

**TOOELE CITY CORPORATION**

**RESOLUTION 2026-14**

**A RESOLUTION OF THE TOOELE CITY COUNCIL AUTHORIZING PAYMENT OF A FEE IN LIEU OF WATER RIGHTS CONVEYANCE FOR THE TOOELE FLEX SPACES DEVELOPMENT AT 1121 WEST UTAH AVENUE.**

WHEREAS, Tooele City Code Chapter 7-26 governs the exaction by Tooele City of water rights as a condition of land use approval (see also UCA 10-20-911); and,

WHEREAS, TCC Section 7-26-3(2) empowers the City Council to adopt a legislative policy allowing for the payment of a fee in lieu of water rights conveyance: "Fee-in-lieu. Pursuant to established City Council policy, in lieu of actual conveyance of water rights pursuant to this Chapter, certain development applicants may pay to the City an amount per acre-foot for access to water rights controlled by the City in a quantity necessary to satisfy the anticipated future water needs of the proposed development to be served and supplied by the City water system"; and,

WHEREAS, on November 1, 2023, the City Council approved Resolution 2023-92, adopting an updated fee-in-lieu of water rights conveyance policy referred to in TCC 7-26-3(2), with an effective date of November 1, 2023 (with the original policy being adopted in 2007) (see the November 1 policy attached as Exhibit B); and,

WHEREAS, the November 1 policy encourages the consideration of at least the following factors in considering requests to pay the fee-in-lieu:

- The number of jobs the development is anticipated to create, together with the nature of the jobs (e.g., full-time) and job compensation (e.g., wage levels, benefits).
- The amount of sales tax the Project is anticipated to generate.
- The amount of property tax the Project is anticipated to generate.
- The anticipated environmental and social benefits and impacts of the Project.
- The number of acre-feet requested against the number of water credits available, given the annual limit and the availability of water rights as described in the November 1 policy.

WHEREAS, the City Council retains sole and exclusive legislative discretion in deciding to allow the payment of the fee-in-lieu; and,

WHEREAS, Tooele City received from Seth Stapel (developer/owner of Tooele Flex Spaces) a letter dated February 24, 2026, requesting the allocation of 1.5 acre-feet of City-owned municipal water rights for development of the Tooele Flex Spaces

Development at 1121 West Utah Avenue ("the Project"), or, in other words, requesting to pay the fee-in-lieu rather than convey water rights for the Project (see the letter attached as Exhibit A); and,

WHEREAS, the Project will consist of a 2.81-acre development of new commercial construction, featuring 49 flex industrial units designed to serve small businesses, contractors, and light industrial users within the Tooele community; and,

WHEREAS, the Project proposal addresses the policy considerations identified above and in the November 1 policy in the following ways:

- The Project requests 1.5 acre-feet of water.
- An estimated capital investment of \$5,012,500.
- The creation of an estimated 123 jobs across a wide range of small business sectors, including general contractors and subcontractors, construction trades, local fulfillment and logistics operators, small manufacturing and service businesses.
- The generation of new and ongoing annual property tax revenue.

NOW, THEREFORE, BE IT RESOLVED BY THE TOOEELE CITY COUNCIL that, in light of the legislative policies and considerations discussed above, the City Council hereby authorizes the payment of the fee-in-lieu of water rights for the Project, for up to 1.5 acre-feet of municipal water rights, for the fee amount established in the November 1 policy of \$35,000 per acre-foot, subject to the terms and conditions outlined in the November 1 policy.

This Resolution is necessary for the immediate preservation of the peace, health, safety, or welfare of Tooele City and shall become effective upon passage, without further publication, by authority of the Tooele City Charter.

IN WITNESS WHEREOF, this Resolution is passed by the Tooele City Council this 4<sup>th</sup> day of March, 2026.

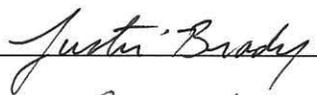
TOOELE CITY COUNCIL

(For)

(Against)

  
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Melodi Goets

\_\_\_\_\_  
\_\_\_\_\_

  
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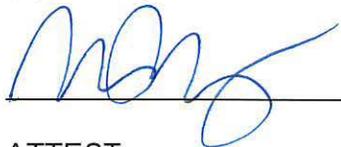
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ABSTAINING: \_\_\_\_\_

TOOELE CITY MAYOR

(Approved)

(Disapproved)

  
\_\_\_\_\_

\_\_\_\_\_

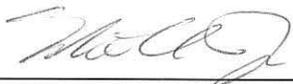
ATTEST:

  
\_\_\_\_\_  
Shilo Baker, City Recorder

SEAL



Approved as to Form:

  
\_\_\_\_\_  
Matthew C. Johnson, Tooele City Attorney

## Exhibit A

Letter Requesting Fee in Lieu

February 24, 2026

Tooele City  
Attn: John Perez, MPA  
Economic Development Director  
90 North Main Street  
Tooele, UT 84074

**Subject: Request for 1.5 Acre-Feet of Water Rights – Tooele Flex Spaces Development**

Dear Mr. Perez,

I am writing to formally request 1.5 acre-feet of water rights through payment in lieu for a proposed flex space development located at **1121 W Utah Ave, Tooele, Utah 84074**. As advised by City Engineer Paul Hansen, I understand that this request will need to go before the city council for approval.

