



Legislation Text

File #: 23-0621, Version: 1

Dept/ Agency: Economic and Housing Development

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

Type of Service: Redevelopment Agreement

Purpose: First Amendment to the Agreement for the Sale and Redevelopment of Land to 38-60 Blanchard, LLC to amend the project scope.

Entity Name: 38-60 Blanchard, LLC

Entity Address: 75 Parkhurst Street, Suite 2, Newark, New Jersey 07114

Contract Amount: \$75,000.00

Funding Source: 38-60 Blanchard, LLC

Contract Basis: () Bid () State Vendor () Prof. Ser. () EUS

() Fair & Open () No Reportable Contributions () RFP () RFQ

(X) Private Sale () Grant () Sub-recipient (X) N/A

List of Property:

(Address/Block/Lot/Ward)

38-60 Blanchard Street/Block 5001/Lot 16/East Ward

Additional Information:

Resolution 7R2-k(S) adopted on November 29, 2016 authorized the Redevelopment Agreement with 38-60 Blanchard, LLC.

This Resolution authorizes a First Amendment to the Redevelopment Agreement to amend the project scope.

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 November 29, 2016, the Municipal Council adopted Resolution 7R2-k(S) (the "Original Resolution"), which authorized the sale of the following City-owned property (the "Property") located within the East Ward, no longer needed for public use, in accordance with the First Amendment to the East Ward Redevelopment Plan, adopted by Ordinance 6S&Fe(S) on September 21, 2005, as amended, which governs the redevelopment of City-owned property located in the East Ward identified as:

<u>ADDRESS</u>	<u>WARD</u>	<u>BLOCK</u>	<u>LOT</u>	<u>SQ.</u>	<u>FEET</u>
38-60 Blanchard St., Rear	East	5001	16	147,688.4	

WHEREAS, the Original Resolution and the Agreement for the Sale and Redevelopment of Land (the "Agreement") (attached hereto as **Exhibit A**) with 38-60 Blanchard LLC provides for the construction of a moderate size industrial complex with two separate components: (1) a 15,000 sq. ft., two-story warehouse with office space and; (2) a biogas renewable energy facility, to produce a relatively clean burning, colorless, and odorless form or energy to be produced from biodegradable

food and animal waste, which will consist of several buildings, including a three-story office building and storage pilos; and

WHEREAS, the City obtained an appraisal report for the Property, which estimated the value of the Property, without considering the effects of any environmental contamination on the Property, to be Two Million, Four Hundred Thousand Dollars and Zero Cents (\$2,400,000.00); and

WHEREAS, the Redeveloper then obtained an Environmental Cost Estimate from Matrix New World consultants which estimated the total cost of environmental remediation on the Property to be approximately Five Million, Four Hundred Fifty-Eight Thousand, Five Hundred Sixty-Three Dollars and Zero Cents (\$5,458,563.00), which estimate includes permitting costs, investigation costs, the implementation of engineering controls, and continued monitoring and maintenance of engineering controls; and

WHEREAS, as the cost to remediate the Property for the Redeveloper's use is well in excess of the appraised value of the Property, the City has determined that Seventy-Five Thousand Dollars and Zero Cents (\$75,000.00) is an appropriate and reasonable purchase price for the Property for the rehabilitation of the Property in accordance with the Act and the Redevelopment Plan (the "Purchase Price"); and

WHEREAS, the Redeveloper has actively worked towards the redevelopment of the site, which required access from the adjacent lot owned by Consolidated Rail Corp. ("Conrail"), which delayed the redevelopment of the Property as contemplated in the Original Redevelopment Agreement; and

WHEREAS, as a result of the delays, Redeveloper did not redevelop the Property in accordance with the Original Redevelopment Agreement and has therefore requested an amendment of the scope of the project in the Original Redevelopment Agreement; and

