



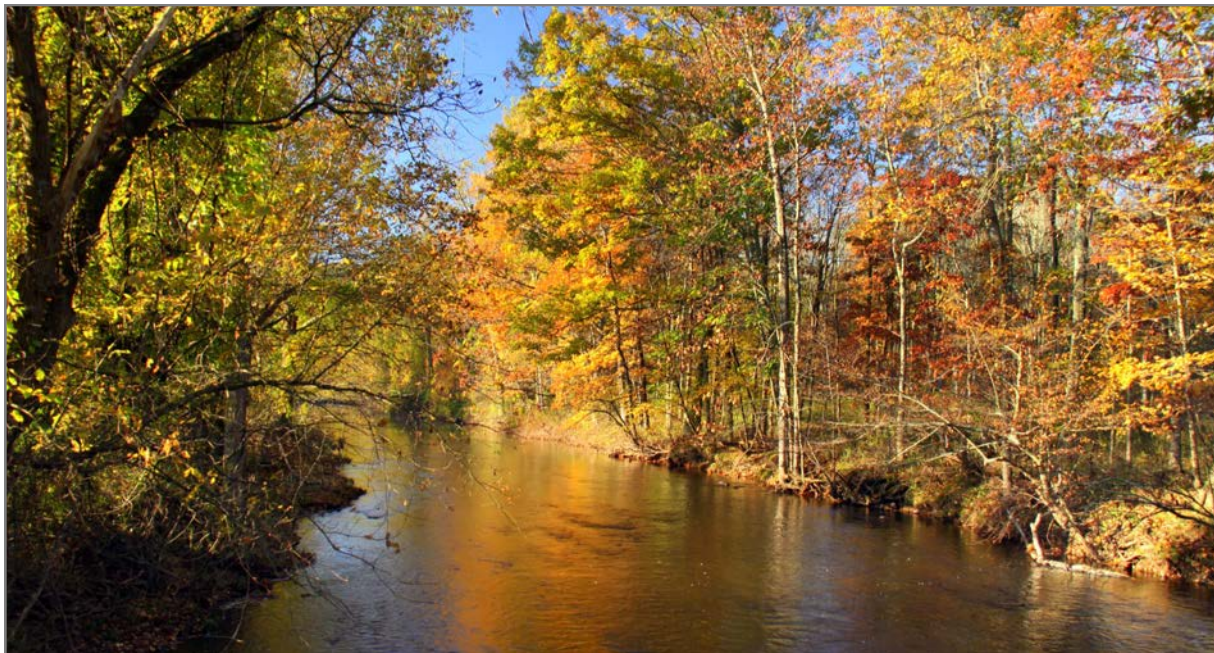
--- 2013 --- ANNUAL REPORT

New Jersey Highlands Water Protection and
Planning Council

March 28, 2014

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Lamington River, Bedminster



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Governor

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JIM RILEE
Chairman

GENE F. FEYL
Executive Director

A Message from the Chairman and Executive Director

Dear Friends of the New Jersey Highlands,

It is with great pleasure that we present to you the 2013 Highlands Council Annual Report. Without question 2013 was a year of strong progress on a number of fronts including Plan Conformance implementation, Transfer of Development Rights Receiving Zone exploration, and initiation of the Regional Master Plan (RMP) review that is required by the Highlands Act.

As we began 2013, with 43 of 60 Municipal Petitions for Plan Conformance and two of the five County Petitions already approved, emphasis had already begun to shift from petition approvals to completion of implementation tasks. During 2013, municipalities throughout the region continued to adopt key Highlands ordinances that integrate the vital resource protections of the Highlands Act into local regulatory and guidance documents. In addition, the Highlands Council continued to work in partnership with municipalities, providing funding and expertise to support important planning work prescribed in the Highlands Act, including water use and conservation management planning, redevelopment planning, and sustainable economic development planning.

Another significant accomplishment related to Plan Conformance in 2013, was the launch of a training and certification program that empowers municipalities to make determinations of certain Highlands Act exemptions at the local level. Five Highlands municipalities have completed the required steps and are now able to issue the specified exemptions for their residents, while maintaining the integrity of the protections required by the Highlands Act. We anticipate many others will follow in 2014.

Of particular note in 2013 was the Highlands Council designation of a Highlands Redevelopment Area in Mount Olive Township adjacent to Budd Lake. Building on previous work with Highlands Council staff to maximize the potential of the commercial areas around the lake while protecting this critical water body, which serves as the headwaters to the South Branch of the Raritan River, Mount Olive proposed redevelopment of several areas along Route 46. Since the area is entirely within the Preservation Area of the Highlands Region, a Highlands Preservation Area Approval

(HPAA) with redevelopment waiver from the New Jersey Department of Environmental Protection (NJDEP) is required for planned redevelopment activities. A Highlands Redevelopment Area Designation issued by the Highlands Council is a prerequisite to obtaining such a waiver. This approval is an excellent example of the Highlands Act working as intended: Ensuring the protection and restoration of a significant natural resource, while creating an environment that will attract investment in a community. We look forward to seeing these efforts come to fruition in the years ahead.

