BORDENTOWN/ OCEAN SPRAY

Redevelopment & Linkage Plan Study
FISCAL IMPACT ANALYSIS

Prepared for:

City of Bordentown
324 Farnsworth Avenue
Bordentown, NJ 08505

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OCEAN SPRAY REDEVELOPMENT AND LINKAGE PLAN

City of Bordentown, New Jersey

Prepared for

City of Bordentown, New Jersey

DRAFT

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INTRODUCTION

RES Advisors (RES) is part of a consultant team retained by the City of Bordentown, New Jersey to complete the Bordentown Ocean Spray Redevelopment Linkage Plan, a redevelopment plan for a designated redevelopment area that includes the former Ocean Spray facility and several nearby parcels along Ann Street that have been proposed for residential use. RES has analyzed the fiscal and socio-economic impacts associated with the redevelopment of the former Ocean Spray facility, as well as the fiscal impact of the build-out of the remainder of the designated redevelopment area.

- Socio-economic impacts include growth in the number of households, residents and public school children generated by redevelopment of the site. These impacts also include the types of new employment and wage levels associated with new facilities on the Ocean Spray site, as well as the increased expenditure potential of any new households occupying new residential units at Ocean Spray.
- Fiscal impacts include new municipal and school district revenues generated by the redevelopment of the site as well as related increases in costs to the City of Bordentown and the Bordentown Regional School District. The findings of this fiscal impact analysis are intended to inform decision-making about the development concepts and guidelines set forth in the redevelopment plan.

The former Ocean Spray facility is comprised of two sites: a 279,000 square foot warehouse center on Elizabeth Street and a 176,000 square foot bottling plant on Park Street. The Park Street site also includes a wastewater treatment facility. The two facilities are separated by an active freight rail line. In June 2015, Modern Recycled Spaces, a developer experienced in adaptive commercial re-use of outmoded industrial facilities, purchased the warehouse on Elizabeth Street and has an option to purchase the Park Street site. A portion of the existing warehouse facility on Elizabeth Street has already been leased to a commercial user, resulting in the continued use of the warehouse as an industrial facility. Operations will generate a reported 50 new employees at the site.

Because the ongoing use of the Elizabeth Street site has been largely determined, RES has focused the socio-economic and fiscal impact analysis on alternative redevelopment programs for the Park Street site. The purpose of this analysis is to compare the potential advantages and disadvantages associated with different uses of the site. The fiscal impact analysis of the remainder of the designated redevelopment area includes the continued industrial use of the Elizabeth Street site and residential developments proposed on the sites along Ann Street. All impact estimates are based on the full build-out of each redevelopment alternative on the Park Street site, as well as the full build-out of the remainder of the redevelopment area. The time it takes to achieve full build-out may vary with each alternative and site.

The following report is divided into two parts. Part I outlines the fiscal and socio-economic impacts associated with the three alternative redevelopment programs for the Park Street site. Part II summarizes the results of the fiscal impact of the remainder of the designated redevelopment area.

PART I: PARK STREET

Redevelopment Alternatives

RES analyzed and compared the fiscal impact of three different development program alternatives for the Park Street site. The three alternatives consider the potential for both commercial and residential development and are outlined in the following sections.

Alternative 1: Adaptive Re-Use of the Existing Building

The first redevelopment alternative assumes the adaptive re-use of the entire existing facility as commercial space. The parcel included in this alternative has a current assessment of $3,000,000. The market analysis completed as part of the planning process concluded that it is unlikely that this facility will be reactivated by a single industrial user. Including a variety of commercial uses within the existing space is a more viable redevelopment strategy. The following table provides a breakdown of the types of commercial uses identified as having market support at this location.

ALTERNATIVE 1

	Square Feet
Existing Building	**175,641**
Industrial	
Brewery (Large Craft Brewery)	30,000
Food Innovation Center (Shared Processing + Business Service Area)	25,000
Food Packaging/Warehouse	50,000
Office	
Boutique Office Space	11,000
Retail	
Food Retail (Produce Market/Specialty Foods)	5,000
Eating and Drinking	
Restaurant (Supporting Brewery)	5,000
Entertainment	
Indoor Recreation Facility	50,000
Total Square Feet	**176,000**

Sources: Interface Studio LLC, Arcadia Land Company

Alternative 2: Modify Existing Building for Adaptive Re-Use and Infill Residential

The second redevelopment alternative explores the potential for a mix a commercial and residential uses on the site. This alternative includes the same parcel as Alternative 1, which has a current assessment of $3,000,000. The development program includes the partial demolition and adaptive re-use of the existing bottling plant facility and the construction of new multi-family rental apartment buildings on the remainder of the site. As determined by the market analysis, there is a strong demand for this type of residential product. Similar to Alternative 1, the adaptive re-use of the existing facility as

commercial space in this alternative will also accommodate a mix of commercial uses. The following table shows a breakdown of commercial uses by square feet and number of residential units by bedroom size.

ALTERNATIVE 2	**Square Feet**
COMMERCIAL	
Existing Building	**175,641**
Industrial	
Food Innovation Center (Shared Processing + Business Service Area)	25,000
Food Packaging/Warehouse	10,000
Office	
Boutique Office Space	10,000
Retail	
Food Retail (Produce Market/Specialty Foods)	10,000
Antiques, Home Furnishings, Gallery	25,000
Eating and Drinking	
Restaurant (Supporting Other Food-oriented Businesses)	5,000
Entertainment	
Arts/Entertainment (Small Movie Theater)	25,000
Removal of Most Recent Addition to Existing Building	**-66,000**
Total Square Feet	**110,000**
RESIDENTIAL	
New Construction Multi-Family Rental Apartment Buildings (5 structures)	**175,000**
	Units
Market-Rate	
1-Bedroom Units	64
2-Bedroom Units	63
COAH (Affordable)	
1-Bedroom Units	12
2-Bedroom Units	11
Total	**150**

Sources: Interface Studio LLC, Arcadia Land Company

Alternative 3: Demolish Existing Structures and Redevelop All Tracts as Residential

The third redevelopment alternative considers the potential of the Park Street site if the existing facility was entirely demolished and redeveloped with newly constructed multi-family rental buildings. This alternative includes the same parcel as Alternatives 1 and 2, was well as additional parcels along Park Street. The total current assessment of all parcels included in the alternative is $3,182,600. The following table provides a breakdown of the number of units by bedroom size.

