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Carlstadt plans suit over Xanadu

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Carlstadt officials say they will file a lawsuit next week against the New Jersey Sports and Exposition Authority in an effort to increase the town's share of revenue from the Xanadu project.

The town will suffer financially from the development deal because it preserves the 587-acre Empire Tract and removes it from Carlstadt's tax rolls, town officials said Thursday. The wetlands property brought in \$1.7 million this year, almost 15 percent of municipal tax revenue.

The tract is owned by Mills Corp., one of the developers of Xanadu, but will be turned over to the state as part of the deal.

On Monday, the borough hired a special counsel to handle the suit, Stuart Lieberman of Princeton. The suit could also name Mills and fellow developer Mack-Cali, the New Jersey Meadowlands Commission, and the state of New Jersey.

"We have an obligation to defend our municipality," said Mayor William Roseman. The sports authority has offered the borough \$750,000 in annual compensation, with an increase to \$850,000 after two years. Roseman called the package "wholly insufficient."

Town officials expect hefty expenses from dealing with increased traffic from the planned \$1.3 billion entertainment and retail complex. Roseman described the compensation shortfall as "stealing from blue-collar towns and the schools."

George Zoffinger, president of the sports authority, expressed surprise at the potential lawsuit. "They don't think they're getting enough?" he asked. "We were of the opinion that everyone was happy."

"We think we have worked out a very ambitious and positive ... payment for all of the towns in the Meadowlands tax-sharing district," Zoffinger said.

The payments are known as PILOTs, an acronym for "payments in lieu of taxes." Because Xanadu will be built on state-controlled land, the project is exempt from property taxes. Instead, the developers have agreed to pay the sports authority an annual PILOT of between \$10 million and \$12 million, which will be divided among the towns in the Meadowlands district, Zoffinger said. Exact amounts have yet to be determined.

"We did attempt to recognize the proportion each community would contribute in services to Xanadu," said sports authority Chairman Carl Goldberg. "I thought that the offer that was made to the borough of Carlstadt was very fair."

Spokesmen for the Meadowlands Commission and Mills/Mack-Cali said they could not comment on the potential lawsuit without seeing the legal complaint.

On Wednesday, East Rutherford officials approved a proposed \$6 million annual PILOT for the first two years of Xanadu's operation. In principle, some of that money will trickle down to the other towns in the Meadowlands district through their tax-sharing pool.

Mayor Roseman said PILOT negotiations between the borough and the sports authority have broken down because the authority would not share documents on the costs, impacts, and revenue from Xanadu. Goldberg said he has made himself available to meet with borough officials on a number of occasions, but they've chosen not to meet with him.

Because of the loss of Empire Tract taxes, Carlstadt will get a credit that allows it to pay less into the Meadowlands tax-sharing pool, Roseman acknowledged. But that credit will not make up for the loss of the opportunity to develop the Empire Tract, or the financial burden of dealing with traffic and security on Route 17, Paterson Plank Road, and other local streets.

"Things are great, but for the sports authority, not for the towns," Roseman said.

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