

Facts Matter - Rock Spring Club



MAYOR ROBERT D. PARISI, TOWNSHIP OF WEST ORANGE, NJ · FRIDAY, FEBRUARY 8, 2019



The Township is proposing to purchase the Rock Spring Golf Course for roughly \$11.2 million dollars. The property is approximately 138 acres of land in total. The property is privately owned, and the Township cannot prevent the owners from selling the property nor can the Township determine who they sell to.

There is a lot to consider in this proposal but as the community begins the process of exploring this acquisition and all the possibilities it represents, it is important that the discussion be based on facts and thoughtful consideration.

Below is a summary of the facts important to consider as we begin these discussions.

PRIVATE DEVELOPMENT

The property, though used as a golf course, has an underlying land use zone as single-family homes, built on two acre lots. This current zoning would allow a developer to buy the property and, with very few approvals, build roughly 60 large single-family homes on the entire property.

- No open space for community
- No recreation for community
- Drainage, infrastructure & traffic issues in surrounding neighborhoods
- School age children
- Significant tax revenue for West Orange

It would be unlikely that any developer would look to build single-family homes consistent with the zoning. Any marketing and potential acquisition of this property by a private developer will involve an attempt to develop a high-density project with the new owner attempting every strategy to add units and seek approvals. This may generate tax revenues but will also create substantial tax expenditures for the schools, emergency services and other programs. The denser the project the more traffic congestion will impact the community and surrounding areas. That alone is not a reason to oppose development but a factor to consider in conjunction with the overall planning for the area. There are documented cases throughout the state of this happening, and the Township has been addressing this with

regards to 120 acres across town. With that parcel of vacant land, which is smaller than the Rock Spring Club, and has significantly less buildable acreage, the owner and developer of the property is seeking over 750 units on the undeveloped land adjacent to The Highlands under the same rules outlined above.

- No open space for community
- No recreation for community
- Significant drainage, infrastructure & traffic issues in surrounding neighborhoods
- Significant Affordable Housing options
- Significant school age children
- Significant tax revenue for West Orange

ESSEX COUNTY PURCHASING PROPERTY

Essex County was interested in purchasing the property and was very cooperative and supportive in all the discussions that took place over the last several weeks. They wanted to maintain an 18-hole golf course and given their successful operation of three county golf courses, one in West Orange, and the South Mountain Recreation Complex, the Township had no doubt they would be successful.

Essex County's bid for the property of \$6 million dollars is less than half of the property is assessed at as the Township's assessment has the property valued at \$14 million dollars. The property taxes on the property are based on the \$14 million-dollar valuation. The unrealistic bid for the golf course was not accepted by the owners of the property. The Township has no ability or authority to force any property owner, large or small, private or corporate, to accept a sale offer.

However, a purchase of this property by Essex County to maintain it exclusively as an 18-hole golf course is not entirely good for the Township.

- **Open Space** – this would prevent any development on the property as the purchase of the property with State Green Acres funding would have deed restricted the property forever as open space. Local traffic & infrastructure would remain mostly unchanged.
- **Property Taxes** – the Township would lose the \$585,000 in annual property taxes on the property and would never collect revenue from the property as the County does not pay property taxes.
- **West Orange Residents** – though the property would remain recreation space, and

the Township would lose all revenue, none of this space would be available for residents to enjoy it unless they played golf.

PROPERTY TAXES

This property currently generates roughly \$585 thousand dollars in property taxes. Roughly 25% of that currently goes to the Municipality, roughly 62% goes to the Board of Education and roughly 13% goes to Essex County.

However, when the property goes off the tax roll, the loss of the roughly \$585 thousand dollars is entirely absorbed by the Township; meaning the Township does not lose 25% of the \$580 thousand dollars in annual property taxes but loses the entire amount in annual property taxes. Under State law, the Board of Education and the County receives 100% of their annual approved budgets. New Jersey municipalities collect the taxes and provides the funding to the local Board of Education and the County. Lost revenue due to uncollected taxes, tax appeals or, like in this case, a property coming off the tax rolls, is funded in entirety by the municipality.

