



UINTA BASIN RAILWAY PROJECT

MILESTONE ONE

EXECUTIVE SUMMARY

MAY 2019

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Introduction

The Seven County Infrastructure Coalition has been working diligently and urgently on the Uinta Basin Railway (UBRY) project for several months. The Milestone 1 funding (\$6.5M) from the CIB has been critical to the significant progress and momentum. The Coalition sincerely appreciates the financial and general support from the CIB and respectfully submits this executive summary of the accomplishments from Milestone 1 and looks ahead to the next steps.

As discussed during the November 2018 CIB meeting in Moab, the Coalition is pleased to provide this executive summary status report and discuss receiving the remainder of the \$27.9M in preconstruction funding for the UBRY. The project team has been able to successfully navigate the process to the point that the most critical issues that were discussed with the Board now have solutions:

- The Coalition selected Drexel Hamilton Infrastructure Partners, LP, for a public-private partnership (P3) to finance and build the proposed Uinta Basin Railway.
- The Coalition and the Ute Tribe continue ongoing, positive discussions to take steps towards a formal partnership.
- Federal environmental, right-of-way, and regulatory approvals are moving ahead with significant momentum.

Solving these critical issues answers most of the questions that contributed to the phasing/milestone discussion in November 2018.

In summary, the project is moving faster and more efficiently than originally anticipated, approximately one year ahead of schedule due to P3 relationship and oncoming access to private capital. This exciting progress accelerates the need for the remaining \$21.4M of the \$27.9M that was requested in November. Private capital is anticipated to be in place to cover the costs of contractor procurement, right-of-way acquisition, construction, and related services and activities that will take place following (and many portions simultaneously with) the expenditure of CIB funds.

MEDIA RELEASE

Seven County Infrastructure Coalition selects private partner to finance and build the Uinta Basin Railway

Railway to bring economic stability while maintaining environmental regulations

Uinta Basin, Utah (May 10, 2019) – The Seven County Infrastructure Coalition board voted to select Drexel Hamilton Infrastructure Partners, LP for a public-private partnership to finance and build the proposed Uinta Basin Railway.



“Drexel Hamilton brings a wealth of industry experience and valuable resources and we are excited to partner with them to advance the Uinta Basin Railway,” said Mike McKee, executive director of the Seven County Infrastructure Coalition. “This is an important milestone for the project and shows our commitment to furthering the railway to drive economic development, enable sustainable communities and enrich the quality of life for residents throughout the state and region.”



“We think the Uinta Basin is America’s most prolific stranded crude oil basin and deserves its place alongside the other great oil plays like the Permian and Bakken. The Uinta is similar to Alberta oil reserves in Canada where transportation bottlenecks exist and have limited its ability to be refined in distant markets,” said Mark Michel, Managing Partner, Drexel Hamilton.

The Uinta Basin Railway will provide economic stability to communities in the Uinta Basin by creating well-paying jobs and increasing opportunities for the Basin’s main industries: oil and gas, agriculture and livestock, and mining. The goods produced by these industries play a critical role in the U.S. economy, providing fuel for automobiles, plastics for medical supplies, and feed for livestock throughout the U.S.

Program Management

SCOPE OVERVIEW

Program management is critical to the success of the project. It includes services required to provide technical support to the project consultants, data gathering and distribution, technical coordination, STB and agency coordination, procurement of consultant and contractor services, communication management, meeting coordination, CIB staff coordination, schedule control, and budget tracking.

Program management also includes roles such as executive director and board support, tribal relationship and environmental support, strategic project leaderships, and related program management tasks. Jones & DeMille Engineering (JDE) has been serving in this role for the Coalition on the “owner’s” side of the project.

PRIMARY ACHIEVEMENTS AND DELIVERABLES

The program management team assisted Director McKee as the full project delivery team was gathered through several procurement processes. This is a significant project that requires an ideal mix of world-class technical expertise combined with local connections and knowledge.



The schedule has been proactively managed throughout Milestone 1. All contracts with consultants have been tracked against the \$6.5M and the CIB-approved budget categories. The overall budget for Milestone 1 is shown below.

Budget Category	Original Budget (Nov. 2018)	Actual Budget (June 2019)
Conceptual Engineering	\$1,900,000	\$1,290,000
Baseline Environmental	\$700,000	\$1,450,000
Mapping	\$1,200,000	\$2,190,000
Operating & Maintenance Planning	\$300,000	\$66,000
Right-of-Way Planning	\$200,000	\$210,000
Strategic Communications	\$300,000	\$298,000
STB Regulatory Legal	\$500,000	\$450,000
Freight & Commercial	\$200,000	\$40,000
Program Management	\$500,000	\$470,000
Administrative Travel Expenses	\$100,000	\$20,000
Contingency	\$600,000	\$16,000
TOTAL	\$6,500,000	\$6,500,000

Conceptual Engineering

SCOPE OVERVIEW

During the first 60 days of the project, the Initial Analysis Phase allowed HDR to provide the Coalition with enough engineering information necessary to assess a range of feasible route alternatives so the Coalition could make a more informed decision regarding a preferred route. The preferred route, as well as other route alternatives, would be considered for additional study during the National Environmental Policy Act (NEPA) review stage of the UBRy Project, under the Surface Transportation Board (STB).