ALTERNATIVE 3

	Square Feet
New Construction Multi-Family Rental Apartment Buildings (10 structures)	**350,000**
	Units
Market-Rate	
1-Bedroom Units	132
2-Bedroom Units	127
3-Bedroom Units	5
COAH (Affordable)	
1-Bedroom Units	24
2-Bedroom Units	22
3-Bedroom Units	1
Total	**311**

Sources: Interface Studio LLC, Arcadia Land Company

Socio-Economic Impact Analysis

Population and Employment Growth

The initial step in the fiscal impact analysis is projecting population, public school children, and employment growth that could result from the three proposed redevelopment alternatives. These growth projections will be used to estimate the incremental public costs associated with each redevelopment alternative. Growth projections are estimated using demographic multipliers[1]. Residential multipliers, which are used to estimate new population and public school children, are applied to the count of new residential units. Employment multipliers estimate the number of new jobs expected in each 1,000 square feet of commercial space. Household growth is equal to the number of new housing units proposed. The following table summarizes the total growth in population, public school children, households, and employment estimated for each redevelopment alternative. The table on the following page provides a more detailed breakdown of growth allocated by specific residential and commercial uses and includes the demographic multipliers used in the analysis.

TOTAL GROWTH IN POPULATION, PUBLIC SCHOOL CHILDREN, HOUSEHOLDS, AND EMPLOYMENT

	Population	Public School Children	Households	Employment
Alternative 1	--	--	--	310
Alternative 2	291	30	150	216
Alternative 3	612	65	311	--

Sources: Center for Urban Policy Research, Rutgers; RES

[1] The multipliers used in this analysis to project the growth in population and public school-aged children are specific to the State of New Jersey while the employment multipliers are national averages. All multipliers were obtained from the 2006 report "Who Lives in New Jersey?" by the Center for Urban Policy Research at the Edward J. Bloustein School of Planning and Public Policy at Rutgers, The State University of New Jersey. This publication provides separate multipliers for market-rate and COAH (affordable housing) units.

DEMOGRAPHIC MULTPLIERS AND ESTIMATED POPULATION AND EMPLOYMENT GROWTH

	Number (SF or Units)	Multipliers (per unit or 1,000 square feet)			Estimated Growth		
		Residents	Public School Students	Employees	Residents	Public School Students	Employees
ALTERNATIVE 1							
Commercial Building [2]	**176,000**						
Industrial	105,000	--	--	1.42	--	--	149
Office	11,000	--	--	3.25	--	--	36
Retail	5,000	--	--	1.71	--	--	9
Eating and Drinking	5,000	--	--	6.26	--	--	31
Rec./Entertainment	50,000	--	--	1.71	--	--	86
					Total Employees		**310**
ALTERNATIVE 2							
Multi-Family Buildings	**150**						
Market-Rate Units							
1-Bedroom	64	1.507	0.060	--	96	4	--
2-Bedroom	63	2.303	0.275	--	145	17	--
COAH Units							
1-Bedroom	12	1.610	0.140	--	19	2	--
2-Bedroom	11	2.760	0.620	--	30	7	--
		Total Residents and Public School Students			**291**	**30**	
Commercial Building	**110,000**						
Industrial	35,000	--	--	1.42	--	--	50
Office	10,000	--	--	3.25	--	--	33
Retail	35,000	--	--	1.71	--	--	60
Eating and Drinking	5,000	--	--	6.26	--	--	31
Rec./Entertainment	25,000	--	--	1.71	--	--	43
					Total Employees		**216**
ALTERNATIVE 3							
Multi-Family Buildings	**311**						
Market-Rate Units							
1-Bedroom	132	1.507	0.060	--	199	8	--
2-Bedroom	127	2.303	0.275	--	292	35	--
3-Bedroom	5	3.545	0.832	--	18	4	--
COAH Units							
1-Bedroom	24	1.610	0.140	--	39	3	--
2-Bedroom	22	2.760	0.620	--	61	14	--
3-Bedroom	1	3.820	1.270	--	4	1	--
		Total Residents and Public School Students			**612**	**65**	

Note: Estimated growth is rounded to the nearest whole digit.
Sources: Interface Studio LLC, Arcadia Land Company; Center for Urban Policy Research, Rutgers; RES

[2] The employment multiplier used to estimate industrial employment in Alternatives 1 and 2 is the average of the manufacturing and warehouse space multipliers; the retail multiplier was used for recreation and entertainment uses.

The following points summarize the findings in the tables above:

- Alternative 1 generates growth only in employment. The estimate of 316 new employees exceeds the approximately 250 total employees previously employed at the Ocean Spray warehouse and bottling plant.
- Alternative 2 results in an estimated seven percent increase in total population in the City of Bordentown over the 2010 Census population count. The increase in the number of households is equal to the number of units proposed.
- Alternative 2 results in an estimated increase in employment of 216 workers, somewhat lower than the previous level of employment at the Ocean Spray facilities.
- Alternative 3 generates growth only in the residential population, representing a 16 percent increase in total population in the City.
- Growth in population and public school children in Alternative 3 is more than double that of the growth resulting from Alternative 2.

To further understand the potential impact of the redevelopment alternatives on the regional school district, RES estimated the growth in public school children by grade level grouping using detailed demographic multipliers[3]. The following table shows the total growth in public school children by grade level grouping for each of the three redevelopment alternatives.

