

**MINUTES OF LAYTON CITY
COUNCIL STRATEGIC PLANNING
WORK MEETING**

DECEMBER 11, 2025; 8:05 A.M.

**MAYOR AND COUNCILMEMBERS
PRESENT:**

MAYOR JOY PETRO, ZACH BLOXHAM, CLINT MORRIS, BETTINA SMITH EDMONDSON, AND DAVE THOMAS

EXCUSED

TYSON ROBERTS

STAFF PRESENT:

ALEX JENSEN, CLINT DRAKE, STEPHEN JACKSON, WESTON APPLONIE, AND TORI CAMPBELL

LEGISLATORS PRESENT:

SENATOR JERRY STEVENSON, SENATOR STUART ADAMS

COUNCILMEMBER-ELECT

MIKE KOLENDRIANOS

The meeting was held in the Council Conference Room of the Layton City Center.

Mayor Petro opened the meeting and turned the time over to Alex Jensen, City Manager. He mentioned there were two items for discussion with the two legislators: the first being the TRZ (Transit Reinvestment Zone); the second would be the water fee structure the State was planning to impose on cities for projects and water quality.

DISCUSSION ON THE HIGHWAY 89/GORDON TOWN CENTER

Mr. Jensen informed the legislators, City Staff, and UDOT (Utah Department of Transportation) had been working on the TRZ, available via State Statute, over many years in order to create, build, and strengthen the community with a combination of housing and commercial businesses in the area. He explained UDOT, the State Transportation Commission, along with the City had worked together resulting in the execution of the TRZ Agreement and structure of the plan. He explained the State (UDOT), owner and manager of the land, would sell the property to a developer, with conditions and/or restrictions, indicating it would be developed via the City's planning process. He emphasized this had proceeded through a very formal public process since it had been included in the City's General Plan. UDOT placed the property out to auction and reported there had been significant interest within the development community; however, within 16 hours of the close of the bidding process, the State pulled the item from the auction and the property was no longer for sale on the auction site and the City began receiving phone calls from interested developers. After UDOT began investigating it learned the Governor's Office had given direction to shut down the auction and didn't inform UDOT Staff of that action. Since that time, City Staff had discussed the issue with a representative from the Governor's Office, Housing Strategy and Innovation Senior Advisor, Steve Waldrip.

Mr. Jensen reported the Governor's Office believed there was an opportunity to provide for attainable housing for public sector employees, respectively firefighters, schoolteachers, etc. and promote homeownership. City Staff expressed support for those ideas and also expressed its desire the State's concern hadn't been shared with the City beforehand. He clarified the Plan's residential structure included a mix of single-family, duplex, tri-plex, mansion home, and condos. He continued to explain the length of time this had taken, as well as the moving target related to the percentage of housing, which would dramatically alter the appearance of the development.

Mr. Jensen stated Mr. Waldrip requested the City provide an analysis to identify the number of housing units which could be added to the development without negatively affecting the overall project and the price point

for the attainable housing component. The City indicated it would provide analysis based upon happenings in the current market to determine the market price for the homes and identify income levels of individuals seeking to purchase homes within the development. He explained the challenge of requiring a developer to provide a designated number of housing units at a pre-determined dollar amount and exactly what entity would be willing to cover that expense. He concluded Mr. Waldrip proposed UDOT would reduce the sales price of the property in order to incentivize the developer in order to provide the homes at a more affordable cost. UDOT indicated it would entertain that idea as part of a community building effort, once it was determined exactly how that would be implemented. He also pointed out the challenge of how that would be managed over time to ensure the homes would remain attainable and affordable in the future as the homes were bought and sold over and over.

He reported the City completed analysis which reflected the market value and cost of the homes would be higher than \$300,000 and shared some examples. He concluded in order to accomplish home ownership for those in the job classification and income level represented by Mr. Waldrip would result in a discount of approximately 25%-30% off the market price for approximately 56 or 57 units out of 360 total units, equal to a \$4.5 to \$5 million discount on the UDOT property. He also pointed out lenders generally didn't approve mortgage loans higher than 30% of the disposable income for a house payment.

He emphasized the City was moving forward in good faith regarding the asks of the Governor's Office to support the goals of the State. He expressed desire the legislators be aware of the situation and circumstances should the Legislature become involved. He suggested a better use of the \$5 million would be to make it available through a First-time Homebuyer Assistance Program, as had been previously suggested by Senator Adams, and believed it would benefit more than 56 or 57 homes. This would get people into a home allowing them to build wealth and eventually continue to move up from a starter home. He continued to express concern regarding which entity would be responsible for managing the price range throughout the longevity of the homes.

