

# Utah Distribution Industry

INDUSTRY PROFILE

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# Utah Distribution Industry

## INDUSTRY OVERVIEW<sup>1</sup>

Utah is often referred to as the “Crossroads of the West,” making it a hub for the nation’s distribution industry. The key factors supporting Utah’s status as a hub for distribution include an extensive freeway system with more than 43,155 miles of highways and roads; a major rail system with more than 1,400 miles of railroad track stretching throughout the state; an international airport handling over 550 million pounds of air cargo and air freight annually and servicing over 22 million passengers in 2007; existence of a Customs Port of Entry; and a successful public transit system experiencing rapid growth and expansions all along the Wasatch Front. Utah’s low operating costs and available labor force make Utah an attractive location for the distribution industry.

## UTAH DISTRIBUTION INDUSTRY STRENGTHS

### Utah, the “Crossroads of the West,” is a Hub for the Nation’s Distribution Industry

- Salt Lake City International Airport is 2 ½ hours from half the nation’s population and just 10 minutes from downtown Salt Lake City. The airport offers 16 different cargo carriers for handling and shipping airfreight.
- Delta, operating its second largest hub at the Salt Lake City International Airport, is expanding its flights and now offers a direct flight from Salt Lake City to Paris, France.
- Salt Lake City serves as a full-service customs port city, making it a center for warehousing and distribution. There are over 1,500 trucking companies with a presence in the state.<sup>2</sup>
- Southern Utah serves the California market with a one-day turnaround.

### Young, Highly Educated and Growing Workforce

- Utah ranks 6<sup>th</sup> in the nation with 91.2% of the population age 25+ having a high school diploma.<sup>3</sup>
- Utah ranked 3<sup>rd</sup> in the nation for its population growth rate of 3.2%.<sup>4</sup>
- Utah is the youngest state in the nation with a median age of 28.3.<sup>5</sup>

### Low Cost of Doing Business

- Utah ranks 18<sup>th</sup> lowest in the nation for its cost of doing business index score at 90.1.<sup>6</sup>
- With an average electricity cost of 5.89 cents per kilowatt hour, Utah is the 3<sup>rd</sup> lowest utility cost in the western U.S.<sup>7</sup>

## MAJOR RECENT ANNOUNCEMENTS<sup>8</sup>

### Delta Air Lines

Delta Air Lines is now offering a direct flight from Salt Lake City to Paris, France from the Salt Lake City International Airport. This will provide for an increase in commerce between Utah and France.

<sup>1</sup> Source: Utah Department of Transportation, Salt Lake City International Airport, Salt Lake Chamber of Commerce

<sup>2</sup> Source: DirectoriesUSA

<sup>3</sup> Source: Economic Report to the Governor, 2008 edition

<sup>4</sup> Source: U.S. Census Bureau

<sup>5</sup> Source: Economic Report to the Governor, 2008 edition

<sup>6</sup> Source: Milken Institute, 2007 Cost of Doing Business Index

<sup>7</sup> Source: Edison Electric Institute, Summer 2007 rate data

<sup>8</sup> Source: EDCUtah 2007-2008 Fiscal Report

### **FedEx**

FedEx placed a truck servicing facility in a rural Utah location, Salina. The facility will employ two full-time auto repair and mechanic specialists and brings \$750,000 in capital investment.

### **The Hershey Company**

The Hershey Company has expanded its operations and is building a 600,000-square-foot distribution facility in Ogden, Utah. The facility will employ approximately 120 people and brings a total capital investment of roughly \$38 million to the state.

### **Sephora USA**

Sephora USA recently built and is now operating a 320,000-square-foot warehouse in Salt Lake City as its primary western distribution center. This distribution center, completed in the spring of 2008, will serve all customers west of the Mississippi. This center provides more rapid service and more efficient and cost-effective transportation. At full capacity, the center will employ approximately 500 people. Salt Lake City was selected over Reno, Nevada.

### **U.S. Foodservice**

U.S. Foodservice, the second largest food service distributor in the U.S., has expanded its Utah presence in Ogden. The company built a 265,000-square-foot distribution facility, which will serve as one of its 70 distribution and service points nationwide. The facility, planned for completion in late 2008, will employ approximately 400 people.

