



UTAH INLAND PORT

November 29, 2018

Utah State Legislature
Executive Appropriations Committee
Senator Jerry Stevenson, Senate Chair
Representative Brad Last, House Chair

Esteemed Executive Appropriations Committee Chairs and Members:

On behalf of the Inland Port Authority board, I respectfully submit to you a report of activities as required by the Authority's enabling legislation, S.B. 234 as amended by H.B. 2001. Per that legislation, the Authority is required to report to the Executive Appropriations Committee with regards to funds spent, updates to the business plan and a general progress report on how the board is achieving its purpose.

The Inland Port Authority board has made important and substantive progress in establishing an organization built on prudent policies and procedures. The board believes its work must be done in an open and transparent manner before the public. To that end, as the first order of business the board voted to make itself subject to the state's open and public meetings laws. The board also recognizes the importance of following the state's Government Records Access and Management Act.

To further enhance transparency, the board has adopted a Public Comment and Decorum policy that facilitates members of the public to speak on each actionable agenda item before a vote of the board is taken as well as a general public comment period for items that are not on a specific meeting agenda.

One example of this process and the value of public comment are the hearings held regarding the Authority's budget. The first draft of the budget was released prior to the September board meeting. The public hearing provided insightful input on specific budget items as well as the budget generally. Based on that input, the board deferred its vote on the budget until the October meeting, at which time a revised budget was published, and an additional public hearing was held, after which the board adopted the revised budget. A copy of that adopted budget is included with this report.

This budget includes funding to hire an executive search firm, funding for legal support, funding associated with forming a technical advisory committee, funding to hire an interim



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administrator, funding to begin a process for community engagement, and the \$475,000 specifically appropriated by the legislature for development of a business plan. The remainder of the revenue has been put in reserve for expenses we anticipate but do not yet have sufficient detail to allocate to a specific category for a specific amount. Please note that as of the date of this report, no funds have yet been spent by the Authority.

On the subject of the business plan, the board has issued a Request for Proposal (RFP) through the state procurement office. This RFP is scheduled to close soon after the New Year and the board expects with time to review, score, and select a proposal that work on the business plan will commence soon thereafter. The statement of work in the RFP calls for economic and environmental impact studies, recommendations for organizational/operational structure and funding models, specific site evaluation and infrastructure needs, and a review of existing inland port plans and data. A copy of the statement of work is included with this report.

The board also issued an RFP for an executive search firm to guide a national search for a full-time executive director. The board selected the firm McDermott & Bull and their principal consultant on the project, Craig Sabina, is actively engaged in developing the position description and search process. Mr. Sabina attended the November board meeting and outlined a four-phase timeline for having an executive director in place, which he expects to take 90-120 days. The board recognizes the importance of hiring the best-suited individual for this position and feels confident in the progress made towards this goal.

To continue progress of its important work, the board has decided to hire an interim administrator prior to having the full-time executive director in place. This individual will assist with the RFP processes, coordinate efforts of the Technical Advisory Committee, and begin public engagement efforts. The board expects to finalize and announce selection of this individual at the December board meeting.

The third RFP issued by the board is for legal support. The board expresses its gratitude to the Attorney General's Office for the temporary legal support Assistant AG, Chris Pieper has provided throughout the Authority's start up phase, and also recognizes the need to retain dedicated legal support. To that end, an RFP was issued and board members are currently in the process of reviewing and scoring the submitted proposals. It is expected the board will make a selection for legal support at its December board meeting.



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Finally, the board has created the Technical Advisory Committee envisioned in the enabling legislation. The purpose of this group is to provide expertise to the board on areas such as transportation, economic impact, environmental issues, zoning and planning, and natural resources. These experts will be critical to laying a foundation for a successful project.

On that note, let me conclude this report by communicating the serious responsibility the board feels in guiding this unmatched economic opportunity for our state. The board is excited to see a development of a product in our state that serves as an economic driver for the state today and for decades into the future.

The board recognizes there is some opposition to this effort. As with any important undertaking, there will always be opposition. While it is true that some opposition comes from anti-development, anti-economic growth special interests, most arises from concerns with current unknowns, unknown economic impacts and environmental issues. For this reason, the board is moving quickly and smartly with the appropriate studies to inform our plans and progress. The board, like the legislature and the public, looks forward to having answers to these important questions.

