



State of New Jersey

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Highlands Council Staff Draft Recommendation Report Proposed Highlands Redevelopment Area Designation Givaudan Fragrances Corporation - Mount Olive Block 402, Lot 5

Date: June 21, 2011

Re: Application Type:	<i>Proposed Highlands Redevelopment Area Designation</i>
Name:	<i>Givaudan Fragrances Corporation - Mount Olive Block 402, Lot 5</i>
Municipality:	<i>Mount Olive</i>
County:	<i>Morris</i>
Highlands Act Area:	<i>Preservation Area</i>
LUCM Location:	<i>Existing Community Zone with some Existing Community Environmentally Constrained Sub-Zone</i>
Property:	<i>Block 402 Lot 5</i>
Proposed Use:	<i>Expansion of an existing building for warehouse space</i>

1.0 PROJECT DESCRIPTION

The proposed Highlands Redevelopment Area is within Block 402 Lot 5 in Mount Olive Township (on Waterloo Valley Road within the Foreign Trade Zone.) The proposed project is the expansion of an existing building owned and operated by Givaudan Fragrances Corporation. The expansion would occur in two locations – along the western edge of the existing building – “Phase IIIA” (16,900 square feet [sq ft] for warehouse space), and along the southern edge of the building – “Phase IIIB” where there is currently a cut-out of the building (4,430 sq ft, also for warehouse space.) The total parcel size is approximately 13.5 acres, or 588,060 sq ft. Based on the existing impervious surface of 306,236 sq ft, the maximum Highlands Redevelopment Area size is 437,480 sq ft. and Givaudan is seeking a Highlands Redevelopment Area of 427,948 sq ft.

Givaudan Fragrances Corporation is a global producer of flavors and fragrances, with operations in over 45 countries in more than 80 locations. According to the applicant, the existing facility in Mount Olive is the sole producer of fragrances for Givaudan in North America. The applicant notes that this facility was constructed in 1999 and began operations in 2000 and that its current production volume is approximately four and one half times its year 2000 start-up production volume. The building is devoted to production of fragrances, with the western portion utilized for warehousing. According to the applicant, the warehousing section of the building presently contains about 4,000 pallet positions primarily comprised of raw materials used in the production process portion of the building. After manufacturing of fragrance products, the

products are moved to the loading dock and from there to delivery trucks. The production, supporting office, and warehouse facilities are operated by 250 to 275 full-time employees.

The applicant states that in order to consolidate all raw materials in the location of production, drive efficiency, and meet anticipated production needs through 2020, room for an additional 3,000 to 4,000 pallet positions is required. According to the applicant, the proposed expansion to accommodate the additional pallet positions will allow the facility to continue its 24-hour operation and have sufficient materials available to meet production and delivery demands. The applicant indicates that there would be no new water/wastewater requirements as these would be automated warehouses.

The applicant states that the proposed expansion is critical to the continued operation of the facility in Mount Olive and in New Jersey. According to the applicant, failure to expand to accommodate market demands would require the company to transfer a substantial amount of its production facilities to Mexico, and cause the loss of between 75 and 130 jobs in New Jersey.

2.0 ADMINISTRATIVE PROCESS

As noted above, the subject building was constructed in 1999 and operations began in 2000. On June 19, 2008, the NJDEP issued Exemption #4 for two phases of expansion (Phase 1 and 2). With respect to the currently proposed expansion (Phase 3), a Highlands Redevelopment Area Designation is necessary to support this expansion because Exemption #4 was previously granted and no other Highlands Act exemptions are available for this facility. On May 11, 2011 the applicant submitted application materials for the requisite Highlands Redevelopment Area Designation Pre-Application meeting. The Council staff determined that the application was administratively complete for such a meeting. The Pre-application Meeting was held between the staff and the applicant on May 31, 2011 (Mount Olive Township was notified of this meeting; a representative did not attend the meeting but Mayor Scapicchio has expressed Mount Olive's support for the project.) A summary of the issues discussed during the Pre-application Meeting is attached to this Staff Recommendation Report.

