

2014 ANNUAL REPORT

New Jersey Highlands Water Protection and Planning
Council

March 31, 2015

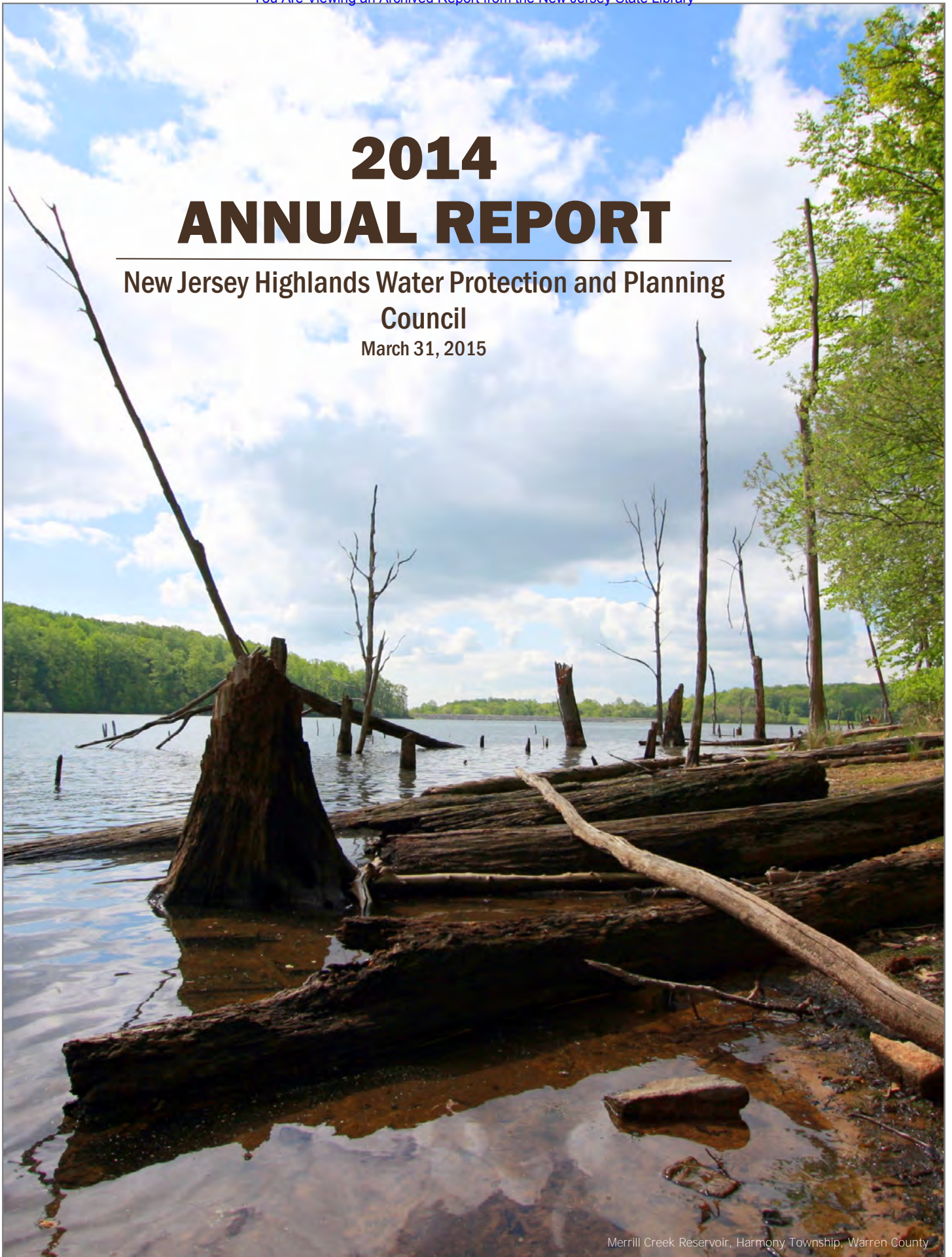


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Ramapo River, Oakland Borough, Bergen County



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Governor

KIM GUADAGNO
Lt. Governor

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JIM RILEE
Chairman

MARGARET NORDSTROM
Executive Director

A Message from the Chairman and Executive Director

Dear Friends of the New Jersey Highlands,

On behalf of the Highlands Water Protection and Planning Council, we are pleased to present the 2014 Highlands Water Protection and Planning Council Annual Report. It is clear that 2014 was a year of significant achievement in several key areas.

Plan Conformance implementation continued to progress with great momentum in 2014. This past year, Highlands municipalities adopted more than 30 documents that embed the protections of the Highlands Act into local regulations. Notably, 25 Highlands municipalities now have in place either the Highlands Land Use Ordinance or the Highlands Checklist Ordinance, which ensure that certain development applications are reviewed in accordance with the provisions of the Highlands Water Protection and Planning Act. In addition, 30 municipalities have completed and adopted Highlands Environmental Resources Inventories and 17 have been certified to review certain Highlands Exemptions at the local level, simplifying and streamlining processes for residents and business owners within the Region.

Another area where the Council made great strides in 2014 is landowner equity and land preservation. The Council established the "Landowner Equity and Land Preservation Committee" to focus on addressing the equity concerns of property owners throughout the Region, while advancing the natural resource protection goals of the Highlands Act. The Committee spent much of the year developing a new program that was announced in early 2015 and includes a Highlands Development Credit purchase component and an Open Space Matching Grant program. Watch for more details on both programs in the coming year.

Also on the equity and preservation front, in July the Highlands Council helped facilitate the preservation of 192 acres in West Milford, leveraging mitigation funding made available as a result of a utility upgrade project in the area. The property includes prime forest and critical wildlife habitat, as well as Prime Ground Water Recharge Areas and Special Environmental Zones as identified in the Highlands Regional Master Plan (RMP). The Highlands Council was thrilled to collaborate on this project with the New Jersey Department of Environmental Protection and The Land Conservancy of New Jersey who will be providing ongoing stewardship of the land.

Another important milestone for landowner equity in the Region this past year was the extension of the special appraisal process that provides greater equity for Highlands Region property owners seeking to preserve lands under the state's Green Acres and Farmland Preservation programs. Dual Appraisal was written into the Highlands Act and had been extended once before, but expired in June 2014. A bill extending Dual Appraisal through June 2019 was introduced by the Senate in January 2014, unanimously passed by both the Senate and the Assembly in December, and was signed into law by Governor Chris Christie in February 2015.

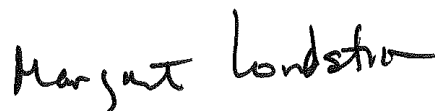
In addition to the core work for the Council, significant effort in 2014 focused on a statutorily required review of the RMP. A subcommittee within the Council was established in March and by May we had finalized agreements with several vendors to assist in this important work. The RMP Monitoring Program, which the committee leads, is designed to evaluate our progress in achieving the goals of the RMP through implementation of its policies and programs. The review of the RMP will ultimately result in a Monitoring Program Recommendation Report and a Fiscal Impact Assessment, which will inform potential changes or amendments to the RMP.

In the early stages of the Monitoring Program, our primary objective has been to identify indicators and related milestones that will help us measure our progress toward achieving the goals of the RMP. Our public process began in the Spring with regular updates at monthly Council meetings, the opening of a web comment portal in September, and work sessions with targeted stakeholders in the Fall. In early 2015, public stakeholder workshops were held throughout the region, and this process will continue in 2015 with consultation and input from Technical Advisory Committees, additional public outreach sessions and public hearings on the draft reports once they are completed. We are encouraged by the level of participation we have seen to-date and look forward to continued public engagement as we move forward with this process.

