



**BLUFFDALE CITY REDEVELOPMENT AGENCY
TAXING ENTITY COMMITTEE ANNUAL MEETING AND EASTERN BLUFFDALE ECONOMIC
DEVELOPMENT PROJECT AREA SPECIAL MEETING AGENDA**

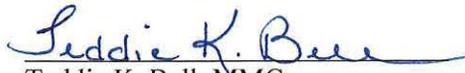
December 9, 2013

Notice is hereby given that the Bluffdale City Redevelopment Agency Taxing Entity Committee will hold its annual meeting and Eastern Bluffdale Economic Development Project Area Special Meeting Monday, December 9, 2013 at the Bluffdale City Fire Station, 14350 South 2200 West, Bluffdale, Utah scheduled to begin promptly at 1:30 p.m. or as soon thereafter as possible. Notice is further given that access to this meeting by committee members may be by electronic means by telephonic conference call. The agenda will be as follows:

1. **WELCOME AND ROLL CALL**, Mark Reed, Chair.
2. **TRAINING ON OPEN AND PUBLIC MEETING LAWS**, J. Craig Smith.
3. **PRESENTATION, DISCUSSION AND REVIEW OF THE ANNUAL REPORT.** Review of current active project areas within the Agency's boundaries, including the following:
 1. Eastern Bluffdale Economic Development Project Area.
 2. Bluffdale Gateway Redevelopment Project Area.
 3. Jordan Narrows Economic Development Project Area.
 4. Porter Rockwell Community Development Project Area.
4. **BUSINESS ITEMS EASTERN BLUFFDALE ECONOMIC DEVELOPMENT PROJECT AREA**
 - 4.1. Consent to act on an amendment to the Eastern Bluffdale Economic Development Project Area Budget in this meeting.
 - 4.2. Discussion and Potential Action: **RESOLUTION APPROVING AN AMENDMENT TO THE EASTERN BLUFFDALE ECONOMIC DEVELOPMENT PROJECT AREA BUDGET.**
5. **OTHER MATTERS**
6. **ADJOURN**

Dated this 19th day of November, 2013

I HEREBY CERTIFY THAT THE FORGOING NOTICE AND AGENDA WAS FAXED TO THE SOUTH VALLEY JOURNAL, THE SALT LAKE TRIBUNE, AND THE DESERET MORNING NEWS; POSTED AT THE BLUFFDALE CITY HALL, BLUFFDALE CITY FIRE STATION, AND THE COMMUNITY BULLETIN BOARD AT THE BLUFFS APARTMENTS; EMAILED OR DELIVERED TO EACH MEMBER OF THE BLUFFDALE CITY REDEVELOPMENT AGENCY TAXING ENTITY COMMITTEE MEMBER; ON THE CITY'S WEBSITE AT WWW.BLUFFDALE.COM AND ON THE PUBLIC MEETING NOTICE WEBSITE, WWW.PMN.UTAH.GOV


Teddie K. Bell, MMC
Secretary

In compliance with the American with Disabilities Act, Individuals needing assistance or other services or accommodation for this meeting should contact Bluffdale City Hall at least 24 hours in advance of this meeting at 254-2200.

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Present: David Delquadro, Salt Lake County Council
Cathy Dudley, Utah State Board of Education
Burke Jolley, Jordan School District
Susan Pulsipher, Jordan School District Board
Dave Martin, Special Districts Representative
Emily Farmer, Salt Lake County Mayor's Office
Mark Reid, Bluffdale City Manager

Others: Craig Smith, Bluffdale Redevelopment Agency Attorney
Grant Crowell, City Planner/Economic Development Director
Jennifer Robison, Associate Planner
Vaughn Pickell, Bluffdale City Attorney

1. ROLL CALL.

Chair Mark Reid called the meeting to order at 1:42 p.m.

2. TRAINING ON OPEN AND PUBLIC MEETING LAWS – J. Craig Smith.

Bluffdale Redevelopment Agency Attorney, Craig Smith, provided the training. He noted that the Taxing Entity Committee (TEC) is a public entity and is required to adhere to the Utah Open Public Meeting requirements. Public meetings must be noticed and posted properly in venues identified on the Utah Public Notices web site. Meeting notices are to include the meeting agenda. Members of the public are welcome to attend. Minutes must be maintained and can be reviewed, commented on, and approved via email by the members of the TEC so that a Special Meeting does not need to be called to approve the minutes.

