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By JOHN SULLIVAN

RINGWOOD

WENKE TAULE, mayor of this small Highlands town, pointed across West Brook Road to her proudest accomplishment. A few hundred yards away, a sloping green hillside met the broad mirror surface of the Wanaque Reservoir.

The hillside was empty, and that was her point.

"This is where they wanted to put the development," said Ms. Paul, a former exercise instructor. "Right next to the reservoir. Can you believe it?"

For generations, the New Jersey Highlands, a band of low mountains and steep valleys stretching from Hunterdon County northeast to the New York border that is home to 800,000 people, was the type of wild place that people concen-

The New Jersey Highlands, a band of low mountains and steep valleys stretching from Hunterdon County northeast to the New York border, provides more than half the state's drinking water. Current negotiations would allow construction to continue on the borders of the Highlands, like a new project in Morristown, inset.

trated on taming. Farms replaced forests in the valleys, dams trapped billions of gallons of water to quench the thirst of distant cities, and tremendous highways were carved into the mountains. But in the last few years, attitudes have changed; many people now take satisfaction in what is not built, rather than what is.

Not long ago Governor McGreevey — wrapping his arms around several large issues that he hopes will carry him

through to re-election — came out with a sweeping plan to preserve about 540,000 acres of this relatively pristine slice of New Jersey. To do that, he wants to limit development sharply in a 395,000-acre swath, called the preservation area, and allow building in the remaining 145,000 acres on the periphery. His proposal did no less than fan the smoldering argument over the future of the Highlands into a roaring political blaze.

Developers, landowners and others with an interest in building in the mountain valleys declared that the governor had gone too far. They mustered their considerable political strength and — with the help of South Jersey legislators who wanted to know what they could expect in return for their support — trapped the governor's plan in a Senate committee.

Environmentalists, no less combative but with considerably less money and influence in the State House corridors,

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Skyline Drive wraps itself over one of the highest ridgelines in the state, and cruising along the dips and turns of the road, it is hard to imagine you are still in New Jersey. Most of the state is covered with plains and rolling hills, but this area, in northern Passaic County, is dark forest and steep mountains. It is an offshoot of the Appalachian mountain range that geologists call the Reading Prong, and it runs from central Pennsylvania, through the Hudson highlands and into northwestern Connecticut.

The New Jersey Highlands was home to one of the country's first iron mines, and many of the original settlers of towns like Ringwood and West Milford were miners. The mountains are also supposed to be rich in uranium, although no one is seriously mining that.

But it is water — which fills the taps of about 4.5 million of the state's residents — that is the real treasure. Many of the state's small rivers originate in the mountains, and the deep and narrow valleys provided perfect locations for engineers to build the state's great reservoirs — the Wanakee and the Monksville in the northeast, the Spruce Run and Round Valley in the west. They are all connected through a steel web of pipes and valves with the state's most populous areas: Newark, Jersey City, Elizabeth, Paterson and nearly all the teeming suburbs in between.

For years, this was an ideal arrangement; the Highlands were isolated and the water, at least at its origin, was clean. But the construction of such highways as Interstates 80 and 287 brought new development into the mountains, and that means runoff polluting streams and concrete covering watersheds.

In 1992, the United States Forest Service issued a report warning that increasing development threatened the state's water supply. In response, the state took relatively small steps to correct the problem, primarily by buying tracts of land bordering the reservoirs.

But 10 years later the service updated its report and repeated its dire warnings. Marcus Phelps, who wrote the report, said his study showed that 3,000 to 5,000 acres of the Highlands were being developed every year.

sent pickets to one recalcitrant legislator's house and issued screaming statements to the press intended to stiffen Mr. McGreevey's resolve.

As for the governor, he was in Canada visiting his daughter for much of the fight, and when he returned just days before the Memorial Day weekend, furious deal-making ensued. By last week, it seemed likely that a plan would move forward, although a vote is not scheduled until June 14. Robert G. Smith, a Democrat from Piscataway who is the plan's sponsor in the State Senate, said Governor McGreevey would get his preservation plan in exchange for making it easier for builders to receive permits from state environmental regulators. The Assembly has already approved the measure.

But judging by the grumbling at the end of last week, no one was completely happy with the proposed bargain struck by the governor and his legislative opponents.

"Of course, the devil is in the details in these kinds of proposals," said Barbara Lawrence, executive director of New Jersey Future, a state planning group. "But we have been very supportive at the general level, of efforts that would make it easier to build in places where we want it to occur."

For their part, environmentalists worry that they have opened the door to more development in the rest of the state, while builders still pine for the mansions with majestic vistas that could be carved into the mountainside.

