

Public Hearing

before

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

"Testimony from invited guests on the recommended modifications to the Urban Enterprise Zone (UEZ) Program proposed in the Governor's FY 2012 budget, and the impact of those changes on businesses and municipalities within the UEZs"

LOCATION: Committee Room 1
State House Annex
Trenton, New Jersey

DATE: May 26, 2011
10:30 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Jeff Van Drew, Chair
Senator Ronald L. Rice, Vice Chair
Senator M. Teresa Ruiz
Senator Dawn Marie Addiego
Senator Christopher J. Connors



ALSO PRESENT:

Michael F. Feld
Office of Legislative Services
Committee Aide

Sarah Lechner
Senate Majority
Committee Aide

Christina Gordillo
Senate Republican
Committee Aide

Hearing Recorded and Transcribed by
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SENATOR JEFF VAN DREW (Chair): I'd like to call this meeting to order.

This is a regular committee meeting of the Senate Community and Urban Affairs Committee. Please rise for the flag salute. (all recite Pledge of Allegiance)

SENATOR VAN DREW: I thank you all for being here; this is an extremely important issue. I think, as we all know, if our economic engine's not working, nothing's happening. This is about jobs, this is about the future of so many of our urban areas in the State of New Jersey, and I would say that it is also, obviously, a major issue for the future of the entire state -- urban or otherwise.

We are going to start with a roll call first.

Mr. Feld.

MR. FELD (Committee Aide): Senator Addiego.

SENATOR ADDIEGO: Here.

MR. FELD: Senator Connors.

SENATOR CONNORS: Here.

MR. FELD: Senator Rice.

SENATOR VAN DREW: He is here.

MR. FELD: Senator Rice is present.

Senator Van Drew.

SENATOR VAN DREW: I am here.

Moving along -- we have a great deal of testimony today. Again, I so much appreciate all of you being here. Let me say from the outset: We have another committee that is going to be using this room in approximately a little over two hours. So we really, truly--

First of all, why is this important? Because it's important to be on the record stating the effect that this is going to have on our state if we lose our Urban Enterprise Zones, and it's important to be on the record on how beneficial and positive they have been for so many communities. It does matter, it does make a difference; this is not a waste of time. This is important and, again, I appreciate that you're here.

More is not necessarily better; in fact, I like to say in this Committee, more is less. So if you can come forward and say, you know, "This is why it's important," and if you can do so in a minute or two, believe it or not that's effective; and it's important, and you're on the record, and you made your point. Because there are a lot of folks here, and we want everybody to have the ability to speak.

In the middle of all this, I'm sure some of the Committee members, some of our Senators, are going to want to make some comments as well, and we will do so then. But in order for it to be expedient with our time here, I'm going to actually ask us to begin.

And we're going to have our opening with the good Mayor of the City of Elizabeth, Mayor Bollwage.

MAYOR J. CHRISTIAN BOLLWAGE: Thank you, Mr. Chairman, members of the Committee. It's a pleasure to be here. I'm joined by Anne Estabrook, and Joe Oliver, and Mayor Healy--

SENATOR VAN DREW: Mayor, if you could-- When the red light goes on, you're on.

MAYOR BOLLWAGE: Oh, there we go.

SENATOR VAN DREW: Everybody likes to have fun and say, "At the State Capitol, everything's inversed -- red is go." (laughter)

MAYOR BOLLAGE: Thank you very much. Thank you very much, Mr. Chairman.

Members of the Committee, we appreciate this opportunity to discuss Urban Enterprise Zones. Many of the mayors appeared last week at Assemblyman -- Chairman Coutinho's committee to discuss this issue.

Mr. Chairman, I've been to this dance already last year; we left without partners and without dates at the end of the budget cycle. The process did not work well for Urban Enterprise Zones. There are many people here who can testify to how we need to move forward. Mayor Healy is here and Mayor Diaz is here -- they're going to speak as well; and Anne Estabrook, who I'd like you to hear from, who has a project on Wakefern that's created jobs.

I've submitted my written testimony, Mr. Chairman, and rather than go through the written testimony, I think it would be important that you hear from other people.

SENATOR VAN DREW: Mayor--

MAYOR BOLLWAGE: I mean, I--

SENATOR VAN DREW: Mayor, I thank you--

MAYOR BOLLWAGE: I don't know what else I could say on this; I've--

SENATOR VAN DREW: And I think you've said it--

MAYOR BOLLWAGE: I've had numerous conversations with you and members of other-- So hear from other people, because these are the people who make the jobs; and, frankly, you know, we're not doing a good job down here creating jobs, so why don't we give the mayors a chance to create jobs with Urban Enterprise Zone funding? And I think you could

see the direct result if mayors in Urban Enterprise Zones had these dollars that we've had through the years, and we tied it, and we made us accountable on job creation. If you challenge the mayors to create jobs with Urban Enterprise Zones over the next 12 months with the necessary funding, I think Trenton would remarkably accept it and figure out a way to say, "Hey, mayors, you did a good job."

So if Mayor Healy or Anne Estabrook can--

SENATOR VAN DREW: Mayor, I'm going to call them forward in a moment.

MAYOR BOLLWAGE: Oh, you are.

SENATOR VAN DREW: Yes, I am.

MAYOR BOLLWAGE: I'm sorry, Mr. Chairman; I apologize.

SENATOR VAN DREW: They're on our list. And I thank you again for your support and your work. And I think all of you know that I'm in the process of drafting legislation. I had my first crack at it; it wasn't good enough. We're going to work on it some more. And what I am going to ask from all of you -- all the mayors, all the council people, all the people who are involved in the UEZs in their individual towns -- is that we have a productive process. Nobody is going to get exactly what they want, but we're going to get enough that, hopefully, we can still have UEZs that work for our communities. And, quite frankly -- and I want to be clear about this as we move forward -- I've spoken to the DCA Commissioner; very briefly with the Governor on it as well -- I want a piece of legislation the Governor's going to sign.

MAYOR BOLLWAGE: Well, Mr. Chairman, we--

SENATOR VAN DREW: Mayor, if I could finish.

MAYOR BOLLWAGE: I'm sorry.

SENATOR VAN DREW: If we-- I don't want to do something that's just symbolic. I don't want to do something that we all feel good at the end of the day because we spoke out, but, frankly, our UEZs fade away. I want to do something that we have the support, I would hope, of a good number of Republicans, of Democrats, and of the Governor. So there may be some changes to the UEZ, yet the points, Mayor, that you brought out were very essential. We have to make sure that it's not politicized; we have to make sure that the money that is generated in the community comes back to that community; at the same time, we need parameters, we need a barometer -- whatever you want to call it -- we need a finish line where people have to show that they truly are creating economic development and that these UEZs really do work. They've worked better in some communities than others, and we're going to want everybody to rise and to even do better yet to prove what we all know -- and what you've shown, Mayor, and what Mayor Healy and so many other folks have shown -- that they really do produce, and that they really do make a difference. But we've got to do even better with that, and that's the point of doing this legislation. And I'm hopeful -- I can't promise it, but I'm sure hopeful that we're going to be successful.

So I thank you for your help, Mayor.

MAYOR BOLLWAGE: Mr. Chairman, I thank you for your leadership on this issue. You've truly been a stalwart on the issue of Urban Enterprise Zones in the State of New Jersey. And I've communicated to the entire Senate and the Assembly a 10-point plan that would work, that many of us have discussed. Of course, it has to be refined; and the mayors of

Urban Enterprise Zones, as well as the Zone Coordinators, stand ready to work with you to develop legislation that continues Urban Enterprise Zones. Our theory is: amend it, don't end it.

SENATOR VAN DREW: You're exactly right -- well said. And you're going to get another crack at it, because I'm going to be sending you another draft real soon -- to all of you.

Thank you, Mayor.

Mayor Healy, please come forward. And we also have Anne Evans from the Estabrook (*sic*) Development Corporation and Joe Oliver from the Retail Skills Center. The Mayor, of course, is going to speak first, but I'd ask you to come forward as well.

Do we have another chair here for-- Do we need a third chair? Maybe if we could bring that forward.

Also, for the record, I'd like to note that Senator Ruiz is here now.

Mayor, thank you for being here.

MAYOR JERRAMIAH T. HEALY: Good morning, Mr. Chairman; it's my pleasure. And I want to thank the Chairman and all the honorable Committee members -- Senators -- for allowing us to come down and state our case.

I have some testimony here -- can I give it out? That will short-circuit--

SENATOR VAN DREW: Mayor, that would be wonderful if you give that out.

MAYOR HEALY: I think I have enough for everybody.

SENATOR VAN DREW: We really do read it; and then if you could just capsule it--

MAYOR HEALY: Sure.

SENATOR VAN DREW: --that would be wonderful. Thank you.

MAYOR HEALY: Sure. You know, the facts are written out, but I just want to make an overview here.

I'm sure many of you remember the bad old days in Jersey City, Trenton, Camden, Newark, Elizabeth, Paterson -- in the '70s, the late '70s -- when everyone was running from our cities. The streets were filthy, crime was rampant, nothing was going on, no business was coming in, and no one was investing. To address that horror, Governor Kean at the time came up -- it was his program, it was under his leadership -- the Urban Enterprise Zones. And they have actually worked: They've been a great success in Jersey City, Elizabeth -- you name a city -- Trenton, of course, Paterson, Newark. And to walk away from them now, I think, is-- It's very unwise for the State of New Jersey, and certainly for all of those cities.

But they've really worked. I had the opportunity about a year ago-- I don't get to interact with the Governor that much, but I was sitting right where Anne is sitting -- no, I was sitting here, the Governor was sitting there -- and I had an opportunity to talk to him about Urban Enterprise Zones and how important they were, how successful they'd been. And the Governor agreed with me; he said, "But we have to find the money to keep it going." I know it's about \$90 million, and about eight days ago money did appear: \$500 million to \$950 million -- someone said it was \$1.1

billion -- whatever it is, it's plenty of money to take \$90 million out of there and keep this very important, successful program in place.

I can't tell you how -- the huge the difference between 1980 and today in Jersey City. We have a bunch of businesspeople who are on the ground -- frontline people running small businesses -- and they can tell you with probably a little more -- well, I don't know about conviction -- but they're the frontline people and, rather than listening to me and other elected officials, they can tell you firsthand.

But there is just a tremendous difference in our cities, in so many cities-- And, by the way, I view this as-- I don't view this as a handout to Jersey City; we send hundreds of millions of dollars -- I believe it's in the billions, actually -- down to the State in the form of State income taxes from the many, many employees; it's up around -- and they've increased, by the way, since last year -- there are up around 27,000, 28,000 financial and insurance jobs in Jersey City that generate millions upon millions -- it's actually, I believe, the number's over 1 billion -- in State income tax that comes down here.

So I don't view it as a handout; I view it as a wise and a sound investment to continue this program; certainly in our city, because as we succeed, as we thrive, it's a great benefit to the entire State because our money flows here. So I do view it as an investment. I'd ask you to keep it going. Obviously, there have been some mistakes in certain programs throughout the state; there have been some false steps. They can be corrected. As Mayor Bollwage says, "Amend it, don't end it."

But as far as the cities that I mentioned, they've been running very smoothly. I have a great professional staff. We need it, and I would

submit to all of you the State needs it also. So please find a way to get the \$90 million, and keep these great programs growing that are making all of our cities so much better.

Thank you very much.

SENATOR VAN DREW: Thank you, Mayor, and we are working on that. And I don't know, in all candor, if it will be the \$90 million, but we certainly need to get some money back, and we need to get this program and keep it alive, without question, and we'll do our very best.

We have Anne and Joe -- I'm going to ask you, again, if you can summarize. And I will apologize again it's just that there are a lot of folks here, and we only have the room for a couple of hours. And I think it's like a sermon: You kind of learn the lesson that whatever you can say in 10 minutes, you can probably also say in a couple of minutes as well.

So thank you for being here.

ANNE EVANS ESTABROOK: Good morning.

SENATOR VAN DREW: You were pretty good there: You turned his off to put yours on. (referring to PA microphone) (laughter) You're an experienced woman; I forget half the time. I start whispering up here, and it's going through the whole-- How did you know how to do that?

MS. ESTABROOK: I don't want to waste my time. (laughter)

SENATOR VAN DREW: Okay, which I am doing. Move forward.

MS. ESTABROOK: I'm Anne Evans Estabrook, and I'm here this morning to testify on this very, very important issue.

I'm the owner of Elberon Development Company which, together with its affiliates, owns approximately 1.8 million square feet in the City of Elizabeth, New Jersey. Elizabeth, as you know, has a UEZ.

Ours is a family business; we're now in the third generation. We've developed most of our real estate 35 to 50 years ago. But we've made substantial reinvestment in that real estate in those very properties over the last 10 to 15 years.

I'm a former Chairman of the Elizabeth Development Company, the local development cooperation for the UEZ in Elizabeth. I was appointed by Governor Christine Todd Whitman to be a member of the governing board at the Economic Development Authority. I served as the President of the New Jersey Chapter of NAIOP from 1995 to 1997, and then went on to be the National Chairman of NAIOP -- that's the National Association of Industrial and Office properties.

So I am very involved in development here in New Jersey, and I am very involved in bringing jobs into the city. I'm the first and only woman, to date, to serve as the Chairman of the New Jersey Chamber of Commerce; and I'm a member of the Board of Directors of the Federal Home Loan Bank of New York, whose region includes New Jersey, serving on its executive committee and chairing its audit committee.

