

**Heritage Minerals Working Group**  
**MEETING SUMMARY**  
**December 3, 2015**  
**Manchester Civic Center**  
**3:00 PM**

**Call to Order**

1. Roll Call of Working Group Members:
  - ✓ Mayor Ken Palmer
  - ✓ Donna Markulic, Business Administrator
  - Craig Wallis, Councilman\*
  - ✓ Jim Vaccaro, Councilman\*
  - ✓ Lisa Parker, Chief of Police (Lt. Robert Dolan)
  - ✓ Al Yodakis, Director of Public Works
  - ✓ Don Somerset, Director of Utilities (Substitute)
  - ✓ Felicia Finn, Zoning Board
  - ✓ Michele Zolezi, Planning Board
  - ✓ Dave Trethaway, School Superintendent
  - ✓ Blanche Doran, Senior Advisory Committee
  - ✓ Marge Camposano, Secretary to Mayor Palmer

\*Council members Wallis, Vaccaro and Fusaro will alternate

2. Staff Attending
  - ✓ David Roberts, Township Planner (Maser)
  - ✓ Zachary Zeilman, Planner (Maser)

**Meeting Started: 3:07 PM**

**Approval of Minutes:**

1. Action on Meeting Summaries
  - a. September 3 - No objections, approved
  - b. September 17 – No objections, approved
  - c. November 5 – No objections, approved

**Presentations:**

1. Summary of Fiscal Impact Analysis
  - a. DR: We were expecting to have a draft Redevelopment Plan for today, but it is still in process.
    - i. The Plan has a couple of moving parts – we were going to set aside Nov 19<sup>th</sup> with just this group without Hovsons, but that was cancelled, so this meeting has been set aside to discuss the fiscal numbers.
    - ii. The land bays are significant in size and are generating numbers which are substantial.
  - b. DR: This Plan is based on the assumption that Township is satisfied that the buildout permitted by the Plan will be fiscally positive. There are a number of challenges that would have to be overcome for the Plan to be implemented:
    - i. Only a portion currently has sewer service. Ocean County WMP will have to be amended by the County and approved by NJDEP.
    - ii. Will depend on DEP allowing additional land to be developed based on Settlement Agreement.
    - iii. The fiscal analysis presumes a mix of commercial uses in each phase, but the ability of the real estate market to absorb that level of development is questionable.
    - iv.

- c. MAYOR: The redevelopment plan will not be entertained by the Council without initial approval of the Working Group.
  - i. The land bays that have been laid out are yielding the potential development of this site – by reviewing the fiscal, we are in a way reviewing the Plan
  - ii. There is some concern about the level of development (implications of total buildout).
- d. Mayor: (Handed out “Development Program: Fiscal Impact Analysis” from Hovsons, pp 3-34) We have the overall ideal buildout by phases
  - i. Plan to build 6500+ units of various types (page 3/front page of analysis)
    - 1. To 6,543 units would generate roughly 2.5 people per units. What do we feel here about our population increasing from 45,000 now to 60,000?
    - 2. Felicia: Feels that the market would not support that much development.
    - 3. Mayor: What happens if they start to build and sell in Phase 1, but then sales fall off before the phase is completed?
  - ii. DR: You have to think about each phase as being able to stand on its own – say, for example, looking at page 4 of the fiscal handout, they’re calling out 718 residential units, 15,000 sf of retail, industrial and that is phase 1. We said they have to at least develop a portion of the Town Center in the first phase with the road to connect to where retail would be to give people a reason to go down there.
    - 1. In the Redevelopment Agreement, we want to make sure that this phase is completed
    - 2. Want each phase to function independently, but designed to be connected to the next phase.
    - 3. The fiscal analysis is essentially an educated guess right now, but we need to review the basic assumptions that were made to generate the results.
    - 4. In the negotiation of the Redevelopment Agreement, we will require a financial pro forma that demonstrates that a financial institution believes that the project can be financed.
  - iii. How big do we really want to get as a Township, if there is a market for this?
    - 1. Felicia: Where are all the kids going to go to school?
      - a. DR: Land bays A, B, & D would be set aside for fields, schools, etc.
      - b. Felicia: The land bays are available, but who is going to build it?
      - c. DR: That would be worked out in the Agreement... If their development is what is causing the need for new schools they would be responsible. Any new schools that would be part of this project could help balance other schools. Would control with redevelopment agreement. The policy decision for the Township is whether they desire to grow to the projected size.
    - 2. DR: There was a table used in the fiscal analysis which summarizes acreage of each land bay, density of housing types, and the number of housing units generated. That’s where we would be looking whether it is acceptable in terms of density – for example, the most density we’ve looked at in the rest of town has been 10 dwelling units per acre and some of the land bays are based on significantly higher densities than that.
      - a. If the Working Group pushes down the allowable yield in the redevelopment plan, the fiscal numbers will change and need to be recalculated.

