Testimony in Support of Urban Enterprise Zones
Senate Community and Urban Affairs Committee
May 26, 2011 – State House Annex – Committee Room 1, Trenton
Mayor J. Christian Bollwage, City of Elizabeth

- Good Morning Chairman Van Drew and members of the Committee.

- My name is Chris Bollwage, and I am Mayor of the City of Elizabeth and Chairman of the Urban Enterprise Zone Mayors Commission.

- I would like to address the members of the Committee on the critical importance of restoring Urban Enterprise Zone Program funding within the budget.

- Securing funding for future expenditures only supports the current investments that have been made within our communities and the Urban Enterprise Zone Program has attracted more than $31 billion in private investment and has created more than 133,000 full-time jobs.

- Achievements of the UEZ Program are evident within our urban centers and have been acknowledged throughout our State, including by the Department of Community Affairs own website, which refers to the Urban Enterprise Zone Program as “highly successful.”

- Eliminating this Program would be extremely detrimental to New Jersey’s communities, adversely impacting:
  - Existing and future projects
  - Leveraging of public and private investments
  - Creation of jobs
  - As well as the attraction and retention of businesses within each municipality.

- During this difficult economic climate, municipalities are faced with more fiscal challenges than ever to continue providing the services residents demand and deserve - while operating at reduced capacities.

- As a financial mechanism that supports development and yields beneficial returns for our local and statewide economies, the UEZ Mayors Commission has offered suggestions for preserving and improving this vital resource.

- It is respectively suggested that a Block Grant format be introduced, where municipalities can draw from the Zone Assistance Fund based on their generated sales tax revenues.

- Guidelines would also be established outlining:
  1. Approved expenditures, which may include but not be limited to:
     - Acquisition of land or property within the zone

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• Revitalization of land that would lead to increased economic activity and job creation within the UEZ

• Installation, repair or upgrade of infrastructure that would lead to economic activity and job creation within the Zone

• Loan programs to qualified Zone businesses that would result in private investment and job creation within the UEZ

• Matching grants of up to 50% for the operation of SIDs, BIDs and tax increment districts located within the Zone

• Professional services such as environmental analysis, remediation, engineering or surveying related to the acquisition and/or revitalization of land

2. Approval process for funds

3. As well as instructions and procedures for drawdown

• Access to funds via the proposed Block Grant would enable the approval of funds to occur once a year, oppose to the current project-by-project schedule, allowing increased flexibility for municipalities.

• As Urban Enterprise Zones would submit requests for utilization of funding annually, any changes to original requests would be submitted accordingly.

• Furthermore, reports would be submitted on all outstanding projects and reallocation of outstanding balances could be requested to enable completion of initiatives.

• The Block Grant structure would also enable Urban Enterprise Zones to carry over up to one year of funding allocation.

• With the exception of outstanding balances on revolving loan programs, any amount over one year would automatically be recaptured by the State.

• In order to ensure the efficient and effective application of these valuable tax incentives, the issue of administrative funding must also be addressed.

• Therefore, this proposal would permit the utilization of up to 10% of a Zone’s annual allocations for administrative costs. This request would be submitted as part of the annual block grant form.

• The State’s proposal to streamline the business participation process through a new online system, supported by a help and certification desk does not provide the necessary oversight and enforcement to ensure responsibility and accountability among participants, which has been an ongoing theme.
• Local administrators are vital components in keeping the UEZ Program a success, and funding must be available for them to continue:

  o Providing direct guidance and assistance within each community to ensure that quality control is maintained with regard to the certification and re-certification process

  o As well as act as a liaison with the State offices on behalf of the business community.

• The UEZ Program continues to act as a catalyst that:

  o Supports growth within both the public and private sector

  o Encourages and enables employment opportunities to be generated

  o And is a prime reason why a majority of businesses choose to call New Jersey home.

• However, in February the Urban Enterprise Zone Assessment report was released.

• It contained recommendations which appeared to be a rush to judgment in light of time and budget constraints placed on the study team.

• The study:

  o noted the absence of complete program data and tracking systems, which resulted in an inability to calculate the true return on State investment;

  o And only evaluated a limited time period (2002 – 2008), which included post 9/11 economic downturn; onset of the “Great Recession;” and several new bureaucratic changes to the program.

• It is also important to note that although businesses may have dropped out of the UEZ program, that does not necessarily mean that they left the municipalities.

• Nor were the jobs or economic development that was once created through the assistance of the Urban Enterprise Zone program necessarily lost.

• For an Administration that has conveyed it is pro-business and committed to job creation efforts throughout the State, it is difficult to rationalize the consistent criticism and punishment of UEZs.

• The Urban Enterprise Zone Program has historically “shared in the pain” of tough economic times and budget cycles.
• We have had portions of our zone assistance fund balances pledged toward other state budgets – although this was always done with a means of recapturing those funds down the road.

• And always in a way that allowed zones to continue to provide ongoing economic revitalization programming.

• However, in these tough economic times, the concept of shared pain is taken to extremes when this Administration continues to strip our municipalities of its most vital resources.

• With the receipt of an additional $913 million in tax revenue, funding is more than available to reinstate and preserve the Urban Enterprise Zone program.

• Therefore, I respectfully request that you support our continued efforts and vote for the inclusion of Urban Enterprise Zone funding.

• Now you will hear from Anne Evans Estabrook, Chief Executive of the Elberon Development Company.

• Ms. Estabrook will talk about the Wakefern Project located within our Urban Enterprise Zone; and how even in this tough economy, this project’s $70 million investment will result:
  
  o In over 300 jobs being saved
  
  o And the creation of more than 350 employment opportunities within the coming years
  
  o All made possible with UEZ assistance

• The next speaker you will hear from is Joseph Oliver, who is the Manager of the Retail Skills Center located within the Jersey Gardens Mall.

• Providing job training, placement assistance and personal development programming, the Retail Skills Center increases the skills of our workforce, positively impacts employment opportunities and changes lives with help from the Urban Enterprise Zone program.

• Thank you for your time and attention.

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Thank you for allowing me this opportunity to speak to you regarding the Urban Enterprise Zone program.

As the Mayor of Jersey City, the second largest city in the state of New Jersey, I am extremely distressed by the administration's decision to not fund the program again in the fiscal year '12 budget.

**FACTS:**

- The Jersey City UEZ program has **614 certified businesses** that employ 32,487 individuals full-time
- These UEZ businesses **have created 15,055 new full-time jobs, 4,250 existing part-time jobs, and 1,203 new part-time jobs**
- It is estimated that **another 2,173 jobs will be created** by those same UEZ businesses over the next year.
- UEZ businesses have **invested more than $13 billion ($13,480,232,067)** in Jersey City since the inception of the program.
- **Projected investment** over the next year is estimated to be **more than $5 million ($531,948,280)**

**UEZ FUNDING HAS ALLOWED MY CITY TO:**

- **Match federal and state grants** for infrastructure improvements
- Preserve our historic structures
- **Keep our streets safe** with additional police officers
- **Keep our streets clean** with street sweeping personnel while at the same time providing jobs to our “second chance community”
- **Train Jersey City residents** for job opportunities and placement – two of the programs, the Customer Service Skills Center and the Women Rising Hospitality Training Program, that are funded by the UEZ have placement and retention rates of 65% and 90% at jobs starting at over $12.00 an hour
- Provide loans to **small businesses** such as at Rajbhog Foods, World of Style
Vintage, and Gold Coast Fitness.
- Encourage businesses to relocate to Jersey City or open new businesses in Jersey City from areas outside the state of New Jersey
- Fund four Special Improvement Districts (SIDs) and our Main Street Program
- Provide matching grants to businesses for façade improvement programs

Our UEZ cities have been hit hard by the property tax cap and municipal aide being kept flat. It is an exceptionally difficult burden to maintain essential services to our residents.

The administration's budget hurts our most populated cities and the populations most in need of the basic services. Not funding our UEZ program will hurt our residents and taxpayers and places an unfair burden on the cities like Jersey City, who continue to be the economic engine of the state delivering hundreds of millions of dollars into our state income tax coffers annually. I respectfully ask that you do everything in your power to preserve our UEZ program, as this is one of the successful initiatives that has helped restore vibrancy and economic development to our urban areas.
TESTIMONY BY ANNE EVANS ESTABROOK

IN SUPPORT OF URBAN ENTERPRISE ZONE

FOR MAY 26th, 2011

Personal Background

Owner of Elberon Development Co. which together with its affiliates owns approximately 1.8 million square feet of industrial warehouse space in the UEZ in the City of Elizabeth. It is a family business that developed most of its real estate 35 to 50 years ago and that has made substantial reinvestments in those properties over the past 10-15 years.

Am a Trustee Emeritus at Cornell University, chaired its Advisory Council for the School of Industrial and Labor Relations, and currently serve as an Overseer at its Medical School.

Former Vice Chairman of the Elizabeth Development Company, the local Development Corporation for the UEZ in Elizabeth.

