

Resolution for Council Consideration – 12/1/10

Tidelands Resource Council Resolution Commercial/Industrial and Residential Upland Licenses

Preamble:

The Tidelands Council is asked to approve this resolution providing changes to commercial/industrial and residential upland licenses that will replace the former policy adopted in the Council meeting minutes of February 6, 2008. The 2008 method sought to make improvements to residential dock licenses but failed to address commercial/industrial and residential upland licenses, leaving them status quo. The policy adopted in 2008 kept the term of these licenses at seven years despite the fact that the term of residential dock licenses was increased to ten years. Also, unlike residential dock licenses, no method to account for inflation was approved for these licenses.

The proposed changes will provide consistency among the State's licenses. Fees for commercial/industrial and residential upland licenses will still be based on a land value equalized approach but will now include an annual inflation adjustment of 2.5 percent as is to be included in residential dock licenses. The term of the licenses shall be increased to ten years.

The proposal also eliminates the need for a specific tidelands survey from the applicant as has been approved for residential dock licenses. The cost of an average property survey is \$500.00 to \$1,500.00. By accepting a survey sent in for a Waterfront Development Permit, we significantly cut costs to applicants by not requiring additional revisions for Tidelands specific survey requirements.

The Bureau will continue to attach engineering drawings to those licenses that include upland areas but will no longer do so for water only licenses, therefore relieving the engineering staff of extreme backlogs. The application process will be overhauled, processing time will be cut dramatically and the process will be easier for applicants and the Bureau.

The Bureau is extremely understaffed and we will not be able to hire new staff for the foreseeable future.

Resolution:

This resolution, regarding the lease of tidelands of the State of New Jersey for commercial/industrial docks and upland and residential upland and practices regarding same, upon approval by the Tidelands Resource Council, will replace the policy for these licenses last approved by the Council on February 6, 2008.

Applicability:

The provisions of this resolution shall apply to all commercial/industrial and residential upland license applications technically complete on or after December 1, 2010. All modification applications that are technically complete as of December 1, 2010 will also be covered under this resolution.

The following practices concerning Commercial/Industrial and Residential Upland Licenses shall be effective immediately upon approval by the Council (NOTE: This is not an all-inclusive list):

1) Staff's Discretion:

The formulation, addition, deletion, modification and interpretation of written and unwritten practices concerning commercial/industrial and residential upland licenses are made at the discretion of the Bureau of Tidelands' staff subject to review and ultimate approval of the Tidelands Resource Council or its successors.

2) Measurement:

The commercial/industrial water license areas shall be obtained by measuring the dock and associated moorings. Mooring piles and the areas they define will be included in the license area. Boat lifts and Jet Ski lifts will be included in license areas. Commercial/industrial and residential upland license areas shall be obtained by measuring the fill area.

3) Compensation:

The following schedule of compensation for licenses applies to any commercial/industrial dock structure including floating docks, Jet Ski and boat lifts and berthing areas as well as commercial/industrial and residential upland areas. A minimum annual fee of \$100.00 shall apply to all licenses. There is no maximum fee. All licenses will be for fixed ten year terms. The applicant has the right to renew the license at the end of its term. The license fee may increase or decrease at renewal based upon the changes in land value as land values are not necessarily tied to inflation.

An annual payment shall be determined for commercial/industrial water areas by the following method:

1. The land only value of the property, obtained from the tax assessor's records, will be equalized using the current tax equalization ratio for the applicable municipality.
2. The equalized property value will be divided by the total lot area to obtain the per square foot value of the upland.
3. 15% of the per square foot value of the upland will be calculated as the riparian land unit value to reflect the fact that water has 15% of the value of land.
4. An amortization factor of 7% will be applied to the riparian land unit value to obtain the license area unit value.
5. The license area unit value will be multiplied by the size of the license area in square feet to calculate the license fee.

An annual payment shall be determined for upland areas by the same method except that step three will be bypassed and 15% of the per square foot value will not be taken.

Each year, for the full term of the license, the annual payment shall be subject to an adjustment of plus 2 and ½ percent (+2.5%).

The minimum fee shall remain consistent moving forward.

- 4) Existing applications already received by the Bureau of Tidelands Management but not yet deemed technically complete will be held until January 1, 2011 to fall under the new policy with the following exceptions;
 - a. When an applicant or agent specifically requests the license be issued under the current policy.

The Bureau is holding all license applications until the new policy is established so that we may get support documents in place. Examples of support documents are: updating the Bureau's web site (guidance documents, policies, instructions, forms etc.), establishing a standard language for all licenses, setting up a fee structure electronically, ensuring Land Use Regulation documentation consistencies and revising the format of the Bureau's license price letter.

Table 1: Proposed changes to Tidelands residential license fees		
December 1, 2010.		
	Began in 2008	2010
	<u>Current</u>	<u>Proposed</u>
Minimum Fee	\$100	\$100
Average License Fee	Based on current upland value	Based on current upland value
Payment Schedule	Annual	Annual
Term	7 years	10 years
Annual Inflation Adjustment	0	+2.5% (but readjusted at renewal)