

M Station: Redevelopment Agreement



Presented to:
Morristown Town Council

October 13, 2020

Project Overview



Project History

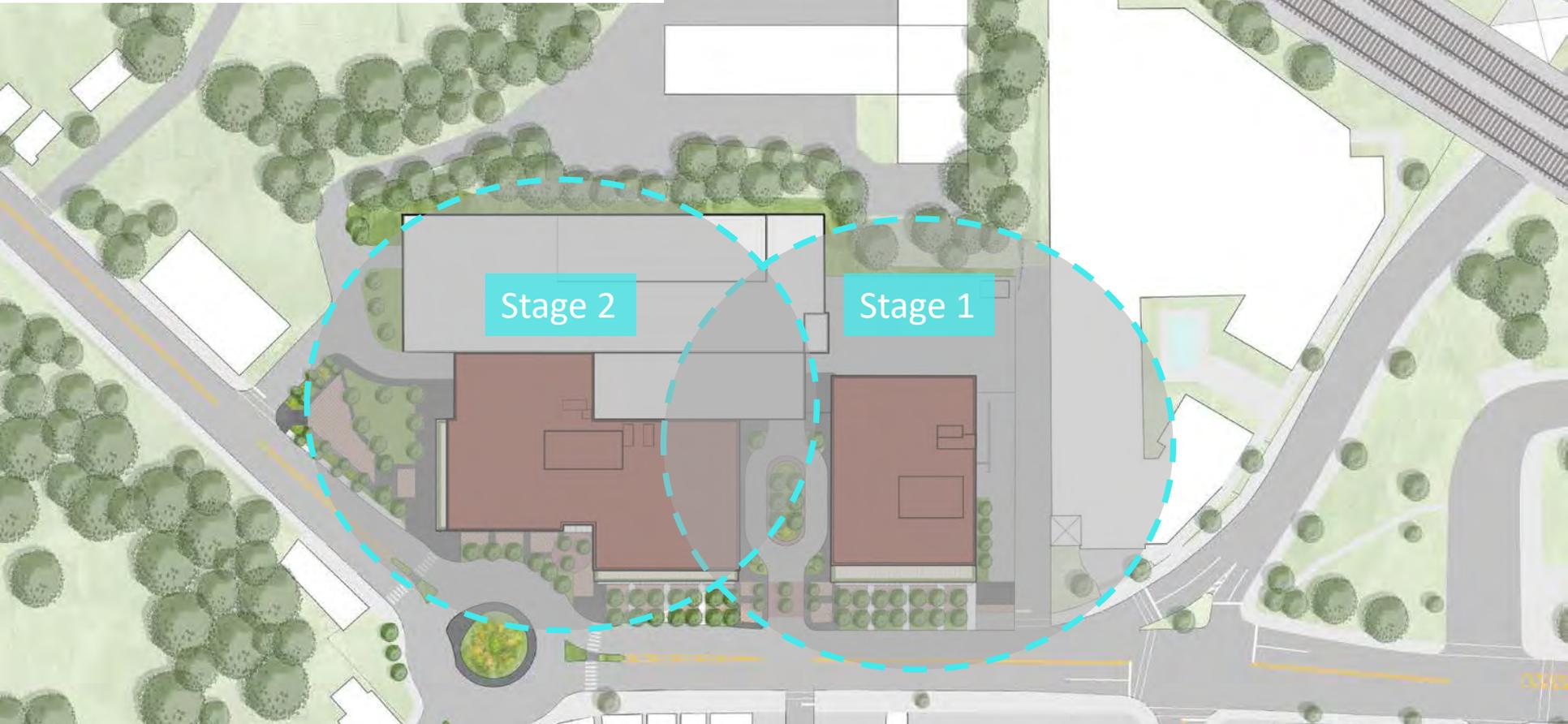
- **2004 – 2008:** Properties declared “in need of redevelopment.”
- **December 2008:** Spring Street Redevelopment Plan adopted.
- **March 2014:** Master Plan recommendation to amend Redevelopment Plan.
- **June 2019:** Initial M Station presentation to Council.
- **July 2019:** M Station community meeting.
- **August 2019:** Second M Station presentation to Council.
- **October 2019:** Redevelopment Plan adoption.
- **January 2020:** Deloitte signs lease for Building 1.
- **February 2020:** Short form Redevelopment Agreement adopted.
- **March – June 2020:** Site Plan review and approval over seven Planning Board meetings.
- **September 2020:** Council introduced ordinance approving Financial Agreement for the project