I want to assure members of this committee and the legislature that the board will continue to move forward with the responsibility you have given us: to guide development of the cleanest, most technically advanced port that will be a jewel for our state and a model for the nation. The board's commitment is to do so following a prudent process that is founded on study and fact, not conjecture and fear.

Thank you for your interest and your oversight. I am available to this committee collectively or to its members individually to address any other questions or concerns you may have.

Respectfully,

Derek B. Miller
Utah Inland Port Authority Board, Chair

Inland Port Authority Board
FY 2019 Annual Budget (Proposed)

Revenue

Operating Revenue	Projected
General Expense - set up General Fund One-time	\$ 1,500,000
Economic Development planning General Fund One-time	\$ 475,000
Total Operating Revenue	\$ 1,975,000

Expenditures

Operating Expenses*	Projected
Operating, Maintenance and Administration	
Personnel	\$ 100,000
Travel	\$ 2,500
Current Expense	
Contractual Services	
Business plan study	\$ 475,000
Executive Search	\$ 100,000
Professional & Technical Services	
Legal services	\$ 75,000
Community Engagement	\$ 100,000
Total Operating Expenses	\$ 852,500

Reserve Fund**

Operating Reserve	
Operating, Maintenance and Administration	
Personnel	\$ 600,000
Travel	\$ 65,000
Current Expense	

Office supplies	\$	5,000
Office space	\$	25,000
Professional & Technical Services		
Technical Advisory Committee	\$	50,000
Data Processing Expense		
Technology expense (equipment.& software)	\$	25,000
Capital Expenditure		
Office furniture & equipment	\$	100,000
Carry forward to FY 2020	\$	252,500

Total Reserve Transfer	\$	1,122,500
Total Expenditures	\$	1,975,000

NOTES:

* Operating Expenses

Personnel expense includes an interim administrator to provide staffing, development of draft organizational policies and procedures including tax differential funding, assisting in establishment of project areas, or sub-project areas, for board consideration, support for ongoing projects and organization of technical committee until an executive director and additional staff is hired

Up to \$475,000 is set aside for studies related to an inland port business plan including: environmental impact and sustainability, economic analysis, finance and funding models, site assessment and infrastructure, and transportation modeling. Multiple studies may be commissioned. Proposed statement of work is available at:

utahinlandport.org

Community Engagement includes staff support to organize, prepare and organize stakeholder action at multiple venues within the community to engage and receive public input on the inland port process. Engagement will include but is not limited to public meetings, community focus groups, media platforms, surveys, etc.

** Reserve Fund

Personnel expense reflects partial year based on initial staffing of Executive Director, Administrative team, and Finance/Accounting team

Office space is based on partial year and is calculated using downtown SLC comparable lease space

Capital expenditure is a one-time expense in FY 2019

All costs are estimates based on the best available information. Budget may be revised once an executive director is hired and if necessary budget amendments are considered by the board

SCOPE OF WORK FOR UTAH INLAND PORT BUSINESS PLAN

EXISTING PLANS & DATA REVIEW

Identify and review inland port related state and local studies and planning efforts to inform on existing conditions, needs, and limitations.

ORGANIZATIONAL STRUCTURE, FUNDING AND OPERATIONS

Recommend structure and staffing of the Inland Port Authority.

