



City of Newark

City Hall
920 Broad Street
Newark, New Jersey 07102

Legislation Text

File #: 17-1602, Version: 1

Dept/ Agency: Economic and Housing Development

Action: () Ratifying (X) Authorizing () Amending

Type of Service: Private Sale/Redevelopment

Purpose: Develop a parking facility and industrial warehouse

Entity Name: 3J's Development Group, LLC.

Entity Address: 500 Avenue P, Newark, New Jersey 07105

Sale Amount: \$2,900,000.00

Cost Basis: () \$ PSF (X) Negotiated () N/A () Other:

Assessed Amount: \$2,632,000.00

Appraised Amount: \$2,650,000.00

Contract Period: Construction of the parking facility to commence no later than 90 days after receiving all Governmental Approvals and completion of the industrial warehouse facility be completed no later than 3 years after completion of Groundwater Remediation

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)

646-696 Frelinghuysen Avenue Rear/Block 3782/Lot 109/South Ward

Additional Information:

WHEREAS, the purpose of this resolution is to approve the execution of a Redevelopment Agreement which provides for the sale and redevelopment of the following City-owned property:

<u>ADDRESS</u>	<u>WARD</u>	<u>BLOCK</u>	<u>LOT</u>	<u>SQ. FEET</u>
646-696 Frelinghuysen Ave. Rear	South	3782	109	Approx. 217,800

(the "Property")

Total Purchase Price: \$2,900,000.00, subject to certain credits; and

WHEREAS, the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1, et seq., as amended and supplemented (the "Act"), authorizes municipalities to participate in the redevelopment and improvement of areas that are in need of redevelopment or rehabilitation; and

WHEREAS, on July 14, 2004, the Frelinghuysen Avenue Airport Support Zone Redevelopment Plan (the "Redevelopment Plan") covering the Property, as that term is defined herein, was adopted by Ordinance 6S&Fk July 14, 2004; and

WHEREAS, the Redevelopment Plan is applicable to the Property, however, pursuant to the City's Zoning Ordinance, the Redevelopment Plan comprises "overlay zoning" consistent with the holding in Weeden v. City Council of Trenton; and

WHEREAS, in order to stimulate the reinvigoration of the City, by Resolution 7Rdo (A.S.) adopted by the Municipal Council on June 15, 2005, the entire City of Newark was designated as an area in need of rehabilitation pursuant to the Act; 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, replanning, construction or undertaking of any redevelopment project; and

WHEREAS, as a result of certain tax foreclosure proceedings, the City acquired that real property shown on the official tax map of the City of Newark as Block 3782, Lot 109 located in the South Ward of the City, more commonly known as 646-696 Frelinghuysen Avenue, Rear, and comprising approximately five (5) acres (the "Property"); and

WHEREAS, due to on-site industrial operations dating back to 1931, the Property is heavily contaminated and the New Jersey Department of Environmental Protection ("NJDEP") previously took certain initial response actions upon the Property in accordance with the New Jersey Spill Compensation & Control Act, N.J.S.A. 58:10-23.11, et seq., at a cost to NJDEP of approximately \$837,000.00, for which amount a lien upon the Property has been asserted as reflected in the Notice of Amended First Priority Lien ("NJDEP Lien"); and

WHEREAS, the Property is also a federal Superfund Site on the National Priorities List (identified as #NJD980755623 and known as the White Chemical Corporation Superfund Site), and has been remediated by certain responsible parties, and continues to be further remediated by the United States Environmental Protection Agency ("USEPA") in accordance with the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, et seq., at a cost to USEPA of approximately \$46,013,000.18, with future groundwater remediation costs estimated to be approximately \$25,000,000.00 (the "USEPA Remediation"), the total amount likely comprising over \$70,000,000.00, for which amount a lien upon the Property has been asserted pursuant to the Notice of Federal Lien ("USEPA Lien"); and