DEMOGRAPHIC MULTPLIERS AND ESTIMATED GROWTH IN PUBLIC SCHOOL CHILDREN BY GRADE LEVEL GROUPING

	Elementary (K-6)	Junior HS (7-9)	High School (10-12)	Total
Multipliers (per unit)				
1-Bedroom	0.040	0.012	0.008	--
2-Bedroom	0.183	0.051	0.041	--
3-Bedroom	0.493	0.229	0.109	--
Estimated Growth				
Alternative 1	--	--	--	**--**
Alternative 2	20	6	4	**30**
Alternative 3	43	13	9	**65**

Note: Estimated growth is rounded to the nearest whole digit.
Sources: Center for Urban Policy Research, Rutgers; RES

The following points summarize the findings in the table above:

- Alternative 1 will not generate public school children.

[3] As previously noted, these demographic multipliers were obtained from the 2006 report "Who Lives in New Jersey?" and they are specific to the State of New Jersey. Multipliers for public school children (PSC) by grade level are only available for market-rate units. To estimate the number of PSC by grade level for the COAH (affordable) units, RES determined the proportion of the total PSC multiplier attributed to each of the three grade levels. RES then applied that percentage to the total number of PSC determined by the appropriate COAH multipliers.

- Elementary school students comprise the large majority of growth in the number of public school children in both alternatives that include residential units; this is likely the result of the type of residential units proposed, which are smaller, rental units.
- There is a minimal increase in the number of junior high and high school students expected to be generated under Alternative 2.

RES reached out to the Bordentown Regional School District for comment regarding capacity issues associated with accommodating this potential growth. A District representative noted that the projected increase in students would not likely trigger major capital improvement costs such as the construction of a new school facility, however, it may create a need for other additional resources such as classroom teachers or support staff. RES was not able to obtain any additional comments from the School District Superintendent.

Occupational Characteristics Associated with Employment Growth

Based on the mix of commercial uses identified as having market potential in Alternative 1 and 2, RES anticipates that employment generated at the Park Street site will be in the following industries:

- Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers
- Beverage Manufacturing
- Food Manufacturing
- Warehousing and Storage
- Retail: Food and Beverage, Home Furnishings, Used Merchandise
- Restaurants and Other Eating Places
- Drinking Places (Alcoholic Beverages)
- Fitness and Recreational Sports Centers
- Arts, Entertainment, and Recreation

The following points summarize the skill and wage levels associated with typical occupations in the industries listed above:

- With the exception of managerial positions, employees generally have either a High School diploma (or equivalent) or did not complete High School; managers have a Bachelor's Degree.
- Employees have either no related work experience or less than five years of experience before obtaining one of the typical occupations.
- Most occupations require short-term training to achieve competency; moderate- or long-term training is needed for some non-retail sales and manufacturing occupations.
- Retail and food service occupations have the lowest median hourly wages – less than $10.00 – in the Camden Metropolitan Division of New Jersey in 2014.

- Production-based and manufacturing jobs have higher median hourly wages – $11.00 to $25.00; manager and non-retail sales occupations have the highest median hourly wages – more than $25.00.

Increased Household Income and Expenditures

The increase in the number of households as a result of the residential development in Alternatives 2 and 3 will generate an increase in household expenditures, some of which may be captured within the City of Bordentown. The following table shows the estimated increase in household expenditures[4] compared to existing household spending patterns in the City of Bordentown.

ESTIMATED INCREASE IN EXPENDITURES BY HOUSEHOLD SPENDING PATTERNS (2015 DOLLARS)

	Current Expenditures		Average Expenditures	Estimated New Expenditures	
	Total	Percent	per Household	Alternative 2	Alternative 3
Total Expenditures	**$129,413,166**	**100.0%**	**$65,540**	**$9,831,000**	**$20,382,940**
Food	$15,323,031	11.8%	$7,734	$1,160,058	$2,405,187
Food at Home	$9,310,776	7.2%	$4,719	$707,832	$1,467,572
Food Away from Home	$6,012,254	4.6%	$3,015	$452,226	$937,615
Alcoholic Beverages	$1,082,615	0.8%	$524	$78,648	$163,064
Housing	$40,097,260	31.0%	$20,317	$3,047,610	$6,318,711
Shelter	$31,343,531	24.2%	$15,861	$2,379,102	$4,932,671
Utilities, Fuel & Public Services	$8,753,729	6.8%	$4,457	$668,508	$1,386,040
Household Operations	$3,347,499	2.6%	$1,704	$255,606	$529,956
Housekeeping Supplies	$1,254,025	1.0%	$655	$98,310	$203,829
Household Furnishings & Equip.	$3,266,250	2.5%	$1,639	$245,775	$509,574
Apparel and Services	$4,248,377	3.3%	$2,163	$324,423	$672,637
Transportation	$18,469,668	14.3%	$9,372	$1,405,833	$2,914,760
Travel	$3,534,522	2.7%	$1,770	$265,437	$550,339
Health Care	$8,001,899	6.2%	$4,063	$609,522	$1,263,742
Entertainment & Recreation	$5,862,878	4.5%	$2,949	$442,395	$917,232
Personal Care Products & Services	$1,415,940	1.1%	$721	$108,141	$224,212
Education	$2,932,955	2.3%	$1,507	$226,113	$468,808
Smoking Products	$807,654	0.6%	$393	$58,986	$122,298
Miscellaneous	$2,000,690	1.5%	$983	$147,465	$305,744
Misc. Contributions*	$4,318,322	3.3%	$2,163	$324,423	$672,637
Life/Other Insurance	$734,371	0.6%	$393	$58,986	$122,298
Pensions and Social Security	$12,715,211	9.8%	$6,423	$963,438	$1,997,528

*Expenditures in this category include Support Payments, Cash Contributions, and Gifts in Kind.
Source: Esri, RES

[4] The increase in expenditures was estimated based on the existing distribution of expenditures in the City applied to the City's 2015 median household income ($65,543) and multiplied by the estimated increase in the number of households resulting from the two development alternatives. The City's current median household income is within the estimated income range of $50,000 and $100,000 for new households, income levels that would be expected given the estimated market-rate rents ($1,325 to $1,800) for the new residential development recommended in the market analysis.

