

**SCOPING REPORT**

**FOR**

**WHITE STREET PARKING IMPROVEMENTS  
BLOCK 31, LOT 2.01  
RED BANK BOROUGH  
MONMOUTH COUNTY, NEW JERSEY**

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**CONSULTING AND MUNICIPAL ENGINEERS**

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## Background

A small, 1.75 square mile town nestled at the head of the Navesink River, the Borough of Red Bank has long been a commercial and cultural touchstone on the Jersey Shore. With roots that date back to the 1600's, when English settlers in the area harvested from the rich oyster beds and fishing grounds in the Navesink to help fuel a thriving shipping trade, Red Bank truly is old, with a vitality that stems from the countless generations and history that has passed through and in this town. Yet, it's also new, with recent policy changes, revitalization, and beautification projects helping to create a flourishing downtown area and affirming its future as a regional centerpiece.

Only incorporated as a borough in 1908, Red Bank initially grew as a port serving the nearby farm settlements and the market they traded with, centered in New York City. Red Bank grew as the region's business center, while also serving as a focal point for religious, educational, and cultural interests. The town's historic, turn-of-the-century character remains alive in its road patterns, the distinctive architecture of its buildings and houses, the carefully streetscaped, tree-lined streets, Count Basie Theater, its schools, and its libraries. This same character also extends to modern times, in the Borough's spacious riverfront parks, restaurants, shops, and galleries.



Downtown Red Bank in 1948

Despite its relatively small size, Red Bank's location and history has long made it a commercial centerpiece of the Monmouth County area. This continued prosperity was threatened in the 1980s, when a widespread economic downturn helped drive the vacancy rate in Red Bank's storefronts as high as 35%. Declining population, faltering school performance, and the twin tax consequences of

real estate speculation and tax-exempt non-profits helped contribute to the Borough's financial troubles.

Red Bank responded, forming the RiverCenter organization in 1991 to help manage and revitalize the downtown business district - an area designated near the riverfront, between Broad Street (post office to Marine Park) and Maple Avenue to one block east of Broad Street. The 'Strategic Revitalization Plan,' enacted in 1995, was aimed at balancing the preservation of the town's character while spurring economic growth and residential development in the downtown area.



**Downtown Red Bank today**

The efforts were unilaterally successful, reducing the vacancies in Red Bank's storefronts to less than 1% by 2000 and spurring enormous residential growth in a Borough whose population had been declining for decades. Reversing the American trend of abandoning downtown for the suburbs, Red Bank grew in population by almost 15% between 1990 and 2010 (11.4% between 1990 and 2000). Businesses flourished as well – Red Bank currently leads Monmouth County in service businesses, and is near the top in retail sales. Approximately 8,000 people descend on Red Bank daily to work at such companies as Smith Barney, Merrill Lynch and Dean Witter.

It is little secret that, with their general wealth of economic growth through the years combined with limited real estate within its downtown area, the Borough has long had problems with availability of parking for commuters, shoppers, and residents. In the 1950s, the Borough addressed the need for expanded parking options by converting Borough assets into (then) state-of-the-art surface parking areas. After nearly seventy years of growth, however, the Borough has outgrown the existing parking facilities available.

This has been an identified problem for years; as early as 1991, Borough officials were tentatively exploring the installation of parking garages to help alleviate problems with parking within the Borough. In 1992, T&M Associates was commissioned by the Borough to undertake a 'Downtown Red Bank Parking Study' to catalogue available parking and analyze/project existing and future demand for parking within the same area.

From T&M's report, 'When evaluating a parking system's ability to satisfy parking need a general rule of thumb that must be considered is "Practical Capacity". Under the concept of Practical Capacity, a parking facility is considerate by its users to be operationally full when parking occupancy exceed 85%. When occupancy exceeds 85%, parkers have difficulty finding an available space, thus increasing their frustration, parking search times, and the possibility of vehicle/vehicle and vehicle/pedestrian conflicts.

A parking system, whether on-street, in a lot, or in a garage, operates most efficiently when a 15% surplus over demand exists.'

The T&M report found approximately 3,700 available parking spaces within the town; those that could be considered open to the public were estimated at 2,570. Based on a 'shared parking analysis,' based on square footage of the various uses present in the downtown area (residential, commercial, etc.), there was an existing parking demand of approximately 3,730 spaces (in 1992), assuming 100% occupancy of all existing structures in the study area. A projected demand of 3,945 was listed as the 'ultimate' future option, depending on the results of the 'Special Improvement District' and other revitalization efforts in the downtown area, and assuming 100% occupancy of the downtown areas (which was nearly achieved in years following the report).