Sincerely,



Jim Rilee, Chairman
Highlands Water Protection and Planning Council



Margaret Nordstrom, Executive Director
Highlands Water Protection and Planning Council



Highlands Water Protection and Planning Council 2014-2015



Jim Rilee, Chairman
Roxbury, Morris County
Mayor, Roxbury Township;
Former Deputy Mayor, and
Planning Board Member



Kurt Alstede, Vice Chairman
Chester Township, Morris County
Founder, Alstede Farms
Former Councilman,
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Robert F. Holtaway, Treasurer
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Bedminster Township



Tracy Carluccio
East Amwell, Hunterdon County
Deputy Director, Delaware
Riverkeeper Network



Timothy P. Dougherty
Morristown, Morris County
Mayor, Town of Morristown



Michael R. Dressler
Cresskill, Bergen County
Bergen County Surrogate



Michael Francis
Hopatcong, Sussex County
Councilman,
Hopatcong Borough



Bruce James
Clifton, Passaic County
Freeholder Deputy Director,
Passaic County



Carl J. Richko
West Milford, Passaic County
Former Mayor,
West Milford Township



Michael Sebetich
Hawthorne, Passaic County
Retired Professor of Biology,
William Paterson University



Michael T'fank
West Milford, Passaic County
Former Planning Board Chair,
West Milford



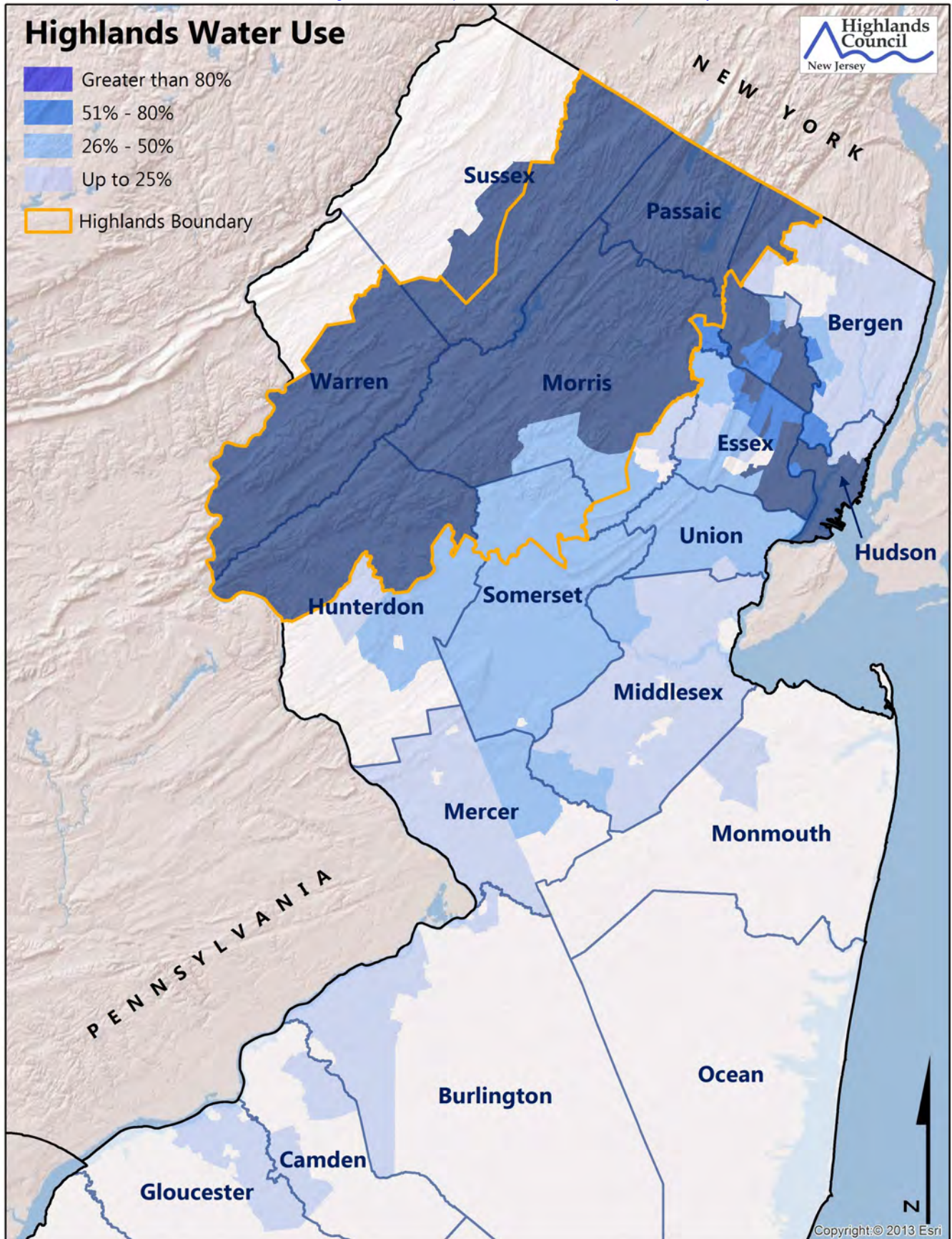
James A. Visioli
Dover, Morris County
Alderman, Dover Town



Richard Vohden
Andover, Sussex County
Freeholder, Sussex County



Robert G. Walton
Hampton, Hunterdon County
Freeholder, Hunterdon County



The Highlands Region covers less than 15% of New Jersey, but provides drinking water for more than half its residents. While the Region's forests and open spaces retain and filter large quantities of water, rapid development has increasingly transformed communities and impaired nature's ability to do its job. Because families, farms and businesses all depend on a steady supply of clean water, and water resources do not follow municipal boundaries, a regional approach is required to protect and conserve the vital natural resources of the Highlands. (Map based on *New Jersey Highlands Regional Master Plan, Figure 1.2*)

Protecting the New Jersey Highlands

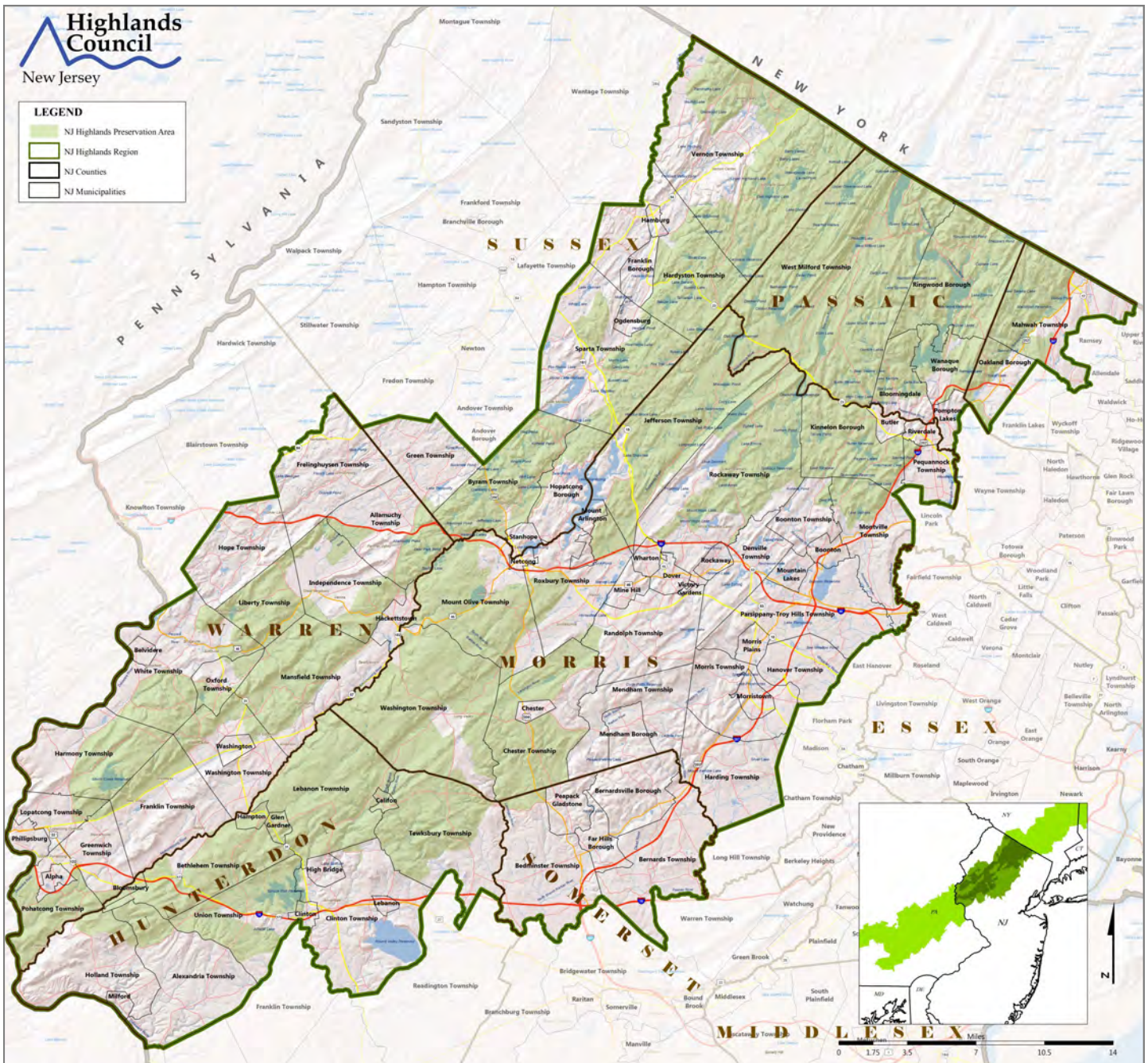
The Highlands Region stretches from Southeastern Pennsylvania through parts of New Jersey, New York and into Connecticut. Recognizing the significance and value of the resources within this region, the State Legislature of New Jersey passed the Highlands Water Protection and Planning Act (the Highlands Act) in 2004.