The following points summarize the findings in the table above:

- Increased expenditures in categories highlighted in green are those most likely to be absorbed by the existing retail in the City or by the proposed commercial uses as part of the Alternative 2.
- Alternative 2 generates an estimated 7.6 percent increase in total expenditures as a result of 150 new households.
- Alternative 3 generates an estimated 15.8 percent increase in total expenditures as a result of 311 new households.

Fiscal Impact Analysis

To estimate public costs and revenues, a fiscal impact analysis involves four steps:

- Projecting population and employment growth
- Determining public costs associated with the growth
- Determining public revenues associated with the growth
- Comparing the estimated public costs and revenues to determine the net impact

The projected increase in population, public school children, and employment has been outlined above. The following sections discuss the assumptions, analytical steps, and the findings involved in determining public costs, public revenues, and the net fiscal impact associated with each of the three redevelopment alternatives.

Estimated Public Costs: City and School District

To estimate the public costs associated with the redevelopment alternatives, RES used the per capita method. This method estimates costs on a per unit basis – per capita, per employee, and per public school student – using existing public expenditures reported in the current municipal and school district budgets. Total public costs are based on the following estimated per unit expenditures:

- The City of Bordentown public expenditure per capita is $579.
- The City of Bordentown public expenditure per worker is $295.
- The regional school district expenditure per student is $12,692 as reported in the Bordentown Regional School District 2015-16 budget[5].

The estimated per capita expenditure is based on the assumption that 83.4% ($2,270,441) of the City of Bordentown's FY 2015 general fund budget is attributed to residents according to a weighted average of the percentage of parcels that are residential and the percentage of total real estate assessed valuation that is attributable to residential parcels. The 2010 Census reports a total of 3,924 residents in the City

[5] The expenditure per student is the reported "Total Budgetary Comparative Per Pupil Cost," a figure intended to help school districts across the state draw equal comparisons between student expenditures by excluding such variable costs as debt service, interest payments on the lease purchase of buildings, equipment purchases, facilities acquisition and construction services, etc.

of Bordentown. DVRPC population estimates show that to City's population level remained stable between 2010 and 2015.

The estimated per worker municipal expenditure is based on the remaining, non-residential portion of the City's FY 2015 general fund budget ($453,513). According to DVRPC estimates for 2010, there were 1,535 employees in the City of Bordentown. This number, which was used to determine the per worker cost, includes the estimated 250 employees lost with the departure Ocean Spray. Due to the previous dense concentration of employment at this site and the relatively recent departure of Ocean Spray, RES assumed that additional employment up to 250 workers in the redevelopment area would not result in increased municipal expenditures.

The table below shows total public costs associated with residential, public school student, and employment growth for each of the three redevelopment alternatives.

ESTIMATED PUBLIC COSTS (2015 DOLLARS)	ALTERNATIVE 1	ALTERNATIVE 2	ALTERNATIVE 3
New Residents Generated	--	291	612
Public Costs Attributable to New Residents	--	$168,374	$354,106
Net New Employees Generated	60	0	--
Public Costs Attributable to Net New Employees	$17,727	$0	--
Total Increase in Annual Municipal Expenditures	**$17,727**	**$168,374**	**$354,106**
New Public School Students Generated	--	30	65
Total Increase in Annual Regional School District Expenditures	**--**	**$380,760**	**$824,980**

Sources: City of Bordentown, Bordentown Regional School District, RES

Estimated Real Estate Assessments

The estimated assessed values of the new and/or rehabilitated real estate are the basis for determining municipal and school district tax revenues. The estimated assessments were based on the following assumptions:

- The adaptive re-use bottling plant as a mixed-use commercial facility will result in an assessed value of $37 per gross square foot. This is the same assessed value as the Elizabeth Street warehouse when the facility was fully operational.
- New residential units will have an assessed value of $130,000 per unit. This value was determined by considering both the income approach and existing assessments of similar, new apartment complexes within Burlington and Mercer Counties[6].

[6] Assessed values were adjusted to account for the equalization ratios applicable to each community.

- The ratio of assessed value to market value is 94.33 percent according the FY 2015 City of Bordentown budget.

The following table provides the estimated total real estate assessed value associated with each of the three redevelopment alternatives.

ESTIMATED REAL ESTATE ASSESSED VALUES

	Number (SF or units)	Assessed Value (per SF or unit)	Total Assessed Value
ALTERNATIVE 1			
Mixed-Use Commercial Building	176,000	$37	$6,512,000
	Total Real Estate Assessed Value		**$6,512,000**
ALTERNATIVE 2			
Residential Multi-Family Building	150	$130,000	$19,500,000
	Residential Assessed Value		$19,500,000
Mixed-Use Commercial Building	110,000	$37	$4,070,000
	Non-Residential Assessed Value		$4,070,000
	Total Real Estate Assessed Value		**$23,570,000**
ALTERNATIVE 3			
Residential Multi-Family Building	311	$130,000	$40,430,000
	Total Real Estate Assessed Value		**$40,430,000**

Sources: Interface Studio LLC; Arcadia Land Company; RES; City of Bordentown; New Jersey Division of Taxation records

Estimated Revenues: School District and City

Real estate taxes would be the primary source of annual incremental revenues generated by the three redevelopment alternatives for the Bordentown Regional School District. The following table indicates the real estate tax revenue the school district would receive in each of the alternatives. The existing real estate taxes received on current assessments are netted out in the subsequent step of the analysis.

ESTIMATED ANNUAL REGIONAL SCHOOL DISTRICT REVENUES (2015 DOLLARS)

	ALTERNATIVE 1	ALTERNATIVE 2	ALTERNATIVE 3
Total New Real Estate Assessment	$6,512,000	$23,570,000	$40,430,000
Real Estate Tax Rate	1.875%	1.875%	1.875%
Total Real Estate Tax	**$122,100**	**$441,938**	**$758,063**

Sources: Bordentown Regional School District, RES

Annual municipal revenues as a result of redevelopment will be generated through a variety of sources including real estate taxes, water utility charges, and miscellaneous fees. Although various, smaller one-

time fees such as those associated with site plan approval may be collected, they were not considered in this analysis; potential one-time water connection fees were also not included. As mentioned above, existing real estate taxes received by the City are netted out in the subsequent step of the analysis. The following table details the annual municipal revenues received, by source, for each of the three redevelopment alternatives.

