



City of Newark

City Hall
920 Mayor Kenneth A.
Gibson Boulevard
Newark, New Jersey 07102

Legislation Details (With Text)

File #: 18-1818 **Version:** 1 **Name:** 152 Rutherford Street
Type: Resolution **Status:** Adopted
File created: 11/27/2018 **In control:** Economic and Housing Development
On agenda: 1/23/2019 **Final action:** 1/15/2019
Title: Dept/ Agency: Economic and Housing Development
Action: () Ratifying (X) Authorizing () Amending
Type of Service: Private Sale/Redevelopment
Purpose: To construct a 30,000 sq. ft. industrial storage facility with 5,000 sq. ft. of office space
Entity Name: 152 Rutherford Street Urban Renewal, LLC
Entity Address: 124 Polk Street, Box S-2, Newark, New Jersey 07105
Sale Amount: \$200,000.00
Cost Basis: () PSF (X) Negotiated () N/A () Other:
Assessed Amount: \$547,100.00
Appraised Amount: \$1,040,000.00
Contract Period: To commence within six (6) months and be completed within two (2) years from the transfer of ownership by the City
Contract Basis: () Bid () State Vendor () Prof. Ser. () EUS
() Fair & Open () No Reportable Contributions () RFP () RFQ
(X) Private Sale () Grant () Sub-recipient () n/a
List of Property:
(Address/Block/Lot/Ward)
152-164 Rutherford Street/Block 5056/Lot 20/East Ward
Additional Information:
Total Lot Square Footage: \$64,599.48
Assessed Amount: \$547,100.00
Appraised Amount: \$1,040,000.00
Environmental Credit Amount: -\$840,000.00
Negotiated Sale Price: \$200,000.00
Sponsors: Augusto Amador, Carlos M. Gonzalez
Indexes:
Code sections:

Date	Ver.	Action By	Action	Result
1/15/2019	1	Municipal Council	Adopt	Pass

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Negotiated Sale Price: \$200,000.00

WHEREAS, the purpose of this resolution is to approve the sale and rehabilitation of the following City-Owned property located in the East Ward of the City of Newark (the "Property"):

<u>ADDRESS</u>	<u>WARD</u>	<u>BLOCK</u>	<u>LOTS</u>	<u>SQ. FT.</u>
152-164 Rutherford Street	EAST	5056	20	64,599.48

Assessed Amount: \$547,100.00

Appraised Amount: \$1,040,000.00

City Environmental Credit: -\$840,000.00

Negotiated Sale Price: \$200,000.00; and

WHEREAS, the City has determined that the above-referenced City-owned property (the "Property") is no longer needed for any public use and that the redevelopment of the Property will contribute to the reinvigoration of the City; and

WHEREAS, pursuant to N.J.S.A. 40A: 12A-8(f), the City is authorized to arrange or contract with redevelopers for the planning, re-planning, construction or undertaking of any redevelopment project; and

WHEREAS, pursuant to N.J.S.A. 40A:12A-8(g), the City may "convey property without public bidding and at such prices and upon such terms as it deems reasonable" and said conveyance is made in conjunction with the applicable Redevelopment Plan, as amended; and

WHEREAS, the Municipal Council previously adopted Resolution 7Rdo(AS) on June 15, 2005, designating the entire City as an "area in need of rehabilitation" under the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1, *et seq.* (the "LRHL"); and

WHEREAS, the Municipal Council thereafter adopted Ordinance 6S&Fe on September 21, 2005, adopting the First Amendment to the East Ward Redevelopment Plan, governing the redevelopment of City-owned properties located within the East Ward, which includes the above referenced property; and

WHEREAS, the City received a proposal for the purchase and redevelopment of the Property from 152 Rutherford Street Urban Renewal, LLC, a New Jersey corporation located at 124 Polk

Street, Box S-2, Newark, New Jersey 07105 (the “Redeveloper”); and

WHEREAS, the Redeveloper has proposed to the City’s Department of Economic and Housing Development to construct the Property as a 30,000 sq. ft., industrial storage facility with 5,000 sq. ft. of office space, which shall include the undertaking of environmental remediation and demolition on the Property (the “Proposal”); and

