

Township of Lawrence
County of Mercer

Ordinance No. 2436-22

ORDINANCE OF THE TOWNSHIP OF LAWRENCE, IN THE COUNTY OF MERCER, APPROVING THE APPLICATION FOR A FINANCIAL AGREEMENT OF, AND EXECUTION OF A FINANCIAL AGREEMENT WITH, LAWRENCE LOGISTICS CENTER URBAN RENEWAL LLC.

WHEREAS, the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 *et seq.*, as amended and supplemented (the “**Redevelopment Law**”) provides a process for municipalities to participate in the redevelopment and improvement of areas in need of redevelopment; and

WHEREAS, the Township Council of the Township of Lawrence is authorized, pursuant to the Redevelopment Law., to determine whether certain parcels of land within the Township constitute an area in need of redevelopment and to create redevelopment plans establishing development controls for any area so designated; and

WHEREAS, by Resolution No. 295-21, adopted September 21, 2021, the Township Council designated the property identified as Block 601, Lots 1 through 8 on the Township’s official tax maps and otherwise known as 40 Enterprise Avenue (the “**Redevelopment Area**”) as a “non-condemnation area in need of redevelopment” pursuant to the Redevelopment Law; and

WHEREAS, the Township Planning Board, acting pursuant to the Redevelopment Law, prepared a redevelopment plan for the redevelopment of the Redevelopment Area in a manner that is compatible with the industrial nature of the Redevelopment Area and surrounding properties, entitled “The Enterprise Avenue Redevelopment Plan”, dated October 14, 2021 (the “**Redevelopment Plan**”), and referred the Redevelopment Plan to Township Council for consideration for adoption; and

WHEREAS, by Ordinance No. 2411-21, adopted November 4, 2021, the Township Council adopted the Redevelopment Plan to govern the redevelopment of the Redevelopment Area; and

WHEREAS, by Resolution No. SP-2/22, adopted July 18, 2022, the Township Planning Board granted Preliminary and Final Major Site Plan Approval, Bulk Variances and Exceptions permitting the Redevelopment Area to be developed with a warehouse/distribution center having a floor area of approximately 275,676 square feet, and related improvements, including but not limited to parking, storm water management, lighting and landscaping improvements, as permitted by the Redevelopment Plan (the “**Redevelopment Project**”); and

WHEREAS, Lawrence Logistics Center Urban Renewal New Jersey limited liability company and an urban renewal entity formed pursuant to N.J.S.A. 40A:20-1 *et seq.* (the “**Urban Renewal Entity**”), was formed specifically to undertake the Redevelopment Project on the Redevelopment Area; and

WHEREAS, by Resolution No. 343-22, adopted October 18, 2022, the Township Council designated the Urban Renewal Entity as the redeveloper of the Redevelopment Area for purposes of constructing the Redevelopment Project thereon, and, pursuant to the said Resolution, the Township and the Urban Renewal Entity entered into that certain redevelopment agreement, dated October __, 2022 (the “**Redevelopment Agreement**”), specifying the terms and conditions for the construction of the Redevelopment Project on the Redevelopment Area and the respective rights and obligations of the Township and the Urban Renewal Entity with respect thereto; and

WHEREAS, pursuant to and in accordance with the provisions of the Redevelopment Law and N.J.S.A. 40A:20-1 et seq. (the “**Long Term Tax Exemption Law**”), the Township is authorized to provide for a tax exemption for a redevelopment project within a designated redevelopment area and to collect payments of an “Annual Service Charge” in lieu of taxes for providing municipal services to the Redevelopment Project; and

WHEREAS, in order to achieve the redevelopment of the Redevelopment Area with the Redevelopment Project, which will require the prior demolition of existing structures which are vacant and/or dilapidated and remediation of existing environmental conditions in order to return the Redevelopment Area to productive use, and to enhance the economic viability of and opportunity for a successful Redevelopment Project, the Urban Renewal Entity submitted to the Mayor of the Township an application, dated October 27, 2022 (the “**Application**”), including a proposed form of financial agreement (the “**Financial Agreement**”), copies of which are on file with the Township Clerk, seeking a tax exemption in connection with the Redevelopment Project pursuant to the Long Term Tax Exemption Law, in consideration of which the Urban Renewal Entity shall make specified payments of an Annual Service Charge in lieu of taxes to the Township for municipal services; and

WHEREAS, the Mayor submitted the Application and proposed Financial Agreement to the Township Council together with his recommendation for approval, a copy of which recommendation is on file with the Township Clerk; and

WHEREAS, the Township Council has reviewed the Application and the proposed Financial Agreement and makes the following findings pursuant to the Long Term Tax Exemption Law:

A. Relative Benefits of the Redevelopment Project:

The Redevelopment Project will result in the demolition and removal of existing buildings and structures which are vacant and dilapidated from the Redevelopment Area, the remediation of existing soil and groundwater environmental conditions within the Redevelopment Area, and the development thereon of a new 275,656 square foot warehouse/distribution center. Once completed, the Redevelopment Project will generate new commercial tax revenue for the Township. The Redevelopment Project does not include any residential uses and, therefore, will not surcharge the local schools with additional students. The Redevelopment Project is expected to produce approximately **100-150** temporary, full-time construction jobs, and **50-220** permanent employment jobs. Both during construction and after commencement of operations of the Redevelopment Project, the large pool of construction workers and permanent employees are expected to generate substantial economic activity in the Township, including but not limited to at local restaurants, luncheonettes, convenience stores, coffee shops and grocery stores, gas stations and vehicle repair shops, dry cleaners, hair and nail salons and other retail establishments.

