

City Clerk File No. Ord. 17-107

Agenda No. 3. A 1st Reading

Agenda No. 4. J. 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE

offered and moved adoption of the following ordinance:

CITY ORDINANCE 17-107

TITLE: ORDINANCE APPROVING A TWENTY (20) YEAR TAX EXEMPTION FOR A COMMERCIAL WAREHOUSE PROJECT TO BE CONSTRUCTED BY EXETER THOMAS MCGOVERN LAND URBAN RENEWAL, LLC, PURSUANT TO THE PROVISIONS OF THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ FOR THE PROPERTY DESIGNATED AS BLOCK 21508, LOT 2, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS AS 295 THOMAS F. MCGOVERN DRIVE (F/K/A 79 THOMAS F. MCGOVERN DRIVE)

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, Exeter Thomas McGovern Land Urban Renewal, LLC, is an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 2003, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. [Entity]; and

WHEREAS, the Entity is the owner of certain property known as Block 21508, Lot 2, on the City's Official Tax map, consisting of approximately 4.74 acres, and more commonly known by the street address of 295 Thomas F. McGovern Drive (f/k/a 79 Thomas F. McGovern Drive), Jersey City, and more specifically described by metes and bounds, in the application [Property]; and

WHEREAS, the Property is located within the Liberty Harbor Redevelopment Plan Area as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g); and

WHEREAS, the Entity has applied for a 20 year long term tax exemption to construct a single story building with approximately 95,808 square feet of industrial space, 87 parking spaces and 15 loading docks, to be constructed on vacant land [Project]; and

WHEREAS, the Project received Site Plan approval from the Planning Board on May 24, 2016, and

WHEREAS, the Project received Amended Preliminary and Final Major Site Plan Approval with Deviation from the Planning Board on June 27, 2017, and

WHEREAS, Exeter Thomas McGovern Land Urban Renewal, LLC, has agreed to:

1. pay the greater of (i) the Minimum Annual Service Charge or (ii) 13% of the Annual Gross Revenue, which sum is initially estimated to be \$137,004; and which shall be subject to statutory staged increases over the term of the tax exemption; and
2. pay an annual sum equal to 2% of each prior year's Annual Service Charge as an Administrative Fee, or \$2,740; and
3. provide employment and other economic opportunities for City residents and businesses;
4. pay to City for remittance to Hudson County, an amount equal to 5% of the Annual Service Charge upon receipt of that charge, or \$6,850;
5. provide a contribution to the City's Affordable Housing Trust Fund, pursuant to Ordinance 03-112, in the amount of \$44,525. This payment is nonrefundable and nontransferable and shall be forfeited by the Entity should either party terminate the tax exemption prior to the end of the herein term; and

ORDINANCE APPROVING A TWENTY (20) YEAR TAX EXEMPTION FOR A COMMERCIAL WAREHOUSE PROJECT TO BE CONSTRUCTED BY EXETER THOMAS MCGOVERN LAND URBAN RENEWAL, LLC, PURSUANT TO THE PROVISIONS OF THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ FOR THE PROPERTY DESIGNATED AS BLOCK 21508, LOT 2, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS AS 295 THOMAS F. MCGOVERN DRIVE (F/K/A 79 THOMAS F. MCGOVERN DRIVE)

6. the City will share 10% percent of the Annual Service Charge the City receives, or \$13,700, with the Jersey City Board of Education; and
7. execute a Project Employment & Contracting Agreement; and

WHEREAS, the City hereby determines that the relative benefits of the project outweigh the cost of the tax exemption, for the following reasons:

1. the current real estate taxes assessed on the Property, Block 21508, Lot 2, and therefore, the air rights area generates only \$49,286 revenue, whereas, the Annual Service Charge as estimated, will initially generate approximately \$137,004 to the City;
2. it is expected that the Project will create approximately 117 jobs during construction and 40-120 new permanent full-time jobs;
3. the Project will stabilize and contribute to the economic growth of businesses in the surrounding area;
4. the Project will further the overall redevelopment objectives of the Liberty Harbor Redevelopment Plan Area;
5. the City's impact analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and
6. the City will share 10% percent of the Annual Service Charge the City receives, or \$13,700, with the Jersey City Board of Education.

