

Mayor's Message

Oct/Nov 2023

I apologize in advance for the dry nature of this message, but real estate development in Oceanport has been a very hot topic for several years and discussions, debates and disputes about it have reached new heights because of the Netflix and Monmouth Park proposals. The continued redevelopment and economic revitalization of Fort Monmouth is, quite simply, the most profound fiscal, social and political development in Oceanport since Monmouth Park Racetrack opened in 1947 and the proposed development of underutilized property at Monmouth Park might be a not-so-distant second. If we are to have reasonable conversations about both projects, we have to first have a common set of facts upon which to base our arguments and beliefs. To that end, it is important that rumors, disinformation and misinformation be limited as much as possible and that the facts attendant to these developments are prioritized. To that end, I offer the following:

Fort Monmouth/Netflix Facts

1. The Oceanport section of Fort Monmouth is comprised of approximately 400 acres of land, all of which was controlled by the federal government through 2010 and none of which generated any real property tax revenue. It was not until 2014, however, that the Fort Monmouth Economic Revitalization Authority (FMERA, an agency under the aegis of the State of New Jersey) began to take title and really began to exert control over the redevelopment of the property that the federal government abandoned.
2. While owned and operated by FMERA, the properties do not generate any real property tax revenue. When properties are sold by FMERA at public sale, however, they become part of the Borough's tax rolls and, unless otherwise exempt, begin generating real property tax revenue.
3. To date, approximately 171.46 acres within Oceanport's borders have been sold and fully (1) or partially developed (2).

Property	Acreage	Capital Investment	Assessment	2022 RE Taxes
Municipal Complex (1)	11.25	\$10,000,000	\$11,800,000	Exempt
Marina at OP (1)	4.00	\$ 1,150,000	\$ 3,382,400	\$ 58,897
Allison Hall District(2)	12.13	\$25,000,000	\$ 2,390,700	\$ 42,011
Lodging District (2)	15.00	\$25,000,000	\$16,311,900	\$ 271,428
Patterson Army Hosp.(1)	15.50	\$ 5,000,000	\$11,877,800	\$ 197,646
Barker's Circle (2)	11.00	\$22,000,000	\$ 4,914,300	\$ 81,772
Squier Hall (2)	17.44	\$10,440,000	\$ 1,291,600*	\$ 266,815*
Commissary/PX (2)	25.25	\$60,000,000	\$ 3,972,500	\$ 66,101
Russel Hall (1)	4.70	\$ 1,500,000	\$ 2,012,700	\$ 33,491
Mon. Cty. Shelter(1)	1.50	\$ 2,139,000	\$ 374,000	Exempt
Fitness Center (1)	7.34	\$16,000,000	\$ 5,606,600	\$ 94,293
East Gate/Liberty Walk(1)	36.50	\$25,000,000	\$53,871,200	\$ 856,576
Main Post Chapel (1)	5.00	\$ 450,000	\$ 1,080,000	Exempt
Dance Hall (1)	4.27	\$ 3,100,000	\$ 754,000	\$ 12,546
Telecom Tower (1)	.58	\$ 35,000	\$ 1,161,500	\$ 19,327
TOTALS	171.46	\$206,814,000	\$120,801,200	\$2,000,903

*There is a PILOT (Payment in Lieu of Taxes) on this property.

4. The remaining parcels of unsold land in the Oceanport section of the Fort are the Mega-Parcel (117 acres), the Nurse's Quarters (3.75 acres), the new JCP&L substation site (1 acre), and the Habcore Homeless and Veteran's Facility (1 acre).
5. The Mega-Parcel is comprised of the McAfee Center site, Cowan Park, Greeley Field and the 400 Area. The 400 Area is the large parcel located on the other side of Oceanport Avenue sandwiched between the Main Post, Horseneck Point and Riverside Avenue. This Mega-Parcel is the site that Netflix has contracted to purchase.
6. The Nurse's Quarters are located on Main Street and both the JCP&L and Habcore sites are located just off of Main Street as well. Both the Nurse's Quarters, JCP&L and Habcore sites are spoken for, but not yet transferred. The JCP&L and Habcore site will be exempt from real estate taxes, but both the Mega-Parcel and the Nurse's Quarters will be subject to regular real estate taxation.
7. I can tell you that the Netflix transaction is an incredibly complicated one insofar as it involves coordination between multiple municipalities (Eatontown and Oceanport), multiple state and federal agencies (FMERA, NJDEP, NJEDA, Monmouth County, US Army) and multiple sets of professionals at all levels. Absolutely NOTHING about this project is simple. Nothing.
8. In all likelihood, given the complexities and all the conditions that have to be addressed, the Netflix transaction will not close until some time in 2025 and the full buildout will probably take a decade or more. In the interim, however, all the parties noted above will be working together to ensure that the closing takes place as soon as possible and that the public has a full and complete understanding of how Netflix plans to develop the property. Please note that the Netflix property encompasses almost everything in Eatontown from the Main Gate on Route 35 and the Mega-Parcel in Oceanport, a total of almost 300 acres.
9. In order to effectuate Netflix's purchase and redevelopment, it is necessary for FMERA to amend its Re-Use Plan. As soon as the proposed Re-Use Plan is presented (and it is expected to come out in October or November of this year), we will post it on the Borough's website. As with all of FMERA's Re-Use Plan Amendments, once presented, Oceanport will have 45 days to provide comments to FMERA and the proposed amendments will be discussed in public at both Municipal Council and Planning Board meetings.