In the past year, the Council also made significant progress in our efforts to establish voluntary receiving zones in our Transfer of Development Rights (TDR) Program. Receiving Zones are a fundamental component of the market-driven TDR program envisioned by the Highlands Council and Highlands Development Credit Bank. Having refined its approach to identifying potential receiving zones in 2012, the Council enhanced grant programming in early 2013 to provide a greater level of funding and support to municipalities interested in exploring the possible benefits of establishing a receiving zone. This work proved fruitful, with three municipalities submitting applications and being approved for TDR Receiving Zone Feasibility Grants. Also in 2013, the Council issued a request for proposals and selected three qualified vendors for grantees to choose from to perform the fiscal analysis component of the TDR Feasibility Grant.

Finally, 2013 was the year we began laying the foundation for a review of the Highlands RMP as required under the Highlands Act, following public input. The RMP itself further defined the process by which this review should happen, outlining a monitoring program to identify and track regional indicators and analyze the fiscal impact of the Act and RMP on the Region. The Highlands Council issued two requests for proposals in 2013 seeking to engage outside experts to support this analysis and we anticipate this will be an area of significant focus in 2014. We look forward to continued public engagement as we move forward with this and all other work involved in implementation of the Highlands Act.

Sincerely,



Jim Rilee, Chairman
Highlands Water Protection and Planning Council



Gene F. Feyl, Executive Director
Highlands Water Protection and Planning Council



Highlands Water Protection and Planning Council 2013-2014



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,
Chester Township



Robert F. Holtaway, Treasurer
Bedminster, Somerset County
Former Mayor,
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,
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



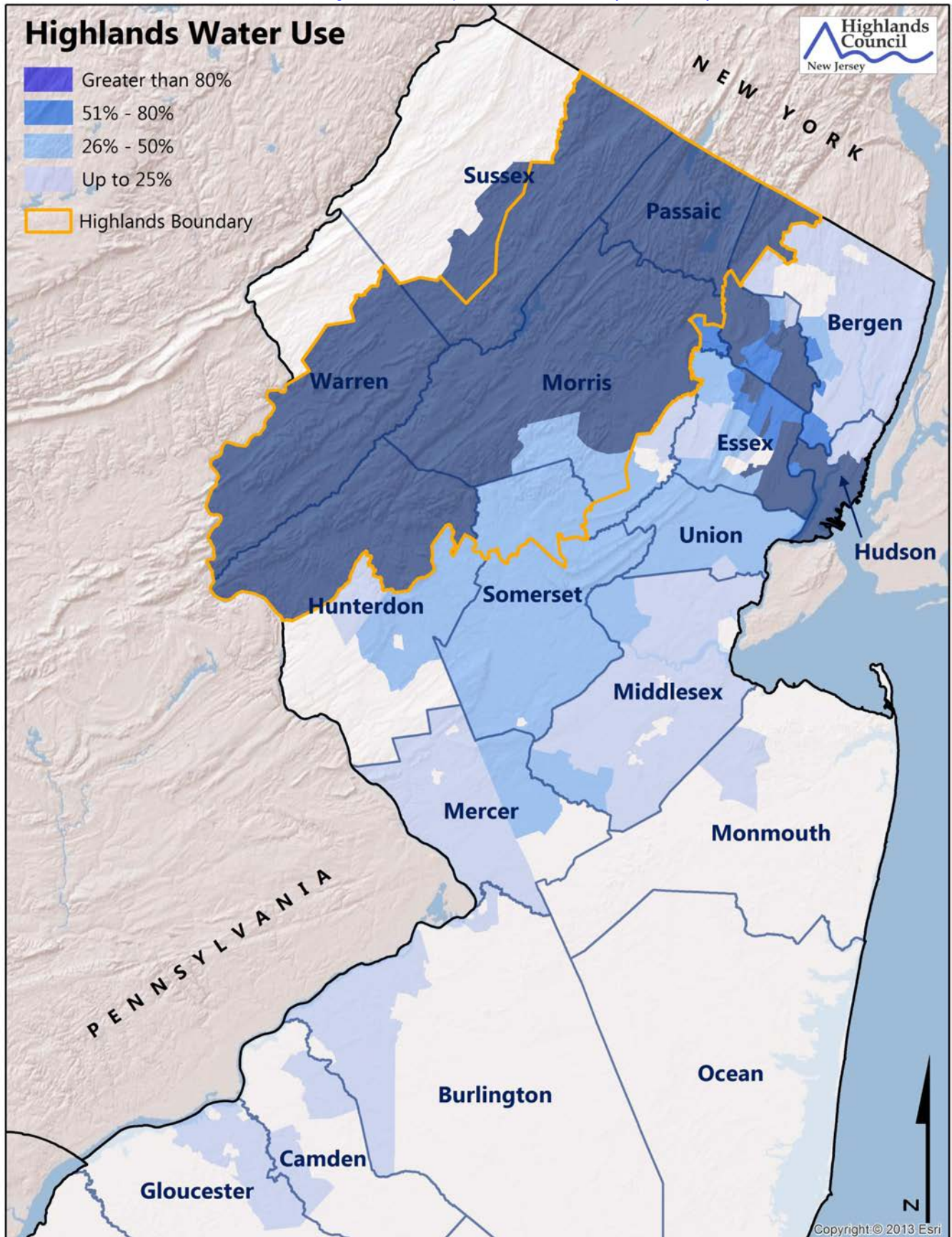
James A. Visioli
Dover, Morris County
Alderman, Dover Town