As a part of this effort, HDR identified several potential route alternatives, and examined them within the engineering environmental category. To do this Phase 1 Scope, the engineering constraints were as follows:

- An AACE Estimate Class 4 cost was developed for route alternative in order to achieve an opinion of probable costs while using public domain-level mapping data.
- Minimizing tunnel lengths and difficult terrain mileage of the proposed railway, which are higher unit cost items.

After the Initial Analysis Phase of the UBRy Project, the Milestone 1 scope for the Conceptual Engineering was informed by the following goals:

1. To further develop conceptual engineering of the preferred route and other feasible route alternatives.
2. To inform the STB’s Office of Environmental Analysis (OEA) in its role as the federal regulatory agency performing environmental review of the UBRy Project.

To achieve those goals, the Conceptual Engineering Scope for this phase was as follows:

1. HDR provided the Coalition with additional conceptual engineering information, in addition to the information contained within the environmental budget category, for submission to OEA. HDR is documenting the engineering of the three selected routes (Indian Canyon, Wells Draw, and Craig).
 - a. As part of this effort HDR provided the Coalition a refinement of the three alternative routes
 - b. Developed bridge, track, and tunnel standards for the project
 - c. Met with UDOT, CDOT, and Union Pacific Railroad (UP) and coordinated highway overpasses, underpasses, road realignments, and railroad connections
 - d. Conducted a site visit for the geotechnical engineer’s review of the routes, including initial visual assessment of the tunnel and hillside constructability

NEXT STEPS

The next steps for the engineering processes are as follows:

- The routes carried forward to NEPA scoping will be further developed based on information and input from site survey, environmental assessments, hydrologic and hydraulic analysis (H&H), geotechnical, and additional findings completed during Milestones 1 and 2.
 - o Survey data will be accessible and used to refine the horizontal and vertical railway alignments.
 - o The addition of spiral curves will be part of this refinement.
- Road crossing locations and design will be refined.
- Road and rail bridge locations and design will be refined.
- The design criteria for the main engineering disciplines will be refined.
- The H&H analysis will be refined.
- Preliminary tunnel criteria and design will be developed.
- Additional geotechnical information will be developed, as needed.