Jerry Stevenson, Utah State Senator, expressed his opinion there was no other place left to build a commercial project of this magnitude in this area.

Stuart Adams, Utah State Senator and Senate President, mentioned he was aware of a supermarket chain with interest in Layton City and expressed his opinion there was a need for a grocery store on the east side of the City and suggested this area could accommodate a retail component. He mentioned the theory that raw ground adjacent to a newly constructed UDOT interchange increased in value once the interchange was completed. He believed there were legislators seeking land in various cities for their specific ideas and/or projects and shared some examples. Senator Stevenson indicated he wasn't aware of this situation and would initiate a conversation with Mr. Waldrip.

Mayor Petro mentioned this property had been designated for this town center project for a number of years. She continued to explain the City had vetted the issues and proceeded through the public processes, including public input, required to move forward just to have the State intervene and block the progress of the project. She pointed out the commercial component, a gas station and grocery store, proposed in the development, which was needed and desired in that area, was also being held up. She continued to express concern the State's insertion of authority could jeopardize the success of the project if it was different than what had originally been designed via the Development Agreement.

President Adams asked to see the development plans currently in place. Weston Applonie, Community and Development Director, shared a visual presentation of the plan for the TRZ.

Senator Stevenson emphasized the State took advantage of selling surplus property for its maximum value for Utah citizens.

President Adams spoke about the value of the property and shared an example of how funds could be set aside for attainable housing with the sale of the property. A discussion regarding the cost for potential housing followed.

Mr. Applonie shared a map illustration and reviewed the concept plan of the proposed development for the TRZ.

Senator Stevenson requested clarification UDOT owned the vacant property and Mr. Jensen responded in the affirmative. Mr. Jensen emphasized the City's interest in moving forward with the project. He mentioned the City had invested significant time and effort in completing the analysis requested by the State; however, new issues continue to arise and the City was unsure how to move forward.

President Adams inquired whether Mr. Waldrip had seen this very same proposed concept plan and Mr. Jensen responded in the affirmative. Mr. Jensen continued to explain Mr. Waldrip had initially indicated approval with the plan, with the inclusion of additional attainable housing units for homeownership of ten percent, of which the City was supportive. Following that inclusion to the plan, Mr. Waldrip then indicated his desire for twenty or twenty-five percent. Mr. Jensen conveyed the City's frustration with Mr. Waldrip's lack of specific direction and/or continually moving the goal line. Mayor Petro also pointed out Mr. Waldrip's request for eliminating some of the parking needed for the commercial component.

President Adams pointed out the difficulty in finding affordable housing in the eastern portion of the City but wasn't sure if this was an appropriate location for that, although the property was owned by UDOT.

Senator Stevenson inquired whether the Governor was really that involved in the development of this particular piece of property.

President Adams expressed frustration young families cannot find affordable housing and suggested apartment density had only made apartment owners wealthy while at the same time making the younger generation static with their housing options. He suggested the State should be focused on how to put young families into a single-family home.

Councilmember Bloxham inquired about the possibility of future legislation which would allow the State to discount the price of its property via the auction process in order to provide the State more land use authority, bypassing the City for more affordable housing. A discussion followed regarding SITLA (School and Institutional Trust Lands Administration) properties.

Senator Stevenson suggested there probably weren't other vacant parcels of property in this portion of the City which could accommodate neighborhood/commercial type of development and expressed his opinion the market should drive development and suggested the State shouldn't tamper with the market. He believed appropriately implemented zoning had created livable communities and wouldn't be in favor of eliminating the City's ability to regulate zoning. He indicated he wasn't aware of this particular situation.

Mayor Petro and Mr. Jensen requested the senators' assistance to allow the City to move forward with the development based upon the concept plan and Development Agreement. Senator Stevenson indicated he intended to contact Mr. Waldrip regarding this issue and Mr. Jensen reiterated the attainable housing units wouldn't be any different to those of the market units and continued to express concern with how the subsidy would be addressed for those housing units.

President Adams expressed concern with unintended consequences of attempting to alter the housing market and emphasized housing was a supply and demand issue driven by the market and shared an example.

Councilmember Smith Edmondson reiterated the Council was in agreement with the senators' opinions that attainable housing was never a key issue associated with the proposed development. She believed the City needed Mr. Waldrip to allow the City to move forward with this lengthy planned development since the City had already used the public process to identify specifics associated with the housing component within the development. She emphasized the Concept Plan was a result of collaboration between the City and the public and would like to move forward with that Plan.

President Adams stated he would request Mr. Waldrip remove the revenue incentive from the sale of the property and put it towards attainable housing in a more suitable area, allowing this development to move forward with the City's plan.