Project Overview



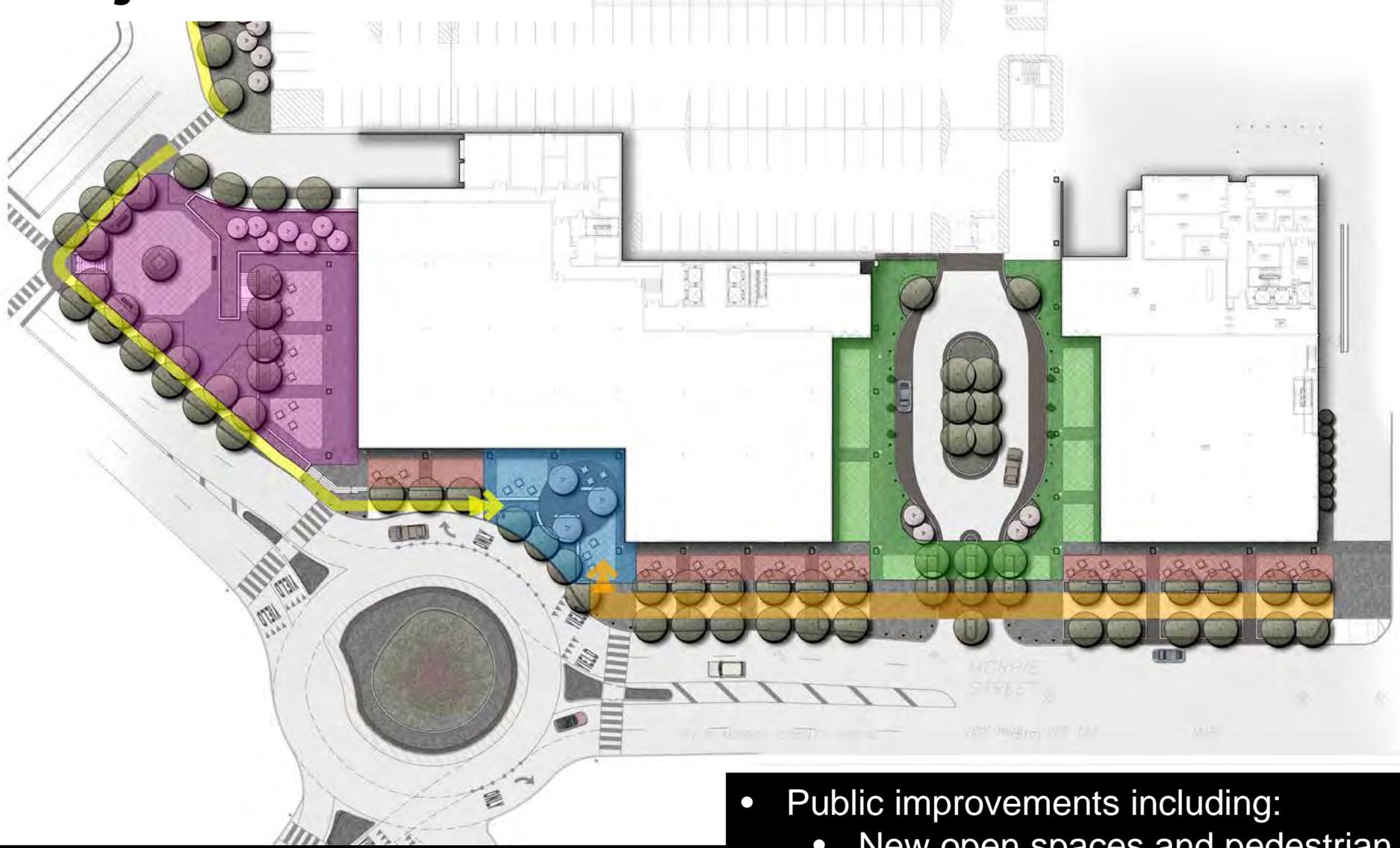
- Two buildings comprising:
 - 352,600 SF office
 - 29,530 SF retail
- 889 stall parking garage
- Approximately \$223M investment

Project Overview



- Stage 1:
 - 118,900 SF office (Deloitte)
 - 10,130 SF retail
- Stage 2:
 - 233,700 SF office
 - 19,400 SF retail

Project Overview



- Public improvements including:
 - New open spaces and pedestrian amenities
 - Roundabout

Project Benefits

- Dramatic increase in municipal revenue and associated tax base stabilization.
- Funding for affordable housing via non-residential development fee.
- Significant infrastructure + public space improvements.
- Approximately 1,400 new local jobs that will generate \$83 million in purchasing power.
- Increased demand for retail + restaurants.
- Support for local civic + philanthropic organizations.
- Support for local residential demand + property values.

Redevelopment Agreement



Major Terms:

- **Phasing:**
 - Phase 1 (East Building with Deloitte) will begin immediately and completed in October 2022
 - Phase 2 must commence within 8 years of signing of the agreement and completed within 36 months.
- **Public Improvements: All off-site traffic improvements will be constructed during Phase 1 including:**
 - Roundabout @ Morris and Spring Street
 - Intersection @ Morris and Lackawanna/Elm
 - Intersection @ Morris and Pine/Lafayette
 - Intersection @ Morris and Ridgedale
 - Sidewalk along Spring St to Bishop Nazery Way

Major Terms:

- Landscaping of the West property during interim period, including public access and amenities, required
- Small business development plan required
- Public Art of \$200k required



Questions / Comments?

Financial Agreement Recap



Agreement Overview

- **PILOT parameters**
 - Stage 1:
 - 12% of AGR for 30 years.
 - Stage 2:
 - 11% of AGR, years 1-10; then step ups to a maximum of 14% depending upon performance (“Yield on Cost”).
 - Each phase includes the issuance of Redevelopment Area Bonds (RABs) to pay for the public improvements, which are non-recourse to taxpayers
- **Meets the “But For” Test:**
 - Impact of COVID on financial structure makes this project infeasible without a PILOT as proposed.

Agreement Financial Impacts

Tax Revenue:

- This project will increase the total tax revenue more than **four-fold**.
- Presently the site generates **\$94,000** in municipal tax revenue. Stage 1 projected revenue is **\$412,000**. At full buildout, the projected net PILOT revenue to the Town is **\$1,030,000**.

Affordable Housing Trust Contribution:

- This project will provide a projected non-residential development impact fee payment of **\$2,475,000** to be used for the development of affordable housing.