Richard Vohden
Andover, Sussex County
Freeholder Director, 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.

Protecting the New Jersey Highlands

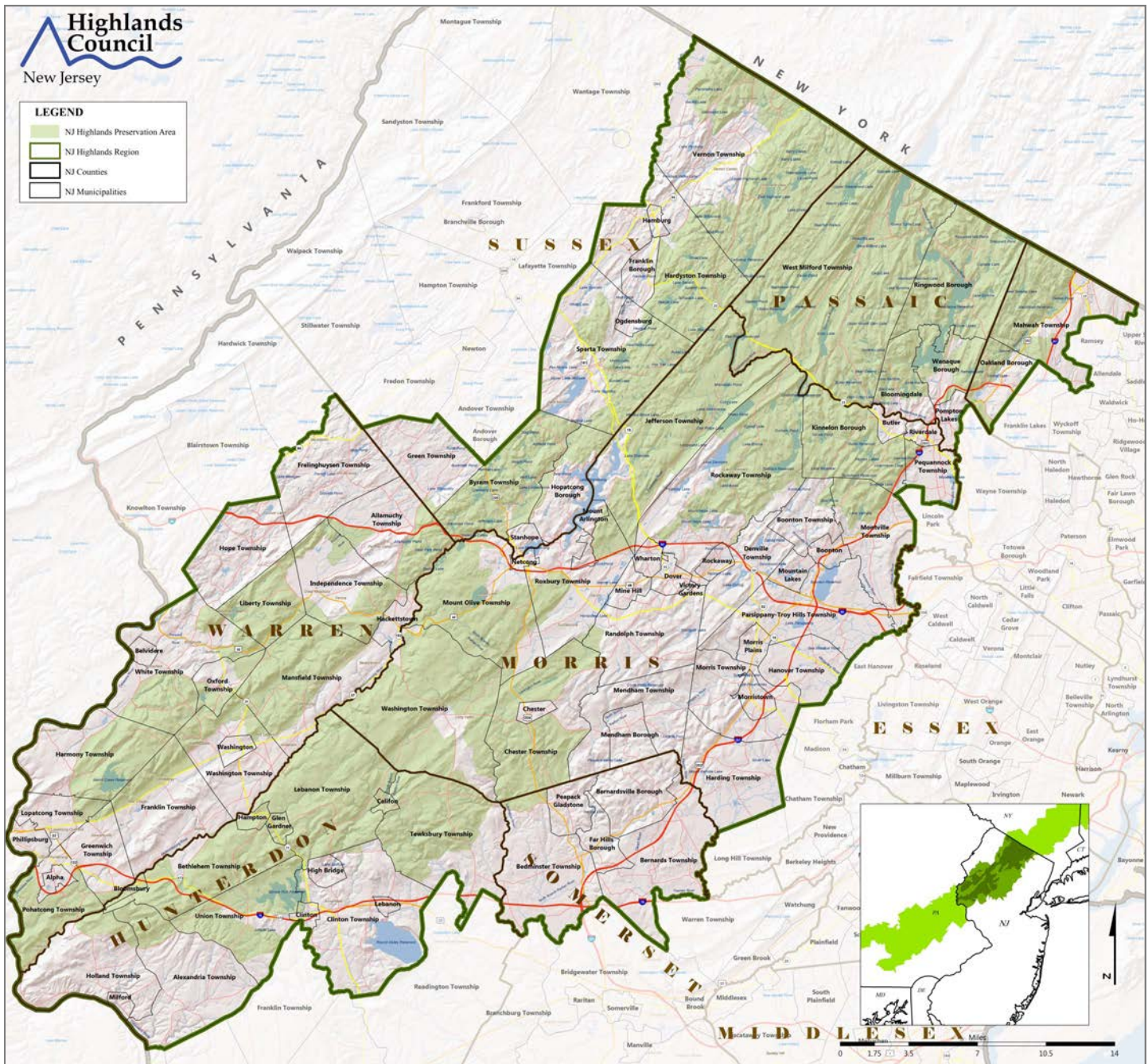
The Highlands Region stretches from Southeastern Pennsylvania through parts of New Jersey, New York and into Connecticut. Recognizing the significance and value of the resources within this region, the State Legislature of New Jersey passed the Highlands Water Protection and Planning Act (the Highlands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



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.

