



May 4, 2016

Dear City Council Members:

I am writing to follow up on Washington Street and the 7th St and Jackson St memos that were provided to the Council last week and then provided to the public before a possible introduction on June 1st.

Washington Street

I look forward to working with the Council to move ahead with this very important project to renovate Washington Street. If the Council is able to pass the budget tonight, which contains a down payment for the Washington Street bond, we will be able to introduce the bond ordinance to fund the project. Please refer to the attached memo from Stephen Marks for additional details.

7th Street and Jackson Street

The certification for the financial analysis of a proposed PILOT agreement was provided publicly 30 days in advance of possible introduction on June 1st in accordance with the resolution that Councilman Cunningham and I introduced in 2009 to ensure that the Council and the public have sufficient time to consider PILOT agreements. Please see the attached copy of the resolution that was passed by the City Council in 2009.

As you consider your position on the proposed 7th St and Jackson St agreements, I hope you will consider that we need to work together on different financial approaches in order to ensure that all open space and resiliency goals can be met within the financial constraints of the City. The amount of undeveloped property remaining available for open space continues to shrink, and together, we are on track to acquire 9 acres of property for new park space that also make us more resilient to flooding in western Hoboken (and an additional acre for a new parking garage). Working with the City Council, I hope to begin construction and complete a larger Southwest Park with the acquisition of Block 10, the acquisition of the 6-acre BASF property and construction of the resiliency park, and the 2-acre 7th St and Jackson St resiliency park and plaza.

As you know, land acquisition, remediation, and stormwater management infrastructure is expensive. Combined, these projects will cost tens of millions of dollars, and while our Open Space Trust Fund can finance the debt for much of this, it simply cannot fund it all. Responsible use of the tools available through the redevelopment process is part of the way we can provide these valuable public benefits, and I thank very much the South Development Subcommittee that included Councilman Mello, Councilman Doyle, Councilman Russo and our previous Councilman Occhipinti for working closely with Director Forbes and my Administration on the negotiations for the 7th St

and Jackson St project. There has been a large amount of community participation and input that led to significant changes which improved the project from the original proposal.

I want to make sure all members of the Council and public are aware of the facts surrounding this project. Under the existing zoning established by the redevelopment plan currently in effect, Bijou Properties is currently allowed to construct a total of 424 units on three different properties, including 14 story buildings on two of the lots and 4 stories of residential on another block, with no requirement at all for public space or affordable housing. The height limits and zoning for 424 units were established through a redevelopment plan adopted in 1998 under a prior Administration and long-ago established residential zoning for the Pino site. The proposed amendment, agreement, and PILOT would essentially combine the 424 units into one 14 story building, leaving the other lots for a gymnasium and open space, which the developer would acquire, remediate, build out with green infrastructure (all funded by Bijou Properties), and then turned over to the City. In addition, 42 of the 424 units would be designated for affordable housing. The proposed PILOT is financially necessary to facilitate the substantial community benefits consisting of the gymnasium, open space, stormwater management, and affordable housing. Again, I want to reiterate that even without the proposed agreement, the existing redevelopment plan and zoning already permits the same level of development (424 residential units) with buildings of the same maximum height (14 stories) on multiple properties.

	Currently allowed	Proposed
Total Market Rate Units	424 (on 3 sites)	382 (on 1 site)
Total Affordable Housing Units	0 required	42 required
Total Dwelling Units	424 (on 3 sites)	424 (on 1 site)
Maximum Height	14 stories	14 stories
Community Benefits	None required	-Construction of public gymnasium -Construction of 2 acres plaza and park -Construction of stormwater detention -42 affordable dwelling units

Director Forbes will be providing additional information to the City Council including the complete financial analysis and a detailed planning review, as well as information from our redevelopment attorney Joe Maraziti.

Sincerely,



Dawn Zimmer

CITY OF HOBOKEN

Office of the Business Administrator

DAWN ZIMMER
Mayor



QUENTIN WIEST
Business Administrator

STEPHEN D. MARKS, PP, AICP
Municipal Manager

MEMORANDUM

TO: HON. DAWN ZIMMER, MAYOR
QUENTIN WIEST, BUSINESS ADMINISTRATOR

FROM: STEPHEN MARKS, MUNICIPAL MANAGER

DATE: MAY 2, 2016

RE: WASHINGTON STREET REHABILITATION FUNDING AND FINANCING

Please accept this memo outlining the anticipated funding and financing of the Washington Street rehabilitation project. For the past six months, T&M and Associates have been working on the final engineering plans, specifications, estimate and schedule. The consulting engineers prepared a Washington Street Redesign Feasibility Study Report which was a technical and financial analysis of the original RBA concept plan. The City Council conducted a public hearing on the final design plan on February 8, 2016 and endorsed the final design concept via resolution on February 20, 2016. Since that time, T&M has been drafting the construction drawings and refining the construction cost estimate(s).

The itemized engineer's estimate of probable construction costs for the proposed roadway improvements, including construction administration, inspection and police traffic control, is approximately \$11,410,000. The base bid for roadway improvements includes: traffic signals, road resurfacing, ADA Compliant Curb Ramps, Bicycle Facilities, Curb Extensions, Crosswalks, Street Lights and Signage. There are three bid alternates for construction of the proposed Microgrid component ranging from \$433,000 to \$829,200 for each alternate respectively. The cost estimate for the Water Main Replacement is approximately \$7,491,000 and the estimate for the Green Infrastructure Drainage Improvements is \$3,495,000; both of these items include construction administration and inspection, as well as police traffic control.