The UEZ Loan Program -- it can fill a funding gap, making a transaction feasible that otherwise would not have occurred. I'll give you an 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 a piece of land required for the deal to construct the 524,000-square-foot facility, a new state-of-the-art warehouse

for distribution, that will keep Wakefern in Elizabeth. They almost moved out. It's approximately 5.7 acres, which is part of a total 50-acre tract of land that's been assembled for this project. That piece of land is essential to the project because of the way Wakefern has laid out its site.

Wakefern was in the market, searching for a new appropriate site for over three years. They moved one real estate requirement that they had -- 800,000 square feet -- to Pennsylvania, where the land is more abundant and cheaper. We don't want that to happen again, and they have agreed to be in Elizabeth; we have a signed lease.

UEZ funding is a critical component of this overall project, and it complements substantial investment by the owner as well as other debt financing. The owner is contributing in excess of \$20 million to this project. It will retain approximately 300 jobs in New Jersey and Elizabeth, and allow for the growth of jobs at the site in the future with employment to increase by another 350 jobs in the next 5 to 10 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. The project will result in a brand new asset in Elizabeth, replacing a building that's approximately 50 years old and thereby creating a better, long-term ratable. It will also create 130 to 140 construction jobs over the next three years.

This is the UEZ Program, working in conjunction with other programs and local businesses that have been in Elizabeth for a long time, making it a better and stronger city as we look to the future.

I want you to note that the funds are a loan, not a grant. They will be paid back over time so that Elizabeth Development Company can then redeploy those funds in another project in Elizabeth's UEZ for further benefit of the city.

Certification of businesses and sales tax savings: Certain businesses do select a site because it's 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 our State planning, which encourages redevelopment and reinvestment in our urban areas so that the open space that still exists in New Jersey can remain open space. The sales tax saved on construction expenditures at sites makes construction projects more affordable, helping to offset the high cost of land acquisition.

And then there's a very important, smaller scale program that the UEZ also puts forward, at least in Elizabeth: the Façade Grant Program. The benefits through that program, relatively modest in the context of the overall UEZ and governmental budgets, nevertheless delivers significant benefits to the community in the form of economic development and other benefits. Improved façades enhance the appearance of the real estate, the city as a whole, and appearances do attract and help retain businesses.

I'll give you another example: Façade grants that Elberon Development Company obtained in 1999 for five contiguous buildings financed a portion of the improvements made on those buildings. And two of the tenants subsequently renewed their leases for 10 years, each citing

the recent improvements as part of their rationale for committing to a long term.

The maximum \$12,000 grant is a significant amount of money to smaller businesses, and it serves as a strong incentive for the business to upgrade a façade when it otherwise would not. Also, the money spent on façade improvement provides work for local construction vendors.

In summary, the programs I discussed are currently made possible through the ability of the UEZ to retain the sales tax revenue generated within its zone. The total amount of the revenue -- \$94 million for the entire state -- is not a large percent of the State budget. But it's very, very important to the urban areas with UEZs. The loans and grants are significant incentives for the continued economic improvement of urban downtowns and for their long-term viability.

Without these benefits, municipalities with UEZs have a legitimate concern that businesses will not locate in their downtown areas, or will leave the downtowns if they are already there. And once they move out, it's much, much harder to bring them back. It takes years to redo a neighborhood once it deteriorates.

I thank you for your time and for your attention.

SENATOR VAN DREW: Well done. Thank you very much, Anne.

Joe.

J O S E P H J. O L I V E R: Good morning, Senator Van Drew and members of the Committee. I appreciate the opportunity of addressing you.

You have my testimony. And what I'd like to do is just cover four main points that are in the testimony -- and it's job training, job search skills, job fairs, and job placements. Of those first three points, the most important is job placement, and I'll share that with you at the end of my testimony.

In regards to job placement, the Center staff works with participants and employers to understand where the jobs are in the City of Elizabeth. In other words, we walk the halls of the Jersey Gardens Mall and the streets of Elizabeth going to perspective businesses and understanding what types of jobs they're looking for and the number of people.

The Jersey Gardens Mall is one million square feet. It's the largest outlet mall in the State of New Jersey, has 230 stores, and the stores employ anywhere between 5 to 100 people. So as we're working the mall, we're understanding in those larger stores how many do they need at any one time.

The Center was established as a result of the initiative and foresight of Mayor Bollwage and the City Council. The Center has been there since 2000; it opened in conjunction with the mall, and it was managed by the National Retail Federation Foundation through 2006. Since 2007, Union County College has managed the Center. And over the training programs, there were two key programs that we train to, and they were customer service and sales, and customer service and sales ESL. Since I've been at the Center over the last three years, we've enhanced the programs, and one of those is hospitality/restaurant/tourism; and, as you know, that's the third-largest industry in the State of New Jersey. Currently we have 16 participants in the program that started Monday; we've also

added visual merchandising, elder care, and Microsoft Office Suite programs.

At the completion of the program, every participant gets a Union County College certificate, and they also have the opportunity of taking the exam for the National Retail Federation, which is a nationally recognized certificate.

In regards to training, our objective over the last three years was to train 625 participants; and there's a number each year. To date, we've trained 662 participants, and we expect to train 682 by the end of August -- August 31 -- of this year, which is a 9 percent increase over our objective. That's phase one; phase two is the job search area, which is resume writing, job counseling, job search, and then we offer personal workshop developments (*sic*).

And just as a side note: yesterday we had two college students come in at 11:00, ask where the jobs were. We asked them if they had a résumé; we helped them re-craft their résumés; helped them get online for job search; and by 3:30 in the afternoon I was handing their résumés out to stores in the mall to help them get jobs. And that's just one example of the things we do to add value to both the participants and also the stores.

Over the last three years 1,800 people have come through, just in the job search capacity, for us to help them find jobs.

One of the other value-added services we provide both for the participants and for the stores are job fairs -- both for existing stores and for new employers opening up in the mall or in the City of Elizabeth. This afternoon I'm going back, and there's a company coming out of California that will be looking to hire 60 people who are in the food service arena,

serving school hot lunches and breakfasts to schools in the greater Elizabeth and Newark areas. They'll be hiring 60 people, and that will be a major thrust for us over the next four weeks, to help that company find jobs.

Over the last three years, about 1,800 people have gone through the system in job fairs. And I will share with you some numbers as far as placements. Through May 24 the Center has placed -- since September 1, 2010 -- 347 people in 87 different businesses in the greater Elizabeth area. We're very proud of that and expect that by the end of August -- which that's the end of the grant year -- we'll probably have over 400 people we have placed in jobs. And over the three-year period, starting in January 2009, over 800 people have found jobs through the Retail Skills Center and our work with businesses in both the City of Elizabeth and also the Jersey Gardens Mall.

In closing, the Center has serviced over 6,000 people in the three-year period -- and that is from training, job search, job development, and job fairs.

So I thank you for your time. I've tried to keep it to, certainly, under two minutes, but I hope the numbers you find impactful -- that we are making a difference in, with that Center, we're able to help people find jobs and help the businesses in the City of Elizabeth find people for their stores.

Thank you very much.

SENATOR VAN DREW: Thank you very much. That was great testimony.

Any questions from the Committee?

SENATOR RICE: Mr. Chairman.

SENATOR VAN DREW: Senator Rice.

SENATOR RICE: Yes, I have some questions. I want to make a statement for the record also.

And I take privilege to do that, primarily because I've been here since 1986. I led the charge on many of these zones; I sponsored legislation for their expansion. And to be quite frank about it, Newark, under the leadership of Sharpe James, was the one that kept this afloat, given the numbers of production and the benefits of what we were bringing in. Then Mayor Bollwage joined, because they were doing a great job in Elizabeth.

If you notice, Mr. Chairman, most of the testimonies are by Elizabeth. We don't really know-- I know there is going to be other testimony--

SENATOR VAN DREW: There's a lot of other; there is.

SENATOR RICE: I understand that; I've been doing this a long time, too. I know who they are. But we don't have the kind of information documented that needs to be documented by the zones. Let me tell you what my frustrations are, and then I'll ask my questions. In Newark -- and I don't believe anyone from the UEZ-- Anyone from the UEZ here from Newark?

UNIDENTIFIED MEMBER OF AUDIENCE: (Off mike)
(affirmative responses)

SENATOR RICE: Okay, because I want to talk to you all, okay? Because you better tell me how much money you have in that zone.

We're laying off people. We're laying off cops. But I've got money laying up in the zone, I believe -- it's alleged -- that's not being spent. And this is not new. And the reason being is that this Committee,

which has the responsibility to oversight this stuff, we haven't asked for -- and if that's true, it's not my fault; we may have to legislate it -- regular audits to come to us about what's going on in those zones. We may have to have a hearing on some of this stuff. That bothers me. What the Governor has proposed was that we keep the zones, and I can go in and still get the 3 percent tax, which means the businesses still have me coming in. So in the markups, they'll make money. But the revenues that traditionally stay local come back to the State. Let me say it for the record: Until somebody gives me an audit of Newark's zone and tells me exactly what's going on up there -- because I laid off all these people that maybe shouldn't have been laid off -- at least been cut down -- then I'm not willing to-- I'm willing to support those cities that are here, but there has to be a way to pull my city out of this if I'm wasting substantial dollars, etc.

I can tell you something else that happens in my city -- and this is a question that I'm raising. I wish Mayor Bollwage was here, but you may be able to answer, because I see Mayor Healy here. And I kind of have the answer, but I want to hear it. The question to you, mayors, and to the Elizabeth reps, and others here: number one, in the use of the money -- are local residents who actually live in town getting jobs in your zone, once you get business growth? I just need a yes or no.

MAYOR HEALY: The answer for Jersey City is yes.

UNIDENTIFIED MEMBER OF AUDIENCE: (off mike)
(affirmative responses)

SENATOR RICE: Okay. The other question is: Local contractors -- because all work is on union -- are local contractors in the

construction areas and others getting job, who have their place of businesses and who maybe live in the cities -- are they performing in those zones?

UNIDENTIFIED MEMBER OF AUDIENCE: (off mike)
(affirmative responses)

MAYOR HEALY: I'm going to-- We have people here, Senator--

SENATOR VAN DREW: Mayor, if you could-- Mayor, just put your red light on.

MAYOR HEALY: Okay.

SENATOR VAN DREW: Thank you.

MAYOR HEALY: We have folks here from our Urban Enterprise Zone who could give you more particularized answers. But to my knowledge, yes. I don't know that a lot of construction, certainly not big construction, is generated through UEZ; that's more like from the private industry -- private enterprise -- coming in.

But to the best of my knowledge, they try and hire all local people, which is helping our city.

SENATOR RICE: And the reason I'm raising these questions is because it's not happening in my city -- the largest city; and it was the intent of the Legislature and the intent of the UEZ to make those kinds of things happen. And even if you take a location-- That's why I know that Mayor Bollwage does a good job by Elizabeth, because when you build that kind of a mall, that we come out of town to spend our money, it's good to know that there are locals in there. But those jobs, in order to get that mall situated, somebody paints that wall. And it doesn't necessarily have to be a union contractor when you have all those people -- I know in Jersey City, I

know a lot of them, okay? -- who do very well with their pickup trucks, small business painters. Some kind of way the businesses that are doing the hiring and the construction need to contract themselves-- If you're going to get this, then you're going to have to give us-- We shouldn't have to keep passing laws; you should have to give us, in your contract, a goal you're going to meet -- or at least some things you're going to do to make sure that not only do we get permanent jobs, but we are participating in that. And then let them work that out. It's not happening in my city.

And so Mr. Chairman, I know that you indicated that there may be legislation, and we know that the Governor looked at this one way. You haven't heard a lot from me; usually I'm on point with this, because of what Newark is doing to the rest of you. We did a performance audit in that city, but the Governor said he's not going to do a compliance. This was mentioned in the performance audit, because they wanted to protect the Mayor -- and that's fine. But in the meanwhile it's hurting the rest of our cities because, if this is happening in Newark, then my question becomes: How many other zones is this happening in? Because I don't have audit information, you know, etc.

And I'm being very honest with that, and maybe we do legislation -- we should do legislation to make sure we protect the zones and the revenue that goes into the zones, but take out of the zones those UEZs participants who are not doing what's intended by the legislation.

SENATOR VAN DREW: And Senator--

SENATOR RICE: And I'm being honest about that.

SENATOR VAN DREW: -- let me speak to this issue; and that is, to some sense, what we're doing.

First of all, I'm going to say I don't know all of the intricacies and the particulars in the City of Newark -- number one. I'm very familiar with the UEZs in my area and I'm quite familiar with many of the other UEZs. And by far, in the majority of the UEZs, there are local people working in the businesses that are there; it has increased the hiring of minorities and other folks who have high unemployment rates; and it has been productive throughout those areas in those cities, in those urban areas, and it has been productive for local folks. Construction is a different issue sometimes, but even with construction it has.

Secondly, as I stated before, in the legislation that we're working on, everyone together -- and Senator, I welcome your ideas on this as well, and we'll include those -- there is this sense that you have to produce, and that you have to be responsible, and that UEZs-- And they are not -- by far they are not -- they are not repositories for patronage, they are not in any way political -- or shouldn't be -- political entities. They should be economic development engines that help these areas. And that's what we're looking to do in the legislation.