### **UTA's FrontRunner and TRAX Light Rail Expansions<sup>9</sup>**

FrontRunner, a commuter rail system connecting counties along the Wasatch Front, began service from Salt Lake City north through Davis and Weber Counties to Pleasant View in April 2008. Ridership has far exceeded initial projections, proving Utah a viable location for successful public transit. The second phase of this commuter rail line broke ground in August 2008. It will run south from Salt Lake City through Utah County to Provo. The current TRAX light rail system has many planned expansions in the near future including new lines from downtown Salt Lake City to the Salt Lake City International Airport, Draper, South Jordan and West Valley City. These expansions will allow commuters from the south and west parts of Salt Lake County to more easily and reliably access downtown Salt Lake City, and vice versa.

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<sup>9</sup> Source: UTA

## UTAH'S DISTRIBUTION INDUSTRY

### Highways & Ground Freight<sup>10</sup>

Utah plays a key part in the transfer of consumer goods and raw materials throughout the United States. Approximately 1,500 trucking companies have a presence in the state of Utah. Three major interstates (I-15, I-80 and I-70) connect in the state and access in all directions is readily available. Movement of consumer goods and raw materials is able to reach the west coast in a 1-day to 2-day delivery time. Movement of goods from the west coast to the east can be made in a 1-day day range from Utah to Denver and a 4-day range from Utah to Atlanta.

Distance and Travel Time to Western Cities



<sup>10</sup> Source: Utah Department of Transportation, Utah Trucking Association

## Air Freight<sup>11</sup>

Air freight service in the Salt Lake area allows companies to ship within hours to any point in the nation. 22 cargo carriers handled roughly 380 million pounds of air cargo and airmail at the end of 2007. Over the past 10 years, air cargo volumes at the airport have grown at an annual average rate of nine percent. The growth in cargo activity has necessitated the development of new cargo areas.

The Salt Lake City International Airport's cargo carriers include such major companies as:

- Airborne Express
- Ameriflight
- DHL Airways
- Emery Worldwide
- Federal Express
- United Parcel Service

### *Estimated Freight Shipping Costs to Various Destinations from Salt Lake City*

| Freight Destinations from Salt Lake City (Zip Codes) | Truckload (20,000 lbs., 50 Boxes, Class 70) |
|--|---|
| San Diego, California (92152)                        | \$2,366.91                                  |
| Los Angeles, California (90210)                      | \$2,189.91                                  |
| San Francisco, California (94150)                    | \$2,306.14                                  |
| Portland, Oregon (97254)                             | \$2,660.89                                  |
| Seattle, Washington (98124)                          | \$2,628.51                                  |
| Denver, Colorado (80259)                             | \$1,673.91                                  |
| Albuquerque, New Mexico (87101)                      | \$2,156.49                                  |
| Las Vegas, Nevada (89120)                            | \$1,460.63                                  |
| Phoenix, Arizona (85045)                             | \$2,304.08                                  |
| Boise, Idaho (83729)                                 | \$1,176.23                                  |

Source: American Freight Companies, September 2008 estimates

## Air Transportation<sup>12</sup>

Salt Lake City International Airport, located just 5 miles from downtown Salt Lake City, provides a great resource for business or leisure travel. The airport recorded the best on-time arrival and departure record compared to all other major airports in the nation during 2007 with on-time arrivals for 81% of flights and on-time departures for 85% of flights.<sup>13</sup> The airport has 13 airlines and provides over 700 scheduled daily flights with non-stop service to over 90 destinations. In 2007, the airport serviced 22 million passengers in and out of Salt Lake City, making it the 22<sup>nd</sup> busiest in the nation. Delta Air Lines, operating its second largest hub at the Salt Lake City International Airport, recently expanded its services to include a direct flight from Salt Lake City to Paris, France.