Appointed by Governor Christine Todd Whitman to the Governing Board of the NJ Economic Development Authority.

Served as President of NJ Chapter of NAIOP (National Assn of Industrial and Office Properties) from 1995 to 1997 and then as National Chairman of NAIOP in 2001.

In 1982 became a Director of Elizabethtown Water Co, then in 1987 became Vice President of the holding company, and ultimately served
as Chairman of the company from 1997 until 2000 when it was sold. Today I am a Director of NJ American Water Company.

>First and only woman to date to Chair the NJ Chamber of Commerce (2003-2005)

>Member of Board of Directors of the Federal Home Loan Bank of NY whose region includes NJ (2004 to present); serve on its Executive Committee, Housing Committee, and chair its Audit Committee.

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I am here today to strongly support the UEZ program as it currently exists:

**UEZ LOAN PROGRAM**

>Can fill a funding gap, making a transaction feasible that otherwise would not have occurred-

- Example: Elberon Development Co.’s recent long-term Build-to-Suit lease with Wakefern Food Corp where a UEZ Direct loan of $2.5 million will assist in financing the acquisition of land required for the deal to construct a new 524,000 square foot state-of-the-art warehouse distribution facility. This will keep Wakefern in Elizabeth.

  - Approximately 5.27 acres of a total 50 acre tract of land that was assembled.

  - That piece of land essential to the Project because of Wakefern’s site layout.

    Wakefern was in the market searching for an appropriate site for over three years.
-Wakefern moved one real estate requirement to PA a few years ago where land is more abundant and cheaper. It constructed a building of approximately 800,000 square feet in the Lehigh Valley.

-UEZ Funding is a critical component of the overall project, complementing substantial investment by the Owner and other debt financing.

-Owner is contributing in excess of $20 million in capital.

-Project will retain approximately 300 jobs in NJ and allow for growth of jobs at the site in the future, with employment expected to increase by an additional 350 new job opportunities over the next five to ten years.

-Because other local businesses provide goods and services to Wakefern, the impact of Wakefern’s retention to regional economic development is exponentially greater than the jobs retained and created at the site.

-Project will result in construction of a brand new asset in Elizabeth, replacing a building approximately 50 years old and thereby creating a better long-term ratable.

Note that the funds provided are a LOAN, not a grant, and will be repaid over time so that Elizabeth Development Company can then reinvest that money in another project in the UEZ for the further betterment of the City.
CERTIFICATION OF BUSINESSES AND SALES TAX SAVINGS

>Certain businesses do select a site because it is located in an urban enterprise zone. The tax savings it realizes, or that it passes along to customers, is an important economic driver.

>Providing incentives for businesses to move into these areas, or to remain in them and reinvest, is consistent with state planning which encourages redevelopment and reinvestment in urban areas, and the preservation of much of the open space outside urban areas.

>The sales taxes saved on construction expenditures at sites make construction projects more affordable, helping to offset the high cost of land acquisition.

FAÇADE GRANT PROGRAM

>The benefits provided through the façade grant program, relatively modest in the context of the overall UEZ and governmental budgets, can deliver significant benefits to the community in the form of economic development and other benefits

- Improved facades enhance the appearance of the real estate and the City as a whole, and appearances can do a lot to attract and retain businesses:

- Example: Façade grants accepted by Elberon Development for 5 contiguous buildings in 1999 financed a portion of the improvements made; two tenants subsequently renewed their leases for 10 years, each citing the recent improvements as part of the rationale for committing long-term.
- The improvement of a neighboring façade can provide an incentive for another owner to improve its own façade. A business owner may not want his/her property to look worse than others in the area.

- The maximum $12,000 grant is a significant amount of money to some smaller business owners. It serves as a strong incentive for the business to upgrade a façade when it otherwise would not.

- The monies spent on facades provide work to local construction vendors.

- An area with a more attractive appearance will entice customers because it creates an aesthetically pleasing, business friendly environment. It also creates an environment in which shoppers feel safe and want to be there.

**IN SUMMARY**, the programs I discussed are currently made possible thru the ability of the UEZ to retain the sales tax revenue generated within its zone. The total amount of that revenue is estimated to be $94 million per year, not a large percent of the State’s budget, but very important to the urban areas with UEZ’s.

These grants and loans are significant incentives for the continued economic improvement of urban downtowns and for their long term viability.

Without these benefits municipalities with a UEZ have a legitimate concern that businesses will not locate in their downtown areas, OR will leave their downtowns if already there.
I, therefore, urge the legislature to retain the legislation on UEZ’s in its current form.

Thank you for both your time and attention.
TESTIMONY OF JOSEPH J. OLIVER
MANAGER- RETAIL SKILLS CENTER/JERSEY GARDENS MALL
SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE
MAY 26, 2011

Senator Van Drew and members of the committee, thank you for the opportunity to appear before you today. My name is Joe Oliver, and I manage of the Retail Skills Center located at the Jersey Gardens Mall in Elizabeth, New Jersey. The Retail Skills Center is part of Union County College’s Industry Business Institute.

The purpose of my testimony is to request that the State of New Jersey continue funding training programs through the Urban Enterprise Zone program. The purpose of the Retail Skills Center is to train and help participants find meaningful employment and provide skilled workers to employers including UEZ member companies. I will review four specific areas of the program – training, job search skills, job fairs and job placement – that enable participants to have classroom training and get job opportunities at the Jersey Gardens Mall as well as at local Elizabeth businesses.

All graduates of the program are interviewed during the training classes to identify the type of position and type of business with which they would like to gain employment. The Center staff works with the students to obtain interviews and follows up with students and employers to get feedback.

Students receive a Union County College certificate upon successfully completing 90 hours of customer service and sales career preparation training. Also the students have the opportunity of take the National Retail Federation Foundation exam that is nationally recognized by retailers. The certificates “open the door” but the students have to take it from there.

I will be reviewing with you today, numbers that will demonstrate that the training programs for participants have been effective and extremely successful.
The Jersey Gardens Mall is the largest outlet mall in the State of New Jersey and the Retail Skills Center opened in conjunction with the mall opening in 2000.

The Center was established as the result of the initiative and foresight of Elizabeth Mayor Chris Bollwage and the City Council to prepare residents for positions at the Mall.

The mall is one million square feet and has 230 stores employing between five and 100 employees per store.

The Center was managed until 2006 by the National Retail Federation and during that period thousands of local area residents were served.

The purpose of my testimony is to help the committee understand the success of the program and to advocate for continued funding for the UEZ program.

Since 2007 Union County College has managed the Center. Over the past three years, Union County College has successfully designed and implemented a number of career pathway programs to help a variety of worker populations move into, succeed in, and move up in key organizations at the Jersey Gardens Mall and City of Elizabeth businesses.

In the area of training programs, we have expanded from the “core” customer service and sales as well as ESL customer service and sales. We have added programs in hospitality/restaurant/tourism, visual merchandising, elder care and Microsoft Office Suite. We offer both day and evening classes to give participants choices to fit their schedules.

Since October of 2008 we have trained a total of 662 participants. The target for the three years is 625 and we estimate that we will train 682 participants by August 31, 2011, nearly 9% above our goal.

The Center provides other services which include job counseling, resume writing, and workshops for personal development. A total of 1,800 participants have been served with those services.

We have held 35 job fairs for new and existing businesses at the mall and in the City. For these events we have pre-screened 1,058 people and 1,789 have attended the job fairs. Major job fairs for new businesses include Adidas,
Converse, VF Outlet, Aeries, Forever 21, I-HOP, Cold Stone Creamery and Sonic Drive-In.

Job fairs for existing corporate partners at the Jersey Gardens Mall include Marshall's, Gap, Ann Taylor, Banana Republic, Hurley, Lord & Taylor, Starbucks, Nautica, Cohoes, Oshkosh, just to name a few.

For the past three years, through these programs we have successfully placed over 700 participants in 87 different businesses.

All together almost 6000 participants have benefited from the Retail Skills Center through Urban Enterprise Zone funding. The Retail Skills Center works diligently to find the job openings, to place residents in meaningful employment. These are the goal of the UEZ program and I hope I have convinced you that it is critical that UEZ funding continues in the State of New Jersey.
NEW JERSEY STATE SENATE
COMMITTEE ON COMMUNITY AND URBAN AFFAIRS

HON. JEFF VAN DREW, CHAIR

Summary of Testimony of Gary L. Bragg, Esq. of Gran Prix Partners, LP

May 26, 2011

I am counsel to and a partner in Gran Prix Partners, LP and am here today to speak in support of continued funding of the New Jersey Urban Enterprise Zone program. We are proud to be part of the economic development of the City of Millville, Cumberland County, New Jersey. We opened a new four-story, 111-room Marriott Fairfield Inn and Suites last month at the intersection of State Routes 55 and 47 on 2.5 acres of ground, adjacent to the 500,000 square foot Union Lake Crossing shopping center. The hotel construction was completed in less than 10 months through some difficult winter conditions, but it is now open to serve the needs of the traveling public and the local area.