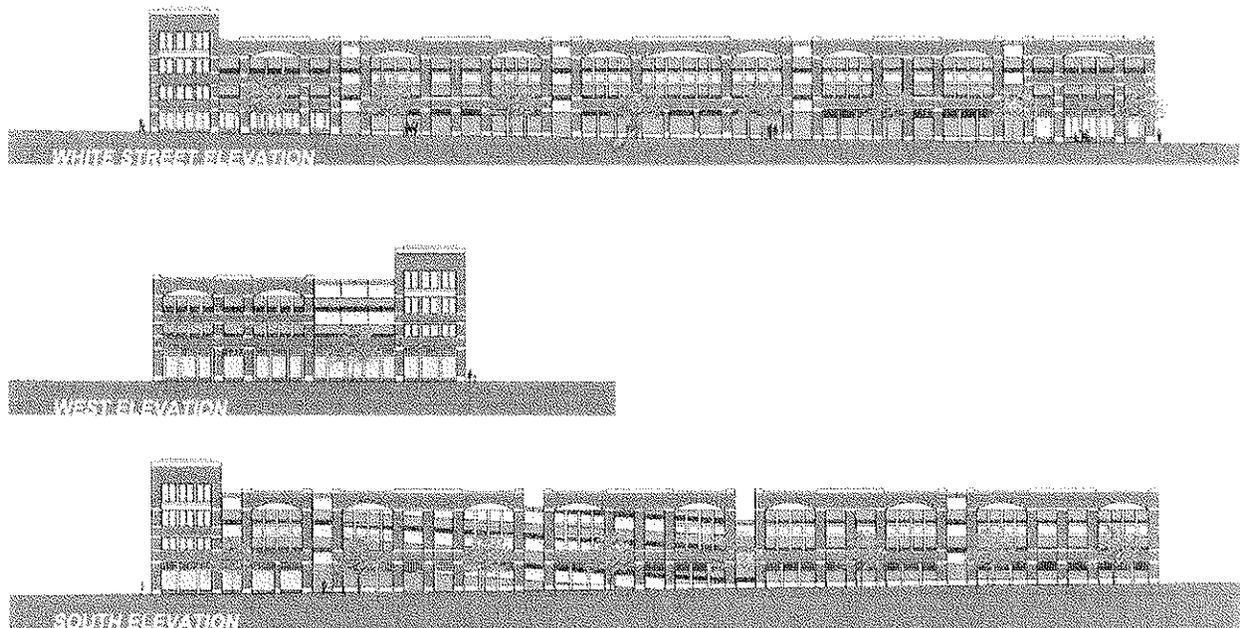
As has been detailed, these efforts were ultimately very successful. It's relatively safe to assume current parking demand has risen over levels seen in 1992, and the current demand is greater than even the existing absolute capacity – let alone the 15% surplus over demand required for parking facilities to function efficiently. The parking problems are further exacerbated by clustering of shoppers, workers, and residents in the most desirable areas – spaces may be open three or four blocks from a traveler's desired destination, but spots closer are full – and the relatively common practice of permit holders parking in metered spots closer to their work destinations, effectively taking up two spaces (non-permitted users being unable to utilize the vacated space). DESMAN Associates, commissioned by the Borough to perform a similar study in a more targeted area in 1999, found much the same problems – current parking availability nearly matches the existing demand. The 1999 study (the area in which it was conducted can be seen in the figure) found a practical surplus of about 30 spaces in supply vs. demand of parking spaces in the Borough's busiest downtown area – again, causing inefficient operation within the Borough's parking facilities.

The Borough has not been idle in the face of the increasing parking demands and problems. In 1999, the Parking Task Force, comprised of Borough officials, was formed to strategically implement the findings and recommendations presented in reports generated by consultants ('1999 Downtown Red Bank Parking Occupancy Survey', by DESMAN Associates, '1992 Downtown Red Bank Parking Study', by T&M Associates, '1993 A Managed Public Parking System for Downtown Red Bank', by Frank Del Monaco and Associates, '2000 Parking Rate & Duration Study', by DESMAN Associates), as well as feedback gathered from the residents and businesses of the Borough. Utilizing their own expertise and the findings of consultants, the Parking Task Force would go on to study and evaluate the existing municipally controlled parking amenities, and recommend to the Mayor and Council means and methods to enhance these facilities.



A Red Bank employee installing a parking kiosk at Maple Cove in 2012.

The Parking Task Force and efforts of the larger Borough government allowed many improvements to be implemented. On-street parking meters to discourage the monopolization of on-street parking and promote turnover in the most desirable parking spaces in the downtown area were installed, accomplishing these goals and provided the Borough with a source of revenue to fuel other parking improvements. In conjunction with Riverview Medical Center, the Borough also added approximately 40 permanent public parking spaces in the Globe Court Garage, while also generating additional revenue for the Borough's coffers. Possibilities for expansion for off-street facilities; specifically, at English Plaza and White Street, were also explored. Most importantly, the Task Force and other Borough officials helped fuel the overall drive and vision that would be necessary to effect change in the Borough's parking facilities in the long haul.



Conceptual elevations of White Street Parking Garage from Desman Associates, dated March 22, 2001.

The White Street parking lot became the Borough's most heavily pursued long-term fix for the availability of parking in downtown Red Bank. Estimates and revenue projections for a structured parking garage, constructed in a lot containing an existing municipal parking lot, were generated by DESMAN Associates as part of their investigation of parking availability and potential solutions in the area. The concepts were further expanded and refined, as the lot became the main focus of a potential infrastructure solution to the availability of parking. At first, the parking garage was projected to be financed by municipal bond financing, but pushback from residents and the declining economy forced officials to search for other options. A mixed-use, public-private partnership incorporating parking, retail, and residential development on the site was pursued for a time with homebuilder Kalian Cos., but the proposal eventually fell apart over dispute regarding the number of spaces that would be made available to the public within the complex. As momentum for the proposal flagged amid a diving economy (and rising storefront vacancy rate), the White Street parking garage was tabled until a more realistic funding/development option could be found. To date, no significant amount of spaces has been added to Red Bank's downtown parking infrastructure.