The Highlands Act established the Highlands Water Protection and Planning Council, a regional planning entity charged with creation of a Regional Master Plan (RMP) to protect and enhance the resources within the New Jersey Highlands. The Act delineated the boundaries of the New Jersey Highlands Region, dividing it into two distinct parts, the Preservation Area and the Planning Area, specifying that the Preservation Area was of exceptional natural resource value and required stringent protections. The Act further specified that conformance with the Highlands RMP would be required in the Preservation Area and voluntary in the Planning Area. The final Regional Master Plan was adopted by the Highlands Council on July 17, 2008 and became effective on September 8, 2008.

The 1,300-square mile (860,000-acre) New Jersey Highlands Region extends from Pohatcong Township in the southwest to Mahwah Township in the northeast, including 88 municipalities and portions of seven counties (Bergen, Hunterdon, Morris, Passaic, Somerset, Sussex, and Warren). Although the Highlands Region covers less than 15% of the state's land area, it is a source of drinking water for more than half its residents.

Of the 88 municipalities in the Region, 47 have lands in both the Preservation and Planning Areas, 36 are located entirely within the Planning Area, and five are located entirely within the Preservation Area.

The Highlands Council works in partnership with municipalities and counties in the Highlands Region to encourage a comprehensive regional planning approach to implementation of the Highlands Act. The Highlands Council Plan Conformance process provides municipalities and counties with a framework for this implementation. Municipalities and counties participating in the Plan Conformance process have access to planning and environmental science expertise, technical support, and materials for use in updating local regulatory and planning documents to ensure alignment with the Highlands Act and RMP. Grant funding is available to support the reasonable expenses associated with this work.



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2014: Year in Review

Leadership Update

In October 2014, Margaret Nordstrom was named Highlands Council Executive Director after having served as Acting Executive Director for seven months, following the retirement of Gene Feyl in March. Nordstrom had previously held the role of Deputy Executive Director since being hired to the agency in June of 2012. Prior to joining the Highlands Council, Nordstrom served for 12 years as a Morris County Freeholder and 12 years as a member of the Washington Township (Morris) Committee. Her work in these capacities includes extensive experience in strategic planning, environmental protection, and economic development.



Rockaway River, Jefferson Township, Morris County

Plan Conformance Update

Conformance with the Highlands Regional Master Plan (RMP) involves primarily two phases: petition and implementation. During the petition process, municipalities work in collaboration with Highlands Council staff to prepare draft documents that will integrate the land use and resource management requirements of the Highlands Act into local regulatory and planning documents. Once a petition is approved by the Highlands Council, work begins on implementation, which involves finalizing those documents for local adoption and ongoing management of resources.

Presently, 59 of the 88 municipalities in the Highlands Region are working toward conformance with the Regional Master Plan. Of the 83 municipalities that have lands in the Planning Area, 31 have chosen to voluntarily include those lands in their petitions. Of note, eight municipalities that are located entirely within the Planning Area are voluntarily working toward conformance.*

Through December 2014, 47 of the 59 active municipal petitions have been approved by the Highlands Council. In addition, five of the seven counties in the region have submitted petitions and two of those have been approved. In 2014, two municipal petitions were approved: Oakland

Borough in Bergen County and Jefferson Township in Morris County. Oakland Borough’s Petition includes both its Preservation and Planning Area lands, while Jefferson’s petition includes Preservation Area lands only.

Two municipalities with previously submitted but not approved petitions, passed resolutions this year related to voluntary conformance in the Planning Area. In June, Parsippany-Troy Hills Township in Morris County, which is located entirely in the Planning Area , passed a resolution indicating the municipality’s intent to withdraw from the Plan Conformance process at this time. The resolution noted that Parsippany-Troy Hills would continue to evaluate the benefits of conformance and move forward with efforts to align local regulations with the goals and policies of the Highlands Regional Master Plan as they related to economic development and redevelopment. In September, the Borough of Wanaque passed a resolution amending its petition indicating the municipality’s intent to proceed with Plan Conformance for its Preservation Area lands only. (See pages 19-21 for Plan Conformance status by municipality, with acreage.)

In 2014, a total of 35 documents in 18 municipalities were adopted locally, embedding the Highlands Act into local regulations. Below is a summary of key implementation task items adopted in 2014.

Highlands Ordinance, Resolution, or Element	Adopted in 2014	Total adopted to date
Planning Area Petition Ordinance	1	20
Master Plan Reexamination Report	4	26
Checklist Ordinance	2	19
Highlands Environmental Resource Inventory	5	30
Highlands Master Plan Element	6	20
Highlands Land Use Ordinance	4	6
Exemption Determination Authorization	10	17

The Highlands Council continues to actively engage municipal and county leaders to better understand regional needs related to land use and resource management and identify opportunities for collaboration that can be best driven by a regional planning approach through the Plan Conformance process.

Tracking Progress: Plan Conformance

The Highlands Council provides access to current information regarding various aspects of its work through tracking sheets available on its website. Following are the two primary tracking sheets related to the Plan Conformance process. Both are available via the “Plan Conformance” link on the Highlands Council homepage, www.nj.gov/njhighlands.

[Municipal Plan Conformance Tracking Sheet](#) – Tracks Plan Conformance Petition status.

[Municipal Plan Conformance Implementation Tracking Sheet](#) – Tracks progress on implementation tasks.

Checklist Ordinance Approach

For municipalities that are already largely built-out or preserved, with very few potentially developable lots that would trigger a Highlands Land Use Ordinance (LUO) review, the Highlands Council offers the option of adopting the Checklist Ordinance instead of the Highlands LUO. The “Checklist Ordinance Approach” is available only following a comprehensive analysis by Highlands Council staff and review by a subcommittee of the Council to ensure suitability.

The use of the Highlands Checklist Ordinance in this manner, in conjunction with the New Jersey Department of Environmental Protection (NJDEP) Highlands Preservation Area Rules (N.J.A.C. 7:38), ensures protection of Highlands resources, while efficiently and appropriately implementing the Highlands RMP at the local level.

The Checklist Ordinance Approach does not change any review standards, only the reviewing entity. This approach allows a municipality that would likely handle very few, if any, development applications to move on to other important implementation tasks related to resource management and protection. In 2014, seven municipalities were approved to proceed using the Checklist Ordinance Approach: Alexandria Township in Hunterdon County; Hardyston Township and Sparta Township in Sussex County; Boonton Township and Jefferson Township in Morris County; and Washington Township and White Township in Warren County.

Municipal Exemption Determinations

The Highlands Act includes 17 exemptions that allow property owners to develop or improve their properties without applying the enhanced protections prescribed in the Act (P.L. 2004, c. 120 C.13:20-28). The New Jersey Department of Environmental Protection (NJDEP) administers applications for exemption determinations in the Preservation Area while the Highlands Council oversees applications in the Planning Area.

In July 2012, the Highlands Council entered into a Memorandum of Understanding with NJDEP that outlined a plan to authorize municipalities to administer seven of the exemptions in cases

where conformance Petitions have been approved by the Highlands Council (see list below). A training program was developed and launched in early 2013.