- iv. The affect on Township services:
1. Mayor: Right now our police force is 67 officers. If you just divide the population by the police force, it's not an accurate reflection of what will be needed. How would another 10,000 people affect the need for police?
  2. Lt. Dolan: If you have senior citizen development, you need more fire and ambulance services, whereas regular residential with kids will likely require more law enforcement services. Potentially nonresidential development may not be that taxing on services, but retail will also have some needs and generally for adding that many people, there will be a significant need for additional services
    - a. Mayor: It's not just a proportional increase of population to use of Township services either.
  3. Lt. Dolan: Based on the geographic space you would be adding new fire and police alone, considering the size. I think there is room to grow, but don't know that there is room for 20,000 people. Schools and services are busting as it is. Where are the people going to go?
  4. The fiscal will have to be reflect the true costs of a new school.
    - a. Felicia: Calculations for schools are just for mortar and stone. Those estimates do not include all of the staff, materials, vehicles, etc. that go along with each school, fire, or police station.
    - b. DR: Originally came out to 6800+ and reworked came down to 6,543 units – very specific- calculated by land areas of land areas, with typical values, figured out revenue side and made assumptions for services such as fire. Typically will come up with a cost per student. Need to know whether they added that school cost into the fiscal or not.
  5. DR: From public works standpoint, using the cost of municipal services per capita does not reflect true cost because of the number of age-restricted and gated communities that provide their own services. When we're negotiating, we'll try to compare costs to towns with similar numbers of retirement units, etc.
    - a. Mayor: When do we get to that part of analysis?
  6. DR: Much depends on how much development yield you want to put in a Redevelopment Plan that you are comfortable with?
    - a. Mayor: Already feel it is too much.
    - b. DR: If the town wants to diversify population, land use, that's a different issue – how much more development can we accept? This is going to codify that land use decision. You don't want to release the plan out of this committee until you're comfortable supporting it publicly.
    - c. AI: Can we have a financial expert look at this and sit with their financial expert to review? Can we bill to their escrow?
      - i. DR: We have done that in other projects, it is acceptable. If I can't get a proposal from Rich Reading quickly, then we'll have to look for somebody else.
      - ii. Court deadline for COAH is next Tuesday, so Reading may have a window in his schedule.

7. Felicia: I like the town growing, but I think it is too much. When I've looked at Robbinsville, which we've talked about as an example, doesn't seem like it's built out, like there are a lot of vacancies and at a standstill. Townhomes and homes are going to bring in a lot of kids. Going to be tough on schools, fire, police, and roads.
8. Dolan: If they don't sell, we'll never see phase 2, 3, 4. They are really only developing upon the 1<sup>st</sup> part. They need DEP approval and county to amend wastewater plan to access significant part of the site.
  - a. DR: If DEP says no to them, they will probably push back on County for sewer service. DEP's strongest defense against development is the sewer service area
  - b. Took 3 years just to get "yellow thumb" into the redevelopment area. Couldn't install mains outside of the sewer service area. Giving property owners fodder to petition for mains. Huge issue.
- v. Mayor: Asked Blanche what they think about this project in the senior communities – how does this affect you or what is the perception of this project there?
  1. Blanche: Just comparing things from the past when Whiting community thought the development was going to affect their everyday life, but it is not the case. As far the technical side, you all are the ones with the expertise. It is a massive plan, but I don't know if we'll see anything like this to fruition.
  2. Mayor: What benefit are people hoping to get from this new development?
    - a. Blanche: People want to see businesses, etc. in their own "back yard" where there are currently empty commercial spaces before worrying about a whole other development. It doesn't affect people in Whiting - we would rather see the development in our own back yard to have some benefit from it.
    - b. DR: The Town Center approach would be like creating another Whiting. There are approx. 12,000 people in each community. One might be forgotten or they might be in competition with one another.
- vi. Jim: Seems economically unfeasible to support this type of project in Manchester. We have people living from paycheck to paycheck (or social security) and we are asking folks to bear a terrible burden and would hate to create a foreclosure market. It is over-aggressive. Before any of us can vote on anything, we have to see concrete numbers so we can possibly make an intelligent decision.
  1. DR: Hopefully we can create more directions for the consultant that we hire who will analyze the fiscal that was provided by the developer's consultant. Rich Redding knows Manchester well because he was involved in settlement disputes, plus he came up with his own COAH numbers for Ocean County, but we would still want to feed him numbers and how things work in Manchester.
    - a. If we think this is too aggressive, what would be our recommendations for residential, retail, etc? They made some really broad assumptions for numbers with 1 million sf industrial, etc.
  2. Felicia: Why would big companies want to be in Manchester?
  3. DR: We should question their commercial and industrial numbers if that is somehow tied to residential build-out. The commercial development needs to be marketable, sellable – don't want all of one use and none of the other use