CME Associates is pleased to present this proposal report to facilitate and ultimately complete the

parking facility on the White Street lot. In the course of this investigation and proposal, CME will outline and detail all potential funding avenues for the garage's construction, and provide proper steps and guidance towards securing and selecting the funding and design of the parking expansion proposal.

## Options Available to the Borough

The challenges of funding a parking garage are what have repeatedly derailed the proposal for constructing the improvements at the White Street municipal parking lot. Financing of structured parking is always one of the main challenges of installing it in the context of urban and suburban redevelopment.

Structured parking is typically measured by the term "cost per space." In New Jersey, the most typical range of cost is between \$20,000 and \$25,000 per space – which includes soft costs and allocated land value. In some areas with difficult soil conditions – such as near waterfront, where piles may be necessary to support the structure - the cost can approach \$30,000 per space.

The exact value of a parking space is a function of the specific market in which it is built, as a broad range of daily/monthly rates exist just within the state of New Jersey. A traditional "rule of thumb" is that structured parking typically becomes economically viable in high-density suburban areas when property values exceed \$30 per square foot of building type. In lower demand areas (areas that charge lower rates for parking) like New Brunswick, rates can be as low as \$100 in aggregate value per month; in areas such as Newark, Jersey City, and Hoboken, the price for a monthly stall starts at \$220 and climbs up.

Utilizing a midpoint monthly rate of \$150 – which would yield an annual revenue of \$1,800 – and a conservative estimate of \$480 for annual operating expenses, a very rough annual net revenue per space is computed as \$1,320. This potential revenue is just 6.6% of the low range of the cost of the space (\$20,000) – in a non-high demand market, an investment in a parking garage may only see positive cash flow after 15 years. This rough estimate obviously ignores the process of rate stability and demand in a specific area, among many other factors, but the main

point is thus; projecting a parking garage as a profitable, traditional real-estate investment that can end up paying for itself is often based on unrealistic financial returns and performance expectations. Garage revenues are usually sufficient to support ongoing operations, but are seldom enough to repay development costs. From a cost and public policy perspective, structured parking needs to be viewed as infrastructure—an investment that acts as a catalyst for future development, with a long-term impact.



Parking garages like this one, in Newark, NJ, can charge rates as high as \$220 per month. These rates are uncommon across most of New Jersey.

There are a number of options that can be utilized to help bridge the gap between expected development costs and parking revenues expected to be generated. These options will be presented below, with their associated methods, benefits, and detractions.

### 1. Self-financed

One of the most common methods of raising capital for parking garage construction is revenue bond financing. Revenue bonds are an effective choice when the parking garage being constructed will be charging fees for parking. The net income from the parking garage is pledged toward repayment of the bonds.

Virtually all municipal bonds for public parking improvements are tax exempt, which allows for low-cost financing of the capital improvements necessary to construct a structured parking garage. The bonds are used to pay the initial costs, while payments and interest on the bonds are made using revenue generated from the new parking structure.

There are two different scenarios possible when revenue bond financing is utilized to front the development costs of the parking garage.

The first occurs when the annual projected net income of the project covers the annual debt service payment on the bonds – essentially, revenue generated by the garage exceeds both the annual operating expenses and payments required on the bonds used as capital investment. Conditions for this option typically only exist in dense urban areas with prevailing high parking fees, like Hoboken or Jersey City. This is not a typical case for most projects.

Far more likely is the second scenario, in which the annual projected net income is NOT sufficient to cover the annual debt service payment on the bonds. In this case, additional sources of income must be explored in order to bridge the gap between annual costs and annual revenue generated. There are a number of different methods that can be used to accomplish this, but one common general factor is a sort of parking authority that can operate as its own entity, and thus manage its own expenses, debts, and revenue stream, outside of money coming from or going to the Borough. A self-liquidating parking system, with all parking revenues committed to the maintenance and expansion of the same, is the goal when additional funds are required to meet the shortfall between development costs and parking garage revenue.

This revenue shortfall (if a parking garage is financed) can be met in a number of different ways. A variety of methods are described below.

#### Parking Meters

Revenue generated from the parking meters and other municipal parking lots is the most common stream utilized to supplement income from a parking garage for a parking authority. Often, these revenue streams are already in place as a constant source of income and can be accurately predicted and depended on. The main deterrent is the subtraction of an existing revenue stream into the Borough, to be used to make interest/annual payments on bonds used to finance a garage.



Parking kiosk in Red Bank

It is our understanding Red Bank Borough has a parking meter/kiosk program in place, and currently collects revenue from these stations for use in the capital budget.

**Tax Financing**

A municipality may levy an additional assessment upon private property in close proximity to the parking facility for a period of up to 20 years to help defray the costs of hard construction and soft development costs associated with building the parking facility and the cost of parking equipment.

New Jersey Statute 40:56-1 et. seq. regulates local improvements made by municipal governments and the imposition of an assessment upon real estate in the vicinity thereof, based upon the proportionate benefits derived by private property. Parking facilities are specifically identified in N.J.S.A 40:56-1.1 and 1.2 as local improvements for which an additional assessment may be imposed by a municipality.

