

Mayor and Council of the Borough of Allendale
Work Session Meeting Minutes
October 25, 2018

PRESENT: Mayor Elizabeth White and Councilmembers Ari Bernstein, Liz Homan, Edward O'Connell, Steve Sasso, Jim Strauch and Amy Wilczynski

ABSENT: None.

ALSO PRESENT: Borough Attorney Raymond Wiss
Municipal Clerk Anne Dodd

A Work Session Meeting of the Mayor and Council of the Borough of Allendale was held in the Municipal Building at 500 West Crescent Avenue, Allendale, NJ on October 25, 2018. The meeting was called to order at 7:02 p.m. by Mayor Elizabeth White who asked that the Municipal Clerk read the open public meetings statement:

“In compliance with the Open Public Meetings Act, the notice requirements have been satisfied. The meeting dates for the year are confirmed at the Annual Meeting, are posted on the public bulletin board in the Municipal Building, published in the Record within the first 10 days of the New Year, and copies are sent to the Ridgewood News and Star Ledger. Notice of this meeting by the October 19, 2018 Sunshine Notice was sent to the Record, the Ridgewood News, and Star Ledger and has been posted on the public bulletin board in the Municipal Building and Borough website.”

Presentations:

A. RFQ/SOI – 220 & 230 West Crescent Avenue

Mayor White provided a brief background on the Borough's acquisition of 220 and 230 West Crescent Avenue. She noted that she had personally been in negotiations with the previous owner three years prior to eminent domain proceedings having been initiated in April 2016. She further noted that the Planning Board Chair, Kevin Quinn, and Mayor Emeritus, Vince Barra, had met many years ago with the then owners who wanted to build 300 housing units. She advised that, in October 2016, the purchase of the property was negotiated in lieu of eminent domain proceedings for a total of \$13.75 million.

Mayor White explained that the community was engaged in planning for the use of this property through the formation of the Concept and Vision Committee which met many times over the course of a year. She thanked the committee members for their time and effort in getting the Borough to this point.

Mayor White advised that, in June 2018, this property was designated as a Redevelopment Zone which enabled the Borough to accept Solicitations of Interest (SOI.)

Borough Attorney Wiss explained that eminent domain is a formal legal proceeding which the Borough invoked to begin the process of obtaining these properties for a public purpose. He noted that this purpose was to, in part, address the Borough's COAH obligation with respect to the settlement with Fair Share Housing. As the Borough was about to file the complaint for eminent domain, Borough Attorney Wiss explained that multiple negotiations took place with the property owner which resulted in the purchase referred to by Mayor White. He advised that the

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redevelopment designation is another formal proceeding in which a property has to meet statutory criteria. He further advised that proceedings had to be conducted by the governing body to adopt appropriate resolutions and ordinances in order to designate this property as an area in need of redevelopment. He noted that the main advantage to doing so was the fact that the Borough would not be subject to the Local Public Contracts Law which would have required the solicitation of formal proposals. Instead, the Borough was able to retain full control over the process leading up to the SOI which allowed proposals to be entertained and the terms upon which a proposal would be accepted to be negotiated. Borough Attorney Wiss advised that, as part of this designation process, notice was given to objectors who had the opportunity to come forward to offer any objections to the proceedings. Upon submission of the SOIs, the Borough was able to discuss the proposals with the potential developers to see whether they would be willing to modify their proposals as well as discuss the economics of the proposals and refine the Borough's expectations and desires for the property.

Mayor White advised that SOIs were received in September 2018 and stated that negotiations with Hampshire have been taking place through the months of September and October, resulting in the LOI which is listed for approval this evening. She noted that Hampshire is a well-established company in New Jersey with a stellar reputation and explained that they negotiated directly with John Hanson, Chairman and CEO of this company. She provided some background information on Mr. Hanson's civic duties and advised that he has been in the real estate business for over 60 years. She reviewed the goals of this acquisition which included settling the fair share housing obligation as well as providing first responder housing, senior housing, a new senior/community space, and new Borough Hall space. She noted that, with the relocation of Borough Hall, the library can expand. She advised that one of the main goals of this acquisition was to prevent uncontrolled development in order to keep the character of Allendale intact. She then detailed the financial benefits of the proposed transaction with the Hampshire Group. She explained that this transaction is comprised of a cash offer, payment in escrow to build a new Borough Hall and Senior Center, 2 acres of open space, .75 acres towards Borough Hall and a senior center, and 5,000 square feet of storage and office space in 230 W. Crescent Avenue for 25 years.

Borough Attorney Wiss noted that that the portion being purchased by Hampshire is less than the property that had been acquired by the Borough.

Mayor White advised that the Borough will continue to collect rent on 220 and 230 W. Crescent Avenue through September 2019. This rent has been used to pay down the debt that was incurred to purchase the properties, resulting in no tax payer dollars being used in this purchase. Due to the designation of 220 and 230 W. Crescent Avenue as a redevelopment zone, the Borough has also negotiated a Payment in Lieu of Taxes (PILOT) which will provide revenue while under redevelopment to help with community growth. She explained that there are two PILOTs, one is for 25 years and the other is for 30 years, and advised that the municipal portion of the PILOT will generate \$5,625,000. As a result, the total value of the proposed transaction with Hampshire is \$22,068,708. Mayor White noted that, although the municipality can retain 95% of the total annual PILOT, the amount paid toward school taxes will remain the same. She advised that the amount of the PILOT received by the municipality will be used to pay down the Borough's debt.