### *Airline Service from Salt Lake City*

| Airline              | Daily Departures | Airline            | Daily Departures | Airline            | Daily Departures |
|----------------------|------------------|--------------------|------------------|--------------------|------------------|
| American Airlines    | 7                | jetBlue Airways    | 5                | United Express     | 10               |
| Continental Airlines | 3                | Northwest Airlines | 4                | US Airways         | 5                |
| Continental Express  | 2                | SkyWest Airlines   | 212              | US Airways Express |                  |
| Delta Air Lines      | 95               | Southwest Airlines | 44               |                    |                  |
| Frontier Airlines    | 6                | United Airlines    | 6                |                    |                  |

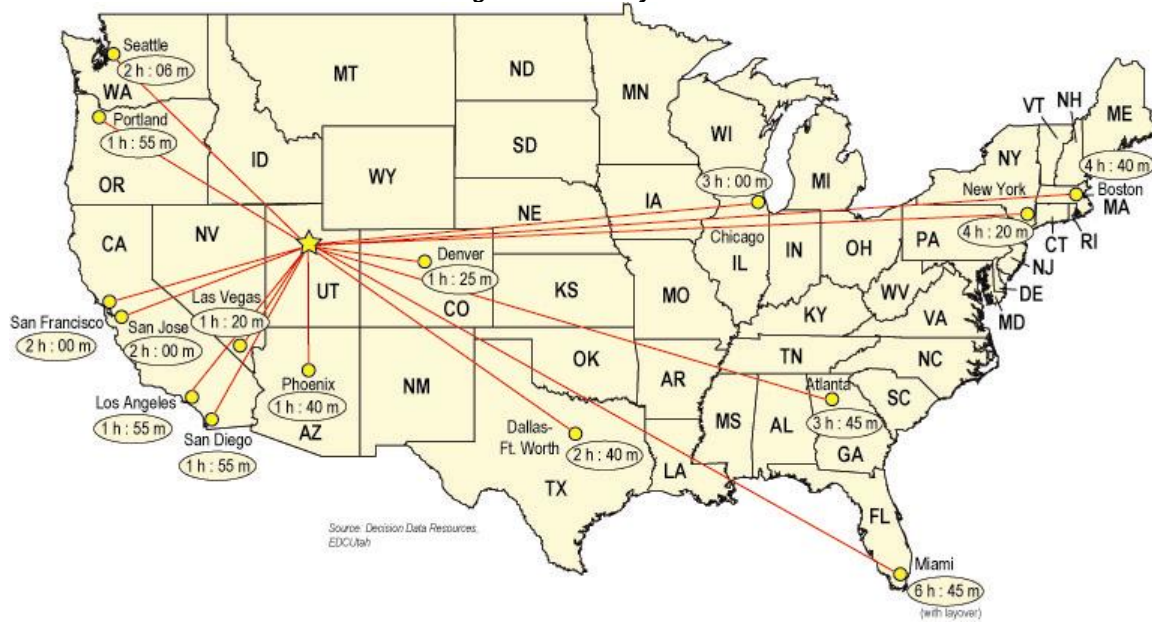
Source: Salt Lake City International Airport

