

To: Members of the Holmdel Township Committee
J. Annacharico, Township Administrator
M. Doloughy, Township Clerk

From: Members of the Citizens Advisory Committee for the Lucent Property

Date: July 24, 2008

The attached Final Report of the Citizens Advisory Committee for the Lucent Property is the work product of the Advisory Committee and was unanimously adopted by the Current Members of the Advisory Committee on May 15, 2008. This completes the responsibilities of the Advisory Committee. If you have any questions or comments about the Final Report you should contact either of the Co-Chairs of the Advisory Committee, Ralph Blumenthal and Marty Pflieger.

Citizens Advisory Committee for the Lucent Property

Final Report to the Holmdel Township Committee

**Unanimously adopted by the Current Members of the
Advisory Committee on May 15, 2008**

Presented to the Holmdel Township Committee on July 24, 2008

Members of the Citizens Advisory Committee for the Lucent Property

Ralph Blumenthal, Co-Chairman

Martin Pfleger, Co-Chairman

Michael Feminello

Vajira Gunawardana

Kenneth Jeanos*

Roberta Kaufman

James Lavin

Maryellen Santopadre

Jack Sipress

Wendell Smith**

Rich Wetmore

Pat Soscia, Secretary

*** Member during 2007**

**** Member during 2007 and 2008 through March**

Citizens Advisory Committee for the Lucent Property

Final Report to the Holmdel Township Committee

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Citizens Advisory Committee for the Lucent Property

Final Report to the Holmdel Township Committee

1. Introduction

The Citizens Advisory Committee for the Lucent Property (referred to here as the Advisory Committee) was appointed by the Holmdel Township Committee in the spring of 2007 to consider options for the Lucent Property. The Charge for the Advisory Committee was adopted by the Township Committee on May 24, 2007 and is attached.

Since its formation the Advisory Committee has held 21 meetings concerning the Lucent Property. Section 2 of this report contains a description of the Lucent Property. During that time the Advisory Committee has collected and analyzed documentation and information about the Lucent Property and has met with Paul Phillips, Township Planner, Russell Sterling, Township Assessor, and Dr. Robert Burchell, Professor and Co-director, Center for Urban Policy Research, Rutgers University. The Advisory Committee has also visited the Lucent building, has met with representatives of Preferred and a representative of Alcatel-Lucent and has visited Montgomery Township to learn about their Skillman Village redevelopment project.

The Advisory Committee thanks Dr. Robert Burchell of Rutgers and Lori Savron, Planning Director, Donato Nieman, Township Administrator, and Steven Sacks-Wilner, Planning Board Chairman, of Montgomery Township for their time and assistance.

At the time that the Advisory Committee was appointed, Preferred Real Estate was the contract purchaser of the Lucent Property. The Advisory Committee reviewed the materials provided by Preferred. Subsequently the contract with Preferred was terminated. The Advisory Committee is not aware of any current official development proposal for the use of the Lucent Property. Therefore, the recommendations that follow are generic in nature and should be utilized to evaluate the benefits and the negative impacts that each new proposal for the Lucent Property may have on the Township and its residents.

The Advisory Committee has considered a large range of possible options for the use of the Lucent Property. A description of some of these options is given in Section 3. The Advisory Committee has also considered a number of characteristics that may be used to compare the options. These are described in Section 4. The lists of options and characteristics are not exhaustive and no attempt has been made to prioritize them.

Sections 5 and 6 describe, respectively, the Advisory Committee's observations and recommendations. The Advisory Committee's conclusion is given in Section 7. In summary, the Advisory Committee believes that the reuse and/or redevelopment of the Lucent Property especially in the current economic environment may take many years to complete. In particular, reuse of the building may be a difficult undertaking for a developer. The Advisory Committee recommends that the Township Committee provide the necessary funding to support a professional planning project to consider and evaluate potential options for the

Lucent Property. An effective planning project would include participation from appropriate world-class professionals with experience with similar large scale projects and with expertise in planning, engineering, finance, and marketing and would also include the Members of the Advisory Committee as representatives of the residents of Holmdel, current Township professionals including the Township Planner, Engineer, Assessor and Appraiser, the Township Administrator, and representatives of the Township Committee.

2. Description of the Lucent Property

The approximately 473-acre Lucent Property is in the center of Holmdel's greenbelt and is surrounded by 1,100 acres of open space and parks, including more than 200 acres of permanently preserved farmland.

In the center of the site is the 1.9 million square feet, six-story, office laboratory building designed specifically for AT&T Bell Laboratories by Eero Saarinen in the late 1950s. The building was built in stages in the 1960s and was added on to in the 1980s. It once provided a state of the art work environment for approximately 6000 engineers and scientists critical to the design of modern telecommunications systems. Due to radical changes in the industry this building is now empty and has been on the market for several years.

