

## APPENDIX

**Testimony for Dana Redd**  
**Before the NJ Select Committee on Economic Growth Strategies**  
**Testimony Date: September 23, 2019, at 12 p.m.**

Good afternoon Chairman Pennacchio and members of the committee.

It is a great honor for me to back in this chamber and to be with you – my former colleagues.

This hearing and others you are holding on the Economic Opportunity Act are important because you need to know “how” and “whether” it worked in places like Camden.

My friends on this panel and I, ---- are here to give you our perspective on “why” the EOA --- not only was successful in Camden ---- but how the ability to attract new businesses back into the city ---- was part of a larger strategy to improve our k-12 education system, and to make our city safer.

For over ten months we have heard about how the EOA did not produce the desired effect in Camden.

I do find it ironic that for years when other cities in the state saw companies getting tax credits it was called progress, but when Camden was given the opportunity to do the same, it is deemed a waste.

Since the controversy about tax credits started, I have often wondered “why” it was ok for Gucci and Ralph Lauren to get incentives to move to Jersey City and Lyndhurst and not companies like EMR, and Contemporary Graphics that chose Camden.

Camden’s effort with regards to tax credits was part of a 5-year strategy to determine the effectiveness of our economic development strategy with tax credits as the foundation.

Because of the EOA, we “now” have seen the largest influx of companies moving to Camden since the turn of the 20<sup>th</sup> century.

I want to say at the outset, just as Tom Doll and Susan Story have said, **none of the companies that have come to Camden** like Subaru, American Water, CSB, NFI and Michaels – needed to come to Camden.

In fact, they could have chosen other places, including Pennsylvania.

But they chose New Jersey, --- they chose Camden ---- and they chose, because of the tax incentives. That is unmistakable, and undeniable.

Whether I was in the Senate or in city hall, all I ever wanted for the city, was to make a difference in the lives of children, youth and families; secondly, I wanted Camden to no longer

be the poster child of everything wrong in urban America; AND finally, I wanted to demonstrate what the power of collaborations could produce ---- and that was, REAL CHANGE.

At the turn of this century, even at the beginning of this decade, the odds of realizing the enormous potential that our city held --- seemed insurmountable.

Some individuals had described Camden as a “car with no engine.” We were written off as the most dangerous, and the poorest city in America – a city with no hope.

It was all true except --- for the last part.

Mr. Chairman, I can tell you that we never lost hope, we never lost our will to believe in ourselves or this great city.

We knew then ----- that we can no longer afford to target one problem, but we had to work on all the problems -- at the same time.

It was a daunting thought ---- and a huge undertaking. It would take multiple governors, hundreds of residents, elected officials, business leaders, and non-profits to put Camden on a course/trajectory of success.

It was not easy then and it is still a work in progress now, but the results are undeniable.

During my first term, we worked hard to get Camden’s finances under control.

When I became mayor, the finances were in such disarray that our auditors would either give Camden a negative or no opinion at all.

In two short years, we were finally able to get our fiscal house in order. Camden received its first positive audit.

Then the “impossible” happened --- after 15 years of negative or junk bond status, Camden received its first investment grade rating of BBB+ in 2014.

While getting our finances in order was important, --- improving public safety and education were critical to pulling the city out its socio-economic nose dive.

“No company” was going to move to Camden if we could not objectively demonstrate the city is safe for the residents and businesses.

After years of struggling to contain the violence, in 2013, in partnership with the State of New Jersey and the County of Camden, we officially stood up a new police department under the leadership of Chief J. Scott Thomson.

Under his leadership and through the hard work of residents and faith leaders, Camden is the safest it has been in 50 years.

I am grateful the chief is here and he will provide this committee his perspective.

We also tackled a failing school system.

In 2012, the Camden City School District was known for having the lowest performing schools in the state.

With the leadership of our elected leaders and Superintendent Paymon Rouhanifard, along with the community, we were able to improve our k-12 education system through competition among public and charter schools and the then newly developed idea of renaissance schools.

Bryan Morton, one of the most important thought leader parents in the city will share his is view about the improvements in our education system.

Mr. Chairman and members of the committee, I will tell you graduation rates are up and drop-out rates are down and investment in school facilities are at their highest levels.

Through the Chair, I would like members of the committee to have two charts that demonstrate the progress the city has made in k-12 education system and public safety.

A successful implementation of our financial, public safety and k-12 education strategy --- gave us the confidence and standing ---- to ask the state to give us the legislative tools to build a sustainable economic development platform.

Since 2015, Camden has witnessed unprecedented economic investment, growth and development.

That is a direct result of the passage of the New Jersey Economic Opportunity Act of 2013.

With the arrival of 26 companies to Camden, the city is on a steady pace to becoming a meaningful contributor to the region and the state.

Economic growth has led to the creation of jobs for our residents both in the construction industry, as well as, through permanent positions in the companies.

I know Freeholder Jon Young will discuss the impact these companies have had on the job market and our ongoing effort to engage, and place Camden residents in these companies.



Mr. Chairman, from a distance it is hard to imagine let alone comprehend how socially and economically isolated Camden was for fifty years.

Deep and negative perceptions about Camden were built over a long period of time.

As I have often given tours to my colleagues in the past ---- I invite everyone of you to visit Camden and see the changes that have taken place ---- and to see for yourselves ---- how caricatures and portrayals of Camden and the progress we have made, ---- are misplaced at best and harmful at worst.

Without question, we have many more challenges to overcome, but to dismiss out of hand the progress that has been made does disservice to the people of Camden.

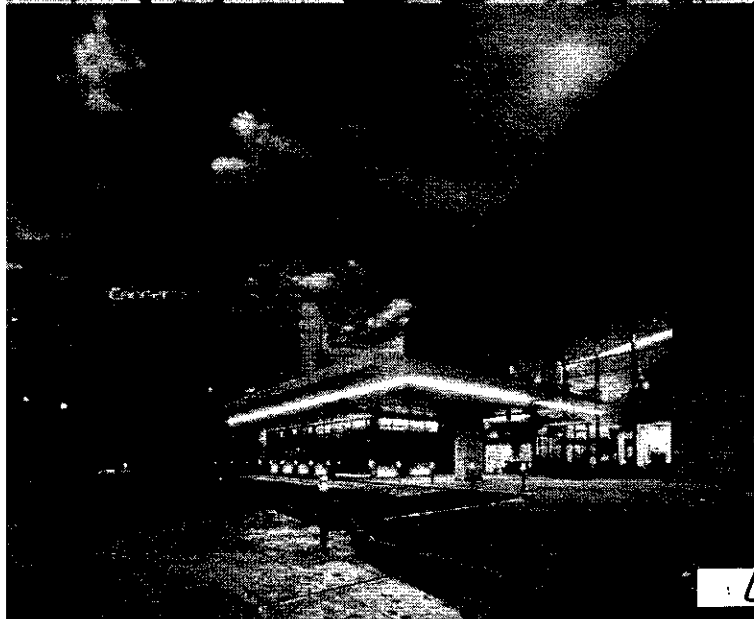
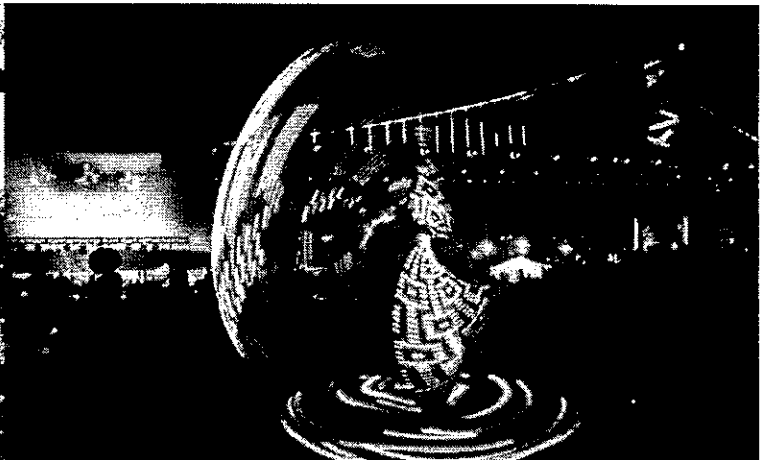
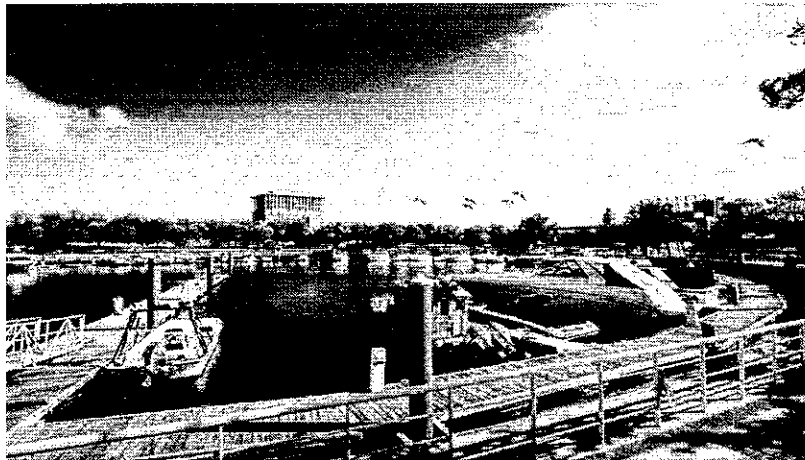
I cannot speak for other cities, but the EOA was a critical part of ensuring that our holistic strategy for rebuilding Camden is effective and beneficial for the city and its residents.

In a span of less than a decade we have seen Camden make great strides in education, public safety all the while attracting some of the largest companies in the country and in the world to move to Camden.

I have often said that with space and time, Camden will be viewed as a case study of how a struggling urban area can be revived. I am grateful for the opportunity to give a share my views with the panel. Thank you for your consideration.

# The Positive Impacts of Investments in Camden, NJ on Social Determinants of Health

January 2019



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# The Positive Impacts of Investments in Camden, NJ on Social Determinants of Health

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*Submitted to*

Report Submitted to:  
Rowan University/Rutgers-  
Camden Board of Governors  
200 Federal Street, Suite 300  
Camden, NJ 08013

**ESI** **ECONSULT**  
**SOLUTIONS INC.**

*January 15, 2019*

## FOREWORD

Camden is the City where I raised my family, my three children went to school, and I worked my way through Rutgers Law School employed as a night watchman at Woodrow Wilson High School. It is the City I represented as a State Legislator, in the U.S. Congress and the State House as Governor. I have an almost religious feeling for the City and its people. You can, therefore, understand my appreciation for the wonderful information contained in the study about Camden's resurrection. The road back from its tough times to its current revitalization is the ultimate morality play.

Confident people of good faith collaborating in applying their intellect and common sense have demonstrated impressive results in their efforts to restore the City to greatness. Proceeding from the fundamental observation that the most basic right of all is the right to be safe and secure, City officials worked with County officials to successfully reorganize public safety. From there, they systematically addressed concern after concern: education, transportation, employment, infrastructure, housing and healthcare in a manner that was intelligent and efficient. Social sensitivity, collaboration and the greater good of the community were constant procedural guideposts.

There is a real-world awareness that everything is connected; the public sector, the private sector and non-profit and academic communities. Hence, a cooperative spirit is imperative to success.

The leadership, I believe, that is responsible for the progress shown in this study, is truly inspired. It requires continued active support from rank and file average citizens who must stay engaged and informed about policies and plans. It's called participatory Democracy. We have already advanced it substantively up the mountain. The attainable goal is to reach the peak. Together it can be done.

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49th Governor of the State of New Jersey

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# 1. Introduction

## 1.1 Background

After fifty years of social and economic decline, Camden is experiencing a renaissance. The foundation of this turnaround is the partnerships and commitment between state and local governmental entities, business leaders and community stakeholders to develop and implement a holistic strategy focused on improving the city's fundamental systems. Public safety, education, and neighborhood infrastructure are driving outside investments and interest in Camden. Private investments are building on foundational improvements driven by the public sector.

Camden is seeing marked improvements in the economic, health, educational, and social wellbeing of its residents for the first time in half a century. These improvements follow years of challenges in the city.

In less than a decade, Camden lost 40 percent of its employment base. The outward migration of companies, suburban flight, land use policies, and disinvestment in infrastructure led to a disastrous socio-economic climate in the city.

At the start of the 21st Century, Camden was facing significant challenges in public safety and health, K-12 education, employment, physical infrastructure, and economic development.<sup>1</sup>

Among New Jersey cities, Camden was hit hardest by the post-war exodus. Between 1930 and 2000, Camden lost 33 percent of its population and 87 percent of its jobs.<sup>2</sup> By 2006,



more than half of Camden residents lived in poverty. The city's median household income of \$18,000 made Camden the poorest city in America. Half of all residents 25 or older had less than a high school diploma, more than double the rate statewide.<sup>3</sup>

Camden's small, low-income tax base made it difficult for the city to invest in its people, institutions, and infrastructure. This created a negative reinforcing cycle of decline. As a result,

Camden struggled to address high crime rates, poorly performing public schools, and declines in its housing stock and transportation infrastructure. Coupled with a state tax code that advantaged suburban communities, Camden faced major challenges across all social determinants of health: public safety,

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<sup>1</sup>McKinsey & Company (2001)

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

education, health care, neighborhood quality of life, and economic development.<sup>4</sup>

In 2001, in response to this crisis of conditions, the Annie E. Casey Foundation commissioned McKinsey & Company to provide a framework for stakeholders to pursue the policy changes, public and private sector investments, and practices needed to positively transform Camden. Their report, *A Path Forward for Camden* found that Camden was “trapped by socioeconomic and fiscal cycles, set off by post-war exodus and exacerbated by government actions and political climate.”<sup>5</sup> In this context, the Casey Foundation laid out a challenging but pragmatic path forward for the city.

The report identified three key areas of focus for moving Camden forward:

1. A regional, comprehensive approach that accounted for the root causes of the challenges facing Camden;
2. Four firm objectives for turning around the cycle of decline:
  - a. Eliminate the structural deficit
  - b. Facilitate the inflow of capital
  - c. Use public funds to rebuild physical infrastructure and human capital
  - d. Strengthen local government; and
3. Secure commitments to this plan from local, regional, and state stakeholders and decision makers while fostering strong civic engagement and leadership

While many attempts were made to rebuild the city, it took state and elected officials, business leaders, health care and education institutions and community stakeholders a full decade to

put in place a comprehensive legislative, regulatory and financial plan for the City of Camden.

Since 2011, Camden has been on a steady climb out of its crisis. While much progress has been made in improving the fundamental elements of the city that bring stability, the growth trajectory of Camden is fragile and is very much dependent on the continuation of state investment, private capital and other non-monetary efforts to achieve its true potential.

## Four Transformative Camden Facts

### 1.2 Camden Rising

The ongoing transformation of Camden did not begin by accident. It was carefully curated by policy makers, business leaders, and community advocates. Their collaboration has been a whole city strategy focused on producing maximum benefits for all of Camden. The whole city strategy was intended to stimulate the long-atrophied pillars of stability and social determinants of health, including government fiscal health, public safety, K-12 education, and investments in housing, parks, transportation infrastructure, and business vibrancy. Vast

<sup>4</sup> Ibid.

<sup>5</sup> McKinsey & Company (2001)



improvements have been achieved across these areas.<sup>6</sup>

This work was a three-part process. First, in 2011, Camden received a BA2 credit rating, relegating it to junk bond status. Through careful and proper fiscal management, the city was able to achieve BBB+ credit rating (investment grade) by 2014. This was its best credit rating in 15 years.<sup>7</sup>

Second was Camden's foremost achievement – the fight to make every neighborhood safe. In 2013, the City of Camden Police Department was disbanded and the Camden County Police Department Metro division formed. Although complex and politically challenging, this new structure has led to the lowest crime rates in more 50 years. By tripling the number of police officers on the streets, technology investments, and a focus on community policing, safer and stable neighborhood environments have been achieved across the city.

Third, Camden's focus on K-12 education has yielded similar results for the city. Camden has balanced investments between traditional public, private charter and hybrid renaissance schools. For the first time since 2012, graduation rates have increased and dropout rates have fallen.<sup>8</sup> Record levels of capital investments have led to the upgrading and building of modern school facilities. The structural and systemic changes in public safety and education have had real and tangible effect on the city's outward image and internal perceptions.<sup>9</sup>

The dramatic improvements in government fiscal health, public safety, and schools have helped create a climate for investments in

parks, housing infrastructure, and stimulated private sector investments in the city's future.

Since 2012, more than \$2.5 billion in capital investments have been made in Camden, unemployment rates have fallen, both affordable and market rate housing has been developed, and both small and large businesses have relocated to Camden. At the same time, health care access has improved among residents, higher education institutions are seeing large increases in student enrollment, and poverty rates among city residents are trending downward.

Improved together, fiscal health, public safety, and K-12 education became the building blocks of Camden's economic resurgence. This resurgence is occurring on a scale unseen in a century. Through the whole city strategy, Camden's comeback was designed to be, and is functioning as, a self-sustaining process.

These investments, policy initiatives, and programs have driven improvements in the quality of life of every Camden resident. This report represents the first comprehensive look at how public and private sector investments under the whole city strategy have been leveraged for additional policy changes, funding, and programs. Together, they have improved the social determinants of health in Camden.

## 1.3 Overview of Report

In this report, we present the background of improvements in Camden, examine the symbiotic relationship between local initiatives and outside investments, detail the investments in Camden over the past six years, and measure

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<sup>6</sup> Camden School District (2018)

<sup>7</sup> New Jersey News (2016)

<sup>8</sup> Camden School District (2018)

<sup>9</sup> Ibid.

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how social determinants of health improved over that time period.

The report is organized in three sections:

Section 1: Introduction – Section 1 introduces the purpose and background of the report. It provides a baseline to understand and contextualize Camden’s ongoing transformation.

Section 2: Investments in Camden – This section presents a comprehensive accounting of public, private, and nonprofit sector improvements in Camden since 2012. This includes policy initiatives, foundation investments, tax incentives, and private sector programs. This section details the importance of and the investments in five categories: public safety, K-12 education, Eds and Meds, housing and neighborhood environment, transportation and economic development. This section also quantifies these investments.

Section 3: Improvements in Social Determinants of Health – In this section, improvements in social determinants of health over the past six years are detailed. Our analysis draws on numerous sources including Census data, secondary and higher education records, and crime statistics to evaluate how social

determinants of health have improved in neighborhoods across the city, demonstrating the success of Camden’s whole city strategy.

Section 4: Summary and Conclusion – Section 4 ties together the investments in Camden and the improvements in social determinants of health. This discussion is contextualized in an analysis of how local-led initiatives have been leveraged for additional, external investments in the city.

## 1.4 About Econsult Solutions

This report was authored by Econsult Solutions, Inc., a Philadelphia-based economic consulting firm. It provides businesses and public policy makers with economic consulting services in urban economics, real estate economics, transportation, public infrastructure, development, public policy and finance, community and neighborhood development, and planning, as well as litigation expert witness support services.

## 2. Investments in Camden

### 2.1 Background

Improvements in the social and economic conditions of Camden residents have been driven by the commitment of community partners, philanthropic foundations, private institutions, and government agencies. Through their collaborative efforts, these stakeholders have contributed to the ongoing revitalization of Camden. Over the past six years, Camden has seen major program initiatives and investments across all areas of social determinants of health – public safety, education, neighborhood and physical environment, health and health care, and economic development.

Dedicated nonprofits and community-led initiatives have transformed Camden's landscape, preserved and improved its housing inventory, educated students, and helped provide social and medical services to Camden's vulnerable population. Economic development initiatives rooted in the ongoing commitment of the "Eds and Meds" Corridor to Camden has helped the city's economy survive decades of divestment and positions the city for continued improvement.

The ongoing efforts to revitalize Camden have enabled the city to position itself as a welcoming environment for new businesses and residents. Potential investors have been further incentivized to consider Camden due to the Grow NJ program, a program designed to benefit key economically disadvantaged cities in the state, implemented by the New Jersey Department of Economic Development Authority.

The Economic Opportunity Act (EOA) offers two important tax incentive programs: Grow NJ and the Economic Redevelopment and Growth Program (ERG). These incentives, which allow businesses to qualify for tax credits if they locate or build in Camden and bring a substantial number of jobs to the city, have resulted in a marked increase in developments in the city.

The State of New Jersey plays an important role in ensuring that the City of Camden is financially supported, even as the stabilization and self-sustaining process takes roots. The investments from the State help the City meet its fundamental obligations to residents and businesses in Camden. They help ensure that the platform for growth is not compromised.

## 2.2 Public Safety

### 2.2.1 Public Safety Programs

Camden has made significant strides in improving public safety measures over the last decade. Not long ago, Camden was named “America’s Most Dangerous City”, the city was facing the highest violent crime rates in the state, paired with low clearance rates. In response to this violence, the City of Camden’s police department was dissolved in 2013, and the Camden County Police Department assumed law enforcement jurisdiction over the city focused on 1) investment in people, 2) community-focused policing, and 3) technology.



The Camden County Police Department has implemented several changes to law enforcement practices in Camden since 2013. The Department has shifted towards a “community policing” approach, which focuses on building trust and lines of communication between the community and the police department. As part of these efforts, the Police Department has implemented a comprehensive community outreach action plan. This plan includes family and youth programming.<sup>10</sup>

The department hosts *Movies with Metro* Saturdays, which are free for the public to attend. The series features family-friendly movies, popcorn machines, snacks and drinks. Summer months also bring Pop-Up Block Parties held in neighborhoods throughout the city.<sup>11</sup>

The department is also involved in educational efforts. More than 30 officers visit schools throughout the city as part of Bookmates - a highly successful program that brings officers and children together through books. Officers visit schools to spend time with kindergarteners for one-on-one reading time.

The department is continuing their ongoing programs aimed at reaching

at-risk youth through Gang Resistance and Education Training (GREAT) and Project Guardian, which gathers several times a year in churches and community centers to steer young people away from crime and violence.

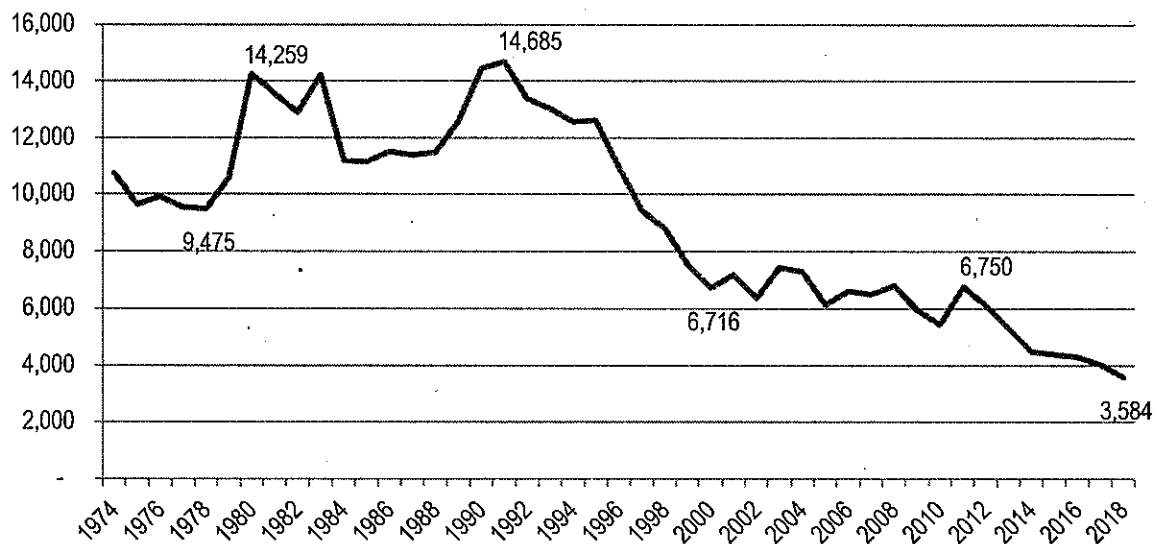
The city has made progress in shifting the public safety paradigm – with measurable results. According to the latest data available, the net result of community policing, technology and most importantly increased police resources being deployed on the streets of Camden have led to a 68% drop in all crimes in forty four years<sup>12</sup>.

<sup>10</sup> Camden County Police (2018)

<sup>11</sup> Camden County Police (2018).

<sup>12</sup> Ibid.

## Total Crimes Jan-Oct per Year (Jan-Oct) in Camden, 1974 - 2018



### 2.2.2. Investments in Public Safety

Camden County has invested in technology to support the focus on community policing. Today there are close to 400 police officers in Camden and the police department has access to some of the most sophisticated technology to fight crime. Millions of dollars have been invested in upgrading the technology infrastructure; this funding was leveraged through federal, state, and local appropriations allowing the department to implement the Eye in the Sky Camera policing program.<sup>13</sup>

In 2015, the Department of Justice's Office of Community Oriented Policing Services (COPS) awarded over \$2 million to the Camden County Police Department, used to hire 15 additional police officers for the City. This awarded was granted with the aim of supporting Camden's community policing approach.

Today, the Camden County Police Department is held up as a national example. It is evidence

that community-based policing really does work, and the changing safety landscape of Camden is objectively proving it. In fact, the strategies used by the department are referenced in the President's Task Force report of 21st Century Policing.



<sup>13</sup> Camden County Police (2018)

## 2.3 K-12 and Higher Education and Health Care

### 2.3.1. K-12 Education Reform Programs

Years of economic decline negatively impacted the quality of Camden Schools. In 2006, only half of Camden residents over the age of 25 had completed high school. In 2014, less than five percent of third through eighth graders in Camden public schools were proficient in reading or math at their grade level.

Policy makers made a singular commitment to Camden starting first with education and promising every child an equal access to succeed in life. This commitment led to the enactment of the Urban Hope Act in 2012.



public school. These schools, known as “renaissance schools” are required by law to adhere to Camden school district’s enrollment patterns. This means they must welcome in every student from their neighborhood catchment, including special education students and English learners, and cannot base acceptance on a lottery system.

Camden was the only city that took advantage of the opportunity of renaissance schools and has allowed three private operators – KIPP Cooper Norcross Academy, Mastery Schools of Camden and Uncommon Schools Camden to open

schools in the city. Through these partnerships, the district has begun the process of providing new high-quality

Camden City School District	Charter Schools	Renaissance Schools
K-12	5 Operators K-12	3 Operators K-12
6,360 students	4,675 students	4,490 students

Over the six years since the Urban Hope Act was enacted, Camden has seen major improvements in the K-12 education system.<sup>14</sup> The law led to the creation of a new type of school: a non-profit charter school that functions like a traditional

neighborhood public school options to over 3,850 students. Today, Camden is educating approximately 15,000 of its school aged children in a mix of traditional public, charter and renaissance schools, with traditional public and renaissance schools providing a strong

<sup>14</sup> Camden School District (2018)

educational experience for two-thirds of the city's students. There have been measurable, positive impacts on the educational outcomes for Camden students (see Data Snapshot).<sup>15</sup>

#### A Data Snapshot of the Camden School

##### District:

⇒ K-8 math proficiency tripled between the 2014/15 school year and the 2017/18 school year, from 4.3 percent to 13 percent.

⇒ English Language Arts (ELA) proficiency increased from 6.5 percent in 2014/15 to 18 percent in 2017/18.

⇒ Renaissance school students achieved an ELA proficiency of 26 percent and math proficiency of 19 percent in 2017/18.

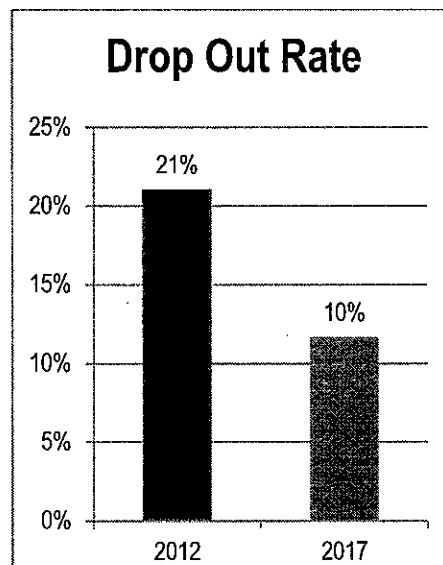
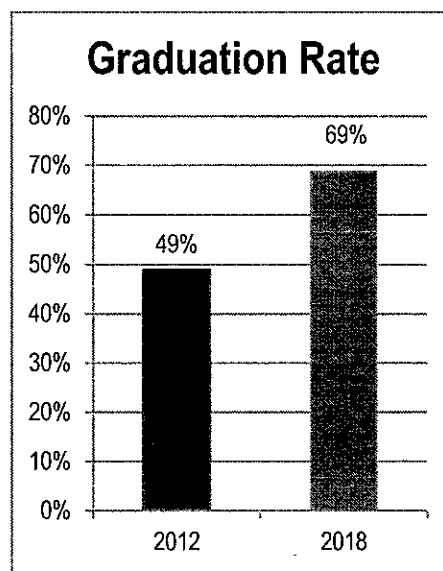
⇒ The total number of school days lost to suspensions were halved in the last three years.

⇒ In 2018, more than 200 hundred Camden School District students are earning college credits at Camden County College.

⇒ PSAT and SAT participation have increased by 22 percent and 46 percent, respectively.

⇒ More than 300 high school students in the Camden School District are taking college-level courses through their school.

⇒ FAFSA completion among Camden School District seniors has increased by 65 percent.



Source: Camden School District (2017)

<sup>15</sup> Camden School District (2018)

Partnerships with private employers and higher educational institutions have been a major contributing factor to Camden's K-12 education success. Highlighted below is a sample of collaborative efforts organizations and stakeholders are making to provide the best opportunities for Camden's children:

L3

L3 Communications Systems is Department of Defense contracted technology company that not only brings economic stimulus to Camden as a private sector entity but also gives back providing important volunteer services to the community. L3 provides tutoring and mentorship programs to school children in Camden.<sup>16</sup>

#### *Rutgers University Educational Outreach Program*

Rutgers University-Camden runs K-12 Education Outreach programs, through which Rutgers students, faculty and staff work with K-12 students and their families to improve educational outcomes, become comfortable with the college application process, and engage in co-learning experiences.<sup>17</sup>

⇒ There are three brand new K-8 renaissance schools in the Lanning Square, Whitman Park, and Cramer Hill neighborhoods serving student this year

⇒ Five neighborhood schools rehabilitated by renaissance schools are serving students in updated and in modern facilities

⇒ Significant building renovations are underway in three additional neighborhood schools that had fallen into disrepair

⇒ A \$136 million State investment to rebuild Camden High into a 21st century, 4-academy, state of the art high school campus that will serve 1,200 students by 2021

#### *Boys & Girls Club of Camden*

Boys & Girls Club of Camden offers tutoring, sports education, creative arts, and mentoring for children and teens in Camden. The Boys & Girls Club also offers a summer camp for children in Camden County. This nonprofit has

also worked alongside various public agencies, nonprofits and businesses to develop recreational sites and activities for children in Camden, including a second clubhouse built in 2007.<sup>18</sup>

#### *Parents for Great Camden Schools*

Parents for Great Camden Schools is a parent-led and staffed nonprofit that does advocacy work with charter, district, and Renaissance family schools. Over 1,000 advocates make up Parents for Great Camden Schools, a significant expansion from its original staff of only 19 parents and grandparents of students in Camden. Since 2015, this nonprofit has met with 8,000 families in an effort to improve educational opportunities in Camden, and has helped more than 4,000 students attend higher performing schools.<sup>19</sup>

<sup>16</sup> Cooper's Ferry (2018)

<sup>17</sup> Cooper's Ferry (2018)

<sup>18</sup> Ibid.

<sup>19</sup> Cooper's Ferry (2018)



### *Medical Apprenticeship Training Program*

To support the City's growing healthcare industry, Cooper Health, the Camden School District, and HopeWorks created the Medical Apprenticeship Training program, which provides free medical coding training to Camden residents. Participants of the program earn tuition-free credits toward a medical assistance certification while finishing their high school courses and gain real-world experience while rotating between various health care service providers in Camden.<sup>20</sup>

### *Subaru of America: Remarkable Graduates Scholarship Program*

In May of 2018, Subaru of America moved to Knight's Crossing in Camden. From the moment Subaru announced its relocation to Camden, President and COO Tom Doll committed to supporting education in Camden. Subaru is enhancing learning opportunities for students across Camden through its Remarkable Graduates annual scholarship program, donations of STEM resources to Camden schools, and volunteer contributions on company service days.<sup>21</sup>

### *High School STEM Partnerships*

As Camden prepares for the new, 4-academy Camden High School Campus to open in fall 2021, the District is establishing new partnerships with industry to provide 21st century job-readiness programs, like a robotics program developed in partnership with Siemens, and a Cisco computer technology

program developed in partnership with the Dream Center. At Woodrow Wilson High School, students will benefit from a new STEM program developed in partnership with American Water, which is fully renovating the school's science labs and developing elective STEM offerings in design technology, environmental sciences, and engineering.<sup>22</sup>

## 2.3.2. Investments in K-12 Education

Reform Camden has seen one of the largest infusions of public and private investment in its K-12 education system in modern history. The commitment of policy makers and institutional investors alike has led to a transformation in the School District's physical infrastructure, which had been poorly maintained for decades. In total, \$336 million has been invested in renovating or building new schools throughout Camden.

## 2.3.3 Higher Education: Eds & Meds

Even as Camden's manufacturing was declining in the 1950s and 1960s, the educational and medical institutions in Camden acted as an economic backstop for the city. Educational institutions and medical centers are critically important for creating and sustaining strong economies in Camden and the region. In the northeast corridor, Eds and Meds account for the four largest private employers in Philadelphia, the five largest employers in Boston, the two largest private employers in

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<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> Cooper's Ferry (2018)

Washington, DC, and four of the five largest private employers in Baltimore.