Exemptions Eligible for Municipal Determination	
Exemption 1.	The construction of a single family dwelling for owner’s own use
Exemption 2.	The construction of a single family dwelling with conditions
Exemption 4.	The reconstruction of any building or structure with conditions
Exemption 5.	Any improvement to a single family dwelling
Exemption 6.	Any improvement, for non-residential purposes, to a place of worship owned by a nonprofit entity, society or association, or association organized primarily for religious purposes, or a public or private school, or a hospital
Exemption 7.	An activity conducted in accordance with an approved woodland management plan
Exemption 8.	The construction or extension of trails with non-impervious surfaces on publicly or privately owned lands

Note: Descriptions above are only summaries of the seven exemptions eligible for municipal decision. The complete language of each exemption can be found in the Highlands Act.

In 2014, training sessions were offered in May and December and attended by 60 individuals representing 27 Highlands municipalities. To begin issuing exemptions, a municipality must first adopt a Highlands Area Exemption Ordinance and receive certification from the Highlands Council.

To-date, 17 municipalities have adopted a Highlands Area Exemption Ordinance and been issued certifications to begin administering the select exemptions outlined above. Below is a list of Municipalities certified to make determinations regarding the specified exemptions.

Municipal Determinations :: Certified Municipalities	
Bergen County	Mahwah Township
Hunterdon County	Alexandria Township, Califon Borough, High Bridge Borough, Lebanon Township
Morris County	Chester Township, Jefferson Township, Montville Township, Mount Olive Township, Washington Township
Passaic County	Ringwood Borough, West Milford Township
Sussex County	Byram Township, Hardyston Township, Vernon Township
Warren County	Allamuchy Township, Oxford Township

Highlands Centers

The Highlands Act encourages center-based development and redevelopment, which may be achieved through Highlands Center designations incorporated into a municipality's Petition for Plan Conformance.

A Highlands Center is a specific geographic area that has been identified as appropriate for enhanced planning to support growth and economic development. Municipalities engaged in Highlands Center planning are actively working to implement measures that both protect resources and support development and redevelopment opportunities.

From Vision to Reality: Hopatcong Highlands Center Planning

In September 2012, the Highlands Council approved a Petition for Plan Conformance for Hopatcong Borough that included a Highlands Center designation. A Highlands Center designation triggers an enhanced planning process for a specific area of a municipality where development and redevelopment are needed. Hopatcong included most of its Lake Hopatcong waterfront in its Highlands Center designation and was looking to address economic growth goals as well as water and sewer infrastructure needs in the area.

In 2014, Hopatcong marked a planning milestone with a groundbreaking ceremony launching construction of a 20,432-square-foot, mixed-use building in the River Styx section of the Borough. The story was highlighted in a January 2015 League of Municipalities magazine article, written by Mayor Sylvia Petillo. In the article, Mayor Petillo noted the role of the Highlands Council in helping move Hopatcong's vision forward:

“The River Styx project is a good example of how the council staff can advise and cooperate with local officials. Hopatcong officials worked closely with the Highlands Council, its planners and staff, addressing water-preservation and development issues. The council staff guided Hopatcong throughout the entire planning and development process. Members provided comments and recommendations to assure consistency with the provisions of the act, such as the protection and preservation of open space and natural resources.”



View of Lake Hopatcong from River Styx Bridge

In 2014 work continued on Center planning activities in previously designated Highlands Centers (see chart below), along with work to help define potential Highlands Centers in other conforming Planning Area towns.

Approved Highlands Centers		
Municipality	Date Designated	Objective (s) of Highlands Center
Morris County		
Randolph Township	1/17/2013	Downtown development; redevelopment; highway redevelopment
Washington Township	5/19/2011	Infill development; redevelopment
Wharton Borough	8/3/2011	Economic revitalization; redevelopment
Sussex County		
Byram Township	9/23/2010	Cluster development
Hopatcong Borough	9/20/2012	Enhance lake community; redevelopment
Warren County		
Alpha Borough	8/3/2011	Redevelopment (industrial/warehouse/quarry/brownfield)
Hackettstown	8/3/2011	Economic revitalization (regional); redevelopment
Lopatcong Township	1/19/2012	Community enhancement; redevelopment
Oxford Township	8/3/2011	Downtown revitalization; redevelopment (brownfield)
Phillipsburg	10/13/2011	Economic growth; redevelopment
Pohatcong Township	8/3/2011	Infill development; redevelopment

Plan Conformance Grant Program

The Highlands Act requires that the Highlands Council provide grant funding for the reasonable expenses associated with Plan Conformance requirements (P.L. 2004, c. 120 C.13:20-18.b.). The Highlands Protection Fund was created in the Act (P.L. 2004, c. 120 C.13:20-19) to provide municipalities and counties with funding to complete Plan Conformance implementation tasks, including items such as amended development regulations, plans for Highlands Centers, resource management plans, agricultural retention plans, and sustainable economic development plans.

In 2014, the Council approved Petitions for Oakland Borough in Bergen County and Jefferson Township in Morris County, making these municipalities eligible to receive grant funding to support implementation tasks. Details regarding funding by municipality is available via municipal pages on the Highlands Council website. [See “Plan Conformance Status” on the Plan Conformance page.]

Following is a summary of grant awards to municipalities in support of Plan Conformance implementation activities:

- 27 received awards to support Water Use and Conservation Management plans, totaling \$1,634,300 (average award of \$60,530/municipality);
- 34 received awards to support Stream Protection and Restoration Plans totaling \$941,600 (average award of \$27,694/municipality);
- 24 received awards to support Highlands Centers Plans/Redevelopment plans, totaling \$654,808 (average award of \$27,284/municipality);
- 33 received awards to support Habitat Conservation & Management plans, totaling \$567,500 (average award of \$17,197/municipality);
- 23 received awards to support Sustainable Economic Development plans, totaling \$473,122 (average award of \$20,571/municipality);
- 19 received awards to support Agricultural Retention/Farm Preservation plans, totaling \$216,000 (average award of \$11,368/municipality);
- 42 received awards to support Wastewater Management plans, totaling \$169,500 (average award of \$4,036/municipality);
- 7 received awards to support Green Building/Environmental Sustainability/Alternative Energy plans, totaling \$73,500 (average award of \$10,500/municipality); and
- 6 received awards to support Lake Management plans, totaling \$170,000 (average award of \$28,333/municipality).

For fiscal year 2015, starting July 1, 2014, the New Jersey State Budget included an appropriation of \$4,400,000 in the Highlands Protection Fund's Incentive Planning Aid and Regional Master Plan Compliance Aid accounts. Of this total, \$2,218,000 was transferred to the Watershed Moratorium Aid account within the Highlands Protection Fund. This leaves a balance of \$2,182,000 for Plan Conformance grant activities for FY2015. On October 16, 2014, the Highlands Council passed a Highlands Protection Fund Capital Budget for FY2015, based upon this balance.

This funding will provide additional grant dollars for continued Plan Conformance work for an estimated 65 municipalities and counties in FY2015. The FY2015 budget estimates that nearly \$3 million additional dollars will be encumbered for municipalities and \$735,000 will be encumbered for Highlands counties. [See Highlands Council resolution 2014-28.]

Please note that separate funding dedicated by the Highlands Council in the 2015 budget will be used to identify areas that would support the Transfer of Development Rights program. [See Highlands Development Credit Bank section on page 14.]

Technical Guidance for Resource Management

The Highlands Act and Regional Master Plan require the Highlands Council to provide municipalities with technical guidance related to resource management and protection as part of the Plan Conformance implementation process (P.L. 2004, c. 120 C.13:20-6.p.). In early 2014, Highlands Council released a Lake Management Guidance document and a two-part Stream Corridor Protection document to aid municipalities in developing Highlands funded lake and stream management plans. Work continues on development of forest and habitat management guidance materials.



Califon Borough, Hunterdon County

Wastewater Management Plans for Highlands Municipalities

The Water Quality Management Planning Rules (N.J.A.C. 7:15) adopted by the New Jersey Department of Environmental Protection (NJDEP) require that all areas of New Jersey have Wastewater Management Plans (WMP). Where the Highlands Council has approved a Petition for Plan Conformance for an entire municipality (Preservation and Planning Areas), the Highlands Council will develop a draft WMP in collaboration with the municipality and NJDEP following a detailed process that typically involves three rounds of drafts.