The Eero Saarinen building was designed as the world's first mirrored building and is a glass box with gardens inside and with a magnificent mature landscaped campus. It has been deemed by some to be important to the history of Architecture.

The building is set far back from the adjacent roadways and is only somewhat visible from adjacent properties. Most visible is the Saarinen-designed water tower and the open space and landscaping.

In the late 1950's, Holmdel recognized the importance of maintaining open spaces by zoning this and several other large parcels to a maximum lot coverage of 20%, maximum building coverage of 5%, and a maximum Floor Area Ratio (FAR) of 10%. This "OL-1" zoning is still a part of Holmdel's Development Regulations and currently applies to the Lucent Property.

This land is categorized in Planning Area 5, Environmentally Sensitive, in the State Development and Redevelopment Plan. The Lucent Property is located in the Ramanessin Brook watershed which drains to the Swimming River Reservoir, a source of public water supply. Ramanessin Brook and its tributaries have been proposed for designation as Category-1 (C-1) Waters by the New Jersey Department of Environmental Protection (NJDEP). This classification and the Township development regulations mandate minimum buffers for streams and tributaries draining the site.

Ten years ago, the Lucent Property generated over \$4,000,000 in annual property taxes and was 12% of the Township's ratables. With the decline in use of the building there has been a significant reduction in the assessed value of the Lucent Property and a corresponding decrease in tax revenues. For 2008 the Lucent Property is officially assessed as follows:

	Assessed Value
Improvements (buildings)	\$10,630,200
Non-farmland assessed land-383 acres	\$45,521,500
Farmland assessed land-90 acres	\$75,600
TOTAL	\$56,227,300

In 2008 the Lucent Property accounts for approximately 1.2% of the total ratables in the Township. While the 2008 tax rate is not available yet and may be higher than the 2007 rate, using the 2007 tax rate and assuming that the 2008 tax rate does not increase from that of 2007, Alcatel-Lucent will pay about \$854,000 in property taxes for the 2008 year.

Following this report are some photographs of the site and building.

3. Options for the Use of the Lucent Property

The following is a non-exhaustive list of possible uses of the Lucent Property. This list is given merely as illustrative of potential uses and is not an endorsement by the Advisory Committee of any particular use, whether or not included herein. Moreover, a development or redevelopment plan may consist of any combination of these uses. Further analysis may identify additional options.

- U1. Conference Center
- U2. Farming
- U3. Government
- U4. Industrial
 - a. Manufacturing
 - b. Warehouse
- U5. Institutional (e.g., educational or medical)
- U6. Office
 - a. Data Center
 - b. Office/Laboratory

- U7. Residential
 - a. Age-Restricted
 - b. Continuing Care
 - c. Large Lot
 - d. Mid-rise
- U8. Recreational or Open Space
- U9. Retail

4. Characteristics of the Options

In evaluating any option for the development of the Lucent Property the following is a non-exhaustive list of characteristics and potential impacts on Holmdel that should be considered. Again, this list is given merely as illustrative of potential characteristics and is not an endorsement by the Advisory Committee of any particular characteristic, whether or not included herein.

Financial Impacts:

- F1. Property tax revenues
- F2. Costs to the township (e.g., schools, municipal services, sewer, and COAH obligations)
- F3. Net financial (i.e., tax revenues minus costs)

Non-Financial Impacts:

- NF1. Schools (e.g. class sizes, building capacities)
- NF2. Environmental (e.g., watershed)
- NF3. Traffic (e.g. congestion)
- NF4. Township services (e.g. fire/police)
- NF5. Council of Affordable Housing (COAH) obligations for affordable housing
- NF6. Opportunity to satisfy municipal (Township and Board of Education) facility needs
- NF7. Aesthetics (e.g. green space, visual impacts, landscaping)
- NF8. Historic preservation

NF9. Farm land preservation

NF10. Utilities (e.g., electricity, sewer, water)

5. Observations

Based on the information available to it, the Advisory Committee has observed not in any order the following:

O1. The prospects for the economical re-use of the entire building may be limited.

- There are engineering issues which may limit the re-use.
- There are operational issues (i.e., heating and cooling) which may limit the re-use.

Solutions to these issues may exist but the costs to implement them appear to be significant but are unknown at this time. There are suggestions including a recent design charrette (brainstorming) session that these issues may be economically solvable. The Advisory Committee believes that these topics require further study.

O2. Any development/re-development plan for the Lucent Property needs to take into consideration the impact on the Township's affordable housing obligations. The proposed third round COAH regulations may significantly increase the Township's affordable housing obligation due to the redevelopment, possibly by hundreds of units. These regulations include by way of example only, the proposed elimination of a credit for demolitions and the increase in the number of affordable units for each new market unit and/or job created.