Conceptual Engineering *(continued)*

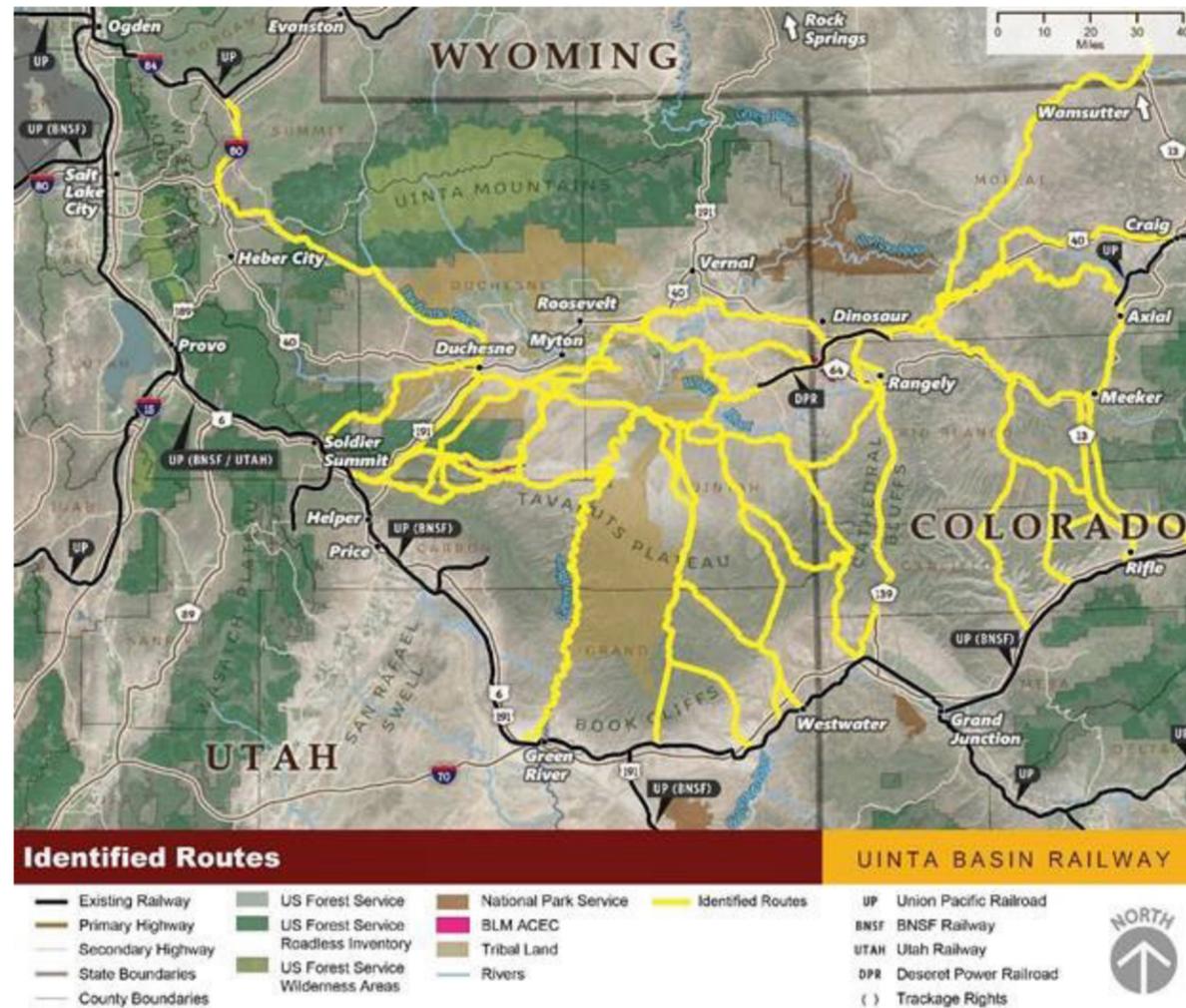
SCOPE OVERVIEW

- e. Site reconnaissance performed by the tunnel engineer
- f. Refined hydrology and hydraulics (H&H) analysis
- g. Identified and refined utility, pipeline, water rights, irrigation ditches, overhead power, and other minor roadway crossings
- h. Coordinated with the environmental process and JDE mapping efforts
- i. Refined Opinions of Probable Construction cost for each route

PRIMARY ACHIEVEMENTS AND DELIVERABLES

The Coalition received many Conceptual Engineering deliverables. They include:

- An opinion of probable cost for each alignment.
- Google Earth (.KMZ) files containing conceptual route alignments.
- A draft operating basis of design.
- A comparison of costs and route development feasibility using graphical means.
- A report, documenting the process used and findings that were developed, for use by Coalition to select a preferred and alternate alignments.
- Google Earth (.KMZ) files containing the refined alignment of the three routes to approximately 15 percent-level of design.
- A preliminary design criteria report for the bridge, track, and tunnel standards.
- A report documenting the process used and subsequent findings during the refined alignment conceptual engineering.
- An Opinion of Probable Construction cost for each refined route.
- Reviewed project base maps and the geological base maps for the general geologic tunnel locations.
- Documentation of existing site conditions for tunnels, as accessible.
- Identified exploration goals and objectives for a future geological investigation program.



Mapping

NEXT STEPS

Currently the mapping project is about 30% complete.

The remainder of the mapping process is anticipated to be complete by the end of July.

The majority of the cost of the mapping phase is covered under the Milestone 1 budget with only about \$25,000 remaining to be covered under the phase of funding.

SCOPE OVERVIEW

The STB through the NEPA process requires that an equivalent level of detail be analyzed for all alternatives carried forward into the EIS. In order to comply with this requirement, aerial mapping and survey section analysis is underway on all three alternatives. This includes locating over 1,000 section corners in Utah and Colorado and setting aerial targets and survey control along the alignments.

The length of the project went from 200 miles in November 2018 to 380 miles today to evaluate the Indian Canyon, Craig and Wells Draw routes.

PRIMARY ACHIEVEMENTS AND DELIVERABLES

The alignments are being flown and elevation data is being gathered via LiDAR. The following data is being gathered and developed along the alignments.