Borough Attorney Wiss stated that Senate President Sweeney will be introducing a bill that will hold schools harmless when implementing a PILOT which is what Allendale is voluntarily choosing to do.

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Mayor White reviewed the development details for the municipal space, residential portion, and storage facilities which will include 5,000 square feet of municipal storage space.

Borough Attorney Wiss expressed his opinion that the use of 230 West Crescent Avenue as a storage facility is very conducive from the municipality's standpoint as this property is located in the Borough's business and commercial zone which could have meant more intensive commercial uses being sought for this property. The committee felt that this use was passive and would generate very limited traffic movements.

Mayor White added that parameters have been established for the hours that this facility can be used, noting that it will not be a 24-hour facility. She then advised that the debt in the amount of \$2,514,625 incurred for the acquisition of this property will be in notes and bonds for 30 years. She explained that they have worked with the Borough Auditor who completed an amortization showing that there will be no additional taxes incurred by residents. She commented that, instead, the Borough will have an estimated surplus revenue of \$1,913,207 over the 30 years.

She finished by reviewing the benefits to the Borough of this proposal which include managed development to preserve the character of Allendale, compliance with the Borough's affordable housing obligation, a new Borough Hall, expansion of the library into the existing Borough Hall space, first responder housing, senior housing, new senior center and meeting space, preservation of 2 acres of open space, and extra storage for municipal records and/or offices. She noted that there were proposals which included over 200 residential units being built.

By coming into compliance with the Borough's affordable housing obligation, Borough Attorney Wiss explained that the Borough will be held harmless in builder's remedy lawsuits through 2025.

Mayor White advised that the Letter of Intent as well as this presentation will be posted to the Borough website tomorrow morning. She explained that the LOI allows a 45-day period for Hampshire to do its due diligence and for a contract to be drafted. She noted that this transaction will occur in two separate pieces as the 220 property will need to be subdivided and sold first and the 230 property will be sold later. It is anticipated that the sale of the 220 property will take place in June 2019 and the 230 property in September 2019.

Councilman Bernstein commented that this timeframe was intentionally structured in this manner to allow for additional rental income to be collected from the 230 property.

Mayor White thanked Mayor Emeritus Vince Barra who was instrumental during this process as well as the negotiating committee. She advised that Hampshire was made aware of the small area of contamination which will be worked out as part of the terms of the contract. She also thanked the entire governing body who all worked very hard to get the Borough to this point.

Public Comment:

Lori Caruso, 16 Dogwood Drive, expressed her appreciation to the governing body members for all of the work that they have put in during this negotiation process. As the LOI is not binding, she

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expressed concern that the upcoming election may have an impact. She expressed further concern that this developer can change the agreed upon intended use in the future.

Mayor White advised that the developer has 45 days within which they can change their mind for any reason. She explained that the governing body may not be able to answer all the questions asked this evening as a formal contract has not yet been entered into with the developer.

Borough Attorney Wiss advised that the 45-day clause is a walkaway clause which allows the developer to walk away for any reason. He noted that the LOI has already been signed by the developer so the specifics in terms of economics and uses have already been detailed and are immutable. He explained that following this Work Session, the resolution to authorize the Mayor to sign the LOI will be considered at the Regular Session. In terms of change in use after the acquisition takes place, he advised that the LOI is very specific as to the use of the property. He noted that this proposal was the result of extensive negotiation and refinement as to use, intensity of use, and economics.

Vincent Carr, 63 Hamilton Street, inquired when a site plan would be available for review.

Mayor White presented poster boards with the proposed site plan for review. Councilwoman Homan provided a description of the proposed site plan. Mayor White stated that Hampshire will be allowing the Borough to choose the architect to design Borough Hall. She expressed her belief that the future governing body will continue to involve residents in the process.

Councilman Bernstein clarified that the 220 property site will be subdivided with Borough Hall being built on the front part of the property and the residential units being built in the back.

Mark Savastano, 22 Vreeland Place, requested confirmation that there is no leeway in what may be placed on this property. He was advised that his statement is correct.

Jesse Velten, 68 Elbrook Drive, inquired whether the \$3.5 million being placed in escrow for the Borough Hall would cover the entire cost. He further inquired whether consideration was given to ground leasing 230 West Crescent Avenue.

Mayor White advised that, although it would depend on the design, it is believed that this amount could cover the entire cost. With respect to ground leasing, she responded that it was not an option with this proposal.

Administration:

A. Agenda Review

Due to time constraints, this agenda item was not addressed.

B. Mayor's Report

Due to time constraints, this agenda item was carried to the Regular Session.

C. Council Reports

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Due to time constraints, this agenda item was carried to the Regular Session.

D. Staff Reports

Due to time constraints, this agenda item was carried to the Regular Session.

E. Correspondence

There were no correspondence items.

Adjournment

There being no further business to come before the Mayor and Council, on a motion by Councilman Strauch, second by Councilwoman Wilczynski, and unanimously carried, to adjourn this meeting. The meeting was adjourned at 7:59 p.m.

Respectfully submitted

Anne Dodd, RMC
Municipal Clerk