2013: Year in Review

Plan Conformance Update

Conformance with the Highlands 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.

To date, 60 of the 88 municipalities in the Region have submitted petitions to conform local regulations to the Highlands RMP. Of those, 55 have chosen to voluntarily include Planning Area lands in their petitions. Of note, nine municipalities that are located entirely within the Planning Area are voluntarily working toward conformance.

Through December 2013, 45 of the 60 municipal petitions submitted 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 2013, two municipal petitions were approved: Randolph Township and Roxbury Township, both in Morris County. Randolph's Petition included four designated Highlands Centers and planning work is already under way for those. (See pages 19-21 for Plan Conformance status by municipality, with acreage.)

Also to date, 32 municipalities are engaged in completing implementation tasks. In 2013, a total of 30 documents in 19 municipalities were adopted locally, embedding the Highlands Act into local regulations. Below is a summary of key implementation task items adopted in 2013.

Highlands Ordinance, Resolution, or Element	Adopted in 2013	Total adopted to date
Planning Area Petition Ordinance	3	18
Master Plan Reexamination Report	7	20
Checklist Ordinance	4	14
Highlands Environmental Resource Inventory	4	24
Highlands Master Plan Element	6	13
Highlands Land Use Ordinance	1	2
Exemption Determination Authorization	5	5

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 entity through the Plan Conformance process.

Tracking Progress: Plan Conformance

The Highlands Council provides 24/7 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.

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

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

Maximizing Efficiency: Checklist Ordinance Approach

Recognizing the unique needs of municipalities within the Region, Highlands Council staff identified an opportunity to simplify the Plan Conformance process in 2013 through the “Checklist Ordinance Approach.”

The Model Highlands Land Use Ordinance (LUO) provides the framework for reviewing certain development applications within a municipality in the context of the requirements of the Highlands Act. While a municipality is working toward adoption of a Highlands LUO, the Highlands Checklist Ordinance is typically adopted as a temporary measure. With the Checklist Ordinance in place, development applications that trigger a review involving the Highlands LUO are sent to the Highlands Council staff for review against the standards in the LUO. Once the Highlands LUO is adopted locally, the Checklist Ordinance is rescinded and the municipality then conducts the reviews in accordance with the LUO.

For municipalities that are already largely built-out or preserved, with very few potentially developable lots that would trigger a LUO review, the Highlands Council now offers the option of adopting the Checklist Ordinance instead of the LUO. This “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, 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.

Streamlining Process: Exemption Decisions

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. 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 (see list below) in cases where conformance Petitions have been approved by the Highlands Council.

Exemptions Eligible for Municipal Decision	
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 March 2013 the Highlands Council, in conjunction with NJDEP, launched a training and certification program, which was offered to all eligible Highlands municipalities. The first round of training sessions was attended by 90 individuals, representing 38 Highlands municipalities. To begin issuing exemptions, a municipality must first adopt a Highlands Area Exemption Ordinance and receive certification from the Highlands Council.

As of January 2014, five municipalities had adopted a Highlands Area Exemption Ordinance, and been issued certifications to begin administering the select exemptions outlined above.

Municipalities with Exemption authorization are: in Bergen County, Mahwah Township; in Hunterdon County, High Bridge Borough; in Morris County, Mount Olive Township; in Passaic County, West Milford Township; and in Sussex County, Byram Township.

Highlands Centers

The Highlands Act specifically requires encouragement of 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 growth and economic development. Municipalities engaged in Highlands Center planning are actively working to implement measures that create an environment that supports development and redevelopment opportunities. In 2013 the Highlands Council approved the designation of four Highlands Centers in Randolph Township in Morris County.



Phillipsburg

The table below summarizes all approved Highlands Centers to date.

Municipality	Date Designated	Objective (s) of Highlands Center
<i>Morris County</i>		
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
<i>Sussex County</i>		
Byram Township	9/23/2010	Cluster development
Hopatcong Borough	9/20/2012	Enhance lake community; redevelopment
<i>Warren County</i>		
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

Providing Technical Guidance for Resource Management

The Highlands Act and RMP require the Highlands Council to provide municipalities with technical guidance related to resource management and protection as part of the Plan Conformance implementation process. Late in 2013, Highlands Council staff finalized a Lake Management Guidance document and a two-part Stream Corridor Protection document, which were released in early 2014.

Also in 2013, the Council issued a Request for Proposals and subsequently selected a vendor to complete Forest Conservation Guidance materials and design a Functional Ecosystem Valuation Model.

Plan Conformance Grant Program

The Highlands Act requires that the Highlands Council provide grant funding for the reasonable expenses associated with Plan Conformance requirements. In order 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, the Highlands Protection Fund was created in the Act.

