



Rock Spring Club February 2019



Township Professional Support

Environmental:

- Ken Lucianin / Matrix New World
- Craig McCarrick / Matrix New World

Financial Advisors:

- Michael Hanley / NW Financial
- Wayne Seaton / Motivate Capital Markets

Bond Counsel:

- Everett Johnson / Wilentz, Goldman & Spitzer

Real Estate Counsel:

- John Dusinberre

Green Acres Grant Writers:

- Catherine Kapura / Millennium Strategies

Property Appraisal:

- Mark Hendricks / Hendricks Appraisal

Township Professional Staff

- BA Jack Sayers, Attorneys Richard Trenk & Ken Kayser, CFO John Gross, Engineer Len Lepore, Tax Assessor Kevin Dillon

Rock Spring Club



Opened in 1925



138 Acres of Land



18 Hole Golf Course



Club House



Pool / Paddle Ball / Tennis



Maintenance Garage

West Orange Open Space Acquisitions

- ▶ 2005: 51 Acres Purchased for \$10,000,000.00
 - ▶ *Roughly \$193,528.00 Per Acre*
- ▶ 2006: 4.6 Acres Purchased for \$1,750,000.00
 - ▶ *Roughly \$379,034.00 Per Acre*
- ▶ 2007: 4.7 Acres Purchased for \$465,000.00
 - ▶ *Roughly \$98,663.00 Per Acre*
- ▶ 2009: 11.21 Acres Purchase for \$1,700,000.00
 - ▶ *Roughly \$151,650.00 Per Acre*
- ▶ 2011: 6.35 Acres Purchased for \$1,120,000.00
 - ▶ *Roughly \$176,211.00 Per Acre*

77.86 Acres with Total Cost of \$15,035,000.00

Average Per Acre Cost of \$199,817.00

Rock Spring Club: 138 Acres Equates to **\$27,574,746.00**

Adjusted for Inflation: **\$33,179,478.00**

Purchase of Rock Spring Club



\$11,283,000.00
PURCHASE PRICE



ANTICIPATES AN APRIL
30TH CLOSING



\$3,000 PER DAY FROM APRIL
30TH TO JUNE 30TH



MONTCLAIR GOLF CLUB
AGREES TO MAINTAIN &
PREPARE COURSE FOR
PLAY PRIOR TO CLOSING



PURCHASE INCLUDES
ALL EQUIPMENT &
CONTENTS OF CLUB
HOUSE

\$1,000,000 VALUE



INCLUDES
"ROCK SPRING"
NAME

Potential Private Development



- ▶ Property is CURRENTLY ZONED for 2-Acre Lots
- ▶ Roughly 60 Large Single Family Homes
- ▶ West Orange Impact:
 - ▶ No Open Space
 - ▶ No Recreation Space
 - ▶ Neighborhood Infrastructure Concerns
 - ▶ Impact on Schools
 - ▶ Significant Tax Revenue

Large Residential Development

Impact on West Orange:

- ▶ No Open Space
- ▶ No Recreation Space
- ▶ Neighborhood Infrastructure Concerns
- ▶ Impact on Schools
- ▶ Significant Housing Options -Market & Affordable
- ▶ Significant Tax Revenue
- ▶ 10-20 Units Per Acre

Current Private New Jersey Golf Club Development



Eagle Ridge Golf Course
Lakewood, NJ
1,100 Potential Residential Units



Minisceongo Golf Club
Ramapo, NJ
700 Potential Residential Units



Edgewood Golf Club
River Vale, NJ
Residential Development

Essex County



- ▶ Essex County Officials Engaged & Cooperative
- ▶ Montclair Golf Club Did Not Accept Offer
- ▶ Essex County Purchase Impact on West Orange
 - ▶ Maintains Golf & Open Space
 - ▶ Complete Loss of Tax Revenue
 - ▶ No Recreation Space For West Orange Residents

Township Property Taxes



Property Assessed at Roughly \$14,500,000.00



Property Currently Generates
\$585,000 in Annual Property
Taxes

Municipal 25% - \$146,250.00
Board of Education 62% - \$362,700.00
Essex County 13% - \$76,050.00



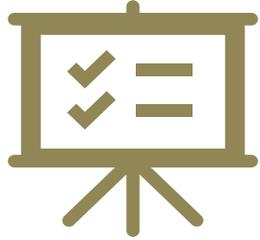
Township Absorbs Full Loss of Tax Revenue



GOLF Operations

- ▶ Golf Clubs Struggling Financially
- ▶ Golf Remains Popular Sport & Activity
- ▶ Proposal Includes Golf Operations for Two Golfing Seasons
- ▶ Operator Will Incur Risk
- ▶ Township Collects Fee
- ▶ Several Successful Golf Operators
- ▶ Two Golf Seasons Provides Review Time

Township Development



**NO TOWNSHIP PLAN FOR
DEVELOPMENT**



Township Goals for Property:

- Golf Course
- Recreation Facility
- Walking/Running Path
- Open Space / Park Land
- Small Scale Residential Development
- Department of Public Works