So what I would suggest is as we move forward -- because we really are constricted with time here -- is that with some of the particulars I'd appreciate, most especially, if some of the members from the Newark UEZ were to stay here and speak with Senator Ruiz, and Senator Rice, and whomever else. And I'm certainly willing to speak with you as well to deal with those particular issues.

I thank both of you for being here. Mayor, if you want to put in another 30 seconds.

MAYOR HEALY: Can I have 20 seconds to respond?

SENATOR VAN DREW: You got it. We're working-- Just so everybody knows -- and, again, it's not to be rude; I do appreciate you being here. From now on we're going to time everybody's speaking because otherwise folks aren't going to get to speak at all.

MAYOR HEALY: Yes, we have small business owners here who hire local people. In addition, we have a training program here that's trained local people to run their own businesses and to get placed in other jobs -- and that's Rising Tide Capital. And I know they're both here and you'll hear from them.

SENATOR VAN DREW: Absolutely. And it has helped local people tremendously.

MS. ESTABROOK: Mr. Chairman, may I have one more minute?

SENATOR VAN DREW: Literally -- literally.

MAYOR HEALY: I only asked for 20 seconds.

SENATOR VAN DREW: You have-- Not to be rude, you have 30 seconds, but that's it.

MS. ESTABROOK: I have 30 seconds.

I can tell you that with over a million square feet in Elizabeth, I need plumbers, I need roofers, I need maintenance people, I need landscaping people; many of them live in Elizabeth or the surrounding area, and we use those vendors all the time.

SENATOR VAN DREW: Okay.

SENATOR RICE: And that's -- through the Chair -- I know that, at least I suspected that from Mayor Bollwage, as well as Jersey City.

But let me say this as you leave-- And Mr. Chairman, you're not aware of this -- but when we were doing UEZs, I also did this a couple of years ago -- I didn't know this report was done. This report -- and hopefully the Chairman will get with Senator Weinberg and we'll have a joint hearing on urban community affairs as well -- people in our cities are homeless because we're not doing what the zones and other pieces we put together to address things-- And that's in here -- about the job opportunities, you know, and the homelessness that's costing us a lot of money. So things could be done differently.

I'm a Democrat and I'm liberal, but I want accountability and I'm going to get it. And those who aren't giving it to us here, you come up here and make your statement, but don't think we're not going to check out to make sure you're giving us facts, because I'm going to put a stop to some of this stuff.

SENATOR VAN DREW: Thank you, Senator Rice.

And thank you for being here.

MAYOR HEALY: Thanks, everybody.

SENATOR VAN DREW: I appreciate it.

City of Vineland: We have Sandy Forosisky, the UEZ Coordinator; Ed Roth from Tower Hospitality; Dan Mulloy from Omni Baking, Hans Lampart from Eastern Pacific. If you could all come forward from the City of Vineland, the largest city, geographically, in South Jersey -- right?

Now, since you all are from my district, you're going to make me proud, and you're going to show everybody here how this is done -- in a couple of minutes.

SANDRA FOROSISKY: Yes, yes.

I'm Sandy--

SENATOR VAN DREW: Ms. Forosisky -- yes.

MS. FOROSISKY: Forosisky (indicating pronunciation) -- yes.

SENATOR VAN DREW: Forosisky (indicating pronunciation). I'm sorry; I always put an extra consonant in there.

MS. FOROSISKY: I know, everybody does. Well, the Mayor does.

Hi, I'm Sandy Forosisky. I'm the UEZ Coordinator and Director of Economic Development for the City of Vineland. I brought with me three businesses from Vineland, and I just want to preface that they are three of over 400 I could have brought that have received financial assistance from the UEZ. I know the Governor touts that he's keeping the UEZ -- the incentives are all the businesses care about. But I brought three businesses that clearly benefited from the financial assistance, that the incentives wouldn't help accomplish what they've accomplished.

We have created three industrial parks using UEZ money. We used it for infrastructure and also financial assistance to the businesses. We did redevelopment from the downtown, which Hans will talk about. And we've also helped businesses, providing financing as a last resort, that but for the UEZ financing they couldn't do their project.

So we're going to hear first from Ed Roth who represents Tower Hospitality; and he owns four hotels and two restaurants in our city, and has been a great business partner to the city.

SENATOR VAN DREW: Ed, you hiring local people?

EDWARD ROTH: Only local people.

SENATOR VAN DREW: Thank you, Ed.

MR. ROTH: My family and I started 36 years ago with a little roadside motel outside of Vineland. And today, 36 years later, we own and operate four hotels and three restaurants: the Days Inn, Wingate Inn, Holiday Inn Express, and Hampton, all in Vineland; the Denny's restaurant and Bennigan's in Vineland, as well as the Denny's in Northfield. We employ about 250 local people in our Vineland locations alone. We built all of our businesses from the ground up so we created those jobs -- they did not exist before we built our businesses.

UEZ funding was a major catalyst in allowing my family and me to grow to this size. Conventional banks lend only about 70 percent of the appraised value of businesses, with the remaining 30 percent being the owner's responsibility. UEZ loans helped my family and me fill that 30 percent gap, and has made all the difference in allowing our projects to move forward.

Over the last 15 years or so, as soon as we opened one hotel or restaurant we started developing the next. In other words, when we finished the Denny's in Northfield, we started the Wingate in Vineland. When that was done, we bought the Holiday Inn Express in Vineland. When that was done, we added an addition to the Wingate. When that was done, we started the Bennigan's in Vineland. All those Vineland projects were made possible by UEZ funding and incentives. When the Bennigan's was done, we started the Hampton in Vineland. And now that that's opened, and added a dozen new jobs, we cannot move forward with any new projects. Why? Partly because UEZ funds have been frozen, and during a point in time when other lending institutions have scaled back.

Economists say that the current financial conditions are the worst since the Great Depression: property values are down; unemployment, defaults, and foreclosures are up; businesses and households are struggling. If the UEZ Program must come to an end, perhaps now is not the best time. After all, if the purpose of UEZ is to stimulate economic growth, we need it now more than ever.

The UEZ Program in Vineland/Millville has proven a revenue generator for the local and State governments -- it's not an expense. UEZ helped build businesses that now pay property taxes. Those businesses hired employees who now pay income taxes and spend their paychecks in the local community. My family's businesses alone have paid millions of dollars in taxes to Vineland and New Jersey State. The 250 jobs we created provide employment to local residents who now pay hundreds of thousands of dollars a year in New Jersey State income tax. We issue paychecks totaling millions of dollars a year that get spent locally.

I've been researching the development of another Denny's restaurant in Cumberland County that would create at least 50 more jobs, but I cannot proceed without the assistance of the UEZ funding and incentives, due to the current situation with conventional lenders.

Again, if this program must come to an end, please consider ending it when economic times are strong, not now while we're in the middle of the Great Recession.

I thank you for your time and consideration.

SENATOR VAN DREW: Well done, Ed. Thank you.

Dan.

DANIEL MULLOY: Yes.

SENATOR VAN DREW: You two can flip around; Sandy's the quarterback -- she's going to stay. (laughter)

MR. MULLOY: Good morning. My name is Daniel Mulloy, and I'm the General Manager and CFO of Omni Baking Company, located in Vineland, New Jersey.

SENATOR VAN DREW: Do you hire local people?

MR. MULLOY: As many as we can, sir.

SENATOR VAN DREW: Okay -- majority?

MR. MULLOY: We're very challenged every day. I deal with labor issues. We are constantly growing. As a matter of fact, we just put another shift on, and we can't get enough bodies to fill the positions that we need. So we do draw from other areas when needed.

SENATOR VAN DREW: South Jersey areas, I would assume?

MR. MULLOY: As far out as we can go, sir, because people want to eat bread every day, so if we don't have the people on the lines we can't run. So--

MS. FOROSISKY: I want to add he works with the Office of Employment and Training, and they provide all of his employees.

MR. MULLOY: We're a union shop.

MS. FOROSISKY: So they have a good program.

SENATOR VAN DREW: How many folks do you have working?

MR. MULLOY: Right now we're at 470.

SENATOR VAN DREW: Four hundred and seventy?

MR. MULLOY: Yes.

SENATOR VAN DREW: That's impressive; thank you.

MR. MULLOY: And we look at that count every week.

SENATOR VAN DREW: That's a lot of bread.

MR. MULLOY: Yes, it is. It's a lot of flour. We're just-- Okay, we'll talk about that later.

Omni relocated its baking and manufacturing to Vineland in 2001. We currently employ over 470 employees. Omni has worked with the Vineland UEZ since coming to Vineland from Pennsauken in 2001. In 2007, Omni began expansion of its facility that included a 3,000-square-foot building, leasehold improvements to existing buildings, production and packing equipment to support operations. The total cost of the project was over \$18 million. The City of Vineland UEZ aided Omni by giving us a \$5 million loan to finance a portion of the project. This was a great help to our company because it gave us a fixed, low-interest loan, and it also gave our bank a more secure feeling in the credit position within the company on such a large project.

If the UEZ was not involved in the financing of this project, it may not have moved forward -- or would have moved somewhere else. The project has allowed Omni to double its workforce in the Vineland area. Omni has increased its workforce from just over 240 employees in 2008 to close to 500 employees in 2011.

I also work with the Pleasantville UEZ office on another project that's provided financing for a start-up company, which has created 20 jobs in the Pleasantville area, and that if they didn't get that UEZ involvement, that company never would have gotten off the ground.

So thank you.

SENATOR VAN DREW: Thank you so much. Perfectly done.

And I think we still have-- Yes, Mr. Lampart, if you could come forward, please.

Ladies and gentlemen, when you hear that beeping sound, it means you have 30 seconds more. You'll hear it coming from here.

Senator Connors is monitoring that over there.

SENATOR CONNORS: I am. (laughter)

SENATOR VAN DREW: He's very serious about it.

SENATOR CONNORS: Mine says 20 seconds (indiscernible).

H A N S L A M P A R T: Good morning, Chairman, and thank you and the Committee.

My name is Hans Lampart; I'm here on behalf of the Landis Theater Redevelopment Project located in downtown Vineland, New Jersey. The Landis Theater actually began in 1937 as a moviehouse and a car dealership. It was closed for about 25 years when the city took it over, about five years ago. They retained me to redevelop the project into a performing arts center, and a restaurant and banquet facility. The Vineland UEZ provided about \$4.3 million of funding which was leveraged to obtain a \$10.5 million allocation of new market tax credits from the New Jersey Economic Development Authority. This catalyst funding from the UEZ generated about a \$5.5 million equity investment from U.S. Bank into the project. The total project costs were about \$10.5 million. The construction costs were a little over \$8 million, and I would say almost 100 percent of those funds were used on local contractors.

The project has been completed for a year, actually -- a full year. We had our anniversary last week. And it employs -- between the restaurant and the theater -- employs about 35 full-time people. And the

theater itself has had -- last year had 25,000 visitors. There's no question that this project could never have begun or been finished without the help of the UEZ financing.

SENATOR VAN DREW: Well done, Mr. Lampart, and it's certainly been a beautiful addition to Vineland.

Very quickly: This is not a North or South Jersey issue and, in fact, if the UEZs are lost, I believe it will even effect South Jersey, believe or not, particularly Cumberland County, more profoundly than anywhere else. Because it is-- Geographically it's my district; and it's in a remote area and doesn't have the opportunity that some other areas do, or have access to places like New York City and all the fallout that's created because of those areas around the northern New Jersey area. It will be devastating; it will be devastating to Cumberland County which already has -- and, again, I've said it many times and I wish I didn't, but -- the highest unemployment rate, the highest teen pregnancy rate, and a great deal of poverty. So it's very, very important. And the work that everyone has done in Cumberland County together -- the private sector, the public sector; for small, medium, and large-size businesses -- and the difference that it has made is profound, and we have been moving forward and we've been very much getting out of this hole.

So I appreciate the work that you do, and I thank you for being here. Thank you.

Okay, next, from the City of Jersey City we have -- I hope we're going to move some chairs around here -- David Diaz, Special Improvement District; and forgive me for not pronouncing correctly if I don't, some of these names: Alfa Demmellash and Alex Forrester from Rising Tide Capital;

Mike Cerchione from Apex Express; Bob Hesse from Dorchester Group; Cassandra Williams from Women Rising; Marilyn Rubin from Urbanomics; and Christine Barresi from McGinley Square, the Special Improvement District. If you could just all move, sort of, to the front and see what we can do.

If any of you-- We only have two minutes per person. If any of you want to give your time to someone else, you certainly can if you think somebody needs to speak for four minutes. But we are going to be taskmasters with this. Senator Connors doesn't fool around; he's a serious guy, and he's going to-- Right? You're going to keep the time over there, Senator?

SENATOR CONNORS: Absolutely.

SENATOR VAN DREW: Okay, so, go.

A L F A D E M M E L L A S H: All right; good morning, Senators. My name is Alfa Demmellash. I'll be speaking on behalf of myself and Alex Forrester, representing Rising Tide Capital. This is a nonprofit that is headquartered in Jersey City, New Jersey.

I'm here today to give testimony to the transformative and catalytic role that the UEZ Program has played in the life of the community I live in and the community I serve. I'm here today to urge you to save the UEZ Program and, in particular, its ability to fund local economic development projects and initiatives. There is no other vehicle like it in New Jersey; regardless of how it should be reformed, I deeply believe that its capacity and potential should not be lost.

As part of my testimony, I would like to tell you a little bit about what I do, and why, and how the UEZ Program has been essential to our work.