In 2013, Council approved Petitions for the municipalities of Randolph and Roxbury 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.

Among all municipalities that have received awards in support of Plan Conformance implementation activities to date (in total):

- 21 received awards to support Water Use and Conservation Management plans, totaling \$1,089,300 (average award of \$51,871/municipality);
- 33 received awards to support Stream Protection and Restoration Plans totaling \$951,600 (average award of \$28,836/municipality);
- 25 received awards to support Highlands Centers Plans/Redevelopment plans, totaling \$634,300 (average award of \$25,372/municipality);
- 33 received awards to support Habitat Conservation & Management plans, totaling \$559,500 (average award of \$16,955/municipality);
- 22 received awards to support Sustainable Economic Development plans, totaling \$432,130 (average award of \$19,642/municipality);
- 19 received awards to support Agricultural Retention/Farm Preservation plans, totaling \$223,000 (average award of \$11,737/municipality);
- 40 received awards to support Wastewater Management plans, totaling \$141,500 (average award of \$3,538/municipality);
- 8 received awards to support Green Building/Environmental Sustainability/Alternative Energy plans, totaling \$77,000 (average award of \$9,625/municipality); and
- 7 received awards to support Lake Management plans, totaling \$210,000 (average award of \$30,000/municipality).

Please note that separate funding dedicated by the Highlands Council in the 2014 budget will be used to identify areas that would support the Transfer of Development Rights program. [See Highlands Development Credit Bank section on page 11.]

For fiscal year 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 FY2014. On October 17, 2013, the Highlands Council passed a Highlands Protection Fund Capital Budget for FY2014. The FY2014 Highlands Protection Fund Budget is based upon the almost \$2,200,000 appropriation authorized in the FY2014 State Budget. This funding will provide additional grant dollars for continued Plan Conformance work for an estimated 65 municipalities and counties in FY2014. The FY2014 budget estimates that over \$3 million additional dollars will be encumbered for municipalities and \$735,000 will be encumbered for Highlands counties. [See Highlands Council resolutions [2013-26](#) and [2013-27](#) for approved Highlands Council FY2014 budgets.]



Great Blue Heron, Splitrock Reservoir, Rockaway Township

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, the Highlands Council will develop a draft WMP in collaboration with the municipality and NJDEP. When the municipality concurs with the draft WMP, it is provided to NJDEP for final review, public comment and adoption.

To date the Highlands Council has completed 32 draft WMPs and will continue to collaborate with other municipalities to complete drafts. Three have been adopted by NJDEP.

In 2013, WMP work was primarily focused on facilitating comments and revisions to previously drafted WMPs. One new draft WMP was completed and one final WMP was adopted by NJDEP. In addition, Highlands Council staff coordinated with NJDEP to provide review and support of WMPs and Water Quality Management Plan site amendments for non-conforming Highlands communities to ensure consistency with the Highlands Act and the RMP. In 2013, the Highlands Council provided comments to NJDEP on WMPs for eight non-conforming municipalities and four counties. Additional information regarding WMPs, including a tracking sheet, is available on the Highlands Council website.

Tracking Progress: Wastewater Management Plans

The Highlands Council provides 24/7 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 regarding their full jurisdiction to-date, and indicates the status of their WMP proposal and adoption.

[Wastewater Management Plan Development Status Sheet](#)

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.

To be designated as a Redevelopment Area by the Highlands Council, a site (or area) must be either:

- an NJDEP certified brownfield or
- previously developed lands with a minimum of 70% existing impervious surface.

Once those criteria are met, Highlands Council staff will review 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.

The Highlands Council approved one Redevelopment Area designation in 2013 in Mount Olive Township, Morris County. The Mount Olive Township Redevelopment Area approved this year supports efforts to protect and revitalize an area along the southwestern shore of Budd Lake that includes 17 parcels near and adjacent to the lake. Through its planning work, Mount Olive Township hopes to improve existing conditions in the area and create an environment that will attract reinvestment, while being protective of natural resources. The properties that will be the focus of planning efforts comprise approximately 16 acres including business and retail sites, residential units, a number of vacant lots, and the Budd Lake beach area and former municipal complex. Given the proximity of Budd Lake to the project area, redevelopment planning will focus sharply on lake management, stormwater management, critical habitat protection, and scenic resource management, as well as sustainable economic development, and transportation.

The table below 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.

Highlands Development Credit Bank/Transfer of Development Rights

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. 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 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. 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. To date, the Highlands Council has allocated more than 1,800 HDCs, representing 3,413 acres from 92 applicants.



Ringwood Manor, Ringwood State Park

In 2013, the HDC Bank completed its fifth and final round of acquisitions in the IPP, approving four offers to landowners in Hunterdon, Passaic, Sussex, and Warren Counties. Transactions approved in the fifth round represent an additional investment of \$1,516,000 in land preservation in the Highlands and will result in the preservation of an additional 193.58 acres in the Highlands.

