

Annual Report 2007

GOING VERTICAL

BAYONNE LOCAL REDEVELOPMENT AUTHORITY

*Construction begins on 544-unit
The Alexan at Bayonne Bay*

A MESSAGE FROM THE EXECUTIVE DIRECTOR



Joseph Nichols
Executive Director
Bayonne Local
Redevelopment Authority

When I was named executive director of the Bayonne Local Redevelopment Authority late last year, I immediately set a personal goal: to chart a course for the long-term build out of The Peninsula at Bayonne Harbor that will produce the most benefit for the citizens of Bayonne.

As worldwide economic markets began to shift, we at the BLRA took a fresh look at conditional developer agreements that we believed would no longer serve our City well. Instead of pursuing these agreements further, we've embarked on an exciting process to solicit proposals from international investors. We feel strongly that Bayonne's proximity to Manhattan coupled with the current favorable exchange rate will solicit responses from some of the world's most experienced and creative development professionals.

Since The Peninsula must become an integrated part of our City, I've also stepped up the BLRA's efforts to bring added transparency and citizen access to this complex process. In meeting with Bayonne residents and community groups, their concerns about the effects of the project on Bayonne's economy and quality of life have emerged loud and clear. There's no question that The Peninsula is a vital economic engine for the City of Bayonne. Within the next quarter century, it will represent 20 percent of the City's land mass, but will generate almost 40 percent of Bayonne's tax revenue.

Today, we face a challenging balance: to work in the best interest of Bayonne while meeting obligations imposed upon our work in the environmental, governmental and regulatory arenas. With the concerns of Bayonne residents front and center, the BLRA is facing this challenge head-on.

A handwritten signature in blue ink that reads "Joseph Nichols". The signature is fluid and cursive, with a large initial "J".

Joseph Nichols
Executive Director

A MESSAGE FROM THE MAYOR

It was the moment we had all awaited — the groundbreaking of the first residential development at The Peninsula at Bayonne Harbor.

As the shovels hit the ground, I thought of the great promise this project represents, both for The Peninsula and for the people of Bayonne.

In just 18 months, the first residents of The Alexan will move into the luxury rental apartments and townhouses that constitute the project's first phase. The structural steel rising from the site is a testament to the hard work put into The Peninsula for more than a decade as we partnered with the people of Bayonne to develop a vision for the tract and then turn that vision into reality.

The Alexan is the first of several residential projects slated to break ground at The Peninsula. Within the next year we expect to hold groundbreakings for two more major residential developments. The significant investments made by these developers proves beyond a doubt what we've always known: that Bayonne is one of the most desirable places to live in New Jersey.

Over the next several years as more structures rise, we'll also see the construction of new parks, a fishing pier and ball fields at The Peninsula that will open up new recreational opportunities for all Bayonne residents.

For the people of Bayonne, The Alexan is a promise fulfilled to bring smart, beneficial growth to our City. And it's only the beginning.



Terrence Malloy
Mayor of the City of Bayonne


Terrence Malloy
Mayor



BEGINNING TO BUILD

Bayonne Bay

Eighteen months from now, the first residents will be moving into The Peninsula at Bayonne Harbor. Construction on The Alexan, the first residential development at Bayonne Bay, is fully underway and the vertical structure for the new development is beginning to rise.

Trammell Crow Residential is building The Alexan, which consists of 544 units of luxury rental housing located on two blocks of Bayonne Bay. Divided into two sections, the four-story buildings will consist of one-, two- and three-bedroom apartments, a parking garage and recreation clubhouse.

The development of Bayonne Bay also makes possible 12 acres of new public parks and a pedestrian walkway that will make the City's eastern waterfront even more accessible.



The official groundbreaking for The Alexan at Bayonne Bay took place in May.

Left: Construction of the first residential building at The Peninsula is fully underway.

Real Progress at Bayonne Bay

With environmental concerns remedied and infrastructure completed, vertical construction began at The Peninsula this year.

