PRELIMINARY INVESTIGATION REPORT

FOR DETERMINATION OF AN AREA IN NEED OF REDEVELOPMENT IN ACCORDANCE WITH CRITERIA SET FORTH IN N.J.S.A. 40A:12A-1 ET SEQ.

BLOCK 483 PORTIONS OF LOTS 17, 18 AND 19

TOWNSHIP OF BRIDGEWATER SOMERSET COUNTY, NEW JERSEY

ADOPTED

September 9, 2014

Prepared for the Bridgewater Township Planning Board

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EXECUTIVE SUMMARY

The <u>Local Redevelopment and Housing Law</u>, N.J.S.A. 40A:12A-1 et seq. (Redevelopment Law) authorizes municipalities to determine whether or not certain parcels within its jurisdiction constitute an "area in need of redevelopment." Figure 2 depicts the 61.95 acre *Study Area* (Block 483 and a portion of lots 17, 18 and 19) which has been examined in accordance with criteria set for in N.J.S.A. 40A:12A-5 and found to qualify for designation as an area in need of redevelopment.

In <u>Gallenthin Realty Development, Inc. v. Borough of Paulsboro, 191 N.J. 344 (2007)</u>, the NJ Supreme Court clarified the identification of *blight*. In the absence of a definition of blight, the Court called upon a dictionary definition as "[s]omething that impairs growth, withers hopes and ambitions, or impedes progress and prosperity." It further stated, "At its core, blight' includes deterioration or stagnation that has a decadent effect on surrounding property". Id. at 365. Further, the Court explained, "The Blighted Areas Clause enables municipalities to intervene, stop further economic degradation, and provide incentives for private investment." Id. At 362.

There is evidence of blight which poses a clear threat to the welfare of the community due to facilities which are substandard, obsolescent, and unsafe or demonstrate deleterious land use, faulty arrangement or faulty layout. Progress toward smart growth objectives is impeded and these conditions unquestionably impair growth and prosperity for the general public and more particularly the Bridgewater community.

In sum, there is overwhelming proof that supports the finding that the Study Area meets Criterion "a", Criterion "d" and Criterion "h" as contained at N.J.S.A. 40A:12A-6 of the New Jersey Local Redevelopment and Housing Law. As such, the Study Area is recommended as an *area in need of redevelopment*.

INTRODUCTION

On June 16, 2014, the Bridgewater Township Council adopted Resolution No. 14-06-16-149, which directed the Bridgewater Township Planning Board to undertake a preliminary investigation and conduct a public hearing in order to determine whether or not approximately 61.95 acres of Block 483/Lots 17, 18 and 19, commonly referred to as the 'sanofi-aventis' property, is an *area in need of redevelopment* in accordance with criteria set forth in N.J.S.A. 40A:12A-1, et seq., which is known as "The Local Redevelopment and Housing Law" (LRHL), PL 1992, c. 79. According to the Bridgewater Township Council Resolution, "The Township of Bridgewater does not intend to use all the powers provided by the Legislature for use in a redevelopment area, specifically the use of eminent domain." A copy of the resolution adopted by the Bridgewater Township Council is included as Figure 2 in this report.

The Planning Board may determine and report to the Bridgewater Township Council that all, some portion or none of the Study Area meets the criteria of an Area in Need of Redevelopment. Prior to making its determination, the Planning Board must undertake a preliminary investigation, hold a public hearing and consider the written and verbal comments of objectors and proponents. The Board must draw its conclusions based on the comments from the interested public at the public hearing and on the findings of the "Preliminary Investigation Report." Several site and building inspections were conducted in preparation of this report during the months of July and August, 2014.

Block 483/Lots 17, 18 and 19 are situated between Interstate Route 287 and Route 202/206 North. (See Figure 3). Figure 4 depicts the Study Area on a survey entitled *As-Built Survey Entire Tract Map Amended Site Plan sanofi-aventis, Lots 17, 18 & 19 Block 483*, prepared by Richard C. Mathews, PLS of Stires Associates, PA, dated 10/28/2009 and revised 1/28/2010 for As-Built purposes. The three lots contain approximately 109.557 acres and are in common ownership.

Table 1
Ownership Summary

Block 483 Lot Number	*Approximate Acreage	**Ownership per Tax Assessor
17	49.953 acres	CIP II/AR Bridgewater Holdings LLC 1041 US Highway 202/206
18	29.799 acres	CIP II/AR Bridgewater Holdings LLC 1041 US Highway 202/206
19	29.805 acres	CIP II/AR Bridgewater Holdings LLC 1041 US Highway 202/206
Total	109.557 acres	61.95 acres is within the Study Area of the Preliminary Investigation Report

*Source: Bridgewater Township Tax Assessor and property Survey by Stires Associates.

STATUTORY CRITERIA FOR DETERMINATION OF AN 'AREA IN NEED OF REDEVELOPMENT'

In accordance with N.J.S.A. 40A:12A-1 et seq. of "The Local Redevelopment and Housing Law" provides the basis to determine whether or not the subject land area qualifies as an *Area in Need of Redevelopment*. As provided in N.J.S.A. 40:132A-5, after investigation, notice and a public hearing as set forth in Section 6 of P.L. 1992, c.79, an area may be determined to be in need of redevelopment if the governing body concludes by resolution that the delineated area contains any of the conditions outlined below:

a. The generality of the buildings in the area are substandard, unsafe, unsanitary,

^{**} Source: Bridgewater Township Tax Assessor

dilapidated, or obsolescent, or possess any of these characteristics, or are so lacking in light, air or space that they are conducive to unwholesome living or working conditions.

- b. The discontinuance of the use of buildings previously used for commercial, manufacturing, or industrial purposes; the abandonment of such buildings; or the same being allowed to fall into so great a state of disrepair as to be untenantable.
- c. Land that is owned by the municipality, the county, a local housing authority, redevelopment agency or redevelopment entity, or unimproved vacant land that has remained so for a period of ten years prior to adoption of the resolution, and that by reason of its location, remoteness, lack of means of access to developed sections or portions of the municipality, or topography, or nature of the soil, is not likely to be developed through the instrumentality of private capital.
- d. Areas with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light and sanitary facilities, excessive land coverage, deleterious land use or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.
- e. A growing lack or total lack of proper utilization of areas caused by the condition of the title, diverse ownership of the real property therein or other conditions, resulting in a stagnant or not fully productive condition of land potentially useful and valuable for contributing to and serving the public health, safety and welfare.
- f. Areas, in excess of five contiguous acres, whereon buildings or improvements have been destroyed, consumed by fire, demolished or altered by the action of storm, fire, cyclone, tornado, earthquake or other casualty in such a way that the aggregate assessed value of the area has been materially depreciated.
- In any municipality in which an enterprise zone has been designated pursuant to the "New Jersey Urban Enterprise Zones Act". P.L. 1983, c.303 (C.52:27H-60 et seq.) the execution of the actions prescribed in that act for the adoption by the municipality and approval by the New Jersey Urban Enterprise Zone Authority of the zone development plan for the area of the enterprise zone shall be considered sufficient for the determination that the area is in need of redevelopment pursuant to sections 5 and 6 of P.L. 1992, c.79 (C.40A: 12A-5 and 40A: 12A-6) for the purpose of granting tax exemptions within the enterprise zone district pursuant to the provisions of P.L. 1991, 0.431. (C.40A:20-1 et seq.) or the adoption of a tax abatement and exemption ordinance pursuant to the provisions of P.L. 1992, c.441 (C.40A:21-1 et seq.). The municipality shall not utilize any other redevelopment powers within the urban enterprise zone unless the municipal governing body and planning board have also taken the actions and fulfilled the requirements prescribed in P.L. 1992, c.79 (C.40A: 12A-1 et seq.) for determining that the area is in need of redevelopment or an area in need of rehabilitation and the municipal governing body has adopted a redevelopment plan ordinance including the area of the enterprise zone.
- h. The designation of the delineated area is consistent with smart growth planning principles adopted pursuant to law or regulation.

STUDY AREA, LOCATION AND SURROUNDING LAND USES

The Study Area and the surrounding environment are located on or along Bridgewater's Route 202/206 North corridor which is in the northwest quadrant of the township. The Study Area is bounded, in part, by Interstate Route 287 to the west and by a single-family neighborhood and by a religious complex to the north. For the most part, the single-family homes that lie along the northerly property line have frontages on Cedarbrook Road, which is a roadway off Old Farm Road. These homes lie within the R-50 single-family residential zone. Across Route 202/206 to the east are single-family dwellings in the neighborhoods of Muirfield Lane, Braemar Place and Heather Hill Way. The zoning is R-40 across from Study Area lot 19 which generally includes dwellings on Muirfield Lane and Braemar Place. Across the highway from Study Area lots 18 and 19 are lands generally located on Heather Hill Way and within the R-40 zone. To the south of the Study Area is a 150 feet wide PSE&G right of way. To the south of the PSE&G right of way are single-family homes principally having access from Mountainview Avenue, Parker Street and Byrd Avenue. The zone designation for this neighborhood is primarily R-20 to the east and R-40 to the west.

The collective portions of the three lots that make up the Study Area are "L" shaped. The top of the "L" is adjacent to Interstate Route 287 to the west and the foot of the "L" lies along Route 202/206 to the east. The lots have access on Route 202/206 North. Interstate Route 287 provides no access into the site.

The entire campus contains 109.557 acres, of which the Study Area is 61.95 acres. The residual area, not included in the Study Area, is comprised of buildings more recently constructed (circa 2001 per the Bridgewater Township Tax Assessor) and in compliance with current building codes.

BACKGROUND

The Study Area was developed and, since approximately 1968-1970, functioned as a Research and Development (R&D) campus for a pharmaceutical research single user. The corporate headquarters of the pharmaceutical tenant (sanofi-aventis) was just north of the R&D site on Route 202/206 North. The Study Area continued to only serve pharmaceutical research and development. The sanofi-aventis corporation vacated the R&D site around 2012 and moved to Massachusetts. The Study Area was sold to CIP II/AR Bridgewater Holdings LLC in April of 2013.

Since the time of its original construction, the pharmaceutical research and development campus grew, with new buildings erected over the course of the intervening 45 years. (See Figure 6 for dates of construction of the buildings within the Study Area.) The earliest buildings within the campus were positioned in tight proximity to one another. New buildings and building additions were added as the need for more space arose. All

buildings are provided heat and cooling by way of a central utility plant building which is the sole source of steam heat, cooling, compressed air and is the principal source of electricity.

ZONING

The Study Area lies along Route 202/206 North and is within Bridgewater's Special Economic Development (SED) Zone (Figure 5.) The SED zone permits light manufacturing, scientific research laboratories and offices. The subject site is at 1041 U.S. Highway 202/206 and has been rebranded as the New Jersey Center of Excellence at Bridgewater. General design and development controls are guided by Bridgewater Code, Section 126-320; however, the site was developed consistent with ARTICLE XLVI, Conditional Uses, as found in Bridgewater Township ordinance Section 126-345.1. This entitled section, specific to the **SED** zone, is Planned Commercial Development/Corporate Office Park (PCD/COP) Conditions and Standards.

EVALUATION BASED ON STATUTORY CRITERIA

Criterion "a.": This criterion speaks to the generality of buildings being substandard, unsafe or dilapidated as to be conducive to unwholesome living or working conditions. Discussion:

The Study Area contains research and office buildings which are substandard, not economically viable and exhibit a condition of deleterious land use.

SUBSTANDARD: WINDOW EFFICIENCY AND BUILDING GEOMETRY

The single-pane windows in buildings throughout the Study Area are substandard, waste energy and create a drafty condition which produces an unwholesome working condition. Site inspection revealed that all windows in the buildings are substandard when compared to current requirements for construction. Windows in the Study Area are single—glazed rather than thermo-pane windows which have a higher energy efficiency rating. This substandard condition is particularly damaging due to the very long and narrow buildings and outdated features of the early campus design. These long, narrow buildings result in greater surface area that these single-pane windows consume and greater loss of heat and cooling than from a square building design.

While the single-glazed windows were appropriate for construction 45 years ago, they no longer meet construction code requirements. In 2009, the New Jersey construction regulations were amended to require energy-loss calculations in conformance with the 2009 Commercial ASHRE standards. According to the Bridgewater Construction Code Official, the buildings do not conform to ASHRE standards for energy efficiency. Windows for an entire floor of any building must be replaced with energy-efficient glazing if the building is reconstructed and these floor(s) cannot be occupied during construction. Changes in use would also trigger the requirement for window replacement, such as for conversions from laboratory to office, conversion from research to office, or conversion of cafeteria to office uses.

There is a stark contrast between the Study Area portion of the campus and the more recent campus circa 2001 construction to the west, which conforms to current codes and standards. The significant energy loss, through outdated single-pane fenestration renders the Study Area substandard.

SUBSTANDARD: WALKWAY

There is an above-ground glass walkway which leads from Building A to Building O (Figure 15). This glass walkway is also constructed of single pane glass. According to the owner who occupies a portion of Building A on a daily basis, this glass walkway design has inefficient heating and air conditioning due to the surrounding windows and inability of the climate control design to accommodate the effects of the single-pane windows. The walkway is often hot in the summertime and cold in the winter, adding to the cost and creating an undesirable working condition.

SUBSTANDARD SITE DESIGN

Due to significant variations in surface topography, with buildings situated on higher and lower tiers of the Study Area, handicap access in this portion of the campus is substandard. A handicap person at a higher building elevation traveling to buildings at a lower elevation would have to go into a building that has an elevator, access the glass walkway connection and take the elevator to the building at the lower elevation. For example, a handicapped individual leaving a higher elevation, such as Building B, would need to go into Building A and go through the A/O glass walkway connection into Building O. Once in Building O, the person would have to take the elevator in Building O to access the exterior at the lower level.