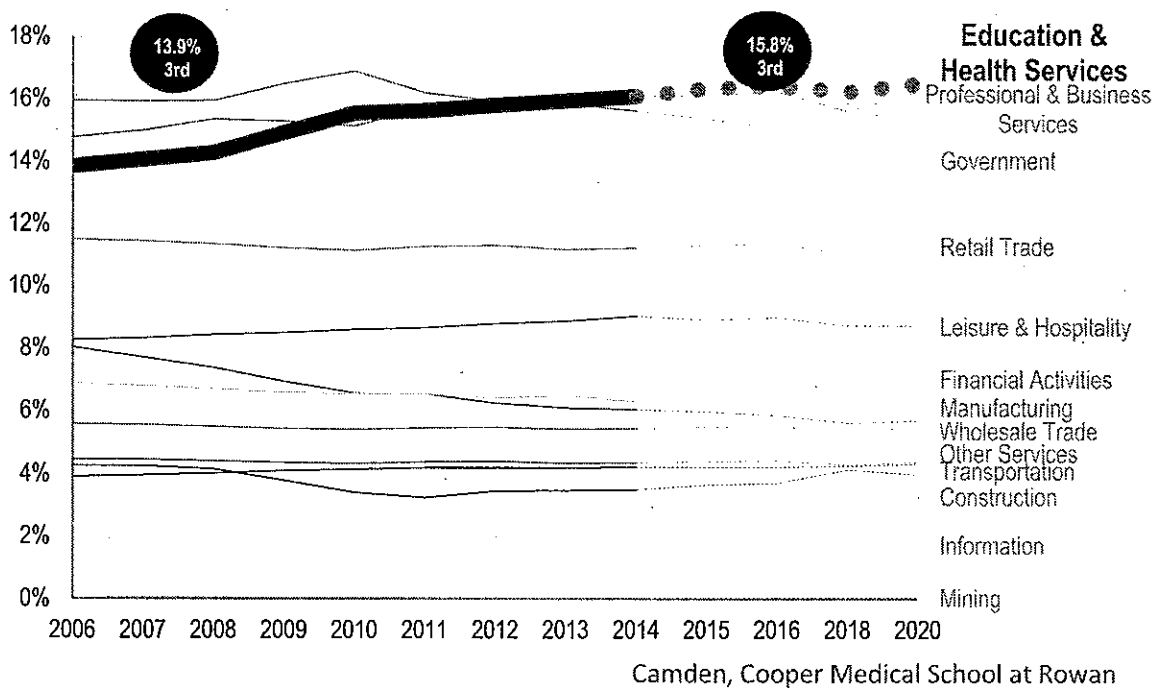
The Eds and Meds sectors have been the core of Camden's economy for decades: Eds and Meds institutions account for nearly 40 percent of all jobs in Camden. While other sectors have declined across the city – with total jobs in Camden declining by 10 percent between 2004 and 2017 – employment in Camden's Eds and Meds sector grew by 67 percent during the same time period. By 2014, the economic impact of Eds and Meds on Camden was more than \$2 billion per year.<sup>23</sup>

Camden County is expected to add another 11,000 Eds and Meds jobs over the next decade – outpacing neighboring Burlington and Gloucester Counties. Continued economic growth in Camden is dependent on the vibrancy and strength of<sup>24</sup> the Eds and Meds sector.

Recognizing the continued importance of the “Eds and Meds” sector to Camden, an accounting of investments made in the higher education and medical sector are detailed below.

### 2.3.4 Higher Education Institutions

Camden has a robust higher education presence. The institutions in the Camden provide students in the City and the surrounding region with diverse educational opportunities, from the practical to the prestigious. Along with improvements in the K-12 education system, higher education leaders have doubled their efforts to provide a world class education on an affordable budget, aggressively sought to build a research platform rivaling others in the region and have fully committed to ensuring that higher education is part of Camden's renaissance. To that end, flagship institutions like Rutgers University -



<sup>23</sup> The Camden Higher Education and Health Care Task Force (2014).

<sup>24</sup> The Camden Higher Education and Health Care Task Force (2014).

21x

University, Rowan University/Rutgers – Camden Board of Governors and Camden County College provide the platform to educate and prepare the generation of industry leaders.<sup>25</sup>

#### *Rutgers University – Camden*

Occupying more than 40 acres near the Camden waterfront, Rutgers – Camden is a state designated research institution. Rutgers-Camden offers more than 40 majors, 50 minors, and 29 graduate programs, and special programs. Under the leadership of Chancellor Phoebe Haddon, the campus has grown at an exponential rate: in the fall of 2018 the campus exceeded 7,300 students for the first time in its history. Sustaining this trend, Camden-Rutgers enrollment is projected to increase to more



than 8,000 students by fall 2020.<sup>26</sup>

#### *Rowan University: Cooper Medical School & Undergraduate Campus*

The Cooper Medical School at Rowan University (CMSRU) was launched in 2012 and has the distinction of being the only new medical school built in New Jersey over the last 35 years. Notably, 100 percent of the school's charter class were offered residency in programs across the country. Under the leadership of Dr. Annette Reboli, Dean of CMSRU, applications

for admissions have already surpassed last year's total of 6690 applications for 104 seats.

The school's focus on patient-centric medicine has made CMSRU a premier higher education medical institution in New Jersey and the region. In addition, Rowan University has a newly renovated building in which undergraduate programs are offered, making it easier for Camden residents to access a bachelor's degree.<sup>27</sup>

#### *Rowan University/Rutgers – Camden Board of Governors*

The Rowan University / Rutgers – Camden Board of Governors was created by the New Jersey Medical and Health Sciences Education Restructuring Act. The Board's mission reflects the collaborative goals of Camden's Eds and Meds institutions and is expected to leverage the educational and research assets to support growth in the region's health care capacity.



Under leadership of CEO Dana Redd, the Board works to facilitate the development of curricula and programs at Rowan University and Rutgers University – Camden in the area of health sciences and build partnerships between these two institutions and other educational entities.

<sup>25</sup> Cooper's Ferry (2018)

<sup>26</sup> Rutgers University (2018)

<sup>27</sup> Rowan University (2018)

22x

The Board also works toward broader goals of economic development in Camden.

#### *Camden County College*

The Camden Campus is in the heart of the Camden City University District. The college offers associate degrees as well as certification, GED, and ESL programs. Under the leadership of President Donald Borden, the college has established a partnership with Rutgers - Camden to ensure that Camden County College students have the opportunity to continue their education and achieve bachelor degrees. With a newly introduced shuttle system, students are able to travel to the main campus in Blackwood free of charge to access greater educational options and opportunities.<sup>28</sup>

### 2.3.5 Health Care Institutions

Anchor health care institutions in Camden have long been a stabilizing force even during the City's most challenging economic times. They have been the employment backbone in Camden for decades and are now regional leaders in advanced health care practices. Health care institutions in Camden employ thousands of people and are projected to create more jobs as the industry expands its



<sup>28</sup> Camden County College (2018)

presence within and influence on Camden's economy.

#### *Cooper University Health Care*

Operating since 1887, Cooper University Health Care is the leading academic health system in South Jersey, handling over 1.4 million patients annually. Cooper includes South Jersey's only Level I trauma center (Cooper University Hospital), a leading cancer center (MD Anderson Cancer Center at Cooper), the only Level II pediatric trauma center in the Delaware Valley (Children's Regional Hospital), one of the largest physicians group in the region, four urgent care centers, and more than 100 outpatient offices throughout South Jersey and Pennsylvania. Cooper University Health Care has more than 7,500 full- and part-time employees, including more than 560 Camden residents.<sup>29</sup>

In January 2016, Cooper University Hospital began providing the citizens of Camden both Basic Life Support (BLS) and Advanced Life Support (ALS) services, fully integrating the EMS services in Camden with the only Level 1 Trauma Center in Southern New Jersey. The hospital has handled over 30,000 calls for service in 2018, 90% of which meet benchmark response times.



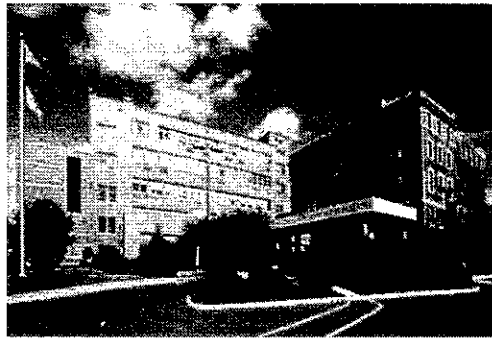
<sup>29</sup> Cooper University (2018)

As a major milestone in 2018, MD Anderson Cancer Center at Cooper marked its five-year anniversary of serving the City of Camden and the region by constructing a new, state-of-the-art cancer center on the Cooper Health Sciences Campus in Camden. MD Anderson at Cooper has experienced significant growth in the past five years with more than 110,000 treatment encounters annually. Since opening, MD Anderson at Cooper has undergone several expansion projects to provide more comprehensive cancer care services for patients.

#### *Virtua Health System*

Virtua Health & Wellness Center - Camden is a comprehensive outpatient medical facility serving Camden and surrounding communities. In operation since 1880, Virtua Camden offers primary medical, specialty and dental care for adults and children of all ages.

Virtua's Emergency Department in Camden operates 24/7 serving patients of all ages, handling nearly 39,000 visits in 2017. The family health center sees more than 16,000 primary care visits each year. Virtua's dental clinic first opened more than 60 years ago and continues to provide more than 5,000 routine and emergency dental care services annually staffed by general dentists, post-graduate dental residents, dental specialists and dental assistants.



Virtua employs more than 200 Camden residents. In addition, Virtua's Camden campus serves the needs of the community by housing many nonprofits and other organizations including a charter school, pediatric medical day care center, and senior day care center all located on the Virtua campus. Virtua's CASTLE program – Children Achieving Success Through Therapeutic Life Experiences -- supports children and their families by giving kids facing emotional or behavioral challenges the tools they need to build self-esteem, develop coping mechanisms, and master life skills. The CASTLE program offers three levels of care: a full-day partial hospital program, a half-day after school program, and outpatient individual and family therapy.<sup>30</sup>

#### *Lourdes Health System*

Lourdes Health System is recognized nationally for excellence in clinical care and service to the community. The system has two general acute care hospitals, located in Camden and Willingboro, New Jersey, and a growing network of ambulatory care facilities and physician practices located throughout southern New Jersey. A major teaching affiliate of the Rowan University School of Osteopathic Medicine, Lourdes provides a full range of medical, surgical, obstetrical, behavioral health,

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<sup>30</sup> Virtua Health System (2018)

rehabilitation and long-term acute care services. The Lourdes Cardiovascular Institute is recognized nationally for excellence in heart care. Lourdes Health System has an Accountable Care Organization (ACO), Nursing School; comprehensive Wellness Services; and LIFE program for All-Inclusive Care of the Elderly. Lourdes is well-known for its outreach services, providing care to those most in need. Lourdes is a member of Trinity Health, a health system serving residents in 21 states.<sup>31</sup>

#### *CAMcare Health Corporation*

Serving Camden residents since 1978, CAMcare Health Corporation is the largest Federally Qualified Health Center (FQHC) in the city, providing primary care services to everyone with a focus on the uninsured and underinsured population in Camden and surrounding counties. CAMcare provides adult, OB/GYN, pediatrics, dental, and podiatry services during 130,000 visits per year.

Camden residents represent the largest share of CAMcare patients, totaling 19,845 Camden men, women and children in 2017. CAMcare provides comprehensive primary health services across the life cycles and disciplines at seven sites. The health care has five primary care sites in Camden, all of which have 24/7/365 on-call coverage for patients in need of care after normal operating hours. CAMcare's OB/GYN pediatric, and internist physicians admit and perform inpatient hospital rounds, and labor and deliveries for CAMcare families. In addition, CAMcare employees provide health education at schools, churches, and other community venues periodically.

CAMcare provides health fairs to promote community awareness throughout the year.<sup>32</sup>



#### *The Coriell Institute for Medical Research*

The Coriell Institute for Medical Research – originally known as South Jersey Medical Research Foundation and then as the Institute for Medical Research– was founded by famed virologist Dr. Lewis L. Coriell in 1953. Dr. Coriell was a scientific pioneer, making invaluable contributions to biomedical research through advances in aseptic cell culture techniques and cryopreservation of cell lines.

Today, Coriell's mission is to accelerate scientific discovery by generating world-class biomaterials and conducting groundbreaking research in biobanking, personalized medicine and stem cell biology. Of interest is the fact that in response to the growing opioid crisis, three partners in Camden, New Jersey -- the Coriell Institute for Medical Research, Cooper University Health Care, and Cooper Medical School of Rowan University (CMSRU) -- have formed the Camden Opioid Research Initiative (CORI).<sup>33</sup>

<sup>31</sup> Lourdes Health System (2018)

<sup>32</sup> CAMcare Health Corporation (2018)

<sup>33</sup> Coriell Institute

### *Camden Coalition of Health Care Providers*

The Camden Coalition of Healthcare Providers (the Coalition) is a Camden-based nonprofit founded in 2002 by Dr. Jeffrey Brenner, who has been recognized as a MacArthur Genius Fellow. The Coalition works to deliver better healthcare to vulnerable citizens through a short-term intervention that connects people to the medical and social services they need. Enrollment in the organization's short-term intervention has reduced both emergency room and in-patient use of the hospitals. One pilot program, which provides housing to patients in need, resulted in a 67% decline in inpatient and emergency room utilization.

The Coalition has an annual operating budget of \$14 million and employs approximately 100 people, 15 of whom are residents of Camden. The organization continues to be headquartered in Camden and has recently made another 5-year commitment to lease office space in the City.<sup>34</sup>

### **2.3.4 Capital Investments in Eds and Meds**

Camden is undergoing a transformation of its downtown primarily driven by the substantial infusion of capital in the Eds and Meds corridor. Over the last five years, a total of \$466 million has been invested with another \$175 million planned in the Eds and Meds sector to ensure that Camden establishes a research, workforce and health care access footprint rivaling that of other cities in the regions.

<sup>34</sup> Camden Coalition of Health Care Providers (2018)

<sup>35</sup> Camden Coalition of Health Care Providers (2018)

### *Nursing and Science Building: \$62.5 million*

The 107,000-square-foot Rutgers University Nursing and Science Building located in downtown Camden was opened in September of 2017. The \$62.5-million world-class teaching and research facility will educate 1,000 students in undergraduate and graduate programs.<sup>35</sup>



### *Joint Health Sciences Center: \$72 million*

The 95,000 square foot Joint Health Sciences Center (JHSC) is an innovative facility that will provide unique education, research, and training opportunities to a new generation of health care providers beginning in May 2019. The Center is designed to co-locate students from different academic disciplines to share laboratories, equipment and classrooms, exposing students to a broader educational experience and encouraging the connection of talents, goods and services.<sup>36</sup>

### *Cooper Health Systems: \$170 million*

Since 2013, Cooper University Health Care has repeatedly expanded in Camden to meet the growing need for health care in the City and the region. Completed projects include the 103,000 square-foot MD Anderson Cancer Center at

<sup>36</sup> Rowan University / Rutgers-Camden Board of Governors (2018)

26x

Cooper, a 5,500 square-foot addition to the Cooper Emergency Department (featuring state-of-the-art exam rooms designed to reduce wait times), 60 new patient rooms, two new floors in the Roberts Pavilion, and eight new operating rooms.



*Virtua Camden Family Health Center: \$22 million*

The 34,500-square-foot Family Health Center, expected to open by 2019, will allow Virtua to consolidate and upgrade medical services now scattered throughout a former hospital at Mount Ephraim and Atlantic Avenues. The new primary-care practice will provide urgent-care services into the evening hours and help divert traffic from Virtua's emergency room at the site, which sees about 36,000 visits a year.<sup>37</sup>

*Lourdes Health System: \$46 million*

Over the last five years, Lourdes Health System has invested in Camden and the tertiary-level programs and its acute care hospital. In 2017, Our Lady of Lourdes Medical Center established a new hybrid operating suite, including a post-

anesthetic care unit, to enhanced its capabilities in heart and neurosurgical procedures

The new hybrid facility combines the advanced imaging capabilities of an interventional laboratory with the environment of a state-of-the-science operating room to provide the most cutting-edge treatments for acute stroke. As one of the busiest robotic cardiac surgery facilities in the country, Lourdes has upgraded the hospital's daVinci surgical suite to provide more opportunity to offer sternal-sparing procedures that facilitate more rapid recovery. Lourdes has also purchased a 7.7 acre site adjacent to the Medical Center and is investing in upgrades to its medical equipment, IT, and facilities.<sup>38</sup>

*Cooper Medical School at Rowan University: \$140 million*

The new 200,000 square foot medical facility is a state of the art building that can accommodate 400 students and includes a 250-seat auditorium, a 140-seat multi-purpose room, 25 active learning rooms, a learning commons and satellite medical library, a Clinical Simulation Center (with space to learn and practice interviewing and clinical skills), research and teaching labs for students and faculty, administrative offices, and state-of-the-art laboratory and research space.<sup>39</sup>

*Rowan University Camden Academic Building: \$22.6 million*

The new Academic Building includes 12 new classrooms (in addition to five in the Annex), a first-floor multi-purpose room with capacity for 144 and unique amenities throughout such as

<sup>37</sup>Virtua (2018)

<sup>38</sup> Lourdes Health System (2018)

<sup>39</sup>Rowan University (2018)



student lounges in former bank vaults on the lower level.<sup>40</sup>

*Rutgers-Camden Investments:*<sup>41</sup> \$62.75 million

⇒ Rutgers Dormitory: \$55 million - Opened in 2012, the living space accommodates up to 350 graduate students. This was the first new student housing for Rutgers-Camden since 1989.

⇒ Rutgers-Camden Writers House: \$4.25 million. A renovated 19th century historic row house on Cooper Street serves as home for the English Department as well as the Master's program in creative writing.

⇒ Rutgers-Camden Alumni House: \$3.5 million- For the first time in Rutgers' history, the university's alumni have spaces designed solely for their needs when they visit the campus in Camden.

*Planned Investments in Eds and Meds*<sup>42</sup>: \$203 million

⇒ Rutgers Business School: \$70 million – This 100,000-square-foot building will house the programs and operations of the School of Business and will provide conference space for campus-wide use. The project is currently in the design phase with construction drawings to be completed by spring 2019.

⇒ Rutgers University Garage: \$33 million- Rutgers-Camden has entered into an agreement to lease approximately 750 parking space in a deck that will be constructed by the City of Camden Parking Authority.

⇒ Rowan/Cooper Garage: \$30 million - Rowan University and Cooper Health Systems have entered into an agreement to advance the construction of an 800-space garage, which will be constructed behind the medical school. This garage will accommodate the growth projected at the medical school and hospital.

⇒ Rutgers/Camden City Athletic Fields: \$15 million – The City of Camden and Rutgers University have entered into an agreement to build baseball, track, field hockey and lacrosse fields on the site of the current Campbell's baseball stadium. The design will commence in the fall of 2018 and construction will start in the spring/summer of 2019.

⇒ Rutgers Student Housing: \$55 million – Student housing is at nearly 100% occupancy at the Rutgers – Camden campus. With projected enrollment increases, the university expects that housing demand will increase by 300 to 400 students over the next three years. The university is exploring public-private partnership options to advance this project.

⇒ Collaborative Life Sciences Center: \$40 million - The third phase of a comprehensive Health Sciences Campus development located in downtown Camden, New Jersey. The project is planned to be anywhere from 50,000 to 60,000 square-feet. The Life Sciences Center will accommodate life sciences studies and translational research critical to teaching in an urban environment. The project is currently in preliminary design.

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<sup>40</sup> Rowan University (2018)

<sup>41</sup> Rutgers-Camden (2018)

<sup>42</sup> Cooper's Ferry (2018)

## 2.4. Neighborhood Quality of Life

### 2.4.1. Investments in Camden Neighborhoods

The citywide strategy undertaken by public and private sector leaders in Camden is grounded in ensuring that every neighborhood benefits, sees job growth, and experiences economic mobility.

Neighborhood investments have been targeted to build parks, road infrastructure, raze abandoned and blighted structures, build new affordable and market rate housing, and improve storm management systems to prevent flooding.<sup>43</sup>

#### *Improvements to Camden Parks: \$55 million*

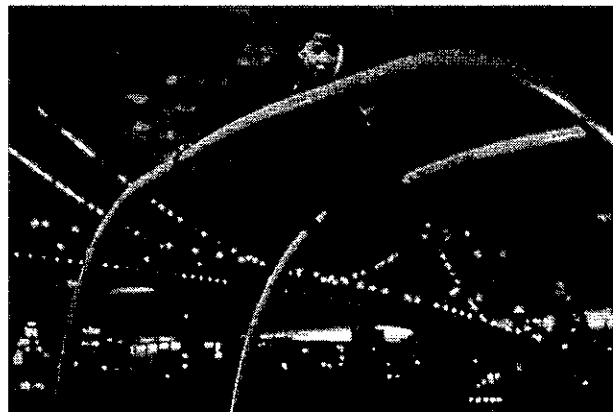
Recognizing the critical role that vibrant parks play in strengthening neighborhoods, several partners (including but not limited to the NJ Conservation Foundation, the Trust for Public Land, Camden County, the Camden County Municipal Utilities Authority, and the NJ DEP) are working closely with the City and Cooper's Ferry Partnership to utilize the following strategies to transform the City's park system: 1) investing in the revitalization of the City's neighborhood parks, community centers, and school-based recreational facilities 2) identifying "park deserts" – neighborhoods lacking access to parks and community centers, 3) leveraging the City's unique geography through the creation of destination waterfront parks and trails, 4) programming these spaces to intentionally develop vibrancy within them, 5) connecting residents to available assets, including parks, community centers, school-

based recreational facilities, and private recreational facilities such as the North Camden Community Center and the Salvation Army Kroc Corps Community Center, and 6) developing an implementable maintenance and operations plan.

While the City of Camden offers a relatively extensive neighborhood park system to its residents (according to the Trust for Public Land's Park Serve database, 94% of Camden residents are within a 10-minute walk of a park), many city parks are in deteriorated condition as a result of a sustained structural deficit that has severely limited the City's past investment in public infrastructure. A robust investment strategy was put in place to begin improving the park system in Camden. To date, \$55 million in park improvements have been advanced.

#### *Placemaking Camden's Open Spaces: \$3 million*

Over the last few years, Camden has won grants to ensure that residents enjoy the city's improved open spaces. Cooper's Ferry Partnership has received over \$3 million in grants from private foundations such as the William Penn Foundation, Horizon, Kresge, Wells Fargo, ArtPlace to activate the parks with resident centered programming.



<sup>43</sup> Cooper's Ferry (2018)

**PARK NAME****FUNDING SOURCE**

Von Nida Park: \$4.6M

Camden County, State of New Jersey,  
National Recreation and Park Assn. &  
American Water Charitable Found.

Cooper's Poynt Waterfront Park: \$3.8

Camden County and State of New Jersey

Dominick Andujar Park: \$105,000

NRTC.

Alberta Woods Park: \$775,000

Camden County.

Cramer Hill Waterfront Park at  
Harrison Avenue Landfill: \$34M

State of New Jersey.

RCA Pier Park: \$6.3M

Liberty Property Trust, Green Acres, HDSRF  
& William Penn Foundation.

4th &amp; Washington Park: \$1.4M

Camden County & former Eagles  
Quarterback Ron Jaworski Foundation

Whitman Park \$2M

Camden County

Reverend Evers Park \$1.5M

Camden County

In 2018, Cooper's Ferry engaged over 10,000 residents in 12 parks and open spaces in 7 neighborhoods. These park activities and programs increased 8-fold from 2014 to 2018.

#### 2.4.2. Investing in Camden's Transportation Systems

With the ongoing and rapid growth of jobs in the city, it is critical that Camden's aging and outdated transportation system be modernized to handle increased traffic volumes. This modernization can build on a strong

foundation. Camden is fortunate to have one of the most impressive multi-modal infrastructure systems in the State of New Jersey. The City is connected to the entire region thanks to the PATCO high speed line, the RiverLINE, the Walter Rand Transportation Center, the Benjamin Franklin and Walt Whitman bridges, and an array of local, state and interstate roads and highways. These transportation assets connect the residents of Camden to the regional economy and will be important factors in helping the city establish a strong and sustainable economic footprint.

A modern infrastructure plan is necessary to ensure that Camden can accommodate the anticipated growth in anticipated traffic volumes. It is also an effort to prevent the transportation system from being an impediment to the city's sustained growth potential. A well-planned infrastructure system is efficient and safe for all users – vehicular, pedestrian, transit, and bicyclists. The goals of the phased infrastructure plan are to improve the multi-modal transportation access and circulation to support both existing and future growth. Equally important, it is focused on centralizing the city's access to state and interstate highways as well as reconnecting the downtown to the surrounding city neighborhoods. Outlined below are some investments already being advanced, and others which need to be made over the next decade.<sup>44</sup>

#### *Glassboro-Camden Line: \$2 billion*

Southern New Jersey is significantly underserved by fixed rail transit network relative to southeastern Pennsylvania and Northern New Jersey. The Glassboro-Camden Line is a key opportunity to address this deficiency and benefit the rapidly growing communities in Southern New Jersey. In addition to overall increased travel demand from Gloucester County commuters, the two termini of the proposed line, Camden and Glassboro, have experienced significant growth over the last 10 years and will continue to redevelop and grow.

The City of Camden is undergoing transformative redevelopment and growth with developments such as the Knights Crossing Campus headed up by Campbell Soup and

Brandywine Realty Trust, and the Camden Waterfront Project led by Liberty Property Trust. A draft Environmental Impact Statement (EIS) will be available for public review in the spring of 2019, with final approvals expected in the fall of 2019. With the help of Senate President Stephen Sweeney, an appropriation of \$25 million is being sought to advance preliminary engineering followed by design and construction. GCL will improve quality of life by providing transportation options, increased mobility, and environmental benefits.<sup>45</sup>

#### *Walter Rand Transportation Center & Pedestrian Bridge: \$150 million*

Several public transit services currently operate at the Walter Rand Transportation Center (WRTC). These include PATCO, the RiverLINE light rail, 26 NJ TRANSIT bus routes, Greyhound, and shuttle services. There are approximately 10,000 boardings and alightings on an average weekday, 6,500 on Saturdays, and 4,200 on Sundays. An estimated 55% of bus boardings are transfers from other the transit services at the WRTC. While the WRTC serves an extremely useful purpose, it is badly in need of modernization. In addition, the pedestrian crossing environment around the WRTC is poor and a need for a pedestrian bridge has been established.

In 2017, the State of New Jersey allocated through the Transportation Trust Fund (TTF) a total of \$9.5 million has been allocated for the preliminary engineering of a new WRTC and the design and construction of a new pedestrian bridge. Procurement of these services for these projects is expected in 2019. The objective is to improve this vital multi-modal transportation

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<sup>44</sup> Cooper's Ferry (2018)

<sup>45</sup> Cooper's Ferry (2018)

center using leveraged funds from sale of air rights above the WRTC.<sup>46</sup>

#### *TIGER Grant Projects: \$20.9 million*

In the summer of 2016, the U.S. Department of Transportation and the Economic Recovery Board awarded Camden \$20.9 million for Camden Connections for the Future, which will incorporate two project components that will significantly improve North Camden residents' connections to growing nodes of economic opportunity, and provide Camden's expanding workforce with safer, more efficient, and more sustainable multi-modal travel options.

The North Camden Infrastructure Improvements as it is called will overhaul the vehicular, pedestrian and bicycle connections between the North Camden neighborhood and several of the key centers of economic opportunity, including downtown Camden and the Camden waterfront, the Ben Franklin Bridge to Philadelphia, and Admiral Wilson Boulevard to the South Jersey suburbs.

Historically, the Ben Franklin Bridge to the south and waterways to the west, north and east have separated North Camden residents from the rest of Camden, decreasing access to jobs, schools and key services. The improvements will play a key role in attracting new development to the formerly industrial North Camden waterfront and alleviating increasing congestion in the downtown. Specifically, the funds are being used to reconstruct the following 1.8 miles of roadway, integrating complete street and green street components wherever possible:

- Point Street from Elm Street to Vine Street
- N. Front Street from Pearl Street to State Street
- N. 2nd Street from Pearl Street to State Street
- N. 3rd Street from Pearl Street to State Street
- Main Street from Elm Street to N. Front Street
- Elm Street from Delaware Avenue to N. 4th Street
- Vine Street from Delaware Avenue to N. 4th Street
- N. 7th Street from Linden Street to Elm Street<sup>47</sup>

The TIGER grant funds will be matched with over \$4 million of grant funds from the Camden Economic Recovery Board (ERB) and the US Economic Development Administration. The projects are set to begin construction in 2019.<sup>48</sup>

#### *Gateway and Local Road Improvements: \$22 million*

In addition to the TIGER grant, other targeted investments are being made to modernize access, improve safety and mobility from local neighborhoods and arterial networks to various gateway roads and highways. \$22 million in investments from the state's Transportation Trust Fund (TTF) are currently funding improvements to Camden's local roads. The objective of these projects is to ensure that local infrastructure improvements support redevelopment efforts and provide all quadrants of the city equal access economic opportunities.<sup>49</sup>

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<sup>46</sup> Cooper's Ferry (2018)

<sup>47</sup> Cooper's Ferry (2018)

<sup>48</sup> Cooper's Ferry (2018)

<sup>49</sup> Camden County (2018)

### 2.4.3 Additional Neighborhood Investments

#### *Green Infrastructure Investment for Camden: \$71 million*

Camden is one of only two cities in Camden County that has a combined sewer/storm system. The system is considered overburdened and antiquated, factors which result in the flooding of neighborhoods. To improve this system, the Camden County Municipal Utilities Authority (CCMUA) is working with the city of Camden to invest \$20 million in sewer overflow netting systems, \$30 million to separate combined the sewer system and to build a pumping station, and \$6 million for a sewer line replacement project. Additionally, the CCMUA is making \$15 million in improvements to its treatment plant.<sup>50</sup>



#### *Demolition of Abandoned & Blighted Structures: \$3 million*

In order to address the negative effects of blight in Camden, the City in conjunction with Camden County undertook an ambitious effort of razing 1,500 abandoned or blighted structures. With an interest free loan from the State of New Jersey, a total of 600 structures have been

razed in two years. The City will work to move these properties to Sheriff's sales in order to raise more funds for the demolition program.<sup>51</sup>

#### *Building Camden's Housing Inventory: \$190 million*

Building Camden's affordable and market-rate housing stock has been a priority of local policymakers and Camden residents since 2013. With growing economy and opportunity to provide more cost-efficient alternatives to Philadelphia, the market rate housing market in Camden is about to go through a significant expansion. A recent survey on housing trends among Camden residents and employees concluded that 60 percent of the respondents were interested in staying in Camden.<sup>52</sup>

A 2017 report from HUD on Camden's Housing Market Area forecasted a demand for 2,725 new market-rate rental units, and that 710 market-rate units are currently being constructed. The report additionally forecasted demand for 2,675 new single-family homes, and that just 300 homes were under construction.<sup>53</sup>

Two developments of interest are the Eleven Cooper and the Pierre Apartments. Eleven Cooper, a \$48 million residential development, will bring 156 market-rate rental apartments to the Camden waterfront. This development represents the first new market rate development on the waterfront in at least two decades. The development, led by The Michaels Organization, is under construction and will open in the spring of 2019.

The second is the Pierre, which will have 32 one- and two-bedroom apartments, including seven affordable housing units reserved for

<sup>50</sup> Camden County (2018)

<sup>51</sup> City of Camden (2018)

<sup>52</sup> City of Camden (2018)

<sup>53</sup> Cooper's Ferry (2018)

low-income residents. This \$8.2 million development is currently being developed by M&M Development on Cooper Street and will be complete by spring of 2019.

While Camden has historically had an ample supply of affordable apartments and homes, there is a targeted effort underway to rehabilitate and improve the current stock. The Michaels Organization recently completed a new \$16 million project, Branch Village, in the Centerville section of Camden. Branch Village represents the first phase of a comprehensive redevelopment planned for the former site of Clement T. Branch Village, and replaces 34 units of outdated public housing with 50 modern, energy efficient, high-quality affordable rental apartments.<sup>54</sup> The company is also advancing new construction and rehab of 389 units at an estimated cost of \$64 million. Other efforts include projects by non-profits like Cooper's Ferry Partnership, the Cooper Foundation, Saint Joseph's Carpenters Society and The Camden Lutheran Housing Inc. to repair, rehabilitate and provide affordable homes for rent and ownership. Since 2012, these entities have rehabilitated or built 814 homes at a combined investment of \$31.4 million.<sup>55</sup>

Finally, a federal initiative called the Promise Neighborhood will bring \$30 million in funding to Camden from 2010 to 2020 to improve housing, public safety, and educational measures for the city's youth.<sup>56</sup>

#### *Non-Profit Investments Focused on Neighborhoods: \$102 million*

There has been robust investment by non-profits focused on health and health care issues

over recent years. In 2016, Volunteers of America, Delaware Valley invested \$30.4 million of resources in Camden. Recently, Campbell's Healthy Communities announced they would provide \$10 million in funding over 10 years to various local nonprofits to improve health measures and the general welfare of Camden residents.<sup>57</sup>

In 2013, Cathedral Kitchen built a new facility from over \$2 million in fundraised capital, which helped the organization expand their services. The Kroc Center, one of the largest recreational and health centers in Camden, was funded by a \$59 million capital endowment from the estate of Joan Kroc (the wife of McDonald's founder Ray Kroc) as well as \$9 million in fundraised capital.<sup>58</sup>

Finally, in 2016, the Camden Health and Athletic Association was created by a \$1 million funding investment for the benefit of Camden residents. More than 100 children have participated in their programs, which include a basketball league, a soccer club, and sports camps.<sup>59</sup>

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<sup>54</sup> Cooper's Ferry (2018)

<sup>55</sup> Ibid.

<sup>56</sup> Ibid.

<sup>57</sup> Cooper's Ferry (2018)

<sup>58</sup> Ibid.

<sup>59</sup> Ibid.

## 2.5 Economic Development

### 2.5.1. Economic Development Programs

Camden's city-wide strategy, focused on improving the fundamentals of public safety, K-12 education, housing, and infrastructure has leveraged additional, outside investments. The improving climate in the city has attracted large, medium and small companies to relocate to Camden.

In turn these companies have begun the process of creating economic mobility opportunities for current residents, through access to employment opportunities that pay family-sustaining wages.

They have become meaningful participants and contributors to the city's efforts to revitalize every neighborhood through capital and programming investments.

State provided tax credits facilitated investments by companies that was necessary to reboot Camden's renaissance over the last five years. Since the enactment of the Economic Opportunity Act of 2013 (EOA), incentives for residential, retail and corporate development have attracted billions of dollars of economic value to the city.<sup>60</sup>

#### *Examples of Companies Investing Capital in Camden:<sup>1</sup>*

- 76ers Sports Complex: \$82 million
- Volunteers of America: \$2.3 million
- Holtec International: \$320 million
- American Water: \$165 million
- Camden Yards and Steel: \$5 million
- Contemporary Graphics: \$19 million
- Cooper University Health Care: \$18 million
- Conner Strong & Buckelew, NFI, and The Michaels Organization: \$244 million
- Amerinox Processing: \$3 million
- Subaru of America: \$118 million
- IPAK: \$3.5 million
- WebiMax: \$500,000
- Plastics Consulting & Manufacturing: \$2.4 million
- EMR Eastern LLC and affiliates: \$133 million
- United States Cold Storage: \$2.3 million
- Corporate Synergies Group: \$915,000
- Resintech \$139 million
- Benjamin Foods: \$73 million
- Aero Farms: \$34 million
- Lockheed Martin: \$146 million

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<sup>60</sup> NJDEA (2018)



Programs like Grow New Jersey Assistance Program (Grow NJ) and State Economic Redevelopment and Growth Grant Program (ERG) have laid the foundation for Camden to rebuild from a position of strength. "Grow NJ is a powerful job creation and retention incentive program that strengthens New Jersey's competitive edge in the increasingly global marketplace. ERG is an incentive for developers and businesses to address revenue gaps in development projects, defined as having insufficient revenues to support the project debt service under a standard financing scenario."<sup>61</sup>

Camden's experience shows that viewed holistically, these programs are making an outsized contribution to the city and its residents and have measurable and intrinsic value today and in the future.