But supporters of the Highlands say the compromise is worth it. An undeveloped area that attracts more annual vacationers than Yellowstone National Park will remain semi-wild, and reservoirs that supply water to more than half of the state's residents will be protected.

"Preserving the Highlands, on its own merits, is something New Jersey must do," said Senator Smith, who is chairman of the Senate Environment Committee. "The fact that it has stimulated other discussions and other ideas is not a bad thing."

acres of forest and 8,000 acres of farmland. Furthermore, the report noted that only about half the land considered crucial for protection of the water supply had been preserved from development.

"The more building, the more change that occurs, puts more stress on the ecosystem, both those that humans depend on and those that wildlife depend on," Mr. Phelps said in a recent interview.

For years, environmental groups had complained about the encroaching development in the Highlands. The New Jersey Audubon Society, which has a preserve in Ringwood, warned about the loss of habitat for wildlife, particularly for migratory bird species.

Eric Stiles, vice president for conservation at the society, said building had "had a devastating effect" on such species as the golden winged warbler and the red shouldered hawk.

But state officials really began to take notice when water company officials — often seen as business people first and conservationists second — began making dire pronouncements about the state of the water supply.

Colleen DeStefano, deputy executive director of the North Jersey District Water Supply Commission, said in a recent interview that if development was not curtailed in the Highlands, the cost of treating water would increase \$30 billion over the next 50 years, driving up the cost of treating water four-fold.

"This small amount of land supplies half the state's drinking water," she said. "You just can't replace that. There is no place else to go."

Continued from the previous page, in September 2003 the governor appointed a 19-member commission — made up of environmentalists, state regulators, local officials and builders — with Bradley M. Campbell, the state's commissioner of environmental protection, as its chairman.

Mr. Campbell said the group quickly realized that drastic measures were needed.

"If we don't achieve the protection, it is going to compromise both the water quantity and the water quality," Mr. Campbell said. "Preserving the Highlands is not only environmentally the right thing to do, but from a cost-benefit analysis, it is the rational thing to do."

But he said there was a major roadblock: state officials did not have the legal authority to protect drinking water supplies, and there was no regulation preventing new developments on the steep slopes above the reservoirs.

Developers Balk

In March, the panel recommended sharply limiting development in the Highlands with only one dissenting vote — that of Joe Riggs, the regional president of one of the state's largest builders, K. Hovnanian Companies, and past president of the New Jersey Builders Association.

Those recommendations formed the basis for legislation that was embraced by the governor and subsequently proposed by Senator Smith. The 101-page plan is ex-

cessively complicated in its detail but simple in its broad concept: large-scale development would be virtually banned from the 395,000-acre preservation area that is crucial to the water supply and the region's wildlife, with the exception of small projects like additions to existing houses. For towns like additions to existing houses. For towns forced to forgo development, the state would provide money over the next 10 years to ease the pressures on these municipalities to raise taxes. While it is not clear how much this would cost the state, sponsors of the legislation place the price tag at \$10 million a year.

In the remaining 145,000 acres — land in the Highlands that is peripheral to the preservation area — the state would encourage development. For example, a town that agreed to permit more building would be more likely to receive state grants for public projects.

"We wanted to protect the water supply," Senator Smith said, "but we also wanted to make sure the people in the Highlands felt they were fairly treated."

Senator Smith said the builders' organizations had made their opposition clear to him as well as other members of his committee. He dismisses such opposition as thinking of the short term. "Nobody is opposed to growth," he said, "but you have to have the water to provide for it."

'Supply and Demand'

"People need a place to live," John Barba, the current president of the New Jersey Builders Association, said as he stood outside a new townhouse development in Morristown, on the eastern edge of the Highlands. Behind him, crews were applying the finishing touches to rows of brick and clapboard town houses clustered along Morris Avenue. Even with the work going on, people were moving in, carrying furniture past the workers.

To Mr. Barba, this type of development is too rare in the Highlands. In fact, he said that from a sales standpoint, the wall-en-

record growth after Gov. Brendan E. Byrne issued an executive order to protect the New Jersey Pinelands in 1979. That act, like the proposed Highlands measure, directed growth toward towns outside the core preservation area.

The governor's representatives quickly agreed to supply about \$2 million a year to help towns like Egg Harbor, which has strained under explosive growth.

But Mr. Sweeney still resisted, and by late last week he had not signed on to the governor's proposal. In a recent interview, he added yet another concern, saying he was not certain that towns in the Highlands would be sufficiently compensated for lost taxes.