O3. The local real estate market (all aspects) is in the doldrums and may take years to recover.

O4. The business and employment environment in New Jersey is and has been poor for a number of years.

O5. Because of the costs of maintaining the building and the costs of financing, Alcatel-Lucent or a developer may press for some development soon or may elect to demolish the building in order to save costs.

O6. Most of the potential development options would require a change to the zoning for the Lucent Property.

O7. An Alcatel-Lucent representative has indicated that they are interested in a collaborative relationship with the Township but are unable to provide funding to the Township at this time. Such a relationship may facilitate the development of a sound plan that is beneficial for both Holmdel and Alcatel-Lucent.

6. Recommendations

Based on the information available to it and the observations described in Section 5, the Advisory Committee offers the following recommendations:

- R1. The development of the tract should preferably result in an outstanding/signature use of the Lucent Property with a long life; something that would be good for Holmdel for at least 50 years.
- R2. The Advisory Committee strongly recommends that the determination of any zoning concerns should be based on a well thought out analysis, taking into consideration the views of residents and the characteristics described in Section 4.
- R3. The Advisory Committee recommends that the Township should engage significant professional assistance to develop a sound portfolio of options and a thorough analysis of the characteristics of each option. Without such assistance any analysis will be of limited value. The Members of the Advisory Committee do not have the expertise or resources to complete a planning project without professional assistance.

The Advisory Committee suggests that an effective planning project would include participation from appropriate world-class professionals with experience with similar large scale projects and with expertise in planning, engineering, finance, and marketing and would also include the Members of the Advisory Committee as representatives of the residents of Holmdel, current Township professionals including the Township Planner, Engineer, Assessor and Appraiser, the Township Administrator, and representatives of the Township Committee.

- R4. The Advisory Committee recommends that funds be budgeted to support the hiring of professionals to develop plans for the Lucent Property that reflect the best long term interests of the Township's residents. It has been suggested to the Advisory Committee by professionals who have conducted similar investigations, that a budget of at least \$300,000 is needed to support an adequate project. Planning grants may be applicable and the Township should consider applying for such grants. Although this project would extend over more than one fiscal year, the Advisory Committee recommends that significant funding to initiate the project should be budgeted this year with the understanding that the project will continue into next year. The first steps in such a project would be the preparation of a Request for Qualifications and a Request for Proposals and a professional assessment of the structural and mechanical limitations of the current building and its potential for reuse.

7. Conclusion

The Advisory Committee believes that it is in the best interest of Holmdel to expedite the preparation of a sound professional plan for the Lucent Property, since developers will be attracted to work in a non-confrontational manner with a Township approved plan which significantly reduces their approval timelines and carrying costs, and the Township will in turn benefit from receiving correspondingly faster ratables for a project of its choice.

**Charge to the Holmdel Township Citizens' Advisory Committee on the Lucent Property
as approved by the Holmdel Township Committee on May 24, 2007**

On March 22, 2007, the Holmdel Township Committee authorized the creation of an ad hoc Citizens' Advisory Committee to assist the Township Committee ("TC") regarding the reuse of the Lucent Property. The TC appointed Martin F. Pfleger and Dr. Ralph B. Blumenthal as Co-chairs of the Committee. At this time, the TC adopts the following charge to the Citizens' Advisory Committee.

Charge

To present to the TC a non-partisan report of factual information concerning the redevelopment of the Lucent Property and to make appropriate recommendations. An objective is to seek a redevelopment plan for the property that is in the best long-term interests of Holmdel residents. The Committee should consider such information as it deems relevant, including the impact on the tax base, schools, municipal services, quality of life, traffic, environment, etc. and the opinions and data of Township professionals. The Committee should analyze the proposals offered by Preferred Real Estate Investments, Inc., the contract purchaser and potential developer, and determine whether they are supported by the facts and if they are in the best interests of Holmdel Township. The Committee may also recommend alternative uses and/or concepts that it deems worthy of further consideration in its report. For each of the proposals or alternative concepts the pros and cons and the benefits and impacts should be identified.

While a timetable for a final report can not be determined at this time, the TC directs that the Citizens' Advisory Committee undertake its review in as expeditious a manner as possible. A report on the redevelopment of the Lucent Property should be prepared and presented to the TC. Thereafter, the Committee will continue to review and monitor the evolution of any proposed development plans for the Lucent site and to perform such other undertakings as may be determined by the TC.



