

Meadowlands Xanadu in NJ: A vision becomes reality

By MICHAEL G. LUCHKIW, ESQ., PARTNER, DeCOTIIS, FITZPATRICK, COLE & WISLER, LLP



Meadowlands Xanadu, located along the N.J. Turnpike only minutes from Manhattan, is a \$2-plus billion dollar mixed use development that is currently under construction on the N.J. Sports and Exposition Authority (NJSEA) Sports Complex site in East Rutherford, New Jersey. Xanadu will neighbor the new Giants/Jets stadium and, when

completed, will surround the Izod Center Arena. By any measure, Xanadu's location is outstanding and the project itself is one of a kind. Totalling approximately 5 million square feet, Xanadu is comprised of three primary components: entertainment and retail (2.94 million sq. ft.); office (1.76 million sq. ft.) and hotel (520 rooms). The entertainment and retail component is scheduled to open during August 2009 and will be divided into five zones: entertainment, sports, youth culture, fashion and home and food. This component will feature North America's first indoor ski slope, a near 300 foot tall observation wheel like the London Eye, simulated sky diving, trapeze school, 3,000 seat live theater and restaurants and retail venues many of which will be new to the region. These imaginative new uses will be combined with existing Sports Complex venues to provide a unique, visually compelling, year round family entertainment destination. But in these economically troubling times, perhaps the best news about Xanadu is its astounding economic benefits which include 20,000 jobs and hundreds of millions of dollars in tax revenue.

All of these attributes make Xanadu one of the most highly anticipated projects in the New York metropolitan area. However, the road to Xanadu has been a long one. In fact, Xanadu was not even originally planned for construction on the Sports Complex site.

The Empire Tract

The project was originally proposed during September 1994 by The Mills Corporation on property located adjacent to the Sports Complex site commonly known as the Empire Tract – nearly 600 acres of land that is predominately wetlands. The project experienced numerous redesigns over several years but in its final form would have required the filling of approximately 140 wetland acres. This triggered the jurisdiction of the U. S. Army Corps of Engineers which decided that the amount of proposed fill required preparation of an Environmental Impact Statement (EIS). It also seemed that the State of New Jersey decided to withhold decision on a multitude of environmental permits for the

project until the EIS was completed.

The EIS process was controversial as thousands of parties from across the United States wrote to the Corps requesting denial of a permit for the project. Certain parties claimed that the neighboring Sports Complex was a viable alternative site for the project. This claim may have been due to the NJSEA's attempt to develop its site with a commercial project years earlier. Hearing this, the Corps made inquiry of the NJSEA regarding the claim but the NJSEA advised that their property was not available.

The EIS took several years to complete but the Corps decided that, after review of over 100 potential alternative sites, no practicable alternative site existed to the Empire Tract. The Corps further concluded that, in general, the project proposed on the Empire Tract would not have a significant impact on the environment. It was now time for the State to complete its review of the project.

NJSEA Public Bid Process

No sooner had the Empire Tract EIS been completed when in June 2002, NJSEA issued a Request for Proposals ("RFP") for the redevelopment of the Izod Center Arena site at the Sports Complex. Since the Corps viewed the Sports Complex as a potential alternative development site to the Empire Tract the developer had no practical choice but to participate in the NJSEA's RFP process.

NJSEA received six proposals in response to its RFP, including the Xanadu proposal which was submitted by The Mills and its new partner Mack-Cali Realty Corporation. After a six-month evaluation process, NJSEA determined that the Xanadu proposal best met the agency's purposes and on December 3, 2003 the parties executed a developer agreement. Mills/Mack-Cali was finally in a position to procure permits and approvals necessary to construct Xanadu.

The Entitlement Process

Development on the Sports Complex site presented its own challenges – the need to fill 8 acres of wetlands, relocate a creek and remediate site wide contamination, to name a few. These and other site conditions together with project characteristics necessitated the procurement of over 30 approvals, most notably from the Corps and N.J. Department of Environmental Protection (NJDEP), in order to construct Xanadu. The NJDEP and N.J. Meadowlands Commission also issued a joint approval pursuant to a statutorily mandated "consultation" process which required a review of Xanadu's location as well as its potential environmental impacts. A Master Plan for Xanadu also required approval from the NJSEA.

The overall review of Xanadu was exhaustive. However, in the end, all necessary entitlements were procured. The entitlement process also resulted in what most people believed was a major environmental benefit – the preservation of the near 600 acre Em-

pire Tract in perpetuity as mitigation for the filling of approximately 8 acres of wetlands on and around the Xanadu site.

Notwithstanding the exhaustive review of Xanadu and its economic and environmental benefits, competitors and environmental groups remained opposed to the project. This resulted in no less than 20 lawsuits none of which were successful in stopping construction of Xanadu which has now been ongoing for several years. At this time, only the remnants of a couple of lawsuits remain and Xanadu's entertainment and retail component is in its final stretch towards completion. So, while the road to Xanadu has been a long one, this eagerly anticipated project will soon open and should prove to be a great entertainment venue for residents of the New York metropolitan area and beyond.