N.J.S.A. 40:56-1.1 states the following:

Any municipality may undertake, as a local improvement, the work of providing facilities for the parking of motor vehicles by the acquisition and improvement of real property and by the construction of buildings and structures. Any such acquisition may be by purchase or lease and the parking facilities may include equipment, entrances, exits, fencing and other accessories necessary or desirable for the safety and convenience of the parking of motor vehicles.

N.J.S.A. 40:56-1.2 further states that an additional assessment may be made by the municipality “in furtherance of any project of a parking authority . . . pursuant to said parking authority law,” or “in connection with the creation of a parking authority.” Funds for the public parking facility may be appropriated by the municipality from the annual tax budget as a capital improvement or funded by bond anticipation notes or permanent bonds (N.J.S.A. 40:56-13 and 35).

Upon completion of the construction of the public parking facility, all costs associated with the financing, public advertising, engineering, land acquisition, and construction (hard and soft costs) of the local improvement must be detailed and certified by the municipality/parking authority to the local assessment officer (N.J.S.A. 40:56-24), or to a general board of assessment if such a board has been created by the governing body (N.J.S.A. 40:56-21–23).

The assessment officer or board of assessment then determines the private properties positively affected by the public parking facility. After this, the affected property owners are given written notice, by mail, of the time and place for a public hearing to determine the assessment to be levied upon their private property for the advantage or increase in value that the respective lots or parcels of real estate have received by reason of the parking-facility improvement (N.J.S.A. 40:56-27).

**Payment in Lieu of Parking (PILOP)**

Municipalities can adopt a program for Payment in Lieu of Parking (PILOP), which offers developers an option to pay a fee for each waived parking space, in lieu of actually providing the necessary number of parking spaces required by local land-use ordinance. The PILOP fee can then be used for a variety of parking or capital improvements within the municipality – such as making payments on financed bonds for a parking garage.

It is CME’s understanding Red Bank has a ‘PILOP’ program in place, allowing businesses who cannot meet off-street parking requirements, as per Red Bank’s land development code, to pay into the Borough Municipal Parking Utility Capital Improvement Fund at a rate applicable to the following schedule.

**Parking Deficiency Schedule**

Deficiency	Cost Per Space
1 to 5	\$500
6 to 10	\$1,000
11 to 15	\$1,500
16 to 20	\$2,000
21 and above	\$2,500

The table above should be read as follows, according to this example: if a developer is short by 22 spaces, a payment of \$30,000 must be made (\$500 for spaces 1-5, \$1,000 for spaces 6-10, and so on) to the Capital Improvement Fund.

In light of the recent economic downturn, it is CME’s further understanding Red Bank has issued a moratorium on this practice, seen as business un-friendly, in order to foster economic growth and development in the downtown area. However, this fund can always be amended, reduced, and/or reinstated in the future – the reduced payments could be seen as more business friendly, while the Borough would have a means to help fill its coffers with payments from the program. A healthier regional economic environment would also encourage the reinstatement of this practice.

**Rental Income Subsidy**

Rental income from office and/or retail components added to public parking garages may also contribute to subsidizing the operational expenses or debt service payments of a parking structure. City planners often request that retail, commercial, or office components are added to parking structures as “liner units” on grade and at the second story to enhance streetscape and break up the monolithic architectural presence of the parking garage.

In Red Bank’s initial proposal for the parking garage on the White Street lot, through CME’s review of the records, it is our understanding the first floor was intended to hold retail space and generate revenue for the Borough as a contribution toward paying the bond financing.

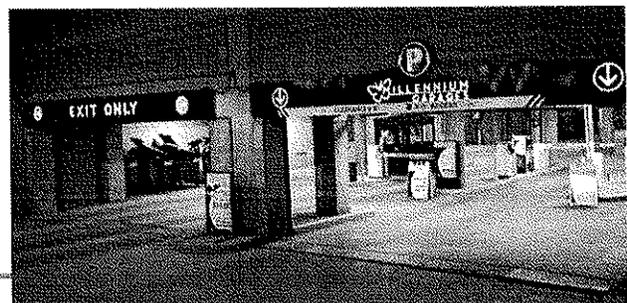
**Tax on Parking**

A tax on parking is generally a tax on commuters, those non-residents who utilize a municipality’s transportation resources and go to work in the town’s office buildings and retail centers. The rationale is that, despite paying the majority of their tax bill in another municipality, the persons who park within the taxing municipality create wear and tear on the road system, consume police and public safety services, and contribute to road congestion. New Jersey’s parking tax statute N.J.S.A. 40:48C-6 authorizes a municipality to impose up to a 15 percent tax on gross parking fees; typically, these proceeds are paid to a general municipal capital fund.

**2. Sell to Private Parking Developer and Allow them to Build Parking Structure**

This is essentially the same as the first option, except the Borough minimizes its risk by allowing a private parking developer to build the garage and attempt to operate it as a for-profit real estate investment, except without all the tax-free benefits of municipal bonds and potential other revenue streams to supplement any shortfalls.

It is the opinion of CME this option is extremely unlikely to come to fruition; as has been detailed, parking garage structures are often break-even at



best investment options in areas where parking rates are built-in at \$150 per month. Any lower, and it becomes increasingly likely the monthly revenue from spaces will not support the initial cost of development and annual operating expenses. Red Bank Borough likely will not be able to command such rates, as it would be out of character for the rates they charge around the Borough, and it's simply not a high-demand real estate zone in the vein of a Hoboken or Jersey City. A private developer will likely view a dedicated parking structure as an inefficient investment on the space (even with a floor of retail) and will seek out investments with a better rate of return.