The first draft of the WMP is prepared by Highlands Council staff using information from the Highlands Municipal Build-Out Report, the Final Consistency Review and Recommendations Report prepared by Highlands staff during Petition approval envisioning the goals of the municipality, NJDEP and other sources. The municipality, its professionals and NJDEP then provide detailed

comments on all aspects of this draft. This collaborative process continues until all entities are in agreement on the content of the WMP. Once the final draft is prepared, the process follows the adoption process prescribed in the Water Quality Management Planning Rules. To date, the Highlands Council has drafted 31 WMPs and will continue to collaborate with other municipalities to complete drafts. Three have been adopted by NJDEP.

In 2014, WMP work focused on facilitating comments and revisions to previously drafted WMPs. In addition, Highlands Council staff coordinated with NJDEP to provide review and support of WMPs and Water Quality Management Plan site amendments to ensure consistency with the Highlands Act and the RMP. Additional information regarding WMPs, including a status sheet, is available on the Highlands Council website.

Tracking Progress: Wastewater Management Plans

The Highlands Council provides access to current information regarding various aspects of its work through tracking sheets available on its website. The status sheet below lists all municipalities that have received approval of their Petition for Plan Conformance and indicates the status of their WMP draft and adoption. This sheet is available via the “Plan Conformance” link on the Highlands Council homepage, www.nj.gov/njhighlands

[Wastewater Management Plan Development Status Sheet](#)

Water Use and Conservation Management Plans

The Highlands Regional Master Plan (RMP) provides a method for determining how much water is routinely available for human use, as differentiated from water available for maintenance of ecosystem integrity and for maintenance of minimum levels in reservoirs and other surface water. The method determines Net Water Availability (NWA) for each HUC14 subwatershed. Where Net Water Availability is positive, future human use of water supply is supported. Where NWA is negative, action is needed to address the deficit.

The RMP requires development of “Water Use and Conservation Management Plans” (WUCMPs) “that will set priorities for the use of available water (where net water availability is positive) and will establish methods to reduce and, where feasible, eliminate deficits where they exist.” The development of WUCMPs specific to HUC14 subwatersheds is intended to address the requirements of the RMP in a practical way that is applicable to each subwatershed.

The Highlands Council is currently in the process of finalizing pilot studies designed to test and refine the innovative WUCMP methodology prescribed in the RMP and associated technical

reports. The model plans identify water sources and uses as well as stakeholders; provide an analysis of net water availability; and outline implementation strategies for the mitigation, reduction, and ongoing monitoring of deficits. During development of the pilot studies, the program was expanded to include three additional WUCMPs based on pressing needs at the municipal and county level.



Long Pond Ironworks State Park, West Milford Township, Passaic County

Highlands Redevelopment Areas

The Highlands Act allows for redevelopment in the Preservation Area (P.L. 2004, c. 120 C.13:20-9). A Highlands Redevelopment Area designation is made when an applicant is seeking a waiver from the New Jersey Department of Environmental Protection (NJDEP) Highlands Preservation Area Rules for redevelopment in certain previously developed areas that have been identified by the Highlands Council. An applicant must first receive a Redevelopment Area Designation approval from the Highlands Council prior to obtaining a Highlands Preservation Area Approval (HPAA) with Redevelopment Waiver from NJDEP.

Per the parameters of the Highlands Act, to be designated as a Redevelopment Area by the Highlands Council, a site (or area) must be either an NJDEP designated Highlands brownfield or previously developed lands with a minimum of 70% existing impervious surface. (P.L. 2004, c. 120 C.13:20-9.b.)

Once those criteria are met, Highlands Council staff reviews the proposed area for redevelopment against the Highlands Regional Master Plan (RMP) resource protection and smart growth standards. This includes an assessment of the impact of the project on natural and cultural resources, available water and wastewater infrastructure, and other relevant criteria.

In 2014, no Redevelopment Area Designation requests met the threshold specified above. Also in 2014, the Council began a review of its Redevelopment Area Designation procedures and anticipates releasing updated guidance in 2015. The following table summarizes all approved Highlands Redevelopment Area designations to date.

Project/Redevelopment Area	Municipality	Approval Date
Budd Lake/Rt. 46	Mount Olive	September 19, 2013
Bartley Chester Road, LLC	Mount Olive	October 18, 2012
Route 46/Mount Olive (Debeck)	Mount Olive	January 19, 2012
Former Fenimore Sanitary Landfill	Roxbury	October 13, 2011
Givaudan Fragrances Corporation	Mount Olive	August 3, 2011
Sand Shore Road/Mt Olive (Jehovah’s Witness)	Mount Olive	May 19, 2011
Goldmine Partners, LLC	Mount Olive	August 19, 2010
Heath Village Retirement Community	Washington (Morris)	April 15, 2010
Borealis Compounds, LLC	Mansfield	March 4, 2010
West Milford Municipal Complex and Public Library	West Milford	March 4, 2010
Oak Ridge Road Associates, LLC	West Milford	June 25, 2009

Materials related to [approved Redevelopment Area designations](#) are available on the Highlands Council website.

Regional Master Plan Monitoring Program

The Highlands Regional Master Plan (RMP) is continually updated as a result of new or corrected information received from municipalities as part of the Plan Conformance process. In addition, the Highlands Act requires a more substantive review take place every six years, following consultation with stakeholders identified in the Act (P.L. 2004, c. 120 C.13:20-8 and 9). The RMP itself further defined this process, outlining an RMP Monitoring Program to address this requirement of the Act.

The RMP prescribes “tracking and monitoring of regional indicators” through preparation of: a Highlands Monitoring Report; and a fiscal impact assessment. The Monitoring Program is not intended to amend the RMP, but rather develop the factual foundation on which potential amendments to the RMP may be made.

The objectives of the Monitoring Program are:

- Identify indicators and milestones that will allow measurement of progress toward goals outlined in the Highlands Act and RMP.
- Measure progress to date, to the extent practical.
- Establish a process for continued monitoring going forward.

Results of the Monitoring Program will also help to set the science and research agenda of the Highlands Council into the future.

In 2014, the Highlands Council made significant progress relative to the Monitoring Program. In March, the Council established a subcommittee to work in partnership with staff to advance the Program. By May, vendor contracts were approved for the three key components of the work: development of a Web Comment Portal; development of a Fiscal Impact Assessment; and development of an RMP Monitoring Program Recommendation Report.

In September, the Highlands Council announced that it would begin accepting comments from the public about suggested indicators to measure progress toward achieving the goals of the RMP, and milestones for those indicators to mark specified levels of achievement. Comments are being accepted via mail, fax and the web comment portal. In the Fall, Council members and staff began meeting with stakeholder groups to collect input on indicators and milestones. The first public stakeholder workshop was held in Morris County in December, with additional sessions in Sussex and Hunterdon Counties in January 2015.

Members of the public receive updates at monthly Council meetings and have access to information and materials related to the Program through a new section of the Highlands Council website accessible directly from the homepage. Briefing books and meeting summaries from all stakeholder sessions, along with committee meeting minutes, Council meeting presentations, and information regarding project vendors are all available on the website.

Highlands Development Credit Bank Report

The Highlands Act charged the Highlands Council with developing a Transfer of Development Rights (TDR) program as a way of addressing landowner equity while advancing the regional planning goals of the Act (P.L. 2004, c. 120 C.13:20-13). The Council adopted its TDR Program as part of the Highlands Regional Master Plan and established the Highlands Development Credit Bank (HDC Bank) in June 2008.

Through the TDR program, eligible landowners in Sending Zones may apply for and receive Highlands Development Credit (HDC) allocations (reflective of lost development potential),

which they can then sell to purchasers who buy the credits. The credits then permit the purchaser to build in a Receiving Zone at a density greater than that permitted in the underlying zoning. To date, the Highlands Council has allocated more than 1,900 HDCs, representing 3,772 acres from 98 applicants.

While voluntary Receiving Zones are still being established, the HDC Bank is serving as the primary purchaser of HDCs. Through Executive Order 114 in September 2008, an appropriation of \$10 million was made available to the HDC Bank, \$9 million of which was used to create the Initial Purchase Program (IPP), with \$1 million set aside by the NJ Department of the Treasury for debt service. The IPP allowed willing landowners in the Highlands Preservation Area to apply for an allocation of HDCs and an HDC certificate and, if eligible, to deed restrict their land from future development in exchange for funding from the HDC Bank. In November 2014, the HDC Bank voted to close the IPP, having preserved just over 600 acres and providing \$9 million to property owners in the Highlands Region.