Rising Tide Capital is a nonprofit organization dedicated to the economic empowerment of low income individuals and community (indiscernible) entrepreneurship. Through high-quality business education and consulting, we assist talented men and women to start and grow successful businesses which generate jobs and economic opportunity for their owners and their communities.

We do this work because we know that harnessing the entrepreneurial energy that already exists in low-income communities is one of the most powerful ways and the most cost-effective way to revitalize our urban centers for long-term sustainability. In fact, we do not believe that there would be any successful approach to economic development and poverty reduction in New Jersey that does not include entrepreneurship as a core initiative. Capital flows to where there is entrepreneurship, not the other way around.

Since starting our programs in September 2006, Rising Tide Capital has graduated over 376 low-income entrepreneurs from its Community Businesses Academy program. I'm proud to say that there are 175 businesses open today because of this program, each one generating a job and critically needed revenue for its owner; and many of them, about 20 percent, already are generating employment for others. These are humble businesses, often starting home-based and part-time; but they are powerful economic engines when you understand that one in five families in New

Jersey cannot afford basic living expenses like food and rent despite having at least one household member employed full time.

This past summer we conducted a study that found that within one year our entrepreneurs see an average of 80 percent increase in their business revenue and 14 percent increase in their household income; which means that for every dollar invested in Rising Tide's programs, \$3.80 goes back into the local economy.

Behind these numbers are the stories of Bernard, a janitor at the local university, who used his experience to create a commercial cleaning business; and Robin, a florist, who was about to lay off five employees because she couldn't handle her business, but she came through our programs and was able to strengthen it and retain those jobs.

Research shows that if one in three such businesses add just one more job, we would be at full employment in the U.S.

There are 172 other stories, but I won't get into them. I would say that the UEZ Program has, by investing initially \$20,000 in 2007 in Rising Tide Capital, allowed our programs to flourish and impact the lives of many. It has become a nationally recognized program, through CNN *Heroes*, President Obama, and with the support of our Mayor, our City Council, Roberta Farber -- whose vision and leadership as UEZ Coordinator in Jersey City has-- We would never have imagined that we would be able to get to this point. It's an example to other cities, and to others throughout the nation, around poverty reduction.

I would also add that the UEZ funding that we get is matched by philanthropic sources four-to-one, and that may be another approach in

which we can save the program, which is to recommend that we find other sources to bring and leverage.

SENATOR VAN DREW: Thank you.

MS. DEMMELLASH: Thank you very much, and I urge you to do all that you can to save this very important program.

SENATOR VAN DREW: Very, very well done, and very good points. Thank you.

SENATOR RICE: Through you, Mr. Chair, I just want to remind you---

SENATOR VAN DREW: Hold on, Senator. What we're going to do is, we're going to hear the testimony--

SENATOR RICE: I understand that.

SENATOR VAN DREW: Senator, we're going to hear--

SENATOR RICE: But that's why I want to make a statement to her, just a quick one.

SENATOR VAN DREW: We're going to hear the testimony from everyone, and then the entire Committee can address everyone together; so they'll stay up there.

Who is next?

MICHAEL CERCHIONE: Okay, my name is Mike Cerchione from Apex Express. I'd like to tell you our story of how the UEZ helped us back in 2003.

We had a terminal -- we're a trucking company -- we had a terminal in Brooklyn. We were faced with growing our business or staying in Brooklyn, New York. We had three choices at the time: stay in the facility we had, get another facility, get one bigger facility and combine

everything in New York, or move to another facility in Jersey City or in New Jersey somewhere.

With the help of the UEZ, Apex moved into Jersey City. Since then we brought over, originally, 48 jobs from New York -- originally -- that were added into Jersey City. At our busiest time, which was in 2007, we had as many as 86 jobs. With the down economy, in 2009 and 2010, it's gone back down to the original 48 that we had brought over in the beginning.

The success of the program-- Apex Express alone has paid into -- with payroll taxes -- a total of \$494,854 over the past six years. It was given to New Jersey; it would have originally been in New York had we not moved.

Most of our employees that we hire are blue collar employees, and they're all hired from the cities Union City, Jersey City, Bayonne, Newark, and Kearny. Our industry's been very badly hit in the last couple of years; we're hoping to grow a little bit better in the next few years. And by being in Jersey City we're poised for growth in the future.

And that's it.

SENATOR VAN DREW: Thank you very much.

R O B E R T H E S S E: My name is Bob Hesse; I am with the Dorchester Group.

Basically I am a venture capitalist; I look for businesses to start and bring them where they need to go. About a year ago I approached Ms. Farber with a deal that we were working on -- it was a vertical farming deal, where we were going to acquire or lease properties that -- rundown buildings, which Jersey City had a lot of. We had a commitment for over

\$10 million of permanent financing. We needed some seed capital -- some of which was going to be provided by my company -- but we didn't have enough of it. The deal fell apart and it moved to Rhode Island. Roberta and the people at the Liberty State Park were very helpful, very aggressive in trying to give us what leadership and what help they could, but at the end of the day it came down to money and we couldn't provide it.

And from my perspective, as a venture capitalist, I go under the motto that wealth needs to be created before it can be dispersed. So for you all's benefit, these cities, this state, this country -- it needs to create jobs, but it needs to take a first step at it and not think about where the money is going to be spent and how the money can be spent, to create the jobs to get the money.

Thank you.

SENATOR VAN DREW: Okay, thank you. You just made it.

Yes.

D A V I D D I A Z: All right. My name is David Diaz; I'm the District Manager for the Central Avenue Special Improvement District.

And not to be redundant, and to save some time, while there are numerous benefits of the UEZ Program, one critical aspect that we want to place emphasis is on the role UEZ funds play encouraging partnerships between the public and private sectors. One case in point is Jersey City, where there are four special improvement districts that, until recently, received one-to-one matching funds from the UEZ grant. Combined, the four SIDs contribute to nearly \$1 million in private investment towards the improvement of Jersey City's business centers. The matching grant provided by the UEZ funds was the incentive for creating the SIDs and

establishing a public-private partnership to invest \$2 million annually into one of New Jersey's largest urban municipalities. Without the partnership, the challenges of our urban environment will continue to discourage new entrepreneurs from settling within our city the UEZ Program was designed to reinvent.

Today, the celebrated UEZ Program is a key factor in stabilizing local economy and providing the labor market with desperately needed jobs. A bad economy has taken its toll, and the budget demands have forced the State of New Jersey to make unfortunate decisions. One choice that should not be difficult is to keep the tools in place we need to create and sustain economic development. Like a carpenter needs his hammer, New Jersey's older business areas need Urban Enterprise Zones.

Thank you.

SENATOR VAN DREW: Well done, thank you.

Now I will take questions from the Committee -- Senator Rice.

SENATOR RICE: I didn't have a question; I just wanted the young lady, when she was giving the accolades out, to let you know that Senator Cunningham is very adamant about this. And prior to Senator Cunningham we had Senator Cunningham, who was also the Mayor, who pushed this.

So I just wanted Jersey City to understand that. You see, I'm not one to sit here and watch people think that everybody in the city who is participating or helping are the people who are named all the time. I just wanted to give my colleague her just due; and my colleague, her husband, who was in both capacities for a number of years.

That's all I wanted to do, Mr. Chairman, okay?

SENATOR VAN DREW: Thank you, Senator Rice.

And Senator Cunningham-- I communicated with her today; she very much wanted to be here. She was actually going to sit up -- even though she's not on this Committee -- with us. She's been a strong and ardent supporter. She sits with me and Senator Ruiz on the Budget Committee. So we're doing our best on Budget, as well, to see what we can do through the Budget Committee in order to save this process and to save the Urban Enterprise Zones. But she did want all of you to know that her thoughts are here. She's having a very major event, for those who know, tonight -- in fact, I hope to be there -- and she's trying to organize that event. So for that reason she was unable to make it.

Thank you all; job well done.

The City of Millville: We have Don Ayres, UEZ Coordinator-- I'm sorry, we have more. I'm sorry, okay.

UNIDENTIFIED MEMBER OF AUDIENCE: That's okay. Thank you.

SENATOR VAN DREW: Not quite.

UNIDENTIFIED MEMBER OF AUDIENCE: Not quite the room, so--

SENATOR VAN DREW: I didn't mean to forget about you; go ahead.

I L E N E S I N G H: No -- okay. Yes.

Good morning -- good afternoon. My name is Ilene Singh, and I work in Jersey City in WomenRising. And I work in a training program in hospitality. It's a program that is co-sponsored by WomenRising and Hudson County Community College. It's a four-month program; students

earn 10 college credits and they get industry certification. This program is funded by the Urban Enterprise Zone. And with a suspension of funds, there would be no more opportunity.

I could go on and on about this program, but I think it's more compelling if you could hear the story of one of our graduates. So with that in mind, I would like to introduce Cassandra Williams, who will tell you her story.

SENATOR VAN DREW: Thank you.

Welcome, Cassandra.

CASSANDRA WILLIAMS: Good morning, good people. And I do understand that if we're going to speak, we should not waste our words.

SENATOR VAN DREW: Anybody who says that elected officials are good people right from the get-go-- We're with you. (laughter)
Go ahead; thank you.

MS. WILLIAMS: Well, I'm a graduate of the hospitality program of WomenRising. And, basically, in a nutshell, we need this program because women like me, who are in the urban areas with not a lot of things to do and not a lot of programs to help us move forward -- this program-- When I walked in the door, and I was greeted by Ilene and a couple of the other staff, immediately I wanted to get involved in this. Because I knew that they could help me move forward in my life.

So I entered into WomenRising, did the four months, the college courses -- it was no joke: it's like cramming two years in four months. It wasn't easy but it was very necessary. And so if we can do anything to keep this program in our community, because we have a lot of

young women-- I see a lot of young women who are on assistance and everything, and just need something to do.

I graduated, worked in a hotel-- I graduated in 2004. I left the Westin Governor Morris, went to Weehawken Sheraton, and in six months -- this is how good they prepared me -- in six months they asked me to supervise their overnight. So you are looking at one of WomenRising's stars. And so that you know -- no, really, because it's very necessary. So if you guys can give us the funds, or whatever it is I'm here to do with my testimony to convince you people (laughter) that we need these funds-- We really need them.

And I thank you for listening, and you guys continue to have a God day. (applause)

SENATOR VAN DREW: Thank you. We're very proud of you.

C H R I S T I N E B A R R E S I: Good afternoon. My name is Christine Barresi, and I'm the Director for the McGinley Square Partnership. And just as she so eloquently stated, we have so many organizations in our area, and without that support of the Urban Enterprise Zones, none of this would be happening.

McGinley Square is a unique little community. We have three major churches -- one that's been there for 350 years; we have a high school, we have a grammar school, and one block away we have Saint Peter's College. And as the President of the college stated to us, "Parents need to know the area is safe and what is there for the students."

So it's not only the businesses that would be affected without support from the UEZ, but all the hundreds of students and the people who

live in the community, and people who deserve quality of life. So there's a lot at stake, and we ask that the UEZ be continued to help in many ways, not only businesses, but people also.

SENATOR VAN DREW: Well done; thank you.

Senator Ruiz has a question for one of you.

SENATOR RUIZ: It's just a comment.

I don't think I have ever heard the UEZ funding being utilized in this way. What an extraordinary way to educate, empower, and then employ. And I just want to commend that work, and I hope that when we get to the point where we reinstitute or amend this program that other counties will duplicate what you all have demonstrated to be a success.

MS. BARRESI: Thank you.

MS. WILLIAMS: Just one thing before I go, because I brought this with me, so I must share it with you. These are my certificates, okay? (laughter) In every part of the hotel.

SENATOR VAN DREW: We really are proud of you, and I think Senator Ruiz said it: what was it -- educate, employ, empower?

MS. WILLIAMS: Yes.

SENATOR RUIZ: Oh, wow, I know. We should brand that, right? (laughter)

SENATOR VAN DREW: (Indiscernible) really is. She's on to something. (laughter) (applause)

City of Millville: Don Ayres, the UEZ Coordinator; and Gary Bragg from Gran Prix Partners.

Thank you for being here. You can pass-- Bring the testimony forward.

D O N A Y R E S: Thank you very much.

SENATOR VAN DREW: And I would only ask that you do not read the testimony. Thank you.

MR. AYRES: Am I on? (referring to PA microphone)

SENATOR VAN DREW: You're on.

MR. AYRES: Yes, very quickly, since we're focusing in on project financing, which is what has been zeroed out in the previous year and proposed for this year. And that has all come from sales tax collected within the zones, and then used for project financing.

I would just like to point out: In our instance, and I think in many others, that we have actually created more sales tax by the projects we have funded. About eight years ago we had about \$1.2 million in collections, and we took those monies and put in infrastructure in areas where we knew we could create more retail and commercial development. And before the funds were cut off we were collecting \$4.8 million. So what we're doing is creating more taxes; they do get split with the State. So we're building the pie, making the pie larger; and that's the point.

SENATOR VAN DREW: Very quickly, Mr. Ayres: Explain what you mean by infrastructure -- just so the rest of the Committee knows.

MR. AYRES: Well, we had been unable to develop a commercial area because the infrastructure cost -- the water, the sewer, and public roadways, drainage and all the related ancillary investments -- were too expensive to make the project work for the private developer. So we went in and put that infrastructure in. We subsequently now have over 800,000 square feet of privately built commercial projects there; and they

are throwing off the new sales tax that has increased the fund, and that fund gets split, as the years go along, with Trenton.