The Borough may not be able to attract investors to a parking-garage only type of project (even with a floor of retail), even if it gave the land to the parking operator. The largest capital cost involved with constructing the parking garage is the actual construction in this case, rather than acquisition of land. Private developers may not be attracted to an option likely to only see positive cash flow after 10+ years, which would likely be the case even in a construct that allowed rental of a floor to retail businesses. Parking garages simply don't make much money. And, if the Borough simply gave the land up, it would realize no revenue or capital from the existing parking lot or any future parking structure on the same.

The biggest sticking point in any potential agreement to sell to a parking operator to build dedicated parking facility on the White Street lot is the combination of high capital cost and low-ish potential for expansion and growth of revenue stream in a low-value parking environment.

The Borough would likely have to agree to supplement the income of the parking operator in the event that revenue falls short of meeting necessary obligations associated with maintenance and initial development costs. Supplementary agreements, such as steering parking towards the garage by raising rates on street meters or encouraging storefront development near the new structure, would also likely have to be included before a private investor would assume the risk. The benefits of a parking structure to a municipality – higher property taxes, business taxes, and more money coming into the municipality from additional shoppers/workers – do not apply to private investors. It is simply a real estate investment for them, rather than infrastructure.

### **3. Public-Private Partnership**

#### **Partial Sale/Lease**

Any such arrangement would likely have to be co-financed by the Borough and the independent parking operator. One possibility would be the Borough financing the construction of the parking garage through the use of revenue bond financing, and, upon completion, leasing it to the independent parking operator. The parking operator would use revenue from the parking garage to cover its lease payment to the Borough, and cover annual operating expense, and the remaining funds would be split between the operator and the Borough. In this case, the Borough could ensure itself a steady source of income through the lease agreement (likely set above whatever the minimum required payment on bonds is), and split any profits with the parking operator while maintaining no responsibility for the on-going maintenance of the building. However, in this case, the Borough would assume the lion's share of the financing and debt involved in construction.

A more palatable option to the Borough (though not necessarily a developer) would be a co-financed project, in which a combination of bond financing and capital funds raised by the developer/parking operator would be used to complete initial construction of the garage, before eventually passing operation of it off to the private entity and splitting profits – which will vary, according to the level of

capital investment by the private entity. This would be a win for the Borough, as the initial investment would be lowered, while still maintaining the potential cash flow to pay off bonds used to finance the project.

#### 4. Redevelopment/Parking Project

##### Sale of Development Rights



Rahway Transportation Center Garage. Built with proceeds from sale of development rights.

Many municipalities own surface parking lots in the central business district, or within short walking distance of major transit destinations. These parcels – though generally an important public parking resource – are not the most efficient means of fulfilling their use as a parking resource, or in terms of assisting the revitalization needs of a community. Centrally located real estate in a downtown business district – especially near the waterfront – is always valuable. This can often create several different kinds of opportunities for a municipality to sell, transfer, or partner on development rights for a particular lot or parcel of land.

There are several possible methods of transferring the development rights, or working with a developer towards a mutually agreeable parking solution. The first of these is the transfer of development rights for the parcel of land, allowing a private developer to build/develop a retail/residential/restaurant type/real estate complex, while maintaining the interests of the Borough.

These interests would mainly be focused on generating additional revenue while improving public parking conditions within the Borough. A long-term ground lease would secure annual revenue for the municipality, giving the developer rights to build their facility in exchange for an annual payment for use of the land. A one-time 'up-front' development-right payment can also be secured/exchanged for the long-term annual lease, in order to provide the municipality with capital funding.

The main focus (though securing long-term capital funding is an excellent benefit) is of course improving parking conditions for the public at-large. As part of the agreement, the developer must build a parking garage with a minimum number of replacement parking spaces for the public (2 for 1 is usually a good place to start). The replacement garage must be available for public parking and cannot be reserved or exclusive to the developer's project.

In this scenario, the municipality can win by increasing the public parking supply without expending capital dollars (in fact, gaining them) or undertaking additional bond debt. The developer's project provides annual revenue for the municipality, through real estate taxes and the ground-lease payments, and a one-time boost to the capital improvements fund, which can be used to build additional parking.

### Redevelopment Option

Another potential mechanism for development is a public-private partnership in planning and financing the redevelopment of an area. In this scenario, a private sector or developer would bear the construction, design, and financial risks of developing the lot, while the city could reimburse the developer through taxes and/or special developer incentives and development relief. These partnerships can take many forms, depending on the real estate market conditions, the project's scale, and the input of the municipality with regard to the process.

The municipality would solicit development proposals for the White Street parking lot from private entities, proposing to meld public parking provisions with private developments such as retail, residential, restaurant, and others (or a combination) while maintaining the character of the Borough. The best-rated of these proposals could then move forward into negotiations/talks with the Borough, so all interests, public and private, are protected and laid out as early in the process as possible.

The Borough can then choose to simply allow the developer to proceed within prescribed limits and with directives on available parking – providing no financial ‘encouragement,’ or incentives. There are several options, however for public-private ‘partnerships,’ in which a mutually beneficial agreement is in place prior to development.



