

## **NEWS RELEASE**

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- Christie administration's initiatives seen as having positive impact
- Lt. Gov. admits there's still "a long way to go".

"The conversation about New Jersey has changed." *Lt. Gov. Kim Guadagno*

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### **NAIOP NEW JERSEY SEMINAR ADDRESSES STATE'S REGULATORY CULTURE CHANGE**

***Lt. Gov. Kim Guadagno and Two Expert Panels Explore New Jersey's Evolving Environmental, Economic and Land Use Climate***

EDISON, N.J., June 10, 2011 – Admitting that, "we have a long way to go," New Jersey Lt. Gov. Kim Guadagno urged the commercial real estate industry to "look at the brighter side. The conversation about New Jersey has definitely changed."

The venue was a NAIOP New Jersey seminar updating the state's environmental, economic and land use planning climate 18 months into the administration of Gov. Chris Christie. "This administration's goal is to help you put people in your buildings—to create jobs," said Guadagno in her keynote address. "We are a state that is getting its fiscal house in order, and that is the story I am here to tell. We are moving in the right direction."

In her view, a key goal is to, "convince people that we are getting better," she said. "My job is to make New Jersey business-friendly again." Admitting that long-standing regulatory problems such as taxes, expensive labor, and high energy costs still exist, she pointed to the newly issued energy master plan and efforts to "get taxes under control" as key steps.

"This is the message you need to take on the road when you pitch a company," she told attendees, just prior to her signature action of giving out her cell phone number. "Use this number—call me with your questions, your problems."

"We are indeed changing the conversation," Guadagno said, noting such recent key moves as Panasonic's North American headquarters relocation to Newark and Bayer's decision to remain and consolidate in the Garden State.

Addressing specific regulatory issues, a panel moderated by Tom Michnewicz focused on "What's Brewing at DEP?" John Hutchison, senior policy advisor at the New Jersey DEP admitted, "water quality management has been an issue for 30 years." Noting changes in 2008 that included a consolidation of planning at the county level and other policy initiatives, "DEP continues to work with the state's 21 counties," he noted. "That said, there are clearly still challenges in the rules."

On the subject of land use, "there has been a culture change at DEP," said Mark Pedersen, acting director of Land Use Planning at New Jersey DEP. "The goal is to make New Jersey's regulatory climate more business-friendly without compromising the environment." Among recent initiatives he outlined are cyber mediation, web-site upgrades, GIS overlays, a land use regulation call center, and exploration of online permitting.

"We have gotten some very positive feedback," Pedersen said, encouraging further dialog between government and the private sector "to come up with some solutions."

Noting the newly implemented Licensed Site Remediation Professionals (LSRP) program, under which site remediation formerly completed by New Jersey DEP staffers will be overseen by private licensed contractors, "there is a conscious effort within DEP to facilitate change," said David Sweeney, New Jersey DEP assistant commissioner. "Things have to happen—things have to change. With LSRP, we want to build a sustainable program that will make more timely decisions and move projects forward."

And while noting the culture change underway at DEP, Sweeney likened the ongoing process to "turning around an aircraft carrier. It takes time."

Leading off the event's second panel, moderator Andrew Robins of Sills Cummis & Gross agreed with the aircraft carrier analogy. Noting the "huge shift" in Trenton, he admitted that a sea change can be difficult, but "optimism is now recurrent that we have an administration that understands, and that we are headed in the right direction."

Tate Goss, president of Viridian Partners, provided an "outsider's" view of New Jersey regulatory issues. His Colorado-based company, a repositioner of brownfield properties, is a relative newcomer to the New Jersey market, and since his initial exposure to what it takes to get a project done in the state he has seen "a remarkable change from two years ago. The process now seems to be more purpose-oriented, and there appears to be more common sense."

Land use is still a problem in Goss' view. "New Jersey is still a home-rule state with many idiosyncrasies," he said. "In many cases it is still a 'street fight'

between DEP and local officials, and the longer it takes to get a project done, the more it costs."

"The land use process doesn't come from making things easier," conceded Anthony DiLodovico of Birdsall Services Group and a former NJ DEP official. "The rules have to be changed. In the new climate, permit applicants are now getting responses and issues are getting resolved, but we still have rules." Noting DEP's new waiver of rules policy in certain circumstances, "we still have to look at all the rules."

An area with a lack of understanding from a developer's perspective, according to Clark Machemer of Rockefeller Development Group, is the LSRP program. "We have to educate the people buying and leasing real estate, to have them be comfortable with it. We're finding some are not comfortable unless DEP directly gives its approval to a project. DEP needs to stand behind LSRP, and people have to understand that we have a lot of good professionals in New Jersey to carry out the program."

Jorge Berkowitz of Langan Engineering and Environmental Services is a former New Jersey DEP official, a current member of the LSRP licensing board, and one of the first LSRPs. "It's time to get the word out about LSRP," Berkowitz concurred. And while the LSRP board will meet with an applicant to explain the program, "DEP should still be involved," he said. "Government has to play a role to make it work."

While there is optimism that the privatization of the site remediation approval process will succeed, "right now there is a little fear of the unknown" relative to privatizing other functions, he conceded. "But if we need to clean up sites in New Jersey in a timely manner, we need to privatize."

In the overview, "DEP has come to realize that they needed a paradigm change," Berkowitz concluded. "There is a friendlier, more rational DEP. The new paradigm seems to be the way to go."

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PHOTO CAPTION: Pictured at the NAIOP New Jersey seminar updating the state's environmental, economic and land use planning climate 18 months into the administration of Gov. Chris Christie are (l-r): George Sowa, NAIOP-NJ President; Lt. Gov. Kim Guadagno and Michael McGuinness, NAIOP-NJ CEO.