So I would just like to make the point that some of the \$90 million we're talking about was created by the investment of those very same types of dollars.

SENATOR VAN DREW: Thank you, Mr. Ayres.

G A R Y L. B R A G G, ESQ.: Good morning, Mr. Chairman, members of the Committee. Thank you very much for allowing not just me, but everyone here today to offer remarks about this very important program --- the Urban Enterprise Zone.

I'm here to tell you about our specific project in the City of Millville, which could not have happened without the support of the elected officials in Millville -- Mayor Tim Shannon; Vice Mayor Joe Derella; Don Ayres, Economic Development Director; even the city attorney had a role in making sure that this particular project went forward.

What was the project? It was a brand new hotel, the first one built in over 30 years in the City of Millville -- a Marriott Fairfield Inn and Suites; four-story; 111 rooms; at the intersection of State Routes 55 and 47, on two-and-a-half acres of ground adjacent to a 500,000-square-foot shopping center named Union Lake Crossing. It's a wonderful example -- what you're going hear about -- of what can be accomplished to stimulate the economic heart of a city, a county, and a state when there's a partnership of private and public interest like we had here.

Obviously a central part of any development like this is the financing component, and that's really what the UEZ provided to us. When we first identified this site in 2008, if you'll think back, banks were

actually lending money, real estate was actually appreciating in value, building contractors actually had more work than they could handle. And then the Great Recession began, and this project could have died instantly had it not been for the good work of Don Ayres and the elected officials of the City of Millville.

When we went to over 25 banks and asked for financing for this type of a project, they kind of looked at us cross-eyed and asked with an incredulous tone, “You want a construction loan *now*? For a hospitality project? In this environment?” The only thing they didn’t say is, “Are you nuts?”

But because of the financing package that the Millville group put together for us, which included \$12.8 million from private investment financing; \$1 million from a subordinated UEZ loan; and \$1 million to come from a New Jersey EDA direct loan, this \$14.8 million project was completed and opened last month. There are at least 30 jobs created by virtue of that; it’s projected to go to 50 -- 99 percent of which comes from the local community.

This is a great example of what this funding can do. The benefit as well of having a new, large, tax ratable on the books can’t be overlooked. The payment of the share of State and local hotel taxes can’t be overlooked. This is part of the economic engine that the City of Millville, as part of its tremendous revitalization program, has undertaken, and we’re very proud to be part of it.

Without the UEZ funding this project would not have happened.

Thank you very much.

SENATOR VAN DREW: Thank you both; thank you, Mr. Bragg, thank you Mr. Ayres.

From the City of Perth Amboy, we have Barry Rosengarten, the UEZ Chairman and business owner; Mayor Diaz; and Virginia Lugo, the owner of Access Title. If you could please come forward.

MAYOR WILDA DIAZ: Good morning.

SENATOR VAN DREW: Thank you for being here.

MAYOR DIAZ: Thank you for giving us this opportunity to be able to present our case.

I am the Mayor of Perth Amboy; my name is Wilda Diaz. And I will officially be Mayor three years on July 1. I am the first woman elected as Mayor of that city in the 327-year history of the city.

SENATOR VAN DREW: Congratulations.

MAYOR DIAZ: Thank you very much.

I'm here to echo what my peers have been saying -- my fellow mayors. This is not the time to eliminate a program that works. I mean, it does need to be amended, and there might have been errors in the past. But going forward, this program, if it was eliminated, would be detrimental to urban areas, like Perth Amboy which has had such a high foreclosure, unemployment. We need to build up our cities. We need to start helping our municipalities, especially the urban cities which have been the hardest hit during this economic crisis. We haven't seen a crisis like this -- and you're seeing it now, and hearing about it -- in 80 years. And Perth Amboy has been affected tremendously by the downturn in the economy. But in my three years I have seen the benefits of having a Urban Enterprise Zone.

I'm here because we did do our research; and I'm glad that Senator Rice had pointed out a couple things that we did before coming before you, where we were able to go back and track the progress and the positives that had happened within our city.

During the 17 years that the city has been with the program, there was a vital-- It is a vital tool for our economic development. More than \$19 million in physical improvements in the areas of projects, marketing, and the façade grants have helped Perth Amboy. And I could tell you that growing up-- I was born and raised in the City of Perth Amboy, and I remember exactly what Jerramiah Healy said previously about what our urban cities were like back in the '70s. And I've seen how the Urban Enterprise Zone did help the city during these last 17 years.

It is crucial-- Small business people right now are not finding loans in the banking industry. You're hearing right now even in the residential homes, people are not-- You know, it's been very tough right now for everyone. We need to help our cities. This is not the time to do away with a program that, right now, at -- especially during these times. If anything, it would hurt tremendously municipalities like Perth Amboy.

My recommendation-- Our city's recommendation would be to-- If you decide to make an amendment, to think about funding at least at 2.5 percent -- or just for it to be constant so that we can budget and we can determine the projects that we're going to fund in the future.

So, again, I'm urging you to, please: This is not the time to do away-- And it worked. We've had many city residents hired by the companies that participated with the program.

SENATOR VAN DREW: Mayor, thank you so much; and continued success. (applause)

MAYOR DIAZ: Thank you.

SENATOR VAN DREW: You brought your fan club with you. (laughter)

UNIDENTIFIED MEMBER OF AUDIENCE: At least Jersey City. (laughter)

SENATOR VAN DREW: Yes, crossing borders.

Yes, sir.

B A R R Y R O S E N G A R T E N: Senator, my name is Barry Rosengarten. I serve as Chairman of the Perth Amboy Urban Enterprise Zone. I've been on the board for 19 years.

As Mayor Bollwage and our Mayor just said, I'm not here to repeat my former statements about the important attributes that accrue to benefit Perth Amboy and all the zone areas. As Mayor Diaz stated, throughout the years of our participation, the Perth Amboy UEZ has investments in capital improvements that have created many important projects that will live and will allow our residents to continue to enjoy the benefits of those major improvements for many, many years.

Because of the consumer tax incentives, our City of Perth Amboy has a busy downtown serving many of the needs of both our residents and those who have discovered the benefits of utilizing our local and small merchants by shopping in our downtown. Without the UEZ we would not be able to compete with the regional shopping centers.

I'm here today to focus on today and our future, and the absolute need to extend the funds necessary to support the State

administrative personnel by continuing to administer the program on a local level, in its present form or as it may be modified. Only with local day-by-day supervision will the program have the ability to sustain or grow.

Our UEZ works collaboratively with our Perth Amboy Redevelopment Agency. We are endeavoring to attract new industry, particularly in the area of renewable energy with our newly designated 100-acre energy port, and to motivate other developers to develop other excellent sites. The redevelopers that are attracted to Perth Amboy are motivated by the UEZ tax incentives. Their efforts in development will pay back exponentially and create many millions of dollars of future growth, millions of dollars of tax dollars that will accrue to the benefit of our great State of New Jersey and our city, and will create hundreds and hundreds of both construction jobs and full-time employment.

The incentives and motivation provided by the Urban Enterprise Zone is a key factor in our future success; and in order to have continuity and grow the UEZ, we need to have our ability to have eyes on, hands on our zone on a day-to-day basis. If we don't have local supervision provided through our local administration, the program is doomed to failure. Governor Christie heard the reasoning and this plea a year ago and provided the continuation of local administrative funding.

I implore -- not naively -- that this panel, working together as one with our State legislators and the UEZ communities, will provide the motivation to influence the Governor to sustain the UEZ and local administrative funding. We need it to continue to provide to our city its great benefits.

I'd now like to introduce you to a very active business leader, and member of our Urban Enterprise Zone, Virginia Lugo.

VIRGINIA LUGO: Thank you.

SENATOR VAN DREW: Thank you, Mr. Rosengarten.

MS. LUGO: Thank you.

Good morning, Senators. My name is Virginia Lugo. I am the owner of Access Title Corp.; Green Access, LLC; and Amboy Insurance and Investments in Perth Amboy. I'm here today to voice my concern about the elimination of the UEZ benefits to the cities, and the elimination of the funding for the administration of the program at the local level.

I thank the administration for keeping the benefits for the businesses; however, businesses like mine also rely on the services provided by the cities for the Urban Enterprise Zone.

In my line of work I have meetings in my office with very powerful investors from out of the country; people who want my company to expand and grow, and also want to invest.

The physical appearance, the security, and the way my city is promoted is very important to me. When these private investors come to Perth Amboy and see recent physical improvements to the central business district and the industrial areas within the active industries, they want to come back and do business in Perth Amboy. Without the UEZ funding to maintain a vibrant central business district and an attractive industrial park, all the investments made by the program will deteriorate.

I plead for the support of the UEZ, and to continue to fund the projects and the administration of the program. The well-being of my business and thousands of others, as well as thousands of jobs, are in

jeopardy. Please keep the funding for the projects and funding for the continuation of the administration of the program at the local level.

Green Access, LLC has presently proposed to be able to do a training for 20 people to become solar installers, and only through the UEZ being able to help my business and to be able to institute this program will I be able to continue this startup business in the green.

Thank you.

SENATOR VAN DREW: Thank you for being here; thank you all for being here.

Good luck, Mayor; thank you very much.

From the Wildwoods, we have the UEZ Coordinator Lou Ferrera; Clark Doran from the Morey Organization -- I believe it's the two of you?

L O U I S F E R R E R A: (off mike) Yes.

SENATOR VAN DREW: Okay.

MR. FERRERA: Thank you, Senators. I have a message from my Mayor, Ernie Troiano, who is currently busy preparing the ocean to be opened tomorrow. (laughter) It's actually a formal ceremony; they have a key and they'll open the beaches and the ocean.

SENATOR VAN DREW: Absolutely. I do not mean this disrespectfully -- I love the ceremony -- but I have a sneaking suspicion it would open up with or without the key and you doing that. (laughter)

C L A R K D O R A N: (off mike) Invite them all down.

MR. FERRERA: The \$38 billion vacation industry, and the second-largest economic sector in New Jersey depending on the year, accounts for about a half a billion (*sic*) jobs. Cape May County, which

attracts 50 million visitors annually, employs about 35 million (*sic*) people a year in the tourism trade. Last year, the travel and leisure industry in Cape May County generated \$16 billion -- or 41 percent -- of the State's tourism revenue. The county reserve (*sic*) ranks second only to Atlantic City among Garden State destinations.

The region's 2010 median household income is estimated at under \$41,000, with nearly 61 percent of the households earning less than \$50,000 annually. This is less than half the median family income for New Jersey, and according to a draft of the 2007 Municipal Revitalization Index 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 out of 566 municipalities. The city's per capital income, as per the 2000 census, was \$13,000, or 556 lowest of 560 municipalities in New Jersey. In addition, the city has 20.2 percent of its residents identified as being below the poverty level, and 67.4 are considered low and moderate income.

I'm going to jump to the last paragraph, Senator.

A recent study conducted by the Delta Group for the Department of Community Affairs -- Lori Grifa -- suggested UEZ 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 percent of project funding has been used for infrastructure projects, including the long overdue start of the Boardwalk reconstruction. The Boardwalk is often called the economic heart of the community, and the UEZ was the first to offer funding in over 100 years to reconstruct this valuable, valuable asset to our community.

Again, I'm not going to go into the project, but it's very simple to see if you visit the Wildwoods that that Boardwalk reconstruction created an impetus for new businesses on the boardwalk, including the Morey's new Ghost Ship, Joe's Seafood, Captain Jack's, a future roller coaster worth over \$13 million. The deterioration of that Boardwalk will have a major impact on those businesses being able to make their investment. And that's why I asked Mr. Clark Doran from the Moreys to come today to express just how important those improvements we've made to the area and the infrastructure are on their investment to the community.

So again, I apologize for the Mayor not being here personally.

SENATOR VAN DREW: No problem. We know he's got a lot going on.

And I thank you for being here, Mr. Ferrera, and I thank you for the work that you do.

MR. FERRERA: Thank you. You have his full testimony in writing.

SENATOR VAN DREW: Thank you. We will make sure every member has that.

MR. FERRERA: Thank you.

SENATOR VAN DREW: Clark, summarize for us. We're so glad you're here.

MR. DORAN: Thank you, Mr. Chairman, Senators. My name is Clark Doran; I'm the Director of Planning and Development for Moreys Piers and beachfront water parks located in Wildwood and North Wildwood, New Jersey. We're one of the largest employers, investors, and

taxpayers in Cape May County, and we're strong supporters of the Urban Enterprise Zone Program.

I'm 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 benefited 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 other businesses in the community. Every dollar saved results in the investment of about \$2 or \$3 as a result of that leverage factor.

Many business, civic, and governmental leaders and groups are now hard at work on the creation of a new Wildwood. The effort began with the construction of the Convention Center and the creation of the Tourism Authority. It continues today with many priority projects which are now underway. 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 is now partly complete; stopping the funding now would have a very negative effect on that project and on current redevelopment plans, such as the Wildwood Vision 2015 Plan, with many critical elements for the future health of the city. I will leave a copy of this and not give any examples.

The UEZ Program in the Wildwoods and my friend, Lou Ferrera, its Executive Director, have played a key role in the creation and implementation of other meaningful redevelopment efforts. It is in our best interests and in the State's 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'm confident that the few dollars invested now will, in a few years, look like a great investment by the State of New Jersey.