Pier Village in Long Branch, NJ. Mixed-Use Development with Public Parking.

These are different ‘partnerships,’ or options the Borough can execute to help with the process. One of these would be negotiating a land disposition agreement that structures the planning, execution, and financing of the public improvements (such as public parking spaces in the structure, sidewalk, curbing, and on-street parking spaces). The developer would remain responsible for designing, permitting, and constructing public improvements that specifically serve the redevelopment (and the redevelopment agreement) using private financing. The Borough could then purchase the public improvements related to each phase, only upon the meeting of certain conditions. These conditions could include:

- Completion of non-parking public improvements
- Property tax payments for at least two quarters
- A bond/escrow amount equal to a percentage of the estimated cost to complete each construction task

This purchase helps defray some of the costs, making the project more attractive to a higher number of potential developers, while also protecting the Borough from ‘occupancy risk,’ meaning that if the real estate occupancy threshold (and other requirements) are not achieved, the Borough will not have to reimburse the developer for the cost of public improvements. Purchasing these ‘public improvements’ will also provide the Borough with a source of potential parking revenue – as will the additional taxes

generated from tenants/occupants of the private development in the area. This model is heavily dependent on new revenue generated from the property (parking garage revenue and property taxes), and should of course be properly analyzed before being entered into.

Another potential option is providing the developer with incentives – such as reduced parking requirements for the private portion of their redevelopment – that allow them to minimize costs of construction while maximizing the use of the proposed parking lots and spaces.

Public-private partnerships tend to require long-term negotiations that have higher transaction costs. Government authorities must have the patience, professionals, and resources to engage in such a process for it to be successful.

## **Recommended Option**

Although the Borough must decide which option is best for the municipality, the redevelopment option should be seriously considered. It is the option most major cities are looking toward to solve major parking problems, while providing a long-term revenue stream to the municipality and providing additional economic development in the area as a whole.

If the Borough, after careful evaluation of each option available to it, wishes to pursue the redevelopment option, a Needs Study must be developed to facilitate this process. The Needs Study would be utilized by the Planning Board to determine the site's suitability for redevelopment.

The Planning Board must hold a duly noticed public hearing in order to discuss the findings of the investigation and to hear persons who are interested in or would be affected by the contemplated action. The results and recommendations of the hearing are then referred to the governing body in the form of a Planning Board resolution for formal action.

Upon receipt of the recommendation from the Planning Board, the Governing Body may act to adopt a resolution designating the area in question, or any part thereof, as an area in need of redevelopment.

If approved, a redevelopment plan must be developed. The Redevelopment Plan will be prepared pursuant to the Local Redevelopment and Housing Law (LRHL). A typical scope of services is set forth below.

### **Preparation of Redevelopment Plan**

#### **A. Initial Meetings**

An initial meeting with Borough officials and property owners within the Subject Area should be held in order to obtain more detailed information regarding the specific components of the Borough's vision for the Redevelopment Plan. This meeting will also provide an opportunity to identify existing information for use in preparing the Plan.

#### **B. Analysis of Existing Documentation**

The documentation to be reviewed includes the Municipal Code, Master Plan, Tax Maps of the Subject Area, and any other pertinent reports or documentation provided by the

Borough as well as any conceptual plans or project documentation provided by the prospective developer of the Subject Area.

**C. Issue an RFI/RFP for Development Proposals**

The Borough should issue an RFI/RFP at this stage to help determine what options the 'market' is willing to offer, and use the prices, benefits provided, and other information included in the received proposals to help drive its creation of the redevelopment plan. Each proposal must include information about the site as defined in the Implementation Plan.

**D. Select Development Proposal**

The Borough should select the option, gathered by the RFI/RFP stage, that best meets the needs of the community. The redevelopment plan should be centered around this selected proposal, while accounting for the needs (and input) of the Borough at large. The final redevelopment plan should combine the necessary elements of the development proposal (office/retail/residential space required to meet financial cost projections) with the needs of the Borough.

**E. Preparation and Adoption of the Redevelopment Plan**

The information provided by the Borough at the Initial Meeting noted in Item A, the findings from the review and analysis performed in Item B, and the information gathered in the RFI/RFP stage should be used to prepare the preliminary draft Plan. The plan should show the site's relationship to local objectives, the goals and objectives of the redevelopment plan itself, a description of the subject property, and the site's relationship to various master plans, Borough, County, and State-wide, at a minimum. The Redevelopment Plan must be approved and adopted by the Planning Board before moving forward with any redevelopment options.

**F. Negotiate & Finalize Redevelopment Agreement**

Upon completion of the conceptual redevelopment plan, the Borough must enter into negotiations with the developer to complete the redevelopment agreement. This agreement will concern what the developer will be able to do with the site, what concessions and incentives (financial and otherwise) the Borough is willing to make, as well as the responsibilities of both sides in designing and construction the White Street parking lot site. Options available to the Borough regarding partnership were outlined earlier in this report.

First, an exclusive negotiating agreement must be established between the Borough and the developing agent, in which the specifics of the development agreement will be hammered out prior to finalization. The Developer will resubmit concept drawings and economic analyses based on the Redevelopment Concept plan developed for the Borough, if their initial proposal does not conform, along with findings, determinations, studies, and reports generated by the Developer in their analyses. Feedback from Borough officials and other professionals will be utilized to refine the proposal and ensure the interests of Red Bank are maintained.

