



March 2, 2015

Dear City Council Members:

As a follow up to the attached memo you received last week, the additional attached document prepared by Acacia provides a breakdown and summary of the costs for the three NJEIT projects: Southwest Resiliency Park, Northwest Resiliency Park, and Washington Street. The Washington Street project is composed of two parts: upgrades to the water mains (\$5.41 million) as well as drainage improvements and green infrastructure (\$2.09 million).

Please note that the financing costs are estimates until permanent financing is in place. We are also pursuing additional principal forgiveness (up to 50% of project cost for first \$2 million) for the two parks projects and the green infrastructure component of the Washington Street project which could further reduce the cost of these projects. Since this grant funding is competitive and we do not yet know if we will receive additional principal forgiveness, we have included the most conservative cost estimates in the summary.

Sincerely,


Dawn Zimmer

**City of Hoboken
Proposed NJEIT Projects**

	Northwest Resiliency Park (BASF)	Southwest Resiliency Park (Block 12)	Washington Street Water Main & Drainage Improvements
Acquisition	9,700,000	N/A	N/A
Construction	later	3,600,000	5,382,500
Design/Engineering	2,290,000	N/A	1,551,800
Contingency	485,000	1,100,000	269,125
NJEIT Project Admin. Cost	291,000	108,000	161,475
NJEIT Financing Costs (1)	203,500	108,000	138,775
	<u>12,969,500</u>	<u>4,916,000</u>	<u>7,503,675</u>
NJEIT Principal Forgiveness (2)	<u>(1,382,250)</u>	<u>(513,000)</u>	<u>(767,006)</u>
Total Loan Amount	11,587,250	4,403,000	6,736,669

(1) Includes standard NJEIT and DEP upfront financing costs; on-going fees included in payment schedule.

(2) 19% of Fund Loan Acquisition/Construction Cost - final determination to be made by NJEIT/DEP based on the availability of funds and project priority.

In addition to anticipated "19% Principal Forgiveness", the City is also actively pursuing principal forgiveness funds through another NJEIT/DEP sponsored program for communities with CSO abatement projects that focus on utilizing green practices. Grants may be for 50% of the allowable project cost with a maximum allocation of \$1 million per sponsor.



February 27, 2015

Dear City Council Members:

I am writing to provide updates on several important projects, some of which will be considered at the next Council meeting. This memo includes an update on the Northwest Resiliency Park, the Southwest Resiliency Park, the Monroe Resiliency Park at 7th Street and Jackson Street, and Washington Street. On next week's agenda, the Council will be asked to support full applications for loans from the New Jersey Environmental Infrastructure Trust related to the Southwest and Northwest parks as well as Washington Street project.

We are asking for the City Council's support to move forward on all of these very important projects that are key elements of the Rebuild by Design flood resiliency strategy and will provide much-needed open space for neighborhoods in western Hoboken. As you likely know, approximately 80% of Hoboken is in the FEMA-designated flood zone, and Superstorm Sandy damaged more than 1,800 residential dwellings and businesses.

Open Space Trust Fund

As you may know, the Open Space Trust Fund was established in 2008 in order to acquire property for recreation and conservation purposes, like the BASF site and Southwest Park. This Open Space Trust account currently has approximately \$4.5 million and receives an additional \$2.2 million per year from the Municipal Open Space Tax. The existing funds and revenue stream is sufficient to finance approximately \$42 million in loans. The Open Space Trust Fund will be used to fund the projected debt payments for the NJEIT loans for the City's resiliency park projects. The attached provides an analysis by Acacia for the projected debt payments and the additional Open Space Trust Fund loan/bond capacity.

Northwest Resiliency Park (BASF)

The City's appraiser has valued the 6 acre property in northwest Hoboken currently owned by BASF at \$9.7 million, however we are still in negotiations over the price of the property. In addition, we estimate that the final construction design of a park with stormwater detention will cost approximately \$2.29 million.