- Groundbreaking for The Alexan at Bayonne Bay, the first residential development by Trammell Crow, is held May 2008.
- Construction of the 544-unit luxury rental housing begins with the first phase of occupancy expected in early 2010.

Parks and Recreation

- Harbor View Park Phase 2 construction is underway, made possible by grants of \$600,000 from Green Acres and \$230,000 from the Hudson County Open Space Trust Fund. Bulkhead replacement will extend the park along the eastern shoreline.
- A new park including two full-size soccer fields is planned for the Harbor Station District, adjacent to The Alexan. A grant from the Hudson County Open Space Trust Fund will partially fund this project, scheduled to open fall of 2009.
- A segment of the Hudson River Waterfront Walkway is being constructed along the southern shoreline in Bayonne Bay as part of infrastructure improvements. The first 700-foot segment will be completed in 2009.
- A \$325,000 grant from the Hudson County Open Space Trust Fund will partially fund the construction of a public fishing pier on the south channel in the Landing District.



PHOTO COURTESY OF THE HUDSON COUNTY DIVISION OF PLANNING

A WORLD OF OPPORTUNITY

What's Next?

Exciting new projects are on the horizon for The Peninsula at Bayonne Harbor. After taking a fresh look at several conditional developer agreements, the BLRA moved ahead with an international request for proposals and qualifications for several other key districts, including The Landing, Loft and Bayonne Point districts.

This decision opens up a world of opportunity for development of The Peninsula. The current favorable exchange rate makes Bayonne an attractive investment option for international investors. So we're able to tap the talents and financial resources of some of the most experienced and creative development professionals in the world.

The BLRA also renewed its commitment to improving transparency and citizen access. That means the agency will solicit community input on the development proposals to ensure that The Peninsula moves ahead producing the most benefit for the citizens of Bayonne.



An international RFP has been issued to develop the remaining portions of The Peninsula.
Left: An aerial view of The Peninsula, a vital economic engine for the City of Bayonne.

Solid Groundwork for the Future

Spurred by favorable conditions for international investment, development in several districts at The Peninsula is moving forward:

- New York Harbor, which includes The Peninsula, emerges as an attractive opportunity for international investors due to favorable exchange rates.
- The BLRA capitalizes on current world market conditions and issues an international RFP (request for proposal) for The Landing, Loft and Bayonne Point districts.
- A new multi-year financial plan is completed to ensure maximum benefit for Bayonne and its residents.
- PortsAmerica, Inc. signs a \$90 million agreement with the BLRA to construct a roll-on, roll-off marine terminal operation in the Maritime District.
- The PortsAmerica contract will net Bayonne \$1.8 million in annual taxes, along with \$15.2 million in capital improvements to the site funded by the developer.
- BLRA Executive Director Joseph Nichols meets personally with citizens and community groups to add greater transparency to the decision-making process.



A FIRM FOUNDATION

Infrastructure Improvements

As vertical construction proceeds on several projects, the BLRA is busily laying a foundation that is vital for further development elsewhere on The Peninsula. While not always visible, these infrastructure improvements are critical steps to prepare all of the districts for future commercial and residential use.

The year's major accomplishment was the receipt of the major environmental approvals required by the state and federal governments. These rigorous standards demonstrate a commitment to safeguarding the health and interests of future residents and employees of The Peninsula, as well as the environment.

Federal and state agencies appreciated sensitivity to the environment during pre-construction activities.

Sewer line installation at Bayonne Bay, for instance, was completed before April to prevent disturbing blue-tailed herons, which nest from April to October in a habitat bordering that district.



Left: Surcharging, an engineering process to raise the development area, is well underway.



Pre-construction is readying Bayonne Bay for residential and commercial development.