This was the first newly constructed hotel in Millville in 30 years. It is a wonderful example of what can be accomplished to stimulate the economic heart of the city, the county and the state when a partnership of private and public interests cooperate and work together. Only through the extraordinary efforts of the committed public servants of Millville, including Mayor Tim Shannon, Vice Mayor Joseph Derella and the City Commission, the Economic Development Director, Don Ayres, even the City Attorney, Rich McCarthy, was this project made possible.

But alone they could not have made this happen. An absolutely essential part of any real estate development is the financing to obtain the land, prepare the site, process the governmental approvals, construct the project and operate it successfully. When Gran Prix first identified the Millville site in 2008, banks were actually lending money, real estate was actually appreciating in value and building contractors actually had more work than they could handle. Then came the financial and banking crisis that affected not just Millville, but all of New Jersey, the U.S. and the world, and it appeared that there would be no 111-room hotel built. At least 25 banks looked at the project and our partners who had substantial personal resources they were willing to commit, and with an incredulous tone, said things like: You want a construction loan now? For a hospitality project? In a terrible economy?

We all know the trying times that have affected Millville and other similar industrial communities in New Jersey in the past: they were used to taking a punch or two, and then getting right back up to fight another day. So as you might expect, a little worldwide financial and banking crisis only motivated the good people of Millville and their elected officials and staff to seize the moment. Don Ayres, the Economic Development Director for Millville, made it clear that the City still believed in the project and saw it as an important part of the continuing economic revitalization of the City and surrounding area. And the City pledged its support in creating a true public-private partnership to help arrange loans through the New Jersey Economic Development Authority (EDA) and the Millville Urban Enterprise Zone (UEZ) program. The rest, as they say, is history.
The total project cost was about $14.8 million. $12.8 million came from private investment and financing, $1 million came via a subordinated UEZ loan through the City of Millville, and the final $1 million will come from a New Jersey EDA direct loan. Without the latter public pieces, this project would have been stopped in its tracks, along with the economic contributions it makes to the community.

The Fairfield Inn and Suites supports regional tourism and business needs. It also specifically enhances Millville venues, such as the New Jersey Motorsports Park, the Glasstown Arts District, the Wheaton Arts and Cultural Center, and the Millville Army Air Field Museum.

The hotel provides about 30 jobs in the community. It puts a large, new real estate tax ratable on the books. And it pays its share of state and local hotel taxes.

So here is a project that epitomizes a true public-private partnership, one that Gran Prix is already planning to try to duplicate with the pursuit of other investment opportunities in Millville. But if the UEZ program funding is lost, the commitment of Gran Prix and other similar developers will surely be stifled, if not killed for lack of the kind of city and state cooperation and support that resulted in the Millville Marriott Fairfield Inn and Suites.

Thank you.
Hearing on the NJ Urban Enterprise Zone Program
NJ Senate Community and Urban Affairs Committee
Trenton, NJ
May 26, 2011

TESTIMONY OF CLARK DORAN IN SUPPORT OF THE UEZ PROGRAM

Good morning Mr. Chairman, Senators ..... My name is Clark Doran. I am the Director of Planning and Development for Morey’s Piers and Beachfront Waterparks, Inc., located in Wildwood, and North Wildwood, NJ. We are one of the largest employers, investors and taxpayers in Cape May County, and we are supporters of the Urban Enterprise Zone program. I am testifying today in place of Will Morey, our president, who is unable to attend and who sends his regrets.

The UEZ program is vital to economic growth and job creation in our area. Our economy is driven by tourism and the tourism infrastructure in the Wildwoods has been in decline for many years. The UEZ program has increased the amount of money available to invest in Infrastructure and Capital Improvements and has resulted in higher private sector profitability, investment, and employment. The economy of the Wildwoods has benefitted very directly from the elements of the UEZ program.

For example, the sales tax exemption on certain supplies and equipment over the last eight years has allowed us to increase our Capital Investment by over 15 percent. All of the dollars saved have been reinvested. In addition, there has been a multiplier effect, as the capital has been the foundation of increased borrowing to finance new attractions, thus creating even more jobs, bringing more visitors, and
spurring more investment by smaller businesses in the community. Every dollar saved results in the investment of about two to three dollars.

Many business, civic and governmental leaders and groups are now hard at work on the creation of a new Wildwood. This effort began with the construction of the Convention Center and the creation of the Greater Wildwoods Tourism Improvement Development Authority, and it continues today with many priority projects which are now under way. The direct reinvestment of sales tax revenues in our community has been most critical to date in the rebuilding of the Boardwalk. The boardwalk redevelopment project, designed as a multiple year endeavor, is only partly complete. Stopping this funding now would have a very negative effect on that project and on current redevelopment plans such as the Wildwoods Vision 2015 Plan (attached). A remarkable consensus has been achieved over this plan and we are now focused on priority projects including a multimodal transportation center, a convention center hotel, a beach park, and a unique boardwalk gateway entrance project, among others. The backbone of all these projects is the boardwalk, which is badly in need of repair. We simply must find a way to keep this project alive.

The UEZ program in the Wildwoods and its executive director, Lou Ferrara, have also played a key role in the creation and implementation of other meaningful redevelopment efforts for our community. It is in our best interests, and in the State’s best interests, for these plans to come to fruition. This will not be a permanent subsidy, but rather a shot in the arm during a particularly tough time in our history. I am confident that a few dollars invested now will, in a few years, look like a great investment by the State of NJ.
We have read the UEZ Program Assessment, prepared by the Delta Development Group, et al. which is dated Feb. 2011. While we have only been directly involved with the Wildwood program, which appears to be a success by the metrics contained in the Delta Study, it does appear that there may be valid points raised that are worth investigating and improving in some of our programs. However, in the midst of a recession, we should not cancel key elements of a program that provides critical support to the communities in our state that are most in need of help. Rather, we should work together to rethink this program and to implement any changes in a way that will improve the program and outcomes, and that assures the subsidies involved are invested wisely.

Thank you very much for giving me the opportunity to be heard on this important program. I would be happy to answer questions.
TESTIMONY: HUDSON COUNTY COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS) COMMITTEE -- PRESENTED by STUART Z KOPPERWEIS, Secretary.

May 26, 2011: Senate Community and Urban Affairs

I am here today on behalf of the Hudson County Comprehensive Economic Development Strategy Committee; which has adopted a resolution in support of the Urban Enterprise Zone program (attached). I am also here as an individual who has been associated with the UEZ program since 1992 and have been presenting to the Authority since 1995.

First and foremost I/we do recognize that there is a financial hardship in the State. However, there must be a partnership established between the State and the UEZ Municipalities that is fair and equitable. The Urban Enterprise Zone Authority (UEZA) should be an active participant in a solution, not a passive bystander to be dismantled via budget reallocations.

The overall goals of the UEZ Statute are to improve the municipality's quality of life by providing for the economic revitalization of the zones commercial and industrial base through entrepreneurial empowerment. In other words – jobs, increased tax base and community business growth. The results have been nothing short of miraculous.

According to the latest US data for New Jersey roughly 184,000 small companies (those with fewer than 19 employees) make up three quarters or 75% of the state's businesses; translating into 1.8 million jobs.

Urban Enterprise Zone benefits were a factor in seventy-four percent of all the jobs created by participating businesses. And the Sales Tax Exemption benefit was utilized by approximately eighty percent of UEZ businesses. Since 1994 one out of every four businesses that relocated to New Jersey chose a location in an Urban Enterprise Zone, demonstrating the immense positive impact the UEZ has had in New Jersey.

As the administration's 2012 budget has proposed using the UEZA Funds for the general budget, which would effectively put an end for local zones to fund new programs and projects, I was hoping that this body would publicly debate the merits of so doing. What is the formal position of the office of legislative services regarding the impact of the UEZ's elimination on affected communities and businesses? What role should they, you, be taking? Have they, you, made alternative suggestions?

In paraphrasing President Kennedy is his "ask" speech I submit that we should: Ask not what this Authority can do for you; but ask what you can do for this Authority.

This is a program that has garnered billions of dollars in private sector investments. It has the greatest ratio of return on investment of any economic program. For example in Hudson County, having the most Zones in the state with seven, the UEZ program has leveraged approximately $95 million in Zone Funds into more than $9 billion in private sector capital investments, creating over 23,000 new jobs. That is a public sector investment of $4,100 per new job, alternatively producing $391,300 in private sector capital per new job. I repeat: $4,100 vs. $391,300. Now that is what a program is supposed to do.
What other state program do we know of that can produce a **95 times initial rate of return**!

This Authority has not had an actively engaged full time executive director in more than ten years. It has been moved from department to department or shall I say Commission; and back again. It has been moved from location to location and has endured staff reductions. If the program is not working in the best accordance with best practices, please do not blame the victim. In fact, don't blame anyone; but instead rise up with the determination to create the circumstances that will allow the program to succeed and be the beacon it was intended to be. **Allow the program to evolve**, grow up into the next phase of life!

