



BOROUGH COUNCIL RECAP - JUNE

16th 

This post serves as an unofficial recap of tonight's council meeting, for members of the "Holler About Hightstown" group. All are encouraged to attend meetings or review official meeting minutes when posted to the borough website

[<https://ecode360.com/HI1169/documents/Minutes?category=Borough%20Council>]

Special Note

This meeting covers the public hearing and final passage of two rather complex topics: The Bank Street (Rug Mill Redevelopment) financial agreement, and the authorizing of Retail Cannabis licensing within the Borough.

These topics have been discussed at length during prior meetings, and summarized here in great detail. For a full understanding of these topics, it is highly recommended that you read the following meeting recaps:

Rug Mill Redevelopment -

<https://www.facebook.com/groups/hightstown/posts/4025115887757533/>

Retail Cannabis Licensing -

<https://www.facebook.com/groups/hightstown/posts/4011257722476683/>

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Bank St Redevelopment - Financial Agreement

Phoenix Advisors, the financial advisor who crafted the redevelopment project's financial agreement, presented the underlying economic analysis. This agreement sets terms by which the Borough is to receive a share of all revenue, rather than a flat tax rate. In doing so, risk is shared between both parties (Borough and developer). NJ's redevelopment law allows for this financial incentive, commonly used to spur redevelopment of challenging properties such as Hightstown's former rug mill.

The analysis estimates that the project's owner, PRC, take in \$800,000 in revenue during its first year of operation (2028), where 38 of 43 planned townhomes will be rented. The Borough will receive 10% of that revenue, plus a 2% admin fee. This alone is nearly double the municipal taxes currently paid on the combined property.

In the second year, as the second project phase is rented out, revenue is expected to surge up to \$6.7M. Upon completion of the full project, revenue will reach ~\$12M. Revenue will then continue increasing, as rents rise at an estimated 3% per year, while the borough's share will also increase. Over the 30-year life of the agreement, the Borough stands to receive \$16M in its first 15 years, and a total of \$65M over 30 years.

The developer will receive a \$854,000 credit, spread across years 6 through 15. This was described as tied to the expected cost of public improvements that the developer will make, on and around their property. Providing this credit is more cost effective than the Borough financing debt to self-fund those same improvements.

While much of the fine print of this agreement was summarized in our prior recap (June 2nd), several new facts came to light during the presentation (or were not obvious to this author on initial reading of the agreement!)

- The project is expected to cost \$148M to construct (332,587 total sq ft - \$338 per square foot construction cos, not accounting for land acquisition costs and other non-construction expenses)
- 5% of the PILOT payment must go to Mercer County, by law
- The agreement includes a Parks and Recreation fee of \$50,000 (in addition to the Greenway and Rocky Brook Park improvements previously reported)
- PRC's property tax assessment cannot be appealed, shielding the Borough from economic downturn
- PRC retains right to charge a fee for use of the 30 parking garage spots dedicated towards downtown use
- PRC still pays its full taxes (today's rate) until they obtain a certificate of occupancy on their first unit.
- A Rutgers business school study (2018), used as the standard for planning redevelopment projects, estimates 28 school-age children to live within this development at any given time.
- Towards the end of the PILOT, the sharing of payments across the school district, county, and municipal budget begins. This gradually shifts towards the actual proportions seen on property tax bills, and helps the borough avoid a "fiscal cliff" where the municipal revenue would otherwise plummet after year 30.

The Borough's Redevelopment Attorney emphasized that an "extraordinary amount of back and forth," over years of negotiation, took place in determining what payment amount would result in a viable project. PRC's requests (such as a flat 10% rate for 30 years) were not accepted, and the Borough negotiated terms it felt were more favorable.

Councilman Jeet Gulati asked if there is a standard amount for affordable housing contributions in redevelopment agreements, in comparison to PRC's \$1,000 per unit. The borough's redevelopment attorney stated that he has seen anything from \$0 to significantly higher. Gulati

asked if it was ever considered to have PRC provide affordable housing units, rather than pay a fee to support them elsewhere. The attorney stated that this scenario was not part of the Borough's negotiations with PRC.

This financial agreement was voted on and passed unanimously, with one abstention (due to living too close to the project). Over 35 years and 3 attempts at development, this vote represents the furthest any developer has come to turning their project into reality. Groundbreaking is anticipated in July 2026.

Mayor Bluth informed the public that the full presentation will be posted to the Borough website within the next day or so. She stated that she is thrilled to bring this negotiation, a long ordeal, to the finish line - in her words, something she ran on.

In related news, summarizing content from another meeting: the Planning Board voted on June 9th to extend PRC's site plan approval for one year, to November 2026. This is the final extension allowable, and failure to begin construction would force the company to re-file for its approvals as a new applicant. This is an involved process that includes public hearings and expert testimony. It is under the backdrop of this looming deadline that PRC has concluded its negotiations with the Borough, and is moving forward in earnest with constructing its previously-approved subdivision and site plan.