Focus on the Environment

The environment is front and center as we complete infrastructure improvements that pave the way for redevelopment:

- Subsurface construction for sewers and water mains, along with pipeline to service future commercial and residential development completed.
- Installation of underground electric and gas lines completed paving the way for the next Bayonne Bay development project, 1,100 for sale units by Atlantic Realty.
- Environmental approvals from the state and federal governments received.
- Environmental hazards eliminated with the demolition of seven buildings in the Bayonne Bay district.
- Surcharging — the engineering process to raise the development area — is well underway.
- Excess silt is removed and recycled for use in other development sites on The Peninsula.
- Infrastructure improvements carefully scheduled to preserve the delicate habitats of nesting birds and other species native to the area.



GREEN AND CLEAN

All Aboard the Ferry!

It's all aboard and full steam ahead, as commuter ferry service from The Peninsula to Manhattan begins a pilot service in September. The service will include two runs in the morning and two in the evening, with off-peak and weekend service beginning as early as next spring.

Paving the way for this exciting development was a permit from the Army Corps of Engineers to construct a ferry terminal at The Landing District. The permit also allows for the building of a fishing pier, which will be partially funded through a grant from the Hudson County Open Space Trust.

Providing ferry service, as well as the accessibility of a fishing pier and other green space planned for The Peninsula, are important catalysts toward development of the entire Landing District. Easy access to Manhattan will enhance the market value of the new development slated for the district while providing convenience for current Bayonne commuters.



Left: Lower Manhattan will be minutes away for Bayonne commuters when pilot ferry service is introduced this fall.



Ferry service and new parks are in the works at The Peninsula.

Catching the Breeze

Providing easy access to Manhattan and local parks is quickly becoming a breeze, thanks to the new commuter ferry service and plans for a fishing pier, parks and fields:

- A permit from the Army Corps of Engineers paves the way for construction of a ferry terminal and fishing pier at The Landing District.
- A \$300,000 grant from the Hudson County Open Space Trust will partially fund construction of the pier.
- The north side of The Peninsula is dredged to better accommodate larger ships.
- The dredged material will be used to raise the fishing pier to a depth of 12 feet to nurture and sustain the flounder habitat.
- Statue of Liberty ferries that dock overnight at The Peninsula to provide pilot ferry service for Bayonne commuters.
- Ferry service could be extended to off-peak and weekend hours as soon as next spring.
- Two permanent soccer fields will be constructed at The Peninsula.



CRUISING YEAR ROUND

Royal Caribbean

A busy port just got busier. Cape Liberty Cruise Port expanded to year round cruises this year after Royal Caribbean Cruise Lines invested \$7 million to winterize and improve its cruise port at The Peninsula at Bayonne Harbor. Winter departures are part of a key marketing strategy for the cruise line operator; approximately 20 percent of Royal Caribbean's passengers live within a five-hour drive from Bayonne, and prefer to travel to Cape Liberty than worry about missed or delayed flights to Miami due to winter weather.

The added convenience isn't the only thing cruise passengers love. After its fourth year of operation, Cape Liberty is ranked #2 among ports in the Northeast region for passenger volume and earned top marks for customer service and satisfaction.



Left: Cape Liberty is now a year round cruise port.



Cruise passengers are flocking to Cape Liberty for its ease and convenience.

Cruise News

In its fourth year of operation, Cape Liberty Cruise Port at The Peninsula at Bayonne Harbor is one of the nation's busiest. Highlights for the 2007 cruise season (May to December) includes;

- 60 cruise ship calls
- 277,000 homeport passengers
- Cape Liberty ranked #2 among Northeast region ports — right after New York.
- *Liberty of the Seas*, one of the world's largest cruise ships, made her inaugural voyage from Cape Liberty.
- For the first time, Azamara Cruises *Journey* sails out of Bayonne as does the *Alexander von Humbolt* and Fred Olsen Tours' *Black Watch*.
- Royal Caribbean's *Explorer of the Seas* and Celebrity Cruises' *Constellation* make their homeport at Cape Liberty, running regular excursions to the Eastern and Southern Caribbean.
- Royal Caribbean Cruise Lines completes \$7 million interior and exterior renovations to accommodate year round departures from Bayonne. The investment is expected to add an additional 15 ship calls from Cape Liberty which employs approximately 300 people on cruise days.



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