Regional Economic Development
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A Brief History of Salt Lake County's Inland Port Efforts

I. Background

Salt Lake City was the first location established by westward moving pioneers as they entered into the Great Basin in 1847. With the early settlers came a unique economic system that borrowed from both the capitalistic economy of the Eastern U.S. and a European communitarianism that was brought over by many of the European immigrant converts to the Latter-day Saint faith. This communitarianism manifested itself through the publicly shared ownership of natural resources and Church-sponsored cooperatives.

This communitarianism didn't inhibit the early settlers from taking advantage of favorable market conditions that were available to them. While the first settlers did not actively participate in the California gold rush, they used their location as a stop-over on the route west to bolster the local service and manufacturing industries, including blacksmith, teamster, and laundry services. Aside from taking advantage of the demand for such services, early Utah settlers were also able to take advantage of the demand for fresh horses, flour, and vegetables, all of which they were able to sell at a premium to west-moving migrants.

While people and goods moved through Salt Lake City on their way west, this was only increased with the completion of the transcontinental railroad. The railroad was actively supported by the early settlers, who provided much needed labor. Brigham Young used every means available to persuade the railroad companies to take a southern route through Salt Lake City instead of the northern route through Ogden, but to no avail. Nevertheless, after the completion of the transcontinental railroad, settlers promoted and developed interior rail lines for even greater connectivity.

The idea of connectivity was important to the isolated settlers of the Great Basin. It was through connectivity, especially through the railroad, that the region could promote itself and receive imported goods that were not available in the arid Great Basin, which assisted in the orderly development of a unified people for the support of a permanent society.

With the railroad and greater accessibility, however, unity was challenged. Latter-day Saint practitioners were discouraged from trading with outsiders and cooperative wholesale houses were established. These wholesale houses were meant to supply merchandise to cooperative retail establishments where local Latter-day Saints were encouraged to shop. The profits from these retailers were used to help establish other shops and factories rather than accumulated as individual or corporate wealth.

The communitarianism of the Great Basin Latter-day Saints was critiqued throughout the nation. Such critiques highlight the contrast between the uncontrolled laissez-faire market conditions outside the Great Basin and the highly regulated cooperatives within. However, such strict cooperatives were short lived. Following the death of Brigham Young in 1877, the Zion Central Board of Trade was established. Zion Central was established with the goals of facilitating contracts (that would promote local employment) and marketing, importing goods, regulating prices and competition, and reducing freight rates. Zion Central was devoted to helping increase private production and employment.

In light of the attempts at Utah statehood, the "gentile boycott" that had segregated markets within the Great Basin was lifted in 1882. The lift of this boycott led to the proliferation of private enterprise as Latter-day Saint and non-LDS businesses worked together to support the chamber of commerce and improve the business systems within the various communities. In part because of the desire for statehood, the communitarian ideal that had been practiced in the Utah territory since 1847 began to give way to the tradition of American finance capitalism, which we take part in today.

II. Inland Port Authority

Enabling Legislation

In line with the tradition of connectivity, cooperation, and collective benefit established in the early years after Utah's initial settlement, Senate Bill 25 was introduced by E. LaMar Buckner and Karl G. Swan on January 22, 1974. Through S.B. 25, Buckner and Swan hoped to authorize the establishment of port authorities throughout the state. The bill granted the State or any political entity or combination of entities the authority to establish port authorities within or outside (or a combination of both) municipal boundaries and extending police power to the port authority. The bill also authorized port authorities to be established, constructed, operated, and maintained using public funds. The bill passed unanimously in both the Senate and the House.

According to the bill, a port authority is defined as "a commission established with authority to designate a port district and to plan, finance, develop, operate or regulate transportation, distribution or other facilities, including manufacturing or assembling all types of personal property, which promote and protect commerce."

Salt Lake County Inland Port and Foreign Trade Zone

Despite the passage of legislation authorizing the establishment of port authorities in 1974, little else was done to create an Inland Port Authority or a Port District in Salt Lake County until 1987 when the County created an Inland Port Task Force. The task force was created to identify weaknesses in trade and transportation and to propose means for overcoming those weaknesses. The task force was granted $30-$50,000 to perform the feasibility study in 1989.

Before the task force performed the study, County officials suggested that an Inland Port Authority could bring millions of dollars to the regional economy and create hundreds of jobs within the Intermountain West. The results from the task force were compiled in a feasibility study in 1990.

According to the study's findings: a need for a port authority was recognized in 1974 when S.B. 25 was introduced and subsequently passed; there was no current centralized entity responsible for freight transport; the current transportation infrastructure was expansive; trade and transportation potential was not being fully realized; more than 80 industrial parks were under-utilized; Utah lagged behind in business climate ratings; Foreign Trade Zone facilities were under-utilized; 14 local freight forwarders were limited by both small volumes of local cargo and distances to major western markets; there was little cooperation within the region between coast and inland relations; the 1980s saw; a shift in trade patterns in which intermodal far-east traffic experienced dramatic growth; 70 percent of freight markets were now international and most of these were trans-pacific; businesses needed assistance with exporting activities, especially market research and transportation; and no current economic development strategies included freight transportation.