As a result, we are asking the City Council to approve an application for a low-interest loan from the New Jersey Environmental Infrastructure Trust for \$11.99 million (the appraisal value plus design costs). The loan provides a 0% interest on 75% of the amount and 25% market rate interest on the remainder. In addition to the extremely low interest rate, there is 19% principal forgiveness on the loan for land acquisition and construction because of the park's ability to store rainwater that will help to alleviate the combined sewer outflow in our sewer system. It is important to request this loan as soon as possible as the principal forgiveness and low interest rates may not be available in the future.

As you know, we have been working with planners and engineers thanks to \$500,000 in technical assistance received through the Re.invest Initiative to develop various conceptual plans and financing structures for this project. We are considering two potential designs for construction of the project – one which can hold one million gallons of stormwater (estimated \$5 million construction cost) and another which can hold 5 million gallons (estimated \$26 million construction cost). As you may also know, the proposed BASF park lies mostly in the H-5 sewershed, an area highly prone to flooding in part because the adjacent H-7 and H-4 sewersheds frequently drain into the H-5 area. This is why the ability to store excess stormwater is absolutely critical to our ability to prevent flooding.

We have been in discussions with North Hudson Sewerage Authority about a potential partnership for this project. Since it is highly unlikely that the NJ DEP would permit us to construct a large 5 million gallon detention facility for combined sewage, NHSA has raised the idea of an “Eco-District” which would involve separating the sewers in an area near this new park so that the detention system can hold stormwater rather than combined sewage. To date, we have not received a commitment from NHSA to fund this Eco-District. I made clear to NHSA (see attached letter) that unless we receive a commitment from them to fund the Eco-District and we are able to secure additional funding to implement the 5 million gallon system, we will proceed with the smaller scale 1 million gallon option.

Finally, while we explored the options of constructing an underground parking garage for 300, 600, or 900 vehicles through public-private partnerships or by requiring the parking as part of future redevelopment of the area, the analysis shows that the cost to construct such a garage is about \$80,000 per space. Considering that above ground parking structures cost so much less (approximately \$20,000 per space) and that on-street parking costs only \$15 per year (and that our City code currently does not require that those who purchase a dwelling unit must also park in a deeded garage space), we have determined that construction of such an underground garage is not financially feasible under the current circumstances.

Southwest Resiliency Park (Block 12)

With your support, construction of the Southwest Park can begin later this summer. We are completing the final designs for the park, including the addition of a restroom facility based on City Council feedback. The estimated construction cost is not to exceed \$4.7 million, and we hope to have your support for a low interest loan from the New Jersey Environmental Infrastructure Trust to build the park. Similar to the loan for the BASF project, the overall loan will have 19% principal forgiveness for land acquisition and construction, because it is green infrastructure that will help reduce combined sewer outflows. In addition, there is the potential for 50% principal forgiveness of green infrastructure costs of up to \$2 million (up to \$1 million principal forgiveness), meaning that the total principal cost for the City could be as low as \$2.726 million. This is a competitive application, so the exact amount of principal forgiveness isn't known. As with the loan for the Northwest Resiliency Park, it is important to request this loan as soon as possible as the favorable terms may not be available in future years.

Monroe Resiliency Park (7th Street & Jackson Street)

Working with the City Council Community Development South Subcommittee, negotiations are continuing as part of the redevelopment process to create a nearly 2 acre park and plaza space at 7th Street and Jackson Street. This park is also being designed with green infrastructure to keep over 350,000 gallons of storm water runoff out of our sewer system. When the extensive details are finalized and the Redevelopment Agreement is ready, the agreement will be brought before the Council for a vote. Additional funds will be secured if needed to complete this project.

