

CITY OF HOBOKEN

Department of Community Development

DAWN ZIMMER
Mayor



BRANDY FORBES
Director

MEMORANDUM

DATE: February 13, 2017

TO: Hoboken City Council

CC: Mayor Dawn Zimmer
Stephen Marks, Business Administrator
Brian Aloia, Corporation Counsel

FROM: Brandy Forbes, Community Development Director

RE: PSE&G Substation Consolidation and Elevation Project

On the agenda for the City Council meeting on February 15, 2017 are two related items regarding PSE&G substation improvements in Hoboken. This memo will provide some history regarding these improvements, an explanation of those agenda items, and some “next steps” that you will see in the coming months.

First I would like to provide some background about the area and one of the sites that will be part of this project. The City of Hoboken was named as a defendant in a lawsuit brought by several property owners in the Northwest Redevelopment Area. The parties amicably settled that litigation, which is memorialized in a Settlement Agreement dated May 8, 2013. Under the terms of the Settlement Agreement, the City was to obtain legal title to the property identified as 1101 Monroe/1100 Madison Street (Block 102 Lot 1) after that property was environmentally remediated. The remediation on that property and the transfer of title legal process was completed in 2016 with a Consent Judgment of the courts issued November 17, 2016. As of this month, the City was able to get the Certified and True copy of the Consent Judgment recorded in the Hudson County Register’s Book of Deeds (Deed Book 9178 starting at page 287), so the City is officially now the owner of Block 102 Lot 1. This is the open

site immediately on 11th Street between Madison and Monroe Streets just north of the Shoprite parking lot.

Public Service Electric and Gas Company (“PSE&G”) owns property immediately north of and adjacent to Block 102 Lot 1, on which it operates an electrical substation (“Madison Street Substation”). PSE&G also owns property identified as 201-209 Marshall Street and 200-206 Harrison Street (Block 35 Lots 1, 2, 3, 4.01, 5.01, 5.02, 33, 34, 35 & 36), on which it operates another electrical substation (“Marshall Street Substation”).

PSE&G is making a commitment to improve and protect the electrical utility in Hoboken. They would like to harden the infrastructure in Hoboken and protect against electrical outages caused by flooding of the type experienced during Superstorm Sandy. As well, PSE&G wants to improve electrical service to Hoboken residents. To do so, PSE&G is proposing to consolidate and combine the Marshall Street Substation into a single expanded Madison Street Substation, decommission the existing Marshall Street Substation, and raise the elevation of the expanded Madison Street Substation. These substation improvements planned by PSE&G would be beneficial to the citizens of Hoboken in terms of increased reliability of electrical service; and

The City and PSE&G entered into a Letter of Intent in September 2016 to pursue this proposed project to enter into a land swap transaction whereby the City would transfer Block 102 Lot 1 to PSE&G in exchange for PSE&G transferring the Marshall Street Substation property to the City, with PSE&G making a cash payment of \$1,245,000.00 to compensate the City for the difference in the appraised value of the respective properties. As well, since PSE&G cannot decommission the Marshall Street Substation until it has completed its consolidation and expansion of the Madison Street Substation, PSE&G cannot transfer title to the Marshall Street Substation property to the City until that expansion has been completed and PSE&G has properly remediated any contamination at the Marshall Street Substation property. In order to compensate the City for its “loss of use” of the Marshall Street Substation property during the period of time needed by PSE&G to decommission and remediate that property, PSE&G agrees to pay the City an annual “loss of use” payment in the amount of \$275,250.00, payable in monthly installments (\$22,937.50) between the closing of title to the Madison Street Substation property and the closing of title to the Marshall Street Substation property.

As a part of this process, there are several approvals that will be presented to the City Council for consideration over the next few months. First, at the February 15, 2017 City Council meeting on the agenda are the following resolutions:

- Contract with Excel Environmental to be the City’s LSRP of record on the Block 102 Lot 1 site during this transition. Excel will serve as the LSRP of record and coordinate any due diligence investigations PSE&G will undertake.
- License and right of entry agreement issued to PSE&G to do due diligence in investigating Block 102 Lot 1, the scope of which is to be monitored and approved by the City’s LSRP of record for the site. This will allow PSE&G’s environmental professionals onto Block 102 Lot 1 for the necessary inspections during their due diligence period.

PSE&G, in coordination with and at the request of the City, will be hosting a community meeting to discuss the design of the new, expanded Madison Street Substation. Rather than the visual appearance

of the entire block being a fence and substation equipment, the City has expressed the interest in having a more neighborhood-friendly façade. PSE&G has engaged an architect to help them design the façade based on community input and to be approved by the City. The community meeting has been scheduled for Thursday, February 23, 2017 from 7:00 p.m. to 9:00 p.m. (location to be finalized).

Some of the next steps for City Council consideration include adoption of a final property transfer agreement. As well, we will need to adopt a redevelopment plan amendment, since Block 102 Lot 1 is in the Northwest Redevelopment Plan area, to allow for this utility use and specify the bulk requirements. In conjunction with that, once a final façade design is determined, the City will need to approve a redevelopment agreement.