In this regard, may I suggest that this body appoint a blue ribbon commission – **Economic Growth Commission** -- to:

1. **Phase out** certain projects, programs and services that require municipal matches.

2. Maintain the existing profitable programs and **establish** a “best practices” manual.

3. Allow for a two year **transition period** with a new program; that would not severely impact the unemployment rate and exacerbate the current economic crisis.

4. **Provide personnel** and administrative functions for monitoring certified businesses at the local level.

5. **Ensure compliance** of regulations and services in the programs.

The last two items must be addressed by funding 100% of all administrative functions. Otherwise, there will not be the ability to oversee the program at both the local and the state level. Consequently creating a self fulfilling prophecy of non-compliance which would suggest the program is ineffective and should be eliminated.

We must also not forget the **economic impact of job loss** that will be associated with the removal of the UEZ program. By using extremely conservative estimates of increased unemployment of approximately 2,000 jobs statewide (due to the 100% elimination of UEZ funding for projects) with an average salary of $25,000, this would translate into a minimum of a $12.5 million loss in state revenue, from unemployment costs, loss of state income taxes and disposable spending. And this does not take into account the impact of not creating the new jobs proven to be a result of the Zone programs, which will no longer come into the states revenue stream at all levels.

This is only the beginning of what is potentially available to help partner with both municipal governing bodies and the state to assist in reducing the overall financial burden that we are confronted with. I ask you as elected representatives of the people of New Jersey to present your thoughts, ideas; and voice them in unity on behalf of the Urban Enterprise Zone Authority to fund new great programs.

Respectfully Submitted,
Stuart Z Koperweis
Resolution Opposing the Recommendations of the “New Jersey Urban Enterprise Zone Program Assessment,” which Calls for the Termination of the Urban Enterprise Zone Program by July 1, 2011

Whereas, a Comprehensive Economic Development Strategy (CEDS) is the result of the local planning process designed to guide the economic growth of an area. The purpose a CEDS is to establish a process that will help create jobs, foster more stable and diversified economies, and improve living conditions. It provides a mechanism for coordinating the efforts of individuals, organizations, local governments, and private industry concerned with economic development. A CEDS is identified as a requirement to apply for assistance under the federal Economic Development Administration’s (EDA) public works and economic adjustment programs; and,

Whereas, the County of Hudson is an eligible economic development district organization as determined by guidelines established by the U.S. Economic Development Administration. The County of Hudson adopted a Comprehensive Economic Development Strategy in 2010. The Hudson County CEDS committee was duly constituted by appointments made by the Hudson County Executive and consented to by the Hudson County Board of Chosen Freeholders; and,

Whereas, this Committee has prepared and endorsed a regional Comprehensive Economic Development Strategy for Hudson County that was approved by the United States Economic Development Administration on August 31, 2010; and,

Whereas, the primary goals of the Hudson County CEDS include retaining and expanding existing businesses, strengthening the tax base of the County, and creating a diversified economy to maintain full employment and continue economic growth; and,

Whereas, Urban Enterprise Zones (UEZs) throughout New Jersey have proven to be effective tools to revitalize designated urban communities and stimulate economic growth, through public and private investment and job creation. The UEZ Program provides incentives to certified business in approved urban communities, such as the ability to charge a reduced 3.5% sales tax or a tax credit for new full time employees hired. The sales tax revenues of these certified businesses are utilized within the UEZ for economic development projects, streetscape beautification, and crime deterring measures; and,
Whereas, the UEZ Program, established in 1983, currently supports more than 133,000 full-time jobs and has attracted $31.6 billion in private investment. More than 30,000 businesses have enjoyed the benefits of UEZ Program since its creation. From the sales tax revenues gathered, more than 2,620 UEZ economic development projects have been approved at a value of $960 million. Additionally, the UEZ Program benefits consumers throughout the state who save from the reduced 3.5% sales tax on qualified purchases; and,

Whereas, the New Jersey Urban Enterprise Zone Program Assessment February 2011 ("The Assessment") was prepared for the NJEDA, and makes the recommendation to terminate the UEZ Program beginning July 1, 2011; and,

Whereas, the Assessment focuses on the narrow time frame of 2002-2008 for judging the UEZ Programs' economic impact; a period which included two major national recessions. The Assessment also ignores many positive impacts of the UEZ Program, including façade improvements and security hires, which greatly benefit UEZ communities. The Assessment also makes faulty comparisons of New Jersey's UEZ Program to economic programs in other states, that operate in different manners and with different goals; and,

Whereas, the termination of the UEZ Program will hinder the economic growth of New Jersey's cities, by harming small businesses in qualified areas who benefit from the UEZ Program, worsening the State job market by removing hiring incentives that are part of the UEZ Program, and effectively raising sales taxes for consumers who make purchases at businesses in Urban Enterprise Zones; and,

Whereas, there are 32 Urban Enterprise Zones in New Jersey spanning 37 municipalities, including seven successful Urban Enterprise Zones in Hudson County: Bayonne, Guttenberg, Jersey City, Kearny, North Bergen, Union City, and West New York. These UEZs constitute an important development tool for communities by creating jobs, spurring economic growth, improving the local property tax base, and enhancing the local business climate.

Now, therefore, be it resolved, by the Hudson County Comprehensive Economic Development Strategy Committee that the CEDS Committee opposes the termination of the New Jersey Urban Enterprise Zone Program.

This resolution shall be forwarded to the Commissioner of the New Jersey Department of Community Affairs, the Executive Director of the New Jersey Economic Development Authority, the Chairman and members of the New Jersey Senate Budget and General Assembly Appropriations Committees, Hudson County's State Legislative delegation, the Urban Enterprise Zone Mayors Committee, the Hudson County Executive, the Hudson County Board of Chosen Freeholders, and the governing bodies of each Urban Enterprise Zone in Hudson County.

Certified to be a true and correct copy of the Resolution of the Joint Comprehensive Economic Development Strategy & Strategic Revitalization Committee adopted at a meeting on 3/9/2011.

__________________________, Chairman
Jeffrey Kaplowitz
__________________________, Secretary
Stuart Z Koperweis
City of Bridgeton - Urban Enterprise Zone Funding

Senate Meeting – May 26, 2011
Budget Appropriations

Presentation by Edward Bethea
President Bridgeton Main Street

Points of consideration:

1. **UEZ is a needed reinvestment vehicle for Bridgeton.**

The UEZ has been a direct and indirect re-investment vehicle for the entire community and, specifically, the Central Business District. Some of that re-investment comes in the form of projects and initiatives carried out by the City to improve infrastructure, provide services (UEZ Police/Sanitation), and fund organizations (BMSA) that also serve as partners with the city in economic development.

**Statistics:**

Both the poverty rate and the unemployment rate in the UEZ are roughly 20% higher than the city-wide figures. It is significant to note that the entire City’s poverty rate is about triple the State is rate and the unemployment rate is doubled.
Meanwhile, the population in the UEZ has grown - half of the growth of the entire City took place in the UEZ District between 2000 and 2010… and the UEZ already houses nearly half the population in the City. UEZ’s population is younger, living in larger households and is in even greater demand of City services. The median household income of UEZ residents is $28,454 - 20% lower than the City-wide average. This figure follows the same statistical trend as the district’s unemployment rate and poverty rate when compared City-wide. A twenty-percent deficit in the economic quality of life in the UEZ portion of the City is sizeable….especially in a City that already has economic challenges when compared to the rest of the state. Bridgeton, with all of our challenges, issues and needs, is exactly where a program like the Urban Enterprise Zone is need most.
2. **The impact of UEZ incentives for our City is great.**

The incentives of the UEZ program (loans, exemptions, grants) available to certified businesses, serve as an advantage for existing businesses to either expand or locate to areas within the Zone, and it serves as a benefit to encourage businesses or especially start-ups to make Bridgeton their new home. Among UEZ incentives that have helped the City are the ability to offer a 3.5% reduced sales tax rate; to hire police officers and clean-street personnel; to purchase municipal vehicles; and to allow certified businesses to receive tax exemption for purchased property. Other incentives include grants and loans that can be extended to certified businesses, or to pay for business development training, façade improvements and computer classes. All of these incentives improve commerce and offer unique enhancements that have lead toward successes that would otherwise be nonexistent.
3. **UEZ funds are also valuable as leverage for the City.**

The UEZ program provided funds and resources that could be leveraged against other funding sources, thereby increasing the effectiveness of investment and making economic development funds go further. A real true example of a public/private partnership model...
4. **UEZ is critically important to smaller cities.**

Having the UEZ program as an incentive/vehicle for economic development means that smaller or second-tier cities such as Bridgeton have the means and resources to develop an economic growth model that works for them rather than trying to use a model geared toward large “first-tier” urban centers.