**3. PRESENTATION, DISCUSSION, AND REVIEW OF THE ANNUAL REPORT.
Review of Current Active Project Areas within the Agency's Boundaries, including the following:**

City Manager, Mark Reid, provided an overview of Bluffdale City, its history, and chief characteristics. He noted that Bluffdale is the southernmost and smallest city in Salt Lake County. Mr. Reid indicated that Bluffdale is "utility central" for the rest of the county because all utilities, including power lines and two major gas lines, come through Bluffdale. The preponderance of utilities presents unique challenges for the development of land in Bluffdale City. Bluffdale's name reflects the fact that many topographical changes take place within the city limits.

The population of Bluffdale is currently about 8,000. Mr. Reid noted that 5 ½ years ago, the City issued three building permits and until this year, development had not been very brisk. The Independence subdivision consisting of approximately 500 acres was approved nine years earlier and is located in the Jordan Narrows EDA area. A private data center sought an expansion, and the

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City provided an incentive to facilitate the request. Mr. Reid reported that Ivory Homes is opening an industrial complex of 700,000 square feet. They have not approached the City about an incentive but he expects them to do so in the near future.

Mr. Reid reported that two major road projects have substantially impacted the RDAs and EDAs. UDOT announced that in the spring of 2014 a grade-separated interchange will be built at the corner of Bangerter Highway and Redwood Road. It will be similar to what UDOT did at 7800 South and Bangerter Highway and be adjacent to the Gateway RDA. One year later, UDOT will construct the final widening of the freeway that will extend from Bangerter Highway to Lehi. The bridge structure at 14600 South will also be redone. The 14600 South and I-15 interchange is located on the Eastern Bluffdale EDA. The City intends to connect I-15 to the Mountain View Corridor with Porter Rockwell Boulevard. This will become the City's major economic development area. Officials from UDOT have stated that the intersection at Porter Rockwell Boulevard and Redwood Road will be the busiest on Redwood Road in Salt Lake County in the next 20 years. If Draper ever moves the prison, there will be a natural connection through the two EDAs to Bangerter Highway that will benefit the EDA as well.

Mr. Smith next reviewed slides of City maps and noted topographical characteristics and constraints. The first map identified the three active project areas in Bluffdale: Gateway, Eastern Bluffdale, and Jordan Narrows. There is also a proposed project area for a CDA. The project areas have been designated because they are areas that do not have infrastructure or roads and need development.

1. Bluffdale Gateway Redevelopment Project Area.

Mr. Smith reviewed the information provided in the written report and stated that the Bluffdale Gateway Redevelopment Project Area is located at the corner of Bangerter Highway and Redwood Road. The goal as far back as 1999 was to have a major commercial center at the corner of the two major streets; however, the business that was slated to locate there withdrew its plans at the last minute. Other parts of the project area have come to fruition, however, such as the affordable housing units. Increment was used to facilitate the development of the units.

Early on in Bluffdale City's history, the minimum allowable lot size was one acre, a requirement that is not conducive to the construction of affordable housing. The City was sued for not having affordable housing. That lawsuit served as the impetus for facilitating the construction of affordable housing. The main expenditure of the Gateway was a Special Improvement District (now called Special Assessment Areas), to bring in infrastructure including bridges for the crossing of the City's numerous canals. Currently the City collects only about 35% of the tax increment projected in that project area because of the lack of the commercial development that was originally anticipated. The project area was developed with a large tenant in mind; however, at the last minute, that tenant opted to locate elsewhere. The property is now owned by the Woodbury Corporation. The City

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hoped commercial development would take place as originally projected. It was noted that Bluffdale City is woefully lacking in terms of commercial enterprises.

Mr. Reid noted that with a grade-separated interchange at Bangerter Highway and Redwood Road, some of the property will be absorbed by the widening of the road. That intersection will draw enough traffic to create an optimistic outlook for commercial development at that location. The City is scheduled to take tax increment from that project area until 2025. The increment is not enough, however, to facilitate all of the desired development.