Since its inception, the HDC Bank Board has approved the purchase of 554 HDCs and closed on more than 510 HDCs, representing a total of 597 acres and providing \$8.2 million to 16 property owners. Below is a summary status of the IPP through the end of 2013.

Initial Purchase Program Summary	
Funding from Executive Order 114	\$10,000,000
Authorized by HDC Bank <i>Includes both pending and closed offers; includes closing costs. Represents 554.75 HDCs, 659.12 acres</i>	\$8,905,300
Debt service set aside (required by NJ Department of the Treasury)	\$1,000,000
Balance	\$94,700

Intensified efforts continued in 2013 toward establishment of voluntary Receiving Zones through extensive outreach and refinements to grant programming for Receiving Zone feasibility studies. The new programming for the TDR Receiving Zone Feasibility Grant prescribes a well-defined, sequential and phased scope of work that includes a capacity analysis to ensure sufficient infrastructure exists to support additional development, a site evaluation to identify potential areas suitable for a Receiving Zone, and a fiscal analysis. The Highlands Council approved three TDR Feasibility Grants in 2013: Vernon Township in Sussex County; City of Passaic and Clifton, both in Passaic 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 2014 Highlands Protection Fund Capital Budget includes \$240,000 for these grants in the coming year.

Also in 2013, Council approved a contract designating qualified vendors to conduct the fiscal analysis task of the TDR Feasibility Grant program. Municipalities that are awarded TDR Feasibility Grants will select one of the approved vendors to complete the fiscal analysis, which will include a real estate market analysis and fiscal impact analysis. Details regarding the [TDR Receiving Zone Feasibility Grant](#), including a draft scope of work, are available on the Highlands Council website.

Tracking Progress: HDC Bank

The Highlands Council provides 24/7 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.

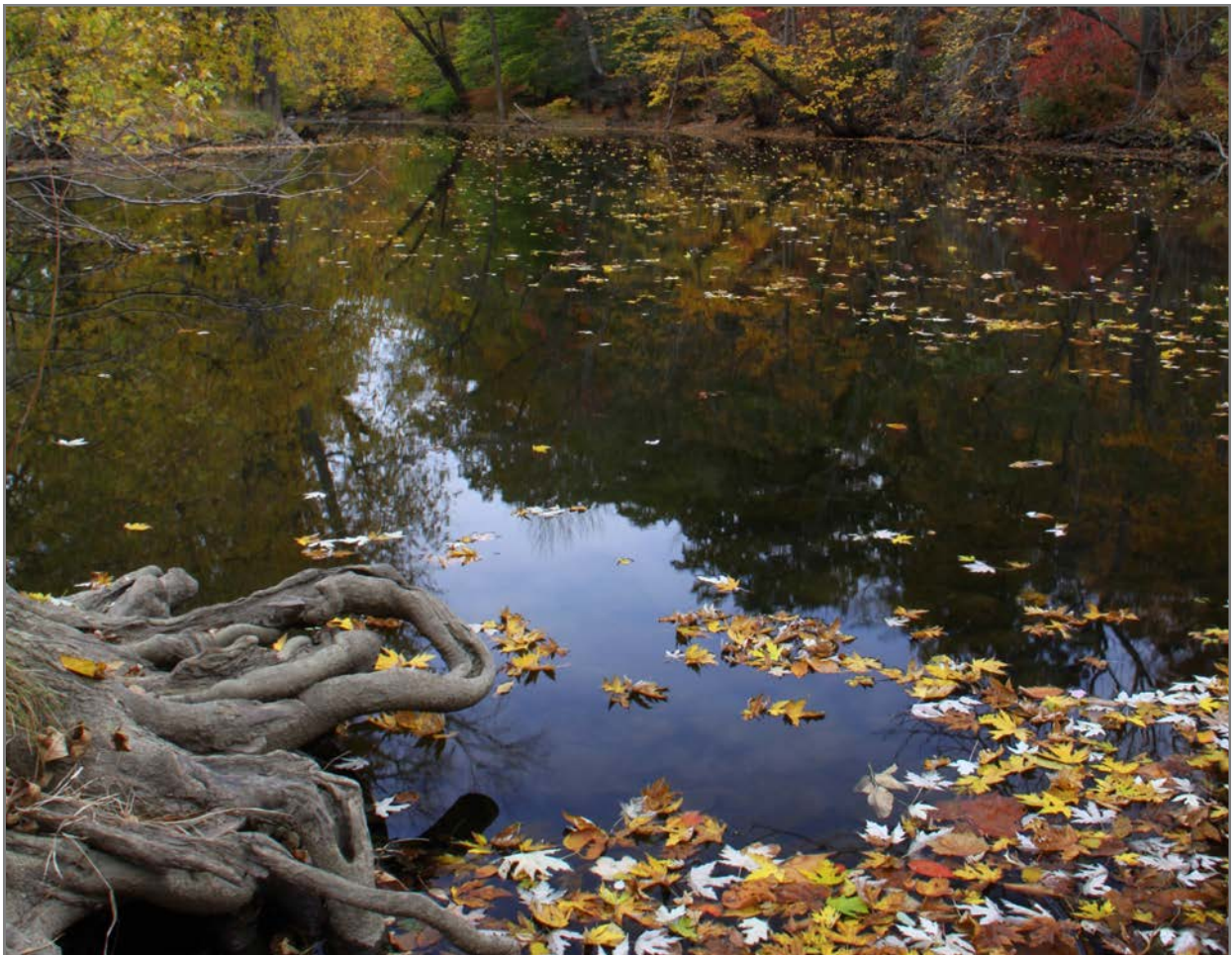
[HDC Registry](#) – A summary of all closed HDC Bank transactions.