WHEREAS, based upon the City’s review of the proposal and other such information, the City has determined that the Redeveloper possesses the proper qualifications and requisite financial resources and capacity to acquire the Property and to rehabilitate them in accordance with the requirements of N.J.S.A. 40A:12A-8(g), the terms and conditions of the Agreement for the Sale of Land and Redevelopment, the form of which is attached hereto (the “Agreement”), and the East Ward Redevelopment Plan, as amended; and

WHEREAS, the City obtained an appraisal report for the Property dated September 26, 2017, from Jason A. Wernstein, MAI, of Helix Real Estate, LLC, which estimated the value of the Property, without considering the effects of any environmental contamination on the Property, to be One Million Forty Thousand (\$1,040,000.00) dollars and Zero Cents; and

WHEREAS, the Redeveloper then obtained an Environmental Cost Estimate dated September 27, 2017, from Lewis Consulting Group, consultants, which estimated the total cost of environmental remediation on the portion of the Property to be approximately Two Million Nine Hundred Forty-Three Thousand and Six Hundred Dollars and Zero Cents (\$2,943,600.00), which estimate includes attorney fees, permitting costs, investigation costs, the implementation of engineering controls, and continued monitoring and maintenance of engineering controls to address environmental contamination on the Property; and

WHEREAS, since the cost to remediate the Property, \$2,943,600.00, for the Redeveloper’s use is well in excess of the appraised value of the Property, \$1,040,000.00, the City has negotiated an environmental credit in the amount of \$840,000.00. Resulting in a negotiated sales price of Two Hundred Thousand Dollars and Zero Cents (\$200,000.00); and

WHEREAS, pursuant to the above-mentioned statutory authority, the Department of Economic and Housing Development has recommended that the City of Newark sell the Property to the Redeveloper, 152 Rutherford Street Urban Renewal, LLC, whom is willing to purchase the Property from the City, for the negotiated consideration of Two Hundred Thousand Dollars and Zero Cents (\$200,000.00), (“Purchase Price”), for the purpose of rehabilitating said Property in accordance with the requirements of N.J.S.A. 40A:12A-8(g), the Agreement, and the East Ward Redevelopment Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE MUNICIPAL COUNCIL OF THE CITY OF NEWARK, NEW JERSEY, THAT:

1. The Mayor and/or his designee and the Director of the Department of Economic and Housing Development are hereby authorized to enter into and execute the Agreement for the Sale and Redevelopment of Land attached hereto with 152 Rutherford Street Urban Renewal, LLC, 124 Polk Street, Box S-2, Newark, New Jersey 07105 (the “Redeveloper”), for the private sale and rehabilitation of the following Property, for the following Purchase Price, in accordance with the requirements of N.J.S.A. 40A:12A-8(g), the terms and conditions of the attached Agreement and the East Ward Redevelopment Plan, as

amended:

<u>ADDRESS</u>	<u>WARD</u>	<u>BLOCK</u>	<u>LOT</u>	<u>SQ. FT.</u>
152-164 Rutherford Street	EAST	5056	20	64,599.48

Assessed Amount:	\$547,100.00
Appraised Amount:	\$1,040,000.00
Environmental Credit Amount:	- \$840,000.00
Negotiated Sale Price:	\$200,000.00