H-5 Wet Weather Pump

We understand the community's and Council's concerns about environmental liability and are trying to work with NHSA to make sure that this is addressed. I spoke with Executive Director Wolff today

and he assured me that NHTA is proposing to the Maxwell Condo Association that the environmental/construction liability be capped at the final value of the easement. This means that regardless of whether or not additional contaminants beyond the DEP No Further Action letter are found, the condo association would be limited in liability to the final agreed upon price of the easement. Again, we have been advised that it is highly unlikely that additional contaminants will be found, and if this is the case, then the condo association would receive a \$523,000 payment, or possibly more depending on the outcome of their own appraisal and the final negotiation process. As previously discussed, NHTA completed an appraisal valued at \$523,000, and our understanding is that Maxwell is conducting their own appraisal as well. We hope that the issue can be resolved amicably, however a court date to hear the matter has been set for March 20th. In addition, we have been advised by NJEIT that they are transitioning to a new funding model that will involve a minimal cost construction loan and then entering into permanent financing when the project is complete.

Washington Street

We have issued an RFP and received five responses from engineering firms to develop final construction plans for Washington Street. The responses ranged from approximately \$700,000 to \$1.4 million and we would like to involve the City Council Transportation Committee in the interview and selection process.

In addition, we are proposing to upgrade the water main system along Washington Street as part of the work and are seeking the Council's support to fund this upgrade. The water lines along Washington Street are old and extremely fragile. In addition to the possibility of main breaks shortly after repaving the roadway, the vibrations from the planned milling and paving construction work could cause the mains to break. The estimated cost to upgrade the water mains containing our drinking water is approximately \$5.32 million, and drainage improvements are estimated to cost an additional \$2.04 million. We are seeking to fund these improvements through a low-interest loan including 0% interest on 75% of the loan and 25% of the loan at market rate. The drainage improvements include a 19% level of principal forgiveness, in addition to an overall additional level of principal forgiveness that is yet to be determined because of the competitive nature of the financing program. Besides funding needed infrastructure improvements for the corridor, this funding will cover the costs of important necessary work that will be required anyway in order to repave Washington Street. Through this approach, we will be able to fund some of this necessary work at an extremely low interest rate that may not be available at a later date.

Negotiations with United Water are underway, and we plan to incorporate the cost of this low interest loan as we negotiate a new agreement with United Water.

Despite the fact that final plans must be created before the Washington Street project can proceed, there is already a tremendous amount of resurfacing and other construction work happening this year that will disrupt our community. A map of planned resurfacing work, intersection improvements, and gas line upgrades is attached. We expect that in addition to the streets indicated on the map, PSE&G will be repaving some other streets as well.

Please do not hesitate to reach out to me if you have any questions.