Mr. Delquadro asked if a revised projection for tax increment has been developed that will provide prospective developers a realistic indication of funds they will be able to draw upon. Mr. Reid stated that City staff meets with Woodbury on a regular basis and they have stated that they will not move on their property until they have four major tenants. Woodbury has other major projects currently underway and appears to be in no hurry to develop their land in Bluffdale even though they are paying \$200,000 per year to the SID.

2. Jordan Narrows Economic Development Project Area.

Mr. Smith reviewed a map of the Jordan Narrows Area and referred the committee members to the written report. Mr. Smith stated that the EDA was not triggered until 2011 because it is underperforming even more than Gateway with only about 10% of the projected increment being collected. It was noted that a 500-acre subdivision was approved about eight or nine years ago. There is a great deal of commercial property available along the freeway corridor, but it has been dormant for almost 10 years. Mr. Smith noted that there is a lot of land in the area that still lacks infrastructure. Most of it is starting to be developed, including a 168-unit affordable housing complex. Another 500 apartment units have also been approved, along with hundreds of townhomes. The average density in the area is eight units per acre. The increment for Jordan Narrows will be collected for 15 years. Mr. Smith emphasized the importance of having a private partner in place to help with the development of the property.

Mr. Jolley asked how the proceeds from the two underperforming project areas are spent and who makes those decisions. Mr. Smith indicated that the increment is spent on a pro-rated basis. Mr. Reid stated that 20% is used for affordable housing and 70% goes to Woodbury. He noted that Woodbury pays approximately \$400,000 for the SID bond, and receives around \$180,000 in tax increment.

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3. Porter Rockwell Community Development Project Area.

Mr. Smith clarified that the Porter Rockwell Community Development Project Area is a Commercial Development Area (CDA) and is in the process of being created. He explained that the proposed CDA would not require TEC approval and that Interlocal Agreements would be created instead. Currently, the City has not entered into any Interlocal Agreements. The CDA is located in the southern part of Bluffdale. Mr. Smith opined that this area will be compatible with and create synergy with the NSA Data Center because certain types of businesses like to locate around major data centers. Mr. Reid indicated that the NSA Data Center property has a valuation of between \$1.2 and \$1.5 billion, making it three times the valuation of the entire City of Bluffdale. However, the NSA Data Center is tax exempt. It was noted that it creates 200 jobs in Bluffdale.

Mr. Reid reviewed the location of the proposed CDA on a map. Mr. Reid indicated that a contract employee recently visited the NSA Data Center in Fort Meade, Virginia. He reported that the entire area around Fort Meade is built up with companies that support the data center. Consequently, the City is striving to be proactive to ensure that development can similarly take place around the NSA Data Center.

Mr. Reid reviewed the topographical issues that exist and need to be addressed as the City provides incentives to prospective commercial developers. Lehi will be the most likely competitor with Bluffdale for development because the land in Lehi is so flat. To counter that issue, Bluffdale City provided water, sewer, and power that will service the entire area, thereby making the land ready for immediate development. In summary, Mr. Reid stated that the City is trying to ensure that prospective developers will be motivated to develop around the NSA Data Center in Bluffdale, rather than elsewhere. He noted that a great deal of work still needs to be done before the CDA is officially established. Discussion ensued on the various property owners in the area.

In response to Ms. Farmer's question regarding the types of vendors located around the Data Center in Fort Meade, Mr. Reid stated that it was primarily commercial, such as office complexes, other data centers, and IT companies that support data centers. Mr. Reid believes the area around Porter Rockwell Boulevard will be a commercial/retail area, along with businesses to support the Data Center. For this reason a CDA rather than an EDA was proposed. Mr. Smith added that businesses with private contracts to support the NSA Data Center should also be nearby. Mr. Reid indicated that the Data Center in Bluffdale is one of the four largest in the country. As a result, other private data centers and supporting businesses will want to locate in the area. He noted that Utah has very low power and water rates, which makes Bluffdale an even more attractive location. It was noted that C7 is a large data center located in Eastern Bluffdale.

