

**MINUTES OF THE WEST JORDAN CITY
REDEVELOPMENT AGENCY MEETING**

Wednesday, January 9, 2019

6:00 p.m.

Council Chambers

8000 South Redwood Road

West Jordan, Utah 84088

BOARD: Chair Jim Riding, and Board Members Alan Anderson, Dirk Burton, Zach Jacob, Chad R. Lamb, Chris M. McConnehey, and Kayleen Whitelock.

STAFF: David R. Brickey, City Manager; Korban Lee, Assistant City Manager; Rob Wall, City Attorney; Jamie Brooks, Deputy City Clerk; Scott Langford, Community Development Director; David Naylor, Interim Parks Director; David Zobell, City Treasurer, Brian Clegg, Public Works Director; Derek Maxfield, Fire Chief; Ken Wallentine, Police Chief; Brock Hudson, Community Preservation Director; Kent Andersen, Economic Development Director; Paul Coates, Business Development Manager; Jeremy Olsen, Redevelopment Program Manager; David Murphy, Engineering Manager for Capital Improvement Projects; Duncan Murray, Assistant City Attorney; Jared Tingey, Assistant City Attorney; Justin Stoker, Deputy Public Works Director; Eric Okerlund, Budget Officer; Chris Trevino, Battalion Chief; Steve Holmes, Battalion Chief; Larry Gardner, City Planner; Kim Wells, Public Information Manager; Paul Wellington, Purchasing Agent; Judy Hansen, Planning Commissioner; Heather Everett, Senior Executive Assistant, and various firefighters.

I. CALL TO ORDER

Chair Jim Riding called the Redevelopment Agency meeting to order at 6:02 p.m.

II. PUBLIC HEARING

**RECEIVE PUBLIC COMMENTS REGARDING AMENDMENT TO EDA #4 AND
THE FISCAL YEAR 2018-2019 FOR THE REDEVELOPMENT AGENCY**

Kent Andersen explained that the process prescribed in state law regarding economic development projects utilizing tax increment financing was found in the Community Reinvestment Agency Act (Title 17C). For the Redevelopment Agency to create a project area, the Agency must first adopt a survey area resolution and then hold duly-noticed public hearings for the Project Area Plan and the Project Area Budget.

Project Survey Area

On February 10, 2010, the Redevelopment Agency of West Jordan (Agency) adopted a survey resolution, authorizing the preparation of a draft project area plan for Economic Development Project Area No. 4 – Fairchild (EDA #4).

Project Area Plan

After holding the required public hearing, the Project Area Plan for EDA #4 was adopted by the Agency Board on April 14, 2010, to provide Fairchild Semiconductor an incentive for a remodel of the manufacturing facility located at 3333 W 9000 South. The project area included 59.84 acres of industrial zoned land with an existing 293,500 square foot industrial facility.

Project Area Budget

After holding a public hearing, the Project Area Budget for EDA #4 was approved by the Agency Board on April 14, 2010. The Project Area Budget allowed the Redevelopment Agency to utilize tax increment financing to provide incentives for the redevelopment of the project area. The original Project Area Budget for EDA #4 allowed funds to be awarded for the retention of 473 existing jobs, the creation of 16 new jobs, and a personal property investment of approximately \$52 million at the project site.

Agreement for the Development of Land

An Agreement for the Development of Land was adopted by the Agency Board on April 14, 2010, allowing for a rebate of property tax increment to Fairchild Semiconductor (later Semiconductor) for new personal property investment at the site. Following the closure of the Fairchild Facility in late 2014, this agreement was placed on hold indefinitely.

Property Acquisition & Sale

On November 20, 2017, the Agency acquired the property located at 3333 W 9000 South from On Semiconductor for redevelopment of the site. On March 5, 2018 the Agency sold the property to Aligned Energy to development the site as a data center. Aligned Energy was now the owner of the property, and subleased space to data center tenants.

Municipal Energy Tax Participation Agreement

On December 20, 2017, the Agency Board approved a participation agreement with Aligned Energy for the repurposing of the former Fairchild building located at 3333 W 9000 South. The agreement provided a rebate of Municipal Energy Tax (MET) to Aligned Energy for a ten-year period, which was capped at an amount of \$5.0 Million. The MET was a sale and use tax imposed on utility rate payers in the city, assessed at a rate of 6% of monthly electrical charges. The funding for this participation agreement came through an interlocal agreement between the City and the Agency.