ESTIMATED ANNUAL MUNICIPAL REVENUES

	ALTERNATIVE 1	ALTERNATIVE 2	ALTERNATIVE 3
Real Estate Tax Calculation			
Total New Real Estate Assessment	$6,512,000	$23,570,000	$40,430,000
Real Estate Tax Rate	0.992%	0.992%	0.992%
Total Real Estate Tax	**$64,599**	**$233,814**	**$401,066**
Water Revenue			
Residential			
Annual Service Charge	--	$111.40	$111.40
Number of New Residential Units	--	150	311
Total Water Service Charges	--	$16,710	$34,645
Avg. New Household Size (weighted)	--	1.94	1.97
Number of New Residential Units	--	150	311
Per Capita Water Use (gallons/day)	--	77	77
Water Consumption Charge (per 1,000 gallons)	--	$2.80	$2.80
Total Water Consumption Charges	--	$22,900	$48,213
Non-Residential [7]			
Avg. Annual Commercial Water Use (gallons/GSF)	19	19	--
Gross Square Footage of Commercial Building	176,000	110,000	--
Water Consumption Charge (per 1,000 gallons)	$3.00	$3.00	--
Total Water Consumption Charges	$10,032	$62,700	--
Total Annual Water Revenue	**$10,032**	**$45,880**	**$82,859**
Miscellaneous Revenue Calculation			
Alcoholic Beverages Fee[8]			
Retail Consumption License	$2,400	$2,400	--
Retail Distribution License	$2,400	--	--
Interest Earnings			
Percent Growth in Total Assessed Value	1.0%	6.1%	11.1%
Interest Earnings	$76,000	$76,000	$76,000
Incremental Interest Earnings	$798	$4,671	$8,458
Total Miscellaneous Revenue	**$5,598**	**$7,071**	**$8,458**

Sources: City of Bordentown, Bordentown Water Department, RES
Note: Per capita water usage is specific to New Jersey and was obtained from the USGS report "Estimated Use of Water in the United States in 2010." The average annual commercial water use is a national estimate by gallons per gross square foot and was obtained from International Facility Management's 2009 report "Operations and Maintenance Benchmarks."

[7] Because RES was unable to ascertain the size of the water meter servicing the existing commercial facility, fixed water service charges were not estimated as part of the increased water revenue.
[8] This assumes that Alternative 1 includes both a brewery with retail sales and restaurant serving alcohol; Alternative 2 includes a restaurant serving alcohol.

Net Fiscal Impact

The net fiscal impact of the three redevelopment alternatives weighs the potential revenues generated against the incremental public costs. The following table presents the net annual incremental revenue associated with each of the three redevelopment alternatives for the City of Bordentown and the Bordentown Regional School District independently and together. In addition to subtracting the incremental public costs, the net annual incremental revenue calculation subtracts the existing real estate tax received from the tax lots that comprise the Park Street site.

NET FISCAL IMPACT

	ANNUAL REVENUES						
	Real Estate Tax	Water Utility Charges	Misc. Revenues	Total Revenues	Less: Existing Real Estate Tax	Less: Incremental Public Costs	Net Annual Incremental Revenue
ALTERNATIVE 1							
City	$64,599	$10,032	$5,598	**$80,229**	($29,760)	($17,726)	**$32,741**
School District	$122,100	--	--	**$122,100**	($56,250)	--	**$65,850**
Total Net Impact	$186,699	$10,032	$5,598	**$202,329**	($86,010)	($17,727)	**$98,591**
ALTERNATIVE 2							
City	$233,814	$45,880	$7,071	**$286,765**	($29,760)	($168,374)	**$88,631**
School District	$441,938	--	--	**$441,938**	($56,250)	($380,760)	**$4,927**
Total Net Impact	$675,752	$45,880	$7,071	**$728,703**	($86,010)	($549,134)	**$93,559**
ALTERNATIVE 3							
City	$401,066	$82,859	$8,458	**$492,383**	($31,571)	($354,106)	**$106,706**
School District	$758,063	--	--	**$758,063**	($59,674)	($824,980)	**($126,591)**
Total Net Impact	$1,159,128	$82,859	$8,458	**$1,250,445**	($91,245)	($1,179,086)	**($19,885)**

Sources: City of Bordentown, Bordentown Regional School District, RES
Note: The existing real estate tax received for Alternative 3 is slightly higher than the other two alternatives as this redevelopment program includes additional tax lots currently generating tax revenues.

The following points summarize the findings in the table above:

- Alternative 1 results in a net positive fiscal impact for the City and Regional School District.
- In Alternative 1, the Regional School District has the greatest gain in net annual revenue of all three scenarios as this alternative does not generate any per student costs.
- Alternative 2 has a greater gain in net annual revenue for City than Alternative 1, which is largely the result of the inclusion of a residential use. The residential buildings are estimated to garner a higher assessed value than the reuse of the existing commercial facility.
- Alternative 2 results in a break-even scenario for the Regional School District.
- In Alternative 3, the City has the greatest gain in net annual revenue of all three scenarios.

- Alternative 3 is costly for the Regional School District as it adds more than double the number of public students added in Alternative 2. The high costs for the Regional School District off-set the net gain to the City resulting in an overall net fiscal loss.

Conclusion

The findings of the fiscal impact analysis suggest that Alternative 1 and Alternative 2 provide viable options for redevelopment of the Park Street site as both result in a net increase in annual revenue for the City of Bordentown and the Regional School District. The large number of public school students generated in Alternative 3 results in a very costly scenario for the Regional School District, as well as a total net loss in annual revenue combined for the City and Regional School District.