Mr. Delquadro asked if the infrastructure will be adequate to support the level of development that has taken place around Fort Meade. Mr. Reid responded that the water line was built to accommodate future build-out. He explained that Bluffdale has ample access to water and utilities to support development that may occur. South Valley Sewer is also looking to expand and place a

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trunk line down Porter Rockwell Boulevard. The City received a \$5 million grant to build from Redwood Road to the river in 2019. The bridge over the river will tentatively be finished at the same time. That will then allow the connection between I-15 and the Mountain View Corridor.

Mr. Delquadro asked why the area is being proposed as a CDA and not an EDA. Mr. Reid explained that the area around Porter Rockwell Boulevard will be a retail commercial area. Mr. Reid added that the topographical challenges were the primary motivation for opting for a CDA. The flat farmland in Lehi is a strong competitor with which Bluffdale has to reckon.

4. Eastern Bluffdale Economic Development Project Area.

Mr. Smith gave a history of the Eastern Bluffdale Economic Development Project Area and stated that in contrast to the two project areas previously discussed that have underperformed, this project area has overperformed. It was established in 1999, but the tax increment was not triggered until 2008. In 2009 an amended budget was developed because the budget was so far off. Compared to the original budget developed in 1999, this project area is performing about 900% better than originally projected. The amended 2008 budget was provided to the committee members. It was noted that there have been significant expenditures out of this project area.

Mr. Reid enumerated some of the uses for which the money has been expended. He stated that there was an incentive for the C7 Data Center expansion. He also anticipated an incentive for the IMCO project. There have also been incentives for the affordable housing apartment complex, the Porter Rockwell Center, Summit Academy, and Porter Rockwell Boulevard. Mr. Smith indicated that the 2008 amended budget projected \$8 million of increment and allocated \$4.5 million for infrastructure with the remainder for other incentives. Notwithstanding the performance of the area, Mr. Reid stated that there will always be more infrastructure to build than the funding will support.

In response to a question raised by Ms. Farmer as to whether the 2008 amended budget had to go through the TEC, Mr. Smith stated that it did not. He explained that making projections is a guessing game at best. Between 2008 and 2010, a lower amount of tax increment was being paid to the City than was actually being generated by the project area. This discrepancy occurred because the County Assessor/Auditor was using the November 1 report projections rather than the actual tax increment to make the payments. In an effort to recapture that money, a recommendation was made to the TEC to extend the project by one year rather than collect the tax increment that was in arrears. The increment will now expire in 2024 with the last payment being made in 2025, pending approval of the proposal by the TEC. Mr. Smith circulated a Resolution for the Committee's review to allow the TEC to approve the proposed amendment. Mr. Smith reviewed the proposed changes. Mr. Smith stated that the TEC needs to give its consent to the amended budget and place it on the agenda in the event the TEC wishes to act on the resolution tonight.

Mr. Jolley asked Mr. Smith to review the history of the original approved budget, the anticipated revenue, the actual revenue, and why a cap was not imposed. In response to Mr. Jolley's second

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question, Mr. Smith stated that he has been involved with redevelopment since the mid-1980s, and many changes have taken place during that time. Years ago, caps were not really discussed. In the past five years, Mr. Smith stated that he hasn't worked with a budget that didn't have a cap. Mr. Jolley stated that the Eastern Bluffdale RDA is generating eight to nine times what was anticipated, yet the budget was modified only once, in 2008.

Mr. Smith provided historical context by explaining that in its early years, Bluffdale had never done a bond or any other kind of financing. Bluffdale was unsophisticated at that time, had very little infrastructure, and few staff members. The vision of what Bluffdale could become was very limited at that time. The Eastern Bluffdale Project Area had and still has many infrastructure needs and the City did not anticipate the type of growth that would occur. Mr. Reid added that Porter Rockwell Boulevard has been on the drawing board for a long time. It is a road Bluffdale doesn't really need but is a regionally significant transportation corridor. However, the traffic it will carry will make it an economic development corridor. Because it serves a regional need more than a City need, it was felt that using tax increment would be the best way to bring this road to fruition.

It was noted that Porter Rockwell Boulevard is the major infrastructure point in this EDA. Mr. Jolley reiterated that he would feel more comfortable if he could review the original budget. Ms. Farmer stated that she could provide a copy of the document requested. Mr. Smith explained that in the original 1999 report, about \$10 million worth of infrastructure needs were identified based on an engineering summary conducted. The City, however, didn't think there would be sufficient funds to address the needs. It now appears that resources were available to address them. Mr. Jolley's understanding that the original tax increment plan projection was from 1998 to 2014 with a projected intake of about \$1.3 million was confirmed by Mr. Smith. Mr. Jolley noted that the current annual amount exceeds what was projected. His concern was that it is much more than originally anticipated. He questioned whether there should be a cap.