- Digital orthophotography with pixel resolution of 0.25 feet
- LiDAR with a point cloud vertical accuracy of 0.25 feet
- A digital terrain model with 1' contours
- Visible planimetric features will be digitized typical of 1"=100' scale
- Topographic mapping will be developed at 1"=100' scale with a 1' contour interval

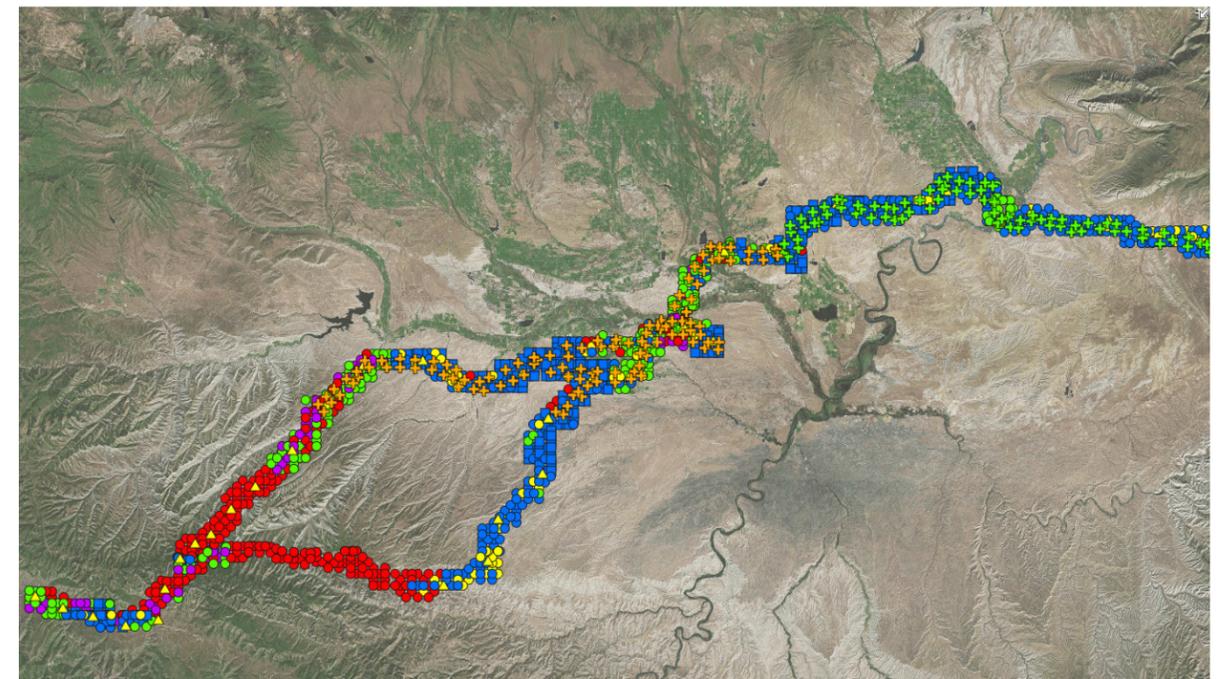
The data is being gathered along a 3,000-foot-wide corridor along the alignments. Only 1,000 feet of that corridor, 500 feet either side of centerline, is being processed initially to create a DTM or digital terrain model for design and estimating purposes.

However, if additional data is needed or a minor shift in the alignment occurs, additional LiDAR data can be processed within the 3000-foot-wide corridor in order to encompass those changes. Over 40 miles of alignment have already been flown and an additional 40 miles is in the process to be flown in the next week or two.

PRIMARY ACHIEVEMENTS AND DELIVERABLES *(continued)*

Section corners are being located along all three routes. Locating these corners is necessary in order to establish property boundaries throughout the corridors. In the future that data will be used to create right-of-way instruments and acquire rights-of-way along the selected route.

The figure below shows the current status of section corner locations and aerial targets throughout the Utah portion of the alignments. Red and green signify that they are set or located, red and orange represent they are remaining to be set.



Baseline Environmental Studies

NEXT STEPS

In order to achieve a Record of Decision (ROD) from the STB and obtain the required environmental permits, additional work will need to be conducted, such as the environmental baseline surveys of the three alternative routes, the transfer of the collected data to the STB's third-party contractor, and the completion of all required permit applications.

The environmental budget category will conclude with the issuance of the ROD from the STB and the receipt of all required permits from the appropriate agencies. A programmatic agreement will be required to coordinate cultural resources.

SCOPE OVERVIEW

The Coalition has been working on the Baseline Environmental Studies budget category. The STB's Office of Environmental Analysis will oversee the environmental review of the proposed railway as the lead federal agency using its authority under NEPA. Other environmental permits will be required for the construction of the new rail line under the authority of various federal and state agencies.

Primary tasks to be completed under the environmental area are listed below:

1. Complete the environmental review process, which is anticipated to include preparation of an Environmental Impact Statement (EIS), to support a decision by the STB.
2. Acquire the environmental, land use, and construction permits required for the construction, operation, and maintenance of the railway.
3. Implementation of the NEPA process, including public outreach, for environmental review of the proposed railway, including preferred and alternate routes.
4. Preparation of an appropriate environmental review document, anticipated to be an Environmental Impact Statement, through the NEPA process and in accordance with STB policy and regulation. This would include the base-line studies to support the environmental analysis.
5. Preparation, submittal, and acquisition of environmental, land use, and construction permit applications required to construct, operate, and maintain the railway.