Because the negotiations have taken place largely behind closed doors, the twists and turns in the talks are unclear. In interviews, people familiar with the bargaining say that Mr. Sweeney is holding out for changes that will make it easier for developers to receive environmental permits throughout the state, and that the governor's office has proposed easing the permit process but only for projects planned in urban areas.

For his part, Mr. Sweeney denied any connection between the two issues, and the governor's office declined to comment on the status of negotiations.

At the same time, environmentalists have been watching this issue closely, and with growing concern. Jeff Tittel, director of the New Jersey chapter of the Sierra Club, said the governor was "allowing legislators to set the builders' agenda and using the Highlands to do it."

Despite the sniping, the governor said he felt confident of a successful conclusion.

"There is a growing recognition of the inevitability of the passage of the Highlands legislation," Mr. McGreevey said in an interview. "We all, Republicans and Democrats, recognize the importance of protecting our drinking water."

Will He Bypass the Legislature?

Mr. McGreevey would not talk about specifics of the negotiations, or whether he would be willing to compromise on environmental regulations to secure passage of the Highlands plan. But the governor did say he would not agree to anything that "would weaken environmental protection."

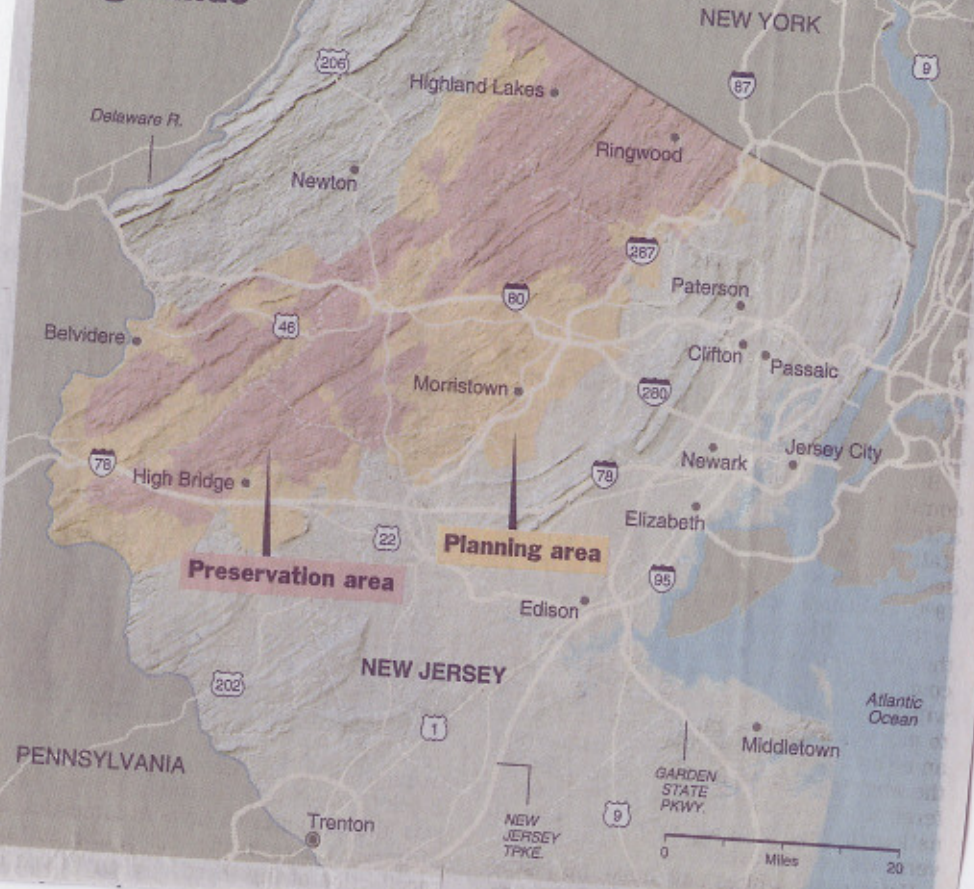
If necessary, Mr. McGreevey has threatened to work around the Legislature, something that two of his predecessors have done to enact sweeping environmental measures. Governor Byrne issued his order protecting the Pinelands, and in 1987 Gov. Thomas H. Kean imposed an executive order limiting building on wetlands.

Governor McGreevey says he is reluctant to take that step, insisting that the Legislature should commit to the idea of sharply limiting development of the Highlands. But he says he will do so if there is no alternative.

For now, he is clinging to the belief that the Senate will act.

"If necessary, an executive order will be signed," Mr. McGreevey said. But he added that "the momentum, from my perspective, is moving in the right direction."

New Jersey Highlands



Preservation area

Planning area

The New York Times