Alternative 1 and Alternative 2 will add new jobs to the City of Bordentown, replacing employment that was lost with the departure of Ocean Spray. RES estimates that these redevelopment alternatives will provide a wide-range of occupations for varying skill levels and at various wages. Some of these new jobs could be similar in occupation to the jobs at the former Ocean Spray facility. However, in addition to adding jobs, Alternative 2 will add residents. Residential growth will also lead to growth in households expenditures (7.6 percent for Alternative 2), some of which may be captured within the existing downtown retail center as well as at new commercial uses on the site.

The fiscal impact is just one consideration in comparing and selecting a redevelopment alternative. Other factors, such as development feasibility and market support, are also important considerations. For example, the market analysis identified a strong demand for the type of residential units proposed in Alternative 2, while full lease-up of the 176,000 square foot commercial facility in Alternative 1 may be slow and provides a risk for development. In considering these additional factors, Alternative 2 may provide the most balanced option for redevelopment.

PART II: REMAINDER OF THE DESIGNATED REDEVELOPMENT AREA

RES analyzed the fiscal impact of build-out of the remainder of the designated redevelopment area in the City of Bordentown. The proposed build-out includes the following:

- **Elizabeth Street Site** (former Ocean Spray warehouse) – 279,000 square foot building to continue use as an industrial/warehouse facility. The current total assessment of the parcels included in this site is $8,200,000.
- **Mission First Housing Group's Residential Development** – 48-unit affordable age-restricted rental apartment complex comprised of the adaptive re-use of the former Eagle Shirt Company factory and a new construction building. The current assessment of the parcel comprising this site is $315,000.
- **Residential Units for Homeownership along Ann Street** – one single-family detached house, 2 duplexes (4 units), and four townhouses proposed for two parcels along Ann Street. The current total assessment of the parcels included in this site is $418,600.

In addition to providing a detailed break-down of the assumptions and findings for each of the three redevelopment area components outlined above, this analysis also provides the total impact of the all three components aggregated.

Population and Employment Growth

As mentioned in Part I of this analysis, the initial step in the fiscal impact analysis is projecting population, public school children, and employment growth that could result from the proposed build-out of the redevelopment area. As previously indicated, growth projections are estimated using demographic multipliers[9] and household growth is equal to the number of new housing units proposed. Residential multipliers estimating new population and public school children are applied to the count of new residential units and the employment multiplier estimates the number of new jobs expected in each 1,000 square feet of industrial space. The following table summarizes the total growth in population, public school children, households, and employment estimated for the remainder of the designated redevelopment area.

TOTAL GROWTH IN POPULATION, PUBLIC SCHOOL CHILDREN, HOUSEHOLDS, AND EMPLOYMENT

	Population	Public School Children	Households	Employment
Elizabeth Street Site	--	--	--	237
Mission First Development	48	--	48	2
Ann Street	25	4	9	--
Total	**73**	**4**	**57**	**239**

Sources: Center for Urban Policy Research, Rutgers; RES

[9] The multipliers used in this analysis to project the growth in population and public school-aged children are specific to the State of New Jersey while the employment multiplier is a national average. All multipliers were obtained from the 2006 report "Who Lives in New Jersey?" by the Center for Urban Policy Research at the Edward J. Bloustein School of Planning and Public Policy at Rutgers, The State University of New Jersey.

The table below provides a more detailed breakdown of the estimated growth by specific use and includes the demographic multipliers used in the analysis

DEMOGRAPHIC MULTPLIERS AND ESTIMATED POPULATION AND EMPLOYMENT GROWTH

		Multipliers (per unit or 1,000 square feet)			Estimated Growth		
	Number (SF or Units)	Residents	Public School Students	Employees[10]	Residents	Public School Students	Employees
ELIZABETH STREET SITE							
Commercial Building	**279,000**						
Industrial/Warehouse	279,000	--	--	0.85	--	--	237
					Total Employees		**237**
MISSION FIRST DEVELOPMENT							
Multi-Family Buildings	**48**						
Age-Restricted COAH Units[11]							
1-Bedroom	48	1.000	--	N/A[12]	19	--	2
				Total Residents and Employees	**291**		**2**
ANN STREET							
Residential Units	**9**						
Single-Family Detached							
3-Bedroom	1	2.913	0.423	--	3	0	--
Duplex							
3-Bedroom	4	2.823	0.491	--	11	2	--
Townhouse							
3-Bedroom	4	2.823	0.491	--	11	2	--
				Total Residents and Public School Students	**25**	**4**	

Note: Estimated growth is rounded to the nearest whole digit.
Sources: Interface Studio LLC, Arcadia Land Company; Center for Urban Policy Research, Rutgers; RES

The following points summarize the findings in both tables:

- The continued use of the Elizabeth Street site as an industrial facility will generate a substantial increase in total employment in the City of Bordentown. Assuming that new employment at the Park Street site returns the City's employment to the 2010 count, the additional 237 employees at Elizabeth Street will represent a 15 percent increase in employment.

[10] The employment multiplier used in this analysis is for warehouse space.

[11] RES based the demographic multiplier used in estimating population growth as a result of the Mission First development on the multiplier of 1.20 for total persons in multi-family, age-restricted housing in the Northeast US reported in "Who Lives in New Jersey?". Based on RES' experience with senior affordable rental developments in New Jersey, which typically have one person occupying a one-bedroom unit, RES estimated that a multiplier of 1.0 would result in a more accurate estimate of population growth.

[12] RES estimates that the Mission First development will create an additional two jobs as a result of leasing and management operations.

- The growth in the total population represents less than a two percent increase over the 2010 City of Bordentown Census count.
- Growth in the number of public school children is also minimal as the age-restricted units will not be occupied by residents with school-aged children.

As was provided in the analysis in Part I, the table on the following page provides a more detailed break-down of the additional public school children and multipliers[13] by grade level grouping. As mentioned above, growth in the number of public school children is minimal; the Ann Street homeownership units are estimated to add only elementary and junior high school students.

