

BRIDGEWATER TOWNSHIP PLANNING BOARD

Regular Meeting

Tuesday, September 9, 2014

—Minutes—

1. CALL MEETING TO ORDER:

Chairman Walter Rusak opened the Planning Board meeting at 7:00 p.m. in the Bridgewater Municipal Courtroom located at 100 Commons Way, Bridgewater, New Jersey 08807

2. OPEN PUBLIC MEETINGS ACT ANNOUNCEMENT:

The Chairman read the Open Public Meetings Act, as follows: “Adequate notice of this meeting has been given in accordance with the Open Public Meetings Act N.J.S.A. 10:4-6. On January 8, 2014, proper notice was sent to the Courier Newspaper and the Star-Ledger and filed with the Clerk at the Township of Bridgewater and posted on the bulletin board in the Municipal Building. Please be aware of the Planning Board policy for public hearings: no new applications will be heard after 10:00 pm and no new testimony will be taken after 10:15 pm. Hearing Assistance is available upon request.

3. SALUTE TO FLAG:

There was a salute to the flag.

4. ROLL CALL:

James Franco - Present	Chairman Walter F. Rusak - Present
Steve Rodzinak - Present	Ron Charles - Present
Mayor Dan Hayes- Present	Councilman Matthew Moench- Present
Barbara Kane- Present	Tricia Casamento- Present

Others in attendance were Robert C. Bogart, PE, Board and Township Engineer, Thomas Collins, Esq., Board Attorney, Scarlett Doyle, PP, Board and Township Planner, Jo-Ann Petruzzello, Secretary to the Planning Division, and Frank Banisch, Professional Planner.

5. APPROVAL OF BOARD MINUTES

August 12th, 2014 Meeting Minutes (*pending*)
August 25th, 2014 Special Meeting Minutes (*pending*)

6. MEMORIALIZATION OF RESOLUTIONS:

None

7. LAND DEVELOPMENT APPLICATIONS:

None

8. MEETING OPEN TO THE PUBLIC:**9. OTHER BOARD BUSINESS:**

Mr. Bogart described the Interim (Phase I) Scope of Work and Fee as shown in the attached proposal prepared by TRC dated September 8, 2004 (see attached).

Motion by Councilman Moench, second by Mr. Rodzinak, to authorize TRC to conduct the work outlined in the attached proposal was based on the following roll call vote:

AFFIRMATIVE: Mr. Rodzinak, Mr. Charles, Mr. Franco,
Councilman Moench, Chairman Rusak, Mayor
Hayes, Mrs. Kane,

ABSENT: Mrs. Casamento

CIP II/AR BRIDGEWATER HOLDINGS, #14-023-PB

Lot 483, Blocks 17, 18 & 19

Master Plan Redevelopment (Sanofi)

Township Planner Scarlett Doyle described the redevelopment process in its entirety. Mrs. Doyle also described and thoroughly reviewed her preliminary investigation and reports dated September 9, 2014 as a draft for the public hearing.

Ms. Doyle explained how her study and analysis of the Preliminary Investigation Report (PIR) Study Area and recommendations had been prepared. She 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 and 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.

The PIR Study Area is locally defined as 1041 U.S. Highway 202/206. Ms. Doyle described the PIR Study Area and the surrounding environment which is located on or along Bridgewater's Route 202/206 North corridor which is in the northwest quadrant of the Township. Ms. Doyle noted that 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.

The entire sanofi-aventis campus contains 109.557 acres, of which the PIR Study Area is approximately 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.

Ms. Doyle then described the development history of the complex. The PIR Study Area was developed and, since approximately 1968-1970, functioned as a Research and Development 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.

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. Ms. Doyle's noted that the report includes 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.

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."

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. Mr. Otteau noted that job creation in the state shows overwhelmingly negative trends, particularly for the pharmaceutical industry, for which this campus was specifically designed.

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.

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).

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".

The Planning Consultant 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.

Ms. Doyle discussed criterion “d” of the Local 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 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.

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.

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.

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.

In Ms. Doyle's prior consideration of criteria "a" and "d", she asserts that there is 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. She noted that 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. She stated that 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. Ms. Doyle concludes that the PIR Study Area is no longer useful for single user office and research use and not adaptable for multiple tenant occupancy.

Ms. Doyle notes that 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. 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 competitiveness 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.

Ms. Doyle reported that 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.

Per its 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.’ ”

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 1/2 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 1/2 mile of regular bus service (incl. SCOOT); (7) contains or is within 1/2 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 1/2 mile of a concentration of housing opportunities, retail, and civic amenities

Ms. Doyle testified that the above evidence confirms the satisfaction of criterion "h". By the designation of the PIR Study Area as an area in need of redevelopment investment will be stimulated 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.

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.

Chairman Rusak asked Planner Frank Banisch for his professional opinion and conclusions on the Preliminary Investigation Report submitted by Ms. Doyle. Frank Banisch, P.P. was also retained by the Planning Board to assist Ms. Doyle and the Board in this Preliminary Investigation. Mr. Banisch confirmed that he had visited the PIR Study Area.

Mr. Banisch testified 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.

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”.

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.

The Board concluded, 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.

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.

Chairman Rusak opened the meeting to the public. No members of the public were in attendance.

Mr. Collins closed the public portion of the meeting and the Board deliberated.

Councilman Moench stated his support for the redevelopment project.

Motion by Mayor Hayes, second by Councilman Moench, this site has been determined an area in need of redevelopment based on the following roll call vote:

AFFIRMATIVE:	Mr. Rodzinak, Mr. Charles, Mr. Franco, Councilman Moench, Chairman Rusak, Mayor Hayes, Mrs. Kane,
ABSENT:	Mrs. Casamento

10. ADJOURNMENT:

The Board concurred to adjourn the meeting at 8:01 pm.

Respectfully Submitted:
Jo-Ann M. Petruzzello
Secretary to Planning Division