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

Legislative & Regulatory Update

In September, Governor Chris Christie signed the Economic Opportunity Act of 2013 (P.L.2013, c.161), which included express consideration of the Highlands Region. The Act, which merges five economic development incentive programs into two, specifically excludes the Highlands Preservation Area. At the same time, the Act includes Redevelopment Areas and Highlands Transfer of Development Rights Receiving Zones among its “qualified incentive areas” making those areas eligible for additional capital investment and tax incentive programs from the State.

In November, Governor Christie extended the expiry date of NJDEP’s Highlands Preservation Area Rules (N.J.A.C. 7:38) to December 31, 2015. (45 N.J.R. 2578 (b)). The Highlands Preservation Area Rules establish the environmental standards and procedures used by NJDEP to review any application pursuant to the Highlands Act.



Ramapo River, Mahwah

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 Petition 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 2013 the Council held eight public meetings, providing members of the public with an opportunity to better understand the work of the Council and provide comments on its 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 2013 Highlands Council staff responded to more than 300 such inquiries. Since April 2006 the Highlands Council office has handled over 2,400 constituent inquiries.

Members of the public are invited to track progress on Highlands Council work using the tracking sheets referenced throughout this report or by contacting the Highlands Council office.

Looking Ahead: Monitoring Progress

The overarching goal of the Highlands Regional Master Plan (RMP) was clearly set forth in the Highlands Act: “The goal of the Regional Master Plan with respect to the entire Highlands Region shall be to protect and enhance the significant values of the resources thereof in a manner which is consistent with the purposes and provisions of this act.”

The Act further specified that the RMP should be periodically revised and updated with input from the public and collaborating state agencies. The RMP itself further defined the process by which this review would happen, prescribing a tracking and monitoring report and a fiscal impact analysis.

In 2013 the Highlands Council began work on this process, issuing two Requests for Proposals related to RMP monitoring: the first, to develop a web-based portal for gathering initial public comments, and the second to complete a fiscal impact assessment of the Highlands Act and RMP. The public comment portal will be developed and launched in the first half of 2014 and will be one means of collecting input from the public, in addition to traditional hard copy methods, and public

meetings. Public comments will be used to inform the definition of milestones and indicators that will be used to measure progress on achieving the goals of the Highlands Act and RMP.

The fiscal impact assessment will attempt to clarify the economic effects of the Act and RMP on municipalities and counties wholly or partially within the region as compared to the State and other comparable regions. The assessment will be developed building upon the methodology established in the Financial Analysis Technical Report component of the 2008 Regional Master Plan.

The Highlands Council anticipates a productive public engagement process leading to meaningful input as we move forward with the RMP monitoring program.



Wawayanda State Park, Vernon

Statement of Activities and Financial Report for the period ending December 31, 2013

General Operating Budget FY13 - July 1, 2012 through June 30, 2013

REVENUES:

State of New Jersey Appropriation FY13	\$ 2,315,000.00
Balance from FY12	\$ 233,425.06
Miscellaneous Revenues & Reimbursements	\$ 4,166.41
TOTAL	\$ 2,552,591.47

EXPENDITURES:

Salaries	\$ 1,478,156.85
Materials and Supplies	\$ 28,971.46
Other Operating Expenses	\$ 162,927.57
Maintenance and Repairs	\$ 222,450.83
Equipment, Additions, and Improvements	\$ 70,922.62
Transfer to RMP Account	\$ 336,843.15
Balance through June 30, 2013	\$ 252,318.99
TOTAL	\$ 2,552,591.47

General Operating Budget for Portion of FY14 - July 1, 2013 through December 31, 2013

REVENUES:

State of New Jersey Appropriation FY14	\$ 2,315,000.00
Highlands Balance from FY13	\$ 252,318.99
Miscellaneous Revenues & Reimbursements	\$ 3,000.00
TOTAL	\$ 2,570,318.99

EXPENDITURES:

Salaries	\$ 731,826.90
Materials and Supplies	\$ 11,779.70
Other Operating Expenses	\$ 80,884.71
Maintenance and Repairs	\$ 101,390.28
Equipment, Additions, and Improvements	\$ 23,457.05
Transfer to RMP Account	\$ 161,141.52
Balance through June 30, 2014	\$ 1,459,838.83
TOTAL	\$ 2,570,318.99

Regional Master Plan Budget for Portion of FY14 - July 1, 2013 through December 31, 2013

REVENUES:

Balance from FY13	\$ 967,281.48
Transfer in from General Operating Account	\$ 161,141.52
TOTAL	\$ 1,128,423.00

EXPENDITURES:

Contracts Paid to Date	\$ 1,573.48
Balance on Approved Contracts	\$ 706,941.41
Balance through June 30, 2014	\$ 419,908.11
TOTAL	\$ 1,128,423.00

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.

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.

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.

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

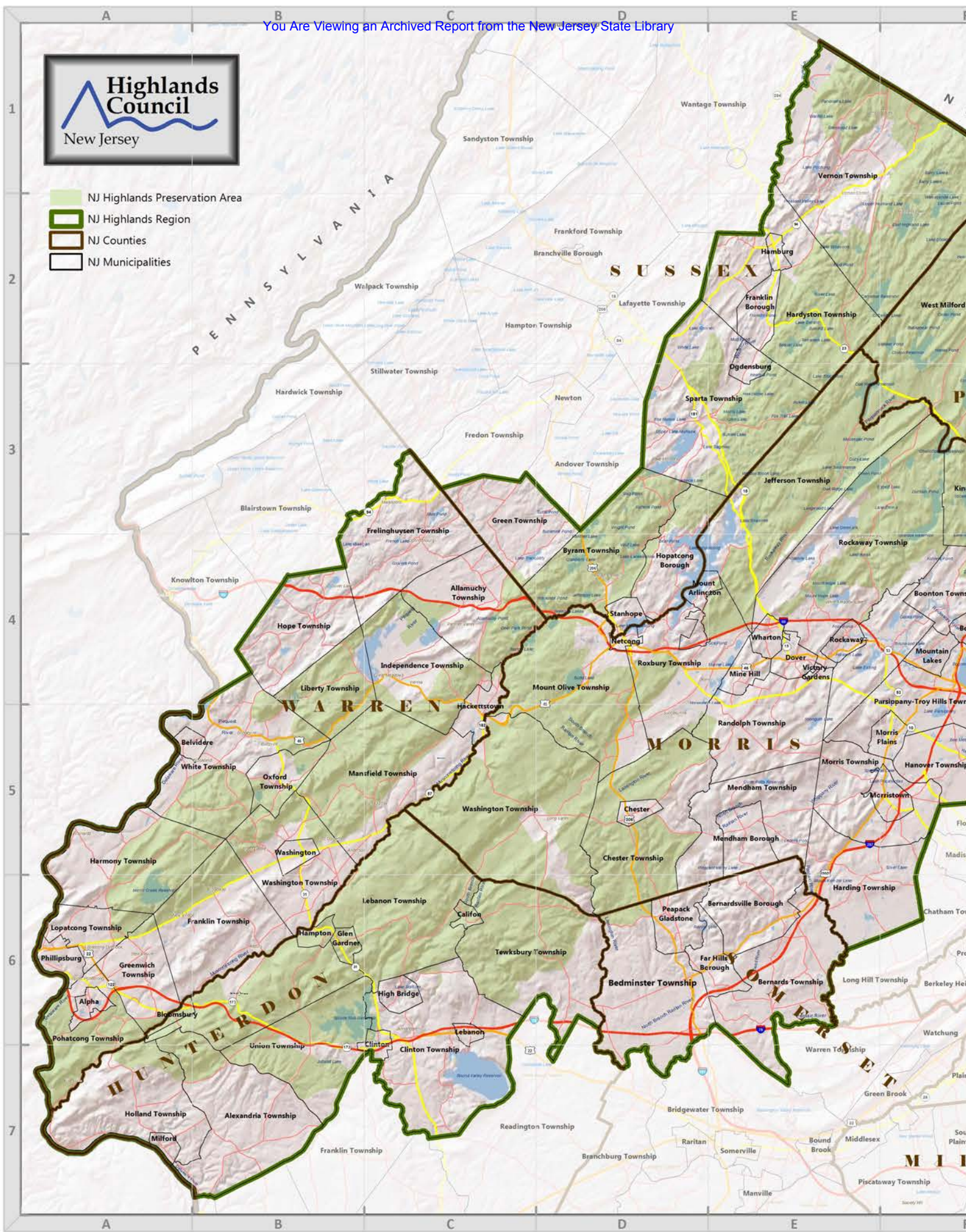
Plan Conformance Acreage and Petition Status

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.

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

 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
 Bloomingdale 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

0 1.5 3 6 9 12 Miles





State of New Jersey

Highlands Water Protection and Planning Council

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