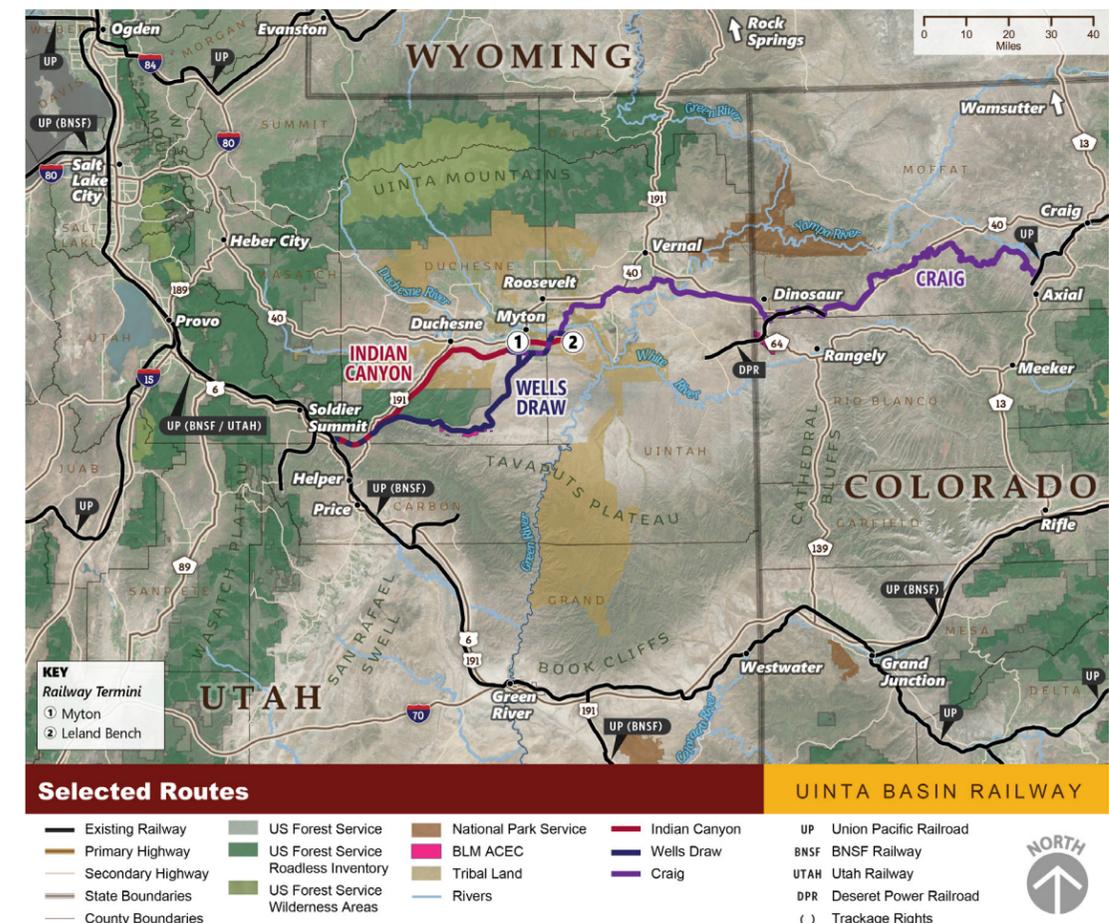
PRIMARY ACHIEVEMENTS AND DELIVERABLES

Highlights of the environmental work performed to date under Milestone 1 include the following activities:

- A review of previous environmental data collected in the region through past studies
- Preparation of environmental constraints mapping for the Indian Canyon, Wells Draw, and Craig routes
- Coordination with STB and their third-party consultant, ICF
- Preparation of field data collection plans
- Development of Waters of the U.S. (WOUS) delineation methodology
- Development of biological characterization methodology

PRIMARY ACHIEVEMENTS AND DELIVERABLES (continued)

- Development of Class II cultural resources assessment methodology
- Preliminary meetings (pre-NEPA) with anticipated cooperating and participating federal agencies, including the Bureau of Land Management (BLM), U.S. Army Corps of Engineers (USACE), U.S. Environmental Protection Agency (EPA), U.S. Forest Service, and the Bureau of Indian Affairs (BIA)
- Preliminary meetings with anticipated state of Utah cooperating and participating agencies, including the Division of Water Quality, Division of Wildlife Services, Division of Forestry, Fire and State Lands, and Utah State Historic Preservation Office (SHPO)
- Preliminary meetings with anticipated Colorado state cooperating and participating agencies, including Colorado SHPO, Colorado Department of Public Health and Environment (CDPHE), Colorado Department of Transportation (CDOT), Colorado Parks and Wildlife (CPW), and State Land Board
- Environmental field survey work on the Indian Canyon route
- Initial work preparing Section 401 certifications and the Section 404 permit application



Preliminary O&M Planning

NEXT STEPS

During Milestone 2, detailed operations and maintenance planning will take place in order to complete the assessment of environmental impacts required for the EIS, to develop cost estimates with higher precision, and to develop construction planning.