## 2.5.2 Investments in Economic Development

Grow NJ and ERG's impacts in Camden have been significant. Between 2013 and 2017, \$1.6 billion in Grow NJ awards have been given to businesses that are likely to relocate to Camden.<sup>62</sup> The same companies have made or

will make at least \$1.3 billion in capital investments in Camden. In addition, these companies have created an economic environment that has provided new non-EOA businesses intrinsic certainty to open or expand their operations in Camden.

ERG awards to companies wanting to advance developments in Camden amounted to approximately \$80 million. To date, at least \$100 million capital investments associated with these projects are advancing.<sup>63</sup>

Companies are doing more than investing their capital in Camden. Corporate and institutional social responsibility has become more evident and quantifiable in Camden.

Specifically, charitable giving and community impact initiatives are beginning to take shape, with the

expectation that purposed giving and assistance will deliver tangible benefits to neighborhoods.

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<sup>61</sup> Ibid.

<sup>62</sup> Ibid.

<sup>63</sup> NJDEA (2018)

### *Workforce Training*

Prioritizing the creation of opportunity for residents' economic security and growth through workforce development is an essential component of Camden's revitalization efforts. The Camden City metropolitan area has consistently been among the top regions nationally for job growth. Camden City has seen its unemployment drop to 7.9 percent – a twenty-eight year low.<sup>64</sup>

The challenge for Camden now is to capitalize on the growth by educating and training residents to become employable in sectors that are expanding.

Efforts are underway by employers, governmental and educational institutions, and nonprofits organizations to collaborate to provide strategic local workforce development. The objective is to match available labor base to employment opportunities. Equally important, there is an effort to train people specifically for jobs that are and will become available at the companies moving to Camden under the GROW NJ Program.

Across the board progress is being made to accommodate future growth with residents of the city top of mind to fill the positions. The creation of the Camden Works initiative under the Mayor's office is an effort to unify the identification, training and placement of Camden residents in jobs.

### *Camden County One-Stop Career Center*

The Camden County One-Stop Career Center provides a central location for residents to access local, state, and nonprofit programming

for employment, training, and education programs. Through their collaboration, the Center facilitates seamless connections between programs and connects employers seeking workers with residents seeking employment opportunities.<sup>65</sup>

### *In Demand*

The InDemand workforce development program was implemented at the end of 2017 by the Center for Family Services, Cooper Hospital System's nonprofit community partner. The training program provides life skills focused on job readiness and is tailored to specific trades and training identified by Camden City employers as priorities.

The program is specifically designed to work with both participants and potential employers to develop the required skills for long-term success in the workforce.<sup>66</sup>

### *Subaru University*

Subaru of America has launched Subaru University, through its inaugural partnership with Respond Inc. of Camden, NJ. Subaru University is partnership program designed to combine the resources and talents of Subaru of America, its 600+ retailers nationwide, and select Secondary and Post-Secondary schools accredited by NATEF/AYES. It is intended to provide knowledge of Subaru vehicles and the company's systems, to prepare students for possible employment opportunities at Subaru retailers.<sup>67</sup>

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<sup>64</sup> Bureau of Labor Statistics (2018)

<sup>65</sup> Camden County (2018)

<sup>66</sup> The Center for Family Services (2018)

<sup>67</sup> Subaru of America (2018)

### *Holtec Training and Employment Program*

Holtec has collaborated with One-Stop and Camden County College to connect Camden residents with professional welding training, to meet employment needs at Holtec.

To-date, 15 Camden residents have completed the program. They are now receiving additional on-the-job training in their new roles as manufacturing support assistants at Holtec.

### *Medical Assistant Certificate Training*

The Certificate Training in Medical Assistantships is a partnership between HopeWorks, the Joint Board, and One-Stop. The program trains Camden residents to be Certified Medical Assistants (CMA). The third training class began in 2018.<sup>68</sup>

### *Home Health Aides Program through Bancroft Neurohealth*

In order to address attrition rates among its home health aides, Bancroft has partnered with One-Stop to place Camden residents in a 40-hour home health aide training program.<sup>69</sup>

### *Camden Promise Neighborhood Team: \$30 million*

The Camden Promise Neighborhood Team is a collaborative effort of residents, neighborhood

organizations, and local employers to break the cycle of inter-generational poverty in Camden.<sup>70</sup> The Team is funded by U.S. Department of Education funding and focuses on implementing comprehensive pathways for career and college access.<sup>71</sup>

### *Local Sourcing*

Utilizing the services and products offered by Camden businesses is a key component of economic development. Major employers in

Camden are undertaking efforts to better utilize Camden businesses, including but not limited to Liberty Property Trust, Camden Partners, Holtec, Subaru, The Michaels Organization and Joseph Jingoli & Son.

The pathway to engage local businesses and connect them with contract opportunities can be challenging. To promote greater connectivity, the Camden Business Association was recently formed to bridge the gap between small, local businesses and large local and regional businesses.

<sup>68</sup> Rowan University / Rutgers-Camden Board of Governors (2018)

<sup>69</sup> Camden County (2018)

<sup>70</sup> Cooper's Ferry (2018)

<sup>71</sup> Cooper's Ferry (2018)

## 3. Improvements in Social Determinants of Health

### 3.1 Background

The cumulative impact of investment in critical social determinants categories have had a meaningful, measurable positive impact on the health of the Camden community. Unlike past attempts which led to ephemeral results at best, the systemic changes that have been implemented with targeted investments are sure to lead to long lasting changes that will begin to significantly change the generational cycles of health challenges residents of Camden have faced.

Camden has seen improvements across all social determinants of health – public safety, education, health care, neighborhood quality of life and economic development. As prior research has demonstrated, improvements in these areas have measurable impacts on the physical and social wellbeing of both individuals and communities. By investing in these areas, public and private sector stakeholders are improving Camden's public health.

### 3.2 Public Safety

Large-scale reforms and investments in public safety have produced significant results in Camden. Crime rates are at a thirty-year low

and continue to fall. Reduction in crime and violence is a major driver of improvements in social determinants of health.

Crime rates impact health both direct and indirectly. In addition to experiencing direct violence, witnessing violence or property crimes and hearing about crime and violence from other residents have both been shown to impact an individual's well-being.<sup>72</sup>

Research has also shown that living in a high-crime area has broad negative impacts on individual health. Residents in high-crime neighborhoods are less likely to engage in physical activity and have, on average, higher body mass index (BMI) scores and rates of obesity than individuals who live in low-crime communities.<sup>73</sup>

Exposure to crime in childhood can have lifelong effects. Children exposed to violence at a young age are more likely to experience

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<sup>72</sup> Hartinger-Saunders RM, Rine CM, Nochajski T, Wiecek W. Neighborhood crime and perception of safety as predictors of victimization and offending among youth: A call for macro-level prevention and intervention models. *Child Youth Serv Rev.* 2012;34(9):1966-73.

<sup>73</sup> Meyer OL, Castro-Schilo L, Aguilar-Gaxiola S. Determinants of mental health and self-rated health: A

model of socioeconomic status, neighborhood safety, and physical activity. *Am J Public Health.* 2014 Sep;104(9):1734-41.

behavioral problems, include anxiety, depression, and aggression.<sup>74</sup>

By investing in public safety – and driving down crime rates across Camden – the city is helping to prevent and reduce both individual and community health issues.

### 3.3 K-12 and Higher Education

State and City investments in Camden schools have had positive impacts on the educational achievements of students. Test scores are rising, graduation rates are increasing as dropout rates decrease, and a growing number of students are enrolling in higher education.

Education is second significant social determinant of individual and community health. The quality of children’s educational opportunities has life-long impacts on their health. Comprehensive education programs reduce children’s risk of developing risky health behaviors and have been shown to prevent or delay chronic disease onset in adulthood.<sup>75</sup> Other positive benefits include lower risk for obesity, high blood pressure, high cholesterol, and elevated blood sugar.<sup>76</sup>

Partnership for Assessment of Readiness for College and Careers (PARCC) test scores in Camden are rising. In 2017/2018, PARCC scores improved in both district and renaissance schools for the third year in a row.

<sup>74</sup> Fowler PJ, Tompsett CJ, Braciszewski JM, Jacques-Tiura AJ, Baltes BB. Community violence: A meta-analysis on the effect of exposure and mental health outcomes of children and adolescents. *Dev Psychopathol.* 2009;21(01):227-59. Guerra NG, Huesmann LR, Spindler A. Community violence exposure, social cognition, and aggression among urban elementary school children. *Child Dev.* 2003;74(5):1561-76.

<sup>75</sup> Hahn RA, Rammohan V, Truman BI, Milstein B, Johnson RL, Muntaner C, et al. Effects of full-day kindergarten on the long-term health prospects of children in low-income

#### PARCC Score Improvements, 2014/15-2017/18

PARCC Scores	Percent of Students Proficient		
	2014-2015	2017-2018	% Change
English Language Arts	6.5%	18%	63.9%
Math	4.3%	13%	66.9%

Source: *NJTV News* (2018)

Enrollment in higher education also has long-term impacts on health. Higher educational attainment is associated with lower rates of heart disease, high blood pressure, diabetes, anxiety, and depression.<sup>77</sup>

#### Higher Education Enrollment, 2010-2016

Students Enrolled	2010	2016	% Change
College, undergraduate	3,532	3,731	6%
Graduate, professional school	429	465	8%

Source: *American Community Survey* (2018)

By investing in college access programs, institutions in Camden have helped drive up higher education enrollment rates among Camden residents. The number of Camden

and racial/ethnic-minority populations: a community guide systematic review. *Am J Prev Med.* 2014;46(3):312–23.

<sup>76</sup> Campbell F, Conti G, Heckman JJ, Moon SH, Pinto R, Pungello E, et al. Early childhood investments substantially boost adult health. *Science.* 2014;343(6178):1478–85.

<sup>77</sup> Cutler DM, Lleras-Muney A. Education and health: evaluating theories and evidence. No. W12352. Cambridge (MA): National Bureau of Economic Research; 2006

residents enrolled in an undergraduate degree program increased by 6 percent from 2010 to 2016.<sup>78</sup>

### 3.4. Health Care

A lack of insurance and lack of access to clinical services both have significant impacts on individual wellbeing. When individuals have inadequate health insurance or face barriers in accessing direct health services, they are less likely to seek preventative care and treatment for existing chronic conditions, including cardiovascular disease, diabetes, and cancer.<sup>79</sup>

When children lack access to health care, they can face lifelong consequences from preventative care services including immunizations, dental care, and well-child visits.<sup>80</sup>

Through local health access programs and the implementation of the Affordable Care Act, the percentage of residents without insurance fell significantly between 2010 and 2016, from 23 percent to 17 percent.<sup>81</sup> In addition, the percent of the population without insurance fell by at least 8 percent in every Camden neighborhood during that time period. In the northeast section of the city, the percentage of uninsured residents fell by more than 30 percent.<sup>82</sup>

<sup>78</sup> American Community Survey (2016).

<sup>79</sup> Ayanian JZ, Weissman JS, Schneider EC, Ginsburg JA, Zaslavsky AM. Unmet health needs of uninsured adults in the United States. *JAMA*. 2000;284(16):2061–69.

<sup>80</sup> Ibid.

<sup>81</sup> American Community Survey (2018)

<sup>82</sup> American Community Survey (2018)

<sup>83</sup> Adamkiewicz G, Zota AR, Fabian MP, Chahine T, Julien R, Spengler JD, Levy JI. Moving environmental justice indoors: understanding structural influences on residential exposure patterns in low-income communities. *Am J Public Health*. 2011;101 Suppl 1:S238-245. doi: 10.2105/AJPH.2011.300119

### 3.5. Neighborhood Quality of Life

Neighborhood quality of life factors – including quality of housing, access to green space, and environmental conditions – are also social determinants of health. Poor housing quality contributes negatively to health outcomes, including rates of chronic disease and injury, as well as mental health quality.<sup>83</sup> In addition to an individual's own housing quality, living in a community with widespread residential deterioration has been linked to poor mental health.<sup>84</sup>

Access to green space, particularly in urban areas improves the physical and mental wellbeing of residents. This impact is strongest among already vulnerable populations, including children, pregnant women, and senior citizens.<sup>85</sup>

Finally, environmental conditions, including air and water quality, can drive health and economic inequalities.<sup>86</sup> By focusing on improvements in these areas of neighborhood quality of life, Camden is improving the social determinants of health for individuals and neighborhoods.

In addition, access to transit connects Camden residents to educational, employment, health

<sup>84</sup> Kruger DJ, Reischl TM, Gee GC. Neighborhood social conditions mediate the association between physical deterioration and mental health. *Am J Community Psychol*. 2007;40(3-4):261–71.

<sup>85</sup> World Health Organization (2016)

<sup>86</sup> Kaufman JD, Adar SD, Barr RG, Budoff M, Burke GL, Cull CL, Kronmal R. Association between air pollution and coronary artery calcification within six metropolitan areas in the USA (the Multi-Ethnic Study of Atherosclerosis and Air Pollution): a longitudinal cohort study. *Lancet*. 2016;388(10045):696–704.

care, and recreational activities in New Jersey and Southeastern Pennsylvania. As noted, major investments are planned to renovate the Walter Rand Transportation Center in Camden. This will streamline and improve the city's existing public transit infrastructure.

Overall, Camden has a good transit score of 47, with the Cooper Grant Waterfront and Bergen Square neighborhoods having the highest transit score at 70 and 57, respectively. Camden has direct access to Center City Philadelphia via the PATCO Speedline, which allows Camden residents to travel into most centers of employment in Philadelphia within 30 minutes.<sup>87</sup>

### 3.6 Economic Development

Economic development is the last major category of social determinants of health. Individuals who live below the poverty line or in impoverished neighborhoods are at higher risk for chronic diseases and mental illness. They also have higher mortality rates and lower life expectancies than individuals who live above the poverty line or in higher-income areas.<sup>88</sup>

By taking a city-wide approach to economic development, Camden institutions are improving both the individual and overall health of Camden residents through economic development programs.

In 2018, Camden's unemployment rate fell to 7.9 percent – the lowest rate in 28 years.<sup>89</sup> The number of jobs in Camden is growing and, of critical importance, the percentage of jobs in

Camden held by Camden residents is also growing. From 2010-2015 the number of jobs in Camden grew by 6 percent, while the number of jobs in Camden held by Camden residents increased by 13 percent.<sup>90</sup>

#### Select Employment Data, Camden City, 2010-2015

	2010	2015	% Change
Total Jobs	28,025	29,783	6%
Jobs in Camden Held by Camden Residents	3,642	4,103	13%

*Source: US Census Bureau, On The Map*

In addition, the number of jobs accessible to the widest range Camden residents are growing at the fastest pace. Between 2010 and 2015, the number of jobs requiring less than a high school diploma grew by 28 percent, compared to the total job growth rate of 6 percent. This is critically important given that nearly half of Camden's workforce has less than a college degree.<sup>91</sup>

<sup>87</sup> Walk Score (2018)

<sup>88</sup> Mode NA, Evans MK, Zonderman AB. Race, neighborhood economic status, income inequality and mortality. PLoS ONE. 2016;12;11(5):1-14. doi:10.1371/journal.pone.0154535

<sup>89</sup> Bureau of Labor Statistics (2018)

<sup>90</sup> US Census Bureau (2018), OnTheMap (2018)

<sup>91</sup> Ibid.

### Jobs in Camden by Educational Attainment, 2010-2015

	2010	2015	% Change
Less than high school	2,246	2,868	28%
High school or equivalent, no college	5,006	5,679	13%
Some college or Associate's degree	7,401	8,071	9%
Bachelor's degree or advanced degree	8,561	8,533	0%
Total	23,214	25,151	8%

Source: US Census Bureau, On the Map

Through employment access programs and on-the-job training, public institutions and private employers are ensuring that more Camden residents have access to jobs with family-sustaining wages.

## 3.7 Conclusion

Research on social determinants of health demonstrates that Camden's whole city strategy approach has been effective and its continuance is critically important to the long-term health of its residents and the city itself. But to ensure the city's progress continues, there is more to do.

Camden faced more than 50 years of economic decline, a decline that had a dramatic impact on the quality of life, health and wellbeing of its residents. By the early 2000s, it was facing crises of fiscal health, public safety, and K-12

education. Through collaboration and commitment, Camden's state and local government entities, business leaders, and community stakeholders have driven improvements across social determinants of health city wide.

Crime is at a historic low, with murders down by 60 percent over five years, and violent crime down by 40 percent. New, state of the art of schools are open across the city, and test scores are rising. And most importantly, economic development is helping create jobs for Camden residents in every neighborhood.

Through critical infrastructure, capital investments, and the Grow NJ tax credit program, the State of New Jersey has played a critical role in ensuring that Camden's economic future is self-sustaining. The impact of the investments can be seen in every corner of the city, from new high rises along the waterfront to expanded and improved parks in the neighborhoods to new and rehabilitated housing stock; the physical changes in the city may be the most dramatic.

Camden has made tremendous progress in a short period of time, but these changes are not yet secure, and continued investments by the private and public sectors, including the State of New Jersey, are necessary to ensure that Camden's emerging platform for growth is not compromised. The social determinants of health -- and the city's future -- require it.



**Testimony for Susan Story**

**Before the NJ Select Committee on Economic Growth Strategies**

**Final**

**Testimony Date: September 23, 2019, at 12 p.m.**

**OPENING STATEMENT**

Thank you, President Sweeney and the entire Select Committee on Economic Growth Strategies, for the opportunity to speak to you today. I'd like to spend just a few minutes on the importance of true partnerships between businesses and communities, as well as the criticality of future business investments in economically distressed communities throughout New Jersey.

I'd like to begin by providing you with a brief overview of American Water. We are the largest and most geographically-diverse water and wastewater utility company in the United States with a history dating back to 1886.

Our regulated utility subsidiaries provide water and wastewater services to approximately 14 million people in 1,600 communities in 16 different states; and we treat and deliver over a billion gallons of water each day and operate from the east coast to the west coast. Our non-utility subsidiaries serve 14 military bases and provide homeowner warranty services throughout the U.S., with customers in almost every state.

American Water is proud to be publicly recognized for our commitment to the ESG principles of environmental, social and governance leadership. Within the past two years, we have been named to Barron's top 100 Most Sustainable Companies, the 2019 Bloomberg Gender Equality Index, the NAACP's Inaugural Equity and Inclusion Index, the Disability Equity Index Best Place to Work with a 100% score, and the Top 100 Best for Vets Employers by Military Times magazine. We were also named by the Philadelphia Inquirer as a Top Ranked Company on Diversity, Governance and Transparency in 2018.

Our two largest utility subsidiaries are in New Jersey and Pennsylvania, and we're proud to deliver clean, safe, and affordable water services to 2.7 million people in New Jersey and 2.4 million people in Pennsylvania.

In our 133-year history as a company, our corporate headquarters has been located two different times in Pennsylvania, once in New York City, and twice in New Jersey. Our national headquarters in Camden houses employees who work in our parent company; our Service Company which provides services to all of our subsidiaries across the US; and our non-utility subsidiaries.

Tom Doll of Subaru and I are presenting today as just two of the many businesses who are having a positive impact in education, jobs, and community growth in Camden. As President Barack Obama said during his 2015 visit to Camden: "...it is on to something and is recognized as a symbol of promise for the nation." We totally agree.

One of the keys to strong, thriving communities is a vibrant and engaged business community. As a case in point, businesses and their employees play an important role in the support structure for education and students. In fact, businesses who contribute to an environment where young people can find jobs without having to leave home are cultivating their own workforce for the future. It is not just the right thing to do—it's the smart business thing to do.

Let me share just a few examples of how my company is investing in the future of Camden and her citizens, efforts being multiplied exponentially by the efforts of the other companies in the community.

## **EDUCATION**

Let me first touch on Education—something that is very personal to me. Growing up in a low income family in rural Alabama, I was the first person in my family to ever attend college, and I am the American dream. American Water—and I—strongly believe that

all kids deserve a shot at that dream. And we are putting our time, money and resources behind supporting our Camden schools.

One of the ways we are making progress is through in-kind donations of computers, monitors and lab equipment. We especially focus on Science, Technology, Engineering and Math, or STEM efforts; as we know that students who excel in these academic areas are in high demand and start work with excellent salaries and benefits. In fact, our company hires almost 1,000 people across the country every year, most of whom have grounding in these critical academic areas.

At the grand opening of our headquarters, our American Water Charitable Foundation donated \$200,000 to the Camden City School District to promote STEM education within the district.

But we know that human interactions are what make the biggest differences in the lives of students. Dozens of our employees are serving as coaches, mentors, and facilitators for numerous education efforts throughout Camden.

One example of this is when we hosted 20 middle school girls from the Camden City School District for a daylong STEMInist event where they worked with several of our female scientists and engineers in a real water quality lab set-up to learn how much fun science is—and how fulfilling and rewarding careers in the our industry can be.

These are just a very few of the many examples of our work with schools and students in our home community, and we have included in the record a more exhaustive list of our efforts in Camden.

## **JOBS**

A vibrant community must have good jobs. Camden is currently experiencing her lowest annual unemployment rate in 28 years. While this is encouraging, we have more work to do.

American Water is dedicated to providing jobs and opportunities to the citizens of Camden through various training programs, internships, supplier and vendor qualification efforts, and our participation in area Career Days and Open Houses.

Training is a key element for the success of any workforce - and since 2015, we've invested \$900,000 in internships at Hopeworks, a Camden nonprofit that is teaching students to use technology to digitize water lines and other assets while building tech-savvy skills and our future workforce. We not only support Hopeworks financially and with internships, but we also provide equipment and technology—including laptops, iPads and furniture. But the biggest value to students is the opportunity to work alongside American Water employees, learning skills and building friendships and mentors.

I'd like to quote from a recent letter of support to Jersey Water Works for American Water from Hopeworks Executive Director Dan Rhoton, "At Hopeworks, we often cite our partnership with American Water as a model. This nomination is, we hope, one opportunity to bring recognition to an innovative industry partner who is truly transforming lives in Camden...On average, youth entered the program with an average annual income of under \$900. The average annual wage for those same young people now averages over \$33,000!"

We most recently hired Pabel Arizaga and Chris Newbill, former full-time interns and Camden residents, in full time Geographic Information Systems positions. They join the other four hires we have previously made from Hopeworks, and overall, Hopeworks has placed 96 students in permanent positions.

In addition to these and other internship opportunities, we also are conducting interview preparedness workshops that not only improve resume writing skills, but focus on building "soft" skills as well. We discuss practical skills like shaking hands, making eye contact, dressing appropriately for interviewing, and building and projecting confidence, because we know all of these skills are important in landing good jobs.

And we're participating in a Camden jobs pipeline portal, allowing citizens of Camden a one-stop to find and search available local job postings from many Camden based companies.

And, finally, supporting community jobs is also about offering opportunities for Camden's own small businesses to grow. American Water hosted our first Annual Supplier Diversity Summit at our headquarters earlier this year, with 247 attendees, the vast majority of whom were from Camden. The purpose of the summit was to educate and pre-qualify minority and women-owned businesses to compete for all kinds of work for American Water. This qualifies them to be pre-approved to offer products and service for our operations across the entire U.S., not just in Camden. Twenty-seven different Camden-based suppliers as well as the Camden Chamber of Commerce participated in the event. We currently have 6 contracts with businesses based in Camden and we recognize that supporting suppliers in our communities is good for everyone.

### **COMMUNITY STRENGTH**

When it comes to the Camden community, personal involvement is key. Our employees have participated in over 35 volunteer events in Camden in the past year, and we firmly believe that encouraging employee volunteerism creates a more engaged workforce who ensure that our communities are better because we are there.

As an example, I'd like to talk a moment about an incredible organization in Camden that has become one of our employees' favorite partnerships: the LUCY Outreach, which stands for "Lifting Up Camden's Youth".

This amazing organization provides after school and weekend activities for K-12 students. In 2008, Director Kristin Rose began with 20 students - and now LUCY serves over 800 young people in Camden. More than 100 American Water employees have volunteered over 700 hours painting, landscaping, cleaning, organizing and decorating

the 100-year old historic building that LUCY now calls home, along with donating \$27,000 in cash.

We were honored to host LUCY'S Annual Spring Gala this year in our corporate headquarters which raised over \$50,000 **and** where they awarded scholarships to several of the incredibly dedicated and gifted youth they serve. LUCY is now building a modern addition to their existing home that will allow them to incorporate additional programming to assist over 1,000 kids.

Another example of our employees' dedication to Camden took place during the Dr. King holiday in January, which is a recognized holiday at our company. On their off day, we had over 125 employees, kids and spouses come into Camden and assemble over 400 comfort kits for Camden's homeless.

And shortly after moving into our headquarters, our national American Water Charitable Foundation established the Camden Community Grant Program to place particular emphasis on supporting Camden organizations. We also created a dedicated Camden Community Liaison position, filled by Caroline Gray.

The City of Camden and American Water have a Community Investment Agreement that establishes and memorializes a comprehensive plan of community outreach, job training programs and hiring initiatives to benefit residents, business, and organizations throughout the city.

And we are very excited about future events we are planning, such as having Olympic gold medalist Jackie Joyner-Kersey come to our headquarters in Camden on October 7 to speak to and inspire around 250 middle schoolers as part of our new annual "Heroes & Hope" program. We're thrilled about this event and the opportunity to motivate and encourage Camden's youth to reach their highest potential from those famous leaders who have faced similar challenges and reached the highest levels of success.

## **CLOSING STATEMENT**

In closing, Camden truly is a city on the rise. It is due to many factors and to so many incredible people and organizations who have invested to make it a great city—the amazing police officers; the great schools and universities; exceptional governmental leaders at all levels; community leaders; non-profit organizations; and yes, strong and caring business leaders.

To their credit, long-existing Camden institutions like Cooper Hospital, Virtua, the Coriell Institute and Rutgers-Camden, just to name a few, have worked hard to position the city as an “Eds and Meds” center and continue to contribute to improving the city’s economy by growing this sector and bringing more opportunities for the residents of Camden. And Campbell’s Soup has been an iconic employer for over 130 years there.

But the city needs even more to reclaim its position from history as a leading jobs city not only for the great state of New Jersey, but for the region. And the incentive programs offered by the state have enabled a boost toward that important goal. According to the Coopers Ferry Partnership Survey Data, of the companies that received tax incentives to date, 4,600 jobs have come to Camden with 1,260 Camden residents working in facilities of companies that received tax credits. Collectively, businesses will hire many more as recruiting efforts to place residents in jobs increases, as well as efforts to grow more local businesses.

Incentives are and should be smart investments for the future of underserved or economically distressed cities throughout our state. They should be carefully designed, implemented and tracked to ensure they are delivering as promised, and we applaud this Senate Committee in your work to do just that. Metrics and monitoring are good and recipients should be accountable for the agreements we have made—that’s just a smart way to run our government and our businesses.

Businesses also must be full partners with our communities—not just because it is the right thing to do, but because it is smart business. We must get involved in schools to

ensure our workforce of the future. We must dedicate ourselves to ensuring the communities in which we live, work, and play are strong and vibrant and take care of the most fragile of its citizens. We must create good jobs that offer opportunities for people to accomplish their dreams while making our companies successful.

There is an old Navajo proverb that says: "Give a man a fish, and you feed him for a day. Teach a man to fish, and you feed him for a lifetime." We as business leaders are committed to a lifetime of building education, jobs, and community strength for Camden and her citizens today and for generations to come. It's simply too important to all of us to not do so.



<u>Business</u>	<u>Community</u>	<u>Workforce</u>	<u>Sponsorship</u>
American Water	<ul style="list-style-type: none"> <li>370 employees volunteered 1,260 hours</li> <li>Participated in 35+ community meetings</li> <li>Participation in CCI, Camden SMART Initiative, and Camden Water Equity Task Force</li> </ul>	<ul style="list-style-type: none"> <li>Participated in 5+ career day discussions</li> <li>Facilitated 1 workforce development training with 30 at-risk Camden youth</li> <li>Employed 90+ Camden residents</li> <li>Facilitated 3 Project WET training workshops for educators</li> </ul>	<ul style="list-style-type: none"> <li>\$6+ million invested in Camden since 2010</li> </ul>
Holtec	<ul style="list-style-type: none"> <li>Food drive support with Food Bank of South Jersey</li> <li>Coat drive supporting Camden schools</li> </ul>	<ul style="list-style-type: none"> <li>Participation in career fairs</li> <li>Employment referrals through Camden based agencies</li> <li>Partnership with Camden County College &amp; Camden One Stop for welding students</li> </ul>	
Michael's Organization	<ul style="list-style-type: none"> <li>Active board member of 3 boards</li> <li>Established employee-led Camden Service Committee</li> </ul>	<ul style="list-style-type: none"> <li>Participated in 2 job fairs</li> <li>Employs 40+ Camden residents</li> </ul>	<ul style="list-style-type: none"> <li>5 Backpack giveaways events.</li> <li>Pledged \$1m in funding over next 5 years with other unnamed stakeholders.</li> </ul>
Connor Strong	<ul style="list-style-type: none"> <li>Hosts Annual Community Day – 7<sup>th</sup> Annual Sept 20, 2019</li> </ul>		
NFI	<ul style="list-style-type: none"> <li>Volunteered at two local nonprofits</li> </ul>	<ul style="list-style-type: none"> <li>Partnership with Hopeworks to provide students with on the job training, interviewing and business etiquette</li> </ul>	<ul style="list-style-type: none"> <li>\$40,000 to Sixers Youth Foundation</li> <li>Backpack and supplies drive for students</li> </ul>
76ers			<ul style="list-style-type: none"> <li>Financial support for construction of basketball court at public school</li> </ul>

## **American Water:**

### **Community Support**

- 370 employees volunteered in Camden since 2018
- 1,260 hours volunteered since 2018, including AmeriCANs In Action!
- Since January 2019,
  - 150+ volunteer hours with Camden based organizations, not including AmeriCANs In Action!
  - Participation in 35+ community events/meetings
- Provided 4 tours of the Delran Water treatment Plant to Camden youth through partnering with local nonprofit organizations.
- Utilized HQ space for 11 tours/events.
- Participates in the Camden Collaborative Initiative, Camden SMART (Stormwater Management and Resource Training) Initiative and the Camden Water Equity Task Force with local nonprofit, government and community-based organizations.

### **Workforce Development**

- Facilitated 3 Project WET (Water Education for Teachers) training workshops, graduating 60 Camden educators.
- Participated in 5+ career day discussions ranging from high school to college engagement.
- Facilitated workforce development day with 30 at-risk Camden residents to assist with resume writing and career development.
- Employed 90+ Camden residents.
  - 60 youth employed directly through GIS partnership with Hopeworks Camden.

### **Sponsorship**

- Monetary investment from 2010 – 2019 is \$6+ million, including NJAW investment via Neighborhood Revitalization Tax (NRTC) Program.
  - \$125,000 granted to Cooper's Ferry Partnership for the construction of a splashpad at Von Nieda Park in the Cramer Hill neighborhood.
  - \$28,000 gifted to LUCY Outreach in 2018.
  - \$2,500 to the Boys & Girls Club of Camden County for sponsorship of the February 2019 BE GREAT Extravaganza honoring champions of Camden.
  - \$2,500 to Camden's Charter School Network for sponsorship of the March 2019 20<sup>th</sup> Anniversary Fundraising Dinner.
  - \$15,000 to Cooper's Ferry Partnership for the 2019 Connect the Lots Summer Concert Series, including Community Open House & RCA Pier Party.
  - \$200,000 to the Camden City School District, over the course of four years, for the construction and development of a STEM lab at Woodrow Wilson High School
  - \$5,000 to Camden City School District for sponsorship of the 2019 STEAM Fair.
  - \$500 to Women of the Dream for sponsorship of the 2019 4<sup>th</sup> Annual STEM Conference for Girls hosted in partnership with Drexel University's Society of Women Engineers.
  - \$10,000 to the Camden Stormwater Management And Resource Training (SMART) Initiative for Camden-based green infrastructure maintenance efforts.
  - \$2,500 to Urban Promise for Paddle for Promise sponsorship.
  - \$50,000 to the Camden County Police Department.

## **Holtec:**

**Community Support**

- Food drive supporting Food Bank of South Jersey
- Coat drive supporting Camden Schools
- Support for several Camden area community agencies, programs and events

**Workforce Development**

- Career fairs including Rowan University Camden Career Fair
- Employment referrals through Camden based agencies
- Previous partnership with Camden Community College & Camden One Stop for welding students

**Michael's Organization:**

**Community Support**

- Active Board member on the following:
  - Camden Health and Athletic Association
  - Cooper's Ferry Partnership
  - Camden's Downtown Business Improvement District
- Established an employee-led Camden Service Committee that organizes volunteer service activities for employees.
- Regular advertisers of the Anointed News, community newspaper

**Workforce Development**

- Participated 2 job fair sessions.
  - Employs 40+ Camden residents

**Sponsorship**

- Large scale backpack giveaways for the following communities: Mi Casa Village, Clement T. Branch Village, Peter J. McGuire Gardens, William Stanley Ablett Village, Roosevelt Manor
- Cathedral Kitchen Harvest for Hunger fundraising event
- Centerville Unity Day
- Parada San Juan Bautista
- Elks Parade
- Parkside Business and Community in Partnership Book Festival
- In partnership with other unnamed stakeholders, pledged \$1m in funding over the next 5 years to support Camden based nonprofits

**Connor Strong:**

**Community Support**

- Hosts annual community day with the following partners over the years:
  - Yorkship Family School
  - Cooper's Poynt Middle School
  - Cathedral Kitchen
  - Dr. Henry H. Davis Family School

- Veteran's Memorial Family School
- 7<sup>th</sup> Annual Community Day – September 20, 2019 engaged 200 employees in volunteer efforts with three local NJ organizations..
- Food drive collecting over 10,500 pounds of food for Food Bank of South Jersey

### **NFI:**

#### **Community Support**

- Volunteered at Cathedral Kitchen and aid with deliveries
- Volunteered at Food Bank of South Jersey

#### **Workforce Development**

- Partnership with Hopeworks where youth receive on-the-job training
- Facilitated seminars and mentorship on interviewing and business etiquette to Hopeworks youth

#### **Sponsorship**

- Cathedral Kitchen – booked and materials for a culinary student
- Backpack and coloring book drive for Camden City youth
- Provides nearly 500 personalized gifts over the past 3 years to the Kroc Center's Adopt-a-Family program
- Donated gently used technology equipment (computers and monitors) to Hopeworks
- Donated \$40,000 to Sixers Youth Foundation in support of basketball programs for Camden and Philadelphia youth

### **76ers:**

#### **Sponsorship**

- Financially supported the construction of a new basketball court at Cooper's Poynt School – public school in North Camden.