DEMOGRAPHIC MULTPLIERS AND ESTIMATED GROWTH IN PUBLIC SCHOOL CHILDREN BY GRADE LEVEL GROUPING

	Elementary (K-6)	Junior HS (7-9)	High School (10-12)	Total
Multipliers (per unit)				
Single-Family Detached	0.250	0.099	0.074	**0.423**
Duplex	0.274	0.139	0.078	**0.491**
Townhouse	0.274	0.139	0.078	**0.491**
Estimated Growth				
Single-Family Detached	0	0	0	--
Duplex	1	1	0	**2**
Townhouse	1	1	0	**2**

Note: Estimated growth is rounded to the nearest whole digit.
Sources: Center for Urban Policy Research, Rutgers; RES

Fiscal Impact Analysis

The following sections discuss the assumptions, analytical steps, and the findings involved in determining public costs, public revenues, and the net fiscal impact associated with each proposed build-out program, as well as the for total build-out of the remainder of the designated redevelopment area.

Estimated Public Costs: City and School District

As was outlined in Part I, RES used the per capita method to estimate the incremental public cost of the build-out. All assumptions regarding the estimated public expenditures per worker and resident remain constant. RES assumed new employment associated with the redevelopment of the Park Street site would replace the estimated 250 workers lost with the departure of Ocean Spray and that any new employment generated in the remainder of the designated redevelopment area would be a net gain for the City of Bordentown.

[13] Demographic multipliers were obtained from the 2006 report "Who Lives in New Jersey?" and they are specific to the State of New Jersey.

The table below shows total public costs associated with residential, public school student, and employment growth for each of the three components separately as well as an aggregated total.

ESTIMATED PUBLIC COSTS (2015 DOLLARS)	ELIZABETH STREET SITE	MISSION FIRST DEVELOPMENT	ANN STREET	TOTAL
New Residents Generated	--	48	25	73
Public Costs Attributable to New Residents	--	$27,773	$14,465	$42,238
New Employees Generated	237	2	--	239
Public Costs Attributable to Net New Employees	$70,021	$591	--	$70,612
Total Increase in Annual Municipal Expenditures	**$70,021**	**$28,364**	**$14,465**	**$112,850**
New Public School Students Generated	--	--	4	4
Total Increase in Annual Regional School District Expenditures	**--**	**--**	**$50,768**	**$50,768**

Sources: City of Bordentown, Bordentown Regional School District, RES

Estimated Real Estate Assessments

The estimated real estate assessments, which form the basis in determining municipal and school district tax revenues, were based on the following assumptions:

- The continued industrial use of the Elizabeth Street warehouse facility will result in an assessed value of $37 per gross square foot; which is the previous assessed value of this site when the Ocean Spray facility was fully operational.
- Mission First has entered into an agreement for Payment in-Lieu of Taxes (PILOT) with the City of Bordentown. The age-restricted rental development will make a payment based on revenues, rather than assessed value. Therefore, an assessed value was not estimated. The PILOT agreement outlines a schedule of initial annual payments to the City with a Year 1 payment of $22,681. The development is not subject to payments to the Regional School District.
- Based on market research of sales and listing prices of comparable for-sale units, RES estimated market values of the Ann Street homeownership units as:
    - $300,000 for the single-family detached house
    - $250,000 for the four duplex units
    - $225,000 for the four townhouse units.
- The ratio of assessed value to market value is 94.33 percent according the FY 2015 City of Bordentown budget.

The table on the following page highlights the estimated total real estate assessed value for the three components, separately and in aggregate.

ESTIMATED REAL ESTATE ASSESSED VALUES

	Number (SF or units)	Assessed Value (per SF or unit)	Total Assessed Value
ELIZABETH STREET SITE			
Commercial Building	279,000	$37	$10,323,000
	Total Real Estate Assessed Value		**$10,323,000**
MISSION FIRST DEVELOPMENT			
Residential Multi-Family Building	48	--	--
	Total Real Estate Assessed Value		**--**
ANN STREET			
Single-Family Detached	1	$282,990	$282,990
Duplex	4	$235,825	$943,300
Townhouse	4	$212,243	$848,970
	Total Real Estate Assessed Value		**$2,075,260**
TOTAL			
	Total Real Estate Assessed Value		**$12,398,260**

Sources: Interface Studio LLC; Arcadia Land Company; RES; City of Bordentown; New Jersey Division of Taxation records

Estimated Revenues: School District and City

Real estate taxes would be the primary source of annual incremental revenues generated by the redevelopment for the Bordentown Regional School District. The following table indicates the real estate tax revenue the school district would receive. The existing real estate taxes received on current assessments are netted out in the subsequent step of the analysis. As mentioned above, the Mission First development is not subject to any payments to the Regional School District.

ESTIMATED ANNUAL REGIONAL SCHOOL DISTRICT REVENUES (2015 DOLLARS)

	ELIZABETH STREET SITE	MISSION FIRST DEVELOPMENT	ANN STREET	TOTAL
Total New Real Estate Assessment	$10,323,000	--	$2,075,260	$12,398,260
Real Estate Tax Rate	1.875%	--	1.875%	1.875%
Total Real Estate Tax	**$193,556**	**--**	**$38,911**	**$232,467**

Sources: Bordentown Regional School District, RES

Annual municipal revenues as a result of redevelopment will be generated through a variety of sources including real estate taxes, water utility charges, and miscellaneous fees. As indicated in Part I, smaller one-time fees such as those associated with site plan approval and potential one-time water connection fees were not considered in this analysis. As mentioned above, existing real estate taxes received are

netted out in the subsequent step of the analysis. The table on the following page details the estimated annual municipal revenues that would be generated by source.