Continued UEZ funding support is needed just to **maintain** the level of economic success that does exist in Bridgeton and to **increase** it, moving forward. One has to ponder how much more challenged our beautiful City would become, minus the UEZ program. Over half of the City’s jobs are in the UEZ District and as many as 82 businesses are UEZ certified.

A City that seeks development and success, despite obstacles should not be left by our state leaders to drown or fend for ourselves. An increase in Bridgeton’s already substantial poverty and unemployment rates, which could result from decreased resources like UEZ, is unacceptable.
5. **A suggestion here is to update UEZ as a mechanism for economic growth and support – to adapt the program structure to current economic needs.**

Many of the regulations and much of the framework for the UEZ program was created more than a decade ago and therefore it needs to be revised and updated to reflect the changing and cyclical nature of the economy. The UEZ program should not be eliminated, but rather it should be re-aligned, re-tooled and vastly improved to provide a reinvestment vehicle that work for both small and large cities a like, giving us the resources to structure a growth model based on our particular strengths and weaknesses and not on a standardized set of rules developed in Trenton more than a decade ago.
Testimony to the NJ Senate Committee on Community and Urban Affairs
On The Impact of the Governor’s Proposals to Modify
The Urban Enterprise Zone Program
Thursday, May 26, 2011

Senator Van Drew, Senator Rice, other legislators in this chamber, and concerned
attendees, good afternoon. My name is Louis Rossi. I have traveled here today to testify
on behalf of the City of Orange Township – about the importance of maintaining the
state’s Urban Enterprise Zone Program.

I own Rossi Paint and Wallpaper at 403 Main Street in Orange. Our family business has
served the people of Orange and surrounding towns for more than 60 years. We are
deply involved in the community and participate in local beautification projects and
charities.

In my opinion, the UEZ program was, and remains, one of the best pieces of legislation
the New Jersey Legislature could have approved for small businesses in New Jersey, and
for Orange. Since its inception, the program has helped attract and keep numerous
businesses, many of which have created jobs and hired locally.

The Main Street retail district where we are located thrives because a highly visible
police presence funded by the UEZ causes people to feel very safe and secure when they
are shopping. Main Street is kept clean and inviting to shoppers by UEZ funded workers
who sweep the street and sidewalks and clean up litter.

The UEZ funded public safety officers who patrol the zone make an enormous difference.
Their efforts help to maintain public confidence in Main Street and to reduce crime.
Litter collection in the zone, which also is funded by the UEZ, keeps the area clear of
trash and other debris. To be quite honest, there have been instances where customers from outside the area expressed their concern to me about coming to Orange. I explained to them that it was safe and clean, which calmed their fears. Over the years, they have returned many times and referred friends and family to my business. Clearly, the UEZ Program has made the difference.

The UEZ staff and their UEZ consultants have been very helpful in marketing our business. They have worked with us on shop-where-you-live promotions, holiday shopping brochures, websites, email blasts, newspaper supplements and advertising. Before funding was cut off, UEZ developed plans for directional signage, enhanced parking, and storefront beautification. Without UEZ funds, I don’t know how Orange will be able to continue to implement its strategy to attract and retain businesses.

Finally, I want to note that it is a pleasure to work with the knowledgeable, innovative and always helpful UEZ staff. They take a personal interest in the well-being of my business and the other merchants on Main Street. They meet with me and the other merchants on a regular basis and continuously brainstorm with us about how we can take better advantage of the tens of millions of dollars in purchasing power that resides within a five mile radius of our shopping district.

In closing, I hope that I have expressed to you the importance of what the UEZ Program has done for my business and for economic development in Orange. I know it has done the same, if not more, in other areas. There are small business owners and employees who depend on the program. To change or eliminate the program would be a major error in this difficult economic climate. I ask you to stand with small businesses in New Jersey and restore the funding needed to continue the Urban Enterprise Zone Program, without changes.

Thank you.
LOUIS ROSSI
TOWN CENTER MANAGEMENT CORPORATION
8 EAST 22ND STREET
BAYONNE, NEW JERSEY 07002
201-339-9409

MARY DIVOCK, EXECUTIVE DIRECTOR

Hon. Jeff Van Dorn
Chairman, Community and Urban Affairs Committee

I'm Mary Divock, Executive director of the Town Center Management Corporation which charged with operation the central business district's Special Improvement District. We currently have 197 businesses in our district.

The Urban Enterprise Zone Program has been of enormous importance to my district and its members. Over the years the UEZ program has provided a six day a week clean-up within the district, has provided for added police protection, has paid for various marketing efforts that have been beneficial to the district, has directly paid for advertising on behalf of the district, has paid for holiday lighting, has held festivals within the district that have attracted thousands, and has overseen a commercial façade improvement program. All of these efforts have helped to maintain the viability of the district and has helped to both attract new businesses to the district as well as retain existing businesses. The absence of funding for the above efforts will have a deleterious effect on the business district. My district primary consists of small businesses that survive on very thin margins. Any decline in business resulting from the lack of funding of the aforementioned projects will jeopardize the viability of many of my members and result in a loss of jobs.

An additional concern of my members is the new shopping center in Bayonne. This center has received a $2.5 million loan from the Bayonne UEZ. Even though the big box stores slated to be part of the shopping center are direct competition for many of my members, we did not oppose its construction. The reason for our lack of opposition was that it had been committed that the additional Zone Assistance Funds that were to be generated by the project would be reinvested back into our Broadway shopping district, which we are part. It was estimated that the additional funding would amount to $1.5 million annually.

This estimated increase in Zone Assistance Funds that would be made available for projects relating to the Broadway shopping district would include projects such as increased marketing efforts; property acquisitions for parking facilities, a town green, and construction of a magnet retail/office/residential facility; streetscape improvements; and small business start-up grants/loans.

May 26, 2011
Without future UEZ funds, my district will be facing overwhelming competition from big box stores without having the ability of using Zone Assistance Funds to level the playing field.

I implore you and your committee to save our projected Zone Assistance Funds so that the small business members in my district have a fighting chance to not only retain the jobs that they have created to date, but to also expand their employment ranks. Without these funds, the future of my district is in jeopardy.

Sincerely,

Mary Divock  
Executive Director
THE CITY OF WILDWOOD
OFFICE OF THE MAYOR
ERNE TROIANO, JR.

Re:  Mayor Troiano Comments for the UEZ Senate Hearing:

The $38 billion vacation industry is the second largest economic sector in New Jersey, depending on the year, and accounts for about a half-million jobs. Cape May County, which attracts 50 million visitors annually, employs about 35,000 people a year in the tourism trade. Last year, the travel and leisure industry in Cape May County generated $16 billion, or 41%, of the state's tourism revenue. The county revenue ranks second only to Atlantic City among Garden State destinations.

The region's 2010 median household income is estimated at under $41,832, with nearly 61% of households earning less than $50,000 annually. This is less than half the median family income for New Jersey. According to the draft 2007 Municipal Revitalization Index (MRI), prepared by the New Jersey Office of Smart Growth, the Wildwoods were considered to be among the top 100 distressed municipalities in the State of New Jersey and the City of Wildwood has an MDI of 29 of 566 municipalities. The City's Per Capita Income, as per the 2000 Census, was $13,682 or 556th lowest of the 566 municipalities in New Jersey. In addition, the City has 20.2% of its residents identified as being below the Poverty Level and 67.4% are considered low and moderate income.

It is somewhat ironic that the Wildwoods house a state-of-the-art Convention Center Complex that draws regionally throughout the Northeastern United States; it has the largest complex of amusement piers to rival Disney World and has the most phenomenal natural resource, over 7 miles of public beach with free access and related amenities in the inland waterways. The area continues to struggle with the impacts of a seasonal economy (despite efforts to expand into the shoulder months) and lacks any extraordinary resources to promote this major economic engine for the State of New Jersey. I am certain there are similar situations in other Zone communities.

According to 2010 ESRI data, the Wildwoods have approximately 12,852 year-round residents. This number is down from 2000 U.S. Census figures, which shows 14,351 residents. ESRI data continues to forecast this trend, as year-round populations are expected to decrease to 12,425 by 2015, and the population ages. However, due to the region's seasonal pull and various key attractions, the population swells to more than 250,000 people during the peak summer season.

As is typical with any tourism-centered economy, employment is hospitality and service based. Of the 7,103 residents who were employed in 2010, 69.3% were engaged in either retail trade or a service industry. Consequently, unemployment in a seasonal economy of this type is very cyclical so it is best to examine the unemployment rate over the course of an entire year. At this time, I believe
Mayor Troiano Comments for the UEZ Senate Hearing:

it is worthy of repeating the City of Wildwood's average annual unemployment rate for 2009 was 22.2%. These figures are more than twice the annual Cape May County unemployment rate and nearly three times greater than the State's unemployment rate of 9.7%.