### **Miscellaneous:**

Submitted by Connor Strong for network's community contributions:

- Establishment of Camden Health and Athletic Association (CHAA) to expand and encourage additional health and youth athletic programs for Camden youth.
  - Cooper Foundation, Norcross Foundation and AmeriHealth New Jersey
- Development of New Jersey's first "renaissance school", KIPP Cooper Norcross Academy, in Camden.
  - Cooper Foundation, with support of the Norcross family in partnership with TEAM Schools of New Jersey

**TOM DOLL**

President &amp; CEO

Subaru of America, Inc.

Senate Committee Testimony

September 23, 2019

**Introduction**

- Good afternoon. I'm Tom Doll, President and CEO of Subaru of America. Subaru of America is proudly headquartered in the city of Camden and is a wholly-owned subsidiary of Subaru Corporation of Japan, one of Fortune Magazine's Global 500 largest companies in the world. Our company markets and distributes Subaru vehicles, parts and accessories through a network of more than 630 retailers across the United States.
- First, I want to thank Senate President Sweeney, Chairman Pennacchio, Vice-Chair Singer, and the Committee Members for the opportunity to speak today on the importance of business investment and participation in economically challenged communities in New Jersey.
- I'd also like to thank Governor Murphy, who has visited us, toured our new facilities, and met with employees at Subaru in Camden on more than one occasion. And, I want to acknowledge the many state, local, and city officials - past and present - who have been supportive of our company and its move to Camden. I would also like to take a moment to express my sincere condolences to the family, friends, and colleagues of the late Senator Tony Bucco who passed last week.
- This committee has been tasked with helping chart a new course for New Jersey's economic growth, including recommendations for future incentive packages. Part of that, clearly, is to review past programs through which economic growth was achieved through the enticement of new investment into the state, as well as the incentivization of businesses already based and operating in New Jersey in order for them to remain in the state.
- Subaru was one of those businesses in the latter category. Subaru had a major business interest already located in the state, who was at risk of leaving New Jersey – along with the associated economic and community benefits, as well as the approximately 900 jobs – and growing!
- That's why I want to be clear and forthright to this committee. Let there be no mistake in understanding what I say today. Were it not for the New Jersey Economic Development Authority's direct engagement of Subaru and the proposal they presented approximately five years ago – I would



not be sitting here before you today as the CEO of a New Jersey-based company. In fact, Subaru would be located in a state other than New Jersey.

- I likely am not the first to tell you that New Jersey is a high-cost state in which to live and in which to operate a business. Several years ago, upon examining our operating costs, that fact of life was not anticipated to change. In fact, we assumed that those costs only would increase, given the state's fiscal situation.
- Despite our long tenure in Camden County and in New Jersey, as a business operating in intensely competitive markets, our loyalty to this state cannot by itself be reason enough to remain in any particular location. We needed compelling business reasons to stay in New Jersey and keep our nearly **900** jobs here.
- In fact, our parent company suggested that we consider moving to Indiana – a logical step, since the headquarter offices would be located closer to our manufacturing facility in that state.
- We also had sincere offers on the table from states such as Pennsylvania through their Keystone Opportunity Grant Program – and, very seriously considered relocating to multiple locations in Philadelphia and its western suburbs, including the Naval Yard just across the river from our current location.
- However, by working directly with the NJEDA on a package that provided appropriate incentives for Subaru and its shareholders, it allowed us to go back to our parent company and make the business case for remaining in New Jersey and moving to the city of Camden instead.
- In all, that plan allowed Subaru of America to maintain its headquarters in New Jersey and keep almost 900 jobs in the state. Note that **70%** of our employees, accounting for **\$71 million** annually in payroll, also live in New Jersey. That's an average salary of \$88,396 for those of you doing the math.
- And, I need to underscore that Subaru of America has lived up to its side of the agreement that we made with the State of New Jersey and we intend to meet all of our obligations each and every year of our agreement.
- Mr. Chairman... I can tell you that companies such as Subaru and the other **23** businesses who have moved to Camden could have similarly located elsewhere outside of New Jersey... but they chose Camden



because the tax incentives made the overall cost of doing business as good as moving to another state.

***Let me tell you what New Jersey has received in addition to keeping 900 jobs:***

- From the start of planning and construction of our new headquarters in Camden, we have strived to hire local residents, and many have helped us build our new facilities and are now employed in our offices and through support services. There were **35** Camden residents employed during the construction of our headquarters campus. Our project alone exceeded the reporting last week which said all of the Camden construction projects combined only hired **27** people. We have also agreed to and are on course to hire 100 new employees. In fact, it's going to likely be much more than this given our rate of growth.
- In addition, we use local contractors and businesses whenever we can and contribute to indirect employment. Our vendors in service areas such as security, janitorial, landscaping and food service actively employ more than **15** Camden residents.
- We have invested more than **\$140 million** – exceeding our incentive award amount of **\$117.8 million** by more than **\$22 million** – into our new Camden campus which consists of a **250,000**-square-foot headquarters building, and a **107,000**-square-foot facility known as the National Service Training Center (NSTC).
- Our NSTC houses our service training operations, engineering shop, and regional sales teams. Previously, our corporate trainers would fly around the country and even the world to train our workforce where they live and work.
  - ✓ Now, because of our state-of-the-art building and equipment in our NSTC, that business comes to Camden.
  - ✓ Hundreds of Subaru employees from around the United States and the world now fly into our region along with our retailers, technicians, students, suppliers, and distributors.



- ✓ We host hundreds of visitors, and community organizations a month in Camden – the same people who patronize establishments in Camden and the surrounding area.
- ✓ Subaru is invested in Camden City and its mission to revitalize.

### **Subaru in the Community**

- One of the core missions of Subaru of America is to be a positive force and active member of the communities we serve, and we are proud to have been a strong partner in Camden County for more than 50 years. We believe in giving back simply because it is the right thing to do.
- Our relationship with the City of Camden began more than **30** years ago and these activities evolved into what we call the **Subaru Love Promise**. It's our commitment to improving the lives of those around us, not just with donations, but with actions that bring us closer to the community and encourage others to get involved in order to increase the cumulative impact.
- If you've ever been to the City Hall in downtown Camden, you will see this quote on the south facade of the building from Walt Whitman's poem, "*I Dream'd in a Dream*." It reads, "*In a dream, I saw a city invincible*." It's a quote that perfectly honors the resiliency and character of the city.
- While we do benefit from the tax incentive programs offered to us, we give back a great deal to the community. In addition to having a Community Investment Agreement with the City of Camden, Subaru of America has committed **over \$5 million** to Camden-based charitable organizations and initiatives since 2016.
- We continue to expand our already broad community support through non-profit partnerships, local grants, employee volunteer opportunities, job training and more. The goals of these investments are to help establish an environment for growth and success, increase educational opportunities, enhance job readiness and create a healthier environment for residents.
- I myself, and hundreds of Subaru employees are very active in charitable and volunteer programs in our community. I feel it is very important that we give back and I personally take a great deal of satisfaction in visiting





local elementary schools and connecting with the community. This isn't just talk. We back this up.

- Since January 2018, Subaru employees donated more than **3,300** volunteer hours at **82** events in support of the Camden community. We have witnessed the incredible resiliency of our residents first-hand and we are dedicated to working with the community to restore the City to its former glory.
- When Subaru officially announced its relocation from Cherry Hill to Camden, it was important to us that we hit the ground running and begin showing our support and helping drive positive changes from the start. We established "**Subaru Empower Camden**" in 2016 to support our new home by getting involved with community programs which improve the vitality of our neighborhoods and enhance the quality of life for residents.
- Subaru has supported and partnered with over 40 community-based organizations and non-profits in the Camden area. In 2018 alone, we provided **over \$1.1 million** in grants and are on target for even greater contribution this year.
- I want to take a few moments now to describe some of the groups we work with to show the breadth and scope of these endeavors.
  - ✓ Joseph's House of Camden (JHOC) is a homeless shelter committed to providing shelter and support to those in need, which recently started construction on a renovation and expansion of their facilities. Subaru provided a grant of **\$150,000** in support of Joseph's House's expansion project, as well as **\$200,000 (\$50K over four years)** to help fund its general operations. In addition, we have provided grants of nearly **\$80,000** to assist in the hiring of a mental health social worker and day services, bringing our total contribution to **\$430,000**.
  - ✓ Habitat for Humanity of Camden County and Subaru have partnered in community building for over 20 years, and **our contributions over the past five years have exceeded \$1.5 million**. We have sponsored and built 5 homes in Camden in recent years and donated furniture and equipment from our former Cherry Hill headquarters to Habitat's ReStore donation center for resale. This nearly two tons of office equipment and gently-used furnishings helped raise funds to build additional affordable housing, while also

60x



reinforcing our commitment to recycling and minimizing our environmental impact.

- ✓ Girl's Inc. is a non-profit focused on inspiring girls between the ages of 6 and 18 to be strong, smart and bold. We helped launch a pilot-program in Camden with a one-year **\$20,000** grant from Subaru of America. The response to the Girl's Inc. programs from the girls, their families and school partners was so immediate and positive that it exceeded expectations and **we have awarded Girl's Inc. an additional \$95,000 grant (over three years)** to help expand their efforts.
- ✓ Subaru donated **5,000** award-winning science books to Camden schools in 2018. By the end of this year that total will grow to **15,000** books, an investment of **\$150,000** to provide the younger generations in Camden, the tools they need to be inspired to explore and prepare for the many opportunities a passion for science can lead to.
- ✓ Our employees partnered with the Food Bank of South Jersey to donate and pack a record-breaking **6,600** 'KidzPacks,' containing items that can produce up to four nutritionally-balanced meals and snacks for a child. Currently, more than **160** children in Camden receive weekly food donation packs. Through our event and corresponding donation, SOA made great strides in combatting weekend hunger for Camden youth by supplying enough packs for impacted children to last an entire school year. This year we have made it our goal to assemble **15,000** 'KidzPacks' for the food insecure youth of Camden. An investment of more than **\$118,000** and a collective volunteer effort from all of our area employees.

### Closing

- I am proud of the commitment of Subaru of America and our people to giving back to our new community and neighbors in Camden. I am also very pleased that we are part of the vibrant and growing business sector in Camden who are all doing their part to help spur the local economy, investment, lower unemployment, improve schools and enhance the quality of life for Camden's residents.

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- Another inscription on Camden's City Hall reads... "*Where there is no vision...the people perish.*" That quote comes from Proverbs 29:18. The NJEDA and the Camden City Officials such as Mayor Moran and Former Mayor Redd have created a vision for the city and the state...and it is important that vision is realized to its fullest!
- Incentives are important in helping economically challenged cities such as Camden in attracting and retaining companies. As the Committee knows, tax incentives can be a useful tool in the toolbox for states to compete for private investment.
- As I stated at the beginning of my testimony when Subaru of America was seeking a new U.S. headquarters, we wanted to stay in New Jersey, but our wanting to stay wasn't enough. As a growing company we needed to make the right choices from a business perspective. The competitive package of location, costs, and amenities offered by the NJEDA made the difference and resulted in our decision to stay local.
- Incentives should be tied to an investment in the community with an eye to its long-term growth and the improvement of the quality of life for its residents. The creation, implementation, metrics and oversight of incentives must ensure that they address the specific and evolving needs of the community and that the companies involved meet their commitments and obligations. In our case, the cost of Subaru's tax incentives will be more than offset by the economic contributions we are making in the community in terms of jobs created and retained, capital investment, community philanthropy and spending in the surrounding community at restaurants, hotels, bars, shopping malls, etc.
- We understand from speaking with various companies in New Jersey who were awarded tax incentives, that so far, the EDA has not paid out any incentives related to 2018. We would hope the state and EDA would not delay in the payment of these tax incentives for those companies who have honored their commitment to New Jersey.
- Subaru values – as demonstrated by our move to Camden – are focused on being a good corporate citizen, helping drive positive change and giving back to our communities. I am excited about what I see happening in Camden, the prospects for our new home and the dedication of the expanding business community to our city.



- I know that Subaru of America will be a big part of the future growth of Camden for decades to come. We can see great things happening in Camden and we are proud to be part of that change.
- Please come to Camden, and if you do, I want to personally invite you to visit our new headquarters and National Service Training Center to see for yourself the result of your investment first hand. Also, if you come to visit, take a look at all the revitalization activities going on throughout 'the city invincible' and be proud of the role you and the EDA have provided making this revitalization possible!
- Thank you again for the opportunity to participate in today's hearing and I welcome any questions Committee Members may have.

**Testimony for Jon Young**

**Before the NJ Select Committee on Economic Growth Strategies**

**Testimony Date: September 23, 2019, at 12 p.m.**

Good afternoon Chairman Pennacchio and members of the Committee. I appreciate the invitation to testify before this committee.

As the Freeholder liaison to the Camden County Workforce Development Board, a board member of the Keystone Mountain Lakes Regional Council of Carpenters, and a previous instructor to the pre-apprenticeship program at the American Community Partnership in Camden, I've spent a lot of time with Camden residents who were looking for work over the years.

I've had to watch as able-bodied and eager Camden residents sat jobless for months or years at a time because of an absolute lack of new jobs coming into the city.

That changed with the passage of the Economic Opportunity Act.

Since the passage of the EOA, we have seen the largest influx and expansion of companies since the turn of the 20<sup>th</sup> century.

The companies that have moved to Camden could have moved anywhere, including Pennsylvania. However, these companies chose Camden.

They did it because of the tax credits and also because they believed in the promise of a revived city.

I cannot speak for what impact the tax incentives have had on other cities in New Jersey, but I can tell you with absolute certainty that the companies that have moved into or expanded their operations in Camden have created and supported thousands of new jobs.

Context is important and so is history Mr. Chairman.

In May 2013, the unemployment rate in Camden was over 16 percent.

High unemployment was the norm for our residents.

It started in the 1960s when the city lost almost fifty percent of its employment base; companies either moved out or closed down their operations entirely. From that point on until recently, the residents always watched by when the state and country experienced periods of historic economic growth and they took it on the chin disproportionately during down economic cycles.

When the EOA was signed into law, I had faith in the program.

The most recent data release finally reaffirms that faith with objective measurements to back it up.

According to Governor Murphy's own department of Labor, Camden's unemployment rate has reached a 30-year low.

In 2017, the city also had the highest employment-to-population ratio for 25- to 54-year-olds since 2009.

I want to be clear that we have just started the process of hiring residents and will not rest till we have a fully operational pipeline of training, and placement with wrap around services.

We know the process of training and employment is going to be challenging but are convinced that with the cooperation of existing and new businesses we can build an employment base that will help Camden residents build and sustain a successful life.

Some, including in the Murphy Administration, have questioned whether jobs have been created.

Let me set the record straight.

A few days ago, the Chairman of the New Jersey Economic Development Authority, saw it fit to leak an incomplete report that said fewer than thirty construction jobs were created for Camden residents by companies receiving tax credits.

The Chairman of this powerful entity had the statutory authority to get complete data but chose not to obtain it.

He got the headline he wanted from a newspaper which was all too eager to print a negative story about Camden.

Within hours of the story being published Mayor Frank Moran of Camden sent Chairman Quinn and the newspaper payroll data from just four entities.

In just these four companies, we were able to factually prove that 174 construction jobs were created for Camden residents.

Since then we provided reports from two more companies that show an additional 24 construction jobs were created for Camden residents.

This is in addition to hundreds of construction jobs that have been created for New Jersey union workers.

That's not all Mr. Chairman.

According to a preliminary analysis conducted by Cooper's Ferry Partnership, a non-profit based in Camden, a total of 1250 Camden residents are working in the facilities of that received tax credits.

Through the Chair, I would ask that two letters sent by Mayor Moran to Chairman Quinn be entered into the record. These letters outline how Camden's economic trajectory has changed over the last several years.

As I said earlier, Camden companies, government agencies and non-profits are working together to develop a robust pipeline of employment.

Cooper's Ferry Partnership recently announced a jobs portal of jobs in Camden companies that

There are almost two thousand jobs open.

We are also working hard to unveil a unified, on-stop training, placement and social services employment platform called Camden Works.

I want to readily admit that a lot more needs to be done.

It took decades for Camden to come out of its economic depression and it will take some time for us to bring this city back.

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However, no about of second guessing is going to change the fact that the Economic Opportunity Act fundamentally led to the transformation of the city.

Thank you, Mr. Chairman and members of the committee.



## **J. Scott Thompson – Testimony Before the NJ Select Committee on Economic Growth Strategies**

Good afternoon Chairman Pennacchio and members of the Committee. I am honored by the invitation to testify before you today.

My name is John Scott Thomson. I've worked as a police officer in the city of Camden for 25 years and spent the last eleven years of my career as the Chief of Police of both the city and the Camden County Police Department. Over the course of my career I have served at every level of the department and worked side by side with some of the most dedicated public servants in the state.

In 2008, when I was appointed by Attorney General Anne Milgram, the city had significant challenges and was under state control. I worked the streets for years and saw up close the systemic bone crushing poverty in Camden along with the violent crime that pervaded nearly every neighborhood get worse every year. A strategy to alter the course of these intractable issues was something no one or level of government had been able to determine.

By this time, Camden had seen some of the most extreme economic disinvestment of any city in the nation. Based on this and the tremendous level of violent crime, there was little hope or energy in Camden or its future. The situation was so egregious that national media outlets such as NBC Nightly News, Nightline and others had featured Camden as a primetime news story. Even Rolling Stone Magazine featured a lengthy article on Camden entitled, "Apocalypse, New Jersey".

As far as crime was concerned, in 2012, someone was being shot every 32 hours. Stray bullets were frequently finding unintended targets. Thousands of good people were forced to abandon public space for fear of their own personal safety.

Unfortunately, the violence in the city knew no boundaries and was striking and killing even the youngest, most innocent members of our community. Every year a child was killed or severely maimed in Camden from the endemic violence on the streets that did not discriminate who it impacted. Parents could not let their children play on the first floor of their homes and the thought of letting them venture outside was not a reality.

If that wasn't bad enough, for a city of nine-square-miles, Camden had 175 open-air drug markets operating with impunity almost 24-hours a day. The dangers of this business negatively defined the lives of all those within its proximity. In fact, I would like to underscore my point by showing a scene that occurred right in front of the soon to open Rowan-Rutgers Joint Board building on the 200 block of Broadway in the heart of our city.

**Choreograph the video of the shooting at the corner of MLK and Broadway.**

In that same year, a police officer was critically injured when he was stabbed in the chest breaking up a street fight. He was fortunate to survive, but his injuries were so severe that it ended his career as a police officer. That same location in 2012 experienced 29 victims of crime from Jan 1 to Aug 31, including a murder and 5 robberies. During that same time frame for this year in 2019 there have been zero violent crimes.

This began to subside when the county created and started to operate the Camden County Police Department in 2013. It stands today that we have the lowest crime numbers in 50 years and homicides have been reduced by almost 67% since 2012.

Violent crime is on the decline by almost 40%, open air drug markets have been reduced by 90% and today, for the first time in decades, Camden children can safely ride their bicycles in front of their own homes and the elderly can walk to the corner store for a loaf of bread.

Digressing back to the video for a moment, there are several significant reasons for the turn around in the city. One is the significant investment made by private and public entities over the last six years thanks to the Economic Opportunity Act. The scene of this shooting and where a brave police officer nearly lost his life is no longer a seedy 24-hour fast food takeout shop surrounded by abandoned buildings, but its now a beacon for innovation and research shared by three institutions of higher learning.

Today, it's the Joint Health Sciences Center, which was built with EOA funding. But just a few years ago, people feared to visit this location. It's now a net benefit to the city and to the Eds and Meds corridor in Camden. It is a towering presence over what used to be a danger zone.

Throughout the city I've had to facilitate crime plans and dedicate resources to sites that now stand as edifices of progress. Places that were dens of inequity that threatened public safety and negatively defined a city and its people are now the home to Fortune 500 companies. There are no longer calls for the National Guard or urgent deployments of state troopers to secure the streets.

But even after we started to make incremental progress in public safety, it was still a hard sell to the business community. Moving forward I met with several corporate leaders that if not for the EDA incentives they would never consider investing in a city that was perennially labelled as the nation's most dangerous.

There are more than 35 EDA sites in Camden that were once both public safety and public health challenges, and like MLK and Broadway, have since been cleaned up. Steel, brick and mortar have been the foundational investment in areas that were polluted and shuttered for more than a generation.

Although I consider myself an eternal optimist for the city of my roots, I also know its existing challenges better than most. That which has been achieved needs to be cautiously

categorized as progress and not success as much more work is still left to be done. My concern is if Camden's momentum ceases, she will back slide into the days of old. We finally have fewer mothers burying their children and we all have a moral obligation to ensure this doesn't reverse.

In May 2015, I had the extreme honor to host President Barack Obama at my police administration building to discuss how we were making Camden safer through community policing during a time in which most cities were experiencing civil unrest because of strained relations with law enforcement, post-Ferguson. The President and I continued our conversation as his motorcade drove us through the streets of Camden. By the conclusion of our discussion, The President, as a policy maker, and I, as a practitioner, agreed there was no silver bullet solution for challenged communities like Camden. Rather, there is an interdependence that inextricably links public safety, education, and economic opportunity. Nothing stops a bullet like a job and nothing secures a job like an education. And when these disciplines begin to harmonize, the synergy is powerful and places can begin to actualize President Kennedy's axiomatic advice that, "a rising tide lifts all boats".

I know this is what has finally reversed Camden's 5 decade downward trajectory. I beseech you to strongly reconsider anything that may alter the formula that's produced 50 year lows in crime, highs in education, and unprecedented development. Even with all its challenges, Camden now has a reputation for progress rather than crime and decay.

Thank you, Mr. Chairman and members of the committee. I look forward to your questions.

**Testimony for Bryan Morton**

**Before the NJ Select Committee on Economic Growth Strategies**

**Testimony Date: September 23, 2019, at 12 p.m.**

Good afternoon Chairman Pennacchio and members of the Committee. I want to thank you for your time and for the opportunity to testify before you today.

I came here today to talk about the transformation I have experienced in the City of Camden since 2013, and the impact that it has had on residents like me.

I want to start by making sure that everyone here understands the Camden I grew up in, because otherwise you cannot truly appreciate the Camden that we're talking about today.

When I was a teenager growing up in North Camden, there were very few jobs in the city, very few opportunities for work. There was no collection of companies interested in moving into the city. Instead, the businesses that we already had were looking to get out of Camden or close down entirely.

Additionally, there were families like mine that were struggling to stay afloat because they couldn't find work. That struggle pushed a lot of folks to find other ways that they could make money, and many fell into drug dealing and other illicit pursuits.

I dropped out of high school in the ninth grade and sold crack cocaine to help support my family. I battled addiction, homelessness, poverty, and I was eventually sentenced to 20 years in state prison of which I served more than eight before being released.

Camden was a city with little opportunity to make an honest living. People wanted work but couldn't find it, and the result was drugs, crime, and violence.

That was the Camden I grew up in.

It is not the Camden I live in today.

Over the past five years, for the first time in my life, Camden has been a city teeming with opportunity. I have heard more from my neighbors about the promise that they see in the future than I ever have before.

If you spend time in Camden, the impact of this law, of the companies that it brought to our city and the jobs that they delivered, is impossible to miss.

It's not just about big buildings on the waterfront. The city has a different feeling, an energy that it has not had in a very, very long time.

What we cannot take for granted, is that whether its 200 or 2,000, jobs are coming into the Camden. That is not something I've had many chances to say in my lifetime. Camden is suddenly a place where people are trying to come to, not get out of. I don't know if I believed that was even possible five years ago.

I'm not here to pretend every problem in Camden has been solved, or that we can all pat ourselves on the back and go home. There is still a ton of work to do.

What I am here to say, as someone who lives and works with the families in this community, is that the progress we've undergone thus far is real, its spectacular, and its changing the lives of people in the city.

I cannot change the life that I lived as a teenager, I cannot undo the mistakes that I made. All I can do is look back and try to identify the factors that led me to those decisions and then try to negate them for other kids in the city so that they don't make the same mistakes.

When I see these jobs coming in to the city, I see one of the strongest forces that pushed me to where I was disappearing.

When there's a single website that lists 2,000 jobs in the city, and you can point someone there when they're on a path like I was - that can save lives, and I assure you it already has.

I want to thank the committee again for its time and for allowing me this opportunity to speak before you today.

I don't know much about the workings of corporate tax incentives, but I know a lot about my city. I can tell you with certainty that Camden is far better off today than it was five years ago.

I'd like to see where we can get in five more years with your help.

Thank you, Mr. Chairman and members of the committee.

**Statement by Christopher J. Paladino, President, New Brunswick Development Corporation**  
**Senate Select Committee on Economic Growth Strategies**  
**Monday, September 23, 2019**

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Mr. Chairman and members of the Senate Select committee on Economic Growth Strategies: I am pleased to have the opportunity to participate in today's session and for the opportunity to share with you some of Devco's experiences with the States recent Tax Credit Incentive programs and most importantly the impact these programs have had on Devco's ability to deliver large scale, mixed use projects that truly have impacted economic activity in New Brunswick, Atlantic City, and Newark.

Devco is a not for profit real estate development corporation established in 1976 by a coalition of Civic, business, and the leaders of the City's Anchor institutions. Since 1976 Devco has been responsible for over \$2.2 Billion in development projects. Since 2013 alone our projects have been the catalyst for over \$820 million being invested in New Brunswick, Atlantic City and Newark.

Cities are fragile places and we believe if you are not cutting a ribbon on a project, in construction on another, breaking ground on a third, in predevelopment on a fourth, and dreaming and planning about the next 3 you run the risk of losing momentum -- momentum is critical to sustaining and moving cities forward.

We are on track to be in the ground with four projects over the next 18 months that will continue to change the landscape in New Brunswick, Paterson, and Atlantic City and realize over \$1.1 Billion in investment.

We operate using 3 simple principles:

- (1) All of our projects seek to address an unmet public policy goal;
- ( 2) We seek to address real estate development challenges by seeking to create critical mass, build toward density, and develop mixed-use projects whenever possible, and;
- (3) Utilize real public private partnerships.

We have been uniquely positioned to deploy and efficiently use the State's Tax Credit Incentive programs. Often we take on the projects that quite frankly, others may have given up on, or that we have just had the staying power, patience and maybe stubbornness to hang onto a great idea and tackle a public policy challenge.

We have been recipients of three Residential ERG allocations and each are examples of how incentives work and why they are essential to the success of certain development initiatives.

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In Newark, we breathed new life into one of Newark's architectural treasures -- 15 Washington Street. This 21 story building built in 1930 served as the Headquarters for the American Insurance Company and was donated by the Fireman's Fund Insurance to Rutgers University in 1979. It served as the S.I. Newhouse Center for Law and Justice from 1979 to 2000. For the next 14 years it remained vacant, the building was vandalized, it deteriorated and became a financial burden on the University. On at least two occasions, Rutgers chose developers to convert the building to housing and then to a hotel and each time the developers could not complete the projects.

Finally, the University asked Devco to try to make the renovation work as student housing, academic space, and an apartment for the new Chancellor. We created three different condominium estates to isolate specific spaces to correlate with available funding options, applied and was awarded from the NJEDA \$23million in ERG tax credits, we sold the tax credits to Citi Bank with a 10 year contract at 90%, and used the tax credit revenue to raise \$20.8 million in financial support for the project. The ERG proceeds represented approximately 21 % of the cost of the project.

We completed the \$92.8 million project in just 11 months.

Today, the 211,000 SF building houses 337 Rutgers Graduate and Undergraduate students, 52,000 SF of offices, classrooms, performance space and an apartment for Chancellor Nancy Cantor. The building has helped change the tempo of Washington Street by bringing hundreds of students, faculty, and staff to the neighborhood. The street is also home to the Newark Public Library and since we opened the project, Audible has opened the Audible Cathedral and now 400 tech workers have joined the eco system.

In Atlantic City, as Stockton University was working itself out of the misstep of buying a boardwalk casino hotel as a college campus, the new University administration approached us looking for an alternative site and a fresh way to approach their expansion into Atlantic City that appropriately weaved the University into the fabric of the City. We retained architects, interviewed faculty and staff, conducted focus groups with students, and completed a feasibility study. We recommended a master plan to the new Stockton University President that focused on three vacant parcels in the Chelsea neighborhood. We purchased the site from a partnership of Goldman Sachs and Ares Investments that had shelved plans for a hotel and casino.

The Atlantic City Gateway project is the largest public private partnership in Atlantic City history. Built on 5 Acres totaling 700,000 SF representing just over \$220 million in investment, the project was awarded \$38.4 million in residential ERG tax credits and \$29 million in Parking ERG Tax Credits. These were the first parking tax credits awarded the NJEDA. These were incentives that were only available for parking projects in Garden State Growth Zone municipalities.



Atlantic County and the Atlantic County Improvement Authority played a key role in monetizing the Tax Credits. The ACIA issued 10 year debt that used the proceeds from the sale of the tax credits to fund the debt service. Atlantic County guaranteed the debt ensuring that we maximized the value of the tax credits for project. The monetized proceeds represented approximately 20% of the Residential Development Budget and 62% of the Parking Garage budget.

This is a project that truly has a holistic impact on the City and the Chelsea neighborhood.

- (1) The entire Atlantic City Gateway Project generated nearly 1,000 construction jobs. 8% of the vendors, suppliers and subcontractors were from Atlantic City with contracts totaling \$12.5 million. 21% or \$32.7 million of the contracts went to providers located in other Atlantic County municipalities. With respect to labor hours worked, 3% were worked by Atlantic City residents and 27% of the hours worked were by residents from other Atlantic County municipalities. With our partner JJS, we deployed our Training to Work Program in partnership with a number of faith based and nonprofit organizations and trained 15 members of the community that had not worked in the construction industry before.
- (2) The project is currently generating approximately \$1.6 million in property taxes for the City compared to \$210,000 in property taxes collected prior to the development.
- (3) Maybe most important -- Today in the Chelsea neighborhood: 533 students live full time, nearly 2,000 attend classes, 200 SJG employees come to work along with a significant number of faculty and staff of Stockton University and Atlantic Care. They buy coffee, eat lunch, frequent local establishments, are visited by their parents, are mentoring Atlantic City children and volunteering throughout the city. They are starting to change the tempo of the streets and the social and economic dynamic of Chelsea.

The New Brunswick Performing Arts Center which opened earlier this month is a transformative project that has propelled the New Brunswick Arts District into the spotlight as the region's most exciting and dynamic performing arts center. It may be the greatest example of how true public-private partnerships, density, the principles of mixed-use development, and the assistance of targeted and well leveraged tax incentives can have an extraordinary impact on a New Jersey City.

The ½ million SF of NBPAC features two state of the art theatre venues, dedicated rehearsal spaces, and collaborative workspaces for our resident companies and arts organizations across Middlesex County. The project also includes 207 market rate and affordable rental apartments and public parking.

With the investment of more than \$173 million from 9 funding sources and the participation of 11 partners from the City and the County to 4 resident arts organizations to Rutgers University

to the AFL CIO Housing Trust to Citi Group to Bank of America we cobbled together a structure that worked. The ERG Tax Incentives were critical to our success. They allowed us to fill the last \$8.4 million hole in the \$64 million arts component of the project and make the apartment component viable. By making the apartment piece viable we were able to issue a RAB enabling the City to contribute \$16 million to the theatre project. We were able to build an arts center with no debt. And what is the result:

- (1) 1000 construction jobs over the past two years;
- (2) An anticipated 375 new permanent residents, consumers, living in the downtown;
- (3) 340 performances scheduled for the 2019-2020 season drawing more than 85,000 new visitors to downtown New Brunswick;
- (4) An estimated economic impact to the City excluding cost of admission of \$20 million annually.

The NBPAC project is probably the most illustrative of why the Residential ERG is critical. Construction costs in Jersey City, Hoboken, Newark, New Brunswick, and Atlantic City are very similar, particularly with high rise construction and union labor. Rents are not.

The differential between a Jersey City rent, a Newark rent, and a New Brunswick rent is still fairly significant. The ERG helps bridge that divide and affords the opportunity for projects to be built in Newark and New Brunswick. The next question then is what needs to be done to bridge the disparity in rents between New Brunswick, Trenton, Paterson, and a City such as Atlantic City.

We are working on a project right now in Paterson that will include the Alexander Hamilton Visitor Center at the Great Falls National Park, a parking garage, retail and a community center. We could not make a housing component work under the current rules and present costs – The ability to create a broad spectrum of housing opportunities in an urban setting may be the most important tool in breathing life into a city's downtown.

Future programs that support residential housing must be flexible and insist on creative solutions that create density and help move a neighborhood toward achieving critical mass. It's important to remember that a Starbucks alone does not make a residential project a mixed-use success.

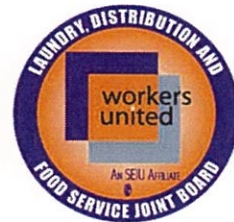
Devco is currently working on SciTech City in Jersey City and The New Jersey Technology and Innovation Hub in New Brunswick. Both are innovation initiatives since it is fairly widely accepted that the innovation economy is the best way to create economic expansion. Both of these projects have the ability to help drive the New Jersey economy with new jobs in Life Science, Artificial Intelligence, medical devices, big data, and a variety of other tech fields; but they will need smart, targeted incentives to help level the playing field with our competitors.

Next to the ability to attract talent and provide employees with an attractive quality of life; the cost of occupancy is a determining factor.

Thank you for the opportunity to share some of our very positive experiences. The support of the State of New Jersey, both the Executive Branch and the legislative branch, has been central to our success and the Cities where we work.

# LAUNDRY, DISTRIBUTION AND FOOD SERVICE JOINT BOARD

703 McCarter Highway Newark, NJ 07102 Tel: (973) 735-6464 Fax: (973) 735-6465



## Testimony of Megan Chambers, Co-Manager of the Laundry, Distribution and Food Service Joint Board, Workers United, SEIU

### NJ Senate Select Committee on Economic Growth Strategies

September 23rd 2019

My name is Megan Chambers. I am the Co-Manager of the Laundry, Distribution and Food Service Joint Board, Workers United, SEIU.

We are a labor union that represents 8,500 workers employed in warehouse distribution centers, industrial laundries, food service establishments and various public sector occupations.

We are a member of Warehouse Workers Stand Up, a diverse coalition of unions, community organizations and advocacy groups that are organizing to improve standards for all workers employed in the warehouse distribution sector in New Jersey.