The project, titled **Tooele Flex Spaces**, will consist of a 2.81-acre development featuring **49 flex industrial units** designed to serve small businesses, contractors, and light industrial users within the Tooele community.

This development is expected to provide meaningful economic benefits to the city, including job creation, private capital investment, and long-term expansion of the local business base. Key anticipated impacts include:

**Project Overview & Economic Impact**

**Total Capital Investment:** Approximately \$5,012,500

**Property Tax Impact:** Once completed and stabilized, the development is expected to generate substantial ongoing annual property tax revenue for Tooele City, Tooele County, and local taxing entities. Because flex industrial properties typically maintain high occupancy and long-term tenancy, this project will provide a stable and durable source of municipal revenue for decades.

**Job Creation:** The development is projected to support approximately 123 jobs across a wide range of small business sectors, including:

- General contractors and subcontractors
- Construction trades such as carpentry, electrical, and plumbing
- Local fulfillment and logistics operators
- Automotive and equipment service providers
- Small manufacturing and service businesses

Support for Small Business Growth

Unlike large single-user industrial buildings, this project is designed specifically to serve local entrepreneurs and small businesses that often struggle to find affordable, appropriately sized industrial space.

By providing flexible unit sizes, modern infrastructure, and ownership/lease opportunities, Tooele Flex Spaces will:

- Enable local businesses to expand operations within Tooele rather than relocating to the Wasatch Front
- Encourage new business formation and entrepreneurship
- Provide space for service-based industries essential to community growth
- Strengthen the City's local employment base.

We appreciate the City's consideration of this request and look forward to working collaboratively to bring this development to fruition. Please let me know if any additional information, documentation, or formal applications are needed to proceed with review and City Council consideration.

Thank you for your time and support.

Sincerely,

Seth Stapel  
Developer/Owner  
385-800-3100  
Sethody@gmail.com

## Exhibit B

November 1, 2023, Fee-in-lieu Policy



### City Council Policy

RE: Payment of a Fee In Lieu Of Water Rights Conveyance under Tooele City Code §7-26-3(2).

Effective Date: November 1, 2023

Tooele City Code Chapter 7-26 requires the conveyance of water rights as a condition of approval of all land use applications. Section 7-26-3(2) states the following:

Fee-in-lieu. Pursuant to established City Council policy, in lieu of actual conveyance of water rights pursuant to this Chapter, certain development applicants may pay to the City an amount per acre-foot for access to water rights controlled by the City in a quantity necessary to satisfy the anticipated future water needs of the proposed development to be served and supplied by the City water system.

This City Council Policy is established pursuant to the legislative authority embodied in §7-26-3(2).

**Residential Development.** Beginning on the Effective Date, Tooele City will allow the owner(s) of an existing single-family parcel of record that, as of the Effective Date, is not part of a recorded subdivision, and the owner(s) of a single-family lot that is part of a recorded subdivision, either of which parcel or lot is subdivided through a two-lot subdivision (e.g., a lot split), to pay a fee (the "Fee") for the new lot in lieu of the residential water right requirement established in TCC §7-26-2(1). The administrative departments are authorized to determine eligibility and to approve payment of the Fee for such a two-lot residential subdivision. The item for which the Fee is paid shall be known for purposes of this Policy as a Water Rights Credit or Credit.

Persons who are eligible under this Policy may purchase Credits by paying the Fee. Credits will be purchased on a first-come first-served basis. The Fee shall be paid in full prior to building permit issuance. Should a building permit for which the Fee was paid expire under the terms of the permit, the City will refund the Fee, minus a \$100 administrative service charge. A person who previously paid the Fee and received a Fee refund due to an expired building permit may submit a new building permit application and may again request to pay the Fee on a first-come first-served basis behind others who paid the Fee and whose building permits remain valid.

**Non-residential Development.** Beginning on the Effective Date, Tooele City will allow owners of a non-residential development project ("Project") to request to pay the Fee if the Project is determined by the City to need less than 20 acre-feet of municipal water rights. Additional Credits may be made available, upon recommendation of the Public Works Director and Economic Development Director, and with written approval of the Mayor. A Request shall be in

writing from the property owner or agent and addressed to the City Council or Mayor. Approval of a request may be granted only after full consideration of the following criteria in relation to the amount of water used for the Project:

- The number of jobs the Project is anticipated to create, together with the nature of the jobs (e.g., full-time) and job compensation (e.g., wage levels, benefits).
- The amount of sales tax the Project is anticipated to generate.
- The amount of property tax the Project is anticipated to generate.
- The anticipated environmental and social benefits and impacts of the Project.