Detailed safety planning and outreach to local, state, and federal safety agencies, and first responders will take place.

Train dynamics and operational capacity planning will take place.

Operations and maintenance plans will be finalized.

Development of a plan of action for train dynamic and operational capacity simulation modeling will also be tackled.

SCOPE OVERVIEW

Operations and Maintenance Planning consists of development of plans that describe how the Uinta Basin Railway will be operated and maintained. This includes developing indicative costs for both operation and maintenance that inform forecasts of the railway's financial performance, coordination with both Union Pacific Railroad and BNSF Railway to commence initial discussions of how trains and rail cars will be physically interchanged, and development of operations and maintenance data required to inform the NEPA process and the engineering of the railway.

Primary tasks to be completed in the Operations and Maintenance planning are as follows:

1. Review of engineering alignments for their operability and maintainability at reasonable cost.
2. Planning for main track capacity analysis and train dynamics analysis, to inform the location and quantity of sidings (where trains meet and pass) and to inform engineering and operating criteria such as horizontal and vertical curvature, maximum grades, maximum train length, and placement of locomotives into trains.
3. Development of operating and maintenance information required by the STB for the Environmental Impact Statement.
4. Development of conceptual operating and maintenance plans, and development of operating and maintenance cost forecasts to inform the indicative financial performance of the railway.
5. Initial safety planning.

PRIMARY ACHIEVEMENTS AND DELIVERABLES

Highlights of the Operations and Maintenance Planning work performed to date under Milestone 1 include the following activities:

- Preparation of conceptual operating and maintenance plans
- Development of forecasts of operating and maintenance costs
- Coordination with UP and BNSF to discuss how trains will be interchanged, the locations and configuration of the interchange trackage, and initial discussions of a complete transportation plan for trains originating and terminating on the Uinta Basin Railway to and from points on UP and BNSF.
- Operational and maintenance review of the conceptual engineering, and development of engineering design criteria that are informed by operations and maintenance.

Right-of-Way Planning

SCOPE OVERVIEW

In Milestone 1, funding preliminary property owner discussions and property access for survey purposes has been acquired on most of the parcels in Utah on both the Indian Canyon and Craig routes. In addition, preliminary right-of-way acquisition discussions have occurred with property owners along the Indian Canyon route.

Included in our funding request for the next milestone is right-of-way planning and right-of-way option agreement acquisition. The commercial effort for this project is underway. In order to close deals with potential shippers, we will acquire option agreements for all right-of-way along the preferred route for the project. The right-of-options will be executed once the environmental process is concluded and funding is secured for the construction of the project.

There are 137 unique landowners on the Indian Canyon route that are crossed by the alignment. It is anticipated the option agreements will carry a five-year term. A term longer than five years could make it more difficult to come to an agreement with the property owners.

Experienced right-of-way acquisition agents will be utilized for this effort. The agents have experience in the Uinta Basin and/or right-of-way acquisition for railroad projects.

PRIMARY ACHIEVEMENTS AND DELIVERABLES



Indian Canyon Alignment Parcels and Access Status

Right-of-way instruments will be prepared under the direction of a licensed surveyor. This effort is tied closely to the mapping process currently underway. Locating section corners and survey section analysis, currently being completed under the mapping phase, will be

necessary for right-of-way instrument preparation. Fee title right-of-way will be the first preference for this project. Easements will be a second option if needed.

The figure shows the Indian Canyon alignment with private parcels shown. They are shaded to indicate current property access status for survey purposes.

NEXT STEPS

Right-of-way instruments will be prepared under the direction of a licensed surveyor. This effort is tied closely to the mapping process currently underway.

Locating section corners and survey section analysis, currently being completed under the mapping phase, will be necessary for right-of-way instrument preparation.

Fee title right-of-way will be the first preference for this project. Easements will be a second option if needed.

Strategic Communications

NEXT STEPS

Additional Strategic Communications support is needed throughout the project development and construction phases of the UBRy project.

The Strategic Communications team will remain focused on these key activities:

- Continue promoting the Uinta Basin Railway through digital and social media strategy, media relations, local stakeholder engagement and elected official outreach throughout the full duration of the project
- Support the Coalition as the proponent through the NEPA process, particularly through public engagement of Notice of Intent (NOI), scoping, alternatives screening, draft EIS, final EIS, and ROD

SCOPE OVERVIEW

The Strategic Communications team developed a communications strategy and implemented public relations support for the Coalition to educate the public about the UBRy Project and its benefits.