0 500 1,000 2,000 3,000 Feet

Legend

- Approximate Site Boundary
- Streams

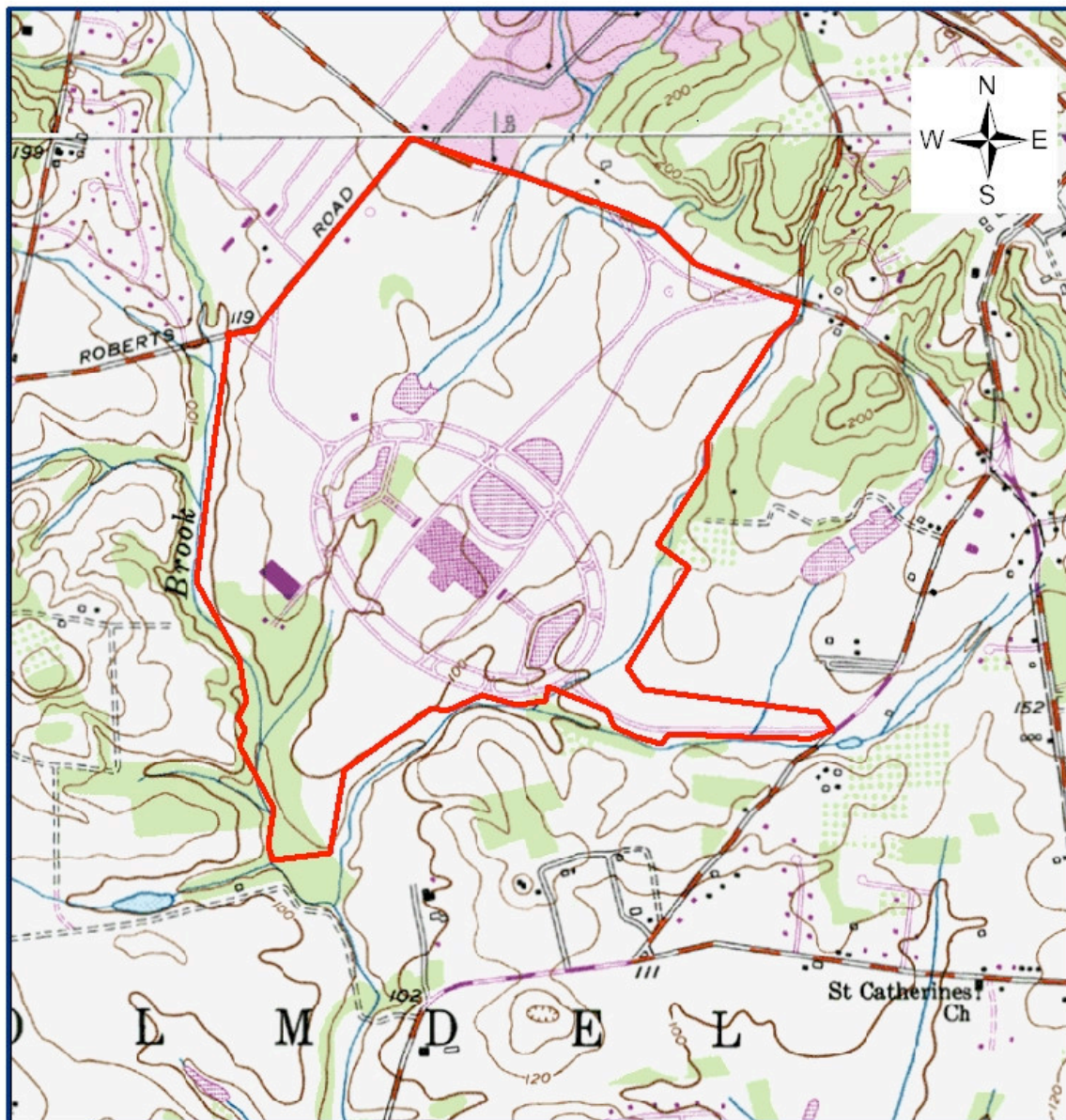
SOURCE: Monmouth County 2003 Aerial Photo

Aerial Map

Lucent Site
Block 11, Lots 38, 38.02, 73.01,
73.02, 73.03 & 73.04
Township of Holmdel, Monmouth County
472.7 acre site

DRAWN BY	SCALE	DATE	DWG NO.	FIGURE
AGL	AS SHOWN	5/07/08	P07-038	

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0 500 1,000 2,000 3,000 4,000 Feet

Legend

— Approximate Site Boundary

SOURCE: USGS 7.5 Minute Quadrangle Maps - Keyport & Marlboro, NJ

USGS Map

Lucent Site
Block 11, Lots 38, 38.02, 73.01,
73.02, 73.03 & 73.04
Township of Holmdel, Monmouth County
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Aerial View of the Lucent Building (Circa 1966, Courtesy of AT&T Archives)



Front View of the Lucent Building (Circa 1961, Courtesy of AT&T Archives)



Lobby of the Lucent Building (Circa 1966, Courtesy of AT&T Archives)



Committee Members Touring the Lucent Building (September 2007)