Initial Purchase Program Closing Summary	
Funding from Executive Order 114	\$10,000,000
Authorized and closed by HDC Bank through December 2014 <i>Includes closing costs. Represents 518.25 HDCs, 603.14 acres</i>	\$8,292,000
Debt service set aside (required by NJ Department of the Treasury)	\$1,000,000
Balance <i>(to be forwarded to future programming)</i>	\$708,000

Earlier in the year, the Highlands Council established a subcommittee, initially named the “HDC Bank Committee,” later renamed the “Landowner Equity & Land Preservation Committee,” to focus on how the Bank would proceed following the conclusion of the IPP.

Early in 2015, that committee announced a new program that includes both a new HDC Purchase Program to replace the IPP, and an Open Space Matching Grant program as another route to address landowner equity and preservation in the Highlands Region. The Highlands Council voted to promulgate rules for the program under New Jersey’s Administrative Procedure Act, and anticipates officially launching the program in the second half of 2015.

Efforts also continued in 2014 toward establishment of voluntary Receiving Zones to support a market-driven TDR program. Three municipalities that had previously been awarded Feasibility Grants to explore the possibility of establishing such zones — Newton and Vernon in Sussex County and the City of Passaic in Passaic County — advanced to the third of this four-phase

grant. In addition, one new Feasibility Grant was awarded in 2014 to the Borough of Bergenfield in Bergen County. These awards, not to exceed \$40,000, will be used to execute an approved scope of work that will include a capacity and site evaluation along with a fiscal analysis. The 2015 Highlands Protection Fund Capital Budget includes \$240,000 for these grants in the coming year. Details regarding the TDR Receiving Zone Feasibility Grant, including a draft scope of work, are available on the Highlands Council website.

In 2014, the HDC Bank held two public meetings. Information regarding HDC Bank meetings, including agendas, resolutions, and related materials, are available on the calendar page of the Highlands Council website. Additional information regarding the Bank is available via the “Highlands Development Credits (TDR Program)” link on the Highlands Council homepage.

Tracking Progress: HDC Bank

The Highlands Council provides access to current information regarding various aspects of its work through tracking sheets available on its website. Following are the two primary tracking sheets related to HDC Bank activities. Both are available via the “Highlands Development Credits (TDR Program)” link on the Highlands Council homepage, www.nj.gov/njhighlands.

[HDC Registry](#) – A summary of all closed HDC Bank transactions.

[HDC Allocation Tracking Sheet](#) – A summary of all applications for HDC allocations.

Dual Appraisal Renewed

The “Dual Appraisal” method of appraising property calls for the use of the greater of two appraisals – one based on current assessed value and one based on local zoning and state regulations in place before adoption of the Highlands Act – as a starting point for negotiation with landowners interested in restricting development of their property.

Dual Appraisal was written into the Highlands Act with an original expiration date of June 30, 2009 (P.L. 2004, c. 120 C.13:8C-26.j.(1)). It was extended by the Legislature in 2010, but expired on June 30, 2014. A bill introduced by the Senate in January 2014 was unanimously passed on December 1, 2014 with a vote of 36-0, and an identical bill passed the Assembly on December 18 with a vote of 74-0. The legislation was signed by Governor Chris Christie in February 2015 and extends Dual Appraisal through June 30, 2019.

Outreach and Transparency

The Highlands Council is committed to an open and transparent public process. The Highlands Council website provides detailed information regarding the work of the Council, including

frequently updated tracking sheets, Plan Conformance materials submitted by municipalities and approved by Council, and historical records of the development of the Regional Master Plan and associated materials.

In addition, the Council provides written notice of all public meetings in accordance with the Open Public Meetings Act and posts all meeting agendas (and related materials when available) on its website in advance of meetings. Meeting minutes, meeting audio and all approved resolutions since inception of the Council are also available online. In 2014 the Highlands Council held 10 public meetings and the Highlands Development Credit Bank held two, providing members of the public with an opportunity to better understand the work of the Council and the Bank and provide comments on their activities.

The Highlands Council maintains an active Constituent Response program to provide guidance to members of the public regarding the Highlands Act, RMP, and NJDEP Preservation Area Rules. In 2014 Highlands Council staff responded to nearly 300 such inquiries. Since April 2006 the Highlands Council office has handled over 2,700 constituent inquiries.

Members of the public are invited to track Plan Conformance, Project Review and progress on other Highlands Council work using the tracking sheets referenced throughout this report or by contacting the Highlands Council office.



Waterloo Village, Byram Township, Sussex County

Statement of Activities and Financial Report for the period ending December 31, 2014

General Operating Budget FY14 - July 1, 2013 through June 30, 2014

REVENUES:

State of New Jersey Appropriation FY14	\$ 2,315,000.00
Balance from FY13	\$ 252,318.99
Miscellaneous Revenues & Reimbursements	<u>\$ 6,421.77</u>
TOTAL	\$ 2,573,740.76

EXPENDITURES:

Salaries	\$ 1,562,524.09
Materials and Supplies	\$ 29,923.63
Other Operating Expenses	\$ 146,911.57
Maintenance and Repairs	\$ 231,044.84
Equipment, Additions, and Improvements	\$ 80,406.92
Transfer to RMP Account	\$ 413,617.43
Balance through June 30, 2014	<u>\$ 109,312.28</u>
TOTAL	\$ 2,573,740.76

General Operating Budget for Portion of FY15 - July 1, 2014 through December 31, 2014

REVENUES:

State of New Jersey Appropriation FY15	\$ 2,315,000.00
Highlands Balance from FY14	\$ 109,312.28
Miscellaneous Revenues & Reimbursements	<u>\$ 3,000.00</u>
TOTAL	\$ 2,427,312.28

EXPENDITURES:

Salaries	\$ 689,400.22
Materials and Supplies	\$ 11,785.53
Other Operating Expenses	\$ 55,126.17
Maintenance and Repairs	\$ 2,659.43
Equipment, Additions, and Improvements	\$ 14,084.77
Balance through June 30, 2015	<u>\$ 1,654,256.16</u>
TOTAL	\$ 2,427,312.28

Regional Master Plan Budget for Portion of FY15 - July 1, 2014 through December 31, 2014

REVENUES:

Balance from FY14	\$ 1,368,002.89
TOTAL	\$ 1,368,002.89

EXPENDITURES:

Contracts Paid to Date	\$ 73,484.48
Balance on Approved Contracts	\$ 742,136.02
Balance through June 30, 2015	<u>\$ 552,382.39</u>
TOTAL	\$ 1,368,002.89

Plan Conformance Acreage and Petition Status

MUNICIPALITY	PLANNING AREA	PRESERVATION AREA	TOTAL ACREAGE
BERGEN COUNTY			
Mahwah Township * #	7,083	9,481	16,564
Oakland Borough	3,006	2,605	5,612
<i>Total Acres For Bergen County</i>	10,089	12,087	22,176
HUNTERDON COUNTY			
Alexandria Township #	15,038	2,721	17,760
Bethlehem Township	1,141	12,146	13,287
Bloomsbury Borough	0	632	632
Califon Borough #	0	629	629
Clinton Town	777	141	918
Clinton Township	21,064	643	21,706
Glen Gardner Borough	0	991	991
Hampton Borough	136	835	971
High Bridge Borough #	1,555	0	1,555
Holland Township	13,352	1,973	15,324
Lebanon Borough #	577	0	577
Lebanon Township	6	20,264	20,270
Milford Borough	818	0	818
Tewksbury Township	6,857	13,469	20,326
Union Township	2,667	10,502	13,169
<i>Total Acres For Hunterdon County</i>	63,989	64,945	128,934
MORRIS COUNTY			
Boonton Town	1,590	0	1,590
Boonton Township	4,943	493	5,437
Butler Borough	1,318	0	1,318
Chester Borough	1,020	0	1,020
Chester Township #	2,906	15,789	18,695
Denville Township	8,144	7	8,151
Dover Town	1,745	0	1,745
Hanover Township	6,878	0	6,878
Harding Township	13,162	0	13,162
Jefferson Township #	3,303	24,080	27,384
Kinnelon Borough	325	11,985	12,309
Mendham Borough	3,826	0	3,826
Mendham Township	11,527	0	11,527
Mine Hill Township	1,918	0	1,918
Montville Township #	8,792	3,440	12,232
Morris Township	10,118	0	10,118

Blue highlighting indicates petitions submitted. Orange highlighting indicates petitions approved by Council.