With the Grow NJ and Economic Redevelopment and Growth programs now expired, the State legislature has the opportunity to reform our state tax incentives to ensure taxpayer subsidies create permanent, full-time warehouse jobs with living wages, affordable health benefits and adequate safety protections for New Jersey residents. The legislature also has the opportunity to include necessary protections for taxpayers modelled after best practices from around the country.

As you know, the warehouse distribution sector in New Jersey is booming, driven by demand from e-commerce companies, our proximity to major consumer markets in the New York City metropolitan area and our excellent infrastructure including the Ports of Newark, Elizabeth and Bayonne.

Today, more than 49,000 people are employed in warehouse distribution centers in New Jersey. This is an increase of nearly 25,000 jobs over the past four years, and the rapid expansion in warehouses continues. The state government must ensure that this expanding employment sector generates good-paying, safe, secure jobs for New Jerseyans that can sustain families and creates a real pathway to the middle class.

However, a research report issued by the Warehouse Workers Stand Up coalition in December 2018 shows that New Jersey warehouse distribution jobs are often dangerous, underpaid, and in need of more scrutiny and regulation from state government. Many of these workers earn low wages and face erratic schedules as part-time, seasonal, or temp workers. They lack decent benefits and a path to full-time jobs and careers. And they too often face unsafe working conditions.

While New Jersey is a national leader in warehouse employment we significantly lag most states in warehouse worker wages. According to the Bureau of Labor Statistics, New Jersey has the highest proportion of "hand laborers and freight material movers" jobs in the country.

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However, the median wage of these workers actually fell from \$13.03 an hour in 2017 to \$12.93 an hour in 2018, the 40<sup>th</sup> lowest in the country.

This past October, 44-year-old Jose R. Caba, a Macy's warehouse worker in Edison, fell more than 30 feet from a cargo lift to his death. Then, in December, dozens of workers at an Amazon fulfillment center in Robbinsville were sent to the hospital from an exploding can of bear repellent.

Over the last five years, the NJEDA has awarded \$230 million in Grow NJ tax credits to warehouse developers and operators. Unfortunately these Grow NJ tax credits were awarded with little oversight and no requirement to create good full-time jobs with decent wages, affordable healthcare benefits or adequate safety protections.

Recently it's been revealed the NJEDA awarded tens of millions in incentives to companies that concealed or tried to hide their mistreatment of workers when applying for taxpayer assistance.

E-commerce company goPuff was awarded \$39 million in tax credits in 2018 to open a new warehouse distribution center in Gloucester County, but failed to disclose wage and hour violations resulting from worker misclassification on their subsidy application.

Logistics company NFI Industries was awarded approximately \$80 million in NJEDA Grow NJ credits in 2017 but failed to disclose violating wage and hour laws and even a criminal conviction on the part of an affiliate.

This is outrageous. Corporations should not receive generous subsidies if they exploit their workers and refuse to invest in New Jersey's communities. What's more, it is simply unacceptable that the NJEDA has awarded hundreds of millions in taxpayer subsidies to the booming warehouse distribution sector with no requirement that companies create decent, safe, living wage warehouse jobs for New Jersey residents.

Warehouse Workers Stand Up is advocating to place enforceable requirements on warehouse developers and operators seeking NJEDA subsidies to provide permanent, full-time jobs with fair wages, affordable healthcare and decent, safe working conditions and respect the right to organize. Additionally, we must have improved NJEDA oversight and enforcement procedures to hold warehouse developers and operators accountable to these commitments.

Last June Governor Murphy proposed important reforms to Grow NJ and other NJEDA tax incentive programs. These proposed reforms include an immediate \$15 minimum wage, improved oversight, reporting and enforcement measures, including strong claw-back language, an onsite safety and health consultation with the Department of Health and enhanced oversight by the Department of Labor and Workforce Development. These reforms also include crucial protections for taxpayers, like an annual hard cap of \$300 million on total incentive awards and a \$6,400 per job cap on awards, with certain exemptions. These reforms -- which protect workers, control costs and improve accountability -- are an important step in the right direction. They should be incorporated into any new NJEDA programs crafted by the legislature. But we must go further.

Any new incentive program must require warehouse developers and operators to provide permanent, full-time jobs with fair wages of at least \$15 an hour, affordable healthcare, safe

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working conditions – including a written injury and illness prevention program and mandatory health and safety committees -- and respect for workers' right to organize. Additionally, these companies should be subject to increased oversight and enforcement policies that hold them accountable to their commitments.

Furthermore, in warehouse distribution centers where the State has a proprietary interest, additional steps can be taken to stabilize this employment sector and facilitate better standards for workers. In those cases, we support requiring labor harmony, with the specification that labor organizations that enter into a labor harmony agreement for a warehouse project must be the collective bargaining agent for at least 1,500 workers employed in warehouse distribution centers in the state; and must be the collective bargaining agent for workers employed in a warehouse distribution center within a 50 mile radius of the covered development project.

Business is booming in the New Jersey warehouse sector. The employment numbers clearly demonstrate there is no need to forego tax revenue to create warehouse jobs. The real question is: what kind of jobs will they be? Let's not subsidize poverty wages and worker exploitation. Let's act now to ensure that warehouse subsidies provide safe jobs and decent wages that can support a family in dignity.

Governor Murphy's proposed NJEDA reforms include important protections for warehouse workers and taxpayers as well as enhanced enforcement provisions to hold subsidy recipients accountable. I strongly urge the legislature to build on these proposals by developing legislation for NJEDA reauthorization that incorporates our proposed labor standards for warehouse workers.

Thank you.





# WAREHOUSE WORKERS STAND UP

## Warehouse Workers Stand Up NJEDA Reform Proposals

- **Apply the Code of Conduct**

In order to operationalize key components of the [Warehouse Workers Stand Up Code of Conduct](#), the NJEDA should apply the following mandatory labor standards to warehouse developers and operators who seek subsidies:

- **Immediate \$15 Wage Floor**
  - The NJEDA should require warehouse workers to be paid at least \$15/hour at businesses receiving NJEDA subsidies from the date the subsidy is received.
- **Only Incentivize Permanent, Full-Time Employment**
  - The NJEDA should only provide incentives for full time positions filled by employees working at least 35 hours a week who are employed directly by the subsidy recipient.
  - The NJEDA should not provide any incentives for positions filled by employees who are employed by a third party temporary employment agency, temporary help service firm or professional employer organization.
- **Pay Parity for Temp Workers**
  - The NJEDA should require that warehouse workers employed by third party temporary employment agencies, temporary help service firms or professional employer organizations be paid at the same average hourly rate as warehouse workers employed directly by the subsidy recipient.
- **Affordable, Quality Healthcare**
  - The NJEDA should require subsidy recipients to provide a minimum standard of affordable, quality healthcare to its employees valued at a minimum of \$3/hour. NJEDA should determine a reasonable annual employer health care contribution escalator.
- **Enhanced Injury and Illness Prevention program**
  - The NJEDA should require warehouse developers and operators to prepare a written injury and illness prevention program, which is specific to a company's worksite.
- **Safety Committee**
  - Warehouse distribution centers that receive NJEDA subsidies should agree to form joint health and safety committees made up of at least 51% employees and selected by non-supervisory employees.
  - These committees should review and approve the company's injury and illness prevention program, safety training program, safety inspections, accident/incident investigations and corrections and develop an anonymous system to report a health and safety complaints.
- **Enhanced Screening of Subsidy Applicants**
  - The NJEDA should screen warehouse subsidy applicants for compliance with applicable health, safety, minimum wage and overtime laws.
  - Applicants that have a track record of wage theft or OSHA violations should not be eligible for NJEDA subsidies.
- **Subsidy Clawback**
  - The NJEDA should have the ability to suspend, and potentially revoke, incentives that have been awarded if an employer is found to be in violation of any of the above commitments made to the NJEDA or in violation of applicable health, safety, minimum wage and overtime laws. This could include serious and willful OSHA violations as well as minimum wage and overtime violations committed by a subsidy recipient.

- **Enhanced Disclosure and Oversight**

The NJEDA should require warehouse developers and operators seeking NJEDA subsidies to:

- disclose their adherence to each specific component of the Warehouse Workers Stand Up Code of Conduct;
- disclose detailed information regarding wages, benefits, the use of part time workers, temporary workers and temporary employment agencies and the total value of local, state and federal subsidies as part of their NJEDA subsidy applications; and,
- produce a detailed annual report demonstrating how they performed relative to each of their subsidy commitments.

- **Incentive Bonus**

In recognition of their adoption of the Code of Conduct and their commitment to create good jobs in this fast growing sector, NJEDA should provide an Incentive Bonus, above the current proposed incentive cap, for warehouse developers and operators.



# **The Future of the Warehouse State:**

## **New Jersey Must Improve Job Quality in Warehouse Distribution Centers**



**WAREHOUSE  
WORKERS  
STAND UP**

A Report from Warehouse Workers Stand Up

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# Overview and Summary

This report offers a close examination of the rapidly growing workforce inside New Jersey's warehouse distribution centers. It discusses how these warehouse workers are often the invisible hands packing and distributing products for Amazon and other retailers, big box chains, and apparel brands that have expanded their e-commerce operations in recent years.

These workers help generate huge profits for the multibillion-dollar e-commerce and retail industries, but many earn low wages, face exploitation, and are fighting to survive. Many are immigrant women. They perform their jobs in dangerous, largely unregulated warehouses and face constant pressure to meet the demands of faster delivery for e-commerce customers.

Through a presentation of the latest available evidence, data, and research, the report offers an in-depth account of the major challenges and struggles these workers face. They regularly operate dangerous machines, often without health or safety training or protection. They endure poorly defined jobs, erratic schedules, poverty wages, and discrimination; and the fear of retaliation and job loss makes workers reluctant to complain about these issues to employers.

The lack of job quality is pervasive in warehouse distribution centers. Many seasonal, part-time, and temporary warehouse workers would like to be full-time employees with living wages and benefits, but they are denied opportunities for good quality full-time jobs and career paths.<sup>1</sup>

This report focuses on the most common warehouse distribution centers found in New Jersey: warehouses run by major online retailers, big box retailers, apparel companies, and third-party operators. It discusses and analyzes the experiences of workers at large, influential warehouse operators in New Jersey, especially Amazon, and includes testimonies from several current and recent New Jersey warehouse workers in their own words.

Given the expected growth of e-commerce and warehouse distribution centers, it is essential that New Jersey policymakers take the lead on ensuring this industry is creating safe, career-track and family-sustaining jobs. New Jersey's excellent ports and easy access to New York City's enormous consumer

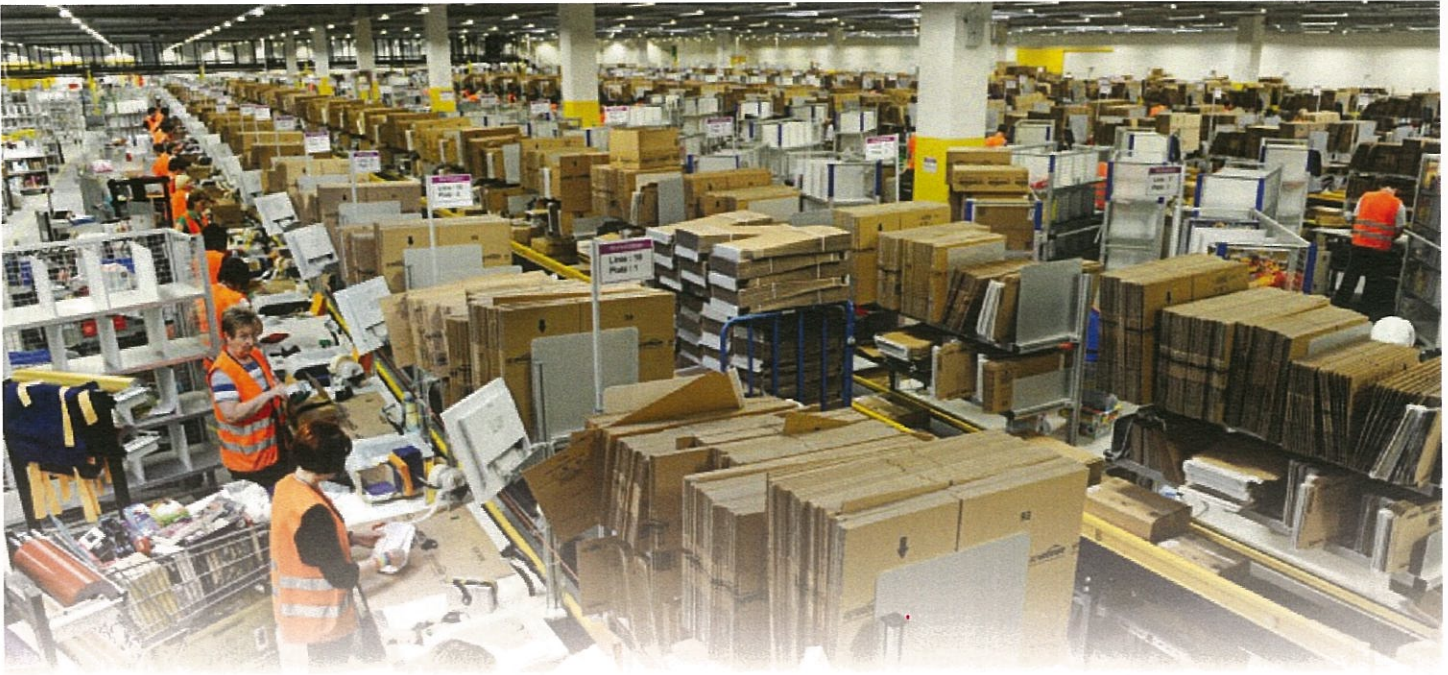
market continue to drive rapid growth in this sector. Manufacturing once was a dangerous, unskilled, low-paying job that eventually became the driving force for the middle class in the U.S. Similarly, warehousing jobs can create more paths to New Jersey's middle class. But that can only happen with the leadership of legislators and policymakers who are committing to raising workplace standards and job quality standards in warehouse distribution centers.

The report ends by proposing a code of conduct that all operators of warehouses in New Jersey should implement. The code of conduct was developed by warehouse workers and would help improve job quality and raise workplace standards in warehouse distribution centers. The conclusion of the report discusses how a code of conduct that includes a living wage, including a \$15 per hour wage floor, the right to organize, fair schedules, workplace safety standards and other measures can empower and protect the growing number of warehouse workers in New Jersey.

New Jersey's policymakers and elected officials are urged to take immediate action to pressure warehouse distribution centers to adopt the proposed code of conduct. Where possible, they can use legislation and economic development policy to require implementation of the code of conduct. Enforcement of the proposed code of conduct by New Jersey's local and state officials is crucial for improving job quality for warehouse workers and for giving New Jersey's working families a better future.







## Introduction:

### A Growing Number of Workers in New Jersey's Warehouses Drive E-Commerce Operations for Big Retailers

The New Jersey Department of Labor defines transportation, logistics and distribution (TLD) as an "industry cluster" that includes wholesale trade, transportation and warehousing sectors.<sup>2</sup>

Jobs in these fields are a big part of New Jersey's economy. As of 2016, this cluster of industries accounted around 11 percent of the state's private sector workers, employing more than 380,000 New Jersey residents, with nearly 40,000 employed specifically in warehouse distribution jobs. Between 2006 and 2016, more than 13,000 new warehouse jobs were created as more warehouse distribution centers opened up in places like Perth Amboy, Dayton, Newark, and other localities near New Jersey's major ports and along the New Jersey Turnpike.<sup>3</sup>

These large warehouse facilities are part of the booming, multibillion-dollar e-commerce and retail economy. Warehouse workers are responsible for processing, packaging and shipping products to online shoppers, especially those who live in New York City and the surrounding area. As the Wall Street Journal has noted, "When New York-area shoppers load up their online carts with everything from diapers to dog food, chances are those purchases will be

packed and shipped from a warehouse or distribution center in northern or central New Jersey."<sup>4</sup>

In New Jersey, warehousing and storage is expected to grow by another 42 percent through 2026, and generate an additional 16,000 jobs, according to the state's Department of Labor.<sup>5</sup>

It's no surprise, then, that analysts and observers call New Jersey "the warehouse state."<sup>6</sup>

This rapid employment growth in warehouse distribution centers is fueled by the rising demand for warehouse facilities that support e-commerce operations – a trend expected to continue as more New Jersey warehouses keep serving e-commerce customers in New York City.<sup>7</sup>

"The growth of online shopping... is sparking a frenzy in New Jersey's commercial real-estate market... tight inventories and surging demand are driving rents for New Jersey warehouse space to new highs," the Wall Street Journal reported<sup>8</sup> in December 2017.

Amazon and other online retailers are snatching up warehouse spaces in New Jersey. But they aren't the only ones. Brick-and-mortar retailers, big box chains, and apparel brands are also leasing and operating them to support the expansion of their e-commerce operations.

Commercial real-estate industry experts like CRBE<sup>9</sup> and Cushman & Wakefield<sup>10</sup> note that New Jersey has a unique location and unique ability to fulfill next-day delivery and same-day delivery of products. There is no other place like New Jersey in the region. Indeed,



New Jersey has a clear competitive advantage for warehouse distribution centers and e-commerce fulfillment, given its major ports in Newark, Elizabeth and Bayonne; its large highway system; and its close proximity to nation's largest urban customer base in New York City.

The fact that these warehouse facilities are often used to fulfill e-commerce and online orders has led to the growing usage of the term "fulfillment centers" to describe what they do.

Indeed, e-commerce uses accounted for more than half of all warehouse leases signed in 2017 for big box space in New Jersey, according to real-estate advisory firm Newmark Knight Frank.<sup>11</sup>

This push for faster deliveries is one of the biggest factors driving demand for more warehouse space in New Jersey. It's transforming how warehouse distribution centers are configured<sup>12</sup> and increasing pressure on warehouse workers to fulfill product orders at a faster pace, as more e-commerce operations compete over who can offer the quickest delivery to customers.

These warehouse jobs are not easy. In the next section of the report, we discuss the chaotic environments inside warehouse distribution centers where e-commerce fulfillment happens. We examine how warehouse workers in New Jersey must perform at breakneck speed under grueling, exploitative, and often unsafe conditions that, in some cases, have resulted in death.

Below we highlight how the lack of good quality, full-time jobs with real career paths is pervasive in warehouse distribution centers. Many of the workers are seasonal, part-time, and temporary. They would like to be full-time employees with living wages, decent benefits, and career advancement paths, but they are denied opportunities for good quality jobs.<sup>13</sup>



## Key Findings:

### Unsafe Conditions, Exploitation, Lack of Good Quality Full-Time Jobs in Warehouse Distribution Centers

Warehouse distribution centers in central and northern New Jersey regularly receive goods from the Port of Newark. When the goods arrive at these warehouses, the work of unloading, sorting, processing, packaging, and shipping products to retail customers is intensive. The New Jersey residents who perform these difficult, demanding jobs are primarily Latina immigrant women. A major academic study<sup>14</sup>, based on extensive interviews with a representative group of these workers and on-site visits, described their jobs in terms of "erratic work schedules, poverty wages, hazardous conditions, demeaning treatment, and little to no job control for workers."

Warehouse worker deaths and reported safety hazards have occurred as e-commerce operations focus on faster packaging, shipping and delivery of products to online shoppers.

Published in Working USA: the Journal of Labor and Society, the study<sup>15</sup> explains that a significant number of New Jersey's warehouse workers obtain their jobs through temp agencies. These temp agencies are used to lower labor costs and get around the legal obligations of employment. While the number of temp workers hired can vary, many are "steady warehouse workers and have relatively long-term attachments to this occupation." In other words, they are not day laborers in the traditional sense. Instead, they work alongside and regularly perform shifts with a mix of direct employees, part-time employees, and seasonal employees.

The lack of full-time jobs with living wages, stable schedules, decent benefits, and career advancement is widespread in New Jersey's warehouses. Job quality in warehouse distribution centers clearly needs to be improved. Many of these workers struggle to make ends meet.

Indeed, according to the study in Working USA, warehouse workers face "poorly defined job classifications and responsibilities": "the skill sets needed to perform jobs are unrecognized or undervalued by temp agencies and client employers";



“lack of work rules,” which means warehouse distribution centers “rarely allow for required breaks, and there are generally no grievance procedures”; “absence of job ladders”: workers are given “no promotions, pay increases, or established paths to permanent employment; “no training”: there is little or no investment in boosting the skills of workers or in providing safety instructions; “lack of information about legal rights”: “employers do not post or inform workers about their rights under state and federal employment laws.”<sup>16</sup>

Over the past decade, unions have made some inroads into organizing workers in the growing warehouse sector. For example, the Laundry, Distribution, and Food Service Joint Board of Workers United SEIU has organized and unionized some warehouse workers in New Jersey. These union contracts help raise workplace standards, improve the quality of jobs in the industry. Organized warehouse workers have the power to collectively bargain to protect and promote regular full-time employment in unionized warehouses. But overall, warehouse distribution center workers in New Jersey are still largely without unionization or a strong voice on the job. They continue to be vulnerable to harm and exploitation. Full-time warehouse jobs with safety protections, living wages, decent benefits, stable schedules, and real career paths are severely lacking in New Jersey today.

In recent years, there were several incidents of worker deaths in New Jersey warehouses. As recently as October 2018, a worker died at a warehouse in Edison, New Jersey. The warehouse is apparently operated by Retailers & Manufacturers<sup>17</sup>, a distribution service provider contracted through a logistics company tied to Macy’s.<sup>18</sup> The worker fell off a cargo lift “while handling merchandise on tall storage shelves inside... He was not tethered to the cargo lift as a safety precaution when he lost his footing,” according to one news account.<sup>19</sup>

The Occupational Safety and Health Administration (OSHA) has found it is common practice to use a forklift and pallet to lift employees for inventory counts. A number of other major safety incidents that did not result in a worker death have been made public by OSHA press releases or revealed in media coverage. Commonly-cited issues included blocked or locked exit doors, unguarded machinery, electrical hazards, and powered industrial truck violations. These warehouse worker deaths and reported safety hazards have occurred as e-commerce operations

focus on faster packaging, shipping, and delivery of products to online shoppers.

McKinsey and Company, a leading analyst of business trends and management consultant, has published an important study<sup>20</sup> that illuminates how e-commerce customers are transforming the operations of warehouse distribution centers. A key trend identified and analyzed in the study is the link between rising consumer expectations and the increasing speed of product delivery. “Consumers are demanding ever more convenience when they buy online, particularly where delivery is concerned. They want to have multiple delivery options to choose from, and to receive their products as fast as possible. Once consumers have experienced a superior service level, they are usually reluctant to return to the previous inferior level,” the McKinsey study notes.

## Poverty wages continue to be a pervasive feature of warehouse jobs in New Jersey.

This is why more consumers are no longer satisfied with two-day delivery or even next-day delivery. They want same-day delivery, a concept first rolled out by Amazon in 2009<sup>21</sup>, and increasingly embraced by other e-commerce companies in recent years. Today, more brick and mortar retailers recognize that they cannot compete for online customers without same-day delivery.<sup>22</sup> That recognition helps explain why more traditional big-box retailers are leasing or operating warehouse distribution space in New Jersey, and expanding their e-commerce operations.<sup>23</sup>

It’s worth pausing to consider why Amazon initially tested same-day delivery in and around major metropolitan areas like New York City.<sup>24</sup> As the McKinsey study reveals, “younger generations (e.g., millennials), people living in small households, those working long hours, and consumers with higher incomes are among those particularly willing to pay for more convenience.” This young, busy, affluent online shopper is clearly the demographic Amazon envisioned reaching with same-day delivery.

Today, workers race around New Jersey warehouse distribution centers to fulfill a larger number of same-day delivery orders - not just for Amazon customers but for countless shoppers who purchase from Amazon’s competitors and directly from traditional retailers and brands.

To make same-day delivery a reality for consumers with



higher expectations, workers have been tasked with dramatically increasing the efficiency of operations inside warehouse distribution centers.

According to one prominent marketing agency advising companies on e-commerce fulfillment strategy: "Same day delivery requires swift packing and parceling of goods from warehouses. When designated same day delivery schedules are introduced in a city, the merchant needs to ensure that the staff at the concerned warehouse are quickly acquainted with the necessary schedule and task changes to accommodate speedy packing and parceling."<sup>25</sup>



The traditional systems and processes for parcel logistics are not set up to handle same-day delivery, as the McKinsey study observes. So entirely new systems and processes have to be implemented. Warehouse workers are on the frontlines of that effort. Yet job quality for workers has not improved alongside major transformations in how warehouses respond to the needs of online customers who expect faster delivery.

The increased need for speed from these workers has been called "staff optimization"<sup>26</sup> – a management euphemism for pushing warehouse workers to adapt to more challenging, often brutal conditions. In New Jersey,

warehouse distribution jobs were already hazardous before the introduction of same-day delivery. But recent warehouse worker deaths and injuries strongly suggest these jobs are becoming more dangerous in an era of rising consumer expectations for same-day delivery for products ordered online. In the eyes of some owners and operators of these warehouses, there is less time for taking precautions like properly securing workers on cargo lifts before they reach for products on shelves. And regulations have not caught up with the new risks posed to warehouse workers by same-day delivery and e-commerce fulfillment operating at much faster speeds.

Along with these extreme safety hazards, poverty wages continue to be a pervasive feature of warehouse jobs in New Jersey. The Working USA study cited earlier in this section found that warehouse workers hired by temp agencies and direct employees of warehouses were earning \$9.00 per hour, and some were paid even less. A wage of \$11 or more was considered a high wage according to workers interviewed for that study.<sup>27</sup>

Meanwhile, a study from Rutgers University<sup>28</sup> that relied on extensive interviews with women warehouse workers reported that some workers hired through temp agencies earned \$8.75 per hour or less, and were even subjected to outright wage theft. The poverty wages these workers earn are slashed even more after the temp agencies take their cut and charge workers for transportation to and from warehouses in crowded vans. The average transportation fee reported in the Rutgers study was \$35 to \$48 per week – a hefty sum for low-wage workers who are struggling to survive.

In the past few years, wages for New Jersey's warehouse workers have increased slightly in some cases, but not nearly enough to keep up with rising costs of living. In central and northern New Jersey, where many of these workers live and are employed, it's a struggle to afford rent, food, transit and other basic expenses. Plenty of warehouse jobs today still pay less than \$15 per hour, even though workers who pick, pack, and ship products are expected to perform at higher levels of "staff optimization" to meet the needs of same-day delivery for online shoppers.

Indeed, a 2018 New Jersey Department of Labor study notes that several categories of full-time warehouse distribution workers earn average annual salaries below \$30,000.<sup>29</sup> Some packers and packagers in warehouses still earn an average wage of less than \$26,000 a year.<sup>30</sup>

And women, particularly Latina immigrant women,



continue to earn less than their male counterparts in warehouse distribution centers. Overall, women working in New Jersey's warehouses often face forms of discrimination, harassment, and hostility that most men do not.

The Rutgers study found that "women work within conditions of structural chaos that function to their detriment but to the benefit of their job agencies and employers."<sup>31</sup>

Here are key examples of those the chaotic conditions and poor job quality for women:<sup>32</sup>

"Occupational sex segregation and pay inequality—temp agencies explicitly recruit for "men's jobs" and "women's jobs" and assign workers accordingly. Men tend to do work such as lifting boxes and operating machinery, while assembly line workers are almost exclusively women."<sup>33</sup>

"Men's" jobs are higher-paying. Even when male and female workers do perform the same labor, males receive higher wages."<sup>34</sup>

"Lack of work/life balance—The cost of childcare places a heavy burden on many of these women. Haphazard work schedules have a particular impact on female workers with children. These employers may change work schedules at the last minute, even after workers have arrived at the job site. "The fact that these workers can be turned away from job sites without receiving pay means that they lose money when they have to pay for childcare."<sup>35</sup>

"Sexual harassment—Women interviewed for focus groups described "instances of inappropriate comments and touching by supervisors at the warehouses where they worked. Many respondents also described a pervasive culture of flirting that is connected to preferential treatment. They discussed instances in which they had been ignored or retaliated against for lodging complaints about these issues. Along with instances of harassment and fondling, many women described an overall culture in which younger women and "pretty women" were given preferential treatment at the temp agencies and in the warehouses."<sup>36</sup>

In this current era of the #MeToo movement, it's worth noting that working-class immigrant women and women of color in New Jersey's warehouses have had to endure sexual harassment and face retaliation for speaking out against it.

## Spotlight on Key Operators of New Jersey's Warehouses: Amazon, Online Retailers, Big Box Stores, and Others

In New Jersey, warehouse distribution centers are operated by a diverse array of companies. These operators are a mix of major online retailers, big box retailers, apparel brands, and third-party logistics companies. Many continue to snatch up available warehouse space suitable for large e-commerce fulfillment operations that pack, ship, and deliver products to customers in northern New Jersey and the New York City area.

Currently, Amazon operates approximately 17 facilities in New Jersey totaling more than nine million square feet.<sup>37</sup> An 18<sup>th</sup> is expected to be completed in early 2019.<sup>38</sup> This is significant not just for New Jersey, but also for Amazon. Approximately 5% of all of its American distribution facilities and more than 7% of its active distribution square footage is located in New Jersey.<sup>39</sup> But Amazon's competitors, including national retailers and big box stores, are also snatching up warehouse space in New Jersey as they expand their e-commerce operations. More than half of all warehouse distribution center leases in New Jersey recorded for 2017 are for big box stores. Target operates an e-commerce facility in Perth Amboy;<sup>40</sup> Best Buy operates a distribution warehouse in Piscataway.<sup>41</sup>

**Amazon deserves increased scrutiny for how it treats warehouse workers in New Jersey — both its direct employees and those within its local supply chain.**

Other notable big box, national, and online retailers and apparel companies that operate warehouse distribution centers in New Jersey include: Costco, Office Depot, Barnes & Noble.com, Bed Bath & Beyond, Inc., Staples, Jordache, Barneys New York, and Macy's.<sup>42</sup>

Freeze is also worth mentioning here. A national apparel company based in New York City, Freeze is a division of Central Mills that operates a large warehouse in Dayton, New Jersey.<sup>43</sup>

The warehouse workers at Freeze produce, pack, and distribute logoed sportswear under licensing agreements with numerous prominent corporations, including Disney, WWE, Nickelodeon, 20th Century Fox, Hanna-Barbera and Nintendo. Freeze's warehouse workers are part of Amazon's supply chain in New Jersey but not direct employees of Amazon.

Additionally, the massive G-III Apparel group operates three warehouses with over 1.3 million square feet combined and uses multiple third party logistics warehouses in New Jersey as well.<sup>44</sup> If you recently purchased Calvin Klein, Dockers, or Levis' clothing in the northern New Jersey or New York City area, it was likely packaged, processed, and shipped at one of G-III's warehouses.<sup>45</sup>

Meanwhile, other companies called third-party logistics (3PLs) are expanding their footprint, because they handle a variety of warehousing and distribution services for many clients. NFI Logistics, one of the largest 3PLs in the country with nearly \$2 billion in annual revenue, is headquartered in Cherry Hill.<sup>46</sup> XPO logistics, the second largest 3PL in the country according to Logistics Management,<sup>47</sup> has more than 20 locations in New Jersey.<sup>48</sup>

In some cases, an entire warehouse distribution operation for a major online retailer, big box retailer, or apparel company is contracted to a 3PL company, which may in turn contract with a professional employer organization (PEO) and local temp agencies to fill out the staff.<sup>49</sup>

Despite this diverse array of warehouse operators, Amazon deserves increased scrutiny for how it treats warehouse workers in New Jersey— both its direct employees and those within its local supply chain. Amazon operates more warehouse distribution centers in New Jersey than any other company.

It is one of the largest employers in the state, and continues to expand in the region. In November 2018, Amazon announced<sup>50</sup> it would open one of its two new corporate headquarters in New York City. Amazon is reportedly going to receive nearly \$3 billion in total subsidies<sup>51</sup> from New York— a deal that has been widely criticized.<sup>52</sup> This expanded corporate presence in New York City could mean Amazon's executives pay closer attention to how the company's New Jersey warehouse distribution centers serve customers in the region.

Amazon also recently announced it would raise its starting wage for all warehouse workers to \$15 per hour effective November 1, 2018. The company said it "listened to its critics and wanted to lead,"<sup>53</sup> but news reports quickly pointed out that the \$15 per hour wage was not quite what it seemed. While some workers will indeed receive a wage boost, a number of long-time employees could actually see their overall annual compensation decrease — because Amazon is cutting monthly bonuses and other financial incentives.<sup>54</sup>

Direct employees at Amazon's warehouses in New Jersey will likely see a pay increase to \$15 per hour, but that wage boost can be quickly eroded by erratic, unpredictable schedules. When workers don't get regular hours, they don't earn enough to make ends meet. \$15 per hour for someone working a steady, predictable schedule of forty hours per week every month will earn \$30,000 per year. But \$15 per hour for a worker who can't predict her schedule from one week to the next is much worse off. As one recent study puts it, "Volatile schedules can leave even those earning an increased minimum wage struggling to get by."<sup>55</sup>

At the same time, other warehouse workers in Amazon's New Jersey supply chain will not see a pay bump to \$15. For example, warehouse workers at Freeze Central Mills regularly pack products to be sent to Amazon customers, but they are not eligible for a \$15 per hour wage, because they are not direct employees of Amazon.

Overall, direct warehouse employees of Amazon and other warehouse workers in Amazon's supply chain in New Jersey have experienced unsafe conditions, brutal production quotas, and other significant challenges. Simply put, Amazon has not been a leader on improving job quality at warehouse distribution centers. Full-time jobs that pay living wages and provide stable, full-time schedules and fair treatment are not the norm for Amazon in New Jersey.

A few of Amazon's New Jersey warehouse workers recently participated in candid anonymous interviews with The Street<sup>56</sup> about the difficulties, strains, and hazards of their jobs.

"I feel that Amazon sees its employees just as bodies and does not truly value the work they do... People are focused on how much their feet, legs, backs hurt them from the strain," said one Amazon worker from a warehouse in Florence, New Jersey. Employees at the Florence facility are expected to push out 600,000



items a day to customers, and nearly a million during the holiday season.<sup>57</sup>

A former worker from Amazon's Carteret, New Jersey warehouse said at least one Amazon manager is always "manning the floor, ready to write up employees on an iPad, and reprimand them if they fail to pack 120 items per hour - the alleged goal set by Amazon." If a worker meets a goal, a manager will tell them to "do 140." If a worker misses the goal, she or he could have to work an additional full shift known as "mandatory overtime." And if workers don't perform the mandatory overtime shift, "10 hours can be cut from their vacation time to make up for it."<sup>58</sup>

And a worker from Amazon's Robbinsville, New Jersey warehouse said he tracked on his smart phone that "he'd "walk a minimum of 25,000 steps in one shift alone, dragging heavy pallets down an entire floor and lifting heavy boxes on their racks." He walked so much while performing a job called "water spidering" – serving as an in-house supplier of products to the people who do the packing and shipping to customers.<sup>59</sup>

Revealingly, these workers noted that, even when robots work alongside them, their jobs at Amazon warehouses in New Jersey are "no less exhausting."<sup>60</sup>

Numerous recent news accounts have documented the terrible, inhumane, conditions for workers at Amazon warehouses around the country.<sup>61</sup> Amazon's warehouse distribution centers in New Jersey are part of that disturbing trend of worker mistreatment.