On June 7 2011, the applicant submitted its application for Petition for Highlands Redevelopment Area. The Council staff determined that the application was administratively complete (i.e., it met the submittal requirements outlined in the *Procedures for Highlands Redevelopment Area Designations*, October 2008) and sufficient for the staff to commence a technical review. As is the case for all Highlands Council staff project reviews, members of the public are invited to make an appointment with Council staff to review project files and all application materials.

3.0 SMART GROWTH AND SUSTAINABLE ECONOMIC DEVELOPMENT CONSIDERATIONS

Redevelopment opportunities will be a major vehicle for economic development within the Highlands Region, particularly within the Preservation Area. Redevelopment policies and objectives within the Highlands Regional Master Plan (RMP) envision the conversion of underutilized, previously disturbed lands into new economic contributors to the Region's fiscal health. As stated in the RMP, "Redevelopment will help to meet the Region's growth needs by optimizing the efficient use of previously settled areas with existing communities and available infrastructure, thus conserving natural resources." These formerly developed sites provide the base where economic activity may continue to flourish and regional growth needs may be accommodated.

Given that redevelopment is one of the major opportunities for sustainable economic development and smart growth in the Highlands Region, the proposed redevelopment project was reviewed for policies and objectives relevant to smart growth and sustainable economic development. The RMP calls for economic development that is "sustainable over time," and not dependent on "development of undeveloped lands."

The Highlands Act calls for the RMP to “promote compatible...uses and opportunities within the framework of protecting the Highlands environment.”

The subject proposal entails the expansion of an existing building that is located in the Foreign Trade Zone of Mount Olive Township. The proposed Highlands Redevelopment Area has greater than 71% impervious cover. As previously described, the proposed redevelopment project seeks to expand an existing facility in order accommodate anticipated production needs through 2020. According to the applicant, the proposed expansion will allow the facility to continue its 24-hour operation and have sufficient materials available to meet production and delivery demands. Also as previously noted, the applicant states that failure to expand to accommodate market demands would require the company to transfer a substantial amount of its production facilities to Mexico, and cause the loss of between 75 and 130 jobs in New Jersey.

Designation of the proposed Highlands Redevelopment Area provides for beneficial use of the site. By reusing and redeveloping previously disturbed areas, economic investment and community development within the framework of smart growth is assured. The project promotes smart growth policies by a maintaining land use patterns, balancing economic development with resource protection, and providing an equitable distribution of the costs and benefits of redevelopment. The proposed building expansion does not create a substantial change to the existing development pattern of this area.

4.0 FINDINGS AND RECOMMENDATIONS

Council staff reviewed the complete application package. The site plan was analyzed to verify the reported sizes of the proposed Highlands Redevelopment Area and the areas of impervious surface. Findings include:

- **Impervious Surface Requirement:** The calculations were verified and the proposed Highlands Redevelopment Area was found to contain 71.6% impervious surface, in excess of Highlands Act requirements for at least 70 percent impervious surface.
 - Existing Impervious Surface = 306,236 sq ft
 - Allowable Highlands Redevelopment Area = 437,480 sq ft
 - Proposed Highlands Redevelopment Area = 427,948sq ft
- **Resource Assessment:** Based upon a review of the site plan and Highlands Council GIS data layers, it was determined that the proposed construction activities (specifically Phase IIIA along the western edge of the existing building) would entail encroachment into Highlands Open Waters buffers for a wetland located in the northwest corner of the parcel. However, the buffer area encroachment is currently disturbed (i.e., existing fire lane and maintained lawn). As encroachment into the buffer is required for the project, an HPAA redevelopment waiver of this requirement by NJDEP would be required and would be appropriate, as the buffer is in an existing disturbed condition. There would be encroachment into a Moderate Integrity Highlands Riparian Area, which is currently disturbed as previously described. The Highlands Council LiDAR data indicate that Limited Constrained steep slopes exist along the northern border of the parcel and that area includes the location of the proposed Phase IIIA expansion. That location has been previously disturbed (fire lane and maintained lawn with ornamental trees.) It is expected that the proposed expansion would not adversely affect these mapped steep slopes.