We have read the Delta Development Group study dated 2011. While we've only been directly involved with the Wildwood program, which appears to be a success by the metrics contained in the study, it does appear that there may be valid points raised that are worth investigating. 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 changes in a way that will improve the program and outcomes, and assure subsidies involved are wisely invested.

Thank you very much.

SENATOR VAN DREW: Both of you, thank you for taking the ride up. I know it's a long ride. Thank you very much.

MR. DORAN: Thank you, Senator.

SENATOR VAN DREW: From the City of Asbury Park, we have Tom Gilmour, who is the UEZ Coordinator. Along with him we're also going to bring up the City of Long Branch -- Harold Woolley, who is the Business Administrator, and Robert Wozmak, the manager of Pier Village. We'll bring Asbury Park and Long Branch up together.

Mr. Gilmour, you're on.

T O M G I L M O U R: Good morning. Thank you so much for this opportunity to talk about the Urban Enterprise Zone Program.

My name is Tom Gilmour; I'm the Director of Economic Development for the City of Asbury Park, and also was an employee of the Commerce Commission in the Urban Enterprise Zone Program prior to that.

My comment here is that we're in very tough economic times right now; this budget has asked everybody to make cuts. However, they're putting us out of business. It doesn't make any sense in this environment right now. This is the only program left in the State of New Jersey that really benefits the small businessperson. We need to keep this program.

I encourage you to come up with an alternative proposal here, get it in front of the Governor, and get it to be part of this budget.

I just want to give you a quick example of what's happening in Asbury Park. If any of you have been there lately you have seen just a dramatic turnaround in what's gone on there. And that's directly related to UEZ investment in the city. In 2002, when I came to the city, our beach revenues were \$35,000; last year our beach revenues were just a little bit under \$800,000. Money was invested to clean up the beach, to re-create

the Boardwalk. Retail revenues in 2002 were just a little bit under \$200,000; last year they were \$10 million, and we're projecting a 20 percent increase in those retail revenues.

A very important point that everyone should be aware of is not every business in our city charges 3.5 percent. You've heard some testimony about some hotels -- they're all charging the 7 percent sales tax rate. So what the UEZ Program has done is actually benefited the State's revenues. A lot of that surplus that you see right now? I bet if you did an analysis of that, a lot of that money is coming out of UEZ zones.

A very quick point here: When you put your alternative proposal on the table, make sure there are performance measurements in there. I think if there were performance measurements right now we wouldn't even be having this discussion right now.

SENATOR VAN DREW: Tom, there will be.

MR. GILMOUR: Great.

SENATOR VAN DREW: Thank you so much for being here.

MR. GILMOUR: Okay, thank you.

SENATOR VAN DREW: Thank you.

And Mr. Woolley, and Mr. -- I want to pronounce your name correctly -- Wozmak (indicating pronunciation).

R O B E R T W O Z M A K: Wozmak, right, correct. (indicating pronunciation)

SENATOR VAN DREW: I got it, good.

MR. WOZMAK: That's it -- very good.

SENATOR VAN DREW: Thank you for being here.

J A C O B L. J O N E S: Senator, I'm not Mr. Woolley--

SENATOR VAN DREW: Okay.

MR. JONES: -- so I just want to make that correction. He had a family matter that came up; he couldn't be here.

SENATOR VAN DREW: And so who are you?

MR. JONES: I am Jacob Jones, the Director of Community and Economic Development for the City of Long Branch; also the UEZ Coordinator.

SENATOR VAN DREW: Thank you for being here.

MR. JONES: We're here today just to discuss a little bit about Long Branch. In 1987 there was a fire in Long Branch that destroyed the Haunted Mansion and some other uses. All those uses that were not destroyed shortly moved out. So we had a completely devastated oceanfront. And it remained that way for another 18 years. Until we had a groundbreaking in 2005 which was the start of Pier Village, that oceanfront was a mess. So we developed a mixed-use development which, again, came along in 2005, which completely transformed that oceanfront. We were able to do this with the help of UEZ funds.

I have, along with me today, Mr. Bob Wozmak, who manages Pier Village.

Bob.

MR. WOZMAK: Great. Thank you very, very much, Senators; I'm delighted to be here.

Mr. Jones, obviously, has given you the picture of what Long Branch was. And today and the future -- Long Branch is a lot different. There are so many-- I can tell you about the 518 residential apartments; I can tell you about the 100,000 square feet of meeting space, seven

restaurants; \$18 million of annual revenues that these retailers and restaurants provide for themselves and for the community.

But the most important thing is the number of walks and benefits -- the American Cancer Society. I use as an example the Ray Licata Memorial Swim. Ray Licata was a lifeguard in the City of Long Branch; he died many years ago saving someone -- and they do a walk. Pier Village is an oceanfront community, it has great public space. And what happens is that people love to gather. If you take a look at the New Jersey Marathon and see that they had close to 7,000 people, 8,000 people this year -- and continuing to grow. This wonderful outdoor space, the ability for the community to meet and bond, is really one of the great values of Pier Village.

And of course when people are there they spend. They see our apartments, they rent our apartments, they come into our retail space. There's a whole socialization that really results in direct economic benefit for the 500 people who work in our communities; they're working for individual entrepreneurs in stores -- whether it's a furniture store, whether it's Rocky Mountain Chocolate, the Turning Point restaurant -- these people have gainful employment, thank God; and so do I. As I've often said, if it wasn't for Pier Village, I would not have a job today working in such a great community and working with Long Branch and, of course, my owners -- Applied Development Company.

SENATOR VAN DREW: Thank you. (buzzer sounds) Boy, perfect timing, too, by the way.

MR. WOZMAK: I did; I tried. (laughter)

SENATOR VAN DREW: You guys do have your act together.

Thank you very much for being here.

MR. JONES: Thanks for having us; we appreciate it.

SENATOR VAN DREW: Thanks for the work you do.

We're going to ask Stuart Koperweis from MPPPS to come forward, from Hudson County. And we've spoken before; it's good to see you again.

S T U A R T Z . K O P E R W E I S: Yes, we have, Senator. Thank you so much.

SENATOR VAN DREW: Good to see you again.

MR. KOPERWEIS: Thank you; hello, Senator. Good to see you all.

Again, I commend you-- I'm also here, not only as a private citizen in terms of my corporation, but I'm really here as the Secretary of the Board for the Hudson County Comprehensive Economic Development Strategy. And that strategy is necessary in order to receive funding from the Federal Economic Development Authority in order to put together programs at the local level. And the reason that we're here doing that, as representatives, is that there is a resolution that is before you, that you have, that was supported by all the mayors of the municipalities, the business community, and the entire committee -- which is made up of about 35, 40 individuals and their representatives. And it's very critical, I believe, that you look at that and recognize it and understand it, because what it's saying is that there is unanimity between all of these officials -- both the business, and the private sector, and the public sector -- recognizing the importance of the Urban Enterprise Zone and the role it has played over the last 20 years in creating economic growth and development. And, quite

frankly, ladies and gentlemen and Senators, and also constituents of this great State of New Jersey, is that we're here for economic growth and development. That is the role. And if we all recognize that that's the role that we're trying to work towards, then we can recognize that we are trying to fix a situation.

I'd like to give you a real quick analogy: I've been involved, Senator, as you have been, for years and years and years with the Urban Enterprise Zone -- for almost 20 years now -- with Elizabeth, Newark, and Jersey City, at the time which put together the Mayors' Commission to help work at this particular program and bring it forward. It's basically in its adolescent stages. If we look at the analogy of a child, it's exactly right -- it needs responsibility, but it also needs to be able to be held accountable. And in order to do that as an adolescent child, we have to work with it and allow it to become a young adult. And once we allow it to become a young adult, we need to work towards it to become a full, mature individual and program, which it was intended to do.

And that's what I believe we need to ask ourselves here today, because I also have a sales background. And very quickly, the way you look at that is that you ask the question. If you don't ask for the order, you never get the order. And the reality of today is, Senators, what are we going to do? And I believe what we need to do is recognize that this program has to go into a transition period -- and it has to come from this body right here, and that it comes from all the elected officials; and recognize the importance that it has created. And over that two-year timeframe put together a commission that's going to look at it and allow it to become the

young adult and the great mature adult that it will be, so that it's a driving force for the State of New Jersey.

Thank you very much.

SENATOR VAN DREW: I agree. Thank you, Stuart.

MR. KOPERWEIS: Thank you.

SENATOR VAN DREW: Thank you for being here.

From the City of Newark: Here we go, Senator Rice; your guys are coming up.

SENATOR RICE: They're not my guys.

SENATOR VAN DREW: Well, some Newark guys are coming up (indiscernible). Mr. Hanini from -- is a principal, actually -- is a principal in the Hanini Group; Steve -- I'm going to try -- Yglesias. (indicating pronunciation)

S T E V E N T. Y G L E S I A S: (off mike) Yglesias (indicating pronunciation).

SENATOR VAN DREW: Yglesias; Yglesias.

SENATOR RUIZ: Oh, it's my friend.

SENATOR VAN DREW: Senator Ruiz could have helped me with that one, right? And he is the owner of the Mompou Lounge.

SENATOR RUIZ: Mompou (indicating pronunciation).

SENATOR VAN DREW: Mompou.

SENATOR RICE: Mompou.

SENATOR VAN DREW: Okay. Which sounds like fun -- is it?

SENATOR RUIZ: It is.

SENATOR VAN DREW: Okay. How come you never told me about this?

SENATOR RUIZ: Oh, goodness. (laughter)

SENATOR VAN DREW: And Seth Grossman from the Ironbound BID.

Thank you all for being here.

S A M E R H A N I N I: Good afternoon; my name is Sam Hanini, principal with the Hanini Group. We're a design-build developer in downtown Newark.

In the past two years we've taken a lot of old buildings that are in the downtown, that have been sitting still for 20, 30 years, and we've brought them back to life with the façade program -- it helped us do that. We were able to take these one-off buildings on a street that was really not walkable. You bring one building back to life it really motivates the other surrounding neighbors to upgrade the buildings. This year we're working on a hotel project in downtown Newark; it's a \$23 million project. We were able to get a \$2 million loan from the UEZ. The good thing about the UEZ loan is that actually-- It's the timing of when it comes into the program. Because it came in so early, it helped us do the project. This project's going to help us create over 100 permanent jobs and over 200 construction jobs. It's going to be the first elite platinum hotel rehab in the country; it will be the first building with 100 percent LED lighting. It's a really, really good program -- we're pretty proud of it.

On a personal level, I think the UEZ Program is important because it's the only program in New Jersey that promotes sustainable development. There are no other programs in New Jersey; the EDA has a program for the Urban Transit Hub, but that's for \$50 million projects. For smaller projects this is the only program that promotes urban development.

When you promote urban development you create more downtown living, more walkable streets, creating less pressure on highways and streets. So I think, yes, the UEZ program should, maybe, repackage as a more sustainable program to the State, because we should just-- We should approach it a different way, allowing people to see it differently.

SENATOR VAN DREW: Thank you; and yes-- Okay.

Who do we have here? Steve Yglesias, and you are the owner of the Mompou Lounge.

MR. YGLESIAS: Yes.

Are we switching?

SENATOR VAN DREW: Which, evidently, is a lot of fun.

MR. YGLESIAS: Well, thank you.

SENATOR VAN DREW: That's why they don't let me go there. I can't have fun. (laughter)

MR. YGLESIAS: Well, good morning. We've heard a lot of test-- First of all; thank you, Mr. Chairman and Committee members, for allowing us to speak today.

I also happen to be the President of the Ironbound Business Improvement District, and I've been so for the last 10 years, in the City of Newark. And I can tell you that the Urban Enterprise Zone for-- We've heard a lot of testimony from large businesses; you know, businesses that employ hundreds of people and produce many, many jobs. My business, in fact, is a small business -- it only has 15 employees. And I had my bookkeeper yesterday put together a little compilation of the amount of money that I saved last year by being a member of the UEZ. And I can tell

you that, typically, in a one-year period, it saves me between \$10,000 and \$15,000, which equates to my real estate taxes.

Now, to a small business owner, that's a lot of money. It may not be a lot of money to a very large developer, but to a small business owner that's quite a bit of money.

And I'll also further my testimony by saying that I have recently included some of my real estate properties, which are LLCs, under the UEZ Program as well.

Now, whenever we do construction on these properties or, for example, my restaurant -- we just expanded the restaurant kitchen. It cost us about \$80,000 to do so, and I want to be very specific about some of the intangibles that came from that expansion. We expanded the restaurant kitchen; my executive chef approached the Food Bank of New Jersey and we became an internship program. And this goes to Senator Rice, who spoke about employing local people. I want to be very clear about this: We were able to engage with the Food Bank of New Jersey, which is in Hillside. We now have an internship program that's ongoing for the restaurant. We've employed many Newark residents in the restaurant. We continue to do so. And the internship program is a revolving door for those people who are looking to move their careers forward.

As the President of the IBID -- I know I only have 30 seconds left, but I want to be quick about it and be very clear -- that the UEZ Program-- Our streetscape is only 26 blocks long. We've completed phase one; we have half of our streetscape to be completed. This UEZ Façade Improvement Program, if it doesn't continue to happen for us it would be

like Joan Rivers giving herself Botox on half her face. (laughter) We need to have this Façade Improvement--

SENATOR VAN DREW: It's not pretty. I don't know where you came up with that.