Amazons' warehouses have demonstrated what one report called "a disturbing pattern of preventable deaths," with three workers tragically dying within five weeks of each other during 2017.<sup>62</sup> A total of seven Amazon workers have died on the job since 2013.<sup>63</sup>

One of those workers, 57-year old Roland Smith was dragged and crushed by a conveyor belt at an Amazon warehouse in Avenel, New Jersey in 2013. Records from the Occupational Safety and Health Administration (OSHA) show that the company received no citations stemming from the incident.<sup>64</sup>

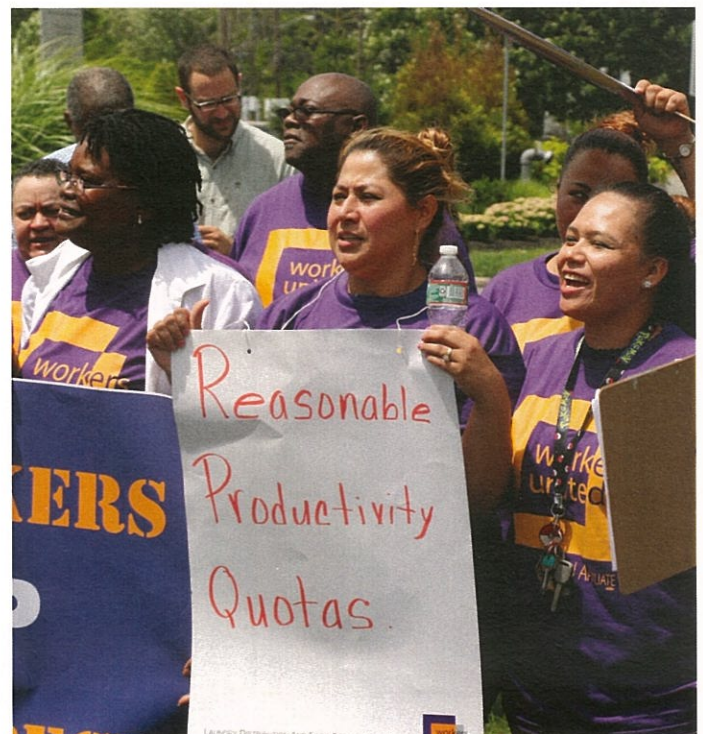
In New Jersey, Amazon has been cited for serious violations in three other inspections (a fourth inspection found an "other than serious violation"), and paid over \$16,000 in penalties as a result.<sup>65</sup> Amazon appears to be contesting \$11,950 in additional penalties stemming from violations OSHA discovered after an employee at the company's

Elizabeth warehouse fell from a ladder and fractured their arm while trying to clear a jam in the conveyor system.<sup>66</sup>

One employee has alleged that he was actually fired for attempting to address health and safety issues at an Amazon warehouse in Logan Township. Eugene Johnson an on-site medical representative, claims that he raised issues to management at the facility concerning safety issues at the facility which were ignored. After finally reporting the suspected issues to OSHA, Johnson claims that he was fired the day after the warehouse was inspected.<sup>67</sup> Amazon has denied that Johnson's termination was related to any safety issues that he raised.<sup>68</sup>

Amazon, and all warehouse operators, should meet much higher workplace standards in their-warehouse distribution centers in New Jersey. Too many workers are exposed to harm and injury, and forced to meet unrealistic production quotas for delivering more products to more customers at a dangerous speed.

As a top employer in New Jersey, Amazon must improve the quality of its warehouse jobs. It can easily afford to offer better quality, full-time jobs that offer real living wages, decent benefits, fair production quotas, stable schedules, and career paths. Amazon CEO Jeff Bezos is one of the wealthiest people on the planet.<sup>69</sup> If Amazon is serious about listening to its critics, and wanting to lead, it will create more full-time living wage jobs for warehouse workers in its New Jersey supply chain.





## In Their Own Words:

### Profiles of Warehouse Workers

*Below are short profiles of several warehouse distribution center workers in their own words. These profiles are based on October 2018 interviews with workers conducted by representatives of Warehouse Workers Stand Up. The interviews were edited for length and clarity. The workers have approved the language quoted below from the interviews.*

#### Geneva Collins, a longtime warehouse worker at Macy's logistics in Secaucus, New Jersey, whose job has changed dramatically with the rise of Amazon:

I've been working at Macy's logistics in Secaucus, New Jersey for thirty-eight years.

We handle jewelry, watches, and even iPads. We ship them to the stores. And we have a whole department that handles internet customer orders that ships to individual customers all over the United States.

Since Amazon got big, around ten years ago, our work has changed a lot. We used to only service stores. Then, Macy's logistics opened an online department, and now most workers work there. The company holds morning meetings each day to set productivity goals and review how we did in meeting them.

We used to take time to package each item before it was shipped to an individual customer. We would tie ribbons on the items we shipped as part of customer service. These days, there's so much pressure to work fast, we don't do those things anymore.

The company uses more part-timers, seasonal workers, even temps. When I started, these were all full-time jobs. These jobs are so different today for young people who come looking for work.

#### Emilio Barrios a longtime worker at the Freeze warehouse in Dayton, New Jersey who does a lot of work for Amazon:

*Note: this worker asked that his real name not be used, for privacy reasons. Emilio Barrios is a pseudonym*

I have been working for over fifteen years in the Freeze Central Mills warehouse. Freeze is a national company that distributes clothes with designs to retail stores. We have worked with Disney-licensed clothes, such as T-shirts with images of Mickey Mouse, that are sold online at Amazon and sent to stores such as stores such as Walmart and Burlington Coat Factory.

In Freeze, we do a lot of work for Amazon. We send complete pallets there every day.

Amazon comes to visit our warehouse, but does not pay attention to the conditions of the workers. They do not come close to us. Amazon announced that they are going to pay \$15 an hour to warehouse workers. But this will not do anything for the countless workers like me who work in New Jersey warehouses, sending products to Amazon.

In the warehouse where I work, we even had to go on strike simply to force the company to bring up the salaries to \$10 and \$11 an hour. We do not have a proper medical plan either. The state of New Jersey is filling up with distribution warehouses. But most workers do not even have permanent jobs. Warehouse workers need and deserve to work in dignity, with permanent jobs, decent pay, fair benefits and the right to organize with a union to insist on better conditions.

It is about time that the state of New Jersey pays attention. Warehouse workers are an important part of the future of this state.



## Veronica Perez, a warehouse worker at Eva Activewear, also known as S & S Activewear.

### She was fired in July 2018 while pregnant.

*(Note: this worker asked that her real name not be used, for privacy reasons. Veronica Perez is a pseudonym.)*

I worked for more than four years in the warehouse of the company Eva Activewear, also known as "S & S Activewear", in Robbinsville, New Jersey. It is a national company that stores and distributes new wholesale clothing to companies that print their logos and designs on clothing before sending it to be sold in stores and online. On the S & S website, you can see the many brands that they work with - Adidas, Calvin Klein, Columbia, French Toast, Fruit of the Loom and others.

Eva/S & S gave us an employees' benefit book that says they provide fair treatment for workers. But this is not the reality. There are more than 150 workers in the warehouse, mostly immigrant women. There is a lot of turnover. Workers are fired, without a good reason, and others resigned due to poor working conditions.

In the warehouse, many do not have a set schedule. The vast majority earns around \$11.50 an hour. The take home pay is very low. Because of this, many people do not take the medical plan that the company offers, because if you choose coverage, they deduct \$58 from each check. If you pay this \$58, maybe you will not have enough money for grocery shopping.

In July of 2018, when I was pregnant, I was fired, after more than four years working there. It was terrible for me to find myself fired at the time when I needed the security of a job the most.

By law, the company was supposed to give me family leave.

I should have the right to return to my job after having my baby. But this is not what happened. Instead, they sent me home with

nothing. In the years that I worked there, I saw that other pregnant women were treated badly too. It seems that the company wants to take advantage of the low cost of immigrant workers.

It is sad to see the abuse suffered by warehouse workers in the state of New Jersey at places like the Eva /S & S warehouse in Robbinsville. Warehouse workers need fixed hours, a medical plan at a reasonable cost, and fair wages that enables us to pay the bills. And we need employers to respect our rights.

## José Muñoz, a worker at G-III Apparel in Dayton, New Jersey works there through a temp agency called Unity Works Management.

*(Note: this worker asked that his real name not be used, for privacy reasons. José Muñoz is a pseudonym.)*

I live in Paterson, New Jersey. I've worked nightshift at GIII apparel distribution warehouse in Dayton, New Jersey for the past year, through a temp agency, Unity Works Management. I work full-time. Sometimes even 50 hours a week or more. However, I'm not considered a regular employee. They've never offered me health insurance; I have no paid time off, not even paid sick days.

As a temp worker, they can fire me at any time. I never leave probationary period. Working like that is very unfair. I work full-time for an hugely profitable corporation that sells brands like DKNY, Tommy Hilfiger and Calvin Klein, but I have no benefits, none. They treat me as if I were expendable.

Temp workers like me are poorly paid. At GIII, I used to be paid \$10 an hour, then the temp agency reduced my wage to \$9 an hour. It's even worse for women. They pay them minimum wage, just \$8.60 an hour. I accept as much overtime as I can because I need the money. On regular weekdays, I get home after



my shift between 1 and 2 a.m. If there is any overtime on Saturday, I do the day shift. To do that overtime, I get home from my Friday shift after midnight, around 1 a.m., I sleep for a few hours, and I wake up early Saturday morning to be ready for the temp agency's van at 6 a.m. I don't sleep enough, but at \$9 an hour, it's what I have to do to make ends meet.

Warehouse temp workers deserve something better. We should have a fair wage and access to health insurance and other benefits.

## Conclusion & Recommendations:

### How a Code of Conduct Can Improve Job Quality in New Jersey's Warehouse Distribution Centers

Thanks to public investment in excellent ports and roads, and access to enormous consumer markets, New Jersey has become the warehouse state. Indeed, the warehouse sector will continue to see extraordinary job growth in the years to come. But these jobs will contribute little to establishing a middle-class future for New Jersey unless workplace standards and job quality standards are raised in warehouse distribution centers.

As we have shown in this report, warehouse workers in New Jersey are performing dangerous jobs, especially with rising consumer expectations for faster delivery of products ordered online. Too many warehouse workers, especially women, face regular exploitation and mistreatment.

Workers in New Jersey's warehouse distribution centers help generate huge annual profits for the multibillion-dollar retail economy. They play a significant role in maintaining New Jersey's competitive advantage for e-commerce fulfillment and for the servicing of online retail customers in New York City, the largest urban consumer market in the United States.

But most of these workers earn low wages in part-time, seasonal, or temporary jobs with unpredictable

schedules. They struggle to find full-time jobs that provide living wages and real career paths to support families in New Jersey, where the cost of living continues to rise.

The latest available evidence, data, and analysis clearly indicates that this lack of full-time employment is the norm in warehouse distribution centers.

New Jersey's warehouse workers know what is wrong and unfair about how they are treated. And they are taking action to make their jobs and lives better. Increasingly, these workers are organizing to raise workplace standards in their industry and to boost the quality of their jobs. Over the past year, workers involved in Warehouse Workers Stand Up have been meeting to develop and implement a new code of conduct for New Jersey's warehouse distribution centers.

After extensive discussions, these workers have identified the following criteria<sup>70</sup> for a code of conduct that all of New Jersey's warehouse distribution centers should implement:

- 1) A living wage, including a wage floor of \$15/h;
- 2) Fair scheduling with predictable hours;
- 3) Regular, full-time employment;
- 4) No misuse of temporary workers;
- 5) Affordable, quality health care;
- 6) Reasonable paid time off, paid sick days;
- 7) A safe workplace where workers participate in the safety program and receive quality, effective training on all workplace hazards including chemicals, forklift safety, the prevention of falls, and exposure limits to extreme temperatures;
- 8) Respect workers' right to have a say in their working conditions through Union representation, free of coercion;
- 9) Reasonable productivity quotas;
- 10) A fair grievance process for addressing concerns about unfair treatment and unfair discipline.

The right to organize and join a union is an especially important component of the code of conduct. The unionization of some warehouses in New Jersey has already begun to raise workplace standards and improve job quality, especially when strong union contracts are fully enforced and not violated by employers. And historically, unionization has been one of most effective ways of empowering workers and increasing living standards in the United States.

But unionization is tremendously difficult in a warehouse workforce that includes so many part-



time, seasonal, and temporary workers. That's why warehouse workers and their allies support a code of conduct that would help create and protect more full-time jobs throughout the industry.

The proposed code of conduct would establish a uniform set of standards for job quality and workplace conditions that every warehouse distribution center in New Jersey must follow, turning tens of thousands of low-wage, often dangerous temporary warehouse jobs into safe, quality jobs that can help support more families in New Jersey.

Most warehouse operators will not voluntarily adopt this code of conduct. They will need to be pressured and required to implement it through legally binding agreements, and through aggressive government enforcement at the state level in New Jersey. But the code of conduct is a necessary and overdue reform. The operators of warehouses can easily afford to implement it. Most are hugely profitable retail corporations, big box chains, and apparel brands.

New Jersey policymakers have a number of key tools at their disposal to require and enforce this important code of conduct.

First, New Jersey should require warehouse operators to implement this code of conduct as a condition of any economic development subsidy or tax abatement program; those who violate their commitments would have to return subsidies received. This approach would build on existing policy and legal precedent in New Jersey for attaching wage standards and other labor standards to economic development packages funded with public dollars. This is an essential tool that must be realized to ensure that warehouse operators are adhering to the code of conduct and increasing the number of quality jobs in New Jersey.

There are a number of additional steps the State could take to implement and enforce the Code of Conduct. They include:

- 1 Tightening the regulation of temporary agencies to stop warehouse distribution centers from misusing temps for the purpose of avoiding the creation of quality jobs;
- 2 Convening a Wage Board to investigate conditions in the warehouse distribution sector and establish legally binding wage and benefit requirements for the sector;
- 3 Expand the capacity of the NJ Department of Labor and Workforce Development to receive and investigate confidential worker complaints in this sector, and make findings of these investigations publicly available.

Increasingly, major labor organizations like the AFL-CIO and advocacy organizations see the benefits of worker-driven codes of conduct to raise workplace standards and job quality standards.<sup>71</sup> New Jersey can and should become part of this encouraging trend.

It's clear that New Jersey has solidified its role as the warehouse state. Employment growth in warehouse distribution centers will continue to increase as more retailers and companies set up e-commerce fulfillment operations in the state. A code of conduct that raises workplace and job quality standards is crucial for ensuring that more full-time jobs are created, and workers are protected and empowered. New Jersey's elected officials and policymakers must act now to help create a better future for the many thousands of talented, dedicated workers who pack, distribute, and ship products to e-commerce customers and retail stores.

### Code of Conduct:

- 1 A living wage, including a wage floor of \$15 per hour;
- 2 Fair scheduling with predictable hours;
- 3 Regular, full-time employment;
- 4 No misuse of temporary workers;
- 5 Affordable, quality health care;
- 6 Reasonable paid time off, paid sick days;
- 7 A safe workplace where workers participate in the safety program and receive quality, effective training on all workplace hazards including chemicals, forklift safety, the prevention of falls, and exposure limits to extreme temperatures;
- 8 Respect workers' right to have a say in their working conditions through Union representation, free of coercion;
- 9 Reasonable productivity quotas;
- 10 A fair grievance process for addressing concerns about unfair treatment and unfair discipline.



# Endnotes

- 1 Personal testimonials from workers offered later in the report reinforce the fact that most warehouse workers in New Jersey do not have full-time, career-oriented jobs. They struggle to find full-time jobs that pay living wages and offer stable, predictable schedules.
- 2 <https://nj.gov/labor/lpa/pub/empecon/tld.pdf>
- 3 <https://nj.gov/labor/lpa/pub/empecon/tld.pdf>
- 4 <https://www.wsj.com/articles/n-j-warehouses-from-empty-to-e-commerce-1394413046>
- 5 [http://lwd.dol.state.nj.us/labor/lpa/LMI\\_index.html](http://lwd.dol.state.nj.us/labor/lpa/LMI_index.html)
- 6 <https://www.app.com/story/money/business/main-street/2017/08/21/new-jersey-warehouses-jobs-internet-amazon/554042001/>
- 7 [https://www.nj.com/bergen/index.ssf/2016/12/online\\_retailers\\_gobbling\\_up\\_warehouses\\_in\\_north\\_jersey.html](https://www.nj.com/bergen/index.ssf/2016/12/online_retailers_gobbling_up_warehouses_in_north_jersey.html)
- 8 <https://www.wsj.com/articles/demand-for-new-jersey-warehouse-space-skyrockets-1512837841>
- 9 <https://www.cbre.us/about/media-center/demand-for-new-jersey-warehouse-space-skyrockets>
- 10 [https://www.nj.com/bergen/index.ssf/2016/12/online\\_retailers\\_gobbling\\_up\\_warehouses\\_in\\_north\\_jersey.html](https://www.nj.com/bergen/index.ssf/2016/12/online_retailers_gobbling_up_warehouses_in_north_jersey.html)
- 11 <https://www.wsj.com/articles/demand-for-new-jersey-warehouse-space-skyrockets-1512837841>
- 12 <http://www.njbiz.com/article/20180122/NJBIZ01/180129974/ecommerce-drives-shifts-in-warehousing-model>
- 13 Personal testimonials from workers offered later in the report reinforce the fact that most warehouse workers in New Jersey do not have full-time, career-oriented jobs. They struggle to find full-time jobs that pay living wages and offer stable, predictable schedules.
- 14 <https://onlinelibrary.wiley.com/doi/full/10.1111/j.1743-4580.2011.00359.x>
- 15 <https://onlinelibrary.wiley.com/doi/full/10.1111/j.1743-4580.2011.00359.x>
- 16 <https://onlinelibrary.wiley.com/doi/full/10.1111/j.1743-4580.2011.00359.x>
- 17 [https://www.osha.gov/pls/imis/establishment.inspection\\_detail?id=1353463.015](https://www.osha.gov/pls/imis/establishment.inspection_detail?id=1353463.015)
- 18 <http://tax1.co.monmouth.nj.us/cgi-bin/m4.cgi?district=1205&l02=120500390 C00020 M>
- 19 <https://www.tapinto.net/towns/edison/articles/perth-amboy-man-dies-in-edison-warehouse-accident>
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- 21 <https://bits.blogs.nytimes.com/2009/10/15/amazoncom-introduces-same-day-delivery/>
- 22 <http://www.mktalt.com/Blogs/why-same-day-delivery-should-be-at-the-top-of-your-e-commerce-agenda.html>
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- 26 <http://www.mktalt.com/Blogs/why-same-day-delivery-should-be-at-the-top-of-your-e-commerce-agenda.html>
- 27 <https://onlinelibrary.wiley.com/doi/full/10.1111/j.1743-4580.2011.00359.x>
- 28 <https://smlr.rutgers.edu/sites/default/files/images/Controlled Chaos The Experience of Women Warehouse Workers in NJ.pdf>
- 29 <https://nj.gov/labor/lpa/pub/empecon/tld.pdf>
- 30 <https://nj.gov/labor/lpa/pub/empecon/tld.pdf>
- 31 <https://smlr.rutgers.edu/sites/default/files/images/Controlled Chaos The Experience of Women Warehouse Workers in NJ.pdf>

32 [https://smlr.rutgers.edu/sites/default/files/images/Controlled Chaos The Experience of Women Warehouse Workers in NJ.pdf](https://smlr.rutgers.edu/sites/default/files/images/Controlled%20Chaos%20The%20Experience%20of%20Women%20Warehouse%20Workers%20in%20NJ.pdf)

33 [https://smlr.rutgers.edu/sites/default/files/images/Controlled Chaos The Experience of Women Warehouse Workers in NJ.pdf](https://smlr.rutgers.edu/sites/default/files/images/Controlled%20Chaos%20The%20Experience%20of%20Women%20Warehouse%20Workers%20in%20NJ.pdf)

34 [https://smlr.rutgers.edu/sites/default/files/images/Controlled Chaos The Experience of Women Warehouse Workers in NJ.pdf](https://smlr.rutgers.edu/sites/default/files/images/Controlled%20Chaos%20The%20Experience%20of%20Women%20Warehouse%20Workers%20in%20NJ.pdf)

35 [https://smlr.rutgers.edu/sites/default/files/images/Controlled Chaos The Experience of Women Warehouse Workers in NJ.pdf](https://smlr.rutgers.edu/sites/default/files/images/Controlled%20Chaos%20The%20Experience%20of%20Women%20Warehouse%20Workers%20in%20NJ.pdf)

36 [https://smlr.rutgers.edu/sites/default/files/images/Controlled Chaos The Experience of Women Warehouse Workers in NJ.pdf](https://smlr.rutgers.edu/sites/default/files/images/Controlled%20Chaos%20The%20Experience%20of%20Women%20Warehouse%20Workers%20in%20NJ.pdf)

37 Collected from  
[http://www.mwpvl.com/html/amazon\\_com.html](http://www.mwpvl.com/html/amazon_com.html) and <https://www.avalara.com/trustfile/en/resources/amazon-warehouse-locations.html>

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39 MWPVL reports a total of 333 currently active facilities totaling 127,843,300 sq ft in the United states [http://www.mwpvl.com/html/amazon\\_com.html](http://www.mwpvl.com/html/amazon_com.html)

40 <http://www.mwpvl.com/html/target.html>

41 [https://www.extendingthereach.com/wps/PA\\_VCorationFramework/resource?argumentRef=static&resourceRef=/files/US\\_Routing\\_and\\_Shipping\\_Guide.pdf](https://www.extendingthereach.com/wps/PA_VCorationFramework/resource?argumentRef=static&resourceRef=/files/US_Routing_and_Shipping_Guide.pdf)

42 This expanded list of online retailers and other retailers operating warehouses is based on information available about warehouse lease agreements in New Jersey. By analyzing lease agreements, addresses, and OSHA inspection records, it's possible to track the operators of many warehouses in New Jersey.

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44 G-III Group Form 10-K for 2018, page 37 <http://ir.g-iii.com/static-files/bdc15065-0f29-44a2-8103-de837f2bd821>

45 Based on brands listed in company's portfolio: <https://www.giii.com/portfolio/>

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54 <https://www.nytimes.com/2018/10/09/technology/amazon-workers-pay-raise.html>

55 <https://www.clasp.org/sites/default/files/publications/2017/04/OnTheClockFINAL.pdf>, page 2.

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58 <https://www.thestreet.com/story/14312539/1/amazon-warehouse-employees-discuss-grueling-work.html>

59 <https://www.thestreet.com/story/14312539/1/amazon-warehouse-employees-discuss-grueling-work.html>

60 <https://www.thestreet.com/story/14312539/1/amazon-warehouse-employees-discuss-grueling-work.html>

61 In September 2018, NBC News ran a major national story on harsh conditions and mistreatment of workers at Amazon fulfillment centers. The NBC News story is here: <https://www.youtube.com/watch?v=tvdyxXhVNRE>  
Newsweek, CNN, the Guardian, Business Insider, and other outlets have run similar stories in the past year.  
<https://www.newsweek.com/amazon-drivers-warehouse-conditions-workers-complains-jeff-bezos-bernie-1118849>

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<https://www.cnn.com/videos/cnnmoney/2018/07/27/amazon-workers-protest-sebastian-cnni-vpx.cnn>  
<https://www.theguardian.com/technology/2018/jul/30/accidents-at-amazon-workers-left-to-suffer-after-warehouse-injuries>

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63 Ibid, page 11.

64 OSHA Inspection No 950760.015, [https://www.osha.gov/pls/imis/establishment.inspection\\_detail?id=950760.015](https://www.osha.gov/pls/imis/establishment.inspection_detail?id=950760.015)

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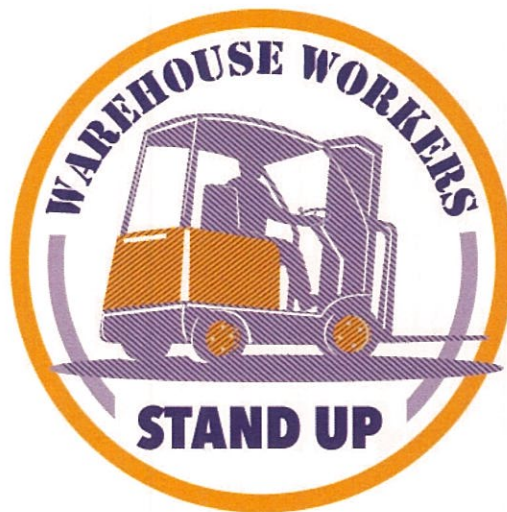
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## About Warehouse Workers Stand Up

**Warehouse Workers Stand Up** is a diverse coalition of warehouse distribution workers, labor unions, community organizations, issue advocacy groups, and public policy groups in New Jersey and New York City. The coalition is committed to using organizing, advocacy, research, and communications to improve the jobs and lives of warehouse distribution workers in New Jersey. Workers and their allies involved in **Warehouse Workers Stand Up** are calling on all warehouse distribution centers in New Jersey to implement a code of conduct that would ensure living wages, fair schedules, the right to organize, affordable healthcare, workplace safety, fair productivity quotas and other protections for workers in this growing industry. Additionally, the coalition is urging New Jersey's elected officials and policymakers to support the code of conduct, and play a role in helping to enforce it in all warehouse distribution centers.





**Written Testimony from  
RWDSU Local 108 President Charles Hall**

*Afternoon*

Good ~~morning~~ Senators and thank you for your time today. My name is Charles Hall and I am the President of at the Retail, Wholesale, and Department Store Union, Local 108 here in New Jersey.

RWDSU is here today proposing the implementation of two economic development strategies as it relates to tax incentive programs. The purpose of these policy proposals is to ensure quality job creation throughout New Jersey, but particularly in the healthcare, retail and warehousing industries, as well as creating additional accountability and transparency for economic development spending in the state.

**First, RWDSU proposes the formation and implementation of *key performance indicators* (KPIs) for any project that receives economic development subsidy from the state.**

By tying the outcome of key performance indicators to subsidy, the state has purview over the quality of jobs offered by each project, the timeliness of the project, and a measurable standard of success for all projects across the board. As data is collected and analyzed, it can also be used to reduce inefficiencies in program spending while ensuring workers have access to safe, quality jobs.

The following are suggested KPIs that would be used to measure the success of each subsidized project:

1. The number of local jobs created in both the construction and permanent job sectors
2. The quality of the jobs created
3. The degree to which workforce development programs are engaged
4. The degree to which environment factors such as the impact of the project on climate change and smart growth are considered

**The second proposal we're recommending is requiring Labor Harmony for all subsidized projects.**

All subsidized projects that utilize employees in permanent jobs should be required to contribute to labor harmony. To be clear, labor harmony is **not** the same as prevailing wage. While *construction* workers are often protected by prevailing wage requirements and project labor agreements, *permanent* workers do not have similar protections, even when a project is publicly funded.

This means, that many of the permanent jobs funded through New Jersey's economic development system are low-wage, non-union jobs. As a result, New Jersey taxpayers often pay twice for these projects, once for the subsidy, and again for the public assistance programs non-protected workers are forced to utilize. By requiring Labor harmony prior to the start of a project, the chance of labor disruptions in a workplace and strikes are reduced. Workers still must organize and vote to join a union, but the employer would simply remain neutral throughout the process.

In conclusion, the proposals of mandating KPIs and Labor Harmony as part of all subsidized projects would ensure quality jobs are created when the public funds these projects.

Thank you Senators for your time and consideration on these important issues.

## TESTIMONY OF JOHN MADDOCKS

SOMERSET COUNTY, NJ  
REMARKS PREPARED FOR DELIVERY BEFORE THE  
NJ SENATE SELECT COMMITTEE ON ECONOMIC GROWTH STRATEGIES  
Monday September 23, 2019  
12:00 Noon  
State House Annex, Committee Room 4

### Introduction: Freeholder Director Brian Levine

#### Key Points:

- Freeholder leadership on collaborative, public-private partnerships; Somerset County Regional Center, Somerset County Business Partnership
- Support for projects that inform public policy decision making
- Proper planning to guide public investments in our communities

Chairman Smith and members of the committee,

On behalf of my colleagues on the Somerset County Board of Chosen Freeholders, thank you for inviting us to appear before your committee

Your work is critically important to job creation and private sector economic investment in our state

Through our appearance today we hope to further inform your discussions on structuring future State business assistance programs.

Somerset County Freeholders have worked hard at building partnerships that enable us to creatively address challenges and take advantage of opportunities

These partnerships are an effective and efficient investment of public funds to improve our communities

Our analysis of the Grow NJ program and its impact on our county is just one of many examples

As a matter of competitiveness, we support statewide business assistance programs that reduce the barriers to entry for companies wishing to create jobs and make capital investments in our communities

As you will hear from my colleagues, our recommendations for statewide business assistance programs are based on the principles of local land use planning; treating all 565 municipalities in our State fairly and equally; and basing business assistance on job creation and private sector economic investment

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We have provided to the Committee copies of our complete report titled "The Suburban Disadvantage, The Grow NJ Program.

To our knowledge we are the only entity in our state to analyze the local impacts of Grow NJ on our communities

My colleagues and I appreciate the opportunity to share our findings and recommendations with you

I will now ask **John Maddocks** to present our experience with Grow NJ and the impact it has had in our region

**Findings: John Maddocks**

**Key Points:**

- Conducted an in depth analysis of the impacts of Grow NJ on Somerset County
  - Grow NJ placed 90 percent, or 500 of 565 municipalities, at a disadvantage in the competition for jobs and private sector economic investment
  - Business retention incentives were the only component of grow NJ that benefitted Somerset County
  - Grow NJ did not adequately reinforce state policies development and redevelopment priorities and proper local planning
- 

Thank you Freeholder, Chairman, and members of the Committee

Prior to expiration of the Economic Opportunity Act, Somerset County conducted an in-depth review of the impacts of Grow NJ on our region.

We have submitted our full report and summary presentation to the Committee, so I would like to take just a few minutes to highlight some of our findings.

First, as Freeholder Levine mentioned, certain provisions of Grow NJ placed nearly 90 percent of NJ communities at a competitive disadvantage.

Second, the business retention provisions of Grow NJ have had a significant positive impact on our economy

Third, there seems to be little nexus between solid local land use planning and the award of business assistance under Grow NJ

500 of 565 municipalities in New Jersey were disadvantaged under the Grow NJ program. We note this finding to reinforce that, while Somerset County funded a local analysis of Grow NJ, our recommendations will benefit all municipalities in our state, not just our region.

Statewide business assistance programs should have statewide benefit. While it may be prudent to provide a slight competitive advantage to certain municipalities in our state, we can find no reasonable explanation as to why a business assistance award in Jersey City should be nearly 4 times an award in Somerville, or Piscataway or Hainesport, or Saddle Brook, or Deptford, or Parsippany....(committee member municipalities)

for the exact same type of company with the same capital investment and the exact same number of employees

To put a fine point on this finding, our analysis documents that, under Grow NJ, a 200 person financial services firm making a 2 million dollar capital investment and occupying 20,000 square feet of office space would receive a Grow NJ award of 15.5 million dollars in Jersey City versus a 4.12 million dollar award in Somerville.

We could find little rationale to justify 15.5 million dollars in assistance to locate in Jersey City while all but eliminating Somerville from consideration.

In addition to the inequitable calculation of assistance awards under Grow NJ, we are also concerned about discussions to eliminate job retention incentives.

Job retention was the only component of Grow NJ that had any significant impact on Somerset County.

In fact, as we have reported to our local partners, if not for the 4800 jobs retained in Somerset County under Grow NJ we would be having a far different conversation on our economic future.

What is striking about the job retention data is that Jersey City had nearly the same number of retained jobs as Somerset County, 4391 versus 4877.

Let me pause and note that we chose the Jersey City/Hudson Waterfront for analysis as the commercial office real estate market is nearly identical to that of Somerset County.

Our final finding relates to local land use planning and county master planning, both of which are a matter of public policy established under New Jersey Municipal Land Use law and the County Enabling Act.

There is further public policy established in NJ Housing and Redevelopment Law and the NJ State Development and Redevelopment Plan.

Somerset County, our municipalities, and other counties and municipalities throughout our state have worked hard at proper planning.

We found that statewide business assistance programs have fallen short in supporting established statewide policies and lack provisions to reinforce sound local land use planning.

The most striking examples we found were a lack of recognition for locally designated areas in need of redevelopment, special/business improvement districts and designated centers.

By definition, locally designated areas in need of redevelopment are meant to be transformative in nature. The future vision for the community has been established through a vibrant public process with designation occurring by vote of the municipal governing body.

It seems incongruous that statewide business assistance programs would not emphasize these locally designated areas as being of the highest importance.

Our findings have helped us develop 4 principles that we believe should guide statewide business assistance programs going forward, which **Mike Kerwin** will review for you.

**Conclusion: Michael Kerwin**

**Key Points:**

- Job creation and private sector economic investment metrics should be the primary driver of statewide business assistance programs.
- Statewide business assistance programs should be equitably available in all municipalities,
- Statewide business assistance programs should be guided by the State Development and Redevelopment Plan, NJ Local Land Use Law, and NJ Housing and Redevelopment Law
- Business assistance programs should reinforce sound local land use planning and county master planning

As the Governor and the Legislature work to come up with an agreement on the modification and extension of the State's current incentive program, we offer the following suggestions:

1. Business assistance programs should continue to be linked directly to job creation and/or retention, and private sector economic investment. These metrics reflect directly the goals of state business assistance programs. They are also specific, measurable, and relevant to the assistance offered while also producing indirect economic benefits.
2. Business assistance programs should be available in every community in New Jersey seeking a better economic environment for its residents. Under the current program, nearly 500 of 565 New Jersey communities are greatly limited in their ability to utilize the Grow NJ program in efforts to attract new businesses. This provision should be eliminated. Doing so will enable our state, our communities, and businesses of all sizes to all achieve their full potential.

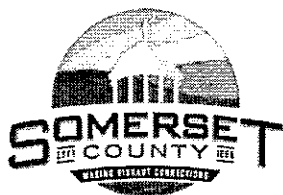


3. Business assistance programs should be tied to state and local planning policies. The New Jersey State Development and Redevelopment Plan identifies areas where much of the new development and redevelopment should occur. Municipalities have the ability to designate areas in need of redevelopment or rehabilitation. Some of our communities have established business or special improvement districts. State policies and local planning and redevelopment efforts should be strongly supported in business assistance programs with a focus on smaller Main Street businesses and communities.