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Retail Cannabis

After Council's introduction of the Retail Cannabis ordinance on May 19th, the Planning Board was asked to review and comment on the ordinance prior to Council's public hearing. No significant changes were recommended, and the review resulted only in minor re-wording for clarity.

Council unanimously approved the availability of two retail cannabis licenses, effective upon publication of the ordinance this Friday. Application details will be posted to the Borough website that morning. The Borough will also establish its Cannabis Advisory Committee to aid in the review of licensing applications. Under the terms of the ordinance, applicants will pay annual licensing fees, and cover all of the Borough's costs in reviewing applications.

Up to two dispensaries can be approved, with most allowable locations existing along the Route 33 corridor. Locations can be sited within the following zones: Downtown Gateway, Downtown Core, Highway Commercial, and Research Office.

Council President Joshua Jackson commented that contrary to fear of cannabis businesses, he feels this as a safe opportunity. Jackson sees the industry as well-run and well-maintained, backed by state regulation. Businesses will need to comply with state licensing requirements as well as additional local requirements for noise, odor control, security, etc.

Based on revenue from similar businesses around NJ, the Borough anticipates receiving significant revenue from these licenses, via licensing fees and a 2% tax on all sales. At a recent East Windsor Council meeting, a public hearing was held on a similar retail cannabis ordinance. During this meeting, an established retail chain stated that their analysis indicates \$300k in annual tax revenue would be generated. The chain sought to open in Twin Rivers, but this is not be permitted under the terms of East Windsor's draft ordinance, and was ruled out for the time being by elected officials there. Hightstown's move gives it a head start in establishing local businesses to serve the region, and securing the economic benefit for Hightstown.

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Estimated Tax Bill Mailing

With work underway on the 2025 budget, the Municipal Tax Collector was authorized to issue estimated tax bills. Such a move prevents any 2025 tax increase from being applied solely within the fourth quarter, thereby reducing any spike in the amount due. Issuance of estimated bills also prevents any delay in collecting 3rd quarter taxes, which would otherwise drive the added expense of short-term borrowing.

The estimated tax bill assumes a 3.5% increase in total tax levy between county, school, and local municipal taxes. Upon passage of budgets and establishment of the final tax rate (potentially higher or lower than the 3.5% estimate), 4th quarter taxes will be adjusted to reflect the actual balance due towards 2025 taxes.

Mayor Susan Bluth informed residents that the Council's budget hearing will be held on Monday, June 30th, with the 2025 budget then introduced at the July 7th Council Meeting.

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New Business

Plans for the Rocky Brook Garden Club to install a butterfly garden within Rocky Brook Park were tabled until the following council meeting, as further discussion is required. The not-yet-approved resolution shows that the club is proposing to provide all materials and labor, while also assuming responsibility for all liability and insurance within the garden.

At the May 19th Borough Council meeting, Borough Engineer Carmella Roberts was directed to prepare an NJDOT Municipal Aid grant application for a borough-wide rehabilitation of deteriorated curbs, sidewalks, ramps, signage, grates, and road striping. With that application now complete, Council voted to approve its submission.

Liquor licenses for Tavern on the Lake, Hightstown Liquors & Wines, and Joe Canal's were renewed.

Clerk's Report

The Borough will be closed on Friday, for NJ's observation of Juneteenth. There will be no garbage collection on this date.

Council & Committee Reports

Councilman Joe Cicalese reported that the fire department responded to 28 calls during the month of May.

Councilman Todd Frantz reported that the First Aid squad responded to 51 calls in May. 25 calls were within the Borough, 12 were on the Turnpike, and the remainder in other municipalities. The squad also provided standby coverage to a wide range of local events for the Borough, school district, and Peddie campus. Lastly, the squad has received a grant from the Merck Foundation, and is actively applying to a variety of other grants (Mercer County grant funds were mentioned).

Councilwoman Cristina Fowler provided a police department update for May, which included: 150 motor vehicle summonses, with 1 for driving while intoxicated; 11 motor vehicle accidents; 9 towed vehicles; 43 foot patrols; 5 arrests; and 44 investigations initiated.

Fowler also reminded residents that Hightstown has nearly completed the NJ Film Ready process. Interested residents and business owners can add their private property to the NJ Film Location Library at any time (<https://www.nj.gov/njfilm/production-location.shtml>).

Executive Session

The meeting moved into a closed session where the Council discussed health benefits waivers and contract negotiations with Robbinsville EMS.

Want to share this recap or read past meeting notes? Head to <https://www.hightstowndemocrats.com/council-recaps> for a full archive.