WHEREAS, the Redeveloper has asked that the City to amend the scope of the project from the original purpose of constructing a moderate size industrial complex with two separate components-a 15,000 sq. ft. two-story warehouse with office space and a biogas renewable energy facility, to produce a relatively clean burning, colorless, and odorless form or energy to be produced from biodegradable food and animal waste, which will consist of several buildings, including a three-story office building and storage pilos to a new amended project consisting of constructing a moderate size industrial complex consisting of two warehouses totaling 12,000 sq. feet each, respectively, totaling 24,000 sq. feet of warehouse space and a ground-mounted solar energy facility/park, with parking solely accessory to the warehouse use (the "Project"); and

WHEREAS, the Deputy Mayor/Director of the Department of Economic Housing and Development has reviewed and approved the new proposed Project; and

WHEREAS, the City believes the Project, as that term is defined herein, 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

WHEREAS, the City and Redeveloper desire to enter into the First Amendment to the Agreement for the Sale and Redevelopment of Land ("Amended Agreement") in order to memorialize

the terms and conditions of the sale and redevelopment of the Property, in a form substantially consistent to the Amended Agreement for the Sale and Redevelopment of Land, attached hereto as **Exhibit B**; and

WHEREAS, the transfer of the Property pursuant to the terms of the Amended Agreement is subject to the Municipal's Council's vote to adopt an Ordinance authorizing the sale and transfer of the Property pursuant to N.J.S.A. 40A:12-1 et seq. and the second reading of said Ordinance; and

WHEREAS, in the event the Ordinance authorizing the sale and transfer of the Property pursuant to N.J.S.A. 40A:12-1 et seq., is challenged or appealed, this Resolution will be deemed null and void; and

WHEREAS, the Amended Agreement shall supersede any previous agreement(s) or conditions related to the redevelopment of the Property.

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

1. The Mayor and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into and execute the First Amendment to the Agreement for the Sale and Redevelopment of Land (attached hereto as **Exhibit B**) with 38-60 Blanchard LLC, 75 Parkhurst Street, Suite 2, Newark, New Jersey, 07114 (the "Redeveloper") to amend the project scope to allow for the construction of a moderate size industrial complex consisting of two warehouses totaling 12,000 sq. feet each, respectively, totaling 24,000 sq. feet of warehouse space and a ground-mounted solar energy facility/park, with parking solely accessory to the warehouse use.
2. All other terms and conditions for the Agreement for the Sale of Land and Redevelopment authorized by and entered into pursuant to Resolution 7R2-k(S) adopted on November 29, 2016, shall remain in full force and effect.
3. The sale and transfer of the Property to the Redeveloper will be subject to the Municipal Council's vote to adopt an Ordinance authorizing the sale and transfer of the Property pursuant to N.J.S.A. 40A:12-1 et seq. and the second reading of said Ordinance.
4. In the event the Ordinance authorizing the sale and transfer of the Property pursuant to N.J.S.A. 40A:12-1 et seq. is challenged or appealed this Resolution will be deemed null and void.
5. The Deputy Mayor/Director of the Department of Economic and Housing Development is hereby authorized to effectuate certain business terms and conditions related to the Agreement and may enter into any related documents which may be necessary in order to effectuate the Amended Agreement.
6. The executed Agreement shall be placed on file in the Office of the City Clerk by the Deputy Mayor/Director of Department of Economic and Housing Development.
7. The Deputy Mayor/Director of Department of Economic and Housing Development is

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 Deputy Mayor/Director of the Department of Economic and Housing Development and the approval of the City of Newark's Corporation Counsel.

8. 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 Amended Agreement for the Sale and Redevelopment of Land and return same to the Department of Economic Housing Development. Should the Redeveloper fail to execute and return the attached Amended Agreement within this thirty (30) day time period, the authorization provided by this resolution shall be null and void, unless the Deputy Mayor/Director of Department of Economic and Housing Development agrees in writing to extend this thirty (30) day period.

STATEMENT

This Resolution authorizes the Mayor and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development, on behalf of the City of Newark, to enter into a First Amendment to the contract for the Sale and Redevelopment of Land with 38-60 Blanchard, LLC, 75 Parkhurst Street, Suite 2, Newark, New Jersey 07114, for the redevelopment of the properties identified on the City of Newark Tax Map as Block 5001, Lot 16.