The Milestone 1 scope included initial communications efforts to develop market research analysis, develop a strategic communications plan, implement branding, and develop a number of tools to share information about the proposed railway.

PRIMARY ACHIEVEMENTS AND DELIVERABLES

Highlights of the Strategic Communications work performed to date under Milestone 1 include the following activities:

- **Social & Political Risk Analysis:** Included current and historical analysis of perceptions and opinions on the railway and the oil & gas industry throughout the study area
- **Stakeholder Interviews:** Conducted with community leaders, industry representatives, agricultural representatives, and local government
- **Strategic Communications Plan:** Included target audience analysis, messaging, strategies and tactics, and schedule
- **Branding Guideline:** Focusing on the logo, font theme, color palettes for the UBRy Project
- **Website Developed and Launched:** www.uintabasinrailway.com;

PRIMARY ACHIEVEMENTS AND DELIVERABLES (continued)



- **Social Media Strategy and Implementation:** Included the Facebook, Twitter, Instagram platforms
- **Property Owner Stakeholder Engagement:** Included neighborhood meetings in Roosevelt, Provo
- **Media Strategy and Management:** Ten (10) earned media stories from private-partnership announcement in national and local print/online publications and radio interviews
- **Animation Video**
- **Collateral:** Developed materials, such as a project fact sheet, maps, boards, community power point presentations
- **Elected official outreach**

Regulatory Compliance

NEXT STEPS

As we move from the pre-NEPA process into formal NEPA scoping and development of the environmental impact statement, we will continue coordinating activities and strategy development with the project interdisciplinary team.

We will also continue to coordinate with the STB and other cooperating agencies and to ensure all information needs are being met.

Key deliverables and activities in the next phase of this project include:

- Responding to information requests received from the STB;
- Participating in the NEPA scoping process;
- Development of a petition for exemption or application for construction authority;
- Reviewing and providing input on other agency permit applications;
- Supporting strategic communications;
- Supporting development of the administrative record;
- Providing advice relating to considerations for obtaining rights-of-way.

SCOPE OVERVIEW

The scope of regulatory compliance includes providing legal advice and regulatory compliance assistance in connection with the construction and operation of the new rail line. This includes facilitating coordination among the Coalition’s interdisciplinary team, as well as with the Surface Transportation Board (“STB” or “Board”) and other potential cooperating agencies.

PRIMARY ACHIEVEMENTS AND DELIVERABLES

Over the past several months, the primary activity under regulatory compliance has been facilitating coordination with the STB and other potential cooperating agencies during the “pre-NEPA” process. The primary goal behind these efforts has been to ensure the STB has the information it needs to formally begin the NEPA process by issuing its notice of intent to prepare an environmental impact statement.

Primary achievements and deliverables include:

- A kick-off meeting with the STB at its office in Washington, D.C. to introduce the project to the Board and to answer any initial questions;
- Submitting a six-month waiver request to the STB and working to execute a memorandum of understanding among the Coalition, the Board, and the third-party contractor;
- Development of the project’s purpose and need statement;
- Drafting a project information paper providing background information on the Coalition, describing the project’s purpose and need, and detailing the routes proposed for additional study;
- Development of an initial traffic volume forecast; and
- Drafting a summary of the Coalition’s evaluation of potential route alternatives.

Freight and Commercial Analysis

SCOPE OVERVIEW

Commercial Planning and Analysis consists of development of a method to commercialize the Uinta Basin Railway. Commercialization consists of transforming the railway from a business concept into a self-sustaining, self-funding business enterprise that can generate revenues that pay for the railway’s construction, debt service, operation, and maintenance, and generate profits for the railway’s owners.

Primary tasks to be completed in the Commercial Planning and Analysis are as follows:

1. Development of an Indicative Financial Analysis that forecasts the financial performance of the railway, using freight volume forecasts developed by others or collected from potential freight shippers on the railway, the estimated construction cost of the railway, the estimated operating and maintenance cost of the railway, an estimated cost of financing, and a market-based approach to pricing of the railway’s transportation services.
2. Development of an approach to financing the construction of the railway.
3. Development of an outreach to potential private partners that could finance, construct, operating, and maintain the railway.

PRIMARY ACHIEVEMENTS AND DELIVERABLES

Highlights of the Commercial Planning and Analysis work performed to date under Milestone 1 include the following activities:

- Outreach was made successfully to potential shippers of the railway, and to market experts, to determine estimates of freight quantities that could be shipped on the railway, in conjunction with freight forecasts previously prepared by the Coalition, and to determine market-based pricing for the railway’s transportation services.
- An Indicative Financial Analysis of the railway’s potential financial performance was developed, using a range of freight volume forecasts and financing costs.
- A Request for Information to potential private partners who could potentially finance, construct, operate and maintain the railway was developed and advertised, and responders were interviewed and the information they provided was reviewed.

