



# Utah Inland Port Authority

October 1, 2021

Webinar Q&A

## Public Infrastructure District (PID)

The Utah Inland Port Authority (UIPA) is an independent, non-profit, political subdivision of the state created by the Legislature to oversee the development of a statewide system to modernize and optimize the handling of freight and the transition to a smarter and more sustainable system of freight movement.

In 2021, the legislature amended the PID statute established in SB 228 (2019) allowing UIPA to utilize this financing tool to build publicly owned infrastructure.

Topic/Issue	Response
<b>Property</b>	<ul style="list-style-type: none"> <li>• Consent of the property owners is required prior to the issuance of Bonds secured by property taxes imposed by the PID. In those cases, bonds will only be issued if consent is in hand at the time of issuance. Here, tax increment is being used as the repayment source for the Bonds rather than property taxes imposed by the PID itself. Since the PID is not imposing taxes, there are no taxes to consent to. It is worth noting that the district under consideration has one property owner who has consented to the creation of the PID.</li> <li>• There is no liability to anyone or any entity if property taxes are not paid by the property owners.</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>• UIPA is combining a PID Bond with a Tax Increment pledge as a financing tool to build publicly owned infrastructure throughout the jurisdictional area.</li> <li>• It is typical when issuing a bond to adopt a parameters resolution. This resolution sets the maximum possible parameters, in relation to the amount, interest rate, and term. These outside limits must be higher than what will actually be issued. The maximum interest rate and bond amount are intentionally broad to provide for market movement and unforeseen conditions that might prevail between the start of the bonding process and actual sale of the bonds. Based on recently sold transactions of this type, the 8.5% maximum rate exceeds what investors would demand and should not be assumed to be the interest rate at which this financing is completed. Further, the maximum interest rate needs to be high enough to cover the highest rate of the latest maturing bond. A bond coming due in 30 years is going to have a much higher</li> </ul>

	<p>interest rate than one coming due in one year. But that higher rate is offset by the lower short-term bond interest rates. Consequently, the blended real interest rate will be significantly lower.</p> <ul style="list-style-type: none"> <li>• The current plan of finance contemplates a total of \$120 million of Bonds (project costs plus capitalized interest, debt service reserve fund and issuance costs) at a combined interest rate of approximately 4% to 4.25% to be repaid over 30 years.</li> <li>• The bond will be paid off from the tax increment created by new development of projects that exist only in the boundaries of the Inland Port. This <i>is not</i> an increase in taxes, but is rather capturing the increase in value by new development created by those within the jurisdictional land area. The bond and its repayment will not have any impact on the residents of Salt Lake City and West Valley.</li> <li>• UIPA has a contract responsibility to forward the portion of tax increment that is generated to be paid towards the bond payment, but that is the only obligation of UIPA. SLC has <b>NO liability</b> or contract obligations.</li> </ul>
<b>Projects</b>	<ul style="list-style-type: none"> <li>• Bond proceeds are proposed to be used to finance a transloading facility, an advanced fuel refueling station, a community partnership project, and specific rail line construction designed to reduce congestion and provide future rail connectivity (including related land acquisition). All of these projects are at the heart of the core mission of the UIPA. These projects are not new to the UIPA Board but have been discussed in past meetings and public progress statements issued by the Executive Director.</li> <li>• The Inland Port is an independent, political subdivision of the state created for the purpose of fulfilling a state-wide purpose to encourage and facilitate development of the jurisdictional land and other project areas to maximize long-term benefits for the state. Port Authority projects insert public good for the benefit of the greater community.</li> <li>• Infrastructure needs outweigh available funding across the country. The Port Authority is reviewing and prioritizing projects.</li> <li>• The current funding does not include passenger rail, however, our Community Advisory Council subcommittee on Transportation is working with UTA on employee transit programs.</li> </ul>
<b>Partnerships</b>	<ul style="list-style-type: none"> <li>• The Port Authority has a cooperating agreement with Rocky Mountain Power to conduct a 10-year energy study. Together we are working towards a 100% net renewable energy use within the</li> </ul>

	jurisdictional land area. To accomplish this objective, we are working collaboratively with landowners, developers, tenants and other stakeholders on energy saving programs, solar installation, electrification, and renewable energy infrastructure.
--	---

## Transload Facility

UIPA’s objectives for building a transload facility adjacent to the Union Pacific’s existing intermodal terminal in Salt Lake City are to make goods movement in Utah more sustainable and more efficient. The value proposition for transloading is the consolidating of 3 international containers of freight into 2 larger domestic containers. For every 3 international containers that get consolidated, one less truck is needed to move the cargo. This transload operation will also be driven by rail service. All containers moving between the transload facility and California ports will move by rail. Exporters will also be able to reduce truck trips by having a larger supply of empty containers in the market rather than having to reposition them by truck from other cities, such as Denver. When exporters cannot find empty containers they will often truck their freight to the ports.