Mr. Smith noted that with one EDA, the City receives just 10% of the projected increment with no questions raised while another EDA is receiving 35% of what was projected. Mr. Jolley noted that the aggregate of all of the tax increment being collected is still above what was projected. Mr. Smith reiterated that these are projections and don't always play out as anticipated. He also stated that the infrastructure needs were identified in 1999 and are included in the original budget and plan, though they were unfunded at the time.

Mr. Jolley recounted that one of the very first RDA/TEC meetings he attended was when former Mayor Wayne Mortimer was still in office. At that meeting, Mr. Jolley asked Mayor Mortimer how much debt Bluffdale City had. He reported that the City had no debt; which was why the City does RDAs. The intent was for the City to use the school districts' money to build City projects. The lesson Mr. Jolley took from that experience formed the basis for his concern with the fact that revenues that have been generated far exceed what was ever projected. He questioned how much is enough and commented that the money could be used by schools and other agencies. Mr. Reid commented that the County Auditor withheld money that was due the City. Mr. Reid further opined

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that the City should receive the money with interest. He noted that the City could have used those funds for water projects. Furthermore, the City has three buildings to construct, as well as a regionally significant road. These improvements add to the infrastructure and economic development of the entire County.

Mr. Delquadro was sensitive to Mr. Reid's concern, as was the County Council. Mr. Delquadro noted that the Auditor also failed to withhold tax increment that was generated from new tax increases that occurred. This faux pas had been an embarrassment to the County. As a result, the State changed the law and made it clear that whenever a tax increase occurs, increment does not pass to the RDA unless there is a specific provision that allows it to do so, or unless there is some other provision that allows entities to request the increment and the request is granted. Mr. Delquadro stated that the County is not arguing that they owe the money to Bluffdale City. He was prepared to vote in favor of the Resolution, provided that the revisions highlighted with blue print are included.

Mr. Delquadro was of the opinion that an EDA should have jobs associated with it. He asked if the City has the ability to come up with an estimate of the number of jobs that will be created as a result of the \$7 million the City expended. He believes it is a metric that ought to be adhered to. Secondly, the 10-year delay between the trigger year and the base year was not going to occur in the future. The County Council will consider tying the trigger year to the base year. He added that EDAs need to be tied to the number of jobs that will be created as well as the types of salaries those jobs will generate.

Mr. Jolley requested that the following informational items be sent to the members of the TEC:

1. The Original Budget;
2. Actual Collections; and
3. How much all of the RDAs have collected over and above the original budget.

In response to Mr. Reid's suggestion about also distributing information on the infrastructure projections that have changed, Mr. Jolley stated that he was primarily interested in looking at the total original budget and what has been collected. He thought it would be acceptable for Mr. Reid to list how the money was spent. Mr. Reid emphasized that he believes that listing how the money was spent is not critical; however, a list of how the infrastructure needs have changed would be useful. He explained that the infrastructure needs are much greater than what was originally projected.

In response to Mr. Jolley's question about whether the City has debt, Mr. Reid responded in the affirmative. The Fire Station was one such example of the City's current debt. He noted that additionally the City needs a City Hall in the next few years. The cost of that building is projected

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at \$6 to \$9 million. For a city with a budget of \$5 million, that is a huge number. The Public Works facility also needs to be improved at a cost of approximately \$300,000 and a new fire station is needed in Independence. Mr. Reid explained that the City has a huge amount of debt that will accrue over the next three years. They do not have the ability to pay for the debt, nor can the City use tax increment. The City has also incurred debt for two water projects. Mr. Delquadro was pleased to receive this information and agreed to share it at the County level. Mr. Smith agreed to send an amended budget to the entire TEC, as requested.