SUBSTANDARD: HANDICAP ACCESS TO CAFETERIA

As noted above, due to a significant variation in topography, and buildings situated at higher and lower tiers of the Study Area, handicap access around the campus is substandard. The cafeteria was designed to be a Campus Cafeteria for all employees as opposed to each building having a cafeteria. Thus, a handicapped individual at a higher elevation, such as Building D, would need to go to Building A and go through the A/O glass skyway connection into Building O. Once in Building O, the person would have to go to the elevator in Building O and take the elevator down to access the lower grade. From the exit of Building O, the handicapped person would then travel by sidewalk for approximately 100 yards to the Campus Cafeteria, which is a long way for a wheelchair-bound person, especially in inclement weather.

SUBSTANDARD: BUILDING ELEVATORS

The elevators in the Study Area are substandard in that they need work to bring them into code compliance. According to the Bridgewater Township Elevator Inspector's records, the following is a summary of current inspection violations associated with elevators in the Study Area.

Building	Number of Elevator
Identification	Violations
A	No violations
В	2
D	4
0	3
Е	2

SUBSTANDARD BUILDING: SCIENTIFIC LABORATORY

Laboratory systems have not been utilized since sanofi-aventis vacated the site in the fall of 2012 and are not likely to be used again. The vacated laboratory systems are old, and more advanced modern diagnostic equipment has overtaken the instrumentation that was used prior. Laboratories are expensive to install and lab space is not easily upgraded or retrofitted to another use.

While laboratory spaces are generous, shifted to one side of the common corridor of the building, the offices on the opposite side of the labs are so narrow as to be impractical for commercial research utility. Since research scientists did not have secure office space near the laboratory area, they utilized the third floor office space for paperwork. This inefficient and faulty building design makes reuse as a laboratory unlikely.

<u>Therefore, Criterion "a" is met.</u> It is clear that the criterion of substandard building and site conditions is found in the Study Area and adversely affects the welfare of the community.

Criterion "d.": This criterion speaks to areas with buildings which by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, land uses or obsolete layout, or any combinations of these or other factors would be detrimental to the safety, health or welfare of the community. A description of building usage is provided in Figure 6.

Obsolete sub-basement and tunnel and Tunnel Faulty Arrangement As part of the single-tenant campus design, with interconnected buildings, the sub-basement holds the mechanical systems, heating and cooling ducts that supply multiple buildings. Employees use this windowless space for work needed in the maintenance of mechanical systems and for continual use of the sub-basement tunnel which connects Building O to Buildings A, D and B. This tunnel was used to move campus deliveries from the central receiving area and mailroom in Building O to offices in Buildings A, D and B. The layout of this tunnel and the buildings it serves speaks to the single-tenant layout design. Whether or not the sub-basement and underground tunnel spaces are used, these spaces still must have continual heat, cooling and air exchanges in order to prevent the development of mold and the associated deterioration. Maintaining the sub-

basement and tunnel space is expensive and does not contribute to rental income.

DELETERIOUS LAND USE: HEATING AND CHILLED WATER SYSTEM

Climate control for the buildings in the Study Area is by way of an *above-ground* pipe high pressure steam heating and a chilled water system which is a continuous 'loop' system from the central utility plant building. More than a thousand linear feet of the above-ground pipe *loop* is wrapped with hazardous asbestos and the asbestos is overwrapped with a protective covering. (Figure 12). Although warning stickers are liberally found along this pipe system (Figure 13), these above-ground pipes are clearly visible and readily accessible for those using the entryways to buildings, walkways between buildings and points of social congregation. With the potential for breakage in an environment of steam and asbestos, the situation poses potential deleterious effects of infrastructure components of this land use.

Asbestos-wrapped distribution pipes inside the building were also discussed by the owner during site inspections conducted in the buildings of this campus (Figure 14). While the straight lengths of the white distribution pipes shown in this illustrative figure are representative of pipes which have been stripped of asbestos, the *elbow* connections in some buildings still have asbestos.

Additional cases of deleterious land use evident in the Study Area are obsolescence, faulty arrangement and design and obsolete layout.

OBSOLETE BUILDING: WATER USAGE FOR LAVATORIES AND OTHER DEVICES

The lavatories in the Study Area are substandard and functionally obsolete. The fixtures in the lavatories in all buildings of the Study Area are not water-saving devices, which is a requirement for issuance of a building permit that began in 1996. Costs for operation and environmental costs of wasteful water consumption is a feature that makes the lavatories substandard. Water Consumption regulations in New Jersey require that all toilets, faucets, urinals, showers and mop sinks be fitted with or converted to water-saving devices for building permit purposes. Also, if there is a change of use to any building, water devices in the workspace must be changed in the building to meet the current codes for water-saving standards.

FAULTY ARRANGEMENT OF UTILITIES LAYOUT

As noted, heating and cooling for the buildings in the Study Area is by way of an *above-ground* pipe transmission system which is a *loop* system that supplies all buildings from the central utility plant building. The Bridgewater Building Code Department has records of breakages within the central fire sprinkler line, which necessitated shutting down of the entire campus. The owner reported that there was a breakage in the heating line (asbestos wrapped pipe) which cut off climate control for the entire campus until the break was repaired. Renters of office space require confidence that water supply and climate control will be reliable, and would not expect that the buildings in the entire Study Area would be forced to vacate a building because there was a break somewhere in the utility *loop*.

FAULTY ARRANGEMENT OF CAMPUS LAYOUT: BUILDINGS

The concern over intensity of traffic is reflected in the maximum permitted Floor Area Ratio of 20% for the SED zone. This FAR is low compared to other zones on the Route 22, Route 202 and Route 202-206 corridors. See Table 2.

With a permitted FAR of 20%, there is heightened need for efficient space design with maximum utility. This resulted in a layout of buildings tightly concentrated around the central utility plant building and central data, information and mail distribution building. While this layout served a utilitarian functionality, it eliminated the design flexibility for a multi-tenant campus. The limited floor area, coupled with the need for scientific space, prevented the ability to retrofit to attract a broader range of tenants. An FAR of 20% offered less opportunity for the amenities customarily attractive to other users. The result is that utilitarian building designs in this campus were not able to serve the multi-tenant marketplace.

OBSOLETE ARRANGEMENT OF CAMPUS LAYOUT: PARKING

The need to tightly nest the buildings around the central utility plant, in order to reduce heat-loss from the above-ground heat distribution system, made the close proximity of these buildings a benefit originally, but ultimately resulted in parking for the site that is unevenly distributed. While the total parking count bears some correlation to that which is required, the locations of the parking stalls is disproportionate with the ordinance requirements for the building size. Several buildings lack convenient parking within 300 feet from the building entrance. (See Figure 7).

Additionally, some building additions were 'tacked on' as the need for more space arose. These building additions served as an infill within the campus and open land that could have been used for parking in close proximity to these buildings progressively diminished as buildings and additions were constructed. The result is that the flexibility to locate adequate and convenient parking for multiple uses was lost.

FAULTY ARRANGEMENT OF CAMPUS LAYOUT: IMPROVED LOT COVERAGE

The maximum improved lot coverage, which limits impervious surface areas of such improvements as buildings, and parking surfaces, also limited the appeal of the site for a broad range of users, including those users which would occupy a multi-tenant facility. Comparison of permitted Improved Coverage zones is shown on Table 2. Many other zones permit 10% more improved lot coverage which could be used to integrate plazas, recreational courts, exercise trails and other amenities into the campus design. For the study area of 61.95 acres, an additional 10% of improved lot coverage would represent 6.195 acres, or 269,854 s.f. which could have been committed to these amenities.

COMPARISON OF FAR AND IMPROVED COVERAGE IN SED ZONE WITH OTHER ZONES ALONG HIGHWAY CORRIDOR

Table 2

Zone	Zone Description	Location	Permitted	Improved	Common Open
Zone	Zione Besemption	Document	F.A.R.	Coverage	Space
			1 11 11 11	(%)	Required
SED	Special Economic	Route 202-206	0.20	*50	Yes-if Planned
	Development				Development.
HEC	Highway Enterprise	Route 22 &	0.35 to	60	1
	Center	Route 202-206	0.40		No
GCM	General Commercial and	Route 22 &	0.35	60	
	Manufacturing	Route 202-206			No
GC	General Commercial	Route 22	0.35 to	60	No
			0.40		
HIC	Highway Interchange	Route 22	0.35	60	
	Commercial				No
M-1	Limited Manufacturing	Route 22 and	0.25	60	Yes-if Planned
		Route 202			Development
M-1B	Limited Manufacturing	Route 22	0.35	60	
	(Small lot)				No
M1-C	Manufacturing	Route 22	0.35	60	No
LC	Limited Commercial	Route 22	0.30	60	
					No
C-1	Neighborhood Business	Route 22 and	0.15	50	
		Route 202			No
C-2	Bridgewater Regional	Route 22 and	Based on	-	
(BRC)	Center (aka Bridgewater	Route 202-206	Agreement	N/A	Yes
	Commons Mall)				
C-3	Office and Service	Route 22	0.30	60	No
C-3A	Limited Office	Route 202-206	0.15	50	No
C-5	Commercial Nursing	Route 22	0.25	40	
	Home _.			L	No

^{*}Ordinance provision for SED zone, PCD/COP, where the permitted maximum number of stories is 3 stories: The square footage of the floors in excess of three stories are to be added to the site's improved lot coverage thereby reducing the permitted Improved Lot Coverage.

FAULTY ARRANGEMENT - BUILDING LAYOUT

The ordinance permits a maximum of 3 stories and also sets the elevation of buildings to be no higher than 4.5' above the centerline of Route 202-206. This affected the higher elevations on the property, which is much of the Study Area.

§ 126-345.1. Planned commercial development/corporate office park (PCD/COP) conditions and standards.

G Maximum Building Height

(5) In no event shall any building extend above a horizontal sight line westerly from Route 202-206, which line shall be measured horizontally from the rooftop of the proposed building and perpendicular to Route 202-206 to a point 4 1/2 feet above

the center line of Route 202-206. Building height shall be calculated at the building facade or building corner closest to the right-of-way of Route 202-206.

In addition to the requirement not to exceed the maximum building elevation, the ordinance applies specific obligations if a building exceeds 3 stories. The square footage of the fourth (or more stories) is also to be added to the site's improved lot coverage computation, thereby requiring 'double deductions' and further reducing the effective maximum coverage of 50%.

§ 126-345.1. Planned commercial development/corporate office park (PCD/COP) conditions and standards.

D. Maximum percent of improved lot coverage.

(2) If buildings higher than three stories are proposed in a PCD/COP development, non-impervious surface area, in addition to the above requirement, shall be provided and shall be calculated as follows: For buildings in excess of three stories, the difference between the building footprint for such buildings and the footprint required for a three-story building with the same total square footage as for the taller building, shall be added to the non-impervious surface area required for the tract.

Based on the unusual requirements, in order to provide for the needs of the R&D corporation, the architecture was fashioned to reconcile the conflict. Given the limitation of height relative to the roadway and the consequences for a building having greater than 3 stories, the architectural solution for more space was addressed by creating three office levels above the ground and two office levels below the ground. There are two buildings which have basement and sub-basement levels. Obviously, below-ground working spaces have no windows and the means for egress are two stairwells at each end of the space and elevators. A subterranean work space arrangement is not competitive with above-ground office space. Since the slope from Route 202-206 North drops approximately 60 feet toward Route 287, the height limitation affected the buildings in the Study Area far more than the newer buildings to the rear.

OBSOLETE ARRANGEMENT: LOCATION OF LAVATORIES

Building A.

There are two elevators in Building A which lead to a common lobby. This is the same configuration on all floors of Building A. While access to the floor could be achieved by the introduction of a demising wall to facilitate two tenants on each floor, there is only one set of restrooms at one end of the hallway near the elevators. This arrangement is suitable for one tenant on a floor, but would negatively affect desirability for multi-tenant rental space on one floor. Similar problems in arrangement are found in other buildings. The arrangement of elevator and restroom facilities clearly impair the functionality for multiple tenants. The physical and architectural difficulties of providing access and restroom facilities for more than one user per floor for multi-tenant space are summarized below for each building:

Building B:

Basement – One elevator, no restroom

Floor 1 – A central elevator with one separate Men's and Women's restroom

Floor 2 – A central elevator with one separate Men's and Women's restroom.

Floor 3 – A central elevator with one separate Men's and Women's restroom.

Building C:

Floor 1 – There is one separate Men's and Women's restroom.

Floor 2 – There is one separate Men's and Women's restroom.

Building CC:

Floor 1 – Cafeteria. There is no elevator for this one-story structure. There is one Men's and one Women's restroom at the entrance.

Building D:

Basement – There is a central elevator, but no restroom.

Floor 1 –There is a central elevator with one Men's and one Women's restroom and one shared restroom off the kitchen.

Floor 2 – There is a central elevator with one Men's and one Women's restroom.

Floor 3 – There is a central elevator with one Men's and one Women's restroom.

Building E:

Basement – Single hallway with elevator at one end, one Men's and one Women's restroom in the middle of the hall.

Floor 1 –Single hallway with elevator at one end, Men's restroom at one end, Women's restroom at the other end of the hallway.

Floor 2 –Single hallway with elevator at one end, Men's restroom at one end, Women's restroom at the other end of the hallway.

Floor 3 - Single hallway with elevator at one end, Men's restroom at one end, Women's restroom at the other end of the hallway.

Building O:

Basement –Elevator with one Men's and one Women's restroom in the middle of the building.

Floor 1 – There is a central elevator with one Men's and one Women's restroom in the center of the building.

Floor 2 –There is a central elevator with one Men's and one Women's restroom in the center of the building.

Building R:

Floor 1 – There is no elevator for the one-floor structure. There is one Women's restroom and one Men's restroom in the center of the building.

FAULTY BUILDING DESIGN-UNLEASEABLE SPACE

The prevalence of long and narrow buildings results in long corridors that require many staircases. These would be reduced if the building configuration were square. Unleaseable areas include the following but do not reflect general hallway or restroom space:

Building A has 3 staircases and 2 elevator shafts with common area.