GOLF

There is a difference between the popularity and financial viability of Country Clubs and golf in general. Country Clubs are struggling financially in many areas in this region and in the country. That is not necessarily a commentary on golf. Golf is still popular and, in some ways, more popular than ever. A public golf course, perhaps with some level of private memberships, can be successfully run. The popularity and difficulty in obtaining tee times at many local public courses, including the Byrne Public Golf Course in West Orange, is evidence of that.

The Township is proposing to lease the operations to a private company that runs golf courses and will issue a Request for Proposal and seek proposals for evaluation.

The Township currently hosts four annual Senior Citizen Golf Outings at various local golf courses. The potential purchase of this property can provide a home to these outings, or other similar Township outings, at a significantly reduced cost for local participants in the annual events.

- An operator will maintain the property in its entirety at their expense.
- The Township will receive a fee from an operator.
- The Township will not incur any risk as all financial risk will be absorbed by the vendor.

- Public golf courses in this region, operated by golf management companies, regularly operate with positive cash flow providing annual revenue to the governing agency.

Providing a two-year arrangement for the operations of an 18-hole golf course provides no risk to the Township and provides two years to determine the viability of operating a golf component on the property into the future. As the Township will own the land, there is no downside to taking this exploratory step. If golf fails financially on this property as it is discovered that the market does not support another public course, it simply provides more recreation, open space available for the community with no risk of development.

TOWNSHIP DEVELOPMENT

If the Township is to finalize the purchase of the property, a final plan would be developed during the first two years. This plan would require input from the community and approval by the Township Council.

There is **NO** set plan for the future of this property, but the Township does have certain goals in exploring what could be possible for this property and what potential benefits it would provide the community.

These goals include:

- **Golf Course** – beginning with 18-holes and eventually converted to a 9-hole course.
- **Recreation Facility** – indoor turfed field for town programs as well as fee-based rental to area teams and programs.
- **Walking/Running Path** – construct a walking/running path to circle the 9-hole golf course for public use.
- **Open Space/Park Land** – converting the course to a 9-hole course would open up significant acreage for open space and park land to be enjoyed by all residents. This includes leaving the land, currently the 4th & 5th hole of the golf course to the south of Walker Road, undeveloped.

There would be a need to be some private development on the property to recoup a portion of the sale price as well to replace the lost tax revenue through the acquisition.

- A small portion of the property along Northfield Avenue could be dedicated for private development.
- This avoids drainage, traffic and infrastructure concerns for Walker Road, Rock Spring

Road & upper Gregory neighborhood.

- Future access, ingress/egress to the property would connect to Northfield at Ridgeway Avenue as there is already a traffic light present at that location.
- Small private development could consist of Active Adult Community, over age 55, to compliment the golf, walking/running path and recreational space.
- Residents of Active Adult Community would be incorporated into golf and recreation space.
- Active Adult Community would eliminate concerns of school age children.
- Active Adult Community would minimize additional traffic on Northfield Avenue and neighborhood.
- Based on market value of developable and approved land, it is anticipated the Township could receive \$4-5 million dollars for the sale of 10-15 acres of land.

Developing a small piece of the property would be necessary for any long-term plan but it would be possible to limit the project and the amount of land required for this component of the project.

DEPARTMENT OF PUBLIC WORKS

Phase II of the Main Street Redevelopment project requires the relocation of the existing Department of Public Works site on Lakeside Avenue.

- It is estimated that roughly two acres is required for a new Public Works location.
- There is a small piece of the property of The Rock Spring Golf Course that could be the best available location for relocating the Public Works garage.
- This topography of this small section of property makes it easy to screen, using the topography and with the planting of new trees.
- A new Public Works site could be screened from any surrounding uses as well as from Northfield Avenue while providing this necessary facility.
- It is estimated that a new Department of Public Works location would cost roughly \$4.5 million dollars to construct.
- Main Street Redevelopment, under the terms of the approved plan, provides \$9.2 million dollars to the Township for current Department of Public Works site.
- Remaining funds after construction, roughly \$4.5 million dollars, can be used to offset the purchase prices as well as to construct a recreational use on the property.