Sincerely,



Dawn Zimmer

**The City of Hoboken
NJFIT - 2016 Financing Scenarios
Assuming Principal Forgiveness**

FYE 31-Dec	Northwest Resiliency Park (BASF) NJFIT				Southwest Resiliency Park (Block 12) NJFIT				Additional Open Space Borrowing Capacity NJFIT				Total Net Debt Service	Available Revenues	Surplus	Balance
	Principal	Interest ⁽¹⁾	Fees	Debt Service	Principal	Interest ⁽²⁾	Fees	Debt Service	Principal	Interest	Fees	Debt Service				
2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,470,000
2016	210,058	186,912	21,050	418,020	79,308	70,683	7,975	157,966	384,615	43,134	32,943	460,692	1,036,678	2,200,000	1,163,322	5,633,322
2017	570,115	97,440	42,100	709,655	213,615	37,723	15,950	267,288	979,231	153,744	65,885	1,198,860	2,175,803	2,200,000	24,197	5,657,519
2018	580,115	96,105	42,100	718,320	218,615	37,234	15,950	271,799	984,231	151,875	65,885	1,201,991	2,192,110	2,200,000	7,890	5,665,410
2019	580,115	94,201	42,100	716,416	218,615	36,520	15,950	271,085	984,231	149,317	65,885	1,199,432	2,186,933	2,200,000	13,067	5,678,477
2020	585,115	91,785	26,143	703,042	223,615	35,614	9,940	269,169	1,029,231	146,070	40,885	1,216,186	2,188,397	2,200,000	11,603	5,690,080
2021	585,115	88,980	10,185	684,280	223,615	34,509	3,930	262,054	1,034,231	141,650	15,885	1,191,766	2,138,100	2,200,000	61,900	5,751,980
2022	590,115	85,828	10,185	686,128	223,615	33,267	3,930	260,812	1,039,231	136,589	15,885	1,191,704	2,138,645	2,200,000	61,355	5,813,335
2023	595,115	82,241	10,185	687,541	223,615	31,896	3,930	259,441	1,044,231	130,892	15,885	1,191,007	2,137,990	2,200,000	62,010	5,875,346
2024	595,115	78,111	10,185	683,411	228,615	30,362	3,930	262,907	1,049,231	124,402	15,885	1,189,517	2,135,836	2,200,000	64,164	5,939,510
2025	600,115	73,666	10,185	683,966	228,615	28,584	3,930	261,129	1,059,231	117,290	15,885	1,192,405	2,137,501	2,200,000	62,499	6,002,010
2026	605,115	68,806	10,185	684,106	228,615	26,694	3,930	259,239	1,064,231	109,460	15,885	1,189,575	2,132,921	2,200,000	67,079	6,069,089
2027	610,115	63,589	10,185	683,889	233,615	24,720	3,930	262,265	1,074,231	101,141	15,885	1,191,256	2,137,411	2,200,000	62,589	6,131,678
2028	615,115	58,003	10,185	683,303	233,615	22,515	3,930	260,060	1,084,231	92,174	15,885	1,192,289	2,135,653	2,200,000	64,347	6,196,026
2029	625,115	52,036	10,185	687,336	238,615	20,220	3,930	262,765	1,089,231	82,535	15,885	1,187,650	2,137,752	2,200,000	62,248	6,258,274
2030	630,115	45,579	10,185	685,879	238,615	17,700	3,930	260,245	1,104,231	72,455	15,885	1,192,570	2,138,694	2,200,000	61,306	6,319,580
2031	635,115	38,817	10,185	684,117	243,615	15,124	3,930	262,669	1,114,231	61,668	15,885	1,191,783	2,138,569	2,200,000	61,431	6,381,011
2032	645,115	31,786	10,185	687,086	243,615	12,344	3,930	259,889	1,124,231	50,386	15,885	1,190,502	2,137,478	2,200,000	62,522	6,443,534
2033	650,115	24,316	10,185	684,616	248,615	9,522	3,930	262,067	1,134,231	38,600	15,885	1,188,716	2,135,400	2,200,000	64,600	6,508,134
2034	660,115	16,588	10,185	686,888	253,615	6,498	3,930	264,043	1,149,231	26,336	15,885	1,191,452	2,142,384	2,200,000	57,616	6,565,751
2035	665,115	8,428	10,185	683,728	253,615	3,268	3,930	260,813	1,159,231	13,416	15,885	1,188,532	2,133,074	2,200,000	66,926	6,632,677
	<u>11,832,250</u>	<u>1,383,214</u>	<u>326,268</u>	<u>13,541,731</u>	<u>4,498,000</u>	<u>534,991</u>	<u>124,715</u>	<u>5,157,706</u>	<u>20,685,000</u>	<u>1,943,128</u>	<u>509,758</u>	<u>23,137,886</u>	<u>41,837,323</u>	<u>44,000,000</u>	<u>2,162,677</u>	

(1)Includes an interest payment on the NJFIT interim loan of \$182,612.50 in 2016.

(2)Includes an interest payment on the NJFIT interim loan of \$68,650.00 in 2016.



February 27, 2015

Dr. Richard Wolff
Executive Director
North Hudson Sewerage Authority
1600 Adams Street
Hoboken, NJ 07030

Dear Executive Director Wolff:

As we have discussed, pending Council approval, next week the City of Hoboken will be applying for a New Jersey Environmental Infrastructure Trust low-interest loan to acquire the BASF property and to complete the final design for a Northwest Resiliency Park. To date, after many discussions, North Hudson Sewerage Authority has not been able to make a commitment to this project, and I write to be up-front about the City's position and plans moving forward.