Taxing Entity Committee

Due to the limits in both the number of years and budget authority remaining in the existing project area, an amended budget was necessary to generate sufficient funds to satisfy the proposed Participation Agreement. Modification of a project area budget also required the consent of the Taxing Entity Committee (TEC).

The West Jordan TEC met on December 17, 2018 and approved the amended project area budget. Following approval by the TEC, the Agency must decide whether to grant final approval to the project area budget amendment, after which the participation agreement with PayPal may be approved.

Amended Project Area Budget

In fall 2017, PayPal engaged city staff requesting Agency participation for a tax rebate of a portion of the personal property taxes paid by the company at the project site as a tenant of Aligned Energy. The proposed Participation Agreement with PayPal included a rebate of personal property taxes for a ten-year period, with a cap of \$6.8 million. PayPal anticipated a total investment within the Project Area of approximately \$663 million over a ten-year period.

Due to the limited budget authority in the original project area budget and the details of this proposal, the proposed rebate would require amending the existing budget to provide a new 10-year collection period with a corresponding budget cap of \$6.8 million. The proposed rebate would allocate 60% of all new tax increment funds generated by PayPal's server equipment to the Agency, while the remaining 40% would be directed to the taxing entities. Of the Agency's allocation, 10% would be utilized for housing funds, 3% would be provided for administration costs, and the remainder would be available to rebate to the company.

PayPal was a tenant of Aligned Energy and the proposed rebate applied only to PayPal's personal property, and did not apply to any real property, or to any additional personal property beyond that which was owned or controlled by PayPal. This represented a change from the original budget, which collected all real and personal property taxes generated in the entirety of the Project Area.

Councilmember Burton inquired about water usage for the new/current tenant of the building. Kent Andersen responded that water discharge was significantly less than with Fairchild, but *usage* was unclear since the tenants had not yet begun operations.

Councilmember Jacob asked for clarification regarding the 60% of tax increments that would go back to the RDA.

Kent Andersen explained that the proposal was to first have 60% of all the tax increment generated. 87% of the 60% would then be rebated back to PayPal, 10% would be retained for housing and other RDA activities in any of the various redevelopment areas, and 3% would go to the administrative costs.

Councilmember Jacob explained to the public that residents did not have to pay taxes on personal property—only businesses were required to do that. He wished to make it clear that this discussion was about the “things” *inside* the building/business.

Mayor Riding opened the public hearing.

Jonathan Rogers, West Jordan resident, stated that he had met with some City Councilmembers and had seen the PowerPoint slides in advance of the meeting which he appreciated. He felt that residents were not informed of this project in advance. He asked that the Board vote against the development because he felt the project would have an adverse impact on nearby neighborhoods, both environmentally and economically. He also suggested that the City had not sufficiently investigated a variety of issues pertaining to the project.

Steven Van Maren, Sandy City resident, approved of many aspects of the project. However, he was not in favor of the plan itself as it was dated 2010 and was no longer relevant. Additionally, he was concerned that the budget was insufficient for the long run.

There was no one else who wished to speak, and Mayor Riding closed the public hearing.

Board member Burton asked that Kent Andersen respond to Mr. Van Maren's concerns.

Kent Andersen responded that although the plan which was adopted in 2010, was used only to establish the project area and the budget would drive the administration of how the funds would be utilized. Staff recognized that an amendment to the plan was not necessary—just an amendment to the budget and a participation agreement which reflected that budget.

III. BUSINESS ITEMS

APPROVE THE MINUTES OF DECEMBER 12, 2018 AS PRESENTED

MOTION: Board Member McConnehey moved to approve the minutes of December 12, 2018 as presented. The motion was seconded by Board Member Burton.

A roll call vote was taken:

Board Member Anderson	Yes
Board Member Burton	Yes
Board Member Jacob	Yes
Board Member Lamb	Yes
Board Member McConnehey	Yes
Board Member Whitelock	Yes
Chair Riding	Yes

The motion passed 7-0.

**DISCUSSION AND POSSIBLE ACTION REGARDING RESOLUTION NO. 211,
ADOPTING THE AMENDED PROJECT AREA BUDGET FOR THE FAIRCHILD
ECONOMIC DEVELOPMENT PROJECT AREA (EDA #4)**

Board member Anderson pointed out the EPA-approved upgrades that had been made to the facility and explained that noise and air emissions were regulated by the County and the State rather than the City. The facility was required to meet current government regulations.