* Petition approval includes Highlands Center; # Certified to make determinations regarding certain Highlands Act Exemptions

Note: Acreage has been rounded resulting in some calculation anomalies.

Plan Conformance Acreage and Petition Status

MUNICIPALITY	PLANNING AREA	PRESERVATION AREA	TOTAL ACREAGE
Morris Plains Borough	1,657	0	1,657
Morristown Town	1,924	0	1,924
Mountain Lakes Borough	1,861	0	1,861
Mount Arlington Borough	1,663	132	1,795
Mount Olive Township #	4,133	15,859	19,992
Netcong Borough	611	0	611
Parsippany-Troy Hills Township	16,223	0	16,223
Pequannock Township	4,074	475	4,549
Randolph Township *	12,961	581	13,542
Riverdale Borough	1,323	0	1,323
Rockaway Borough	1,357	0	1,357
Rockaway Township	11,582	17,789	29,371
Roxbury Township	9,738	4,303	14,041
Victory Gardens Borough	93	0	93
Washington Township * #	3,491	25,235	28,726
Wharton Borough *	1,362	0	1,362
<i>Total Acres For Morris County</i>	155,569	120,167	275,736
PASSAIC COUNTY			
Bloomington Borough	1,762	4,155	5,917
Pompton Lakes Borough	2,000	0	2,000
Ringwood Borough #	0	18,230	18,230
Wanaque Borough	1,303	4,665	5,968
West Milford Township #	0	51,848	51,848
<i>Total Acres For Passaic County</i>	5,065	78,897	83,963
SOMERSET COUNTY			
Bedminster Township	15,866	1,009	16,875
Bernards Township	15,570	0	15,570
Bernardsville Borough	8,265	0	8,265
Far Hills Borough	3,149	0	3,149
Peapack-Gladstone Borough	3,696	0	3,696
<i>Total Acres For Somerset County</i>	46,546	1,009	47,555
SUSSEX COUNTY			
Byram Township * #	236	14,300	14,536
Franklin Borough	2,833	0	2,833
Green Township	10,169	260	10,429
Hamburg Borough	747	0	747
Hardyston Township #	8,281	12,603	20,885
Hopatcong Borough *	5,333	2,615	7,948

Blue highlighting indicates petitions submitted. Orange highlighting indicates petitions approved by Council.

* Petition approval includes Highlands Center; # Certified to make determinations regarding certain Highlands Act Exemptions

Note: Acreage has been rounded resulting in some calculation anomalies.

Plan Conformance Acreage and Petition Status

MUNICIPALITY	PLANNING AREA	PRESERVATION AREA	TOTAL ACREAGE
Ogdensburg Borough	1,240	197	1,437
Sparta Township	13,335	11,488	24,822
Stanhope Borough	1,341	0	1,341
Vernon Township #	15,464	29,305	44,769
<i>Total Acres For Sussex County</i>	58,980	70,769	129,749
WARREN COUNTY			
Allamuchy Township #	7,695	5,278	12,973
Alpha Borough *	1,098	0	1,098
Belvidere Town	950	0	950
Franklin Township	11,288	3,763	15,051
Frelinghuysen Township	15,275	0	15,275
Greenwich Township	5,994	786	6,780
Hackettstown Town *	2,171	203	2,374
Harmony Township	7,003	8,413	15,416
Hope Township	11,706	0	11,706
Independence Township	6,510	6,276	12,786
Liberty Township	543	7,090	7,633
Lopatcong Township *	3,672	1,049	4,721
Mansfield Township	5,969	13,032	19,001
Oxford Township * #	1,672	2,206	3,878
Phillipsburg Town *	2,133	0	2,133
Pohatcong Township *	1,208	7,571	8,780
Washington Borough	1,259	0	1,259
Washington Township	7,953	3,595	11,547
White Township	9,993	7,800	17,793
<i>Total Acres For Warren County</i>	104,093	67,062	171,155
Total Acres For Highlands Region	444,332	414,936	859,267

Blue highlighting indicates petitions **submitted**. **Orange** highlighting indicates petitions **approved** by Council.

* Petition approval includes Highlands Center; # Certified to make determinations regarding certain Highlands Act Exemptions

Note: Acreage has been rounded resulting in some calculation anomalies.

Quick Facts

New Jersey Highlands Region

- Total area: 859,267 acres (approximately 1,343 square miles).
- Provides drinking water for over 5 million residents of New Jersey.
- Highlands Act, passed in 2004, divided region into Preservation Area and Planning area.
- Approximately 415,000 acres in the Preservation Area.
- Approximately 444,000 acres in the Planning Area.
- Development is more strictly regulated in the Preservation Area than the Planning Area.

New Jersey Highlands Communities

- 88 municipalities (within 7 counties) have lands within the Highlands Region.
- 47 have lands in both Planning and Preservation Areas.
- 36 have lands only in the Planning Area.
- 5 have lands only within the Preservation Area.

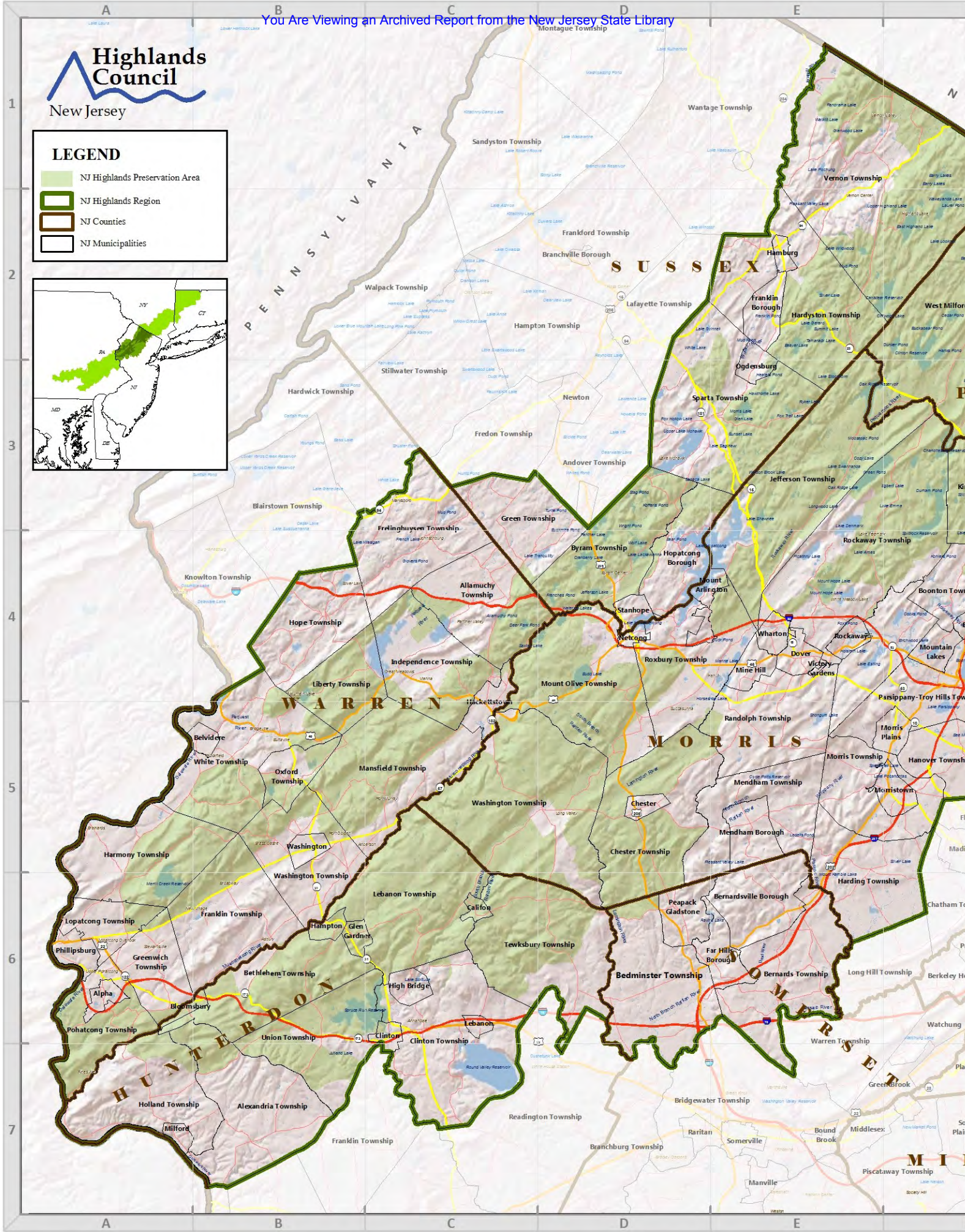
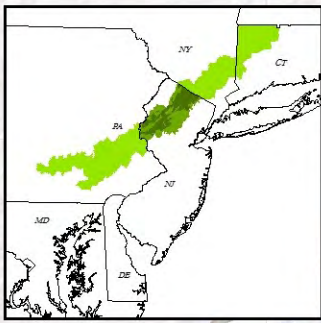
Timeline of Highlands Water Protection and Planning Act and Regional Master Plan

