are based on Step One – Active Listening. Don't interrupt, argue, disagree, or be judgmental. Ask questions, be interested, agree with them where you can.

See the 6 suggestions in both articles for a more fully developed explanation of various elements such as mirroring, paraphrasing, summarizing, effective pauses, minimal encouragers, open ended questions, and "I" statements.

One element omitted from this model is truthfulness. I suppose honesty may not be a requirement in hostage negotiations. However, I have managed to win over hostile owners simply by being bluntly truthful. What property owners mostly need is information -truthful information. By the time you show up, they have heard all kinds of stories from different sources. Be honest. Honest information is the tool they are seeking and what they need to begin to address and hopefully solve their problems.

My objective is not to encourage manipulating property owners, but to recognize a common path of communication that has a natural and logical progression. Listen identify with them, find common ground or experiences, establish trust, work on solving their problems. It's what we do.

Here's another helpful hint: <http://theweek.com/article/index/254240/how-to-win-every-argument>

The take-away from this article, which appeared in December in *The Week*, is what happens to people's brains when they are presented with information that contradicts their view of the world. You have seen this with property owners, or friends and relatives with strong views on politics, religion, or sports. They tend to seek out influences that reinforce their own biases and expect you to share the same perspective.

The introduction of an opposing view causes an interesting phenomenon. The parts of the brain controlling reason and logic go dormant when presented contradictory information and the parts of the brain that handle hostile attacks – fight or flight responses - light up.

At this point, someone usually raises his or her voice. So, if you get to this stage, it becomes an argument and you have already lost. Logic has just left the building. When this happens, de-escalate. Begin again with Step One above.

This article also has links to the first article cited above, as well as several other articles on the same website, and to Dale Carnegie's book at amazon.com entitled *How to Win Friends and Influence People*, which was originally published in 1936. Other citations with links within the article make this and the other links above a deep resource for this topic.

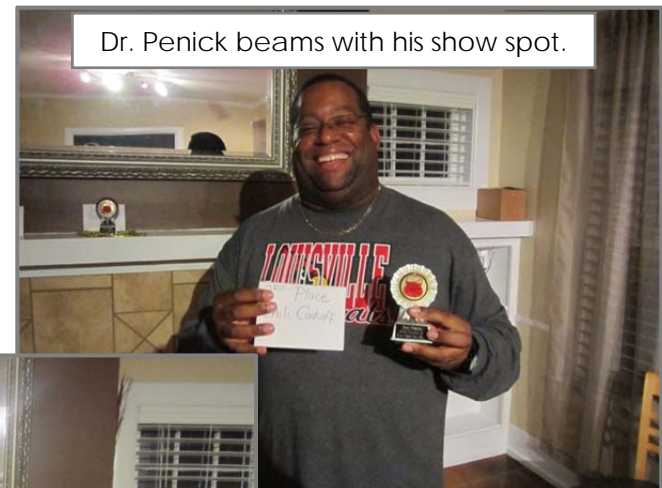
In my opening comments at the Partnering Conference presentation, I said that everyone interacts with everyone else in a unique way and that the process of how to talk to a property owner could not be taught. Apparently, I was wrong.

Using the 5-step process designed by professional negotiators for crisis situations has great application to non-crisis encounters, as well. Even to everyday personal interactions.

Please write your own comments or criticisms and send them to Wayne Kimbel at wkimbel@lwcky.com for publication in the next newsletter.

-William R. Cox, SR/WA

IRWA CHAPTER 25 2013 CHILI COOKOFF – OCTOBER, 2013



THE CHAPTER 25 HOLIDAY BANQUET AT THE BROWN HOTEL

DECEMBER 6, 2013



Jeff Jones, IRWA Region 5 Chair



Jeff with his raffle door prize



William Busch, SR/WA,
James Braun, SR/WA &
Clem Russell receiving
their 25 year IRWA
Membership Awards



IRWA
General Membership Meeting
FRIDAY, March 14, 2014

Speakers: Tom Springer, AICP, CEP &
Paul McDonogh, MAI, SRA, PE

Location: Kingfish Restaurant (2nd Floor: River Watch Banquet Room)
3021 River Road, Louisville, KY 40207



Int'l Right of Way Assoc, Chapter 25

***Use one form if more than one attends from same company please.**

1) Name _____ Title _____
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4) Name _____ Title _____
Company _____ Address _____
City _____ State _____ Zip Code _____
Phone _____ Fax _____ E-mail _____

Course Cost: \$20.00 per person (\$25.00 at the door)

Total Enclosed \$ _____

Registration Deadline: Wednesday, March 12, 2014

Make check/money order payable to:
IRWA Kentucky Chapter 25
And mail to:

Chad J. Cutsinger
Qk4, Inc.
1046 East Chestnut Street
Louisville, KY 40204

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GO TO <http://www.irwa25.org>, and look for this meeting!