NEXT STEPS

During Milestone 2, the Coalition will work with the Commercial Partner and the Ute Tribe to develop a Commercial Engagement Agreement and a Lease Agreement that will structure the financial relationship between the Coalition, the Commercial Partner, and the Ute Tribe, and will develop how the Coalition and the Ute Tribe will be compensated for the values they bring to the railway project.

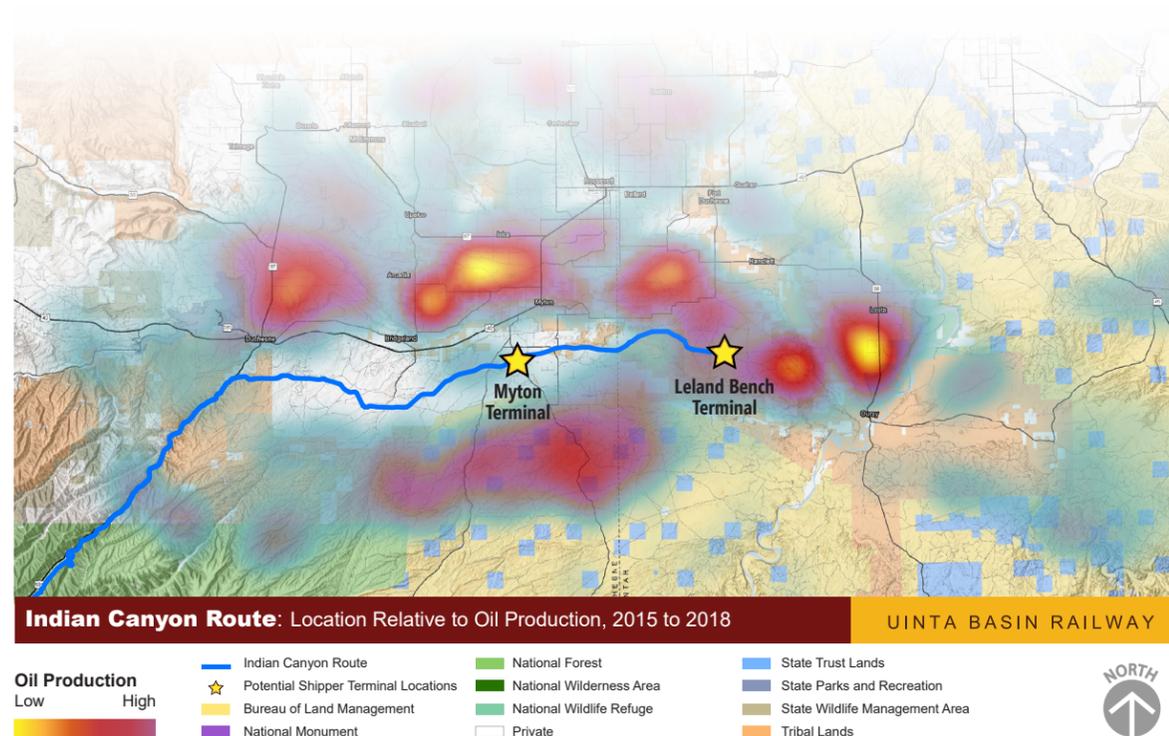
Commercial contracts with shippers will be developed, and the Commercial Partner will seek to commence shipments using alternative transportation modes during the railway’s permitting, design, and construction periods.

Freight and Commercial Analysis *(continued)*

- A Request for Qualifications to potential private partners who could potentially finance, construct, operate and maintain the railway was developed and advertised, and responders were interviewed and the responses they provided was reviewed.
- A preferred private partner, Drexel Hamilton Infrastructure Partners, LP, was selected from responders by the Coalition, and an initial Memorandum of Understanding was developed and approved by the Coalition.
- Coordination and outreach with the Ute Tribe was initiated to determine the interest of the Ute Tribe as a partner in the development of the railway. The Ute Tribe proposed a term sheet for its commercial and financial partnership, and this term sheet was approved.
- The Commercial Partner commenced discussions with freight shippers and began development of commercial commitments for freight shipments that will be used as the basis for financing of the railway.
- The Commercial Partner commenced detailed financial planning for how it will finance, construct, operate, and maintain the railway.

Conclusion

The Coalition appreciates the ongoing support of the CIB and all other stakeholders and partners. The Uinta Basin Railway project is complex and, as demonstrated above, it is moving ahead with significant positive momentum.





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