4. There should be rigorous oversight and efficient administration of business assistance programs. This can be partially achieved by focusing on job creation and/or retention, and private sector economic investment metrics, where performance and net benefit tests can be applied easily. Where performance has been documented, the transfer of benefits should be administered efficiently and without delay.

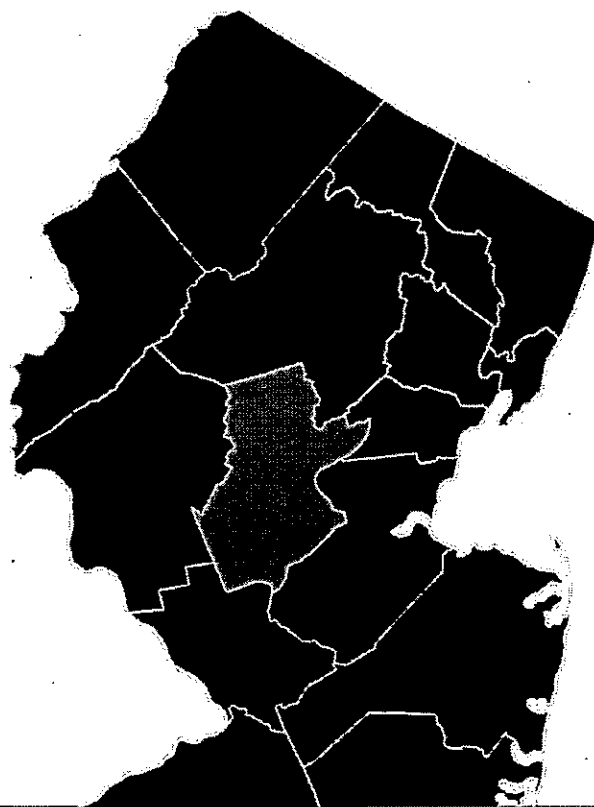
Thank you for this opportunity.

We look forward to continuing to be part of the conversation and are happy to answer any questions.



## Ensuring the Economic Competitiveness of Somerset County

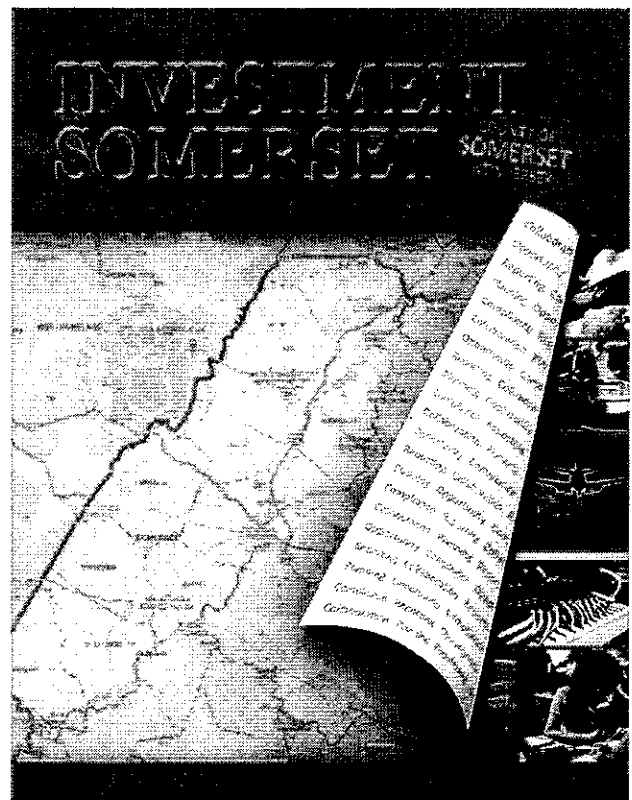
September 23, 2019



## Background



In 2017 the SCBP led the effort on two Regional Center based projects; a major expansion of LabCorp and the site location proposal for Amazon HQ2. These business expansion and attraction efforts highlighted Somerset County's, and the Regional Center's, competitive disadvantage within NJ's Business Incentive Programs.

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With expiration of Grow NJ program there is an opportunity to advocate for business incentive reforms



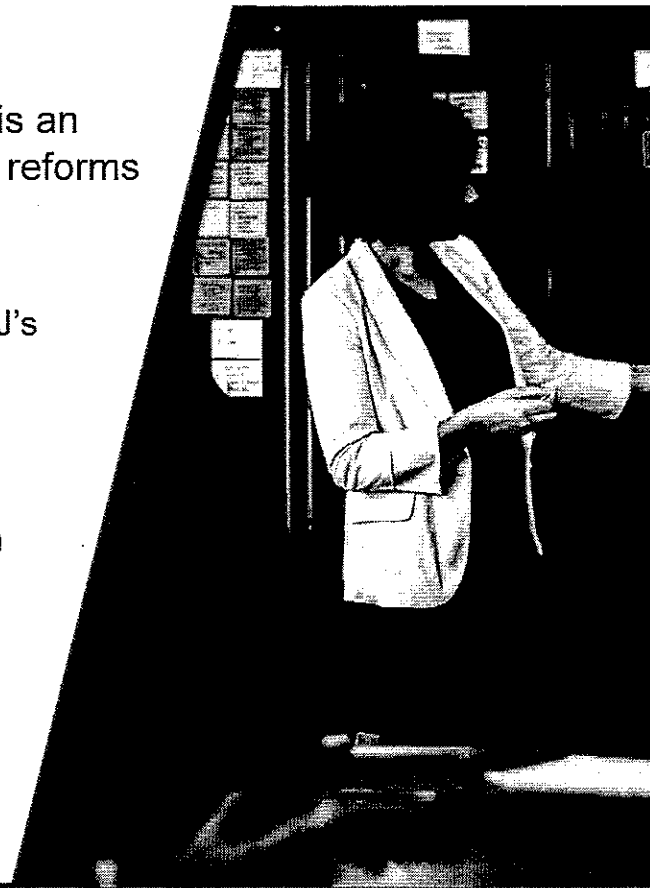
Document our competitive position within NJ's business incentives programs



Detail specific program changes (requests) that would increase our competitive position



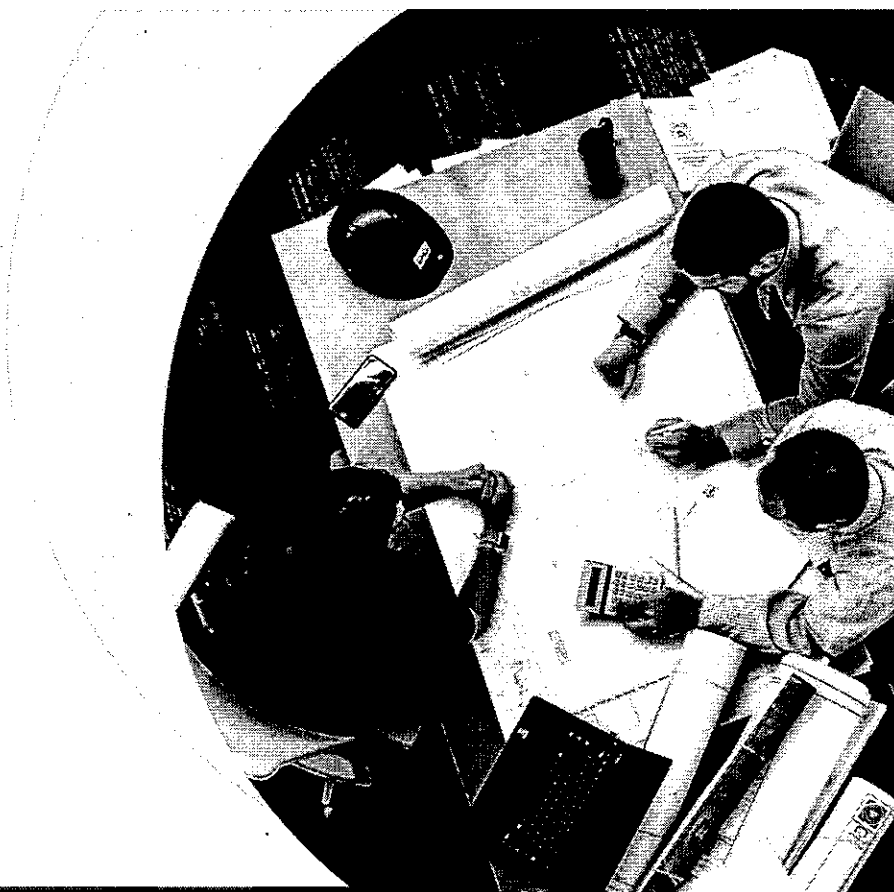
Seek the support of state elected representatives and others in furthering legislative changes to existing incentive programs



## Ensuring Our Competitive Position

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- Grow NJ was the state's key economic business retention and expansion program
- Over the past 5 years Grow NJ has helped stimulate job creation and private sector economic investment throughout the state
- Legislative discussions have begun on reauthorizing an amended version of the Economic Opportunity Act



## Grow NJ: the State's Key Economic Development Incentive Program



Total Projects

252



Retention  
Projects

146



Credits

\$4.7b



Private Capital  
Investment\*

\$4.5b



New Jobs  
Created\*

30,000

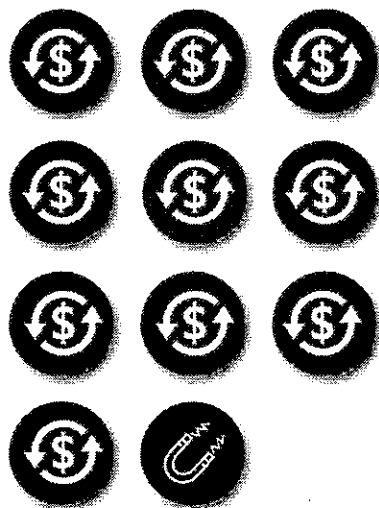


Jobs Retained\*

36,000

\*Upon completion

## Retention Incentives



- 10 of 11 Grow NJ awards in Somerset County have been retention projects
- 1 of 11 awards was a job attraction project



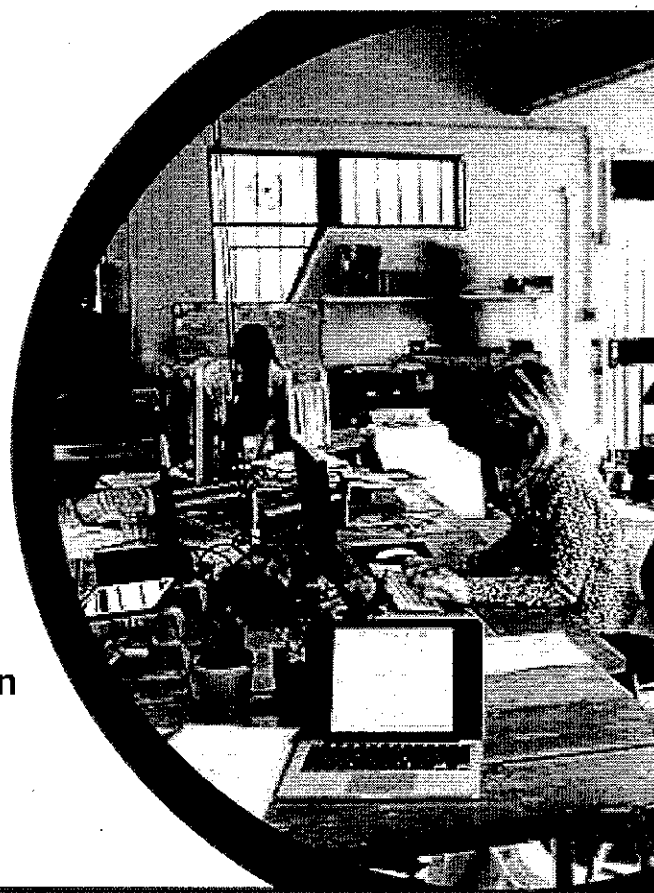
## 11 Grow NJ Projects Have...



Helped Somerset County  
retain **4,877 jobs** while  
attracting **50 jobs**

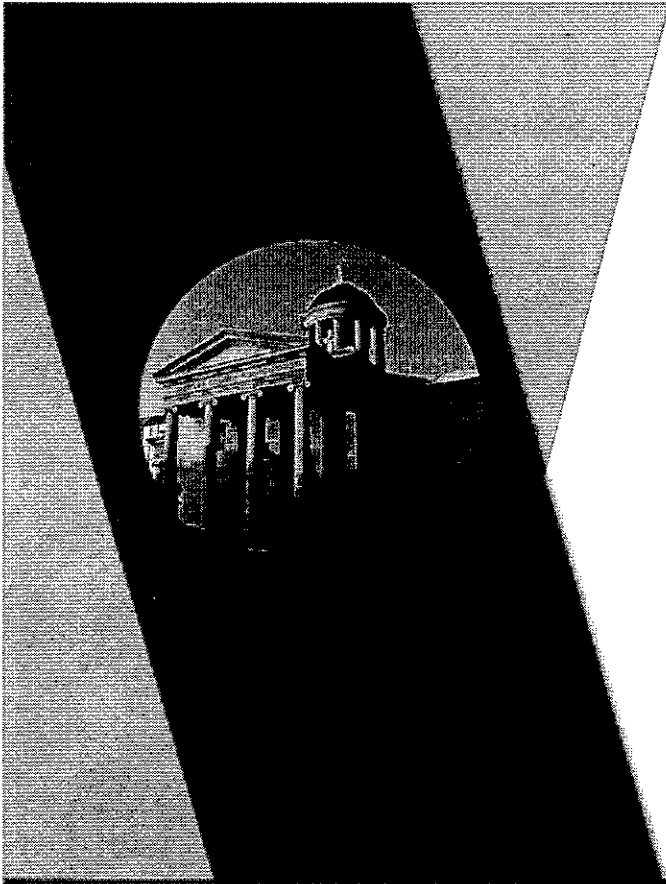


Resulting in over **\$390 million**  
in private capital investment



## Somerset County's Competitive Position in a Similar Market Size

	Office Buildings	Existing Office Space
Somerset County NJ	1,056	30,500,000sf
Hudson Waterfront	1,062	29,400,000sf



... The programs created a  
*suburban disadvantage*

Somerset County total Grow NJ projects:



Jersey City total Grow NJ projects:

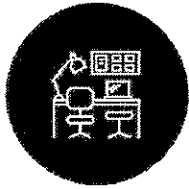


## Grow NJ Projects are not evenly distributed around the state...

	Somerset County	Jersey City
Grow NJ Projects	11	41
Jobs Retained	4,877	4,391
Jobs Attracted	50	7,566
Private Capital Investment	\$390 million	\$386 million

## Comparative Analysis of Somerset County

### Vacancy Rate



Somerset:  
13.2%

Hudson Waterfront:  
10.0%

### Gross Rent per SF



Somerset:  
\$22.45

Hudson Waterfront:  
\$31.65

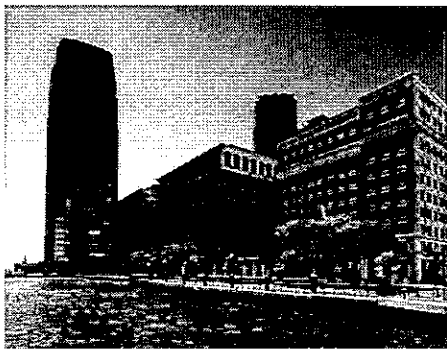
### Months on Market



Somerset:  
21.8

Hudson Waterfront:  
13.4

### Case Study Example: Site Facility Search of Two Locations



Jersey City Waterfront



Downtown Somerville

## Grow NJ Incentives Significantly Disadvantage Somerset County, NJ Projects

200 Full time jobs  
\$2 million capital investment  
20,000 sq. ft. commercial office

	Jersey City Waterfront	Somerville
Base Credit	\$5,000 (distressed municipality)	\$3,000 (priority area)
Bonus Credit (transit oriented development)	\$2,000	\$2,000
Bonus Credit (targeted industry)	\$500	\$500
Annual Credit per job	\$7,500	\$5,500
Total Grow NJ Award over 10 years	\$15.5 million	\$4.12 million

\*For a project located in a priority area, the award will be the lesser of the gross calculated amount (i.e., \$11MM or 90% of the withholding taxes generated at the facility. Based on a median salary of \$75,000, 90% of the withholding taxes for 200 jobs would be approximately \$4.12 as opposed to \$11,000,000.



## Key Findings

Any new business incentives program should not disadvantage 90 percent of NJ Municipalities

Business retention incentives should be a major component of any new state program

Business incentives should be focused on jobs and private sector economic investment

The NJ State Development and Redevelopment Plan, and specifically the designation of Planning Areas and Centers should be recognized as high priority locations for business assistance.

Sound local planning should be supported through statewide business assistance programs, including recognition of areas in need of redevelopment, designated Main Street communities, Transit Oriented Development Areas, and Special Improvement Districts.



Our strategy moving forward  
includes 4 principle priorities:

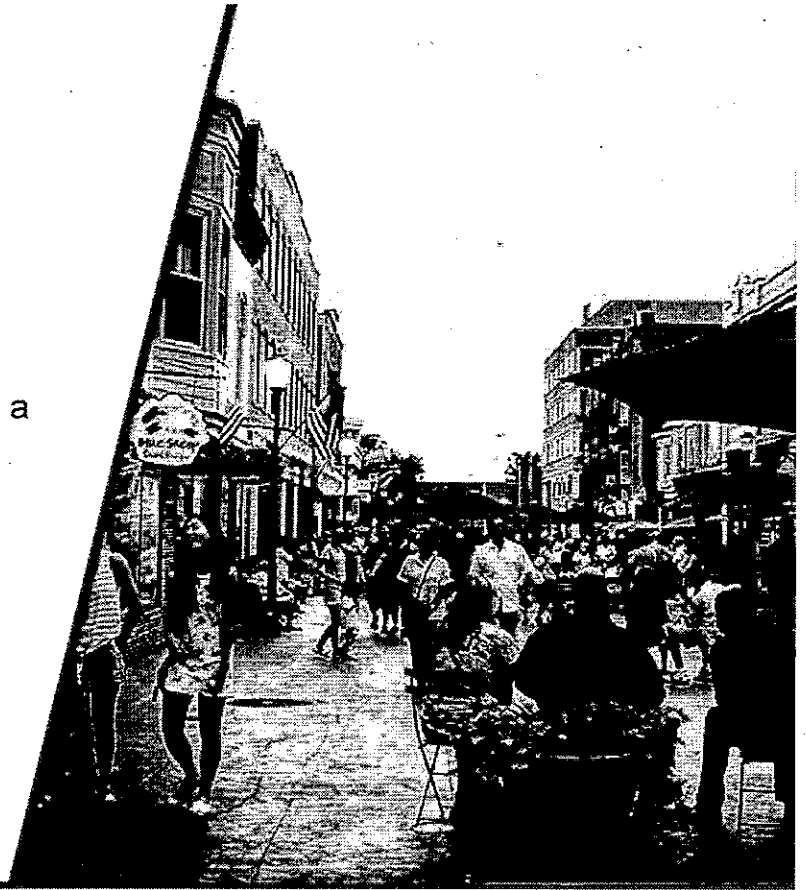
**Priority #1:**

Business assistance programs should be  
linked directly to job creation and/or  
retention and private sector economic  
investment.



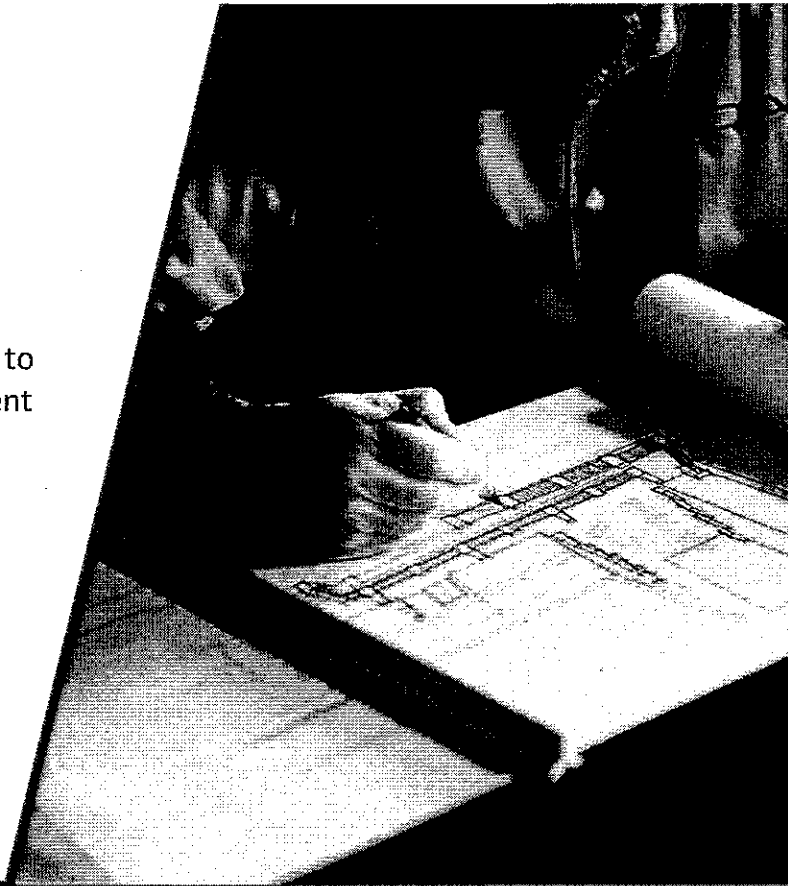
## Priority #2:

Business assistance programs should be available to every community in NJ seeking a better economic future for its residents



### **Priority #3:**

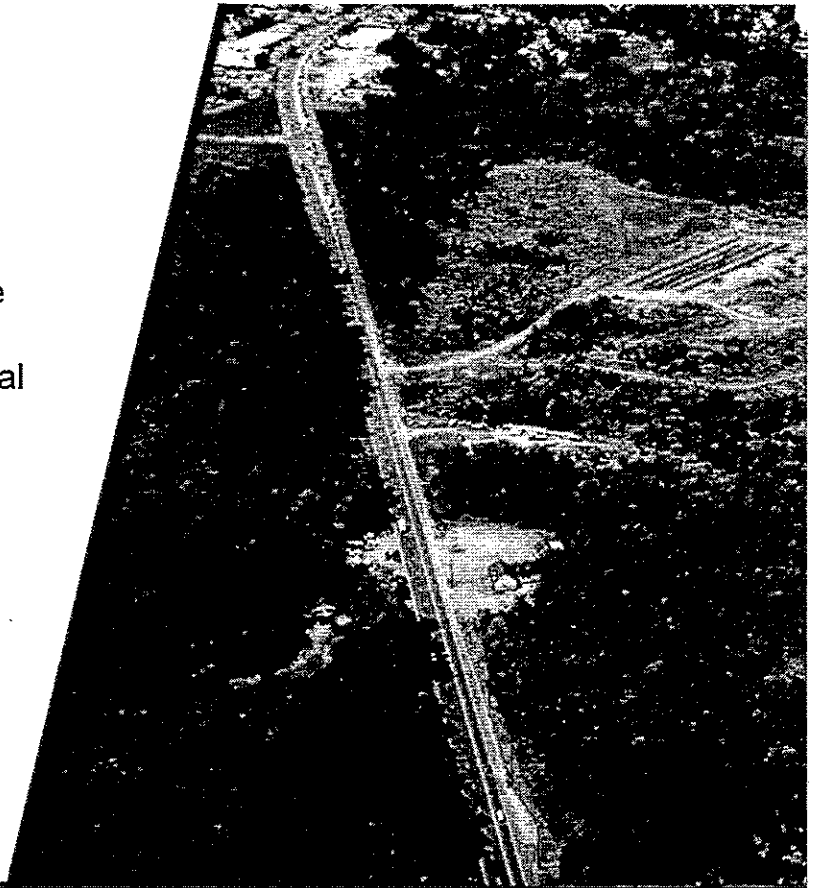
Business assistance programs should be tied to the NJ State Development and Redevelopment Plan; specifically recognizing Planning Areas and Designated Centers



## Priority #4:

Business assistance programs should recognize proper land use, master planning, and economic development strategies at the local and county levels including:

- Locally designated areas in need of redevelopment
- Brownfields redevelopment areas
- Main Street NJ designated communities
- Transit Village designated communities
- Priority growth areas in County Master Plans



## Activity and Outreach to Date



### Partners

- Board of Chosen Freeholders
- Regional Center Partnership
- Somerset County Business Partnership
- Bridgewater, Raritan, Somerville



### Target Audiences

- Somerset County Legislators
- NJ Business Action Center/NJEDA
- NJAC/NJSLM



### Outreach

- Presentations
- Briefings
- Marketing & communications – Letter to the Editor

## Contact Us



John Maddocks  
[jmaddocks@scbp.org](mailto:jmaddocks@scbp.org)



(908) 218-4300 Extension 25

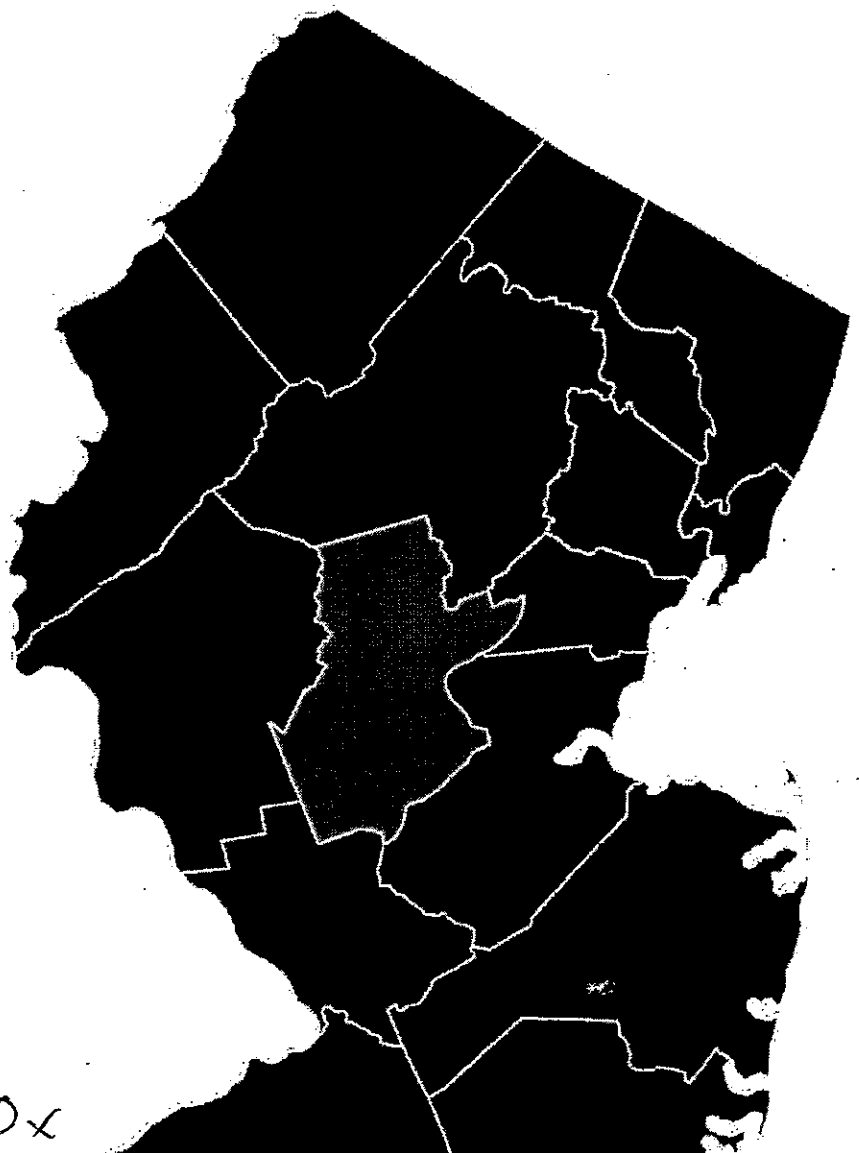
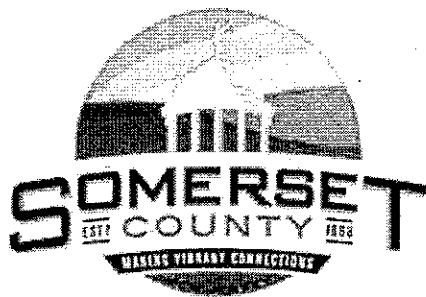


360 Grove Street  
Bridgewater, NJ 08807

# The Suburban Disadvantage

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The Grow NJ Program



130x

## **Regional Center Partnership of Somerset County**

### **2018 Officers**

Troy Fischer, Chair

Jason Dameo, Vice-Chair

Freeholder Director Patrick Scaglione, Treasurer

James Ruggieri, Secretary (non-voting position)

### **At-large Private/Institutional Sector Representatives**

Troy Fischer, Chair, Senior General Manager, Bridgewater Commons

Jason Dameo, Vice-Chair, Dameo Trucking, Inc.

Victoria Allen, Vice President, Strategic Marketing, Southern Region, RWJBarnabas Health

Anthony Tufaro, Site Facilities Manager-Ethicon Somerville

### **2018 Somerset County Board of Chosen Freeholders**

Patrick Scaglione, Freeholder Director

(Freeholder Patricia L. Walsh, Alternate)

### **Somerset County Planning Board**

Bernie Navatto, Chair, Somerset County Planning Board

Walter Lane, Director of Planning, Somerset County Planning Division

### **Bridgewater Township**

Mayor Daniel J. Hayes, Jr.

Filipe Pedroso, Council

Scarlett Doyle, Township Planner

James Franco, local private/institutional sector representative

### **Raritan Borough**

Mayor Charles McMullin

Don Tozzi, Council

Nicolas Carra, Council

Angela Knowles, Borough Planner

### **Somerville Borough**

Mayor Ellen Brain

Dennis Sullivan, Council

Lisa Werner, Vice-Chair, Somerville Planning Board

Rick St. Pierre, local private/institutional sector representative

### **Somerset County Business Partnership**

Michael Kerwin, President & CEO

(John Maddocks, Alternate)

### **Somerset County Park Commission**

Geoffrey Soriano, Interim Secretary-Director

(Cynthia Sullivan, Alternate)



## **2018 Somerset County Board of Chosen Freeholders**

Patrick Scaglione, Freeholder Director

Brian D. Levine, Freeholder Deputy Director

Patricia L. Walsh, Freeholder

Mark Caliguire, Freeholder

Brian G. Gallagher, Freeholder

## **Project Advisory and Management Team**

Catherine Ricker, Chair, Somerset County Business Partnership

Troy Fischer, Chair, Regional Center Partnership of Somerset County, Inc.

Michael Amorosa, Administrator, County of Somerset, NJ

Michael Kerwin, President & CEO, Somerset County Business Partnership

Walter Lane, Director of Planning, County of Somerset, NJ

John Maddocks, Project Manager



## **Contact**

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Vice President, Economic Development

Somerset County Business Partnership

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[jmaddocks@scbp.org](mailto:jmaddocks@scbp.org)

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Director of Planning

County of Somerset, NJ

(O): (908) 231-7178

[lane@co.somerset.nj.us](mailto:lane@co.somerset.nj.us)

# Executive Summary

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The Regional Center Partnership of Somerset County, Inc., the Somerset County Board of Chosen Freeholders, and the Somerset County Business Partnership have come together around an effort to ensure New Jersey business incentive programs serve job growth and private sector economic investment in our region.

Our analysis and recommendations related to the Grow NJ incentive program mirrors our past successful initiatives to secure Hurricane Floyd infrastructure and public works investments, funding to improve traffic safety and congestion mitigation along the Route 22 corridor, and our federally approved Comprehensive Economic Development Strategy: A Collaborative Blueprint for Economic Growth.

The Regional Center Partnership of Somerset County, Inc., a designated Center under the NJ State Development and Redevelopment Plan, brings together the Township of Bridgewater and the boroughs of Raritan and Somerville to improve the quality of life and further public and private investments in a vibrant area of our county featuring unique assets and amenities.

The Somerset County Board of Chosen Freeholders has demonstrated their leadership by making strategic investments and endorsing initiatives consistent with our Comprehensive Economic Development

Strategy consistent with local planning and redevelopment objectives.

Recognizing the importance of business incentives to development and redevelopment in the Somerset County Regional Center, the Board is committed to working with state legislators to ensure the Grow NJ program serves the interests of our residents, communities, and the region.

The Somerset County Business Partnership, a public-private partnership, serves as both the regional Chamber of Commerce and the principle economic, tourism, and workforce development entity in Somerset County, NJ. The Business Partnership is uniquely qualified to engage business on their needs, representing over 800 employers with 70,000 employees. The Business Partnership has an in-depth understanding of the needs of business including talent recruitment and attraction challenges; cultural, the historic and recreational amenities that make our county unique, and the factors influencing corporate site location, including economic and workforce incentives.

These partners are pleased to present the final analysis and recommendations related to the Grow NJ business incentive program, and we look forward to engaging state elected and appointment officials in this critical discussion.

# Key Findings & Recommendations

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## Findings

Expiration, and anticipated renewal, in some form, of the Grow NJ program provides a unique opportunity to improve business incentives in a way that benefits all geographic areas of the State of New Jersey with a focus on jobs and private sector economic investment.

Commercial offices house workers who generate personal income and sales tax revenue to the State of New Jersey. These office properties also generate real property tax revenue to counties which supports important public investments. It is revenue generated through real property taxation that allows Somerset County, NJ to support educational institutions such as Raritan Valley Community College and the Somerset County Vocational and Technical High School, as well as human resources investments in mental health and other services.

The commercial office market in Somerset County, NJ is significantly underperforming that of similar competing areas and there has been only 1 Grow NJ business attraction award in the county representing only 50 jobs.



To the extent that Grow NJ business incentives influence corporate site location decisions, and that, as McKinsey and Company observed in an analysis, the program is geography, not merit based; there is ample opportunity for legislative reforms which will level the playing field across areas of our state.



## Recommendations

- There must be an employment retention component of any new business incentive program. Without a business retention component there is significant risk to intra-state business relocations that disadvantage one area over another.
  - The “90 percent limiter” within the current Grow NJ program must be removed. The 90 percent serves only to create further disparities based on project geography as opposed to project merit.
  - The Somerset County Regional center, the only multi-jurisdictional Regional Center under the State Development and Redevelopment Plan, should be recognized as a priority area for incentives related to job creation and private sector economic investment. In terms of the existing Grow NJ program, the Somerset County Regional Center should be classified as a Garden State Growth Zone.
  - Each municipality in Somerset County, NJ having a rail station along the NJ Transit Raritan Valley Line should be recognized as an “Urban Transit Hub Municipality” as defined in the current Grow NJ program.
- Somerset County, NJ has made significant investments in identifying and implementing strategies with a focus on job creation and private sector economic investment. The requested reforms will create a greater connection between local and state efforts.