A. Assessment of the Importance of the Tax Exemption in Obtaining Development of the Project and Influencing the Locational Decisions of Probable Occupants:

The Project Property was previously improved with 15 buildings and structures that were vacant/dilapidated, and impacted by petroleum and historic fill contaminated soil, as well as petroleum, and chlorinated volatile organic compounds (CVOCs) in groundwater. Demolition of existing improvements and remediation of the Project Property must be completed before the Redevelopment Project can be constructed. Since many of the

buildings and structures contain or contained asbestos, the buildings and structures could not simply be demolished and carted away; rather, the asbestos first must be properly removed and transported to a secure landfill in accordance with New Jersey Department of Environmental Protection (“NJDEP”) regulations. Further, in order to obtain a Remedial Action Outcome (“RAO”) from the Entity’s Licensed Site Remediation Professional (“LSRP”), the Entity must install engineering controls/ or capping, including building foundations, asphalt, concrete, and fencing. In addition, on its own volition the Entity intends to install a passive vapor control system, which will require periodic sampling, maintenance, and certification after completion and commencement of operation of the Redevelopment Project. The costs of demolition and site remediation that must be incurred before the Redevelopment Project can be constructed on the Project Property are estimated to be in excess of \$5 million. The cost of installing and maintaining/certifying the engineering controls/cap is estimated to be in excess of \$1 million. A tenant or tenants will not, and legally cannot, occupy and operate the Redevelopment Project, and the Project Property cannot be put to any productive use, or make any productive use, unless and until these substantial environmental impacts have been abated.

In addition to these substantial “pre-construction costs”, the materials costs that will be incurred by the Entity to construct the Redevelopment Project on the Project Property are artificially inflated by “supply chain” and other continuing impacts of the COVID-19 pandemic. As a result of these COVID-19 “timing” impacts, the cost and availability of sufficient quantities of required building materials is erratic and unpredictable, causing contractors to include substantially inflated contingency and escalation factors in their bids. Inflationary conditions now impacting all sectors of the economy are exerting additional upward pressure on the cost of building materials. These extraordinary “timing” impacts on the cost of the Redevelopment Project would not have been incurred at all just a few years ago.

It is not reasonable to expect the Entity (or any commercial redeveloper exercising reasonable business judgment) to absorb these substantial costs to construct the Redevelopment Project without financial assistance from the Township as permitted by the Long Term Tax Exemption Law, and the Redevelopment Project likely will not be constructed without such financial assistance. In order to improve and support the economic viability of the Redevelopment Project, which will deliver substantial economic benefits in terms of construction and permanent jobs and increased expenditure in the local economy, the Township has agreed to provide a tax exemption for pursuant to this Agreement. The predictability of the Annual Service Charge (as defined herein) will support and stabilize the Redevelopment Project, and assist the Entity to undertake and operate the Redevelopment Project in the Township.

WHEREAS, the Township Council now desires to approve the Application and authorize the execution of the Financial Agreement, substantially in the same form as that on file with the Township Clerk, setting forth the rights and obligations of the Township and the Urban Renewal Entity with respect to payment of the Annual Service Charge in lieu of taxes for municipal services provided to the Redevelopment Project; and

WHEREAS, the Urban Renewal Entity has executed and delivered to the Township a copy of the Financial Agreement, confirming its acceptance of the terms and conditions thereof;

NOW, THEREFORE, BE IT ORDAINED by the Township Council of the Township of Lawrence, County of Mercer, State of New Jersey, as follows:

1. The foregoing recitals are incorporated herein as if fully set forth at length.
2. The Application is hereby approved, and in reliance upon the information provided therein by the Urban Renewal Entity, the proposed Financial Agreement in the form attached to the Application as **Exhibit 19** is also hereby approved.
3. Upon completion of the Redevelopment Project, as evidenced by a Certificate of Completion (as defined in the Financial Agreement), the Redevelopment Project improvements shall be exempt from taxation for the period set forth in the Financial Agreement, during which time the Urban Renewal Entity shall make payments to the Township in lieu of taxes in the amounts specified in the Financial Agreement in consideration of the provision of municipal services to the Redevelopment Project.
4. The Mayor is hereby authorized and directed to execute the Financial Agreement and any associated documents, instruments and agreements referenced therein, substantially in the form attached as **Exhibit 19** to the Application, subject to minor modification or revision, as deemed necessary and appropriate after consultation with counsel.
5. The Township Clerk is hereby authorized and directed, upon execution of the Financial Agreement and related documents, instruments and agreements, to attest to the signature of the Mayor upon such document(s) and is hereby further authorized and directed to thereupon affix the corporate seal of the Township.
6. If any part(s) of this Ordinance shall be deemed invalid, such part(s) shall be severed and the invalidity thereof shall not affect the remaining parts of this Ordinance.
7. This Ordinance shall take effect in accordance with applicable law.

Adopted: December 6, 2022

RECORD OF VOTE

COUNCIL	AYE	NAY	PRESENT	ABSENT	ABSTAIN	MOVE	SECOND
Mr. Bobbitt	X						
Mr. Kownacki	X						
Ms. Lewis	X					X	
Mr. Powers	X						X
Mayor Ryan	X						