Building B has 2 staircases and 2 elevator shafts with common area.

Building D has 2 staircases and 2 elevator shafts with common area.

Building O has 2 staircases and 2 elevator shafts with common area and excessive area consumed by heating and cooling cabinets along perimeter of outside walls. (Figure 11)

Building E has 2 staircases and 1 elevator shaft with common area.

Building C has 2 staircases and 1 elevator.

OBSOLETE BUILDING DESIGN-UTILITIES

According to the owner, Building E has a minimum air exchange of 8-20 times per hour which is suitable for laboratory environment, but is higher than needed for an office use.

Due to the mechanical controls of the climate control blowers, the exchange rate cannot be reduced. According to the owner, the air handling system for Building E is inefficient and expensive to operate.

Building E has a massive heating and cooling duct/ cabinetry system that is massive in that the unit (of approximately 2' x 2.5' in dimension) consumes a significant portion of the exterior hallway area, along the exterior windows (See Figure 11). The obsolete hallway/heating design further reduces the usable rentable area.

ECONOMIC OBSOLESCENCE: BUILDINGS

Future economic utility is an obvious question, contrasting the possibility of repurposing buildings with outright demolition. Data provided in the chart below demonstrate that it is more cost-effective to replace the buildings in the Study Area than to meet current building codes. For review purposes, the values include the capacity of the land (land area is 110 acres) to support building structures based on the Floor Area Ratio for the SED zone.

Table 3
BUILDING VALUE IN STUDY AREA

1	Land in Entire Campus	110 Acres			
2	Square Feet of Entire Campus	$110 \times 43,560 \text{ s.f.} /ac = 4,791,600 \text{ s.f.}$			
3	Build out potential of Entire Campus	4,791,600 s.f. X .20 FAR =			
	based on SED zone with FAR of .20	958,320 s.f. of building area for the entire			
		site			
4	Purchase Price of Entire Campus (land	\$45,000,000			
	and improvements)				
5	*Land Value of property based on FAR	958,320 s.f. building X \$25* per s.f. of			
	capability of land to contain 958,320 s.f.	building = \$23,958,000			
	buildings. Value of land is \$25/s.f. of				
	permitted building square footage.				
6	Purchase Price Minus Land Value =	\$45,000,000 - \$23,958,000 =			
	Building Value in Entire Campus	\$21,042,000 Building Value			
7	*20% of the Value of Improvements in	\$21,042,000 Building Value X .20 =			
	Entire Campus =	\$4,208,400 value for all building square			
	Value of Improvements in Study Area	footage in the Study Area			
*8	Total Value of Buildings in Study Area per	\$4,208,400 / 270,000 s.f. =			
	Square Feet of Buildings in the Study Area	\$15.59 per square foot of building space.			
	= Value of one square foot of building in				
	Study Area				
*9	Resultant s.f. building value in Study	\$15.59 for one square foot of building			
	Area	space.			
40	*Common of data and confirmation of methodology and regults, Puidaguater Township Tow				

^{*}Source of data and confirmation of methodology and results: Bridgewater Township Tax Assessor, Anthony DiRado

As noted above in the discussion of Substandard Windows Efficiency and Geometry, the single-glazed windows will require replacement with double-glazed windows in order to receive a building permit for renovation or change in use. This single-item cost is shown below as an example of only one construction component which must be included in the construction cost. It does not consider other building permit requirements, such as those that may be associated with lavatories, elevators, electricity, heating or other renovation costs.

Based on the calculations in Table 4, the cost of replacement of one construction component, single-glazed windows, is 93% of the total value of the building. Renovations for changes in the use of a building also trigger possible upgrades of other construction components to comply with new building codes for electric, plumbing, heating and fire. Faced with these construction costs that are applied even before the actual building upgrades are installed, it is reasonable to conclude that it is more cost effective to remove the building than to attempt to retrofit it. This demonstrates the obsolescence the buildings in the Study Area since the conditions for these buildings are similar throughout.

Table 4
Cost of Window Replacement

	COST OF WINDOW REAL BRICEWIENT			
11	Building A Square Feet	**62,200 square feet		
2	Value of Building A based on I in Table	\$15.59/s.f. X 62,200 s.f. =		
		\$969,698.		
3	Building A Number of Windowed Floors	3		
4	Square Feet of Windows for Building A	*14,502 square feet		
5	*Estimated cost of replacement of 14,502	*\$899,124.		
	s.f. windows in Building A with standard			
	insulated glass			
6	Percentage of Cost to replace windows	\$899,124 / \$969,698. = 93%		
	compared to the Value of Building A			

^{*}Surepath Construction Services, LLC PO Box 9 Marlboro, NJ 07746 by Andrew Messinger, August 22, 2014 (See Figure 17) with telephone conference confirming that takeoff was taken directly from architectural plans and not estimated.

Therefore, Criterion "d" is met. The buildings have faulty arrangement in design, which cumulatively demonstrate that practical economic reuse is unlikely.

Criterion "h.": This criterion speaks to the consistency of the designation with smart growth principles.

The designation of the Study Area as an area in need of redevelopment is consistent with smart growth planning principles. These principles embody the study and resulting initiatives that will stimulate investment and produce developments which vitalize, or revitalize employment nodes such that there is a sustainable employment pool for a variety of skill sets. Smart Growth Principles for non-residential areas encourage the promotion of fiscally-sound enterprise growth that leads to robust employment opportunities, community-supportive and environmentally responsible development.

The Study area is located within the Suburban Planning Area (PA-2), as outlined on the

^{**} Bridgewater Township Tax Assessor

State Plan Policy Map from the 2001 State Development and Redevelopment Plan

(SDRP) (See Figure 16). In the Suburban Planning Area, which is generally found in suburban growth corridors located along state highways, the State Plan's intention is to:

- provide for much of the state's future development;
- promote growth in Centers and other compact forms;
- protect the character of existing stable communities;
- protect natural resources;
- redesign areas of sprawl;
- reverse the current trend toward further sprawl; and
- revitalize cities and towns.

According to the SDRP, PA-2 ...is unique in that the availability of public infrastructure offers the opportunity to create a development pattern with reasonable densities and physical continuity—with functional transportation linkages throughout and existing and approved planned sewer systems while protecting the integrity of the area's natural systems.

"Retrofitting," or redeveloping existing sprawl provides additional long-term opportunities to accommodate growth in more efficient and balanced ways. Municipalities should carefully consider effective long-term strategies and incentives capable of facilitating the progressive conversion of these low-density, automobile-oriented areas to more pedestrian-oriented and, where possible, mixed-use environments.

The SDRP detailed policies for the Planning Areas and the Policy Intent for PA-2 include the following:

Land Use:

- a. Guide development and redevelopment into more compact forms—Centers and former single-use developments that have been retrofitted or restructured to accommodate mixed-use development, redevelopment, services and cultural amenities.
- b. Plan and zone for a wide range of land uses and users, in order to achieve more balanced communities.
- c. Seek to better integrate different land uses, and remove or mitigate physical barriers between them.
- d. Encourage densities capable of supporting transit.
- e. Preserve the environs as parkland, farmland, or partially developed low-density uses without compromising the Planning Area's capacity to accommodate future growth.

SITE EMPLOYMENT AS IT RELATES TO SMART GROWTH OBJECTIVES

Historical employment data demonstrate the plunging level of employment which has been experienced at this campus. The obsolete design suggests that the employment potential once exhibited at this site will not return to the project buildings.

Table 5
Employment Summary for the Entire R&D Campus

Year	* Employees
*1990	2,150
** 2014	350
Difference	-1,800
Percentage	83.7%
Decline	

^{*} Source of Information: 1990 Master Plan, Page 41.

FISCAL STABILITY AS IT RELATES TO SMART GROWTH

The loss of taxable valuation is not, in and of itself, a rationale for designation of the site as an area in need of redevelopment. However, a significant loss of assessed valuation is an indicator of degraded corporate R&D/office appeal and declining office employment prospects.

Table 6
DECLINING ASSESSMENT OF THE STUDY AREA

DECEMING ASSESSMENT OF THE BIODITALICA				
* Assessment Value				
\$144,000,000				
\$80,000,000				
\$45,000,000				
99,000,000.00				
69%				

^{*}Source: Bridgewater Township Tax Assessor

ECONOMIC TRENDS RELATED TO THE OBJECTIVES OF SMART GROWTH

An abundance of evidence demonstrates that the buildings in the Study Area are obsolete and the site arrangement is flawed. The owner has not been able to attract corporate interest in rental of an outdated R&D facility and the prospects for this forty-five year old R&D site successfully competing with more modern sites are non-existent. Clearly, a massive reinvestment in these outdated and inefficient buildings is not prudent if, in the end, the campus cannot be expected to successfully compete with more modern facilities. In furtherance of this point, competing successfully in the New Jersey economic environment was the subject of an August 12, 2014 Planning Board discussion.

Mr. Jeffrey Otteau, a noted real estate expert from East Brunswick, appeared on behalf of the property owner and the Planning Board accepted Mr. Otteau as an expert in Real Estate valuation and analysis. He was sworn and testified to his analysis of the viability of the Study Area to serve as a research and development site for which it was designed.

^{**}Source of Information: General Property Manager.

^{**} Negotiated assessment per sanofi-aventis appeal to Tax Assessor

It was Mr. Otteau's concluding and professional opinion as a real estate analyst that, "...the prospects for the continued use of the 62 acres that are being discussed in the former sanofi-aventis site are 'non-existent' and that it is appropriate to consider the redevelopment of that site because it will fill a need in the community."

Mr. Otteau noted that the prospects for employment, rental of R&D property in New Jersey, in Somerset County and specifically in Bridgewater, are not favorable. He provided data which demonstrates that the New Jersey State economy underperforms when compared to other states. Job creation in the state shows overwhelmingly negative trends, particularly for the pharmaceutical industry, for which this campus was specifically designed.

Otteau's analysis shows that the declining demand for large-scale office uses predates the Great Recession and that office employment actually began to decline as early as 2000. He reports that nationally, 100% of the 9 million jobs lost in great recession have been recovered and the country has added several hundred thousand jobs over those lost. He notes that the same is true in New York City where a robust economy is experienced. On the other hand, New Jersey has only recovered 39% of the jobs lost during the recession, making New Jersey the third worst state in the country for job creation. Since the demand for R&D space is directly related to employment, the prospects for office campus uses are very discouraging.

Office and R&D properties vacancy and availability in NJ doubled as far back as 2002 (before the recession began), which shows a long-term structural weakness in New Jersey. He noted that the sub-par performance goes back to 2000 due to weak economic growth and the fleeing of companies from the state. Pharmaceutical companies are consolidating and/or leaving New Jersey and significant layoffs are occurring. As Merck prepares to vacate its 1 million square foot campus in Readington Township, its 1.2 million square feet R&D campus in Summit is on the market. Roche has vacated 2 million square feet of R&D space at its Nutley campus.

While the Study Area had been the home of the sanofi-aventis R&D site for many years, the company vacated its entire 1.2 million square feet here and relocated its R&D facilities to Cambridge, Massachusetts.

Mr. Otteau provided sobering statistics which demonstrate that a new path for development is needed. He noted that pharmaceutical-based employment is down by 34% in New Jersey over the last 20 years, despite a 31% increase in this sector across the United States. Diminishing employment opportunities, coupled with the inefficient and obsolete research and development campus of the Study Area make it necessary to accept these new economic realities. He suggested that Bridgewater move toward land use strategies and uses that will better serve the owner, the township and the state.

Demand for R&D space bears a direct relation to employment rates, where New Jersey continues to underperform. In response to negative employment trends, real estate demand for R&D continues to drop. R&D and office vacancy space doubled in 2002, five years before the recession began. This vacancy trend is not a situation that arose suddenly. The vacancy data show that this is a long-term, deeply rooted structural weakness that occurred here during a strong economic growth period elsewhere.

Mr. Otteau provided specifics on office properties, noting that office properties are measured by net-absorption.

Based on the 74 million R&D square feet currently-available in New Jersey and the current rate of absorption, it would take 62 years to fill the office space that already exists in New Jersey. Based on the pace at which office and R&D space is being filled, it will take 170 years to fill what is currently available in the employment market within a 15 mile radius from the Study Area. This area encompasses Morristown to Princeton and Clinton to Westfield. This timeframe is triple what exists at the state level.

In Somerset County, the situation is worse with a negative net absorption trend. Not only is Somerset County not filling available space, but rather the County's vacancy rate is rising faster than space is being filled. Somerset County, with a 23% office vacancy rate, increased by an additional 200,000 s.f. of vacant office space in the first half of 2014.

Mr. Otteau noted that vacant pharmaceutical space is unquestionably a market problem, also citing New Jersey vacancy rates for the following sectors:

Industrial warehouse:	6%,
Retail:	7%
Multifamily:	2%
Office	17%
Pharmaceutical industry	39%

This pharmaceutical vacancy rate was characterized by Mr. Otteau as, "Death by a million cuts." He testified that no industry or real estate sector can crawl out from under the weight of these statistics.

OTTEAU EVALUATION OF THE SANOFI-AVENTIS SITE

Mr. Otteau noted that compounding all of these challenges are the physical conditions at the sanofi-aventis site, finding that the older buildings are not viable for occupancy. Obsolesce is incurable because the cost of major reconstruction to make changes would exceed the cost to buy existing Class A space available today. 'The layering effect of economic, employment, market and physical constraints, he said, require an alternate use though redevelopment.'

New Jersey has nearly the highest rate of residents moving out of state. Millennials (25-34) are leaving to look for employment or because it is expensive living in New Jersey, where housing options are limited. He believes that the loss of that millennial age group is critical to the success of a company. Otteau noted that the loss of millennials limits the ability of Somerset County and Bridgewater to attract companies that need this workforce.

- The population in Somerset County increased by 9% between 2000-2010.
- The millennial population in Somerset County declined by 14% between 2000-2010.
- The population in Bridgewater increased by 3.5% between 2000-2010.
- The millennial population in Bridgewater declined by 33% between 2000-2010.