<sup>11</sup> Source: Salt Lake County

<sup>12</sup> Source: Salt Lake City International Airport

<sup>13</sup> Source: Bureau of Transportation

### Flight Time to Major U.S. Cities

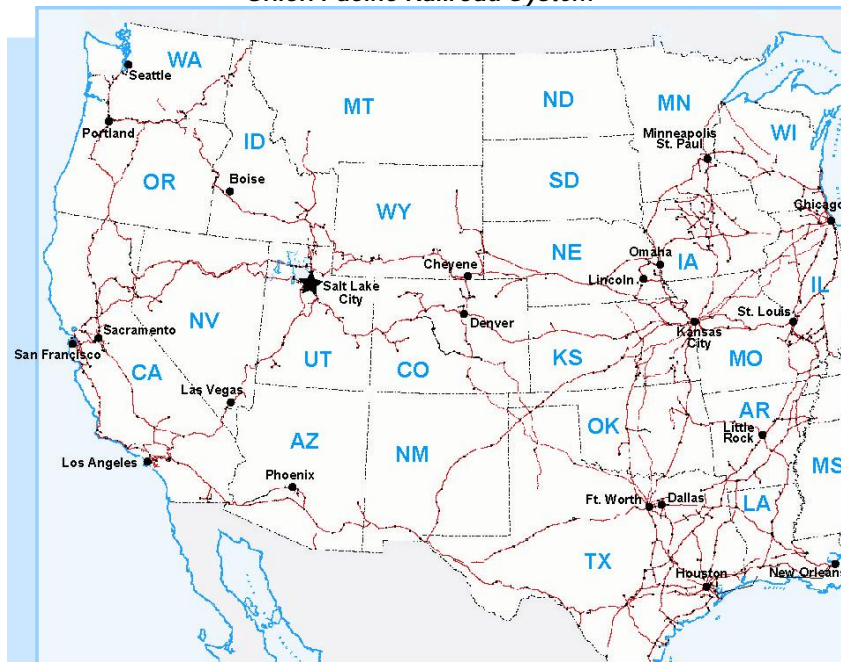


Source: Decision Data Resources, EDC/Utah

### Rail Distribution<sup>14</sup>

In the 1860's, the Golden Spike was driven at Utah's Promontory Point, marking the completion of the transcontinental railroad. Today, Utah has more than 1,400 miles of railroad track throughout the state that converge in the Salt Lake and Ogden MSA's. Union Pacific and BNSF are the primary rail service providers for the state, providing second-morning service to 90% of the western U.S. The main lines link Utah to major sea ports such as Los Angeles, Oakland, Portland and Seattle, as well as many other key locations throughout the country. Salt Lake City is the first location where the three major rail lines leaving Seattle, San Francisco and Los Angeles ports meet. Utah is an excellent interline switching route for west coast shipments and for eastern and midwestern terminals. Salt Lake City is the western-most point from which all west-coast cities can be directly served without backtracking.

### Union Pacific Railroad System<sup>15</sup>



<sup>14</sup> Source: Utah Department of Transportation, Rail and Freight Planner

<sup>15</sup> Source: Union Pacific Railroad

## LABOR

### Unemployment Rates

Approximately 77% of Utah's total labor pool resides in the Salt Lake, Ogden-Clearfield and Provo-Orem metropolitan statistical areas. Utah's unemployment rate is currently 3.7% for August 2008.

| Region / Location    | Civilian Labor Force<br>(August 2008) | Unemployment Rate<br>(August 2008) |
|----------------------|---------------------------------------|------------------------------------|
| Box Elder            | 24,852                                | 4.6                                |
| Cache                | 62,264                                | 2.6                                |
| Davis                | 146,420                               | 3.4                                |
| Iron                 | 21,835                                | 4.4                                |
| Salt Lake            | 561,311                               | 3.5                                |
| Tooele               | 27,769                                | 4.2                                |
| Utah                 | 223,761                               | 3.4                                |
| Washington           | 63,776                                | 5.1                                |
| Weber                | 114,828                               | 4.4                                |
| <b>Utah</b>          | <b>1,383,592</b>                      | <b>3.7</b>                         |
| <b>United States</b> | <b>154,900,000</b>                    | <b>6.1</b>                         |

Sources: Utah Department of Workforce Services, Bureau of Labor Statistics

## BUSINESS OPERATING COSTS

### Wage Data

Utah's low operating costs make it an attractive location to operate a distribution center. With the youngest workforce in the nation at a median age of 27.9 according to the U.S. Census Bureau, Utah consistently provides an available and qualified workforce.

| SOC Code | Title / Position   | State of Utah | National Comparison | % Difference |
|----------|--|---------------|---------------------|--------------|
| 11-3071  | Managers of Transportation, Storage & Distribution                           | \$73,910      | \$81,980            | 90.2%        |
| 53-1031  | Supervisors of Transportation, Material Moving Machinery & Vehicle Operators | \$51,420      | \$52,510            | 97.9%        |
| 43-5071  | Shipping, Receiving and Traffic Clerks                                       | \$25,830      | \$28,410            | 90.9%        |
| 53-7062  | Laborers & Freight / Stock / Material Movers (Hand)                          | \$22,360      | \$23,840            | 93.8%        |
| 53-3032  | Truck Drivers, Heavy & Tractor-Trailer                                       | \$38,990      | \$37,560            | 103.8%       |
| 53-3033  | Truck Drivers, Light / Delivery Services                                     | \$24,380      | \$28,820            | 84.6%        |