A recent study conducted by the Delta Group for Department of Community Affairs Commissioner Lori Griffa suggested UEZ Project Funding was being used incorrectly for the supplementing of municipal budgets. This is simply untrue in the Wildwoods. Since the inception of the program, almost 100% of project funding has been used for infrastructure projects, including the long overdue start of boardwalk reconstruction. The boardwalk is often called the economic heart of our community, and the UEZ was the first to offer funding available over the last 100 years. This project created much needed private investment, matching federal funding and was the catalyst for the creation of many new full time jobs in the Wildwoods.

The City of Wildwood Boardwalk Phase I & II has had a tremendous effect on private investment. In 2008, the Morey Organization invested $4,967,800 on pier projects, in 2009, $4,127,400, and in 2010 $5,733,000. Other major private investments have been made including the new Captain Jacks Boardwalk Eatery, Joe's Seafood Company, the new Ghost Ship, Stewarts Root Beer, and the new Mirror Maze and Laser Tag destination. All of this spending has created new jobs in construction and permanent jobs related to the new businesses. The next phase of construction was planned to move north and eventually intersect with a new $13,000,000 rollercoaster that was just given CAFRA approval this year. Completion of this new world class attraction is expected sometime in late 2013, but without necessary capital improvements by the municipality, these types of private investment come into question. All of these projects create new jobs and continued investment interest in the Wildwoods. The State UEZ investment in the Wildwood Boardwalk Projects have not only attracted investment from federal sources by creating matching dollars, but stimulated over Twenty Million Dollars in private investment over the last three years. No one will argue the last three years have been stagnant on a national level, but the State of New Jersey, along with the UEZ, has demonstrated that private business will respond when the state shows it is committed to the financial success of the municipality.

Wildwood and its sister communities continue to lack the financial resources to undertake the upkeep of our municipalities tourism infrastructure without outside assistance. Without prioritization for funding through special designations such as the UEZ, which are warranted in our situation, our efforts to pursue the capital needed to improve infrastructure, assemble land, eliminate blight, and otherwise create a positive environment are severely handicapped. The UEZ Zone Assistance Fund provided that capital infusion, with the Zone incentives, made economic sense to the private sector to remain, expand or locate in the Zone. Absent this Fund, Zone communities which lack capital resources will be further limited in their ability to grow their economy and compete in the world-wide tourism trade. Without UEZ Funds, we will be unprepared for the fight for tourism dollars that will eventually erode the tax contribution to the state coffers.

Ernie Troiano, Jr.
CITY OF BAYONNE
FINANCE DIVISION
630 AVENUE C
BAYONNE, NEW JERSEY 07002
201-858-6357

Mark A. Smith
Mayor

Terrence Malloy
Chief Financial Officer

Hon. Jeff Van Dorn
Chairman, Community and Urban Affairs Committee

May 19, 2011

I'm Terrence Malloy and I am the City of Bayonne's Chief Financial Officer, and UEZ Coordinator. I have also served in the past as the Mayor of Bayonne.

The Bayonne Urban Enterprise zone has been in existence since September 2002. In that time the program has created 798 new jobs amongst its members. This figure represents a net increase in employment and accounts for those businesses that may have reduced employment or have ceased to do business. It should be noted that since September 2002 the number of unemployed in Bayonne has increased from 1,674 to 3,271 as of March 2011. Given the City's current unemployment rate of 11.2%, if the UEZ program did not exist our adjusted unemployment rate would approximate 14%. Clearly, the UEZ program in Bayonne has had a positive impact on employment within the community.

The UEZ program has also impacted the capital investment that business has made in our City. Since September 2002, UEZ members have made $317 million in capital improvements to their businesses. By year end this capital investment figure will exceed $1 billion. These capital investments not only have benefited our UEZ members, but have also benefited businesses throughout New Jersey by purchasing materials and hiring plumbers, electricians, carpenters, and other trade groups. The program has clearly been a success in creating jobs and increasing business investment not only by UEZ members, but also through the purchase of goods use of services from non-UEZ members.

An additional benefit that the City of Bayonne receives by being a UEZ community is the use of a portion of the sales tax proceeds that are collected to fund projects within the Zone. The City has used its portion of sales tax revenues to undertake numerous projects. These projects have included:

- Enhanced Security Program - This project has paid for a portion of seven police officers' salaries. The officers are assigned within the Zone and further Bayonne's image as a safe place to shop and to do business. This project has been
particularly important to the survival of Bayonne’s traditional downtown shopping district.

- Fire Fighters - This project has paid for a portion of twelve firefighter’s salaries. The firefighters have allowed the City to maintain a company at the former Military Ocean Terminal and enhance the sites attractiveness to potential developers as a location that is ready to be built on immediately.

- Cleaning and Beautification - This project has paid for public work employees to provide a six day a week pick-up of litter within the Zone’s business district by having employees walk the district and remove all litter. The employees also clean all garbage receptacles, remove weeds, and perform other related duties to ensure that the business district is clean and attractive. The program also provides an enhanced schedule of emptying the garbage receptacles in the district. By maintaining a clean and attractive district, shoppers in the district are more likely to remain in the district for a longer time period and to return more often.

- Marketing - This project has paid for radio ads, cable TV ads, magazine ads, newspaper ads, brochures, publication of the Bayonne Magazine, the lighting of trees in the business district during the holiday season, and an annual festival that draws 4,000 people to the business district. Zero dollars of this program is used to pay for consultants. All ads are prepared by in house staff, all scripts are prepared by in house staff, and the festival is run by in house staff. For many of our small businesses, our marketing program is the only advertising that promotes their businesses.

- The purchase of three police vehicles.

- Creating a micro loan program for small businesses

- Operating a commercial façade improvement program.

- Hosting workshops for local businesses.

- Financing a $2.5 million loan to a developer who has built a retail shopping center that is creating 900 permanent jobs and 1,200 construction jobs.

- Rehabilitating a former bank building to be used as a community museum.

Among projects currently under consideration are:

- Acquisition of vacant property to be developed as a town green within the business district.
• Acquisition of property to be converted to a parking facility.

• Acquisition of property to be developed as a retail/office magnet in the center of the business district.

A project that deserves highlighting is the $2.5 million loan that has been used to create a new retail shopping center. This project, which has also received funding from the New Jersey Economic Development Agency, is creating 1,200 construction jobs and 900 permanent jobs. The two major anchor stores are Lowes and Wal-Mart. A total of 26 businesses are slated to be located at the development. Eight stores, including Lowes, are already open. Without the UEZ loan, this project at best would have been delayed for a year, and at worst would have been mothballed. Given our current economic climate, assisting this project in moving forward is a major success for the UEZ program in Bayonne. This retail development, known as Bayonne Crossings, will draw heavily from Staten Island residents and commuters, bringing new revenues to New Jersey. The development is estimated to produce over $2.5 million in new sales tax revenues. Of this amount, approximately $1.5 million was estimated to be deposited in the Zone Assistance Fund to be used to support projects within the Bayonne UEZ boundaries. The administration and City Council have pledged that these funds will be used to support our Broadway shopping district. Potential uses of these new funds in the Broadway district will include property acquisition, new business incentives, streetscape, the development of a town green, expanded marketing efforts into Staten Island, hosting weekly events in the district, and parking improvement projects. Without this influx of funds, our downtown shopping district will continue to decline and have an increasing negative effect on the quality of life in Bayonne as a whole. Our downtown district is a vital component to the lives of many of our residents, and a continued deterioration of the district will serve as a major detriment to the continued residential development that is taking place in the City. The estimated $1.5 million annual infusion of funds into the district, smartly done, will provide the impetus to turn the district into both a job creating entity and a place of pride for the entire Bayonne community. Without the continued funding of the Program, our ability to assist projects such as the Bayonne Crossings will be severely curtailed if not eliminated.

It is imperative that the program be allowed continue and to be funded. The State of New Jersey’s budget issues are severe and it is understandable the all sources of funds and all programs need to be looked at. It is also clear that the Urban Enterprise Zone Program has been a successful job generator. The past success of the program and its urgent need in the present and future for our business community make it a high priority to be saved. During the current economic crisis that we find our selves in, now is not the time to eliminate a proven job creating program. Surely there is a level of funding that even in these difficult times can be made available. Please feel free to contact me for any additional information you need. My contact information is:
Mail: Terrence Malloy
Municipal Building
630 Avenue C
Bayonne, NJ 07002

Phone: 201-858-6357
Fax: 201-858-6079
E-mail: terrencemalloy@gmail.com

I thank you for your time and consideration.