The loss of millennials, who are leaving the area, is a negative factor in attracting large corporate users to Bridgewater.

Otteau stated that the prospects of renting the space in the Study Area are not favorable, since there is far too much office space in the area, citing the following statistics:

New Jersey has, on average, 45,000 s.f. of office and R&D space per square mile. Somerset County has 100,000 s.f. of office and R&D space per square mile. Bridgewater has 222,000 s.f. of office and R&D space per square mile.

These statistics mean that Bridgewater is more challenged and at greater risk of vacancies. When old and substandard real estate has high vacancy rates, the competition is high and prospects for rental are low.

Mr. Otteau also cited the impact of the economic decline on the residential sector. He testified that, based on declining commercial property values, the shift of the tax burden will necessarily extend to the residential sector. He also noted that it may be more economical to purchase existing, vacant offices rather than attempt to retrofit old corporate office centers.

NEW JERSEY TRANSPORTATION PLANNING AUTHORITY STUDY OF SANOFI-AVENTIS SITE

With respect to the municipal policies for development of the Planned Office Park in the SED zone, the 1990 Master Plan (Page 55) cites the concern of excessive traffic along Route 202/206 North. The constraint of overburdened roadway remains a municipal concern today. The NJTPA, through Parsons Brinckerhoff, has issued its Executive Summary entitled Supporting Priority Investment In Somerset County Through Access and Mobility Improvements, dated June 2013. The Introduction found on Page 1 highlights the purpose of the document.

"Consistent with its motto, 'creating quality communities together,' the Somerset County Planning Board has been at the forefront of fostering smart growth, shaping the County's future through a comprehensive planning program as Somerset seeks to leverage its considerable assets and make strategic investments in redevelopment and targeted growth."

The NJTPA selected five pilot studies, of which the sanofi-aventis site was one of the study areas. It noted in the section IV entitled, <u>Detailed Site Evaluation and Recommendations</u> that, [The site buildings are] "Currently vacant and formerly home to a single tenant research and development office campus, the large size of the site (111 acres) and multiple building layout is appealing for mixed use redevelopment featuring multiple office/R&D tenants, high quality residential, retail and a hotel. Redevelopment scale is limited by constrained capacity of the adjacent U.S. 202/206 corridor. A variety of multimodal improvements are recommended to support redevelopment."

PRIORITY INVESTMENT AREAS AS IT RELATES TO SMART GROWTH

In response to the proposed *New Jersey State Strategic Plan*, Somerset County identified "Investment Areas" for growth based on a series of criteria. In its publication, *Somerset County Investment Framework*, specific sites are identified for differing smart growth strategies. The county study has distilled projects of its 21 municipalities down to a total of 39 sites. Of these 39 sites, 24 have been identified as *Priority Growth Investment Areas* and 15 have been identified as *Local Priority Areas*. (Figure 10) The sanofi-aventis site is listed as one of the 24 *Priority Growth Investment Areas* sites in Somerset County.

The *Somerset County Investment Framework* (Figure 8, Prepared by the Somerset County Planning Board, April, 2014) defines the PGIA Framework Category:

Priority Growth Investment Areas (PGIAs) are areas where primary economic growth and community development strategies that enhance quality of life and economic competiveness are preferred; and which are appropriate, growth-inducing investments are encouraged. PGIAs are areas where development and infrastructure assets are already concentrated. They are prime locations for the vibrant mixed—use, live-work environments within walking distance of transit and green space, and that many employers, workers and households desire.

The Somerset County Investment Framework (Figure 8) also notes the benefit of adoption of County Investment Framework in that it provides certainty regarding the growth and investment priorities that are supported at the regional and local levels.

Per their publication, *Putting the Pieces Together: Somerset County Investment Framework Frequently Asked Questions, December 2012* (Figure 9), which is coordinated with state, county and local planning, Somerset County expands on the purpose of PGIAs.

PGIAs are places where more significant development and redevelopment is preferred, and where public and private investments and initiatives that support significant growth and redevelopment will be prioritized. Lands that comprise... 5) Municipally Designated "Areas in Need of Redevelopment" or Areas in Need of Rehabilitation."

The Draft Final County Investment Framework Priority Growth Investment Area (PGIA) and Local priority Area (LPA) Screening Criteria Results (Figure 10), outline the infrastructure criteria considered for eligibility. Those found at the sanofi-aventis site include:

- Within Updated Sewer Service Area
- Minimal Environmental Constraints
- Contains or is within 12 mile of a highway and/or transit corridor
- Is zoned for non-residential or mixed uses
- Is within a water purveyor service area
- Contains or is within ½ mile of regular bus service (incl. SCOOT)
- Contains or is within ½ mile of state highway
- Served by fiber optics
- Contains, comprises or is within 10 mile radius of a higher education facility
- Contains or is within ½ mile of a concentration of housing opportunities, retail, and civic amenities

Therefore, Criterion "h" is satisfied. Designation of the Study Area as an area in need of redevelopment will stimulate investment and produce developments which vitalize, or revitalize employment nodes such that there is a sustainable employment pool for a variety of skill sets. Designation of the Study Area as an area in need of redevelopment will encourage the promotion of fiscally-sound enterprise growth that leads to robust employment opportunities, community-supportive and environmentally responsible development.

SUMMARY AND CONCLUSION

Based on the foregoing, the Planning Board can reasonably conclude that the Study Area, comprising approximately 61.95 acres of Block 483 and portions of lots 17, 18, and 19, meet the criteria to be designated as an "area in need of redevelopment" and recommend that the Bridgewater Township Council designate the Study Area as a "Redevelopment Area."

The Study Area meets Criteria 'a', 'd' and 'h' as contained at N.J.S.A. 40:12A-5 of <u>The Local Redevelopment and Housing Law</u>.

It is relevant to note that the definition of *Redevelopment Area* or *Area In Need of Redevelopment*, at N.J.S.A.40A:12A-3 includes the following clarifying language regarding lands that may be included within a *Redevelopment Area*:

...A redevelopment area may include lands, buildings, or improvements which of themselves are not detrimental to the public health, safety or welfare, but the inclusion of which is found necessary, with or without change in their condition, for the effective redevelopment of the area of which they are part.

The Study Area exhibits evidence of substandard facilities, obsolescence, faulty building arrangement, faulty parking arrangement, deleterious land use, faulty facilities

and utility design. The site shows a lack of future utility for single or multiple user tenants due to the significant negative design elements that make it an unattractive working environment.

The Study Area also includes land which has been left vacant since construction of the campus began. The 16.5 acres of vacant, underutilized land has shown to have no utility in the operation of the Research and Development campus. It is appropriately part of this Study Area which is in need of redevelopment.

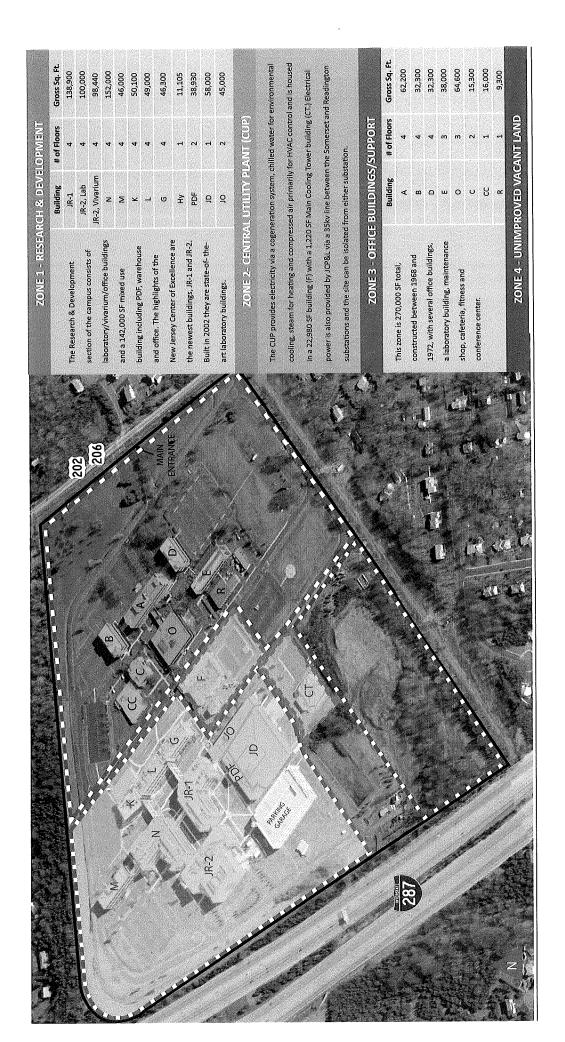
Declaration that the Study Area is an area in need of redevelopment, without the exercise of eminent domain, is recommended in order to achieve remediation, utility and to return the Study Area to a productive land use.

It is also recommended that if there is a determination by the Planning Board that this is an area in need of redevelopment, the Planning Board make the further recommendation that the portion of Block 483 Lots 17, 18 and 19 which are not in the Study Area be rezoned to provide appropriate development standards for the lot areas, buildings and improvements which are not part of the Study Area.

The Planning Board recommendation to the Township Council is the first step of the redevelopment process. It does not provide, and is not intended to provide guidance with respect to the planning for redevelopment of the Study Area. The recommendation by the Planning Board must be evaluated by the Township Council. If the Council agrees with the Planning Board's findings, conclusions, and recommendation, the Township Council would adopt a resolution to that effect. It would be necessary thereafter for the Township Council or the Planning Board, if requested to do so by the Township Council, to develop a "Redevelopment Plan."

APPENDICES

FIGURE 1 Aerial of Study Area



AERIAL VIEW EXISTING CONDITIONS

FIGURE 2 RESOLUTION OF THE BRIDGEWATER TOWNSHIP COUNCIL

RESOLUTION

AUTHORIZING THE TOWNSHIP OF BRIDGEWATER PLANNING BOARD TO UNDERTAKE A PRELIMINARY INVESTIGATION FOR REDEVELOPMENT OF AN APPROXIMATELY 61.95 ACRES SITE KNOWN AS LOTS 17, 18 & 19, BLOCK 483 AS SHOWN ON THE TOWNSHIP OF BRIDGEWATER TAX MAP AND COMMONLY REFERRED TO AS THE "SANOFI-AVENTIS" PROPERTY, LOCATED ON ROUTE 206

WHEREAS, the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. provides a mechanism to empower and assist local governments in efforts to promote programs of redevelopment; and

WHEREAS, the Local Redevelopment and Housing Law sets forth a specific procedure for establishing an area in need of redevelopment; and

WHEREAS, pursuant to N.J.S.A. 40A:12A-6, prior to the governing body making a determination as to whether a particular study area qualifies as an area in need of redevelopment, the governing body must authorize the Township Planning Board, by Resolution, to undertake a preliminary investigation to determine whether the area meets the criteria of an area in need of redevelopment as set forth in N.J.S.A. 40A:12A-5; and

WHEREAS, the Legislature amended the Local Redevelopment and Housing Law on September 6, 2013 to expand and clarify various provisions of same; and

WHEREAS, as a provision of the amendment to N.J.S.A. 40A:12-6, the Legislature has directed that the resolution authorizing the planning board to undertake a preliminary investigation shall state whether the redevelopment area determination shall authorize the municipality to use all those powers provided by the Legislature for use in a redevelopment area other than the use eminent domain ("Non-Condemnation Redevelopment Area") or whether the redevelopment area determination shall authorize the municipality to use all those powers provided by the Legislature for use in a redevelopment area, including the power of eminent domain ("Condemnation Redevelopment Area"); and

WHEREAS, the Township of Bridgewater does not intend to use all the powers provided by the Legislature for use in a redevelopment area, specifically the use of eminent domain; and

WHEREAS, the Township of Bridgewater wishes to direct the Planning Board to undertake a preliminary investigation to determine whether the proposed study area of an approximately 61.95 acres site known as Lots 17, 18 & 19 in Block 483 as shown on the Township Tax Map and commonly referred to as the "Sanofi-Aventis" property located on Route 206, qualifies as an area in need of redevelopment pursuant to N.J.S.A. 40A:12A5.

NOW, THEREFORE BE IT RESOLVED, by the Township Council that the Township Planning Board is hereby directed to conduct the necessary preliminary

investigation, including the holding of a public hearing, to determine whether the study area is or is not an area in need of redevelopment under the criteria set forth in N.J.S.A. 40A:12A-1 et seq.

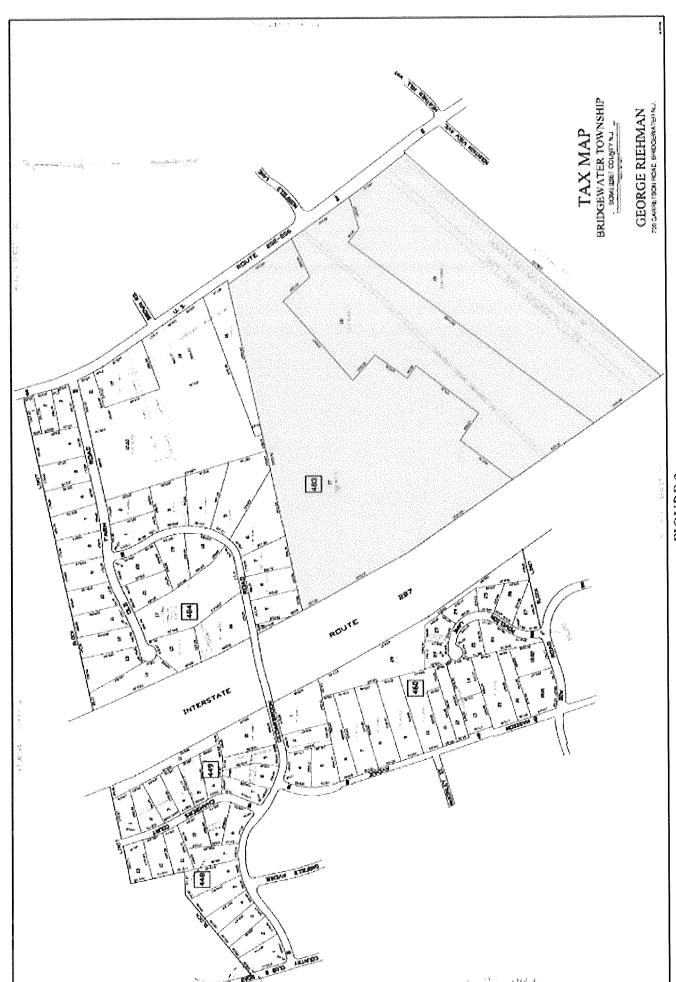
BE IT FURTHER RESOLVED that the Planning Board shall submit its findings and recommendations to the Township Council in the form of a Resolution with supporting documentation.