WHEREAS, the City has determined that the Property is not needed for any public use and that redevelopment of the Property will contribute to the reinvigoration of the City and as such, the City has commenced negotiations with the NJDEP and the USEPA, respectively, in order to resolve the NJDEP Lien and the USEPA Lien; and

WHEREAS, 3J's Development Group, LLC (the "Redeveloper") has expressed an interest in purchasing the Property and redeveloping it as follows: initially, as a secure parking facility for commercial vehicles and upon the completion of the USEPA Remediation, as an industrial warehouse, or for such other purposes as may be approved by the City and consistent with the Deed Notice which has been recorded upon the Property in connection with the USEPA Remediation; and

WHEREAS, the City has determined that the Redeveloper appears to possess the proper qualifications, financial resources, and capacity to implement and complete the redevelopment of the Property in accordance with all applicable laws, rules and regulations; and

WHEREAS, the City believes that the redevelopment of the Property is in the vital and best interests of the City and that it promotes the health, safety, morals and welfare of the City's residents and as such, the City wishes to convey the Property to the Redeveloper for a Purchase Price of Two Million Nine Hundred Thousand and Zero Cents (\$2,900,000.00), subject to certain credits, and to enter into a Redevelopment and Property Conveyance Agreement (the "Redevelopment Agreement") with Redeveloper in substantially the form attached hereto; and

WHEREAS, satisfactory resolution of the NJDEP Lien and the USEPA Lien shall be an express condition precedent to any obligation under the Redevelopment Agreement and any proposed resolution of either Lien shall be submitted separately to the Municipal Council of the City of Newark for consideration.

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

1. The Mayor and/or a designee and the Acting Director of the Department of Economic and Housing Development are hereby authorized to enter into and execute a Redevelopment and Property Conveyance Agreement in the form attached hereto as **Exhibit A**, with 3Js Development Group, LLC, 500 Avenue P, Newark, New Jersey 07105.
2. The Acting Director of the Department of Economic and Housing Development is hereby authorized to effectuate certain business terms and conditions related to the Property and may enter into access and right of entry agreements, and any related documents which may be appropriate and necessary in order to effectuate the sale of the Property and the terms and conditions of the Redevelopment Agreement, all in forms which shall be subject to the review and approval of the City of Newark Acting Corporation Counsel, including the Deed for the Property.
3. Any other prior legislation authorizing or intended to authorize the sale and/or redevelopment and/or rehabilitation of the Property is hereby rescinded.
4. 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 Redevelopment Agreement and return same to the Department of Economic and Housing Development. Should the Redeveloper fail to execute and return the attached Redevelopment Agreement within this thirty (30) day time period, the authorization provided by this resolution shall be null and void, unless the Acting Director of the Department of Economic and Housing Development agrees in writing to extend this thirty (30) day time period.
5. 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&f, June 21, 2006, for the purpose of preserving low and moderate income affordable housing.
6. 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.

7. Construction of the parking facility to commence no later than 90 days after receiving all Governmental Approvals and completion of the industrial warehouse facility be completed no later than 3 years after completion of Groundwater Remediation.

8. The Acting Director of the Department of Economic and Housing Development shall place a copy of the executed Redevelopment Agreement and all such other executed documents and agreements authorized by this resolution on file in the Office of the City Clerk.

9. This resolution shall take effect immediately.

STATEMENT

This Resolution authorizes the execution of a Redevelopment Agreement in the form attached hereto, in order to provide for: (i) the sale of the Property to Redeveloper for a purchase price in the amount of Two Million Nine Hundred Thousand and Zero Cents (\$2,900,000.00), subject to certain credits; (ii) the redevelopment of the Property to occur in phases, first as a parking facility and then as an industrial warehouse, in accordance with the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1, et seq., and all applicable Federal, State and Local laws, rules and regulations.

ADDRESS

WARD BLOCK LOT SQ. FEET

646-696 Frelinghuysen Ave. Rear South 3782 109 Approx. 217,800