

Research paper on american dream meadowlands xanadu

[Business](#), [Management](#)



Introduction

The former 106-acre Continental Airlines Arena site at the Meadowlands in East Rutherford, Bergen County became the subject of proposed redevelopment when the then occupants, the sports teams the Nets, the Devils, and the Pirates, proposed moving to new venues. Since then, plans for the redevelopment have experienced a bumpy ride and changes along the way, with current projections of the opening of a much expanded complex perhaps by sometime in 2014. This paper describes the progress of that project, the changes in scope, project management and financing that have occurred, the obstacles that the developers have had to overcome, and the current situation with regard to its possible completion.

The Research

The Beginnings. Going back to the year 2002, according an article in the New York Times (Smothers, 20 Sep. 2002), six different developers offered their proposals to redevelop the Continental Airlines Arena. The ideas included an oval circuit for automobile races, an indoor ski center, and a convention center including hotel and entertainment facilities. All of the proposals envisaged concepts greater than the existing use of the area, with suggested names including “ Xanadu”, “ MeadowFest America” and Sports City America.” As well as retail and restaurant elements, those proposals also included sporting features like a skateboarding arena, a rock climbing wall, plus an indoor amphitheatre, virtual reality games, a ferris wheel, a spa and a “ National Football League Experience.” At the time, the new development at the Meadowlands was envisaged to cost as much as \$1 billion. According

to the article, the successful proposal would have to be privately financed plus pay off an outstanding debt of \$100 million on the existing arena.

History of the project. In due course the project was awarded to the Mills Corporation. According to Bagley & Perez-Pena (2011) writing in the New York Times, when Mills later encountered financial and other difficulties, the project was taken over by Colony Acquisitions in January 2007. They too fell foul of problems including delays and eventually, in 2009, had their promised financing withdrawn, halting construction in its tracks. The article described how Governor Chris Christie had negotiated a new deal with Triple Five, the people who had developed the Mall of America. They were not only to complete the stalled project, but to add another \$1 billion funding to the \$1.9 billion already spent. In return, Triple Five would rename it as American Dream @ Meadowlands, expand it, and install a new exterior, replacing the original which had caused it be called (by the Governor himself) “ the ugliest damn building in New Jersey and maybe America.” The expansion included an extensive indoor water park, a skating rink, and retention of the planned indoor ski facility.

Then, as reported in a Huffington Post article by Duffelmeyer (2012), DreamWorks, the Hollywood studio announced that it was going to license its characters to be used in a new theme park in the Meadowlands project. In the same article, it was reported that Triple Five projected the mall opening for 2014, though probably not in time for the hosting of the Super Bowl at the MetLife stadium. Attractions mentioned in that article for the project included a live theatre and ski and snowboard park.

The most recent update on the progress of the project was provided by

Waters (27 October 2012) in her article in NJBIZ, where she reported that Triple Five had received the essential permit that will allow them to develop their expansion area of the new complex by filling in several acres of wetlands. In return Triple Five have to compensate for the loss of those 5. 41 acres by purchasing 5. 41 “ mitigation credits” (facilitating preservation of wetlands in another location). Also, triple Five have to preserve another 130-acres site called Walden Swamp, plus other minor conditions. According to Waters, the project now requires just a final review by the sports authority, although a revived MetLife lawsuit is still a potential problem for the developers.

Obstacles in the way of completion. Apart from the difficulties already mentioned (financing, delays, overspends, changes of developer) there were other problems that had to be overcome. Two such, mentioned by Bagley & Perez-Pena, were firstly that local laws prohibited retail sales on a Sunday, and secondly that the owners of the neighboring MetLife stadium had imposed restrictions on the new mall being active on at least 10 days during the football season when they would be hosting games.

An article by Duffelmeyer (2012) also mentioned that the teams playing at the adjacent MetLife stadium were attempting to block the project, on the basis of alleged violation of an agreement to consult them before agreeing any expansion plans; also that traffic congestion arising from the projected 55 million visitors each year would cause a “ transportation nightmare”.

Triple Five responded that they were creating activities that would keep people on site after football games (to spread the traffic flow) and that the development included over 30, 000 parking places. In addition, according to

Brennan (2012) in his article “ Giants, Jets try to stop construction of American Dream complex in Meadowlands” the potential transportation problems had been ameliorated by the opening in 2009 of a \$185 million rail link into the new complex and \$400 million expenditure on road improvements in the area.

Ivers (August 2012) reported that the judge had dismissed the attempt reported earlier by Brennan to block the development of the project. The dismissal was based on the fact that the plans including the expansion details were not yet finalized.

In October 2012, an article by Gellis in Enjoy New Jersey News, recounted the details of an interview with Jim Kirkos, “ President and CEO of the Meadowlands regional Chamber of Commerce.” In that interview Kirkos advised that “ the last hurdle for construction on the original footprint of the project” is the “ Army Corps of Engineers permit, which should be forthcoming very soon.” However, he admitted that the expansion part of the project still faced obstacles from the MetLife objections based on traffic congestions fears.

An earlier article by Brennan (April 2012) had highlighted some of the obstacles arising in that expansion area of the project. Because some five acres of that 22-acre area is on designated wetlands, the developers must apply to the Army Corps of Engineers to build there, and may need to “ buy credits at wetlands mitigation banks” to obtain the necessary permits. The same article also advised that Triple Five have yet to finalize a further \$1.7 billion of financing - including some from public sources - before they can take over the site from their major lenders.

Another article by Brennan (18 October 2012) reported that the date of the decision by the New Jersey Sports and Exposition Authority on the revised (expanded) plan for the American Dream @ Meadowlands cannot be predicted, according to the authority's President Wayne Hasenbalg. The major reason given was that the developer and the Giants & Jets were poles apart in their views of the numbers of additional cars on site following a football game. Whereas the developers forecasted just 63 extra cars, the MetLife people predicted 7, 700. It is alleged that the earlier dismissed MetLife lawsuit is unlikely to be revived as they consider that the project is likely to "rubber-stamped" in due course.

Previous timeline of the project. Significant dates of the project up to 2009 when the project "stalled" were as follows, according to Brennan & Verdon (2009):

- On 12 February 2003, the New Jersey Sports and Exposition Authority approved the plans to redevelop the Continental Arena site for the then named Xanadu entertainment and retail park;
- 3 December 2003, the agreement with the Xanadu developer was approved;
- 5 October 2004, Xanadu ground lease (75 years) approved;
- 22 August 2006, Announcement: Colony Capital Acquisitions to take over project from Mills Corp. & Mack-Cali. Takeover completed 17 January 2007;
- 15 May 2008, opening date pushed back several months to midsummer 2009.

Conclusions

The American Dream @ Meadowlands project will be completed. After all the money that has been spent to date (\$3.7 billion – approaching four times the original budget) it is unlikely it will be allowed to fail. Also, now that Governor Christie has openly declared his support and assigned public funding and tax breaks, etc to assist the project, it seems almost certain that project completion will be expedited. From research undertaken, it would seem that almost all of the formalities have been completed and regulatory hurdles overcome, It is undoubtedly a massive project, even more so now that its original scope has been considerably expanded, at the same time as revamping the rather garish original exterior which did nothing to enhance its appearance from a distance. As regards its merits and its necessity or desirability for the general public in its catchment area, only time will tell if it will ultimately become a commercial success. Having said that, the developers Triple Five have some experience in such major developments and no doubt would not have taken on the project had they not been convinced of its viability.

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