Source: Utah Department of Workforce Services, May 2007 data; Bureau of Labor Statistics, May 2007 data

## TOP UTAH DISTRIBUTION CENTERS & SERVICES

| Rank | Organization   | Contact                                      | # of Employees | Products / Services  |
|------|--|--|----------------|--|
| 1    | Flying J, Inc.<br>1104 Country Hills Drive<br>Salt Lake City, Utah 84403 | Phillip Adams<br>President<br>(801) 624-1000 | Over 10,000    | Distributes diesel fuel throughout entire U.S., convenience stores & restaurants |

|    |   |   |                |   |
|----|---|---|----------------|---|
| 2  | Associated Food Stores<br>1850 West 2100 South<br>Salt Lake City, Utah 84104        | Richard Parkinson<br>CEO<br>(801) 973-4400              | 1,000 to 4,999 | Distributes grocery items to grocery stores and convenience stores in Utah, Idaho, Nevada, Colorado, Wyoming, Arizona and Montana |
| 3  | BD Medical Systems<br>9450 South State Street<br>Sandy, Utah 84070                  | Gregory Meehan<br>Vice President<br>(801) 586-230       | 1,000 to 4,999 | Manufactures and distributes various medical products   |
| 4  | Fresenius Medical Systems<br>475 West 13 <sup>th</sup> Street<br>Ogden, Utah 84404  | Troy McGhee<br>Director of Operations<br>(801) 626-4515 | 1,000 to 4,999 | Manufactures and distributes renal dialysis devices   |
| 5  | Huish Detergents<br>15 West South Temple, Suite 1400<br>Salt Lake City, Utah 84101  | Dan Huish<br>President<br>(801) 975-3100                | 1,000 to 4,999 | Distributes private-label detergents and cleaning products  |
| 6  | Icon Health & Fitness<br>Freeport Center, # M11<br>Clearfield, Utah 84015           | David Enz<br>Plant Manager<br>(801) 774-3850            | 1,000 to 4,999 | Manufactures and distributes well-known brand home fitness equipment  |
| 7  | Kimberly-Clark / Ballard Medical<br>12050 Lone Peak Parkway<br>Draper, Utah 84020   | Tim Dye<br>General Manager<br>(801) 572-6800            | 1,000 to 4,999 | Manufactures and distributes various medical devices and supplies   |
| 8  | La-Z-Boy, Utah<br>P.O. Box 280<br>Tremonton, Utah 84337                             | Jerry Garren<br>Vice President<br>(435) 257-5282        | 1,000 to 4,999 | Manufactures and distributes upholstered furniture  |
| 9  | Lifetime Products<br>Bldg. D-11/Freeport Center<br>Clearfield, Utah 84016           | Mr. Barry Mower<br>CEO<br>(801) 728-1959                | 1,000 to 4,999 | Manufactures and distributes sporting goods and outdoor furniture   |
| 10 | Nature's Sunshine Products<br>P.O. Box 19005<br>Provo, Utah 84605                   | Douglas Faggioli<br>President & CEO<br>(801) 342-4300   | 1,000 to 4,999 | Manufactures and distributes various nutritional products   |
| 11 | Nestle USA – Food Group, Inc.<br>815 Raymond Klauck Way<br>Springville, Utah 84663  | Chuck Dries<br>Plant Manager<br>(801) 489-8621          | 1,000 to 4,999 | Manufactures and distributes frozen foods   |
| 12 | Merit Medical Systems, Inc.<br>1600 West Merit Parkway<br>South Jordan, Utah 84095  | Fred Lampropoulos<br>President & CEO<br>(801) 253-1600  | 1,000 to 4,999 | Manufactures and distributes various medical products   |
| 13 | NuSkin Enterprises, Inc.<br>75 West Center Street<br>Provo, Utah 84601              | Truman Hunt<br>CEO<br>(801) 345-1000                    | 5,000 to 9,999 | Manufactures and distributes nutritional and personal care products   |
| 14 | RC Willey Home Furnishings<br>2301 South 300 West<br>Salt Lake City, Utah 84115     | Scott Hymas<br>CEO<br>(801) 461-3900                    | 1,000 to 4,999 | Warehouses and distributes furniture, electronics and flooring/carpet   |
| 15 | ICU Medical, Inc.<br>4455 Atherton Drive<br>Salt Lake City, Utah 84123              | Mike McGrew<br>Plant Manager<br>(801) 262-2688          | 500 to 999     | Manufactures and distributes surgical equipment   |
| 16 | Lofthouse Foods<br>215 North 700 West, Building 5D<br>Ogden, Utah 84404             | Mark Stoner<br>HR Manager<br>(801) 317-1480             | 500 to 999     | Manufactures and distributes specialty desserts   |
| 17 | Newspaper Agency Corporation<br>143 South Main Street<br>Salt Lake City, Utah 84111 | Harry Whipple<br>President & CEO<br>(801) 237-2800      | 500 to 999     | Distributes Salt Lake Tribune and Deseret Morning News newspapers   |
| 18 | Tahitian Noni International, Inc.<br>333 West River Park Drive<br>Provo, Utah 84604 | Kelvin Olsen<br>President<br>(801) 234-1000             | 500 to 999     | Produces and distributes health supplements   |
| 19 | Wal-Mart Distribution Center<br>5400 West Highway 83<br>Corinne, Utah 84307         | Robert Marabella<br>Manager<br>(435) 744-4000           | 500 to 999     | Department and discount store distribution center   |
| 20 | Wal-Mart Distribution Center<br>150 North Highway 91<br>Hurricane, Utah 84737       | Keith Knolls<br>Manager<br>(435) 634-1090               | 500 to 999     | Department and discount store distribution center   |
| 21 | Provo Craft Warehouse<br>151 East 3450 North<br>Spanish Fork, Utah 84660            | Robert Workman<br>CEO<br>(801) 794-9000                 | 250 to 499     | Wholesales and distributes craft items  |
| 22 | Wonder Bread / Hostess Cakes<br>734 East 400 South<br>Salt Lake City, Utah 84102    | Brent Gill<br>Plant Manager<br>(801) 531-6057           | 250 to 499     | Distributes Wonder Bread bakery goods   |