- August 10, 2004 – The Highlands Water Protection and Planning Act is enacted by the State of New Jersey.
- November 30, 2006 – Draft Regional Master Plan released for public comment.
- May 11, 2007 – Public comment period closes.
- November 30, 2007 – Final Draft of the Regional Master Plan released for public comment.
- February 28, 2008 – Public comment period closes.
- July 17, 2008 – Regional Master Plan approved by Highlands Council.
- September 8, 2008 - Regional Master Plan becomes effective.



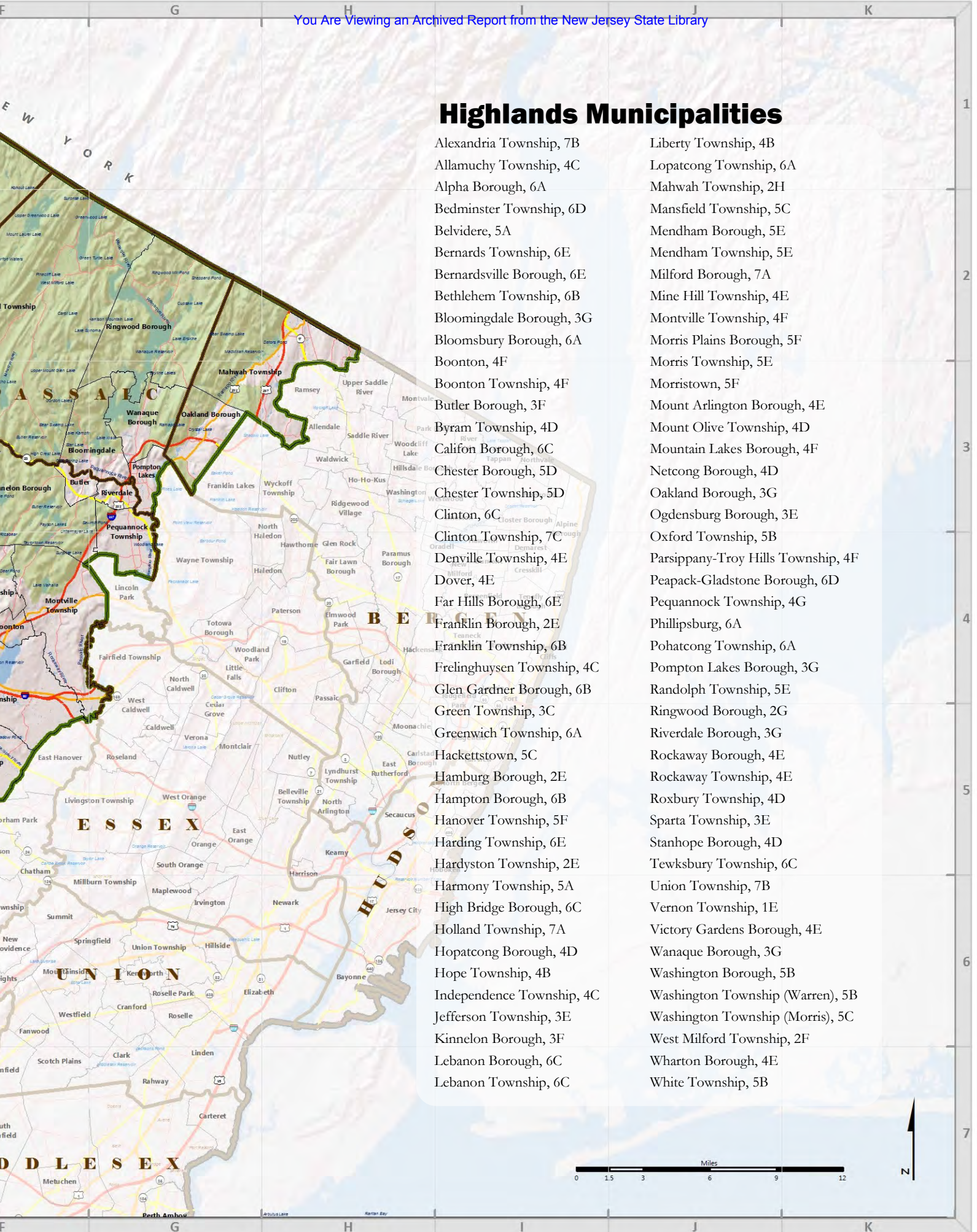
LEGEND

- NJ Highlands Preservation Area
- NJ Highlands Region
- NJ Counties
- NJ Municipalities



Highlands Municipalities

- Alexandria Township, 7B
- Allamuchy Township, 4C
- Alpha Borough, 6A
- Bedminster Township, 6D
- Belvidere, 5A
- Bernards Township, 6E
- Bernardsville Borough, 6E
- Bethlehem Township, 6B
- Bloomington Borough, 3G
- Bloomsbury Borough, 6A
- Boonton, 4F
- Boonton Township, 4F
- Butler Borough, 3F
- Byram Township, 4D
- Califon Borough, 6C
- Chester Borough, 5D
- Chester Township, 5D
- Clinton, 6C
- Clinton Township, 7C
- Denville Township, 4E
- Dover, 4E
- Far Hills Borough, 6E
- Franklin Borough, 2E
- Franklin Township, 6B
- Frelinghuysen Township, 4C
- Glen Gardner Borough, 6B
- Green Township, 3C
- Greenwich Township, 6A
- Hackettstown, 5C
- Hamburg Borough, 2E
- Hampton Borough, 6B
- Hanover Township, 5F
- Harding Township, 6E
- Hardyston Township, 2E
- Harmony Township, 5A
- High Bridge Borough, 6C
- Holland Township, 7A
- Hopatcong Borough, 4D
- Hope Township, 4B
- Independence Township, 4C
- Jefferson Township, 3E
- Kinnelon Borough, 3F
- Lebanon Borough, 6C
- Lebanon Township, 6C
- Liberty Township, 4B
- Lopatcong Township, 6A
- Mahwah Township, 2H
- Mansfield Township, 5C
- Mendham Borough, 5E
- Mendham Township, 5E
- Milford Borough, 7A
- Mine Hill Township, 4E
- Montville Township, 4F
- Morris Plains Borough, 5F
- Morris Township, 5E
- Morristown, 5F
- Mount Arlington Borough, 4E
- Mount Olive Township, 4D
- Mountain Lakes Borough, 4F
- Netcong Borough, 4D
- Oakland Borough, 3G
- Ogdensburg Borough, 3E
- Oxford Township, 5B
- Parsippany-Troy Hills Township, 4F
- Peapack-Gladstone Borough, 6D
- Pequannock Township, 4G
- Phillipsburg, 6A
- Pohatcong Township, 6A
- Pompton Lakes Borough, 3G
- Randolph Township, 5E
- Ringwood Borough, 2G
- Riverdale Borough, 3G
- Rockaway Borough, 4E
- Rockaway Township, 4E
- Roxbury Township, 4D
- Sparta Township, 3E
- Stanhope Borough, 4D
- Tewksbury Township, 6C
- Union Township, 7B
- Vernon Township, 1E
- Victory Gardens Borough, 4E
- Wanaque Borough, 3G
- Washington Borough, 5B
- Washington Township (Warren), 5B
- Washington Township (Morris), 5C
- West Milford Township, 2F
- Wharton Borough, 4E
- White Township, 5B





State of New Jersey

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