# Overview

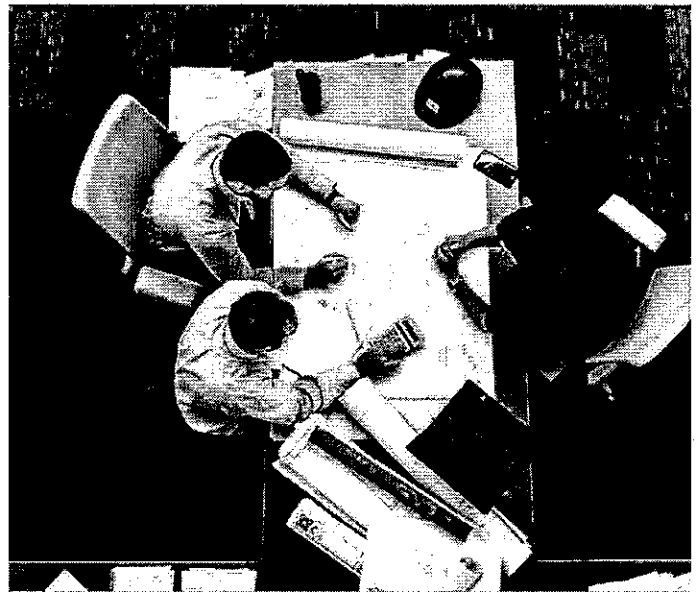
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In an ever-changing economy, state governments are forced to utilize every tool necessary to attract and retain jobs within their borders. While the State of New Jersey has utilized business attraction and retention incentives for years, the Great Recession<sup>1</sup> increased the need to develop creative business incentive programs in an effort to remain competitive, both globally and amongst neighboring states. As businesses faced added pressure to explore ways to cut costs and maximize efficiencies, the need for an aggressive business attraction and retention incentive program was necessary.

On September 18, 2013, then-Governor Chris Christie signed into law the Economic Opportunity Act of 2013, N.J.S.A. 34:1B-1 et seq. (the "EOA"). The EOA overhauled the State's existing business incentive programs by expanding the Grow New Jersey Assistance Program ("Grow NJ") and the Economic Redevelopment and Growth ("ERG") Program, while phasing out the

Business Retention and Relocation Assistance Grant ("BRRAG"), the Business Employment Incentive Program ("BEIP"), and the Urban Transit Hub Tax Credit Program. The Grow NJ program was redesigned to become the State's main job attraction and retention incentive, while the ERG program would become the State's sole incentive for developers.

The EOA received broad bipartisan support in both houses of the legislature, ultimately passing the Senate by a vote of 35-1 and the Assembly by a vote of 71-6. Following



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<sup>1</sup> The Great Recession was a period of general economic decline observed in world markets during the late 2000s and early 2010s

the Governor's signature, Senate President Steve Sweeney (D-Gloucester, Cumberland, and Salem) praised the EOA as a tool for economic growth, saying "this law will help create jobs and generate long-term growth throughout New Jersey."<sup>2</sup> Similarly, Assemblyman Jon Bramnick (R-Union, Morris, and Somerset) extolled the EOA as "a commonsense way to make New Jersey a more business-friendly state."<sup>3</sup> It also received support from both the New Jersey Business & Industry Association and the New Jersey State Chamber of Commerce, the leading business industry groups in the State.<sup>4</sup> Notably, of the 17 legislators currently representing Somerset County, support for the EOA was mixed—with 7 "yes" votes and 4 "no" votes.<sup>5</sup>



Since the implementation of the EOA, the Grow NJ program has been wildly popular and incredibly successful. To date, 250 projects have been approved, totaling over \$4.7 billion in eligible tax credits. Once completed, the 250 projects will drive over \$4.5 billion in private capital investment, create over 30,000 new jobs, and help retain over 36,000 jobs at risk of leaving the State.

The Grow NJ program has two main components. First, the program creates an incentive for businesses seeking to relocate to New Jersey. This makes up the new job attraction component of the program. The program also offers an incentive for businesses threatening to leave the State. This makes up the retained jobs component of the program. Notably, of the 11 total Grow NJ awards in Somerset County since 2013, only 1 project has been a new job attraction project (i.e., an out-of-state business relocating to New Jersey with the help of an incentive under the Grow NJ program). The remaining awards (i.e., 10 projects) have been some form of retention project.<sup>6</sup>

<sup>2</sup> Press Release, "Sweeney Statement on 'NJ Economic Opportunity Act' Becoming Law," 9/18/13

<sup>3</sup> Press Release, "Bramnick New Jersey Economic Opportunity Act now Law," 9/18/13

<sup>4</sup> Press Release, "NJBIA Applauds Enactment of the Economic Opportunity Act," 9/18/13, "Tax incentive overhaul arguments: More subsidies, or more opportunities," PolitickerNJ, 9/18/13

<sup>5</sup> LD16: Senator Christopher Bateman (Co-Sponsor) – YES, Assemblyman Roy Freiman – New to Legislature, Assemblyman Andrew Zwicker – New to Legislature. LD17: Senator Bob Smith – YES, Assemblyman Joe Daniels – New to Legislature, Assemblyman Joseph Egan – YES. LD21: Senator Tom Kean – YES, Assemblyman Jon Bramnick (Prime Sponsor) – YES, Assemblywoman Nancy Munoz (Co-Sponsor) – YES. LD22: Senator Nicholas Scutari – NO VOTE, Assemblyman James Kennedy – New to Legislature, Vacant Assembly Seat. LD23: Senator Michael Doherty – NO, Assemblyman John DiMaio – NO, Assemblyman Erik Peterson – NO. LD25: Senator Anthony Bucco – NO VOTE, Assemblyman Anthony Bucco (Prime Sponsor) – YES, Assemblyman Michael Patrick Carroll – NO.

<sup>6</sup> While a portion of the 10 retention projects have had a new job component (i.e., the business would retain a certain number of jobs and add additional employees, for the purpose of this analysis, projects have been classified as new or retained. The issue examined here is whether the 90 percent limiter creates a disadvantage in the ability to attract new businesses to Somerset County (i.e., new job projects).

While the new job attraction component of the Grow NJ program has not been an effective tool for attracting new businesses to the County, the retention component of the program has played a significant role in helping the County retain numerous businesses and thousands of jobs.

As outlined below, the size of an award under the Grow NJ program is largely based on a project's location. Urban municipalities throughout the State (classified as Garden State Growth Zones,<sup>7</sup> Urban Transit Hubs,<sup>8</sup> and Distressed Municipalities<sup>9</sup>) qualify for larger base credit amounts and additional bonus credits, while most of the State's suburban municipalities are classified as Priority Areas,<sup>10</sup> in which awards are limited to the lesser of a smaller base credit and additional bonus credits ("Gross Calculated Amount") or 90 percent of the withholding

taxes generated at the project location ("90 Percent Limiter"). While the term "Priority Area" may lead some to believe that projects in these areas would qualify for significant incentives under the program, as shown below, they are, in fact, the second lowest designation, ahead of only "Other Eligible Area." This seemingly minor clause within the statute creates a significant disadvantage for most suburban municipalities' ability to attract new businesses and new jobs, as awards subject to the 90 Percent Limiter can be greatly reduced, and therefore, less attractive to businesses seeking to relocate. Importantly, Somerset County is made up almost entirely of municipalities designated as Priority Areas (Manville Borough, a Distressed Municipality, is the only municipality in the entire county designated as anything other than a Priority Area).

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<sup>7</sup> Garden State Growth Zone Municipalities: Paterson, Passaic, Trenton, Camden, and Atlantic City.

<sup>8</sup> Urban Transit Hub Municipalities: Bridgeton, East Orange, Elizabeth, Hoboken, Jersey City, Mount Holly, New Brunswick, Newark, Salem City, West New York.

<sup>9</sup> "Distressed municipality" means a municipality that is qualified to receive assistance under P.L. 1978, c. 14 (N.J.S.A. 52:27D-178 et seq.), a municipality under the supervision of the Local Finance Board pursuant to the provisions of the Local Government Supervision Act (1947), P.L. 1947, c. 151 (N.J.S.A. 52:27BB-1 et seq.), a municipality identified by the Director of the Division of Local Government Services in the Department of Community Affairs to be facing serious fiscal distress, an SDA municipality, or a municipality in which a major rail station is located. Currently, there are 65 Distressed Municipalities throughout the State.

<sup>10</sup> "Priority area" means the portions of the qualified incentive area that are not located within a distressed municipality and which: are designated pursuant to the State Planning Act, P.L. 1985, c. 398 (N.J.S.A. 52:18A-196 et seq.), as Planning Area 1 (Metropolitan), Planning Area 2 (Suburban), a designated center under the State Development and Redevelopment Plan, or a designated growth center in an endorsed plan until June 30, 2013, or until the State Planning Commission revises and readopts New Jersey's State Strategic Plan and adopts regulations to revise this definition; intersect with portions of a deep poverty pocket, a port district, or were Federally owned land approved for closure under a Federal Commission on Base Realignment and Closure action; are the proposed site of a disaster recovery project, a qualified incubator facility, a highlands development credit receiving area or redevelopment area, a tourism destination project, or transit oriented development; or contain a vacant commercial building having over 400,000 square feet of office, laboratory, or industrial space available for occupancy for a period of over one year; or a site that has been negatively impacted by the approval of a "qualified business facility," as defined pursuant to section 2 of P.L. 2007, c. 346 (N.J.S.A. 34:1B-208).



Clearly, there was a specific policy rationale behind designing the Grow NJ program to drive new job growth to urban municipalities. By definition, incentives are meant to affect behavior, and the Grow NJ program has done exactly what it was intended to do, with great success.

By offering larger incentives to businesses willing to locate in urban municipalities, the State has driven new jobs and capital investment into these areas. While encouraging the growth of urban municipalities throughout the State is a rational policy objective, it can be argued that suburban municipalities have not had a chance to compete for new businesses and new jobs due to the overwhelming disparity in the size of incentive awards.

While some may argue that suburban municipalities do not need incentives to attract new businesses, data obtained through CoStar suggests that commercial office vacancy rates are high throughout the State. In fact, the vacancy rate for commercial office space in Somerset County is 13.3 percent, one percentage point higher than the vacancy rate for commercial office space along the Hudson County Waterfront (i.e., Jersey City, Hoboken, etc.). Notably, when looking at the 5-year average, the Hudson County Waterfront has a vacancy rate of 9.5 percent, which is 3.8 percent lower than that of Somerset County (which based on the 5-year average has a vacancy rate of 13.3 percent).<sup>11</sup>

This memorandum will focus solely on the Grow NJ program. The program has been the focus of critique in recent years. While the current governor has generally voiced support for targeted incentives, he has indicated a need to reexamine the EOA (specifically, the Grow NJ program) and make changes to reflect the administration's desire for sustainable economic growth throughout New Jersey. In light of this, it is likely that the current administration will encourage the legislature to modify the Grow NJ program when the EOA expires in July of 2019.

The purpose of this memorandum is to provide a broad overview of the Grow NJ program and communicate options for making a good program even better. This overview will further provide details related to the calculation of awards in all areas of the State, and will discuss the 90 Percent Limiter for suburban municipalities, which greatly restricts the ability of suburban counties (including Somerset County) to attract new businesses and new jobs through the use of incentives.



<sup>11</sup> CoStar Report, Commercial Office Vacancy in Somerset County and the Hudson County Waterfront, Q2 2018.

To highlight this issue, the memorandum will then provide two hypothetical site selection scenarios. Lastly, the memorandum will outline two specific recommendations for Somerset County-based legislators to consider when the legislature begins to debate the next round of incentives, including the elimination of the 90 Percent Limiter for projects involving new businesses relocating to the State, irrespective of location, and the importance of maintaining the retention component of the Grow NJ program, which has been an important tool in Somerset County's ability to retain businesses.

#### **I. Grow New Jersey Assistance Program (Overview)**

Created under the EOA and administered through the New Jersey Economic Development Authority ("NJEDA"), Grow NJ is New Jersey's main job creation and retention incentive program.

Determination of the size of an award is based on the project's location, the corresponding capital investment, and the jobs created and/or retained at the proposed New Jersey project site. N.J.A.C. 19:31-18.2. Importantly, applicants also must generally demonstrate that the project will yield a net positive benefit to the State of at least 110% of the requested tax credit amount. N.J.A.C. 19:31-18.3(a)3ii.

Businesses meeting the Program's eligibility criteria may be eligible for tax credits, to be applied against New Jersey Corporate Business Tax and Insurance Premium Tax liability for no more than 10 years, with base credits ranging from \$500 to \$5,000 per job, per year;



and bonus credits ranging from \$250 to \$5,000 per job, per year. The business must agree to maintain employment levels in the New Jersey project site for 1.5 times the eligibility period. N.J.S.A. 34:1B-243. Thus, if a business receives a 10-year award under the program, the business would be required maintain the incentivized jobs in New Jersey for 15 years.

If an application is approved by the NJEDA, "the project approval is subject to the terms and conditions of the approval letter and incentive agreement, and any benefits under the program are subject to the completion of the project and satisfaction of the capital investment and employment qualifications required for the Grow New Jersey tax credits."

N.J.A.C. 19:31-18.7(d)(1). In other words, Grow NJ is a performance-based program.

Businesses do not receive tax credits from the State until they have certified the award (i.e., they have satisfied the employment and capital investment benchmarks outlined in contract between the business and the State, also known as an Incentive Agreement. In general, the certification with respect to capital investment and employment must be submitted within three years following the date of approval of the application. N.J.A.C. 19:31-18.7(f)(3). In limited cases, the Authority may grant two six-month extensions. *Id.*

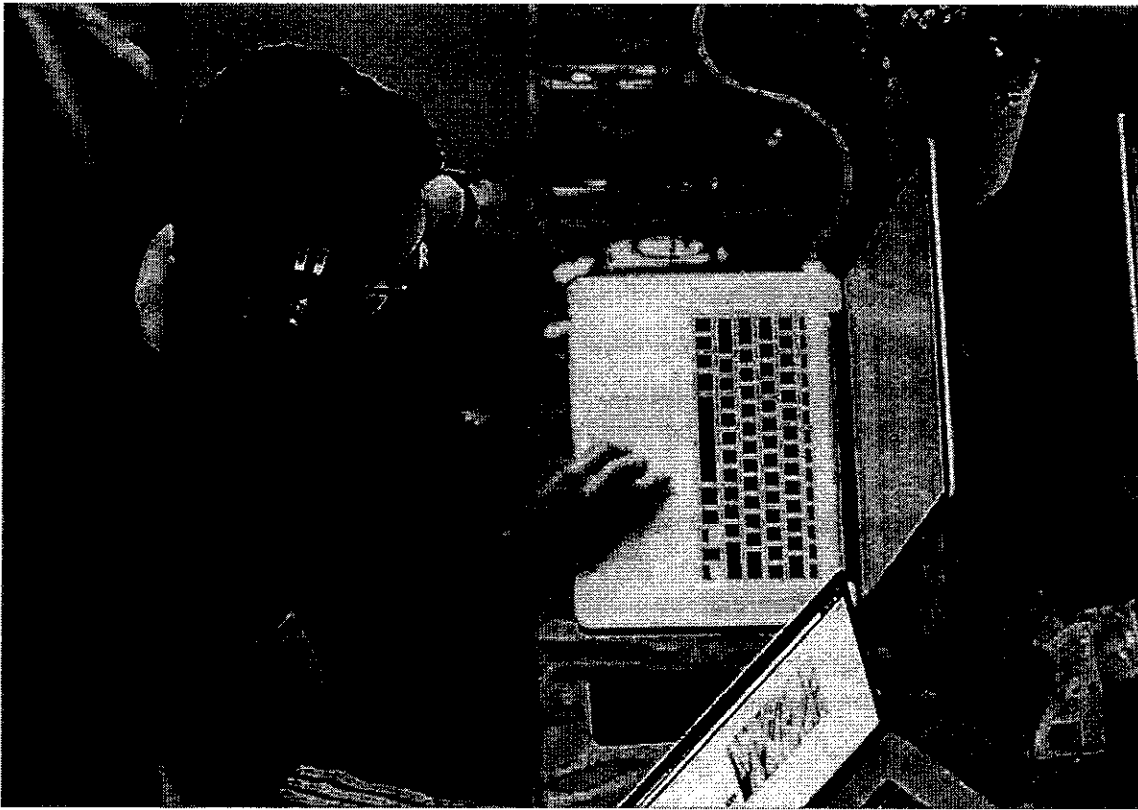
# Program Eligibility

To qualify under the Grow NJ program, a project must (a) be located in an area eligible for incentives, (b) create and/or retain a certain number of full-time jobs, and (c) spend the applicable capital investment required under the program.

## a. Qualified Incentive Area, Tax Credit Amounts, and Limiters

An eligible project must be located in "Qualified Incentive Area." N.J.A.C. 19:31-18.2. While the program applies to projects statewide, the size of the incentive award is largely based on the project's location. The project location will determine the eligible base tax credit. The chart below outlines the Qualified Incentive Areas, the base tax credit and bonus credits available, and tax credit limits associated with the project location.

Qualified Incentive Area	Base Tax Credit (per job, per year)	Bonus Credits (per job, per year)	Max Amount (per new or retained FT job, per year)	Annual Amount (applied annually)
Garden State Growth Zone	\$5,000	\$250-\$5,000	\$15,000	\$30 million (\$35M for projects in Camden and Atlantic City)
Urban Transit Hub Municipality	\$5,000	\$250-\$3,000	\$12,000	\$10 million
Distressed Municipality	\$4,000	\$250-\$3,000	\$11,000	\$8 million
Priority Area	\$3,000	\$250-\$3,000	\$10,500	\$4 million
Other Eligible Area	\$500	\$250-\$3,000	\$6,000	\$2.5 million



Notably, as discussed briefly above, for a project located in a "Priority Area" or "Other Eligible Area," the tax credit award will be the lesser of the calculated gross amount (base + bonuses) ("Gross Calculated Amount") or 90 percent of the withholdings taxes withheld by the business from the wages of full-time employees located at the New Jersey project site ("90 Percent Limiter"). The 90 Percent Limiter withholding calculation is based on estimated median annual salaries of employees to be located at the New Jersey project site, but in reality, the actual withholding taxes can vary based on multiple factors.

For projects involving the retention of a New Jersey-based business, for each retained full-time job, the business's tax credits will be limited to the lesser of 50 percent of the Gross Calculated Amount for each retained full-time job or one-tenth of the capital investment, which will be the lesser of actual capital investment or the business's proposed amount approved at application, divided by the number of retained and new full-time jobs per year over the grant term of ten years ("Capital Investment Limiter"). N.J.A.C. 19.31-18.8(e) (2). For a retention project located in a Priority Area, the award will be further limited to the lesser of the Gross Calculated Amount, the Capital Investment Limiter, or the 90 Percent Limiter.

### **b. Job Creation**

To be eligible, the program requires that the applicant business must create and/or retain a minimum number of full-time jobs. To qualify as a "full-time job" under the Program, an employee must generally work thirty-five (35) hours per week, spend at least 80 percent of his or her time at the proposed New Jersey project site, and be offered health benefits. N.J.A.C. 19:31-18.2. The minimum threshold of full-time jobs varies based on industry. N.J.S.A. 34:1B-244(c)(1-3). The chart below outlines the minimum full-time employment requirements:

Minimum Requirement    Full-Time (FT)    Employment	New/Retained Jobs
Tech Start Ups and Manufacturing Businesses	10/25
Other Targeted Industries <sup>12</sup>	25/35
All Other Businesses/Industries	35/50

Finally, the minimum employment requirements are reduced by twenty-five percent (25%) for projects located in Garden State Growth Zone municipalities or projects located within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem counties. N.J.A.C. 19:31-18.3(a)(2).

### **c. Capital Investment**

In addition to the job creation/retention requirement, the premises which the business occupies (owns or leases) must meet the following capital investment requirement per square foot of gross leasable space. N.J.S.A. 34:1B-244b(1)-(4). Please note, in a Garden State Growth Zone, determination of what qualifies as a capital investment is greatly expanded.

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<sup>12</sup> Targeted Industries: Transportation, Manufacturing, Defense, Energy, Logistics, Life Sciences, Technology, Health, and Finance.

Minimum Requirements    Capital    Investment	Investment/Square Foot
Industrial, Warehousing, Logistics, R&D-Rehabilitation Projects	\$20 per square foot
Industrial, Warehousing, Logistics, R&D-New Construction Projects	\$60 per square foot
Office-Rehabilitation Projects	\$40 per square foot
Office-New Construction Projects	\$120 per square foot

Minimum capital investment requirements are reduced by one-third for projects located in Garden State Growth Zone municipalities or projects located within Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem counties. N.J.A.C. 19:31-18.3(a)(1).

## 2. Conditions of Approval

### a. Material Factor

The award of tax credits under the program must be a "material factor" in the business's decision to create and/or retain the minimum number of full-time jobs at the proposed New Jersey project site. In making this determination, the NJEDA takes into consideration the geographic or regulatory constraints of a project and a full economic analysis (provided by the business) of the in-State and out-of-State alternatives under consideration. N.J.A.C. 19:31-18.3(a)3iii.

### b. Duty to Maintain Jobs

Following certification, if, in any tax period during the eligibility period (1.5 times the length of the award), the number of certified full-time employees employed by the business at the New Jersey project location drops below 80 percent, then the business will forfeit its credit amount for that tax period and each subsequent tax period until the first tax period for which documentation demonstrating the restoration of the number of full-time employees has risen above the 80 percent threshold.

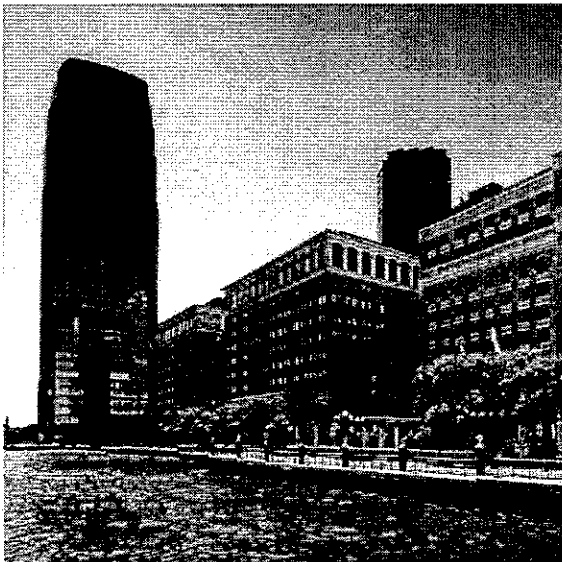
Moreover, should the business fail to maintain 80 percent of the certified full-time employees for two consecutive years, such failure will constitute an event of recapture, potentially leading to the business's forfeiture of the award. N.J.A.C. 19:31-18.15(b).

In addition to the requirement that the business maintain 80 percent of the certified full-time employees employed by the business at the New Jersey project site, the business is also required to maintain 80 percent of its statewide workforce. In the event that the business fails to do so, the business will forfeit its credit amount for that tax period and each subsequent tax period, until the first tax period for which documentation demonstrating the restoration of the number of full-time employees to at least the statewide minimum (80 percent).

## II. Site Selection Hypothetical(s)

The purpose of this section is to provide two hypothetical site selection scenarios. As you will see, the disparity in incentive awards available for new job attraction projects is significant.

### a. Corporate Relocation - Jersey City Waterfront vs. Somerville



*For purposes of this example, we will assume the following:*

A financial technology firm is currently located in Midtown Manhattan (NYC). In an effort to minimize costs, the business has decided that it will relocate from its current location to a new space in either Long Island City, New York or one of multiple locations in New Jersey. After a significant amount of due diligence, the business has narrowed its New Jersey site selection search to two facilities. The first is located on the Jersey City Waterfront. The second is located in Somerville.<sup>13</sup> At either location, the business plans to hire 200 new full-time jobs with a median annual salary of \$75,000. The business plans to spend approximately \$2,000,000

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<sup>13</sup> For the purposes of this analysis, we will assume that the Somerville facility is within ½ mile from the Somerville train station.



to customize 20,000 square feet of commercial office space. In an effort to narrow the search down to a final New Jersey location, the business would like to further understand the incentives available for both locations. Based on the current Grow NJ program guidelines, the business would potentially be eligible for the following:

	Jersey City Waterfront	Somerville (Downtown)
Base Credit	\$5,000	\$3,000
Bonus Credit (transit oriented development)	\$2,000	\$2,000
Bonus Credit (targeted industry)	\$500	\$500
Annual Credit Per New Job	\$7,500	\$5,500
Total Grow NJ Award (over 10 years)	\$15,500,000	\$4,108,500 (90% Limiter applies)

After reviewing the incentives analysis, the business decides to eliminate Somerville as a viable option. While the Grow NJ award in Somerville would have equaled \$11,000,000 based on the Grow NJ Gross Calculated Amount, the 90 Percent Limiter decreased the size of the award by over 60 percent. Without the 90 Percent Limiter, the Grow NJ award would have been significant, and would have allowed the business to consider additional factors related to the Somerville facility. However, since an award in Somerville would be more than 73 percent less than a potential award in Jersey City, the business chooses to limit its consideration to the Jersey City location.

#### **b. E-Commerce Distribution Center - Perth Amboy vs Bridgewater**

*For purposes of this example, we will assume the following:*

A national e-commerce business is planning to develop a state-of-the-art fulfillment center to service the Northeast. The business has decided that the new fulfillment center will be located in either Bethlehem, Pennsylvania or one of two locations in New Jersey. After months of due diligence, the business has narrowed its New Jersey search to Bridgewater and Perth Amboy.

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Both locations offer significant advantages, including easy access to interstate highways and labor. At either location, the business plans to hire 700 new full-time jobs with a median annual salary of \$45,000. The business plans to spend approximately \$40,000,000 to develop a 300,000 square foot fulfillment center. In an effort to narrow the search down to a final New Jersey location, the business would like to further understand the incentives available for both locations. Based on the current Grow NJ program guidelines, the business would potentially be eligible for the following:

	Perth Amboy	Bridgewater
Base Credit	\$4,000	\$3,000
Base Credit (Large # of New/Retained Jobs)	\$1,000	\$1,000
Annual Credit Per New Job	\$5,000	\$4,000
Total Grow NJ Award (over 10 years)	\$35,000,000	\$5,985,000 (90% Limiter applies)

After reviewing the incentives analysis, the business decides to eliminate Bridgewater as a viable option. While the Grow NJ award in Bridgewater would have equaled \$28,000,000 based on the Grow NJ Gross Calculated Amount, the 90 Percent Limiter decreased the size of the award by over 78 percent. Without the 90 Percent Limiter, the Grow NJ award would have been significant, and would have allowed the business to consider additional factors related to the Bridgewater facility. However, since an award in Bridgewater would be more than 82 percent less than a potential award in Perth Amboy, the business chooses to limit its consideration to the Perth Amboy facility.

### c. Next Steps

The Grow NJ program is set to expire in July of 2019. In anticipation of any potential changes to the program, the following recommendations should be considered by elected officials representing Somerset County.

(a) Eliminate the 90 percent limiter for projects involving businesses relocating to New Jersey and creating new jobs, irrespective of where the business chooses to locate within the State.

The 90 Percent Limiter applies to projects located in Priority Areas.

Priority Areas make up a large portion of the suburban municipalities throughout New Jersey, including every municipality in Somerset County, with the exception of Manville Borough.<sup>14</sup> It is important to note the "Priority Areas" are the second lowest tier of qualification within the Grow NJ program, ahead of only "Other Eligible Area." As described in detail above, the 90 Percent Limiter can have a significant impact on a business making a corporate site selection decision based on incentives. By eliminating the 90 Percent Limiter for projects involving businesses relocating to New Jersey and creating new jobs, municipalities located within Somerset County would have a chance to compete for these projects. To be clear, the Grow NJ program is working as intended. By creating significantly larger incentives for projects located in urban municipalities, the incentives are affecting behavior—more businesses are choosing urban municipalities for corporate relocation projects. However, the disparity in the size of awards has negatively impacted Somerset County's ability to compete for new businesses and new jobs.

It is worth noting that this recommendation will not eliminate the ability of businesses to qualify for larger incentive awards for projects in urban municipalities, as we understand the rationale behind such a policy.

(Notwithstanding the 90 Percent Limiter, projects based in urban municipalities qualify for larger incentive awards based on the Gross Calculated Amount). However, by eliminating the 90 Percent Limiter, the incentive awards available for new job projects in Somerset County would be significantly larger, thus allowing the County (and other Priority Areas throughout the State) to realistically compete for these projects.



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<sup>14</sup> Manville Borough is designated as a Distressed Municipality.

**(b) Maintain the retention component of the Grow NJ program in an effort to guard against businesses leaving the State.**

The retention component of the Grow NJ program has played a significant role in helping to retain large corporations in suburban areas throughout the State, including Somerset County. In fact, of the 11 Grow NJ projects in Somerset County since 2013, 10 have been retention projects (i.e., businesses threatening to leave the State).

These projects have resulted in the retention of 4,877 full-time jobs and over \$390 million in private capital investment. It is essential that, regardless of any other changes to the Grow NJ program, the retention component of this program remain intact. Technological advances, along with a recent increase in the State's Corporate Business Tax rate, have made New Jersey less competitive. More than ever, this component of the program is critical. It must remain.

#### **d. Conclusion**

Somerset County, NJ has invested significantly in creating opportunities for job creation and private sector economic investment. The requested changes to the Grow NJ program will recognize the work of the Somerset County Planning Board in establishing Priority Growth Investment Areas as part of the County Investment Framework and the federally approved Somerset County, NJ Comprehensive Economic Development Strategy; A Collaborative Blueprint for Economic Growth which are adopted elements of the County Master Plan.

Additionally, the Somerset County Regional Center, a designated center under the NJ State

Development and Redevelopment Plan encompassing the boroughs of Raritan and Somerville and the Township of Bridgewater, has adopted a strategic plan connected to the Somerset County Investment Framework with a focus on job creation and private sector economic investment, along with other infrastructure and quality of life components. In summary, our local job creation and private sector economic investment strategies and planning deserve to be connected to State of New Jersey business incentive programs. This connection can only occur with the support of state elected officials representing our region.

The Grow NJ program will expire in less than one year. Now is the time for Somerset County to take proactive steps to ensure that the interests of the County are protected in the next round of incentives legislation. The hope is that this memorandum makes two things clear—Somerset County, and other Priority Areas throughout the State, are at a distinct disadvantage when competing for new businesses and new jobs, due to the 90 Percent Limiter, and the need to maintain the retention component of the program is critical, as it has directly resulted in the retention of nearly 5,000 jobs in Somerset County since 2013.

The State's business attraction and retention incentives should give every municipality throughout the State a chance to compete for jobs. While the Grow NJ program has worked as intended, and has delivered promising results, the current program limits Somerset County's ability to compete and should be changed to reflect the State's desire to increase jobs and private capital investment throughout New Jersey.

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TO: Members of the Select Committee on Economic Growth Strategies

FROM: Mark Clouse, President and CEO, Campbell Soup Company

DATE: September 23, 2019

Thank you for the opportunity to provide written testimony today.

Campbell Soup Company is a multi-national food company headquartered in Camden, N.J., with annual sales of approximately \$8.1 billion and 19,000 employees. We make a range of high-quality soups and simple meals, beverages and snacks. Our company is driven and inspired by our purpose: Real food that matters for life's moments. For generations, people have trusted us to provide authentic, flavorful and readily available foods and beverages that connect them to each other, to warm memories, and to what's important today.

This year marks an important milestone in our company history as we celebrate our 150<sup>th</sup> anniversary. We've been proud to call Camden our home since our founding in 1869. Joseph Campbell, a fruit merchant, and Abraham Anderson, an icebox manufacturer, formed a fruit preserve business and opened their first plant in the City of Camden along the Delaware River. At the end of the 19<sup>th</sup> century, John T. Dorrance, a chemist at the company and nephew of then-president Arthur Dorrance, invented the recipe for condensed soup. As the popularity of soup continued to grow, the company officially changes its name to Campbell Soup Company in 1922.

Today, led by our iconic Campbell's brand, our portfolio extends beyond soup to foods such as Pepperidge Farm cookies including Milano and Farmhouse, Goldfish crackers, Snyder's of Hanover pretzels, Lance sandwich crackers, Kettle Brand and Cape Cod potato chips, Late July snacks, Snack Factory Pretzel Crisps, V8 beverages, Plum baby food, Swanson broths, Prego pasta sauces, Pace Mexican sauce, and Pacific Foods broths, soups and non-dairy beverages.

Over the last 150 years, we've seen significant changes to our industry, to our company and to our hometown. In the mid-20<sup>th</sup> century, we watched as many businesses left Camden and moved out of the city with the development and growth of suburban communities. We remained and continued to call Camden home. In the early 2000s, as we looked to our future and the need to renovate our existing campus in the Gateway District, we explored all available options including relocation. In 2007, we announced plans to remain in Camden and invested over \$132

million in renovating and expanding our world headquarters. Working in partnership with the State of New Jersey, we qualified for the Urban Transit Hub tax credit program and received \$6.8 million in HUB credits. The State agreed to invest \$26 million for infrastructure improvements to support the Gateway redevelopment. State funded improvements included enhancing nearby road, relocating sewer lines, and improving the appearance of government owned buildings in the immediate area.

As part of our decision to further invest in Camden, we took on the additional responsibility as master redeveloper of the Gateway section of the city. When we announced our plans in 2007, we also committed to improving the area around our campus. We purchased and remediated vacant lots and abandoned sites around our campus readying them for redevelopment. We supported the Economic Opportunity Act and the incentives it provided to encourage businesses to expand and grow in Camden. In April 2018, we were thrilled to welcome Subaru to the neighborhood.

Beyond our investment in our facilities, our agreement to develop the area surrounding our headquarters, and the property taxes we pay, Campbell and our employees make a difference in the community in many ways, from supporting various non-profit organizations through the Campbell Soup Foundation and our employees regularly volunteering in the community. We contribute approximately \$1.5 million in direct grants each year to organizations across the city. Additionally, in February 2011, we launched the Campbell's Healthy Communities Program, a commitment of time, talent and \$10 million over ten years to measurably improve the health of the young people in our hometown communities by reducing childhood obesity and hunger by 50 percent. In just the last year, we've funded 2 million minutes of nutrition education and physical activity and reached over 30,000 participants through funded programming.

As a long-time Camden business, we support continued investment in the City of Camden's revitalization and the attraction and retention of businesses to the city. We believe public-private partnerships are essential to driving economic development in Camden. Together we will have a greater collective impact on the city.

We are proud to call the City of Camden home for our first 150 years, and we look forward to the next 150 years of continued growth and prosperity for our company, our employees and our hometown.