Sincerely,

[Signature]

Terrence Malloy
Chief Financial Officer/ UEZ Coordinator
Clarke Caton Hintz
Architecture
Planning
Landscape Architecture

Senator Jeff Van Drew
1028 East Landis Avenue
Vineland, NJ 08360

Senator Shirley K. Turner
1440 Pennington Road
Trenton, NJ 08618

Assemblywoman Bonnie Watson-Coleman
226 West State Street
Trenton, NJ 08608

Assemblyman Reed Gusciora
226 West State Street
Trenton, NJ 08608

Assemblyman Albert Coutinho
73-75 Ferry Street
Newark, NJ 07105

May 216, 2011

Re: Continued Funding for the Urban Enterprise Zone

Dear Senator/Assemblyman/Assemblywoman:

I am writing on behalf of Clarke Caton Hintz, an Architecture, Planning and Landscape Architecture firm now located in a UEZ in Trenton, to indicate our strong support for the Urban Enterprise Zone program.

We have been a member of this program now for several years and believe that it is a useful tool to encourage job growth and urban revitalization. This program provided funds to assist with the renovation of an important historic building in downtown Trenton (the Trenton Masonic Temple), as well as provided sales tax reductions for our construction materials as we renovated our new offices. Both of these incentives helped make it possible for us to relocate our business into the City. We had outgrown our old suburban location and were evaluating all possibilities, including moving out of state. Thanks to the UEZ program, the firm stayed in New Jersey and can now grow in this wonderful, downtown location.

I know of several other businesses now looking to relocate downtown. The UEZ program will be crucial for encouraging this to happen.

Sincerely,

John D. S. Hatch; AIA, LEED AP; Principal
Wednesday, May 25, 2011

The Honorable Jeff Van Drew
21 North Main St.
Cape May Court House, NJ 08210

Dear Senator Van Drew,

The New Jersey Chapter of the American Planning Association (APA-NJ) respectfully submits the following comments regarding the Urban Enterprise Zone (UEZ) program for your consideration along with your colleagues on the Senate Community and Urban Affairs Committee. APA-NJ represents over 1,000 licensed professional planners, and works to promote sound land use planning essential to improving the quality of life of the citizens of New Jersey.

**APA-NJ Position Statement on the New Jersey Urban Enterprise Zone**

The vibrancy, security, and economic health of New Jersey’s urban areas affect the economic well being and quality of life in the regions that surround them and ultimately the entire state. This includes the decisions by major industry leaders as to whether to locate their headquarters or satellite functions in New Jersey.

The UEZ is one of the state’s most effective economic development and infrastructure building tools. Both the sales tax benefits and the availability of funds for local infrastructure improvements have served as a significant business attraction tool. Unfortunately, language in the State’s FY 2012 Budget proposed by the governor effectively eliminates this program’s fund for improving urban business districts. It proposes that existing funds in each municipality’s account can continue to be used for programming and administration, but each local UEZ’s source of revenue - locally generated sales taxes - will go directly to the State’s general fund. Urban commercial areas that desperately need funding for infrastructure, commercial marketing, maintenance, security, and aesthetic improvements will have to rely solely on property taxes once again. UEZ funding should not be used to augment the general budget of the state. It must continue to provide support for the communities for which the program was originally created.

APA-NJ believes that the benefits of the UEZ program far outweigh the challenges. Local planners working on the ground with UEZ administrators have seen substantial positive local economic impacts resulting from UEZ funded projects. These include the creation of new industrial parks, development of new shopping centers, and the refurbishing of derelict buildings. With some minor changes, the UEZ program can be run more efficiently and in-sync with regional economic growth and planning initiatives.
It appears that the Governor’s decision to eliminate the most important component of the UEZ program is at least partially based on “The New Jersey Urban Enterprise Zone Program Assessment” submitted by the Delta Development Group, Inc. and HR&A Advisors, Inc. on February 18, 2011. This report was hastily prepared and used limited data to reach a questionable conclusion about the UEZ program’s effectiveness. The report even acknowledges that there was not adequate data to fully evaluate the program’s effectiveness. Of course, the effectiveness varies by community, but the shortcomings of some individual programs should not overshadow the significant successes in others.

In addition, the report cited the program’s lack of state oversight on project development and its high level of bureaucracy as its two main operational flaws. Both of those issues are relatively easy to resolve through minor program modifications and the creation of new policies for operation. It is clear that a program as important as UEZ needs to have high accountability, and it is clear that bureaucracy should be streamlined to the greatest extent possible.

Urban commercial areas are the lifeblood of this state’s economy, and the health of these areas is critical to the quality of life of all New Jersey residents. Accordingly, the APA-NJ urges the legislature to preserve the UEZ program while making necessary, but relatively simple, updates to improve its functionality and effectiveness. APA-NJ’s membership includes experts in economic development, statistics, infrastructure planning, and cost-benefit analysis, who stand ready to work with you to repair the program’s shortcomings, while working to preserve its usefulness and value to the State’s urban communities.

Respectfully,

[Signature]

Charles W. Latini Jr., PP, AICP
President

CC:  The Honorable Ronald Rice
The Honorable Dawn Marie Addiego
The Honorable Christopher J. Connors
The Honorable Teresa M. Ruiz
May 26, 2011

Senator Jeff Van Drew
Senate Community and Urban Affairs Committee

Good Morning Senator Van Drew and committee members:

My name is Sue Brennan; I am the director of the Broadway Main Street Program, a program of the newly merged Coopers Ferry Development Association and Greater Camden Partnership in Camden. For the past eight years, I have been directly involved with economic development in Camden City, specifically as the director of two Main Street programs. The rebirth of the city of Camden is something that I am very enthusiastic about and you will find my remarks to be very passionate as I address the issue of the Urban Enterprise Zone Program and its benefits to the overall development within Camden City and especially along our commercial corridors.

The Camden City Urban Enterprise Zone has been instrumental in both attracting and keeping businesses in our city since its inception in 1984. The statistics for this program in Camden are quite impressive:

- The total full time jobs within the UEZ membership businesses- 4,425
- The total part time jobs within UEZ businesses- 483
- Total new full time jobs created in the last year- 319
- Total part time jobs created in the last year- 156

These last two statistics are especially important in these tough economic times as more and more businesses are offering early retirement incentives to those that are able to take advantage of it, and unfortunately, many municipalities have had to lay off significant portions of their workforce. The creation of almost 500 full and part time jobs this past year alone in our Urban Enterprise Zone businesses in a city like Camden that faces more challenges that most, speaks to the overall success of this program in general. As most of you know, attracting and retaining businesses in Camden is one of the many challenges that we have faced over the years, and even as we redevelop the city, trying to lure business back remains a top priority as we stabilize the existing businesses while rebuilding the city that some say, has been left to crumble since the mid 1960’s.

Having the Urban Enterprise Zone Program in Camden City has given us the competitive edge over many of our suburban towns and cities, and, in some cases, it has been the deciding factor for a company to relocate to, or come back to Camden City. Today’s businesses need all the advantages and incentives they can get, and this program is one way to get not only sales tax exemption for businesses for their everyday needs, but also a tax credit for hiring local residents, probably the most important component for everyone involved. The City of Camden’s unemployment rate in 2010 was twice the national average, hovering about 20 % in a city of less than 80,000. The fact that the Urban Enterprise Program gives tax credits to hire local residents greatly benefits both business owners and the Camden resident who, once hired, will again become a tax payer in the city, which is good for the municipality, will spend a portion of their
paycheck here, which is good for the local business community, and will, hopefully, be a good employee for a Camden based business that will also be contributing to the local tax base—this program is a win-win for everyone involved, and to eliminate this program in the state would have a detrimental impact on business recruitment and retention in Camden.

In 2008, the Camden Special Services District, a clean and safe program designed to provide an enhanced sense of safety and hospitality in the downtown and surrounding areas, was expanded into 7 neighborhood commercial corridors in Camden thanks to a partnership with the Urban Enterprise Zone. Currently this program employs 25 city residents and has been a huge asset to not only the downtown, but to these corridors as well. To eliminate the UEZ statewide means the possible elimination of the neighborhood improvement initiative and the job loss for these city residents.

The Broadway commercial corridor has seen quite a transformation in the last several years, thanks in part to Broadway Main Street, Main Street New Jersey Program and the Camden Special Services District. There are new and expanding UEZ businesses on the corridor, and in the fall of 2012, the first medical school built in New Jersey in 30 years, the Cooper Medical School at Rowan University will open its doors. This fall, the Broadway District Overlay project will begin, and this overlay will become a blueprint for overall corridor revitalization in Camden. The elimination of the UEZ will have a major impact on this corridor and these ongoing efforts to revitalize not only Broadway, but the other commercial corridors in Camden.

In addition, the Camden City “eye in the sky” camera program, which, after 8 long years of planning, has recently come online in Camden, thanks in part to funding from the UEZ dollars. This program is probably the most significant public safety tool that Camden has added to its crime fighting initiatives in recent years. This is a tried and true method being used in many areas of the country and is a significant piece of the comprehensive plan for the successful redevelopment of the Broadway corridor and other major commercial areas in Camden. All of these programs and projects would be severely impacted by the elimination of the UEZ.