Township Development



www.iconexperience.com

Small Scale Residential Development

- ▶ Small Portion / Roughly 15-18 Acres
- ▶ Along Northfield Avenue
- ▶ All Access to Property at Ridgeway Avenue
- ▶ Active Adult Community
- ▶ Roughly 175 Residential Units
- ▶ Applicable Affordable Housing
- ▶ Incorporated with Golf & Recreation
- ▶ Market Value of Developable & Approved Land Projected \$7,500,000.00 Dollars

Department of Public Works



Phase II of Main Street Redevelopment **REQUIRES** Relocation



Roughly Two Acres Required



Mostly Vehicle Storage & Phasing



Potential Site on Property



Northfield Avenue Access



Construction Anticipated Cost of \$5 Million



Main Street Redevelopment Agreement Provides \$9.2 Million



Remaining Funds Supports Proposal



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Township Purchase of Rock Spring Club

Issue Bonds
Funded with
Capital Budget

Green Acres
Grant
Application

Sale of Small
Section of
Property

Golf
Operations

Recreation
Complex
Rental Fees

Public Works
Relocation

Township Purchase of Rock Spring Club

- ▶ Purchase Price: \$11,283,000.00
- ▶ Soft Costs: \$767,340.00
- ▶ Total Bond Request: \$12,050,340.00

- ▶ Summary of Soft Costs: \$767,340.00
 - ▶ Cost of Bond Issuance: \$ 44,500.00
 - ▶ Engineering: \$ 75,000.00
 - ▶ Environmental: \$ 40,000.00
 - ▶ Legal Costs: \$125,000.00
 - ▶ Closing Costs: \$ 37,500.00
 - ▶ Green Acres Application: \$ 50,000.00
 - ▶ Miscellaneous Costs: \$ 5,000.00
 - ▶ 2019 Tax Amortization: \$390,340.00

**Township
Purchase of
Rock Spring Club**

▶ 2019 Cost to Township:

\$0.00

No 2019 Budget Impact

Township Purchase of Rock Spring Club

GREEN ACRES Grant Application

- ▶ 138 Acres of Land
- ▶ GREEN ACRES Provides 50% Funding for Undeveloped Land
- ▶ Undeveloped Land Proposed To Be Roughly 120 Acres
- ▶ Once GREEN ACRES Approves, Land is Protected Against Development
- ▶ GREEN ACRES Protected Land Can Be Used For Recreation & Open Space
- ▶ Undeveloped Portion of Land Anticipated to Return \$5,238,708.00

Township Purchase of Rock Spring Club

Offsetting Revenues

YEAR	Township Budget Annual Cost	Golf Operations	Sale of Land	Green Acres Funding	Property Taxes	Total Revenue
2019	\$0.00	\$100,000.00				\$100,000.00
2020	\$911,472.00	\$100,000.00		\$750,000.00		\$850,000.00
2021	\$891,237.00	\$150,000.00	\$7,500,000.00	\$750,000.00	\$250,000.00	\$8,650,000.00
2022	\$688,324.00	\$150,000.00		\$750,000.00	\$250,000.00	\$1,150,000.00
2023	\$667,699.00	\$150,000.00		\$750,000.00	\$250,000.00	\$1,150,000.00
2024	\$644,335.00	\$150,000.00		\$750,000.00	\$1,518,186.00	\$2,418,186.00
2025	\$620,970.00	\$150,000.00		\$750,000.00	\$1,518,186.00	\$2,418,186.00
2026	\$597,606.00	\$150,000.00		\$738,708.00	\$1,518,186.00	\$2,406,894.00
TOTAL	\$5,021,643.00	\$1,100,000.00	\$7,500,000.00	\$5,238,708.00	\$5,304,558.00	\$19,143,266.00

-Bond Paid in Full After 8 Years

-Total Does Not Include Potential Revenue from DPW Relocation

Financial Considerations



Green Acres Funding & Sale of Property Will Produce More Than \$12 Million Dollars to Cover the Total Purchase Price and Bond within 8 Years of Acquisition



Small Development of Roughly 10% of Property Could Produce Three Times Current Property Taxes



Preserving Roughly 120 Acres of Property for Golf, Recreation, Park Land and Township Use

Community Perspective & Objectives



- ▶ **Financial:** Large Scale Residential Development
- ▶ **Preservation:** Preserve Property as Golf Course or Open Space
- ▶ **Recreation:** Purchase the property to development recreational opportunities and facilities
- ▶ **Housing Advocates:** Allow Montclair Golf Club to sell to highest bidder for large scale residential development providing significant affordable housing options

For Our Consideration...

- ▶ **Only Municipal Purchase of Golf Club in New Jersey**
- ▶ Meeting Multiple Community Objectives
- ▶ Potential Improved Amenity
- ▶ Increased Property Values
- ▶ Realistic Path to Completely Fund Initial Bond in 8 Years
- ▶ Increased Property Taxes
- ▶ Protects Roughly 120 Acres

Community Meeting



Wednesday
February 27th, 2019
7:00pm
at Rock Spring Club

On the Council's Agenda

- ▶ 2563-19 Ordinance - Authorizing Acquisition of Land
- ▶ 2564-19 Ordinance - Authorizing Issuance of Bonds
- ▶ 67-19 Resolution - Authorizing Competitive Contracting
- ▶ 68-19 Resolution - Requesting Local Finance Board Approval
- ▶ 70-19 Resolution - Executive Session Concerning Pending Tax Appeals & Potential Purchase of Rock Spring Club



Questions & Comments