Introduced	Seconded	.Council	Aye	Nay	Abstain	Absent
	· ✓	Kurdyla	✓			
	•	Norgalis	✓			
		Pedroso		✓		
√		Rose	✓		<u> </u>	
		Moench	✓			

Adorred: June 16, 2014

1				
I, Grace Karanja, Deputy Municipal Clork of th	6			
Township of Bridgewater, County of Somerset	. ·)			
do hereby certify this to be a true copy of a resolution adopted by the Township Council on 6/16/2014				
Mace Marane				
Grace Karanja, Deputy Township Cl	erk			

FIGURE 3 TAX MAP OF STUDY AREA



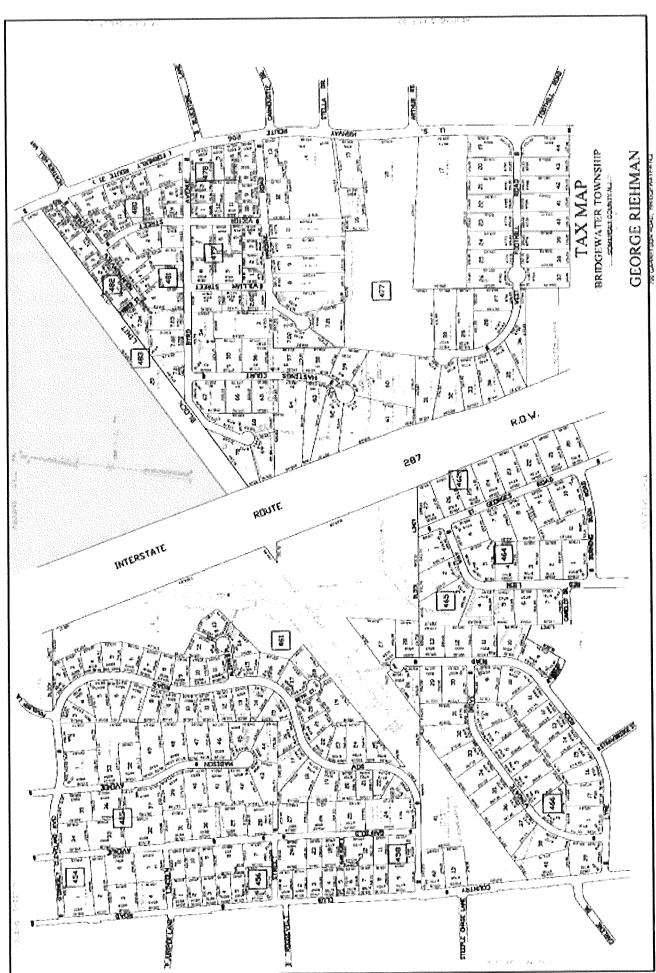


FIGURE 4 SURVEY OF STUDY AREA

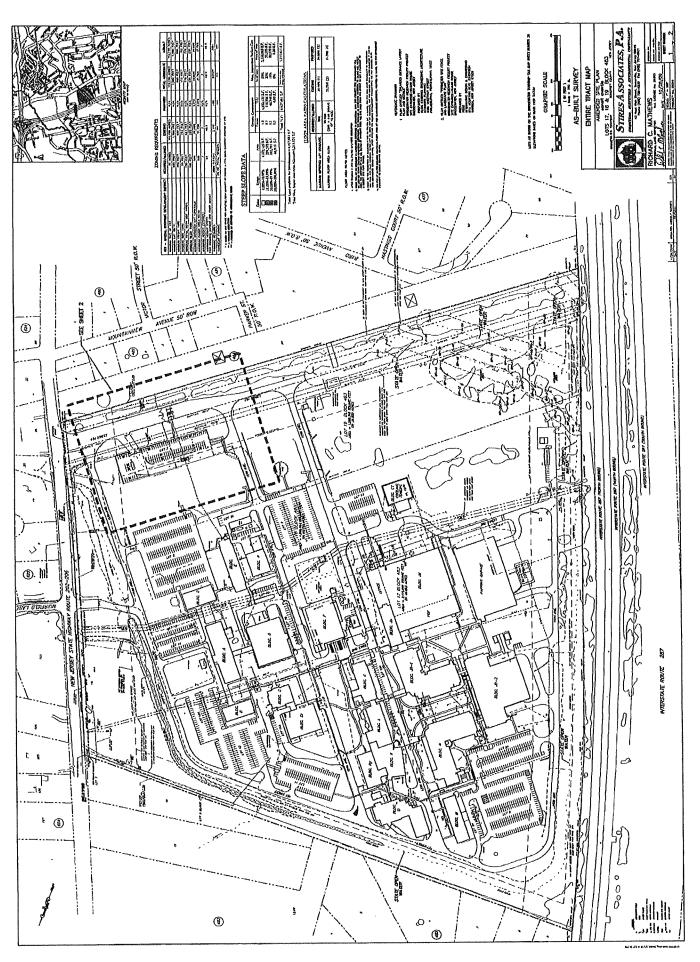


FIGURE 5 ZONING MAP OF BRIDGEWATER

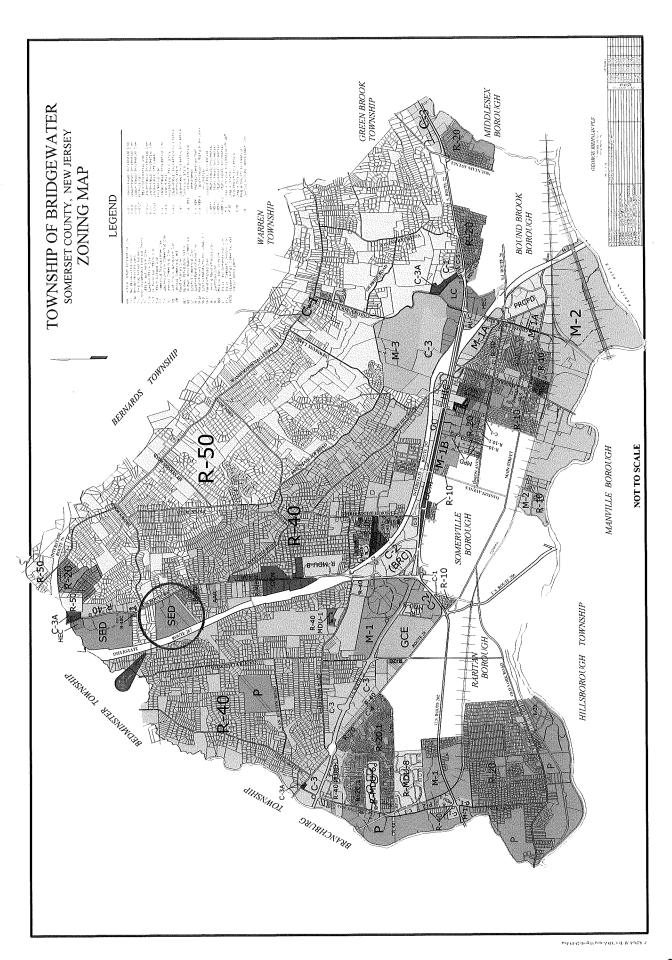


FIGURE 6 SUMMARY OF BUILDING USAGE AND FLOOR DESCRIPTION

FIGURE 6 SUMMARY OF BUILDING USAGE AND FLOOR DESCRIPTION

SUMMARY OF BUILDING USAGE AND FLOOR DESCRIPTION							
	*Floor Area	Floor	Building Use(s) and Comments				
*Building	of All Floors						
Α		1. Sub-basement	1. Mechanical facilities and engineering				
Built in	62,200 s.f.		maintenance staff for campus. No windows.				
1968		2. Basement	2. Switch and operator room utilities, technology				
			area for data and communications, security				
			personnel, Chauffer conference area, smoking				
			lounge, VHS security storage. Laboratory testing,				
			patent documents. No windows.				
		3.Above Ground	3. Offices				
		4. Above Ground	4. Offices				
		5. Above Ground	5. Offices				
В	32,300 s.f.	1.Basement	1. Mechanical facilities and engineering				
Built in			maintenance staff for campus, offices, offices for				
1970			HR training, recycling, server staging area, storage				
			and A/C units. No windows.				
		2.Above Ground	2.Support staff for accounting, HR offices				
		3.Above Ground	3.Legal Center cores are large due to need for				
			paper storage in that era.				
		4.Above Ground	4. Offices				
С	15,300 s.f.	1.Above Ground	1. Fitness Center				
Built in		2. Above Ground	2. Conference. Very large as a stand-alone building				
1970			due to redundant space.				
CC	16,000 s.f.	1.Above Ground	1. Campus Cafeteria Building addition which is				
Built in			not connected to other buildings, so employees				
1983			must go outside their offices for meals and snacks.				
			No parking is available other than 2 handicap				
			stalls				
D	32,300 s.f.	1.Basement	1. Mechanical facilities, storage, offices, Patent file				
Built in		2.Above Ground	room, Litigation room, recycling. No windows.				
1970		3.Above Ground	2.Support staff offices				
		4.Above Ground	3.Support Staff Offices				
			4. Offices				
E	38,000 s.f.	1.Basement	1.Laboratories basement;				
Built in	,	2.Above Ground	2.Laboratories;				
1970		3.Above Ground	3.Offices with no interconnection to other				
			buildings. No available parking for other than				
			handicapped. The entrance is from a 4 ft. wide				
			hallway at the end of the building.				
0	64,600 s.f.	1.Sub-Basement	1.Mechanical systems.				
Built in	, , , , ,	2. ½ Basement/&	2. Data center with massive-sized and aged				
1977		½ Above Ground	equipment. Heating ducts (approx. 2' x 2.5')				
13.77		727100 (0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	consume the entire perimeter of the building.				
		3.Above Ground	3. Offices				
			Heating ducts (approx. 2' x 2.5') consume the				
			entire perimeter of the building.				
R	9,300 s.f.	1.Above Ground	1. Campus Maintenance Building (which was a				
Built in	2,200 3.1.		central property maintenance staff area for the				
1974			entire campus)				
SOURCE TA		1	oneno sumpuo)				

*SOURCE TAX ASSESSOR

FIGURE 7 DISTRIBUTION OF PARKING IN THE STUDY AREA

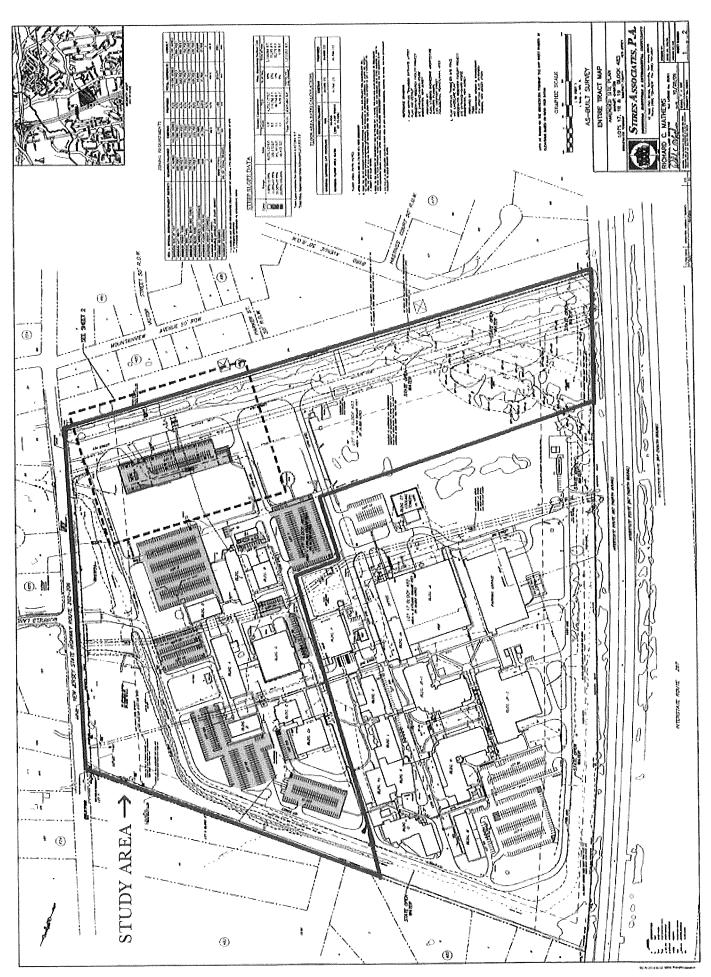


Figure 7BParking Distribution in the Study Area

	Taiking Distribution in the State) Theu						
Building	* Square Feet of Building	Required Number of Stalls for offices and laboratories (Per 126-169) 1 space/300 s.f.	Total Number of Stalls in Study Area within 300' of Building Entrances	Parking to be Compliant for Building Served			
Α	62,200 s.f.	207	127	No			
В	32,300 s.f.	108	79	No			
C	15,300 s.f.	51	20	No			
CC	16,000 s.f.	53	82	Yes			
D	32,300 s.f.	108	139	Yes			
Е	38,000 s.f.	127	23	No			
0	64,600 s.f.	215	29	No			
R	9,300 s.f.	31	139	Yes			
TOTAL	270,000 s.f.	900	638				

As Shown above: The total parking stalls provided is 71% of that which is required and the convenience of stalls is not proportionate to the buildings. In other words, the parking stalls that serve the buildings in the Study Area are not evenly-distributed. For example, note that Building R, with its 9,300 square feet provides 139 available parking stalls, whereas Building O, having 64,600 square feet provides 29 available parking stalls. Since a convenient parking arrangement is a significant issue for employee welfare and guest services, and since the available parking for some buildings is woefully inadequate, this is viewed as a significant substandard condition that relates to the entire Study Area.