Today, without a transloading facility, much of the cargo moving between the Wasatch Front and these ports moves by truck. Transloading will provide shippers with an option to consolidate loads, ship by rail, and access more empty containers in the region, reducing the number of trucks on the road compared to what we would experience without this option.

Topic/Issue	Response
<b><i>Cargo Market</i></b>	<ul style="list-style-type: none"> <li>• The transload facility will handle mostly international imports moving through ports in California to destinations in the Intermountain West and beyond. Although the domestic market is not as strong, from time to time there will be opportunities to transload domestic freight as well.</li> <li>• The facility will provide Utah and Intermountain West region shippers with another option to access international markets. Shippers and carriers tell us that this kind of facility is needed in the region, so we expect a large volume of the shipments to be moving to and from our region. The facility also provides options for shippers outside our region as well and some of the cargo will move through the facility and continue inland by rail. However, those shippers have many more options for shipping cargo and the facility will likely only capture a small share of those markets.</li> <li>• Utah's largest export commodities include hay and alfalfa, medical and technical instruments, meat, recovered paper and paperboard, potatoes and related products, and other agricultural products. Among the largest import commodities to the Intermountain West region are furniture, electronics, machinery, auto parts, and footwear.</li> </ul>

	<ul style="list-style-type: none"> <li>• The facility will be designed to scale to the need. The number of containers handled annually could range from 40,000 to 85,000 when operating at full building capacity.</li> <li>• Many ocean carriers arrange transport of containers to “inland ports” far beyond a 200-mile radius. Dallas, Texas, Chicago, Illinois and Kansas City, Kansas are all examples of large “inland ports” handling millions of containers. UIPA has reached memorandums of understand with the Ports of Long Beach and Oakland to work together to further make freight flows from those ports into the Intermountain West more efficient and sustainable. UIPA is also in direct talks with several ocean carriers related to this category of business.</li> </ul>
<p><b>Operations</b></p>	<ul style="list-style-type: none"> <li>• The transload facility will be located adjacent to the existing UP intermodal terminal and leverages existing UP rail service for transloading. This affords the potential for a private gate between the facilities, improving efficiency.</li> <li>• No new rail infrastructure or rail yards will be constructed to support transloading. Ownership of the facility will remain with UIPA.</li> <li>• The project must comply with the public benefit/ownership requirements of a development authority PID; UIPA will own the transloading facility which will provide open access to carriers, shippers, and businesses. The facility will be between 80,000 and 150,000 sf and initial estimates show the facility will cost between \$20 and \$35 million to construct.</li> <li>• UIPA completed an investment grade business case in consultation with a third-party prior to seeking approval from the board to move forward on the transloading project. The Authority is currently seeking to contract with a qualified firm to operate the transload facility and will require the contractor to submit a business plan for review and approval.</li> <li>• Containers arriving at the facility for transloading will arrive from southern California by rail and any cargo destined for interior destinations will also leave by rail. Only those shipments bound for the Intermountain West will leave by truck.</li> </ul>
<p><b>Connections to the Union Pacific</b></p>	<ul style="list-style-type: none"> <li>• The existing Union Pacific terminal is what the transload operation will be designed around. The adjacency of the transload facility to the UP terminal creates a number of synergies to support sustainability and efficiency. The two facilities' driveways will be just a few hundred feet apart and there is potential for a private gate between the two facilities. Electric yard equipment will shuttle containers between the UP terminal and the UIPA transload facility.</li> </ul>

	<p>Also, the transload facility's hours of operation will be coordinated with those of the UP.</p> <ul style="list-style-type: none"> <li>• A transloading facility and a “railyard” are different things and they perform different functions. At a transloading facility, containers that have arrived by rail at a nearby railyard in smaller (usually 40 foot) containers are reloaded into larger (usually 53 foot) containers to continue their journey to different destinations. Often other value-added services related to packaging are also performed at these centers. One result of this repackaging is that the smaller, ocean-going sized containers will become more available to shippers in the Salt Lake City market who wish to ship goods for export. A lack of these containers in our market is one of the critical obstacles to Utah goods having efficient access to markets.</li> </ul>
<p><b>Truck and Rail Traffic Volumes</b></p>	<ul style="list-style-type: none"> <li>• The goal in establishing a transload facility is to shift freight moving by truck between California ports and Salt Lake City, the rest of the Intermountain West, as well as interior points to rail. Moving goods by rail can both make their supply chains more sustainable and save shippers money. According to the EPA, the relative energy efficiency of rail is estimated at 1.5 to 5 times that of trucking and the ratio for greenhouse gas (GHG) emissions is similar. Class I railway operations on average emit about 22 grams of CO2 per ton-mile compared to truck operations which emit approximately 65 grams per ton-mile. (<a href="https://www.epa.gov/sites/default/files/2019-07/documents/420f19013.pdf">https://www.epa.gov/sites/default/files/2019-07/documents/420f19013.pdf</a>)</li> <li>• UIPA is actively engaged in promoting and developing infrastructure for both near-zero and zero-emission trucks to make supply chain operations more sustainable. While creating an electrified truck fleet will reduce or eliminate emissions, trucks will continue to use our roadways and we will continue to experience congestion. Enabling freight that can move by rail to be able do so will reduce the stress on our roadways.</li> <li>• The current freight handling capacity of the road network within the Port area and around the Wasatch Front is stressed. Meanwhile there is unused capacity at the UP's Salt Lake City intermodal terminal. The purpose of creating a transloading operation adjacent to the UP terminal is to use that capacity to shift freight from truck to rail.</li> <li>• Statewide, UDOT notes that truck traffic is 23% of total traffic on Utah's highways, while nationally it averages only 12%. This is the highest percentage of truck traffic in the U.S. Transloading will help alleviate this traffic by consolidating the contents of 3 international</li> </ul>