Mr. Jolley asked for clarification on impact fees. Mr. Reid described the typical charge for impact fees and stated that an annual impact fee study must be conducted by the City. He noted that Bluffdale spends all of its impact fees on infrastructure, parks, roads, and storm drains. Mr. Smith noted that the Resolution calls for the Agency to bring a new budget back to the TEC within six months that includes updated projections. Mr. Reid added that the City matched almost dollar for dollar the increment spent on Porter Rockwell Boulevard. He noted that it is not all Agency money that will be used to build the road; the City is also investing heavily to bring the project to fruition. Mr. Reid observed that in order to for the City to grow, the City must be willing to spend money in a controlled fashion. It was noted that the Fire Station is an inadequate facility for doubling up as the City Hall.

4. BUSINESS ITEMS – EASTERN BLUFFDALE ECONOMIC DEVELOPMENT PROJECT AREA.

4.1 Consent to Act on an Amendment to the Eastern Bluffdale Economic Development Project Area Budget in this Meeting.

Cathy Dudley moved to act on an Amendment to the Eastern Bluffdale Economic Development Project Area Budget in this Meeting. Emily Farmer seconded the motion. Vote on motion: Dave Delquadro-Aye; Cathy Dudley-Aye; Burke Jolley-Aye; Susan Pulsipher-Aye; Dave Martin-Aye; Emily Farmer-Aye; Mark Reid-Aye. The motion passed unanimously.

4.2 Discussion and Potential Action – RESOLUTION APPROVING AN AMENDMENT TO THE EASTERN BLUFFDALE ECONOMIC DEVELOPMENT PROJECT AREA BUDGET.

Mr. Smith reminded the TEC members that the resolution being voted on includes the proposed text amendments that were highlighted in blue print.

Emily Farmer moved to approve the Resolution Approving an Amendment to the Eastern Bluffdale Economic Development Project Area Budget, striking the words “paid in 2025” on item number 2 and deleting the parentheses as well. Cathy Dudley seconded the motion. Vote on motion: Dave Delquadro-Aye; Cathy Dudley-Aye; Burke Jolley-Aye; Susan Pulsipher-Aye; Dave Martin-Aye; Emily Farmer-Aye; Mark Reid-Aye. The motion passed unanimously.

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5. OTHER MATTERS.

Mr. Reid sought input on the proposed CDA and reiterated that it won't come before the TEC until the City actually has an entity coming to the area. It was clarified that an EDA will have to be presented to the TEC but a CDA would not have to go to the TEC. The key factor in the designation of the area will depend on the type of entity that wishes to locate there. Mr. Delquadro remarked that caution needs to be exercised to ensure that there is adequate infrastructure. Mr. Reid indicated that the City's primary focus is to create opportunities for strong companies to come in that pay good salaries. Retail businesses don't tend to generate high-paying jobs. Additionally, Bluffdale doesn't offer a location that is conducive to a major retail center.

Ms. Pulsipher noted that the Jordan School District Board would like more specific detail on the CDA and the time frame as information becomes available. The school district would like to have commercial development because it will benefit the district in the long run. In response to Mr. Reid's question regarding the school district's view on additional residential areas, Ms. Pulsipher stated that the district is delighted to have additional residential development; however, an influx of more children creates a need for more schools. Commercial development generates more tax revenue than residential development, so commercial development is very important for the school district.

Mr. Reid foresaw one company coming, which would then attract other companies. Therefore, the City has to be able to act quickly to create a development area. Ms. Farmer acknowledged Mr. Reid's comment but added that she would like to make sure the County stays well informed on what is happening.

Mr. Jolley observed that in the Jordan School District, the average percentage that is in an RDA, CDA, or EDA is 11% of all value. Bluffdale is 2½ times that at 26%. Mr. Reid explained that the area that is CDA is all green belt and difficult to develop. It has infrastructure in terms of water, sewer, and power but it also has the ability to stay as it is if the City does not get help. Mr. Delquadro responded to Mr. Reid's comment by stating that the pass through is important to the rest of the tax because if it is going to grow, to the extent that it grows quickly, it needs to get on the tax rolls as quickly as possible.

Discussion ensued on the opening of the Data Center. It was noted that the opening is a well kept secret.

6. ADJOURN.

The Taxing Entity Committee Meeting adjourned at 3:10 p.m.

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Teddie K. Bell, MMC
City Recorder:

Approved: February 4, 2014