It can be argued that plans to relocate the Department of Public Works should have been finalized years ago when the Main Street Redevelopment plan was finalized. However, that lack of foresight does not provide any assistance in relocating it now. Phase II of the Main Street Redevelopment project is going to begin in 2019 or early 2020 and this requires that the Township find a new location. Utilizing a small piece of this property could provide the necessary location for a new Public Works site, with easy access to Northfield Avenue, as well as provide significant funding toward the acquisition of the property as well as the development of recreation uses.

TOWNSHIP PURCHASES PROPERTY

The Township is proposing the purchase the Rock Spring Club for roughly \$11.2 million dollars. The purchase includes the entire property, encompassing all the roughly 138 acres of land, all the equipment used to maintain the property as a golf course, which is valued new at nearly \$1 million dollars, all the contents of the Club House and the name, Rock Spring, which has local historic value.

Roughly \$11.2 million dollars is a significant investment and not to be taken lightly but the Township believes not pursuing this option could prove more costly to the Township and neighborhood in the future.

There are various sources of funding the Township will count on for the purchase of the property.

- The purchase price will be bonded through Capital Budget and funded over 30 years.
- Capital Budget is not the same as the Operational Budget, which funds daily operations of the Township.
- The Township will fund the purchase price up front, in full.
- Once a plan is determined, an application will be submitted to Green Acres and 50% of the value of all acreage to be deed restricted, can be sought by Green Acres. As there is only an intention to develop a small portion of the property, this will provide roughly 40% of the initial purchase price to be funded by Green Acres.
- All property funded by Green Acres will be permanently preserved as recreation or open space as, once funded by Green Acres, the land can never be developed.
- Existing West Orange Open Space Trust Fund dollars, currently roughly \$1 million dollars, can also be used.
- Revenue generated from golfing operations would go toward debt service.

- The sale of a small portion of the property would provide additional funding toward the acquisition. It is estimated that funding be roughly \$4-5 million dollars.
- Property taxes generated from small private development would provide additional funding toward the acquisition as well as routine municipal expenses.
- Small scale private development, as outlined, would produce significantly more in annual property taxes than the property current produces while developing roughly only 10% of the property.
- Remaining funds from the relocation of Public Works would be used toward acquisition costs and development of recreational spaces.

Combining Green Acres funding and selling a small section of the property for small scale development, the Township could recoup roughly \$9 million of the total purchase price of the roughly \$11.2 million dollars within the first few years of acquisition while preserving a majority of the property and eventually generating significantly more in property taxes from only a small piece of the property.

This does not account for any revenue produced by golfing operations, in the short term or long term, potential fees generated from the year-round leasing of timeslots in an indoor recreational facility or the left-over proceeds from the relocation of Public Works.

COMMUNITY CHOICES

All decisions, large and small, require careful consideration as well as community input. However, each issue impacting our community can be viewed with different priorities in mind. Neither perspective can ever be viewed as wrong...just often conflicting with other equally valid viewpoints.

Possible Viewpoints:

FINANCIAL:

- Let Montclair Golf Club sell it to highest bidder and the Township can encourage a large-scale residential development, providing significant tax revenue.

PRESERVATION:

- Partner with Essex County on the purchase and maintain it as an 18-hole golf course. If

the course fails economically it can remain as open space.

RECREATION:

- Purchase the property and develop additional recreational opportunities in addition to golf.

HOUSING ADVOCATES:

- Let Montclair Golf Club sell it to highest bidder and the Township can encourage a large-scale residential development, providing significant affordable housing options.

All four of these perspectives are valid important concerns, addressing legitimate societal objectives...however, they cannot all coexist independently of each other and certainly not on the same property.

The sale of the property is not the Township's choice, but the Township believes it is in the best interest for the community, given the sale, that the Township purchase the property.

The Township will host a public meeting seeking public input on this proposal. There is never certainty in making decisions of this magnitude but when all elements of this proposal are considered, the Township believes that this potential acquisition provides potential to address the concerns outlined above while creating an important and valuable amenity that can serve the community for decades to come.

The Township looks forward to this process and to hearing from the community.