2. Said Property shall be sold to 152 Rutherford Street Urban Renewal, LLC, by private sale, for the purpose of redeveloping/constructing the above-mentioned Property as a 30,000 sq. ft. industrial storage facility with 5,000 sq. ft. of office space, which shall include the undertaking of environmental remediation and demolition on the Property.
3. The Director of the Department of Economic and Housing Development is hereby authorized to effectuate certain business terms and conditions related to the Redevelopment Agreement annexed hereto and may enter into access and right of entry agreements and any related documents, which may be necessary in order to effectuate the sale of the Property and the terms and conditions of the Agreement, all in forms subject to the approval of the City of Newark's Corporation Counsel.
4. The Director of the Department of Economic and Housing Development is hereby authorized to enter into a maximum of two (2) six (6) month extensions of any timeframe set forth in the Agreement, subject to full written disclosure of such extension(s) (in the form of a signed Memorandum to be submitted to the Office of the City Clerk prior to adoption) to the Municipal Council of the City of Newark by the Director of the Department of Economic and Housing Development and the approval of the City of Newark's Corporation Counsel.
5. The Redeveloper shall be designated as the exclusive redeveloper of the Property and any other prior legislation authorizing or intended to authorize the sale and/or redevelopment of the Property is hereby rescinded.
6. The Redeveloper shall have thirty (30) days from the date this resolution is certified by the Office of the City Clerk to execute the attached Agreement for the Sale and Redevelopment of Land and return same to the Department of Economic and Housing Development. Should the Redeveloper fail to execute and return the attached Agreement within this thirty (30) day time period, the authorization provided by this resolution shall be null and void, unless the Director of the Department of Economic and Housing Development agrees in writing to extend this thirty (30) day time period.
7. The Director of Finance is hereby authorized to receive proceeds of the sale and to deposit same as follows: ninety percent (90%) of the sale proceeds shall be deposited into the Community and Economic Development Dedicated Trust Fund established under Resolution 7Rg, November 6, 1985; and ten percent (10%) of the sale proceeds shall be placed in the City's Affordable Housing Trust Fund established under City Ordinance 6S&Ff, June 21, 2006, for the purpose of preserving low and moderate income affordable

housing.

8. The Redeveloper shall be required to comply with the City of Newark's Minority Set-Aside Ordinance 6S&Fd, April 5, 1995; the City of Newark's Affirmative Action Plan 7Rbp, March 1, 1995; Federal Executive Order 11246, (as amended by Executive Orders 11375 and 12086) regarding the award of goods and services contracts; and the City of Newark Ordinance 6PSF-c June 17, 2015, Amending Title II, Administration, Chapter 4, General Administration, Section 20, Hiring of Newark Residents by Contractors or Other Persons Doing Business with the City of Newark, and Section 21, Newark Residents' Employment Policy, by Adding Language to Address Immediate Short Term Training and Employment Opportunities and Repealing the Newark Employment Commission, a copy of which is attached to the Agreement (the "First Source Ordinance"), all as may be applicable. In addition, the Redeveloper has agreed to ensure that thirty percent (30%) of all contractors, subcontractors, and suppliers shall be Newark-based companies.
9. The Redevelopment of the Property shall commence within Six (6) months and shall be completed within two (2) years from the transfer of ownership of the Property by the City to the Redeveloper.
10. The project to be implemented by the Redeveloper shall conform to the City of Newark Design Guidelines, including standards for environmental sustainability and energy efficiency, as established by the Department of Economic and Housing Development. Additionally, the Redeveloper shall conduct any environmental investigation and remediation upon the Property as may be necessary. Should the Redeveloper fail to diligently pursue and complete the redevelopment of the Property, then the City, in its sole discretion, may exercise its Right of Reverter to transfer title to the Property back to the City, in accordance with the terms and conditions of the Agreement in the deed.
11. The Director of the Department of Economic and Housing Development is hereby authorized to execute a Quitclaim Deed to the Redeveloper for the Property. Said Quitclaim Deed conveying title to the Property to the Redeveloper shall be approved as to form and legality by the City of Newark's Corporation Counsel and attested to and acknowledged by the City Clerk.
12. The Director of the Department of Economic and Housing Development shall place a copy of the executed Agreement for the Sale and Redevelopment of Land, the Quitclaim Deed, and all such other executed agreements authorized by this resolution on file in the Office of the City Clerk.

STATEMENT

This Resolution authorizes the Mayor and/or his designee and the Director of the Department of Economic and Housing Development to enter into and execute an Agreement for the Sale and Redevelopment of Land with 152 Rutherford Street Urban Renewal, LLC, 124 Polk Street, Box S-2, Newark, New Jersey 07105, which provides for the private sale and redevelopment of the following Property, for the following Purchase Price, in accordance with the requirements of N.J.S.A. 40A:12A-8(g), the terms and conditions of the attached Agreement for the Sale and Redevelopment of Land and the East Ward Redevelopment Plan, as amended to redevelop/construct a 30,000 square feet

industrial storage facility with 5,000 square feet of office space.

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