On the City Council agenda for May 4, 2016 is a bond ordinance for \$12 million. A \$600,000 down payment is contained within the proposed 2016 municipal budget and the ordinance would authorize the issuance of approximately \$11,400,000 in bonds. Last year, the city approved ordinance Z-360 appropriating funds for the Water Main Replacement and Green Infrastructure Drainage Improvements. Those items will be financed by the New Jersey Environmental Infrastructure Trust Fund (NJEIT) through the New Jersey Environmental Infrastructure Financing Program (NJEIFP). The NJEIT provides low interest loans for water infrastructure projects. In addition, the City obtained two grants through the NJDOT's Municipal Aid Program, \$457,030 in FY2015 and \$447,030 in FY2016, totaling \$904,060. Finally, the City of Hoboken has been working with the State of New Jersey to implement the proposed Microgrid project. The New Jersey Economic Development Authority (NJEDA) is administering \$200 million in federal funds through the Energy Resiliency Bank. The Energy Resiliency Bank is similar to the NJEIT in that the NJEDA is making funding available through a combination of grants and low interest loans. The City is planning to apply for Energy Resiliency Bank funding to finance all or a portion of the proposed Microgrid project.

Given the estimated construction cost estimate(s) and level of financing proposed, I am confident that the proposed \$12 million bond along with the low interest loans and grants will be sufficient to award a contract for construction later this summer.

94 Washington Street · Hoboken, NJ 07030-0485

(201) 420-2059 • fax (201) 420-2096

INTRODUCED BY: Councilwoman Zimmer

SECONDED BY: Councilman Cunningham

CITY COUNCIL OF THE CITY OF HOBOKEN
RESOLUTION NO: 09-496

RESOLUTION REQUIRING TAX ABATEMENT APPLICATIONS
TO CONTAIN A COMPARATIVE ANALYSIS

WHEREAS, for many years the City of Hoboken has offered tax abatements under the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq. ("Exemption Law") for qualifying projects to encourage and foster the development of low and moderate housing and redevelopment in various City neighborhoods;

WHEREAS, when such tax abatements are granted, the City enters into financial agreements under which the property owners are obligated to make payments in lieu of taxes ("PILOTs"), and accordingly do not otherwise pay any municipal taxes, Hoboken Board of Education ("School Board") taxes, or Hudson County ("County") taxes for the duration of the financial agreement ("PILOT Agreement");

WHEREAS, in accordance with applicable law, 95% of the PILOT payment is retained by the City, 5% is paid to the County, and no mandatory payment is owed to the School Board;

WHEREAS, PILOT payments may result in the City receiving more municipal revenue than it would receive if the tax abated properties were subject to regular taxation; however, this potential benefit to Hoboken's taxpayers may be offset by higher School Board and County taxes imposed on Hoboken's non-PILOT taxpayers due to the impact of PILOTs on their revenues;

WHEREAS, in light of the foregoing concern, the Hoboken City Council desires to set a policy whereby any application for a PILOT Agreement should inform both the City Council and the public as to the financial impact of the proposed PILOT;

WHEREAS, Section 8 of the Exemption Law (N.J.S.A. 40A:20-8) authorizes the City to require such facts and data to be included in a PILOT application.

NOW THEREFORE, after due consideration of the foregoing, the Hoboken City Council hereby resolves to adopt the following policy, requirements and procedures with respect to PILOT Agreements:

1. It shall be the policy of the City Council not to enter into any future PILOT Agreement unless the following requirements are satisfied and the following procedures are met:

A. Prior to the submission of any PILOT Agreement to the City Council for approval, a financial analysis (the "Analysis") shall be prepared and certified by the City's Chief

Financial Officer and its Director of Revenue and Finance, setting forth, for each year that the proposed PILOT will be in effect, a projection of the PILOT revenue (the "PILOT") and a projection of the sum of what would have been the municipal, school board and County taxes (said sum hereinafter called the "Non-Abated Taxes") on the completed project were the tax abatement not to be granted. The County element of the Non-Abated Taxes shall be calculated based on said share in the most recent fiscal year for which such information is available.

B. The Analysis shall be provided to the City Council, and released to the public, at least 30 days prior to the consideration of any resolution or ordinance authorizing a PILOT Agreement.

C. Any resolution or Ordinance authorizing the PILOT Agreement shall include the Analysis as an attachment.

D. If, for any year during which the PILOT will be in effect, the projected amount of the PILOT is less than the projected amount of the Non-Abated Taxes, the resolution or Ordinance authorizing said PILOT Agreement shall contain a clear statement that the PILOT Agreement will result in a future cost to Hoboken taxpayers, as well as a detailed description of the benefits that inure to the City of Hoboken and the Hoboken taxpayers justifying said cost.

Meeting Date: April 15, 2009

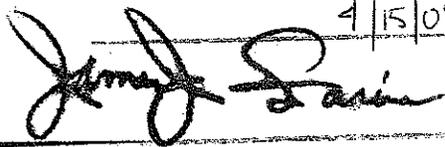
APPROVED:

APPROVED as to form:

Judith Tripodi
Fiscal Control Officer

Steven W. Kleinman
Corporation Counsel

A TRUE COPY OF A RESOLUTION ADOPTED BY
THE CITY COUNCIL OF THE CITY OF HOBOKEN, NEW JERSEY,
AT A REGULAR MEETING HELD ON:

4/15/09


CITY CLERK

09-496

A resolution requiring tax abatement applications to contain a comparative analysis.

City Clerk
4/15/09