MR. YGLESIAS: We need to have this Façade Improvement Program money. This is a serious, serious issue, because you need to have the skin completed on a project like this. You know, you have a beautiful streetscape, and you have a hodgepodge of different businesses whose signage and storefront and gates are not in keeping with the streetscape.

Thank you very much.

SENATOR VAN DREW: Steve, thank you, thank you.

Seth.

S E T H A. G R O S S M A N, E S Q.: Thank you, Chairman and Committee, for allowing us to testify here.

I represent the Ironbound Business Improvement District, as you just heard. Steve is our President and one of the founders of that District. These are very important small business entities where people come together to help and work with the city and, more importantly, the UEZ Program to make business happen.

You know, the IBID has over 540 small businesses. We're also known as one of the great restaurant districts in the State of New Jersey. We better be, because we have all kinds of sports and things coming around there -- just, literally, around our neighborhood. We have to be ready, we have to be competitive. We're serving people from all over the region and we better be up to it.

I think what's important to say about that is, as I said, 540 small businesses and thousands of local jobs. With the UEZ Program, we are growing. You know it's surprising to me, I must say, that New Jersey is even considering shooting itself in the foot by eliminating or even restricting this program. It's regarding job creation and economic health, just when we need a renewed commitment to economic development through the UEZ Program. The UEZ Program has been successful throughout New Jersey, and particularly in Newark, and is a key job creator. The fact is urban areas will provide the most jobs -- that's where the jobs are. That's where the job creation really is if we invest in this, and this is where it is also most needed. I think that was what Senator Rice was trying to point to.

The UEZ Program has funded our infrastructure; that's one of the major investments they made. In urban areas like Newark -- which is the third oldest municipality in the country -- we have to rebuild things. There are many things we have to rebuild. We just can't go out to a cornfield and build something. We have to work with what we have, and also what we have represents a great investment by the State and by the people, and it's important to reinvest in these economic generators.

The UEZ Program funded this infrastructure for us to a large degree. We came up with some monies, and so did the city; so it was a great partnership. It spurred millions of dollars of private investment at a time when it was needed. It sustained our property values. We have fairly sustainable property values because of this. But most importantly, I think -- and think about this economically -- it inspires confidence. The UEZ Program inspires confidence in our business area. And that creates more investment and it creates jobs.

So I believe that the legislation that you're considering and developing is on the right track, but this is the time to not only sustain this program, amend it to correct it to current needs, but what I call for -- we need to consider expanding this program. That should be a consideration in here.

Thank you very much. This is a very needed program.

SENATOR VAN DREW: Thank you very much. Thank the three of you for being here.

SENATOR RICE: Chairman.

SENATOR VAN DREW: Yes, Senator Rice.

SENATOR RICE: Yes, a couple of things.

I know we have other people who are going to speak from Newark. Number one, I know Mompou; as you know, I've known you very long. You're an exception to the rule: Everything that's down near New Jersey Transit, with or without the Enterprise Zone, is an exception to the rule -- number one. And so that helps enhance -- the Portuguese community, Brazilians, and others have been building that community since right after the riots. So that's a plus, so you need to help. Other businesses of like kind that are not in the Zone, because they are further down Ferry Street or Market Street, don't benefit; but they do benefit by the fact that you're growing the district there.

The other side of it, when we talk about job opportunities, let me be honest about it: I'm happy, because I know a lot of the people in those different businesses -- I know the businesses. And I'm glad to know a lot of them are Newark residents. But for some reason -- I recognize it's one of our largest immigrant communities -- we don't employ black folks in

those businesses at all. The hotel you were talking about, the hotel was started with Sharpe James. Now you may have changed what it's going to be, but the one thing that we did when we did hotels -- even went into the prison -- we said we wanted to make sure that all Newarkers, from a diverse perspective, get opportunities. We can go to Robert Treat right now and you don't see black folks working there, and we helped make Miles everything he is up there. And we're still a supporter. So that's what I'm talking about: What was the real intention?

The other thing with UEZ, the intent was to benefit the commercial corridors -- the Broadway's, the South Orange Avenue's, the Chancellor's lines -- the lead-in corridors to downtown Newark that were once business corridors. That never happened because of the way we structure-- UEZs and what was required of people. And so all the benefits are downtown right now, and we're still not doing it right, from the city side. So I commend you on what you're doing.

The final thing is, you know, Sid (*sic*), I tried for years, as a Councilman, when we were complaining about the vendors in downtown Newark who happened to be in the Zone -- okay? -- that there needed to be some continuity, so when you ride downtown we don't have these makeshift signs -- one umbrella looks this way, etc. And when I started to get a location, you all fought against that -- some of you downtown. When I tried to get continuity, you fought against that. You can't have it both ways when it comes to UEZ. Mayors can't have it both ways when it comes to eminent domain, UEZs, etc. I know enough about local government, probably more than most people down here, or at least in the Legislature,

because I spent 16 years there, and then another four as Deputy Mayor. So I'm with you, and we're going to try to make it right.

But I can tell you this: I'm going to talk to the Governor, I'm going to talk to the Chairman. Newark is coming out-- Newark's not coming out of the Zone -- you're going to get your 3 percent business -- but that money is coming out unless somebody gives me an audit. We didn't do the audit on the city, and we're not doing the audit on UEZs, and we're not getting cooperation. And the Governor's protecting one in this area, while he goes after other people in Hoboken, etc. I got a real problem with that selectivity.

MR. HANINI: May I, just quickly?

SENATOR VAN DREW: Very quickly.

MR. HANINI: Okay. This is a new hotel; it's only a year-and-a-half into development.

SENATOR RICE: I understand.

MR. HANINI: We hire 50 percent minority; we hire 50 percent local workforce. Because even in previous-- As a job-- As a business principle for my company, that's what we do. Everything is like that.

As far as other things, we're doing a mentorship program with the IYO, with Ms. Wallace, where we bring in students to walk through the building every couple of weeks. This was all fueled because of this project. We're doing, also, an apprenticeship program with the local college. So we do try to promote as much as possible when it comes to local workforce.

SENATOR RICE: I just want to say, through the Chair, right quick because-- We don't have a lot of-- And I acknowledge we don't have

a lot of “African-American,” black contractors living in the City of Newark with businesses there. We do have some with little pickup trucks that can do work.

MR. HANINI: Right.

SENATOR RICE: But I have a hell of a lot of Portuguese, Latino, and others. And it seems to me that when we build these projects, you guys come in with these major multi-million dollars projects, but for some reason when we're at the job sites, we don't see Pablo's pickup truck, we see somebody--

SENATOR RUIZ: Or Maria.

SENATOR RICE: Or Maria, okay; we see somebody from Roseland, the same old people -- we can name them, okay -- just the big people who throw money around. I know where who are -- they're the (indiscernible) that work and everything else. And then people in the City of Newark kind of lead your nose to these people to work with. I want to see Newark people there, because at least with Maria, I can talk to Maria about getting somebody who doesn't do construction work, maybe, to pick up the two-by-fours and clean the job site up, knowing it's labor from the city. The idea is to grow. If you don't want to grow, if you don't want to participate that way, don't come in the Zone -- find some other place in Newark. Then I'm going to still come after you for jobs, okay?

MR. HANINI: I agree. But feel free to come to our job site any day.

SENATOR RICE: I will.

MR. HANINI: We have a lot of Juans and Marias there.

SENATOR VAN DREW: Senator Ruiz.

SENATOR RUIZ: Thank you, Chairman.

I just-- I'm glad that you identified that, because I was going to pitch for, kind of, the example that was presented earlier: that there are programs that are, I guess, engaging the local community college, training people for specific workforce. And obviously you're building the structure where they can eventually be employed. Where's the project exactly?

MR. HANINI: It's on the corner of Edison and Broad Street.

SENATOR RUIZ: Is that the old Foot Locker building?

MR. HANINI: Yes, the 12-story white building.

SENATOR RUIZ: And I just want to highlight something that Senator Rice said, and that was echoed by Mr. Yglesias -- is that there is a lack of cohesiveness when there's an approach to implementing the program, just from an aesthetic point of view, and it's something that I grapple with every time I'm driving through the city. There appears to be a more uniform approach down on Ferry Street; I would love to see that happen in all of our corridors because the greater outside façades are, the better the neighborhoods look.

MR. GROSSMAN: May I have 10 seconds to respond?

SENATOR VAN DREW: Literally. (laughter)

MR. GROSSMAN: Just 10 seconds.

I would urge Senator Rice and Senator Ruiz -- you both know me very well -- to please reach out to Mr. -- to Owen, because he is really understaffed. He really needs people in that office to help this program move forward.

SENATOR VAN DREW: Who is--?

MR. GORSSMAN: Does the program need to be amended?
The Director of our UEZ.

The program does need to be amended; there's no argument there. But, you know, you can't really run a shop if the restaurateur has to serve tables and cook in the kitchen, you know? And that's probably as simple as I can put it. So you need to reach out to our UEZ Director. And I agree with a lot of what you just said, Senator Rice.

SENATOR RICE: Your UEZ Director needs to reach out to us. I've been there since 1955; I know everybody downtown. They don't choose to communicate, but I'll reach out when it starts to hurt them.

SENATOR VAN DREW: And you have to admit: Senator Rice looks good, doesn't he? (laughter) I don't know how old you are, Senator, but you're doing okay.

SENATOR RICE: I'm doing all right, and they know it. They don't want to talk to us.

SENATOR VAN DREW: Nobody's arguing with that.

Thank you all for being here.

He's still lean and mean, too.

From the City of Bridgeton, we have Ed Bethea, Henry Murad, and Bob Spence. Ed is from the Bridgeton Main Street, and Henry is with the Ashley McCormick Center, and Bob is with the Canvas Bag Gallery.

EDWARD BETHEA: Good afternoon, Mr. Chairman, Senators.

Just a couple of points I want to mention in terms of consideration.

UEZ is a needed reinvestment vehicle for the City of Bridgeton. As the Senator pointed out, in Cumberland County we have our issues and,

particularly, a city like Bridgeton is a very distressed city. The poverty rate in the City of Bridgeton alone more than triples that of the State, and our unemployment rate more than doubles that of the State.

In our central business district--

SENATOR VAN DREW: Edward, just a-- You know what? Educate me real quick, because I know time is-- What is the unemployment rate? I know for the county; what is it for the City of Bridgeton? Do you happen to know?

MR. BETHEA: Somewhere in the low 20s.

SENATOR VAN DREW: In the low 20s?

MR. BETHEA: Yes.

SENATOR VAN DREW: For the City of Bridgeton?

MR. BETHEA? Yes.

SENATOR VAN DREW: Thank you, Ed.

MR. BETHEA: Yes.

And particularly, the UEZ area, which is the central business district, the unemployment rate and the poverty rate is 20 percent higher than the city. One of the things that we noted is that the population in the UEZ area has grown. Half of the growth in the entire city is in the UEZ district -- between the years 2000 and 2010. More than half of the population there is young, living in larger households, and that creates a greater demand for city services. Median income in that area is around \$28,000, lower than the city average. And it just creates a 20 percent deficit in economic quality of life just in that UEZ area.

So this continues to provide challenges, economically, in the city; and with all the challenges in Bridgeton -- issues and needs -- this is exactly where a program like the UEZ is necessary and must be.

The incentives-- We've all talked about those incentives; they're critical. The city continues to rebound. We know it's a very diverse community; the percentages now are somewhere around 30 percent Caucasian, another 30-some odd percent African-American, and another 40 percent Mexican population now. So the downtown is reflective of that, and we continue to work on that diverse community to try to bring things in. But without the UEZ, without those resources, and without those funds to leverage against other funds, the effectiveness of the investment and making economic development funds go further becomes much more of a challenge.

SENATOR VAN DREW: Thank you, Ed. Thank you very much.

HENRY MURAD: Good afternoon. My name is Hank Murad; I own the Ashley McCormick Center, which was formerly a three-story empty building when I bought it.

I have been in Bridgeton about 35 years with a trucking and warehousing business. My family owns about 400,000 square feet of space in Bridgeton. As you can see, I'm like your budget -- in pretty bad shape at the moment (laughter) -- but I think within a month's time we will be back working at what it is we're trying to do with downtown Bridgeton.

The building that I bought I converted into a small theater, a restaurant -- and it has a kitchen in it -- with the intent of working with the Main Street Association to get people back downtown. We have been

successful in having functions there; we also have, on the second floor, a rehearsal hall where we have three musicians now putting in about 15 to 20 hours a week in rehearsal. They have been successful in getting jobs in Atlantic City, and in Philadelphia, and in the local area.

On the third floor we have the PAL, which was housed in Millville in a very, very undesirable environment. They are up on the third floor; they are attracting young men and women to discipline training.

So these are the things that we are hoping to develop downtown. I borrowed \$140,000 from the UEZ to convert that building, and I want you to know that without that money I could not have done it. And there are small business people who need this seed money to get going.

Thank you for your time.

SENATOR VAN DREW: And thank you, Hank. Thank you for investing back.

Yes.

R O B E R T S P E N C E: Hi, my name is Robert Spence. I'm the owner of the Canvas Bag Gallery and Frame Shop in Bridgeton. I'm a charter member of the Bridgeton UEZ.

As a Past President of the Bridgeton Main Street, it was the UEZ that kept the program going. My customers, as you can imagine, have been very happily surprised to learn that we were able to charge 3.5 percent.