WHEREAS, the City hereby determines that the tax exemption is important in obtaining development of the project and influencing the locational decisions of probable occupants for the following reasons:

1. the relative stability and predictability of the Annual Service Charges will make the Project more attractive to investors needed to finance the Project;
2. the relative stability and predictability of the Annual Service Charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will insure the likelihood of the success of the Project; and

WHEREAS, Exeter Thomas McGovern Land Urban Renewal, LLC, has initially complied with Executive Order 2002-005 concerning "Disclosure of Lobbyist Representative Status" by filing an appropriate letter in the Office of the City Clerk.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

A. The application of Exeter Thomas McGovern Land Urban Renewal, LLC, an urban renewal company, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 2003, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., a copy of which is on file in the office of the City Clerk, for Block 21508, Lot 2, more commonly known by the street address of 295 Thomas F. McGovern Drive (f/k/a 79 Thomas F. McGovern Drive), and more specifically described by metes and bounds in the application, is hereby approved.

B. The Mayor or Business Administrator is hereby authorized to execute a tax exemption Financial Agreement and a Project Employment and Contracting Agreement. The Financial Agreement shall include at a minimum the following terms and conditions:

1. Term: the earlier of 23 years from the adoption of the within Ordinance or 20 years from the date the project is Substantially Complete.
2. Annual Service Charge: each year the greater of:

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- (a) the Minimum Annual Service Charge; or
 - (b) 13% of the Annual Gross Revenue, which sum is initially estimated to be \$137,004; and which shall be subject to statutory staged increases over the term of the tax exemption.
3. Administrative Fee: 2% of the prior year's Annual Service Charge, or \$2,740.
4. County Payment: an additional 5% of the Annual Service Charge for remittance by the City to Hudson County, or \$6,850.
5. the City will share 10% percent of the Annual Service Charge the City receives, or \$13,700.
6. Affordable Housing Trust Fund: \$44,525 or \$0.10 x 95,808 square feet of industrial space and \$1.50 x 23,296 square feet of parking space. Such funds are non-refundable and non-transferrable in the event of a termination or expiration of the Financial Agreement.
7. Staged Adjustments:
 - (a) Stage One: years 1-6;
 - (b) Stage Two: years 7-9;
 - (c) Stage Three: years 10-11;
 - (d) Stage Four: years 12-13;
 - (e) Final Stage: Beginning on the 1st day of the 14th year through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due.
8. Project Employment & Contracting Agreement: an obligation to execute a Project Employment and Contracting Agreement to insure employment and other economic benefits to City residents and businesses.
9. The initial installment of the Affordable Housing Trust Fund contribution payment shall be due on execution of the Financial Agreement, but in no event later than 90 days of the adoption of the ordinance. Interest shall accrue on such payments as of the 91st day at the same rate as the City charges for unpaid real estate taxes.
10. The actual date of execution of the tax exemption agreement shall not affect, alter or amend the Entity's obligation to make payments according to the intervals set forth in Section 304-28 of the Municipal Code and the tax exemption agreement. Should the Entity fail to make timely payments, interest shall begin to accrue at the rate set forth in the financial agreement.
11. The Financial Agreement shall be executed by the Entity no later than 90 days following adoption of the within Ordinance. Failure to comply shall result in a repeal of the herein Ordinance and the tax exemption will be voided unless otherwise extended by the City.
12. The Ordinance will be rescinded if the closing of the sale of the property and transfer of title from the seller to the Entity does not take place within ninety (90) days of the date of adoption of the herein Ordinance, unless otherwise extended by the City.
13. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project is: 1) commenced within two (2) years; 2) Substantially Complete within five (5) years of the adoption of the within Ordinance.

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C. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Chief Financial Officer of the county and to the County Counsel, for information purposes, within ten (10) calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity.

D. The application is on file with the office of the City Clerk. The Financial Agreement and Project Employment and Contracting Agreement shall be in substantially the form on file in the Office of the City Clerk, subject to such modification as the Business Administrator or Corporation Counsel deems appropriate or necessary.

E. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

F. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.

G. This ordinance shall take effect at the time and in the manner provided by law.

H. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All material is new; therefore underlining has been omitted. For purposes of advertising only, new matter is indicated by **bold face** and repealed matter by *italic*.