As proposed by NHTSA, the Northwest Resiliency Park could be built with a 5 million gallon detention system that would further protect NHTSA facilities, our City's electrical substations as well as residents and businesses from the increasingly severe heavy rain events. It could also potentially solve NHTSA's combined sewer overflow problems which NHTSA may eventually be required to address by regulatory agencies. Since the National Climate Assessment shows that heavy rain events have increased by 70 percent in the Northeast over the last 50 years, it is clear that our flash flooding problem is only going to become more severe in the future.

Together, we have a short window of opportunity to proactively address a serious flash flooding problem that significantly impacts NHTSA and therefore our region. Given the City's many needs, infrastructure challenges and financial constraints, I want to be up-front about what would be needed in order for the City to move ahead with building a 5 million gallon detention system. While we are applying for a loan this year to purchase the property and develop a final resiliency park design, we will not move ahead with a full design for the 5 million gallon detention system unless we can receive full assurances that the companion "Eco-District" would be built on a parallel track. The Eco-District which would separate the sanitary and stormwater sewers is critical so the detention system can hold only stormwater, since the New Jersey Department of Environmental Protection would be unlikely to approve using such a detention system for combined sewage.

NHTSA may be legally required to make this investment in the future, and we believe that this is the ideal opportunity to partner with Hoboken to make these vital improvements. Further, there is the opportunity for NHTSA to apply for low interest loans with the possibility for a high level of principal forgiveness with NJEIT, as the City plans to do with the Northwest and Southwest Resiliency Parks.

OFFICE OF THE MAYOR

Please know that if NHSA cannot make a full commitment to the Eco-District, we understand. However, I want to be completely clear that the City will then be moving ahead with building a resiliency park with a detention system that could detain about 1 million gallons of water instead of 5 million gallons. By this fall, we will need to make a final decision. The following would need to occur in order for us to build the larger detention system:

First, we will need a firm unequivocal commitment from NHSA that you will move ahead with funding and building the \$35 million Eco-District. This is a regional problem since NHSA provides sanitation services for an estimated 180,000 people in Union City, West New York, Weehawken, and Hoboken, so it should be funded regionally, not primarily by Hoboken residents. If NHSA agrees, then we would need to enter into a shared service agreement whereby NHSA expressly commits to funding and building the Eco-District and applies for funding to move ahead with the project on a timely basis (While we could apply jointly for grant opportunities, we would need a commitment from NHSA that the Eco-District would move ahead regardless of grant funding).

Secondly, the City will also be applying for various grants and exploring alternative strategies to try and significantly defray the additional \$26 million cost for building a 5 million gallon storm water storage facility as part of the Northwest Resiliency Park project. Again, the City has made a strong commitment to resiliency by leading the effort to win a Rebuild by Design competition that resulted in the \$230 million award that will protect our region, including NHSA from future storm surges. We are investing in the Southwest Resiliency Park, the 7th and Jackson Resiliency Park, the purchase of property for the Northwest Resiliency Park, and we are funding a second wet weather pump. If we cannot secure additional funding to support the building of the 5 million gallon detention system, then we will be moving ahead with building a Northwest Resiliency Park with a smaller detention system that could store approximately one million gallons at a much more cost effective level.