- a. DR: Fiscal number would be very different for a Payment In Lieu of Taxes (PILOT) than under full taxation. The fiscal analysis provided seemed to be based on straight line real estate taxes
  - b. DR: The typical tax dollar is 30% municipal purposes, 15% to the county and the remainder to the school district. With a pilot you're paying less dollars per month, town gets 95%, but school doesn't get any of that money unless the town decides to allocate a portion to them.
  - c. Stafford Twp was supposed to have affordable housing with retail, but it was much more slanted for commercial. Walters came back later and amended the Plan from age-restricted to non-age-restricted, but the MOA had to be signed by county, township, etc. Negotiated a Pilot that was based on flat percentage of total market value of the project. You're exempting the improvements in a pilot. Instead of putting on tax rolls they make a payment in lieu of taxes. 15% of adjusted gross revenue.
4. Mayor: Say I move in after phase 1
- a. DR: They would have to set up an urban renewal entity that would be entity that owns the miscellaneous improvements. With condominiums in tax exempt situation, the taxes are divided up by the units; it's probably a service charge into the entity, which then has to pay the town. Effectively the homeowner is getting a break.
  - b. DR: For example, when I lived in Asbury Park, the value was lower, but taxes were higher... The law was meant for places like that. Tax exemption is to balance the carrying costs between poorer inner city areas and wealthier suburban areas.
  - c. How does the tax level in Manchester compare with surrounding towns?
    - i. Probably lower or at least on par. Probably similar with Berkeley Twp.
  - d. Mayor: Basically going to be other taxpayers subsidizing the tax break new homeowners are getting?
    - i. DR: Maybe or maybe not. Project is supposed to be for the public benefit that can't happen without the exemption. Project may not happen otherwise. Even if you're coming out ahead, is it changing Manchester to what nobody in town wants and then it is no longer the public benefit
- vii. Jim: What happens to the Heritage Mineral residential properties versus non-Heritage Mineral residential properties?
1. Felicia: Don't have a good answer. May attract new people. Maybe they will not like these and go to other resales in town. But with all of the options, they may like these and other resales will dry up. Will really affect the real estate market in more ways than we can imagine. Going to affect Pineland Park, which typically attracts younger, first-time homeowners and Renaissance. Will probably pull from everything.
  2. Mayor: Fears it will deflate the values of everyone else's homes