In conclusion, I hope that this committee will seriously consider the irreparable damage that would be done to Camden and its business community as a whole if the Urban Enterprise Zone program is eliminated. This program provides a competitive edge to the local businesses in Camden that they otherwise would not have, it has generated over 4000 full time Camden jobs since its inception and is an important part of the strategic planning for the revitalization of the city, both for existing businesses, and especially the new businesses that want to be part of the rebirth of our great city. Thank you for the opportunity to address this committee today.

Sue Brennan
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May 26, 2011

Senator Jeff Van Drew, Chairman
Senate Community and Urban Affairs Committee
1028 East Landis Avenue
Vineland, NJ 08630

Dear Senator Van Drew,

On behalf of the Honorable Mayor Tony F. Mack, our citizens and business owners in Trenton, we thank you for hearing testimony regarding the proposal to eliminate the State of New Jersey's Urban Enterprise Zone. We are very concerned about the elimination of this program and the potential impacts to the City and to its business community.

The City of Trenton has been active in promoting and managing the Trenton Urban Enterprise Zone since 1985. During that time, the City of Trenton and its business community have utilized the UEZ Program to accomplish the following:

- Promoted and expanded the zone area to 2.5 square miles to include most commercial and industrial areas;
- Invested $17.5 million in Zone Assistance Funds in over 70 economic development projects and municipal services;
- Supports 151 businesses in the program currently that include a variety of professional, retail, manufacturing, financial, and service firms;
- Created over 1,150 full and part-time jobs in a variety of administrative, professional, retail, craft, clerical, and manufacturing occupations;
- Served over 790 businesses since inception. These companies have collectively invested over $621 million in the construction of new office space, sports complexes, and retail space, in the rehabilitation of commercial and industrial space, and in the purchase of equipment;
- Expanded or relocated 45 businesses in the Trenton zone in the last five years. These companies include office and retail developers, banks, retailers, manufacturers, and service firms such as telecommunications.

The Zone Assistance Funds have been invaluable in helping businesses to expand in the zone, and have provided critical funding for economic development projects in the City of Trenton. We would be happy to provide additional information on specific projects and benefits.

Sincerely,

Walter Denson
Director of Housing & Economic Development

cc: Vice Chair Senator Ronald Rice
Senate Community and Urban Affairs Committee
Senator Jeff Van Drew
May 26, 2011

Trenton UEZ Program

The Trenton Urban Enterprise Zone Program began on April 24, 1985 after obtaining designation by the State of New Jersey through a competitive process involving seven cities. The Zone was reconfigured in December, 2004 to its present 2.5 square mile area encompassing almost all commercial and industrial areas in the city. Trenton has the only UEZ located on the US Route 1 corridor in Mercer County.

The Trenton UEZ has 151 businesses currently in the program with many businesses in the process of applying to the New Jersey Department of Community Affairs to participate. These businesses include a variety of professional, retail, manufacturing, financial, and service firms.

The businesses created over 1,150 full and part-time jobs in a variety of administrative, professional, retail, craft, clerical, and manufacturing occupations.

The program has served over 790 businesses since its inception. These companies have collectively invested over $621 million in the construction of new office space, sports complexes, and retail space, in the rehabilitation of commercial and industrial space, and in the purchase of equipment.

Over 45 businesses have expanded or relocated in the zone in recent years. These companies include office and retail developers, banks, retailers, manufacturers, and service firms such as telecommunications.

The goals of the Trenton Urban Enterprise Zone Program are to create jobs, to increase the number of commercial and industrial ratables, and to reintroduce abandoned or underutilized industrial properties to the ratable base.

The City of Trenton has invested over $17.5 million in Zone Assistance Funds in over 70 economic development projects and municipal services. The Zone Assistance Funds have been invaluable in helping businesses to expand in the 2.5 square mile zone. The funds have also been crucial to these businesses creating jobs in Trenton, a city with a 12.8% annual unemployment rate for 2010.

For example, the City used $433,000 in UEZ funds to provide infrastructure improvements needed for the Roebling Market including street reconstruction, and new traffic lights. The street improvements were essential for the project to provide proper ingress and egress. The $30 million retail and housing complex in South Trenton includes a 142,000 square foot shopping center and a 66,000 square foot office building. Retail stores include a 65,000 square foot Food Bazaar and retail outlets such as Radio Shack and Lot Store. The office building is occupied by the New Jersey Housing and Mortgage Finance Agency. The total number of jobs in the Roebling Market is approximately 360 including professional, retail, and administrative workers. The Roebling Market occupies part of the original site of the John A. Roebling Wire Works which made steel cable used in America's suspension bridges including the Brooklyn Bridge.

The City invested up to $864,000 in Zone Assistance Funds in the reconstruction of Muirhead Avenue and near by streets which are adjacent to an 11 acre industrial park on North Clinton
Avenue in the heart of the Trenton Urban Enterprise Zone. PSE&G also upgraded the electrical power in the area. The city worked with NJDEP and NJEDA to clean the underutilized land. Without the new streets and industrial clean up, the project would not have started. A local developer constructed five buildings which now comprise the US 1 Commerce Center. Occupants include the ANA Design (candle manufacturer), P&G Trading (seafood wholesaler), Arizona Ice Tea (distributor), Rumsey Electric (retailer/wholesaler), Building Specialties (construction supplies), and Hutchinson Aftermarket (a bicycle warehouse). The retail, manufacturing, and wholesale jobs number 75 workers. The new businesses participate in the UEZ Program.

The City invested $350,000 in Zone Assistance Funds in the reconstruction of the roads in the Hill Refrigeration Complex in West section of Trenton to help create the Hill Industrial Park. The complex now has GMH Associates (millwrights), S&S Industrial (industrial supplies), Janzer Corporation (architectural supplies), Trenton Corrugated (corrugated box manufacturer), Compass Display (carpet samples manufacturer) and CMF Limited (industrial equipment painter). There are over 130 jobs in manufacturing, retail, design, equipment operator, and wholesale trades. These new businesses participate in the UEZ Program.

The City helped one of the largest architectural firms in New Jersey to return to the Trenton Urban Enterprise Zone by investing $800,000 in Zone Assistance Funds in the rehabilitation of the third floor of the historic Masonic Temple into architectural offices. The $3.4 million project enabled the entire 35 member staff to relocate into the downtown near the State Capitol and State Cultural Complex. The company was originally located in Trenton and moved to Ewing Township to expand when the opportunity arose to restore a former train station. Now, the entire staff works and shops in downtown Trenton. Clarke Caton Hintz has worked on government buildings, cultural facilities, and baseball parks across New Jersey.

The City recently assisted Woodrose Properties of Lambertville to restore the historic Golden Swan Hotel into a commercial building in the downtown with retail and office tenants. The site also boasts loft style apartments. The site was in very run down condition and needed major reconstruction to save the building. The complex cost $3.6 million. The City invested $204,000 in the retail component which now has a woman’s boutique store with 2 jobs. The store is completing the UEZ application. Government Processing Solution LLC, which has 2 professional jobs, also rents office space. The firm participates in the UEZ Program.

The City also assisted Woodrose Properties with the cost of an elevator in a new office construction in the downtown. The elevator is required by the American Disabilities Act. The three story commercial building is located on South Warren and Front Street across the street from the Golden Swan building. The building cost $3.5 million to build and it houses the headquarters of CWA with 12 workers. AT&T has a store on the first floor with 8 workers. The AT&T store joined the UEZ Program.

The UEZ Program has some of the most important tax incentives that a city can offer to businesses. The ability to save sales tax on the rehabilitation of existing buildings and/or on the construction of new buildings is very important. The UEZ Program is also the only State program to provide the City of Trenton with a flexible source of economic development funds. These funds help businesses to expand and to create jobs in all four corners of Trenton.

The Trenton UEZ Program is part of the Department of Housing & Economic Development, City of Trenton, 319 East State Street, Trenton, NJ 08608 (609) 989-3508 www.trentonnj.org
May 26, 2011

N.J. Senate Hearing Committee

Alfredo’s Restaurant, Washington Avenue Carteret, has utilized Carteret UEZ Small Business Programs, including a Micro Loan, Start Up Grant, Matching Grants for Façade and Sign improvements, and the Carteret UEZ Small Business Training/Counseling Programs through SBA, SCORE and UCEDC (Union County Economic Development Corporation).

These programs have given Alfredo’s the strength and tools to survive the ups and downs of the local economy and enables me to retain my employees. As a three year new restaurant start-up, my business strategy has included charted Alfredo’s every sale, fluctuation and downturn in our business. These UEZ programs have been critical to my business surviving the large fluctuations in our local economy. While the economy is not predictable - the support network of the UEZ Small Business Programs and UEZ Office have been predictable and in my opinion one of the most important reason our new business has been able to survive in the Carteret Washington Avenue Redevelopment Area/Carteret UEZ Zone.

In closing all I can say is that without the help, support and benefits of the UEZ program, I would have never succeeded and I would just be another empty storefront among many across the state.

Please feel free to call me for any reason.

Thank You
Rudy Heyer
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Carteret, NJ 07008
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