FIGURE 8 SOMERSET COUNTY PRIORITY INVESTMENT FRAMEWORK

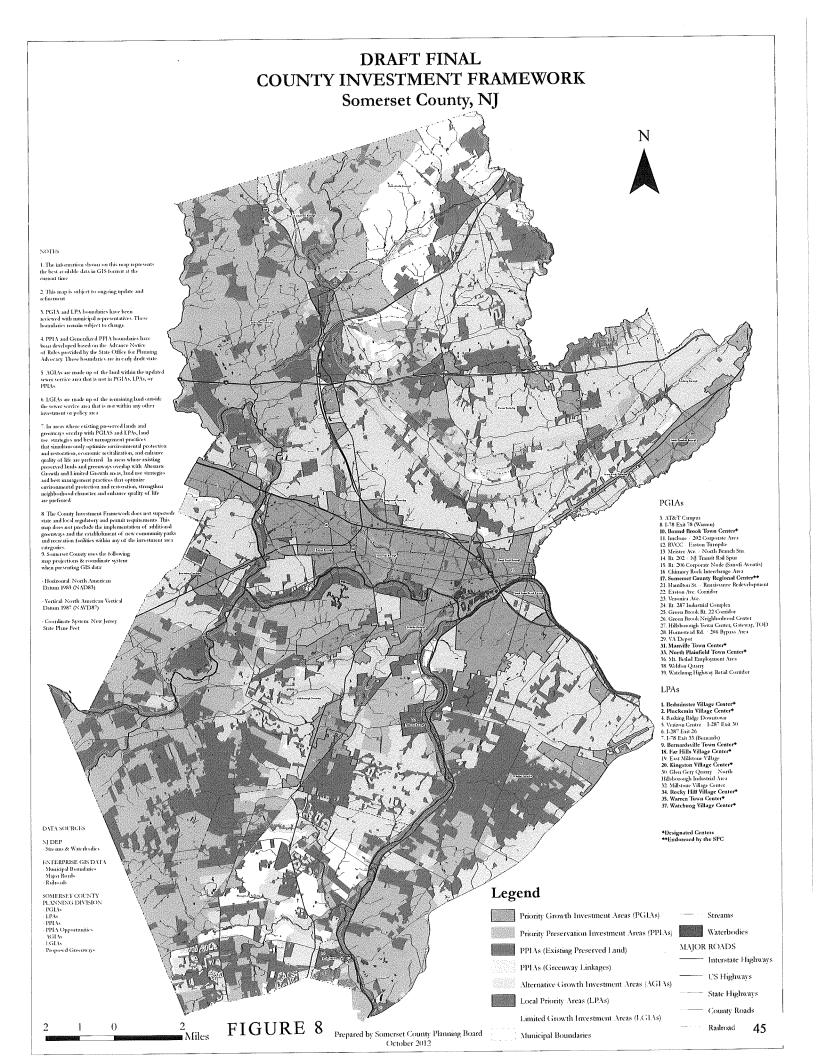


FIGURE 9 SOMERSET COUNTY PRIORITY GROWTH INVESTMENT AREAS FREQUENTLY ASKED QUESTIONS

PUTTING THE PIECES TOGETHER SOMERSET COUNTY INVESTMENT FRAMEWORK FREQUENTLY ASKED QUESTIONS

December 2012

What is the purpose of the County Investment Framework?

Answer: For the past 3 years, the Somerset County Planning Board has been working closely with municipal officials, planners and other stakeholders to complete the preparation of a series of GIS-based infrastructure, community and environmental asset maps and develop an objective method for applying these GIS tools for identifying priority growth and preservation areas countywide. The results are reflected in a new *County Investment Framework Map*, which will be incorporated into the updated "Sustainable Somerset: the Strategic Plan for Somerset County", as well as provide the geographic framework for the identification of projects, programs and initiatives that support job creation and private sector investment as part of the Somerset County Business Partnership's Comprehensive Economic Development Strategy for the County. It will also be used to support other future county planning initiatives.

What is its relationship to state and local planning?

Answer: The Somerset County Investment Framework customizes the criteria-based Priority Investment Area concepts described in the Draft Final State Strategic Plan (SSP), which was proposed for adoption and released for public review by the State Planning Commission (SPC) on October 9, 2012 and the Advance Notice of Rules released in February 2012, to reflect Somerset County's unique regional and local characteristics and priorities. The SSP calls for "phasing out" the State Plan Policy Map adopted in 2001, and replacing it with a new approach for identifying Priority Investment Areas. The SSP specifies the use of a criteria-based system for identifying areas for growth, limited growth, open space conservation and agriculture in accordance with the State Planning Act. State agencies will use the new SSP investment area designations as the basis for aligning State Agency functional plans, regulations, programs and operations as well as for focusing State investments. It will also be used to increase planning coordination among all levels of government. Somerset County and its municipalities have a long history of support for state planning. The lessons learned in developing the Investment Framework for Somerset County have been shared with the State Office for Planning Advocacy and have helped to shape the concepts contained in the SSP.

What is the results to-date?

Answer: A Draft Final Somerset County Investment Framework Map that identifies the following land use categories has been prepared and endorsed by the Somerset County Planning Board: Priority Growth Investment Areas (PGIAs); Alternate Growth Investment Areas (AGIAs); Local Priority Areas (LPAs); Priority Preservation Investment Areas (PPIAs); and Limited Growth Investment Areas (LGIAs).

Twenty-four (24) PGIAs and 15 LPAs are shown. In addition, nearly half of the County's land area (94,757 acres) has been categorized as PPIAs. These areas and their preliminary boundaries are subject to further refinement and endorsement by municipal planners and officials prior to adoption by the County. Once adopted, the County Investment Framework will be submitted to the State for designation, through which Somerset County and its municipalities will become eligible for State investments and incentives that support implementation.

What are Regional Innovation Clusters (RICs)?

Answer: To meet the "Targeted Economic Growth" goal in the SSP, Regional Innovation Clusters (RICs) have been identified. A RIC is defined in the SSP as "an area that includes an interrelated assemblage of businesses of statewide significance, along with suppliers, trade associations, and higher education/workforce training facilities with existing or planned infrastructure to support the expansion of existing business along with the recruitment of new businesses and other related development with a focus on adapting to new market opportunities". They tend not to follow geographic boundaries, occurring at a regional level, in close proximity to infrastructure and community assets. The SSP identifies the following existing industry clusters that already contribute significantly to the State's economy: Bio/Pharmaceutics & Life Science, Transportation, Logistics & Distribution, Finance, Manufacturing, Technology and Health Care. The SSP identifies the following additional economic growth opportunities for the State: Green Energy; Tourism; Farming, Fishing and Food; and State and National Defense. The SSP calls for the identification of pilot RICs and what is needed to spur their growth. Economic growth within Priority Growth Investment Areas (PGIAs) that are aligned with the RICs that are present in the County is encouraged.

What are Priority Growth Investment Areas (PGIAs)?

Answer: PGIAs are places where more significant development and redevelopment is preferred, and where public and private investments and initiatives that support significant growth and redevelopment will be prioritized. Lands that comprise 1) Former State Plan Policy Map -Metropolitan Planning Areas (PA 1) and Nodes; 2) Unexpired State Planning Commission (SPC)approved Centers, Urban Complexes and other areas designated for development or redevelopment as a result of the SPC formally endorsing municipal or county plans 3) State-identified Transfer of Development Rights "Receiving Areas" 4) Municipally Designated "Urban Enterprise Zones", 5) Municipally Designated "Areas in Need of Redevelopment" or Areas in Need of Rehabilitation", 6) Approved Foreign Trade Zones, 7) Land within Higher Education Campuses suitable for development/redevelopment, 8) NJDOT Certified Transit Villages, 9) "Urban Transit Hubs" as defined by NJEDA's Urban Transit Hub Tax Credit Program, 10) Land owned by the NJ Sports & Exposition Authority and 11) Highlands Council Designated Centers and Redevelopment Areas are eligible. Of these, Somerset County has areas that are represented on the former State Plan Policy Map as PA 1, 12 designated centers, 2 transit villages, one higher education facility (Raritan Valley Community College), several municipally-designated Redevelopment Areas and two closed military facilities. Counties, in coordination with municipalities, can identify additional PGIAs based on Somerset County-specific criteria including appropriate local land use and zoning, access to public sewer and water service,

availability of transportation and other infrastructure and proximity to community assets. PGIAs must contain an appropriate amount of unconstrained land, (developed and/or undeveloped). Development and redevelopment activities within PGIAs should capitalize upon and advance the existing business/community/workforce/infrastructure network and simultaneously enhance and restore existing historic and environmental assets. Municipal support will be required in order for eligible areas to be designated as PGIAs.

What is an Alternate Growth Investment Area (AGIA)?

Answer: AGIAs are areas that have existing or planned infrastructure that will lead to development and redevelopment opportunities. State investments related to the efficient development and redevelopment of previously developed sites and optimization of existing settlement patterns should be encouraged, but to a lesser priority than PGIAs. In Somerset County, lands that are within updated sanitary sewer service areas and that are not PGIAs are identified as AGIAs. In Somerset County, AGIAs consist of established neighborhoods where public and private sector investments that enhance quality of life, strengthen community services and maintain and modernize existing infrastructure and facilities are supported. Environmentally sensitive areas within AGIAs should be protected through land stewardship best management practices.

What is a Local Priority Area (LPA)?

Answer: The LPAs that the County has identified in coordination with its municipalities are a subset of Alternate Growth Investment Areas (AGIAs). They are predominantly comprised of small, traditional villages and towns that meet the Core PGIA Criteria. However, due to their small scale, unique historic and cultural characteristics, infrastructure and environmental constraints and community preferences, they are not suited for significant growth. A few LPAs are comprised of well-defined corporate development nodes within major highway corridors that have many of the characteristics of PGIAs but are categorized as LPAs in accordance with municipal preferences. Public and private sector investments that strengthen the local economy by supporting community-oriented small business growth and retention, enhance quality of life and preserve community character are encouraged in these areas.

What is a Priority Preservation Investment Areas (PPIA)?

Answer: PPIAs are areas where land preservation, agricultural development and retention, historic preservation, environmental protection and stewardship are preferred and where investments that support these activities are encouraged. Large-scale State investment that may lead to additional development should not be prioritized in these areas. PPIAs are comprised of land permanently protected through public investment or density transfer; land targeted for preservation within the County Open Space Master Plan and the State Comprehensive Outdoor Recreation Plan; and lands targeted for preservation by municipalities through approved Planning Incentive Grant applications. Counties, in coordination with municipalities, can identify additional PPIAs based on additional County-specific criteria. PPIAs comprised of existing preserved lands can exist within each land use category. PPIAs also include greenway linkages that traverse other land use categories. They are

places where the redevelopment and re-use of existing facilities and infrastructure together with environmental restoration and open space enhancements are simultaneously promoted.

What is a Limited Growth Investment Area (LGIA)?

Answer: LGIAs are areas that do not have existing or planned infrastructure that will lead to a significant degree of additional new development and redevelopment opportunities. Large scale investment that may lead to additional development should not be prioritized in these areas. Though to a lesser degree than PPIAs, State investments in land protection, and that support and enhance the agricultural and tourism industries will be encouraged. In Somerset County, LGIAs are generally comprised of low-density neighborhoods that are served by individual on-site septic systems and many contain significant environmentally sensitive areas. LGIAs retain some rural character although the landscape has become fragmented due to previous land use and development patterns. However, they continue to offer opportunities for environmental, agricultural and open space protection, primarily through land stewardship best management practices. Public and private sector investments that enhance quality of life; improve community services; maintain and modernize existing infrastructure and complete greenway linkages are encouraged in LGIAs.

Why coordinate state, county and local planning?

Answer: Tactical alignment of land use planning at the state, county and local levels can enable effective resource allocation, coordination and cooperation among all jurisdictions and the private sector, needed to achieve vibrant communities, economic revitalization and environmental protection. The alignment of adopted plans, policies and regulations, which are intended to guide land use and infrastructure investment decisions at each level of government, provides the highest level of certainty to property owners and investors regarding the preferred future use for a site. An annual update process and ongoing amendment opportunities will enable updated information and changes in local planning priorities to be incorporated.