- a. Felicia: New development usually out-competes existing older development, especially with attractions like the town center.
  3. School aid formula is based on a ratable base.
  4. Mayor: I think we need to go back to them and get the numbers. Frightened over the number of homes. What is Plan B from them?
- viii. DR: I can draft a letter to Rich Redding with more specific direction what we want him to look at. Should be able to give us a proposal after Tuesday.
  1. What I got out of this is that we need to inquire as to:
    - a. Specific assumptions to generate assumptions of costs
    - b. How much can build-out be pushed down and still be feasible by phase? – Will affect how much they can afford to build schools
    - c. Trickle down or spillover effects on other existing developments and services in town
    - d. If there was a long term tax exemption, what are the implications of that for the town?
- ix. Felicia: Whose responsibility is it to attract the retail to the new spaces?
  1. DR: They're going to parcel this out.
  2. They've been watching the Master Plan amendments; Housing Plan elements...perceive that if they were to go to other developers and say that they have to have 20% affordable, they are not going to be willing to develop.
  3. Some sub-developers may only do retail and have a niche that might find this attractive
    - a. Hovsons would pre-approve
  4. Town wouldn't have any responsibility for that, just to hold developers responsible that they stick to the Redevelopment Plan phasing – we wouldn't be doing this if you didn't want what the Redevelopment Plan allows
    - a. We used Berkeley redevelopment site as base for redevelopment plan and that is starting, but is only about the size of Phase 1 for this project. This is much bigger.
    - b. Felicia: We're not commutable. What is the attraction?
  5. DR: A lot of people are leaving some other area towns because they are becoming too congested (Jackson, for example). So that's something to think about if Manchester becomes too congested because of this.
- x. What capacity do the schools have to grow?
  1. DT: Elementary schools and middle very full, high schools room to grow
  2. DR: Berkeley had just built BTES where all the 5<sup>th</sup> and 6<sup>th</sup> graders go and enrollment was down in other schools, whereas BTES was full. Once that bulge moved on to middle schools, there was capacity again. If you built a bigger middle school and made the existing Middle School a 5<sup>th</sup>-6<sup>th</sup> Grade elementary school, you'd have to do an analysis on whether that would solve the capacity issues.
- xi. Felicia: We want development, but maybe not that much
  1. Mayor: Our consultant needs the entire fiscal analysis, pages 1-50, to understand this
- xii. Mayor: Right now 40-50,000 people. Have been working off the assumption that this town will function very well if we have 3 seniors to every 1 non-senior. Do we stick to

that assumption? This will add a broader tax base and we will get more state aid if we broaden population.

1. Felicia: I think senior communities are going to be a thing of the past. They are not selling and there are too many of them. Resale is high because of people passing away or moving.
  2. People don't want to die in New Jersey because of the taxes
  3. When you travel, particularly in the South, there are a lot of gated communities that are not age-restricted with same attractions, but that's what they're doing and successful at attracting new residents.
  4. DR: It's possible that it's the same scenario here because there are so many retirement communities here
  5. DR: We have a bulge of boomers that may fill the senior communities, but then not as many people after they are gone, and the millennials want to live in Hoboken.
  6. Felicia: What is the draw to Manchester?
    - a. DR: It's always likely going to be empty nesters and young adults
  7. Felicia: People moved here because it was cheaper, but not really the case any more
- xiii. Mayor: Where is there breakeven point? At what point can they say we got our money back and then drop it? That's my biggest fear.
1. DR: That's where the Redevelopment Agreement comes in and may need to be enforced.
  2. Mayor: How do we compel them after they've completed 1,500 homes in Phase 1 and then they say there's no more market?
    - a. DR: Would have to trigger a force majeure in the agreement (ie would not be obligated to do improvements during economic recession, but would resume once recession ended, etc). That's where your protection is. It only goes as far as you let it
  3. Al: On a practical standpoint, we need to make sure that each phase could stand on its own because we could only bond one phase at a time.
  4. DR: Would be, in a way, like Renaissance. Infrastructure would be built out up front and then they would build around it. If nothing else ever happened, you would at least have road connections, for example.
  5. You can't enforce a structure as part of the bond; just want to make sure drainage is finished, roads, sidewalks, etc.
    - a. Al: Demolition is not part of their bonding
    - b. Provides the Township some sort of insurance
  6. Dolan: The road connection is terribly important that connects Route 37 and 70 – we only have one connection right now.
    - a. DR: Having that route for circulation of emergency or law enforcement vehicles is very important to consider alongside the cost of having more emergency services
  7. When you look at this, this is landlocked with very minimal frontage on major roads. They are banking on having the lakes as an attraction. That's why they want the Wolenta tract for Rt. 37 frontage.

**Discussion:**

1. Next Meeting: Suspended until we reschedule after holidays when we get a report back on the fiscal
2. Topic:
  - a. Draft Plan – not there yet...

**Adjournment:**

1. Meeting adjourned at 4:35 pm