The northwest corner of the parcel and the area adjacent to the parcel to the west are mapped as Forest in a Forest Resource Area, Critical Habitat, and Prime Ground Water Recharge Area. The proposed expansions would not encroach into these areas. The locations of the proposed expansions are located within a Tier III Wellhead Protection Area, however the construction and use of warehouse space would not pose a significant potential to result in major discharges of persistent organic or toxic pollutants to ground water or to the land surface. The applicant has indicated that

there would be no new water/wastewater requirements as these would be automated warehouses. There is a historic resource adjacent to the parcel to the north – the Old Main Delaware Lackawanna and Western Railroad Historic District; the proposed expansions would have no adverse effects on this resource.

- Smart Growth and Sustainable Economic Development:** The proposal is consistent with the RMP regarding smart growth and sustainable economic development as the proposed commercial expansion would benefit the local economy.; however, details should be provided as part of the NJDEP HPAА permitting process to demonstrate the implementation of low impact development techniques as addressed in the Low Impact Development Program of the RMP. Management of stormwater from the project area shall be addressed through the HPAА with redevelopment waiver permitting process. The project shall be designed to incorporate low impact development techniques where feasible, including stormwater management. Any disturbance and construction activities must be managed to minimize impacts to the surrounding environment.

The Highlands Act allows a waiver of any provision of a Highlands permitting review on a case-by-case basis for a redevelopment proposal, conditioned upon the finding by NJDEP that it meets the requirements of the narrative criteria described in Section 36 of the Act (N.J.S.A 13:20-34). To assist NJDEP, the Council staff concludes that the proposed project meets the waiver criteria, which are addressed as follows:

Requirement	Staff Analysis
1) would have a de minimis impact on water resources and would not cause or contribute to a significant degradation of surface or ground waters;	There would be no new water/wastewater requirements as these would be automated warehouses No expansion of a public water supply system is proposed, and no expansion of the existing sewer service area is proposed. ADD stormwater
2) would cause minimal feasible interference with the natural functioning of animal, plant and other natural resources;	The proposed project would not encroach into areas of the parcel that feature Forest in a Forest Resource Area, Critical Wildlife Habitat, and Prime Ground Water Recharge Area.
3) will result in minimum feasible alteration or impairment of the aquatic ecosystem;	The proposed project entails encroachment into a Highlands Open Waters buffer that is currently in a disturbed condition. Stormwater regulations must be followed in the project design upon permitting (see response to #7).
4) will not jeopardize the continued existence of endangered animal or plant species;	See response to #2
5) is located or constructed as to neither endanger human life or property nor otherwise impair public health, safety and welfare;	The proposed Highlands Redevelopment Area is compatible with existing municipal zoning. The proposed development is located in the Existing Community Zone, consistent with the policy of the RMP to promote compatible development and redevelopment within the Existing Community Zone.
6) would result in minimal practicable degradation of unique or irreplaceable land types, historical or archaeological areas, and existing public scenic attributes; and	No resources of this type are known to be affected by the project.

Requirement	Staff Analysis
7) meets all other applicable NJDEP standards, rules, and regulations and State laws.	Compliance with all remaining NJDEP standards will be addressed through the HPAA with redevelopment waiver permit process.

It is the Highlands Council staff's draft recommendation that the Highlands Council approve the proposed Highlands Redevelopment Area designation with the conditions that:

1. The site already has greater than 3 percent impervious surface. An HPAA redevelopment waiver will be required for impervious surface, based on approval of this Highlands Redevelopment Area;
2. The encroachment into a Highlands Open Waters buffer shall be entirely within a previous disturbed area, which would not result in a net impact to the functional value of the buffer (in conformance with Policy 1D4) and therefore qualifies for a waiver;
3. The remainder of the property outside of the proposed Highlands Redevelopment Area shall be protected through a conservation restriction, specifically authorizing ecological restoration and maintenance, with recognition of any existing utility structures such as storm sewers and drainage basins that may periodically need maintenance or replacement. Givaudan may propose that the restricted area be delineated to allow for further expansion of the Highlands Redevelopment Area (upon approval of the Highlands Council) to the maximum allowable area of 437,480 sq ft; and
4. The stormwater regulations must be followed in the project design through the HPAA with redevelopment waiver, as part of the NJDEP permitting process. There shall be a coordinated review between the staff of the Highlands Council and the NJDEP such that under the NJDEP waiver, the applicant shall supply a stormwater management plan that incorporates low impact development techniques and a construction implementation plan that minimizes disturbance during and after construction.