- a. Identify a minimum of three (3) scenarios for development of a Utah Inland Port with a recommendation if the consultant chooses.
 - i. The scenarios should consider weighing environmental, economic, and infrastructure/traffic impacts as outlined in the sections below.
 - ii. All data collected in relation to the various scenarios will be provided to the Inland Port Board.
 - iii. The respondent should consult with and utilize local technical experts in each category whenever possible.
- b. Identify the funding models for the various scenarios for the Utah Inland Port, and for the ideal model if one is recommended. Funding models should be based on access to private capital, grants, public funding and how the funding sources can be best used and combined.
- c. Evaluate the funding options so that all government entities contributing to the development of the Port benefit from the development, and that the tax increment allocated for the Port is not anticipated to be permanent.
- d. Recommend potential partners for funding and operating the inland port.
- e. Forecast the funding streams and operating costs, including upfront investment requirements, ongoing expenses, and revenue flows.
- f. Conduct a financial performance analysis, including the measurement of profitability through the start-up period, incremental growth, and at project stabilization.
- g. Perform a risk assessment related to public and private investment, such as construction risks, start-up period risks, macroeconomic issues, geopolitical risks, pricing risks, weather, labor, and regulatory issues.
- h. Identify the extent to which the other levels of government (state, county, municipalities) have existing technical resources that can be accessed to avoid duplication and encourage the efficient use of resources.
- i. Provide options for an approach to recognize and reimburse other governmental entities the cost of providing services to the inland port, including but not limited to: police, fire, building inspection, business licensing, legal services.
- j. Review potential infrastructure funding resources, and recommend a process by which those resources can be appropriately leveraged to create maximum benefit and respect the concept that the growth in the area is expected to cover the development costs.
- k. Review current state, county and municipal policies on the criteria for, evaluation of, and accountability for the allocation of tax differential or other incentives, and provide recommendations on the ratio of tax differential funds allocated to attract and support specific business development projects vs. the amount allocated to develop infrastructure.

1. Develop a 3 – 5-year plan from start-up to operations, with detailed phases and tasks; and identify partnerships to carry out start up tasks based on the current community and business ecosystem.

ECONOMIC IMPACT

Building upon the Utah Inland Port Feasibility Study, assess the economic impact of an inland port on the community, state and intermountain region.

- a. Identify potential growth of the business base, export base, markets, and supply chain networks.
- b. Identify existing companies, industries and supply chains that will benefit from an inland port.
- c. Identify companies and industries to attract and recruit within the inland port area as well as the surrounding proximity, including ecologically-oriented businesses compatible with the sensitive area,
- d. Identify opportunities for cluster development and partnership ecosystems.
- e. Perform a commodity flow analysis that quantifies the potential economic and fiscal effects resulting from the shipment of commodities to and from the inland port.
- f. Assess how regional, national and international business trends might impact the inland port and recommend mitigation options.
- g. Recommend potential partnerships with existing seaports and assess their impact and benefit.
- h. Assess the current ability to balance outgoing volume with incoming volume to determine the near term scope and size of an inland port.

ENVIRONMENTAL IMPACT AND SUSTAINABILITY

In partnership with the Utah Department of Environmental Quality, identify impacts and mitigation options to develop an environmentally sensitive and sustainable inland port.

- a. Perform a baseline air quality analysis, including inventory of current emissions, using relevant existing studies and local expertise.
- b. Conduct a baseline water inventory and analyze the projected water needs for development of the inland port.
- c. Assess potential impact to air quality, including the number of trucks on the freeway system, increased rail traffic and air miles, and mitigation options.
- d. Conduct an environmental element inventory that informs where development and what type should occur.
- e. Provide examples of alternative fleet options that are available and could be implemented such as electrification of trucks to limited idling and alternative fuels.
- f. Assess potential impacts to wildlife, water quality and local wetlands and mitigation options.
- g. Identify potential impacts to local communities such as localized air emissions, light pollution, noise, and vibrations, and identify mitigation options.
- h. Provide direction on compliance with existing environmental laws and regulations.
- i. Identify other sustainability components and best-practices that can be incorporated into the inland port.

SITE ASSESSMENT AND INFRASTRUCTURE

Perform a site assessment and provide recommendations on infrastructure siting, needs, and costs.

- a. Perform a site review and assessment of the property's physical characteristics, including existing infrastructure, linkages, opportunities, and constraints.
- b. Identify and define capital improvement needs and associated costs.
- c. Assess landowners' current and planned infrastructure investments and improvements.
- d. Assess the inland port area and recommend potential sites for the transfer station based on:
 - i. Property physical characteristics.
 - ii. Existing infrastructure and transportation assets.
 - iii. Cost to build needed infrastructure and transportation assets.
 - iv. Public health and social impacts.

OTHER

Bidders are invited to suggest work products or consulting services not directly referenced in this scope but that may be, in the experience of the bidder, beneficial to the Authority's efforts to establish a successful inland port. Bidders should submit pricing for such services in a 'menu' format, with a description of the possible service or product as well as the additional cost for that service or product.