Upon agreement on a final redevelopment proposal, the necessary steps toward construction of the project will be handled in a manner agreed upon by the various

parties. Final delineation of responsibilities, in terms of design, permitting, and construction, should occur in this phase.

Finally, transfer of development rights, the property itself, or a ground lease of the property in question must be agreed upon between the Borough and the developing agent, in order to facilitate construction.

## Recommended Implementation Plan

In order to choose the best option for implementing the financing and construction of the White Street parking lot, Red Bank Borough must undertake a number of investigatory steps, securing financial, construction, and development/developer information to supplement the wealth of background information already on hand. With this gathered information, the Borough of Red Bank can make informed, advantageous choices to proceed with the White Street parking lot and alleviating the downtown parking problems the Borough has been facing for decades.

What follows is a task sequence to be followed in order to implement these data gathering stages and provide Red Bank Borough with the information required to make these informed judgments. The first step is as follows:

### 1. Data Collection

#### a. Survey and Base Map Phase Services

Work should include the preparation of a survey base map for use in construction of the parking garage in place of the existing White Street parking lot. It is CME's understanding survey information does exist for the site, prepared by Yorkanis & White, Inc., dated 2/19/01. Information may potentially be provided by the surveyors who developed the initial map, and then used/supplemented to convert to plan sheets in AutoCAD for use in preparation of development and concept plans.

#### b. Preliminary Assessment Report

A Preliminary Assessment (PA) Report should be prepared for the site in question, in accordance with the Technical Requirements for Site Remediation (NJAC 7:26E-3.1 & 3.2) and the NJDEP Preliminary Assessment Technical Guidance (January 2012). The objective of a PA is to identify potentially contaminated areas of concern (NJAC 7:26E-1.8) on the property. A typical PA may include the following activities:

- A site reconnaissance.
- Inspection of adjoining properties.
- A review of Federal, State, and local environmental records.
- A review of site historical operations.
- A review of reasonably available physical setting sources related to groundwater, historic fill, geology, and soils.
- A review of chain-of-title property owner information.
- A review of environmental liens on the property.

The Preliminary Assessment Report (PAR), in conformance with NJAC 7:26E-3.2, must then be prepared for the site to assist in further decisions made regarding development there. The PAR will present findings and recommendations with regard to additional investigation where warranted.

c. **Asbestos Survey**

The existing parking lot on site would be demolished as part of any potential development. It is expected that an asbestos survey will be required prior to demolition of the parking lot, in order to determine the presence/absence of asbestos containing materials on site.

d. **Geotechnical Phase Services**

Based on the proposed 4-5 story parking garage and our knowledge of the anticipated subsurface soils, it is anticipated a number of soil test borings would be required to assess the subsurface conditions at the site.

e. **Utilities Survey**

Review available information from the Borough and previous site investigations to determine the presence/absence of available utilities. These utilities and their associated locations should be identified on the base survey plan.

## 2. Needs Study

A needs study should be performed on the site, in order to determine its suitability for redevelopment (if this is an option the Borough chooses). The Needs Study is a requirement to moving forward with the redevelopment option. The following steps will be performed in the course of the Needs Study.

Pursuant to the Local Redevelopment and Housing Law (LRHL) NJSA 40A:12A-14, a delineated area may be determined to be in need of redevelopment if it meets the statutory criteria identified with the LRHL, a report will be prepared based upon an investigation to determine whether the Study Area meets the statutory criteria to be identified as an Area in Need of Redevelopment. A typical scope of work follows:

a. **Review of Property Conditions:**

Field visits should be conducted at the location identified above to determine the condition of the lot and whether it meets the criteria identified within the LRHL.

b. **Preparation of the Area in Need of Redevelopment Study:**

This analysis will include a review of the existing physical characteristics and current developed uses and structures using tax records, physical inspection of the facilities, zoning restrictions, review of aerial photography, as well as consultation with key stakeholders within the Borough.

c. **Meetings**

The In Need of Redevelopment Designation Study must be adopted by Ordinance by the Governing Body. Several meetings will be required to properly inspect, revise, and adopt the redevelopment study.

## 3. RFI/RFP Solicitation

All planning and development steps must maintain and reinforce the character of Red Bank. The Borough has a long history of incorporating public feedback, concern for preserving the historical character of the city, and maintaining an overall vision for the downtown area. These ideas must be kept front and center in the course of developing an RFP for development proposals within the land containing the White Street parking lot.

The Borough should solicit proposals for development projects within the land containing the White Street parking lot, in order to gather development proposals to compare to the more Borough-centric options for completing the construction of the parking garage.

The Borough will review the submitted proposals, developer qualifications, and conceptual renderings, resulting in a short list of preferred developers. These preferred developers will be asked to make a detailed presentation to the Borough, which will result in the designation of a single developer.

The proposed RFP should consist of a minimum of four sections, to be further outlined and detailed by collaboration with Borough officials and feedback from residents and financial advisers. These sections will consist of: developer organization and project experience, financial capacity/capability to execute, performance and experience in past projects, and site development strategy.

What follows is a sample outline for an RFP to develop the parcel the White Street parking lot is located on in Red Bank. This outline should be considered a rough draft of what the RFP will eventually look like.