Attachments

- Pre-Application Meeting notes
- Consistency Determination

Redevelopment Area Designation Pre-Application Meeting

Date: May 31, 2011
Time: 3:00 pm
Location: Highlands Council Office, Chester, NJ
Re: Potential Redevelopment Area Designation – Givaudan Fragrances Corporation –
Mount Olive, Block 402 Lot 5

Attendees:

Highlands Council Staff	Applicant
Eileen Swan	John Trombley (Givaudan)
Tom Borden	Joe Ciccone (Givaudan)
Chris Ross	Guliet Hirsch (Attorney)
	Greg Ploussas (Engineer)

The Pre-Application meeting began with introductions by all in attendance. Eileen Swan provided a general overview of the Highlands Redevelopment Area Designation process and noted that this is the first of two steps in the process – if the Highlands Council approves the proposed Highlands Redevelopment Area, then an application for a Highlands Preservation Area Approval (HPAA) with Redevelopment Waiver is submitted to the NJDEP for approval.

Greg Ploussas discussed three previous exemption letters issued by NJDEP (though one was rescinded) related to Exemption #4 (reconstruction of buildings or structures within 125% of footprint and increase in impervious surface must be less than one-quarter acre) for previous phases of expansion. He noted that there were negotiations with NJDEP to remove impervious surfaces from other areas of the site such that with the proposed expansion at that time, the amount of impervious surface to be added was under one-quarter of an acre. Ms. Swan noted that she has asked NJDEP to verify precisely what was approved and what negotiations were agreed upon.

Moving to the current application before the Highlands Council, Mr. Ploussas indicated that Givaudan is now applying for a Highlands Redevelopment Area Designation for a “Phase III” expansion to expand the facility at two locations: 1) along the western edge of the existing building – “Phase IIIA” (16,900 square feet for warehouse); and 2) along the southern edge of the building – “Phase IIIB” where there is currently a cut-out of the building (4,430 square feet, also for a warehouse.)

Mr. Ploussas noted that the proposed construction would encroach into a Highlands Open Waters buffer. He stated that Givaudan had obtained a Letter of Interpretation (LOI) for the subject lot and the adjacent Lot 2 but that it was about to expire. Tom Borden noted that they should apply immediately for a new LOI as it would benefit the HPAA process to have the LOI in place. Mr. Borden indicated that a copy of the (about to expire) LOI and digital mapping of the wetlands should be submitted to the Highlands Council. Mr. Ploussas indicated that there would be no new water/wastewater requirements as these would be automated warehouses. Ms. Swan asked Chris Ross if there were any other resource constraints and Ms. Ross noted that there were none except to point out that the existing building is adjacent to a large swath of undisturbed forest that serves as Critical Habitat and Prime Ground Water Recharge Areas and features Highlands Open Waters

Buffers and steep slopes, though this sensitive area would not be encroached upon by the proposed expansion. Mr. Borden asked about stormwater management and Mr. Ploussas responded that recharge and underground infrastructure would be utilized.

Guliet Hirsch asked what was next/what else needed to be submitted to keep the review moving. Ms. Ross explained that for the final petition submittal, the items in Appendix A of the Highlands procedure document were required, which are the requirements of a NJDEP Pre-Application meeting request (it was noted that these items would be required anyway when Givaudan meets with NJDEP to commence the HPAA process.) Ms. Ross also requested that Mr. Ploussas provide either GIS shape files or Auto Cad files of the proposed Redevelopment Area, area of impervious surface, and the proposed expansion.

Joe Ciccone noted that approximately 250 people work at the existing building and that if this expansion was unable to occur, there would be a possibility that the business would need to move to a different location outside of New Jersey. Ms. Swan stated that the Highlands Council is fully supportive of projects such as these that make sense and that have de-minimis impacts to resources. She noted that the Council staff will work closely with Givaudan to facilitate success at this time with the Highlands Council and with the NJDEP during the HPAA process. With respect to timing, the possibility of this project making the agenda of the scheduled Highlands Council July 21 meeting was discussed. Ms. Swan asked Ms. Ross to develop a proposed schedule with respect to submittal of final petition materials, staff review, posting materials, allowing the required public comment period, etc. It was agreed that Highlands Council staff would provide that schedule to Mr. Ploussas as soon as possible.