Kent Andersen agreed that Utah Department of Air Quality had deemed that each generator had the best available technology with the lowest emissions of any diesel engine. Also, the Jordan Valley Water Reclamation reported that at its peak, Fairchild Semiconductor had discharged 500,000 gallons of water per day and that Alliant Energy would use significantly less.

Board Member Whitelock stated that she had attended a town hall meeting attended by just three City residents, including Mr. Rogers. Of the three, only Mr. Rogers opposed the project.

Board Member Jacob stated this was purely a financial decision at this point. The Board was not debating whether a data center should be allowed on the site—current zoning already permitted it and the data center was already in existence. The Board was only addressing whether to accept PayPal as an occupant of the facility in exchange for certain tax incentives they had requested. Providing these incentives would increase City revenues and he was firmly in support of doing so.

Board Member McConnehey stated that perhaps Mr. Rogers was correct that the human element had been missed. However, this project would be very significant and beneficial for the City.

MOTION: Board Member McConnehey moved to approve Resolution No. 211, adopting the amended Project Area Budget for the Fairchild Economic Development Project Area (EDA #4). Board Member Lamb seconded the motion.

A roll call vote was taken

Board Member Anderson	Yes
Board Member Burton	Yes
Board Member Jacob	Yes
Board Member Lamb	Yes
Board Member McConnehey	Yes
Board Member Whitelock	Yes
Chair Riding	Yes

The motion passed 7-0.

DISCUSSION AND POSSIBLE ACTION REGARDING RESOLUTION NO. 212, AUTHORIZING THE CHAIR TO EXECUTE A PARTICIPATION AGREEMENT FOR THE FAIRCHILD ECONOMIC DEVELOPMENT PROEJCT AREA (EDA #4)

Kent Andersen explained that the process prescribed in state law regarding economic development projects utilizing tax increment financing was found in the Community Reinvestment Agency Act (Title 17C). For the Redevelopment Agency to create a project area, the Agency must first adopt a survey area resolution and then hold duly-noticed public hearings for the Project Area Plan and the Project Area Budget.

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REQUESTED ACTION:

Personal Property Tax

In fall 2017, PayPal engaged City staff requesting Agency participation for a tax rebate of a portion of the personal property taxes paid by the company at the project site as a tenant of Aligned Energy. The attached Participation Agreement was consistent with the terms discussed with City staff at that time.

The amended Budget would provide to the Agency 60% of all new personal property taxes from PayPal personal property only, while the remaining 40% would be regularly distributed to taxing entities.

Of the project area funds received by the Agency, 87% would be provided to PayPal under the terms of the Participation Agreement, 10% would be directed to the Agency housing allocation, and 3% was retained for Agency administration.

The amount of increment generation would vary according to the timing and level of investment by PayPal, and by the calculated depreciation of the equipment, but the total amount the Agency might receive was limited to a cap of \$6.8 million and a period of 10 years. The estimated amount of the rebate to PayPal, based on a ten-year investment schedule consisting of \$663 million, and after subtracting for administration and housing fund allocations, was \$5.9 million. The property tax rebate was to be distributed annually on a post-performance basis; if the investment schedule was not met as estimated, the awarded funds were similarly reduced.

MOTION: Board Member McConnehey moved to approve Resolution No. 212 (as provided in hard-copy form to the Board), authorizing the Chair to execute a Participation Agreement for the Fairchild Economic Development Project (EDA #4). Board Member Anderson seconded the motion.

A roll call vote was taken

Board Member Anderson	Yes
Board Member Burton	Yes
Board Member Jacob	Yes
Board Member Lamb	Yes
Board Member McConnehey	Yes
Board Member Whitelock	Yes
Chair Riding	Yes

The motion passed 7-0.

III. ADJOURN

MOTION: Board Member McConnehey moved to adjourn the RDA meeting and reconvene the City Council meeting. The motion was seconded by Board Member Burton and passed unanimously.

The meeting adjourned at 6:33 p.m.

The content of the minutes is not intended, nor are they submitted, as a verbatim transcription of the meeting. These minutes are a brief overview of what occurred at the meeting.

JIM RIDING
Chair

ATTEST:

DAVID R BRICKEY
Executive Director

Approved this 27th day of March 2019