	<p>containers into 2 larger domestic containers. For every 3 ocean containers consolidated into domestic containers, one less truck is needed to move that freight. This transload facility is also focused on rail transportation. All containers moving between California ports and the facility will move by rail, shifting the freight from truck to rail. Additionally, transloading will make more export containers available in Salt Lake City. Today, empty containers often must be repositioned from other locations, such as Denver, for Utah exporters to use. If a container cannot be located, the cargo is often trucked from Utah to the ports for loading into international containers. Having a larger supply locally will reduce those trips as well.</p> <ul style="list-style-type: none"> <li>• By shifting freight that is already moving to, from, and through the Wasatch Front from truck to rail, it will reduce truck traffic in the region. Further, by consolidating 3 international containers of freight into 2 domestic containers, we will take trips off of our roadways.</li> <li>• We do not expect any additional trains as existing train service can support the transload operations. Trucks carrying freight between California ports and the Intermountain West pass through the area today. By shifting some of this traffic to rail and consolidating shipments, we will be able to reduce the number of trucks needed to move that freight through the region.</li> <li>• Building the transload facility adjacent to the existing Union Pacific intermodal yard, means that we will not need to use trucks to transport freight between the UP yard and the transload facility. Since the two facilities are adjacent, electric yard equipment, rather than trucks, can be used to shuttle the cargo. The two driveways will be less than 500 feet apart, and other than that short trip, the freight will not need to travel over the road between facilities. There is also potential for a private gate between the two operations, which would eliminate any over-the-road movements.</li> </ul>
<p><b><i>Air Quality</i></b></p>	<ul style="list-style-type: none"> <li>• The goal of the transload facility is to make supply chain operations more sustainable by shifting freight from truck to rail and consolidating loads. We expect existing rail service to be able to support transload operations and load consolidation to reduce the number of trucks needed to move the freight.</li> <li>• The EPA regulates rail emissions. The most stringent standards, Tier 4, apply to all locomotives built in 2015 or later. We will work with the Union Pacific to deploy the newest locomotives and latest technology for reducing rail emissions in Utah.</li> </ul>

	<ul style="list-style-type: none"> <li>• UIPA will install charging infrastructure at the facility to encourage the use of near-zero and zero-emission trucks to move goods in and out of the transload facility.</li> </ul>
<p><b>Sustainability</b></p>	<ul style="list-style-type: none"> <li>• This project will include leasing 43 acres, and building in phases a transload facility consistent with M-1 zoning requirements determined by Salt Lake City. The proposed transload facility will be constructed to Net-Zero standards that exceed all current Salt Lake City industrial standards. We will also require the use of electric cargo handling equipment and offer zero-emission chargers on-site to attract and encourage Near-Zero and Zero-Emission trucks.</li> <li>• The freight logistics sector is not clean enough from the point of view of the Utah Inland Port Authority. Part of UIPA’s expressed mission is sustainability, and in particular to Salt Lake County, improving air quality. Our long-term objective is to facilitate programs that could move major logistics players to cleaner forms of energy – which is a must for future generations. Scenario modeling done in 2019 shows UIPA policies and programs are forecast to reduce PM2.5 by 21% and NOx by 18% when compared to baseline forecasts of growth in the jurisdictional area without UIPA intervention.</li> <li>• Short-term planning requires strategies that measurably improve air quality starting as early as next year, and we believe efficiencies can make an impact. This includes moving more goods coming through and to Utah from truck to rail. Moving freight by rail instead of truck <a href="#">lowers greenhouse gas emissions by 75%</a>. Cutting truck trips by a third in the current SLC industrial park through transloading is possible with the Port Authority’s help. These actions will result in better utilization of train trips, increasing cargo movement and decreasing emissions.</li> <li>• UIPA is considering all the general data on trains and other transit. Importantly, we are the first state entity to invest in gathering more Utah-specific data on trucks, trains, and other logistics modes and how each impacts our air quality.</li> </ul>
<p><b>Contact us:</b></p>	<p><a href="http://inlandportauthority.utah.gov">inlandportauthority.utah.gov</a></p>