In response to this litany of findings, the task force recommended the establishment of an Inland Port Authority in three phases, which would begin in January of 1990. The first phase of implementation, which would take place over the first six months of 1990, was to implement a Port Authority within the County government structure. Once implemented within the government system, the next 18 months would see the establishment of a quasi-independent Port Authority. During this second phase of implementation, a private, non-profit organization would be selected to assume responsibility for the Port Authority and activities and services currently offered through the County would be shifted to the Port Authority. The third and final phase, which would take a maximum of three years, would transition to a self-supporting quasi-independent Port Authority. The Port Authority and County would establish fee structures and hourly rate schedules for services and facilities offered and would implement an evaluation procedure for the Port Authority.

The task force hoped that through this three phase establishment of a Port Authority, they would see increased job creation within the region, enhanced statuses for ports of entry and Foreign Trade Zone, and improved levels of service and competition among transportation providers.

Furthermore, much like the Zion Central Board of Trade of the early settlers, the Inland Port Authority would serve the role of facilitator: facilitating the development of transportation of goods, supporting economic development efforts, facilitating increased trade in the region, and coordinating trade-related opportunities to export Utah products internationally, among others. In other words, the Inland Port Authority was meant to help both ends of the transportation: promoting transportation services and helping connect local businesses to potential foreign markets for exporting.

According to a *Deseret News* article in May 1990, a Port Authority was established, but lacked the funds to be fully functional, while in December of the same year, State and Salt Lake County economic development officials petitioned the Legislature for $150,000 to establish the Inland Port Authority. While Salt Lake County headed up the charge and would establish the Port Authority within County limits, the benefits, according to the feasibility study, would extend beyond Salt Lake County, having a positive impact on the state as a whole. To help persuade the legislature, Salt Lake County committed $300,000 to the Port Authority. But in October of 1991, a panel of 19 members failed to agree on whether a statewide Inland Port Authority would be beneficial to the State's economy. Some thought that Port Authorities would be more beneficial at the local level, as opposed to a state level. One point of agreement, however, was that the issue deserved more study.

Despite the lack of an Inland Port Authority in the State or the County, in 1992, Salt Lake County's Export Assistance Program was named the best in the nation. The Export Assistance Program, coupled with a 55-acre Foreign Trade Zone adjacent to the Union Pacific terminal, continue to help local businesses and manufacturers export goods and materials. Salt Lake City's Foreign Trade Zone #30 was established in 1977 and was operational until 1996, when it was deactivated due to lack of use. In 2006, Salt Lake City partnered with the Rockefeller Group to reactivate the Foreign Trade Zone. In a memorandum to the Salt Lake City Council dated January 11, 2008, the Redevelopment Agency of Salt Lake City suggested a desire to reactivate the Foreign Trade Zone and outlined the benefits. The Foreign Trade Zone reactivation was approved in 2009, and in 2013 the Foreign Trade Zone was completed. Another Memorandum to the Salt Lake City Council dated February 26, 2015 outlined the application for expansion of the Foreign Trade Zone through the creation of two "subzones", which fall outside the existing foreign trade zone. These subzones would be located at the sites of two company expansion sites in Salt Lake City: one at the Redwing Shoes facility and one at the Oemeta facility.

Salt Lake County Global Cities Initiative and Regional Export Plan

In 2014 Salt Lake County applied to take part in the Global Cities Initiative established by the Brookings Institute. The Global Cities Initiative is a five-year project with a goal of helping U.S. cities engage more fully in global markets. According to the 2014 application, Salt Lake County had no current export plan despite accounting for 70% of Utah's total exports. Furthermore, according to the application, Salt Lake County stakeholders underestimate the impact of exports due to an incomplete understanding of the subject.

The application further explained that in 2013, Salt Lake County exported $11.85 billion in goods and materials to over 40 countries, but half of those exports came from a single industry. Understanding the need to diversify its exports, Salt Lake County desired to proactively approach the challenges it faced through joining the Global Cities Initiative.

The application was accepted and in 2015, Salt Lake County joined the Global Cities Initiative. As part of the Initiative, Salt Lake County developed a Regional Export Plan in 2016, which outlined the current state of exporting in the County as well as goals and steps to accomplish those goals. According to the Plan, most Salt Lake County companies are content with domestic markets, export support services were not fully understood, and 60% of businesses that responded to inquiries were not currently exporting goods or materials.

This lack of involvement in export is in part due to a lack of understanding and a suite of challenges that companies—especially small companies—face. These challenges range from navigating foreign government regulations, to developing global sales contracts. All of this is heightened by a general lack of expert knowledge. Furthermore, respondents requested services such as training workshops, mentorship programs, networking opportunities, and individual export coaching.

In order to overcome the challenges, provide these services, and diversify exports, Salt Lake County proposed 5 core strategies, which they would accomplish through the Global Cities Initiative and in partnership with the World Trade Center Utah, one of which included the establishment of an Inland Port Authority. While the establishment of an Inland Port Authority is only a piece of the larger picture, it is a vital piece that will help enhance the regions transport infrastructure and provide services that will empower local businesses to engage more completely with global markets.

The Regional Export Plan set forth by the County in April 2016 is currently underway. As a follow-up to the Plan, the County has begun a Foreign Direct Investment Plan, which will proactively facilitate job creation and enhance the quality of life for Salt Lake County residents. Salt Lake County acknowledges the intimate link between Foreign Direct Investments and exports, and understands the role that an inland port will play in helping accomplish its economic development goals.