#### Submission Requirements:

- A. Developer Organization and Project Experience:
  - 1. Name, address, phone, fax and e-mail for primary point of contact.
  - 2. Provide information on at least three relevant large-scale projects undertaken and completed in the last eight years by the developer. For each project, provide the following information:
    - (a) Project name, type, location, project size, uses, and densities.
    - (b) Development Team members who were involved in the project who will also participate in the White Street project.
    - (c) Provide a description of any unique challenges of each project and how the developer addressed them.
    - (d) Public/private structure, current ownership and final transaction structure.
    - (e) Project cost (budgeted and actual).
    - (f) Capital and financing sources utilized.
    - (g) Economic Performance – Project Profitability.
    - (h) Developer timing (original and final schedule).
    - (i) One client reference per project including contact name, address, telephone number and email address
- B. Developer Financial Capacity and Capability:
  - 1. Identify if the Developer is a subsidiary of, or affiliated with, any other corporations or firms.
  - 2. Indicate whether the Developer, the parent corporation or subsidiary has been adjudged bankrupt, indicted or convicted of any felony within the past ten years.
  - 3. Composition of developer's current real estate portfolio.
  - 4. Developer's recent history (last three years) in obtaining financing commitments for real estate development projects, detailing the type of project, financing source and amounts committed.

5. Two bank references for the developer and financial equity partner.
  6. Financial statements for the past three years. Please submit a statement regarding any debarments, suspensions, and bankruptcy or loan defaults on real estate development projects and/or government contracts.
- C. Developer's Performance/Experience:
1. Resumes from key staff members assigned to this project and their role in previous development projects.
  2. Name, address phone number and e-mail address of at least six references: three from financial institutions, lenders or project sponsors who can attest to the developer's ability to complete projects in a timely manner and within established budgets; and three from clients who can attest to the timeliness of projects and success rate.
- D. Vision and/or Strategy for Site Development:
1. The developer must articulate a vision and development strategy for this site. This section should be a narrative.
  2. The vision and development narrative must be supported with conceptual design renderings and plans.
  3. The design of all proposed buildings must include exceptional architecture, including landscaping.
  4. The Borough strongly encourages project to properly integrate into the character and look of downtown Red Bank. Maintaining this character is one of the most important components the Borough will consider in consider a developer's proposal.

#### 4. Developer Selection

The selection of the successful firm will be made via collaboration among the Borough, its consulting engineering firm, and an outside financial advisor, who will help to evaluate the financing and economical capabilities of both the developer and proposed development. The final selection of the best proposal must incorporate the goals Red Bank has in developing the parcel – contribution to alleviation of parking problems, creativity, benefits of the proposal for the Borough, and the financial viability of the proposal, among others. This is an outline of potential criteria the Borough may use to judge each proposal on its merits – it is of course subject to review, alterations, and additions/subtractions by Borough officials and the project team.

#### Evaluation Criteria for RFP:

- a. Developer Organization and Project Experience: The developer must demonstrate extensive organizational experience in the planning and implementation of development projects involving public/private partnerships.
- b. Developer Financial Capacity and Capability: The developer must be able to demonstrate financial capability and expertise to structure innovative transactions that produce a successful project with minimal risk to the Borough. The Borough and its consulting engineers and planners will contract with an outside financial consultant to properly review the finances behind the project.
- c. Developer's Past Performance: The developer must demonstrate the capacity and

availability of all key staff members assigned to the project. All team leaders must have a demonstrated track record in planning and implementing large development projects.

- d. Developer's Vision to develop this parcel: The Borough's highest priority is ensuring the development proposal is in keeping with the overall vision for downtown development in Red Bank. Available public parking stalls, conformance with zoning standards and requirements, and aesthetic design in keeping with the character of the downtown area will all be weighted in selection of the best design.
- e. Long-Term Financial Benefit to Red Bank – The developer must provide financial analyses of the development's impact on the Borough, incorporating expected property tax, yearly generated tax, and other sources of revenue. Potential drains on the Borough's funds, including school aged children (from residential development) and required infrastructure improvements, among others, must be included in the financial analysis. The Borough and its consulting engineers and planners will contract with an outside financial consultant to properly review the financial projections of the project.
- f. Impacts to the Community – The potential impact to the community must be viewed through multiple lenses, analyzing the impact to the business community, the downtown area surrounding the proposed redevelopment, introduction of additional residents, availability of parking, and more. Applications highlighting positive impacts to the community will be weighted accordingly.
- g. Other factors determined in the process – It is impossible to account for all potential deciding factors that may arise during the due process of developing an RFP and soliciting proposals. Borough officials and consulting professionals will be consistently open and analyzing the proposal from all potential angles.

##### **5. Comparison of Alternatives**

Upon solicitation of development proposals, and selection of the finalist, the Borough will have all necessary tools it needs to make proper choices with regard to the development of the White Street parking lot. Financials, parking demand alleviation, and the viability of all options outlined for completion of the parking structure will be considered and compared in this stage. Upon selection of the most viable alternative for financing and completing this development – whether the Borough finances the construction itself, sells the land to a private company, develops a public-private partnership, or decides to proceed with the selected redevelopment proposal – the right due diligence will have been performed, to allow the Borough to make the best, most beneficial decision.

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