DISCUSSION REGARDING STATE OF UTAH PROPOSED IMPOSITION OF WATER QUALITY AND INFRASTRUCTURE FEES

Mr. Jensen informed the Senators of the proposed implementation of water fees which equate to a 120% increase, mandated by the State, without the City receiving anything in return.

Stephen Jackson, Public Works Director, added the State had created the Unified Water Infrastructure Plan, and requested every City/water system within the State to identify any projects specific to water, sewer, storm drain that may possibly need State funding for the projects. Projects not included in the Unified Water Infrastructure Plan would not be eligible for State funding. He continued to explain the challenges, including the possibility, the City would never qualify for or receive any of the funding. The City would need to pay the required State fee with no guarantee of funding assistance.

Mr. Jackson shared a visual presentation and explained the Division of Drinking Water funding it received from the Federal Government would be significantly cut. Due to the decrease in funding it had decided to impose a drinking water fee of 1.5 cents per 1,000 gallons of water, which would cost Layton City \$60,000 per year. The City believed this was unreasonable because it didn't meet the reasonable basis or the standards followed by the City in setting its water rates. He pointed out there were over 1,200 water systems within the state and 800 of those would pay approximately \$25 or \$35, if that entity could meet incentivized rate structures, while the 41 largest systems would fund 75%, and the 14 largest, including Layton City, would fund over 50%. These fees were intended to cover operational expenses from the Division. He concluded this formula was backwards as the smaller systems were dependent on Division Staff to complete their respective Water Quality Reports, and various other situations, while the larger systems submitted necessary reports completed by staff, and the Division identified whether the entity had met all requirements. He mentioned Salt Lake City would recognize almost a \$400,000 bill and likely didn't use the Division services more than any other entity within the State. Under a separate fee being called the State Water Future Fee, Layton City would be subsidizing these smaller entities and reported Layton City would be required to pay an additional \$2.84 million per year to the State for water projects. He reviewed the formula used by the State to determine eligibility to receive State funding, which would result in the City implementing a water rate increase of 87% and sewer rate increase of 126%, in order to be able to receive any funds from the Unified Water Infrastructure Plan. He clarified with those rates increases, the City could fund its own infrastructure and not have to compete for funding for access to the funding.

Councilmember Bloxham emphasized the City Council had no desire to raise rates on the residents. He suggested the proposed solution, based on meeting a specific threshold, didn't recognize how it would affect residents in practice. Mr. Jackson continued to explain the philosophy with the proposal would be that each entity which had that amount of capacity would either have to self-fund every project while also contributing \$3 million to the State for every other community that didn't have that capacity. Councilmember Bloxham suggested using assumptions based on the EPA (Environmental Protection Agency) would be dictating Layton's rates weren't sufficient; however, they had no direct knowledge of Layton City.

Mr. Jackson continued to reference and explain some of the submitted projects identified on the list and stated Layton City would likely never qualify for any of this funding, while at the same time being required to contribute an additional \$2.84 million. He again emphasized if the City raised its rates to incorporate the \$2.84 million to the City's revenue stream, it could complete all of the City's projects within 12 years. He concluded there would be no reason for the City to even request the State's assistance to complete the projects.

Councilmember Morris requested clarification whether the City would be required to raise its rates if the City chose to not identify any projects needing funding from the State. Mr. Jackson believed the rate increase would need to be implemented regardless to satisfy the State fee being proposed. A discussion followed.

Councilmember Morris indicated ULCT (Utah League of Cities and Towns) Staff believed this had already been approved because the bill passed during the last legislative session and the discussion continued. Mr. Jackson clarified the bill that was passed included language that it needed to be studied and report back with a proposal. He emphasized the citizens would be paying for something without receiving anything in return.

President Adams expressed his opinion there should be accountability for the funding. A discussion continued on the proposed water fee issues associated with HB280.

Mr. Jensen reminded the Senators and informed the Council about the implementation of fee increases to municipalities by the larger water facilities such as Weber Basin Water intended to maintain larger water infrastructure projects. He suggested this would be a similar philosophy. He reiterated the City originally submitted \$35 million in potential projects, and under the original proposal, the City would generate \$21 million per year. He suggested the City could outright pay for those identified projects within a year and a half. He concluded if what the State proposed was implemented, the fee increase would continue to flow to the State for no additional benefit.

President Adams requested clarification on what the rate increase would be to Layton City residents and Mr. Jackson responded the City would have to raise its water and sewer rates 105% receiving nothing in return.

President Adams and Senator Stevenson expressed appreciation to City Staff for the information and education regarding the issues to Layton City and stated the meeting had been helpful.

Mayor Petro also expressed appreciation to the Senators for attending the meeting.

The meeting adjourned at 9:17 a.m.

Kimberly S Read, City Recorder