ESTIMATED ANNUAL MUNICIPAL REVENUES

	ELIZABETH STREET SITE	MISSION FIRST DEVELOPMENT	ANN STREET	TOTAL
Real Estate Tax Calculation				
Total New Real Estate Assessment	$10,323,000	--	$2,075,260	$12,398,260
Real Estate Tax Rate	0.992%	--	0.992%	--
Total Real Estate Tax[14]	**$102,404**	**$22,681**	**$20,587**	**$145,672**
Water Revenue				
Residential				
Annual Service Charge	--	$111.40	$111.40	
Number of New Residential Units	--	48	9	
Total Water Service Charges	--	$5,347	$1,003	$6,350
Avg. New Household Size (weighted)	--	1.00	2.83	
Number of New Residential Units	--	48	9	
Per Capita Water Use (gallons/day)	--	77	77	
Water Consumption Charge (per 1,000 gallons)	--	$2.80	$2.80	
Total Water Consumption Charges	--	$3,777	$2,004	$5,782
Non-Residential [15]				
Avg. Annual Commercial Water Use (gallons/GSF)	19	--	--	
Gross Square Footage of Commercial Building	279,000	--	--	
Water Consumption Charge (per 1,000 gallons)	$3.00	--	--	
Total Water Consumption Charges	$15,903	--	--	$15,903
Total Annual Water Revenue	**$15,903**	**$9,125**	**$3,007**	**$28,034**
Miscellaneous Revenue Calculation				
Interest Earnings[16]				
Percent Growth in Total Assessed Value	0.6%	--	0.5%	--
Interest Earnings	$76,000	$76,000	$76,000	--
Incremental Interest Earnings	$456	--	$380	$836
Total Miscellaneous Revenue	**$456**	**--**	**$380**	**$836**

Note: Per capita water usage is specific to New Jersey and was obtained from the USGS report "Estimated Use of Water in the United States in 2010." The average annual commercial water use is a national estimate by gallons per gross square foot and was obtained from International Facility Management's 2009 report "Operations and Maintenance Benchmarks."
Sources: City of Bordentown, Bordentown Water Department, RES

[14] The total real estate tax revenue received from the Mission First development is the estimated Year 1 annual PILOT to the City of Bordentown. The total of all real estate tax revenues received for the all three components includes this figure.

[15] As RES was unable to ascertain the size of the water meter servicing the existing commercial facility, fixed water service charges were not estimated as part of the increased water revenue.

[16] Because the estimated increase in interest earnings was determined by the estimated increase in the total assessed value of real estate in the City, an increase in interest earnings as a result of the Mission First development was not estimated.

Net Fiscal Impact

The net fiscal impact of the three components weighs the potential revenues generated against the incremental public costs. The table on the following page presents the net annual incremental revenue associated with the three build-out programs for the City of Bordentown and the Bordentown Regional School District independently and together. In addition to subtracting the incremental public costs, the net annual incremental revenue reflects the existing real estate tax received from the tax lots that comprise the remainder of the designated redevelopment area.

NET FISCAL IMPACT

	ANNUAL REVENUES						
	Real Estate Tax	Water Utility Charges	Misc. Revenues	Total Revenues	Less: Existing Real Estate Tax	Less: Incremental Public Costs	Net Annual Incremental Revenue
ELIZABETH STREET SITE							
City	$102,404	$15,903	$456	$118,763	($81,344)	($70,021)	($32,602)
School District	$193,556	--	--	$193,556	($153,750)	--	$39,806
Total Net Impact	$295,960	$15,903	$456	$312,319	($235,094)	($70,021)	$7,204
MISSION FIRST DEVELOPMENT							
City	$22,681	$9,125	--	$31,806	($3,125)	($28,364)	$317
School District	--	--	--	--	($5,906)	--	($5,906)
Total Net Impact	$22,681	$9,125	--	$31,806	($9,031)	($28,364)	($5,589)
ANN STREET							
City	$20,587	$3,007	$380	$23,974	($4,153)	($14,465)	$5,356
School District	$38,911	--	--	$38,911	($7,849)	($50,768)	($19,706)
Total Net Impact	$59,498	$3,007	$380	$62,885	($12,001)	($65,233)	($14,350)
TOTAL							
City	$145,672	$28,034	$836	$174,542	($88,621)	($112,850)	($26,929)
School District	$232,467	--	--	$232,467	($167,505)	($50,768)	$14,194
Total Net Impact	$378,139	$28,034	$836	$407,010	($256,126)	($163,618)	($12,735)

Sources: City of Bordentown, Bordentown Regional School District, RES
Note: The existing real estate tax received for Alternative 3 is slightly higher than the other two alternatives as this redevelopment program includes additional tax lots currently generating tax revenues.

The fiscal impact of the build-out of the remainder of the designated redevelopment area is a net negative for the City of Bordentown. The estimated loss is generated by the high incremental public costs associated with the estimated new employment at the Elizabeth Street site. These cost estimates may be overstated by use of the per capital method. The Elizabeth Street and Park Street sites of former the Ocean Spray facility recently had intensive, industrial uses. The municipal costs associated with net new employment on these sites may already be reflected in the municipal budget. It is likely that additional employment over and above the former levels at Ocean Spray may not result in a straight line

increase in municipal costs. Further and more detailed analysis on the municipal costs of additional employees may be beneficial in developing a more refined estimate of potential municipal costs associated with full build-out of the job-generating components of the designated redevelopment area.

Terms and Conditions

This analysis by RES does not ascertain the legal and regulatory requirements applicable to the proposed redevelopment, including state and local government regulations, permits and licenses. Further, no effort has been made to determine the possible effect on the redevelopment of present or future federal, state or local legislation or any environmental or ecological matters.

The analyses included in this report are based on estimates, assumptions, and other information developed from research of the market, our knowledge of the industry and other factors, including certain information provided by the City of Bordentown. The sources of information and bases of the estimates and assumptions are stated in this report. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, actual results will vary from those described in our report, and the variations may be material.

This report is for the use of the City of Bordentown in making decisions about the proposed redevelopment and for inclusion in the Bordentown Ocean Spray Redevelopment Linkage Plan. Otherwise, neither our report, nor any reference to RES Advisors may be used in any offering circular, prospectus, or appraisal document without our specific written consent. We will have no obligation to revise our report to reflect events or conditions that occur subsequent to the date of the report.