For more information, please visit the Somerset County Planning Board website: http://www.co.somerset.nj.us/planweb/sustainable/index.htm

Or contact:

Somerset County Planning Board
Somerset County Administration Building
20 Grove St., P.O. Box 3000
Somerville, NJ 08876
Phone: (908) 231-7021

E-mail: PlanningBd@co.somerset.nj.us

FIGURE 10 SOMERSET COUNTY PRIORITY GROWTH INVESTMENT AREAS SCREENING CRITERIA RESULTS

CONTAINS, COMPRISES ON E-WITHIN A 16-MILE RADIUS OF A NICHER EDUCATION FACULTY SERVED BY FISCR OPTICS IY/NI ままる CONTAINS DR IS
WITHIN 1/2 MILE OF
SUBSTATIONS
ASSOCIATED WITH 69
KY EUCTRIC LINES 17/76] YES Somerville - Landmark Shopsay, Cantary Somerville Landfill, East Central Business District and Kirby Avenius: Krifgrowsies - Seth Avenius: (ES |Main St. Redevel Area) YES (Historic Rehab)
NO
YES (Renadasince Redeve YES (Keitting Mill) ES (Ruette Mall) CONTAINS OR IS CONTAINS OR IS OF WITHIN 4/2 MILE OF REGULAR BUS OF STATE STRUCE 17/10 HIGHWAY 17/10 TES (SCOOT) YES NOT THE STATE STRUCE 17/10 HIGHWAY 17/10 WITHIN A WATER PURVICE AREA PLAY 8 8 8 ZONED FOR NON-RESIDENTIAL OR MDKED-USES (Y/N) *CONTAINS ON IS WITHIN
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TRANSIT CORNIDORIT/M
YES MINIMAL ENVIRONMENTAL
CONSTRAINTS [MILLIDES
ADEQUATE
UNCONSTRAINED AREAS]
[V/M] 'ES (Employment/Technology lode) (Employment Node) YCS (Village Canter)
YCS (Village Canter) YSS (PA1, Joint Town Center 4, Bound Brank Transit Village) YES (PA3) YES (Town Cepter (transit-nesdy) TES (Higher Education Facility) SOMERSET COUNT NACANING BOARD. DBALT FRALECCOUNT NACANIBAT FRAMENORY PRIORITY GROWTH INVESTMENT AREA (PGIA), AND LOCAL PRIORITY AREA, (JPA) SCREENING CRITERA RESULTS YES (PA3) MO POLA 5 6 5 Martinwille/Liberty Comer Rd.
Martinwille/Liberty Comer Rd. US 200 & Mr. Any Rd. County Rt. Mos. S27, 610, 523, S33, 621 and Saala May, Roda 28/Partan Waterfroot. Greenway Somerest St., Rt. 22 V
Router Stat. Lido
Washington Valley / Min. Blod.
Comidor continues into
Washingt Sunsymmed & Hamilton Rds. Main St., J.F.K. Blvd, Camplein Rd. GFMFRALADDHSTS US 202 N. Maple Ave / Varizon Way -Est 30 1-287 Eston Tot Cempus Dr.
Maistr Avenve(Industrial
Parlwse(Chambers & cook
Rd/Stuton Rd.
Roste 202 US 202 Route 514 and Danal Rd. Routes 27 & 603 Routes 27 & 514 Estion Ave Verpoles Ave. Rts. 554 Z. 533 Mt. Airy Rd. 12 Stone 202/U Traint Rul Spir Integraver
Route 200 Corporate Node
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70 Casperon Village
19 Hamilton Village
20 deven (Proposition Company)
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22 Featon Am. Carrielo Franklin
23 Verenita Am. 13 Route 220 Ised, Complete (Coren Prool. Asset 22)
Coren Prool. Asset 22
Corenance and TOD
Homestead Sta. (2006 Propess
Ho 8 Esti 32 1-78 Bernardswije Center & Train 9 Station The Sound Brooks Joint Town Center Meister Avenue/North Branch Station n Center / Eut 301-287 Sanking Ridge Downtown 133 1-73

FIGURE 10

FIGURE 11 HEATING/COOLING UNIT IN BUILDING O HALLWAY



FIGURE 11

FIGURE 12 ABOVE-GROUND ASBESTOS-WRAPPED HEATING/CHILLING PIPES

LOCATION IS ON WALKWAY BETWEEN BUILDING R AND BUILDING O



FIGURE 12

FIGURE 13

WARNING NOTICE ON ASBESTOS-WRAPPED HEATING PIPES

LOCATION IS ON WALKWAY BETWEEN BUILDING R AND BUILDING O



FIGURE 13

FIGURE 14 ASBESTOS-WRAPPED HEATING PIPE INSIDE BUILDING

ILLUSTRATIVE PHOTO



FIGURE 14

FIGURE 15 GLASS WALKWAY BETWEEN BUILDING A AND BUILDING O



FIGURE 16 Suburban Planning Area 2

The Study Area is within Suburban Planning Area 2 shown on Route 202/206 North, just south of Interstate Route 78

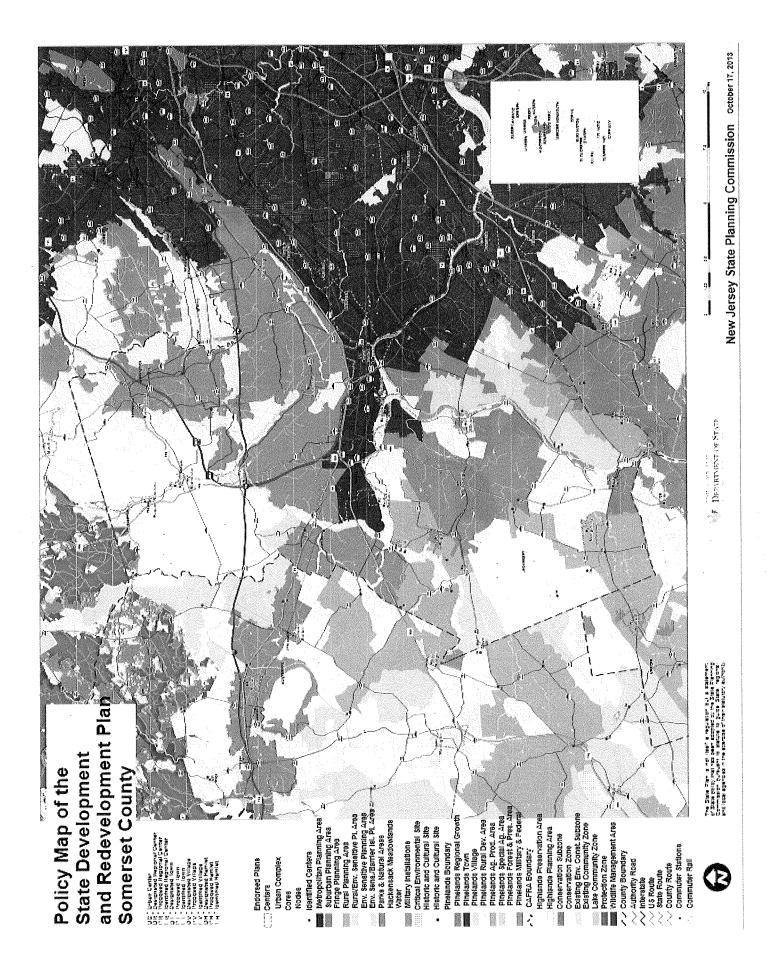


FIGURE 17

SUREPATH CONSTRUCTION ESTIMATE-BUILDING A



Precenstruction

Estimating

Consulting

Project Manastement

August 22, 2014

Mr. Michael Sommer Managing Director 1041 U.S. Highway 202/206 Bridgewater, NJ 08807

Re: Bridgewater Center of Excellence - Building A

Dear Michael:

Building A at the Bridgewater Center of Excellence has approximately 14,502sf of glazing in the facade. At current market prices, my estimate to remove and dispose of the existing glazing system and replace with new standard aluminum frames with 1" standard insulated glass is approximately \$899,124.

Please call with any questions.

Sincerely,

Andrew Messinger, Principal

SUREPATH Construction Services, LLC



THE TOWNSHIP OF BRIDGEWATER

100 COMMONS WAY BRIDGEWATER, N.J. 08807 908/725-6300

MEMORANDUM

To: Bridgewater Township Council
From: Scarlett Doyle, PP, Planning Board and Township/Planner

Date: September 22, 2014

Re:

Preliminary Investigation Report of CIP/IIAR Bridgewater Holdings/sanofi-aventis

EXECUTIVE SUMMARY

As a result of a public hearing held on September 9, 2014 by the Bridgewater Township Planning Board, and after consideration of evidence and testimony before the Board, the Planning Board recommends to the Bridgewater Township Governing Body that the property commonly known as a portion of the former sanofi-aventis campus, but more recently referred to as the New Jersey Center of Excellence at Bridgewater, consisting of a 61.95 ± acre portion of Block 483, Lots 17, 18 and 19, should be designated as "An Area In Need Of Redevelopment" pursuant to N.J.S.A. 40:A:12-5. The Planning Board recommends to the Township Council that such a designation be made.

BACKGROUND

On June 16, 2014 the Township Council adopted Resolution No. 14-06-16-149. Pursuant to N.J.S.A. 40A:12A-6, the Bridgewater Township Planning Board was authorized to hear and consider whether or not a 61.95 acre portion of Block 483 Lots17, 18 and 19, owned by CIP II/AR Bridgewater Holdings, LLC and formerly owned by sanofi-aventis should be designated as "An Area In Need Of Redevelopment" pursuant to N.J.S.A. 40A:12-5.

The Planning Board heard and discussed this matter at a regularly scheduled meeting of the Board which took place on September 9, 2014. The Board considered a development report entitled PRELIMINARY DETERMINATION OF AN AREA IN INVESTIGATION REPORT FOR REDEVELOPMENT IN ACCORDANCE WITH CRITERIA SET FORTH IN N.J.S.A. 40A:12A-1 ET SEO. FOR BLOCK 483 A PORTION OF LOTS 17, 18 AND 19 TOWNSHIP OF BRIDGEWATER, SOMERSET COUNTY, NEW JERSEY as prepared by Scarlett Doyle, PP of John Cilo Associates, Inc.

An opportunity was afforded to members of the public and/or interested persons or parties to ask questions and/or to be heard regarding this matter. No members of the public and/or interested persons asked questions or offered remarks. Also, it was noted to the Board by the Planner that no written communications on the subject were received by the Planning Division.

The Preliminary Investigation Report was adopted by the Planning Board on September 9, 2014 and the adopted report is provided as an attachment.

MEMORIALIZING RESOLUTION OF THE **TOWNSHIP PLANNING** BOARD BRIDGEWATER INVESTIGATION PRELIMINARY CONFIRMING \mathbf{BY} THE **BOARD** RECOMMENDS THAT BRIDGEWATER TOWNSHIP COUNCIL DESIGNATE A 61.95± ACRE PORTION OF 1041 U.S. HIGHWAY 202/206, BLOCK 483, LOTS 17, 18 AND 19, OWNED BY CIP II/AR BRIDGEWATER HOLDINGS, LLC, AND FORMERLY OWNED BY SANOFI-AVENTIS, AS AN AREA IN NEED OF REDEVELOPMENT

> HEARING: SEPTEMBER 9, 2014 MEMORIALIZED: SEPTEMBER 22, 2014

WHEREAS, by Resolution adopted by the Township Council on June 16, 2014 (Resolution No. 14-06-16-149), pursuant to N.J.S.A. 40A:12A-6, the Bridgewater Township Planning Board (the "Board") was authorized to hear and consider whether this property should be designated as an area in need of redevelopment pursuant to N.J.S.A. 40A:12-5, based upon a redevelopment study for the former sanofi-aventis corporate headquarters property, and following said hearing for the Board to report to the Township Council its recommendations regarding this study and referral; and

WHEREAS, this matter was heard and discussed at a regularly scheduled meeting of the Board which took place on September 9, 2014, at which time the matter was heard and considered by a quorum of the Board, and an opportunity was afforded to members of the public and/or interested persons or parties to ask questions and/or to be heard regarding this matter; and

WHEREAS, the Board makes the following findings of fact and/or conclusions based upon the evidence, record, and proceedings before the Board:

1. The Board acknowledged receipt of a Resolution from the Bridgewater Township Council pursuant to N.J.S.A. 40A:12A-6, authorizing the Board to consider a development study and report entitled PRELIMINARY INVESTIGATION REPORT FOR DETERMINATION OF

AN AREA IN NEED OF REDEVELOPMENT IN ACCORDANCE WITH CRITERIA SET FORTH IN N.J.S.A. 40A:12A-1 ET SEQ. FOR BLOCK 483 A PORTION OF LOTS 17, 18 AND 19 TOWNSHIP OF BRIDGEWATER, SOMERSET COUNTY, NEW JERSEY dated August 21, 2014 (the "PIR Report") and prepared by Scarlett Doyle, PP of John Cilo Associates, Inc. ("Ms. Doyle" or "the Planning Consultant"). As part of the record and public hearing on this matter, the Board acknowledged the receipt of the PIR Report, a copy of which is attached hereto and incorporated herein by reference. The 61.95 (+/-) acre portion of Block 483, Lots 17, 18 and 19 is hereinafter referred to as the "PIR Study Area".

- 2. Ms. Doyle presented the study and the PIR Report which she had prepared as identified above. Ms. Doyle explained how her study and analysis of the PIR Study Area and recommendations regarding same had been prepared. Ms. Doyle outlined for the Board the statutory requirements in N.J.S.A. 40A:12A-5 that pertain to an area in need of redevelopment designation. The Planning Consultant also explained to the Board the attachments in the appendices to her report, including various photographs, maps, charts and other resources relevant to her inspection and examination of the PIR Study Area and the remaining lands within the former sanofi-aventis office campus.
- 3. The PIR Study Area is locally defined as 1041 U.S. Highway 202/206 and is more recently referred to as the New Jersey Center of Excellence at Bridgewater. The PIR Study Area and the surrounding environment are located on or along Bridgewater's Route 202/206 North corridor which is in the northwest quadrant of the Township. The PIR Study Area is bounded, in part, by Interstate Route 287 to the west; by a single-family neighborhood and by a religious complex to the north; by a single-family neighborhood (Muirfield Lane) and single-family homes across the Route 202/206 highway to the east; and by a PSE&G right of way to the south.

To the south of the PSE&G right of way are homes principally having access from Mountainview Avenue, Parker Street and Byrd Avenue.