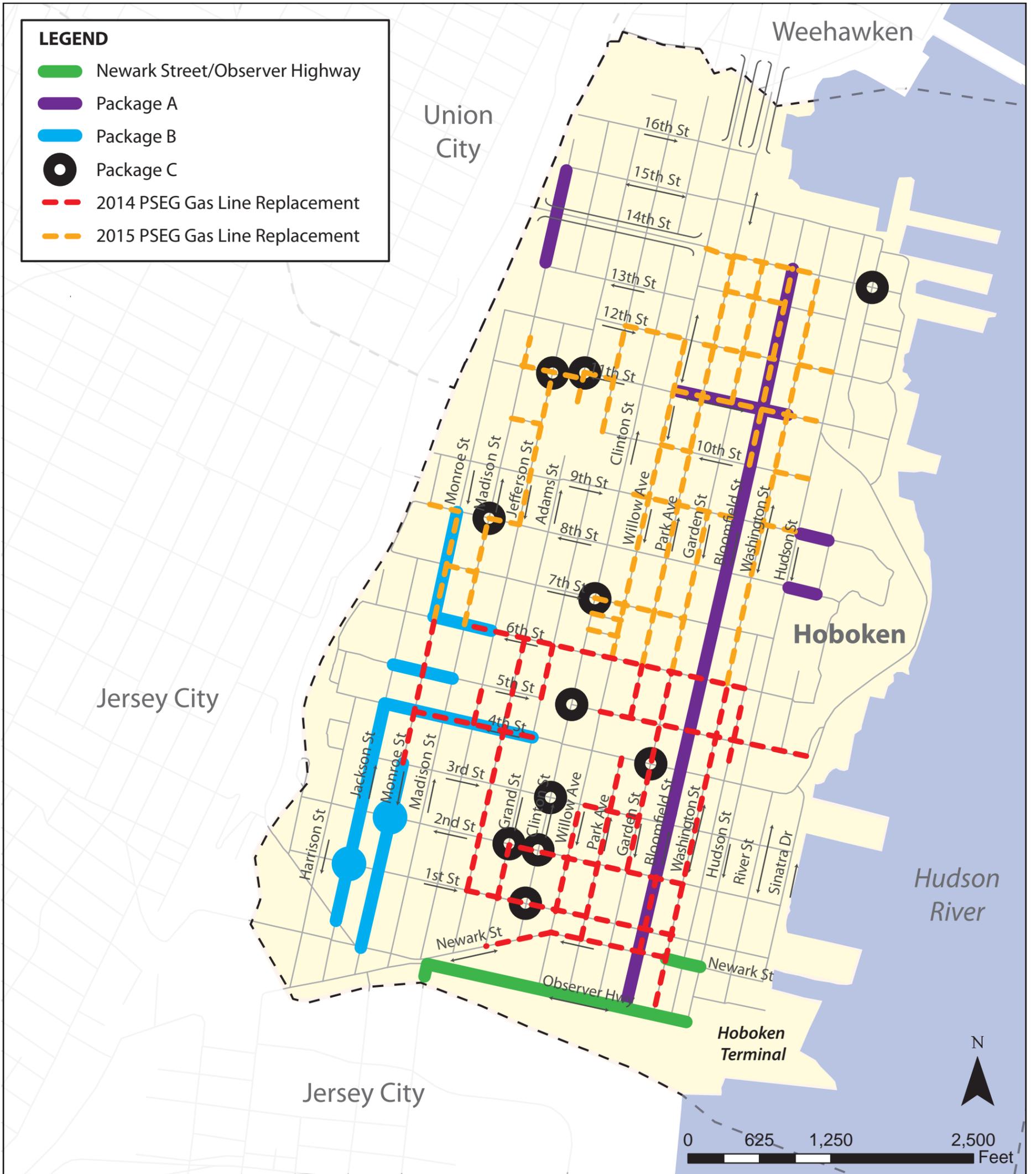
Again, I write to be clear on my position so that NHSA and the City can each make decisions accordingly in the best interests of our respective constituencies and financial constraints.

Thank you for listening, and please feel free to call me with any questions.

Sincerely,



Dawn Zimmer



Source: City of Hoboken, Hudson County, Public Service Electric & Gas

February 2015

NOTE: Information outside of Hoboken city limits has not been verified.

Prepared by: Ryan Sharp

2015 Roadway Improvement Projects and PSE&G Gas Line Replacement



City of Hoboken
Department of Transportation & Parking