Monmouth Park Facts:

1. Monmouth Park Racetrack has been owned by the State of New Jersey through the New Jersey Sports and Exhibition Authority since 1985. In 2012, having previously privatized the racetrack at the Meadowlands, the State of New Jersey decided to close Monmouth Park unless it could find a private entity to operate it. That year, the New Jersey Thoroughbred Horsemen's Association (NJTHA) agreed to enter into a long-term lease (45 years) with the NJSEA to keep horseracing at Monmouth Park. The NJTHA, in turn, entered into an agreement with Darby Development to manage and operate the racing facilities. Dennis Drazin is the CEO of Darby Development.
2. The reason that the State of New Jersey opted to get out of the horse racing business in 2012 was because the state's racing operations were losing millions of dollars on an annual basis. Horse racing, once the only real form of legalized gambling outside of Las Vegas, had been experiencing reduced crowds and handles for several years and the State was no longer willing to subsidize the losses. If this long term lease was not entered into in 2012, Monmouth Park would have closed for good.
3. Monmouth Park, even though it is owned by the State, pays real estate taxes pursuant to a statutory mandate that was negotiated by then Mayor Tom Cavanaugh in 1985 when the State purchased the track

from the Monmouth Park Jockey Club. Monmouth Park, which sits on about 300 acres of land, is the Borough of Oceanport's number one taxpayer and employer.

4. Beginning in 2010 the State of New Jersey began a challenge to the federal Professional and Amateur Sports Protection Act (PASPA) that prohibited state sanctioned sports gambling with the exception of Delaware, Nevada, Oregon and Montana, all of which had legalized sports betting prior to PASPA's passage in 1992. In May of 2018, the Supreme Court of the United States ruled in New Jersey's favor and in June of 2018, sports betting opened at Monmouth Park at the William Hill Race and Sports Bar.
5. Inasmuch as the Monmouth Park property is owned by the State Oceanport's planning, zoning construction and building codes do not apply and the operator is only required to appear before the Borough's Planning Board, for informational purposes only, in connection with capital improvements. Notwithstanding that, the track's operators have made it their practice over the past 8 years to appear before and make presentations to the Municipal Council and Planning Board if they are requested to do so.
6. Phase 1 of the operator's current development proposal calls for the construction of 298 age-restricted (55 and over), one and two bedroom rental units in the 30 plus acre lot across from the track's main entrance on Oceanport Avenue that now serves as an auxiliary parking lot (where the Lion's Club Strawberry Festival used to be held). Phase 1 also calls for the construction of a hotel within the track site where the existing parking lot is, just to the west of the mini-golf course.
7. Phase 2 of the proposal calls for entertainment, retail and youth/adult sports related development within the confines of the existing track facility. No additional housing is proposed within the confines of the existing track facility.
8. All proposed development would be taxed consistent with the existing statutory configuration (i.e., taxed like all other properties in Oceanport). All of the plans and all of the existing lease agreements are available for review on the Borough of Oceanport's website.
9. Notwithstanding the fact the Borough has no real say in what is to be developed on the track site, the developers have appeared at a Council meeting and a Planning Board meeting (both of which are available for viewing through the Borough's website). Based upon comments and suggestions made by the Borough's Planner, Planning Board and Municipal Council, moreover, changes to the original plans have been made, not the least of which was a reduction in units from 388 to 298.
10. In order for any development to take place, however, the NJTHA will have to renegotiate the terms of the existing lease with the NJSEA. The NJSEA is a public body that meets on a regular basis and any renegotiated lease will become a document that would be available to the public upon request.
11. While residential units would seem unrelated to the fiscal health of horse racing at Monmouth Park, the developer has represented that a portion of the revenue derived from the development would be used to supplement purses at the track. How much that will actually amount to, is an unknown at this point.

Horse Racing is not exactly a growth industry these days and the bottom line is that the worst thing for Oceanport would be if horse racing ceases at Monmouth Park. As our largest taxpayer and employer, the track's closure would have a tremendous negative impact on Oceanport. We should be comfortable exploring whatever ancillary sources of revenue are available, within reason, to sustain Monmouth Park's viability. There are no easy answers or solutions to all that ails the horse racing industry and, in particular, Monmouth Park. We have to accept the reality that Monmouth Park's halcyon days are in its distant past and that it has to adapt to the economic realities of the 21st century. This current proposal is, in my mind, the first of many that will be presented over the next decade or two as Monmouth Park, the horse racing industry and the Borough of Oceanport navigate difficult waters together.

On a positive note, the artificial turf fields at Gatta Park have generated enough rental revenue through September 30, 2023 to cover this year's \$240,000.00 debt service payment and then some. We still have three months of additional revenue to look forward to. Please note that all of our local recreation, travel and school teams have had unfettered free access to the fields for practice and games. Hundreds of young, budding Buddy Brocklebanks can be seen on those fields seven days a week, in all sorts of weather, playing several different sports and its only going to get better when the second and third phases are completed. Enjoy the change in seasons, have a wonderful and safe Halloween and a Happy Thanksgiving. I'll connect with you again one last time in December's message and I promise it will be a much more entertaining read.