- 4. The entire Center of Excellence campus contains 109.557 acres, of which the PIR Study Area is 61.95 acres. The cumulative portion of the three-lot PIR Study Area may generally be described as being "L" shaped. The top of the "L" lies along Interstate Route 287 to the west and the foot of the "L" lies along Route 202/206 to the east. Right of way frontage is provided only by Route 202/206 North since Interstate Route 287 provides no access into the site. The residual area, not included in the PIR Study Area, is comprised of buildings more recently constructed (circa 2001 per the Bridgewater Township Tax Assessor) and in compliance with current building codes.
- 5. Ms. Doyle then described the development history of the Center of Excellence complex. The PIR Study Area was developed and, since approximately 1968-1970, functioned as a Research and Development (R&D) campus for a single-pharmaceutical research user. The location of the corporate headquarters for the most recent pharmaceutical tenant (sanofi-aventis) was just north of the R&D site on Route 202/206 North. Therefore, the use of the PIR Study Area continued to only serve pharmaceutical research and development. Sanofi-aventis vacated the R&D site in or about the fall of 2012 and relocated out of state. The PIR Study Area was sold to CIP II/AR Bridgewater Holdings LLC in April of 2013.
- 6. Since the time of its original construction, the pharmaceutical research and development campus grew, with new buildings erected during the course of the intervening 45 years. (See Figure 3 of Ms. Doyle's report for dates of construction of the buildings within the PIR Study Area.) New buildings and building additions were added as the need for more space arose. Buildings within the campus were positioned in tight proximity to each other. All

buildings are provided heat and cooling by way of a central utility plant building. The central cogeneration control building is the sole source of steam heat, cooling, compressed air and is the principal source of electricity.

- 7. Ms. Doyle pointed out to the Board that the current property owner has no plans for further utilization of the PIR Study Area as a single-user corporate headquarters-style office campus, due to the absence of demand for such facilities. She referenced the August 12, 2014 testimony before the Board of Mr. Jeffrey Otteau, a noted real estate expert (whose offices are in the Township of East Brunswick), who explained the absence of any such demand in the current market and for the foreseeable future. As summarized by Ms. Doyle in both the PIR Report and through her testimony, it was Mr. Otteau's concluding professional opinion as a real estate analyst that "...the prospects for the continued use of the 62 acres that are being discussed in the former sanofi site are 'non- existent' and that it is appropriate to consider the redevelopment of that site because it will fill a need in the community."
- 8. Ms. Doyle noted several facts raised earlier by Mr. Otteau which show that the prospects are not favorable for employment, rental of R&D property in New Jersey, in Somerset County, and specifically in Bridgewater. As examples, data was presented before the Board that the New Jersey State economy underperforms when compared to other states. Moreover, job creation in the state shows overwhelmingly negative trends, particularly for the pharmaceutical industry, for which this campus was specifically designed.
- 9. Moreover, Ms. Doyle further summarized data confirming that office and R&D property vacancy and availability have doubled as far back as 2002 (before the recession began) which shows a long-term structural weakness in the state. Pharmaceutical-based employment is down by 34% in New Jersey over the last 20 years, while there is an increase of 31% of

employment in this sector across the United States. Diminishing employment opportunities, coupled with the inefficient and obsolete research and development campus of the PIR Study Area make it necessary to accept realities and move toward land use strategies which will provide a recalibration of uses that will better serve the owner, the township and the state. It was Ms. Doyle's conclusion, based on this statistical evidence, that reuse of the PIR Study Area as a pharmaceutical corporate headquarters facility was unlikely.

- 10. As to applicable zoning, Ms. Doyle testified to the Board that the PIR Study Area lies within the Special Economic Development (SED) Zone. The SED Zone permits light manufacturing, scientific research laboratories and offices. General design and development controls are guided by Bridgewater Code, Section 126-320; however, site development was consistent with ARTICLE XLVI, Conditional Uses, as found in Bridgewater Township ordinance Section 126-345.1. This section is specific to the SED Zone and is entitled Planned Commercial Development/Corporate Office Park (PCD/COP) Conditions and Standards. During the several site plan submissions, there was conformance with requirements of a Conditional Use as evidenced by the approvals granted by the Board. Otherwise, non-compliance with the conditions of the ordinance would have triggered a use variance pursuant to N.J.S.A.40:55D-70d(3).
- 11. Ms. Doyle then reviewed with the Board the statutory criteria to be considered by the Board in its review of this PIR Study Area. Ms. Doyle testified that in order to establish the property as an area in need of redevelopment, "one or more of the statutory requirements must be established". Ms. Doyle indicated that these requirements were stated in N.J.S.A. 40A:12A-5 as being eight in number and designated in Subsections "a" through "h" of the controlling statute.

Ms. Doyle then went through the statutory criteria that she felt were clearly established to support the designation of the PIR Study Area as "an area in need of redevelopment".

- 12. The Planning Consultant first referred specifically to criterion "a" of the statute, which speaks to the generality of buildings being substandard, unsafe or dilapidated as to be conducive to unwholesome living or working conditions. Mr. Doyle testified that the PIR Study Area contains research and office buildings which are substandard and exhibit a condition of deleterious land use, including (1) substandard window efficiency and building geometry; (2) substandard walkway; (3) substandard site design; (4) substandard handicap access to cafeteria; (5) substandard building elevators; (6) substandard scientific laboratory (abandoned and not utilized since the prior corporate tenant vacated the site in the fall of 2012). Taken together, these substandard conditions confirm that criterion "a" is met, with Ms. Doyle making clear that the substandard building and site conditions found in the PIR Study Area adversely affect the welfare of the community.
- Redevelopment and Housing Law which requires a finding of "an area with building or improvements which by reason of dilapidation, obsolescence, overcrowding, fault in arrangement or any combination thereof are detrimental to safety, health, morals, and/or welfare of the community". Ms. Doyle then referred the Board to the section of her report beginning on page 10, which identified the following categories that satisfy this particular criterion, including: (1) obsolete sub-basement and tunnel and tunnel faulty arrangement; (2) deleterious land use: heating and cooling system; (3) obsolete water usage for lavatories and other devices; (4) faulty arrangement of utilities; (5) faulty arrangement of buildings; (6) faulty arrangement of parking; and (7) faulty arrangement of campus layout due to improved lot coverage; (8) faulty

arrangement of building layout; (9) faulty arrangement of location of lavatories; (10) faulty building design due to percentage of unleaseable space; (11) obsolete building design of the utilities; and (12) economic obsolescence of the buildings, including the existing single pane windows which, will require replacement with more energy efficient double pane windows in the event building permits are sought for either renovation or change in use.

- 14. Accordingly, Ms. Doyle confirmed that criterion "d" is met as the buildings have faulty arrangement in design, which, cumulatively demonstrate that practical economic re-use is unlikely.
- 15. In addition, Ms. Doyle offered her advice to the Board that under criterion "h," "the designation of the delineated area (the PIR Study Area) would be consistent with smart growth planning principles adopted pursuant to state law and regulations." Smart growth planning principles embody the study and resulting initiatives that will stimulate investment and produce developments which vitalize, or revitalize employment nodes such that there is a sustainable employment pool for a variety of skill sets. Smart growth planning principles for non-residential areas encourage the promotion of fiscally-sound enterprise growth that leads to robust employment opportunities, community-supportive and environmentally responsible development.
- 16. Based on available employment data, Ms. Doyle testified that employment within the PIR Study Area has declined by approximately 83% over the past twenty years, representing a loss of approximately 1,800 jobs. The overall property's value has diminished even more rapidly, declining 69% over the past two years as usage of the former sanofi-aventis facility was discontinued entirely. Such a rapid decline impacts upon the Township's ratable base. Ms. Doyle cautioned that the loss of tax assessment valuation is not, in and of itself, a rationale for

designation of the site as an area in need of redevelopment, but she confirmed that such a loss does speak to the criterion regarding the lack of a stable fiscal profile. A significant loss of assessment valuation is an indicator of degraded corporate R&D/office appeal and declining employment prospects.

- 17. As explained during Ms. Doyle's prior consideration of criteria "a" and "d", there is simply an abundance of evidence demonstrating that the buildings in the PIR Study Area are obsolete and the site arrangement is flawed. The result of such conditions is that the property owner is unable to attract corporate interest in rental of an outdated R&D facility. There is a need to examine the prospect of a forty-five year old R&D site successfully competing with more modern sites to find renters. Clearly, putting in enormous funds into the PIR Study Area is not prudent if, in the end, the campus is not expected to be successful in competing with other facilities in a timeframe and at a rental rate to be profitable. The Doyle report finds, and the Board also finds, that the PIR Study Area is no longer useful for single user office and research use and not adaptable for multiple tenant occupancy.
- 18. In response to the proposed New Jersey State Strategic Plan, Somerset County has identified "Investment Areas" for growth based on a series of criteria. These sites are embodied in its publication, Somerset County Investment Framework. Within this document are specific sites that are identified for differing smart growth strategies. The county study has distilled projects of its 21 municipalities down to a total of 39 sites. Of these 39 sites, 24 have been identified as Priority Growth Investment Areas and 15 have been identified as Local Priority Areas. (Figure 8 of Ms. Doyle's Report). The former sanofi-aventis site is listed as one of the 24 Priority Growth Investment Areas sites in Somerset County.

19. The Somerset County Investment Framework (prepared by the Somerset County Planning Board, April, 2014) defines the PGIA Framework Category:

Priority Growth Investment Areas (PGIAs) are areas where primary economic growth and community development strategies that enhance quality of life and economic competiveness are preferred; and which are appropriate, growth-inducing investments are encouraged. PGIAs are areas where development and infrastructure assets are already concentrated. They are prime locations for the vibrant mixed—use, live-work environments within walking distance of transit and green space, and that many employers, workers and households desire.

- 20. The Somerset County Investment Framework also notes the benefit of adoption of County Investment Framework in that it provides certainty regarding the growth and investment priorities that are supported at the regional and local levels.
- 21. Per its publication, "Putting the Pieces Together Somerset County Investment Framework Frequently Asked Questions", December 2012 (Figure 9 of Ms. Doyle's report), which is coordinated with state, county and local planning, Somerset County expands on the purpose of PGIAs:

"PGIAs are places where more significant development and redevelopment is preferred, and where public and private investments and initiatives that support significant growth and redevelopment will be prioritized. Lands that comprise... 5) Municipally Designated 'Areas in Need of Redevelopment' or 'Areas in Need of Rehabilitation.'"

In its Chart entitled Draft Final County Investment Framework Priority Growth Investment Area (PGIA) and Local priority Area (LPA) Screening Criteria Results (Figure 10 of Ms. Doyle's report), the following infrastructure criteria considered for eligibility in this report are found at the former sanofi-aventis site: (1) within updated sewer service area; (2) minimal environmental constraints; (3) contains or is within 12 mile of a highway and/or transit corridor; (4) is zoned for non-residential or mixed uses; (5) is within a water purveyor service area; (6)

contains or is within ½ mile of regular bus service (incl. SCOOT); (7) contains or is within ½ mile of state highway; (8) served by fiber optics; (9) contains, comprises or is within 10 mile radius of a higher education facility; and (10) contains or is within ½ mile of a concentration of housing opportunities, retail, and civic amenities

- 23. Ms. Doyle testified that the above evidence confirms the satisfaction of criterion "h". By doing so, designation of the PIR Study Area as an area in need of redevelopment will stimulate investment and produce developments which vitalize, or revitalize employment nodes such that there is a sustainable employment pool for a variety of skill sets. Designation of the PIR Study Area as an area in need of redevelopment will encourage the promotion of fiscally-sound enterprise growth that leads to robust employment opportunities, and community-supportive and environmentally responsible development.
- 24. Finally, Ms. Doyle expressed her opinion and belief with reference to her study and the PIR Report that a mixed usage of the PIR Study Area by the current zoning designation, and the further designation of the PIR Study Area as "an area in need of redevelopment" would be consistent with good planning and a "smart growth" approach for the property, which is encouraged by not only state and regional planning agencies, but also the Master Plan for Bridgewater Township.
- 25. Frank Banisch, P.P. was also retained by the Planning Board to assist Ms. Doyle and the Board in this Preliminary Investigation. Mr. Banisch visited the PIR Study Area and testified at the public hearing on September 9, 2014 that, in his opinion, the area is "blighted" and is an area in need of redevelopment within the meaning of N.J.S.A. 40A:12-5 et seq. and the case law.

- 26. The Board discussed the report and the planning testimony. The Board agreed that from the testimony and report presented, and from the Board's personal knowledge of the site and conditions upon same, that planning consultant Doyle had made a full and complete presentation to the Board. The Board found more than adequate testimony and support for the findings and conclusions expressed in the PIR Report that the PIR Study Area is in fact and under the statutory reference an "area in need of redevelopment".
- 27. There was no opposing testimony, evidence, correspondence, public comments nor other arguments presented to the Board in connection with this case. Ms. Doyle confirmed that the Planning Division had received no correspondence on the matter.
- 28. The Board concludes, based upon the testimony and report submitted by Ms. Doyle and Mr. Banisch as to the proposed designation of the PIR Study Area as "an area in need of redevelopment", that the 61.95 portion of the former sanofi-aventis campus constituting the PIR Study Area qualifies "as an area in need of redevelopment" under criteria (a)(d) and also (h) as provided in N.J.S.A. 40A:12A-5.
- 29. The Board in its considered judgment and opinion therefore believes that a Resolution should be directed to the Bridgewater Township Council expressing the findings and conclusions of the Planning Board that the PIR Study Area should be designated as "an area in need of redevelopment" pursuant to N.J.S.A. 40:A12-5 and that such a designation would permit the further appropriate usage of the property for "smart growth" and other purposes that would be beneficial to the public and Bridgewater Township.

NOW, THEREFORE, be it resolved by the Bridgewater Township Planning Board, County of Somerset, and State of New Jersey, as a result of this hearing, and the evidence and testimony before the Board referred to herein, hereby recommends to the Bridgewater Township

Governing Body that the property commonly known as a portion of the former sanofi-aventis campus, but more recently referred to as the New Jersey Center of Excellence at Bridgewater, consisting of a 61.95 ± acre portion of Block 483, Lots 17, 18 and 19, should be designated as "An Area In Need Of Redevelopment" pursuant to N.J.S.A. 40:A:12-5, and the Planning Board recommends to the Township Council, pursuant to this Resolution, that such a designation be made.

The undersigned Secretary of the Bridgewater Township Planning Board hereby certifies that the within resolution of memorialization was adopted by this Board pursuant to N.J.S.A. 40:55D-10(g) at its meeting on September 22, 2014.