Since the inception of the UEZ I have been able to purchase materials to upgrade both my business and my building. Several years ago I discovered that the brick front of my building was separated from the interior wall. When the building was built in the early 1800s, the brick was

not attached to the wall. With a loan from the UEZ I was able to rectify the problem and stay in business. I am truly indebted to the program.

In August of 2009, for example, I received a letter from the UEZ office. Because I was current in my payments and an active participant, my payments would be deferred from September to February of 2010. It had been a very difficult year, economically, and this meant a lot to me. I know of no banker who would have offered the same deal.

SENATOR VAN DREW: Thank you, thank you very much. Thank you all for being here.

As I said, this Committee Room is going to be used by someone else. We have approximately seven to eight minutes. So we're going to really ask when the UEZ Coordinators come forward just to introduce the speakers that you have. That way-- Because we do want to hear from everybody.

So next, from the City of Carteret, Kathaleen Shaw is the UEZ Coordinator. If she could take just a few seconds to introduce Balvinder Singh, who has Asian Foods; and Rudy Heyer, who has Alfredo's restaurant.

And I am sorry for the temperature in here; I do not know what the deal is. What can I tell you?

KATHALEEN R. SHAW: Hello. I want to give some brief remarks and put Carteret in some context -- one of three--

SENATOR VAN DREW: Very brief--

MS. SHAW: Yes.

SENATOR VAN DREW: --because otherwise, we're not--

MS. SHAW: --one of three UEZs in Middlesex County.

Mr. Heyer is not here with us today; I'm delivering a written statement on his behalf. But I just wanted to say that this is all about the program money for the UEZs, and the impact.

Just quickly: Our premier small business program is the façade matching program, since the beginning in 1997. The program has really taken off since 2004. A year ago, for every \$1 of UEZ that went out, \$55 of private sector dollars were out there. We're now up to \$1 UEZ, \$183.

We're growing; this is a critical time for us. And with that, I'm going to introduce Balvinder Singh, who is a small business owner who has utilized the program.

SENATOR VAN DREW: And thank you for being here, and for your patience waiting.

Mr. Singh.

BALVINDER SINGH: Hi, how are you? We are (indiscernible). I appreciate for the UEZ help -- small business people.

The way they help is really appreciated, and thank you very much for UEZ to (indiscernible) for everyone.

SENATOR VAN DREW: And Mr. Singh, thank you for investing back into a community to move forward. Thank you both very much for being here.

If you have any written testimony, you can give that to us as well. Thank you.

From-- I'm going to bring up the City of Orange and the City of Kearny together: We have Christopher Mobley, the UEZ Coordinator, who is going to, just in a few seconds, introduce Louis Rossi from the Rossi

Paint Company; and from Kearny we have John Peneda (indicating pronunciation); Peneda -- did I say that correctly?

J O H N P E N E D A: Yes.

SENATOR VAN DREW: All right, I'm getting this -- who is the UEZ Coordinator, and he's going to introduce Alan Lambiase from the River Terminal Development Corporation.

We are going to start with Orange first; Mr. Mobley, please introduce Mr. Rossi.

C H R I S T O P H E R M O B L E Y: Good afternoon. Thank you very much for this opportunity.

We have over 400 businesses in town, and we have a low vacancy rate. And that's because of what we have been able to do with the UEZ funds.

I'm going to introduce Louis Rossi, who is the owner of Rossi Paints.

SENATOR VAN DREW: Thank you for taking the time to be here today; thank you.

L O U I S R O S S I: Hello. In the interest of keeping it short, I'm the owner now of a third-generation family operated business in Orange. We saw big companies, we saw Mompou as a small company. When we look at the big cities, a lot of the draw to go back is somewhere that's been good, that the city's known for; the people go back for a restaurant or an institution-like place that's been there.

The UEZs helped us a whole lot. And we've talked about problems with the program -- I'm going to talk impromptu now -- that you've had in the past. Do we consider some of those places that might not

have made the progress that we anticipated, although it's been help to so many, but not equal to all? What would have happened to those Urban Enterprise Zones, those cities, where things were tough since the '70s -- because I've lived through it, before and then after -- I was born in Orange -- if we didn't have those monies? Maybe they would have fallen even deeper into the hole in the past.

Thank you.

SENATOR VAN DREW: Thank you so much for being here. If you do have any written testimony, please leave that with us, or we can copy it for you.

Thank you.

And now we have Mr. Peneda, who is going to introduce Mr. Lambiase -- Lambiase (indicating pronunciation)?

A L A N L A M B I A S E: Lambiase (indicating pronunciation). It depends on what you had for lunch. (laughter)

SENATOR VAN DREW: Lambiase -- okay. I know. It's always some dude -- I know; exactly.

MR. PENEDA: Thank you, Mr. Chairman. My name is John Peneda; I'm the UEZ Coordinator for Kearny.

And just to keep it short, I just want to follow along with Mayor Bollwage's slogan: Amend it, but don't end it.

And with that, I'd like to introduce Alan Lambiase.

SENATOR VAN DREW: (raps gavel) Can we have some quiet in here, please?

MR. LAMBIASE: My name is Alan Lambiase; I'm the Director of Sales and Marketing with River Terminal Development Company. River

Terminal has approximately 5.5 million square feet of industrial buildings on 300 acres at exit 15E in Kearny, New Jersey.

Throughout the complex there is approximately 3,000 employed, most of whom are residents of Kearny, Jersey City, and Newark. It's unique in that it's a gated urban industrial complex. We have 75 tenants, most of whom utilize UEZ benefits. It's part of my direct marketing packages that I use to attract new businesses and new tenants.

UEZs have directly saved RTC close to \$500,000 a year, and we've reinvested that money back and we have the only speculative industrial building going up right now -- it's a 200,000-square-foot facility -- within a 20-mile radius. We're creating construction jobs and, obviously, once we get new tenants in it we'll have more full-time jobs.

And the UEZ in Kearny has invested approximately \$7 million in bricks and mortar -- paving roads, installing security cameras -- and has really addressed the quality of life issues throughout the issues (*sic*) to make it a better place to live and work.

Thank you.

SENATOR VAN DREW: Thank you so much for being here. And if you do have any written testimony-- I know there is some that came forward. Thank you for waiting.

MR. LAMBIASE: Thank you.

SENATOR VAN DREW: From -- we're going to bring up together -- the City of Paterson-- Do we have anybody here from Paterson? I saw he was here; he may have stepped out.

From the City of Bayonne: Terrance Malloy is the UEZ Coordinator; and we're going to ask him to introduce Mary Divock, who is the Executive Director of the Bayonne Town Center.

MARY DIVOCK: Hi. Terrance--

SENATOR VAN DREW: Hi, how are you?

MS. DIVOCK: Okay, Terrance Malloy could not make it today.

SENATOR VAN DREW: Well, we're just fine with you.

MS. DIVOCK: Thank you.

I'm Mary Divock, the Executive Director of the Bayonne Town Center Corporation, which is responsible for the operation of the 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 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 these efforts have helped to maintain the viability of the district and have helped to both attract new businesses to the district, as well as retaining existing businesses.

Without future UEZ funds, my district will be facing overwhelming competition from big-box stores. I implore you and your Committee to save our UEZ 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.

Thank you for your time, and thank you to Senator Van Drew for being Chairperson of this Committee.

SENATOR VAN DREW: Thank you, and thank you for being here and thank you for your patience in waiting. And good luck.

From the City of Camden -- is Vince here? (no response) Do we have anybody from Camden? (no response) Okay, I think they might have stepped out.

And then, finally-- But we did hear from Jersey City; Roberta, did you-- We're you going to wrap up, or--

ROBERTA FARBER: I will.

SENATOR VAN DREW: Okay, this is it.

UNIDENTIFIED MEMBER OF AUDIENCE: She loves wrapping up.

SENATOR VAN DREW: Here's the drum -- yes.

MS. FARBER: This is my job.

SENATOR VAN DREW: Put the finishing touch--

MS. FARBER: I am the cleanup; I will be short. I have no written testimony; however, I would like to go over some comments that I did hear today.

Number one -- and I did briefly mention this to Senator Ruiz, who commented that she had never heard of UEZ funds being used like that for WomenRising. The UEZ Authority pulled that proposal, along with two other training programs that the City of Jersey City fund, because they said it was a duplication of services from the Department of Labor.

They had put in application to the Department of Labor, and they were told they do not meet Department of Labor criteria.

Now, you want to talk about creating jobs for our cities? The UEZ has created jobs -- not only jobs, we have retained those jobs. The 90 percent retention for WomenRising, and a 65 percent retention rate of our Customer Service Skill Center -- yet we cannot get the Department of Labor to fund these programs. And it is specific in the UEZ legislation, as it stands now, that UEZs will get priority when it comes to funding job programs.

So it's not just the UEZ Program.

And the Delta Group: I spent two hours on the phone, on a conference call, with the Delta Group yesterday to go over 23 questions that we formulated because of the report that was put out on the UEZ Program. To say that we got few answers -- we got some; we did not get many. The Authority told me I could have those answers in writing. I was told two weeks ago I could not have those answers in writing. So the Delta Group also said it was a great program. I said, "Why was that not said in the report?" They said, "Oh, it was." I said, "No, it was not."

So these are some of the issues that we, as the UEZ, face. We are always the stepchild to everything else. Is it because we are urban centers that we have to prove our value and our worth? I do not see anybody requesting from Atlantic City whether or not the tunnel project between the Boardwalk and the Marina -- is there any economic benefit to that? There are State dollars into that program, and to almost every other program in the State of New Jersey, yet we always have to prove ourselves over and over and over again that this program works. Forty-six million

dollars was promised to us last year; we did not see a penny of it. I do not believe we will ever see a penny of that funding. There are zones that have had to lay off people. We cannot support the programs, such as WomenRising, such as Rising Tide Capital, because the money is not there.

Senator Rice, you mentioned that there were leftover funds in certain municipalities. Jersey City had \$14 million taken. The reason why we had so much money taken is because we were in our 3.5 percent cycle. When we are looking to plan, make sure we have enough money when we go to 1.5 percent. We would not otherwise have the money to be able to continue to do the good work in Jersey City that we do.

SENATOR VAN DREW: Roberta, thank you.

MS. FARBER: I apologize.

SENATOR VAN DREW: Thank you. (applause)

Two things: One, if you forward those questions to us, we can certainly get those answers as a Committee -- I'll do it as Chair. Secondly, if you have any other issues, too, you know you can always address us individually.

I thank you all for being here. I thank you for your patience, and we're still going to fight this fight. We're not giving up.

MS. FARBER: Thank you.

SENATOR VAN DREW: Meeting adjourned.

(MEETING CONCLUDED)

APPENDIX

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 respectfully 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

- 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. You're viewing an archived copy from the New Jersey State Library.
 - Providing direct guidance and assistance within each community to ensure that quality control is maintained with regard to the certification and re-certification process
 - 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:
 - Supports growth within both the public and private sector
 - Encourages and enables employment opportunities to be generated
 - 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:
 - noted the absence of complete program data and tracking systems, which resulted in an inability to calculate the true return on State investment;
 - 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.

- You're viewing an archived copy from the New Jersey State Library.
- 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:
 - In over 300 jobs being saved
 - And the creation of more than 350 employment opportunities within the coming years
 - 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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TESTIMONY OF MAYOR JERRAMIAH T. HEALY CITY OF JERSEY CITY

SENATE COMMITTEE ON COMMUNITY AND URBAN AFFAIRS - UEZ HEARINGS - MAY 26, 2011

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.

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, L-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 rateable 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 ^{other} ~~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 KOPERWEIS, 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 in 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



COUNTY OF HUDSON
COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY COMMITTEE
C/O HUDSON COUNTY DIVISION OF PLANNING
MEADOWVIEW CAMPUS, BUILDING 1, FLOOR 2
595 COUNTY AVENUE
SECAUCUS, NEW JERSEY 07094

THOMAS A. DEGISE
COUNTY EXECUTIVE

Resolution: 2011-03-A2

JEFFREY H. KAPLOWITZ
CHAIRMAN

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 employments 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

x 82 24x

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 deeply 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

May 26, 2011

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 advertizing 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.

Without future UEZ funds, my district will be facing over whelming 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
ERNIE 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 DIVISOIN
630 AVENUE C
BAYONNE, NEW JERSEY 07002
201-858-6357**

**Mark A. Smith
Mayor**

**Terrence Malloy
Chief Financial Officer**

May 19, 2011

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

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

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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.

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- 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:

You're viewing an archived copy from the New Jersey State Library.

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,



Terrence Malloy
Chief Financial Office/ UEZ Coordinator

Clarke Caton Hintz

Architecture
Planning
Landscape Architecture

100 Barrack Street
Trenton NJ 08608
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Tel: 609 883 8383
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Senator Jeff Van Drew
1028 East Landis Avenue
Vineland, NJ 08360

Assemblywoman Bonnie Watson-Coleman
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

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

Assemblyman Reed Gusciora
226 West State Street
Trenton, NJ 08608



American Planning Association
New Jersey Chapter

Making Great Communities Happen

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,



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 than 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
Broadway Main Street project manager
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City of Trenton Housing and Economic Development

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

Tony F. Mack, Mayor
Walter Denson, Director

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Trenton, NJ 08608-1866
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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

ALFREDO'S RESTAURANT AND PIZZERIA

55 WASHINGTON AVENUE

CARTERET, NJ 07008

(732) 969-5001

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

55 Washington Ave

Carteret, NJ 07008

Cell# 973-886-9327