The Council may consider additional criteria as it thinks appropriate. Persons who are eligible under this Policy and approved by the City Council may purchase Credits by paying the Fee. Credits will be purchased on a first-come first-served basis. The Fee shall be paid in full prior to building permit issuance. Should a building permit for which the Fee was paid expire under the terms of the permit, the City will refund the Fee, minus a \$100 administrative service charge. A person who previously paid the Fee and received a Fee refund due to an expired building permit, or due to the approval sunset, may submit a new building permit application and may again request to pay the Fee. If authorized by the City Council, the Credits may be purchased on a first-come first-served basis behind others who paid the Fee and whose building permits remain valid. The City Council may partially approve a request, for example, by authorizing 10 Credits out of 20 Credits requested.

#### Sunset for Non-residential Projects.

The City Council's authorization to pay the Fee for one or more buildings in a non-residential development Project containing more than one primary structure (e.g., more than one restaurant or store) is conditioned upon the Project obtaining City approval of a building permit for a first primary structure in the Project, and commencing vertical construction of the permitted structure, within two years of the date of approval of the Resolution authorizing payment of the Fee. Thereafter, the Project shall obtain a building permit for at least one additional primary structure, and commence vertical construction, within each successive twelve months following the commencement of construction of the prior building. By way of example, if a Resolution is approved on January 1, 2024, a first building permit must be obtained, and vertical construction commenced, prior to December 31, 2025; the next building must be permitted and construction commenced prior to December 31, 2026; and so on. Should any of these events not occur before the applicable sunset date, the City Council approval shall lapse and the remaining Credits shall revert to the City. The City Council, in its sole discretion, may extend these sunset deadlines or modify these conditions in a public meeting.

#### General.

1. **Fee Cost.** The Fee shall be established at \$35,000 per 1.0 acre-foot of depletion of municipal water rights. This Fee amount is not intended or calculated to reflect market value. The Fee applicable to any Request shall be the Fee in effect on the date of the Request, provided the

- building permit application for which the Fee is paid is filed with the City within one year of the Request, and otherwise shall be the Fee in effect on the date of the building permit application.
2. Annual Limit. The number of Credits purchased pursuant to this Policy shall not exceed a total of 50 in any calendar year or in any period of 12 consecutive months without the approval of the City Council, in its discretion.
  3. Acceptance of Credits. Upon payment of the Fee, the City will indicate the payment on the approved building permit. Payment of the Fee to the City constitutes surrender of the Credits to the City. No Credit certificate is required.
  4. Integration. This Policy shall supersede any prior oral or written policies, practices, and understandings on the subject of this Policy.
  5. Use of Revenues. Revenues derived from payment of the Fee shall be utilized for the protection of existing water rights and/or the acquisition of additional water rights, except that the City Council may authorize the use of the revenues for other Tooele City water-related projects and needs upon a finding of good cause. The water rights revenue fund is a fund in the City's General Fund and is not an enterprise fund.
  6. Limited Availability. The payment of the Fee under this Policy is subject to the availability of corresponding water rights, in the sole discretion of Tooele City.
  7. Resolution Required. The City Council's authorization to pay the Fee for a non-residential Project shall be pursuant to approved City Council Resolution.
  8. No Entitlement or Security. Approval of a Resolution for a Project containing multiple lots or buildings (e.g., subdivision, site plan) shall be a temporary reservation of Credits for the Project's building permit applicants. Approval of a Resolution shall not constitute a vested development right or a land use entitlement, or the creation of a marketable security. The City will accept the Fee only from building owners, the authorized agents of building owners, or building permit applicants for buildings in a Project.
  9. No Assignment or Transfer. Credits shall not be assignable or transferrable but are reserved by the City in the City's sole discretion for specific Projects and sold for specific buildings.
  10. No Pre-payment. Project owners may not pre-purchase Credits for their Project or any Project building in advance of building permit application.
  11. No Precedent. City Council authorization to pay the Fee for one Project, at whatever Fee amount per Credit, shall not be considered a precedent in any way in reference to any other Project.
  12. Refunds. If water usage projection for a building are reduced by the City after payment of the Fee for that building, the City will reimburse the difference between the Fee paid and the Fee that would have been paid under the reduced usage projection. If a Fee payor withdraws a building permit application prior to its approval, the City will reimburse the Fee, with a \$100 administrative charge.

  
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City Council Chair