JJH/he
7/26/17

APPROVED AS TO LEGAL FORM


Corporation Counsel

APPROVED: _____

APPROVED: _____


Business Administrator

Certification Required ☐

Not Required ☒

ORDINANCE FACT SHEET

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance

ORDINANCE APPROVING A TWENTY (20) YEAR TAX EXEMPTION FOR A COMMERCIAL WAREHOUSE PROJECT TO BE CONSTRUCTED BY EXETER THOMAS MCGOVERN LAND URBAN RENEWAL, LLC, PURSUANT TO THE PROVISIONS OF THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ FOR THE PROPERTY DESIGNATED AS BLOCK 21508, LOT 2, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS AS 295 THOMAS F. MCGOVERN DRIVE (F/K/A 79 THOMAS F. MCGOVERN DRIVE)

Initiator

Department/Division	Mayor's Office	Mayor's Office
Name/Title	Marcos Vigil	Deputy Mayor
Phone/email	(201) 547-6542	vigilm@jcnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Ordinance Purpose

This Ordinance will approve a twenty-year tax abatement for a single-story industrial building consisting of 95,808 square feet. The proposed Annual Service Charge (ASC) will be thirteen percent (13%) of Annual Gross Revenue.

In addition to the building itself, the project will feature eighty-seven parking spaces (87) and fifteen (15) loading docks. The applicant expects to begin construction in September and the project is expected to be completed within eleven (11) months. The applicant estimates that this project will create one hundred seventeen (117) jobs during construction and approximately forty to as many as one hundred twenty (40-120) permanent positions after construction.

I certify that all the facts presented herein are accurate.

Signature of Department Director

Date

Ordinance of the City of Jersey City, N.J.



ORDINANCE NO. Ord. 17-107
TITLE: 3.A JUL 28 2017 4.J

AUG 16 2017

Ordinance approving a twenty (20) year tax exemption for a commercial warehouse project to be constructed by Exeter Thomas McGovern Land Urban Renewal, LLC, pursuant to the provisions of the Long Term Tax Exemption Law N.J.S.A. 40A:20-1 et seq for the property designated as Block 21508, Lot 2, on the City's tax map and more commonly known by the street address as 295 McGovern Drive (f/k/a 79 Thomas F. McGovern Drive).

RECORD OF COUNCIL VOTE ON INTRODUCTION JUL 28 2017 7-0											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI		ABSENT		YUN	✓			RIVERA	✓		
GADSDEN	✓			OSBORNE	✓			WATTERMANN	✓		
BOGGIANO		ABSENT		ROBINSON	✓			LAVARRO, PRES.	✓		

RECORD OF COUNCIL VOTE TO CLOSE PUBLIC HEARING AUG 16 2017 9-0											
Councilperson <u>RIVERA</u> moved, seconded by Councilperson <u>LAVARRO</u> to close P.H.				COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI	✓			YUN	✓			RIVERA	✓		
GADSDEN	✓			OSBORNE	✓			WATTERMANN	✓		
BOGGIANO	✓			ROBINSON	✓			LAVARRO, PRES.	✓		

✓ Indicates Vote

N.V.--Not Voting (Abstain)

SPEAKERS:

YVONNE BALGER

RECORD OF COUNCIL VOTE ON AMENDMENTS, IF ANY											
Councilperson _____ moved to amend Ordinance, seconded by Councilperson _____ & adopted				COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI				YUN				RIVERA			
GADSDEN				OSBORNE				WATTERMANN			
BOGGIANO				ROBINSON				LAVARRO, PRES.			

RECORD OF FINAL COUNCIL VOTE AUG 16 2017 7-1-1											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI	✓			YUN	✓			RIVERA	✓		
GADSDEN		✓		OSBORNE	✓			WATTERMANN	✓		
BOGGIANO		ABSTAIN		ROBINSON	✓			LAVARRO, PRES.	✓		

✓ Indicates Vote

N.V.--Not Voting (Abstain)

Adopted on first reading of the Council of Jersey City, N.J. on **JUL 28 2017**

Adopted on second and final reading after hearing on **AUG 16 2017**

This is to certify that the foregoing Ordinance was adopted by the Municipal Council at its meeting on **AUG 16 2017**

Robert Byrne
Robert Byrne, City Clerk

*Amendment(s):

APPROVED:

Rolando R. Lavarro, Jr.
Rolando R. Lavarro, Jr., Council President

Date

AUG 16 2017

APPROVED:

Steven M. Fulop
Steven M. Fulop, Mayor

Date

AUG 17 2017

Date to Mayor

AUG 17 2017