|    |  |   |            |   |
|----|--|---|------------|---|
| 23 | Easton Distribution Center<br>634 Challenger Road<br>Salt Lake City, Utah 84116        | Bret Darling<br>Plant Manager<br>(801) 539-1052 | 100 to 249 | Outdoor and sporting equipment distribution center        |
| 24 | Feature Films for Families<br>58 East 3750 South<br>South Salt Lake, Utah 84115        | Carrie Thompson<br>Manager<br>(801) 281-8181    | 100 to 249 | Film editing services and distribution                    |
| 25 | Intermountain Distribution Center<br>256 South 5500 West<br>Salt Lake City, Utah 84104 | (801) 596-6968                                  | 100 to 249 | Distribution services                                     |
| 26 | Mervyn's Distribution Center<br>2455 South 3600 West<br>Salt Lake City, Utah 84119     | David Smith<br>Owner<br>(801) 977-2700          | 100 to 249 | Apparel distribution center                               |
| 27 | Stock Building Supply<br>3781 South River Road<br>St. George, Utah 84790               | Boyd Hale<br>Manager<br>(435) 628-3601          | 100 to 249 | Manufactures, distributes and installs building materials |
| 28 | Wal-Mart Distribution Center<br>929 Highway 138<br>Grantsville, Utah 84029             | (435) 884-5100                                  | 100 to 249 | Department and discount store distribution center         |

Source: DirectoriesUSA

## TOP UTAH TRANSPORTATION COMPANIES

| Rank | Organization   | Contact                                     | # of Employees | Products / Services  |
|------|--|---|----------------|--|
| 1    | C.R. England Inc.<br>4701 West 2100 South<br>Salt Lake City, Utah 84120                              | Daniel England<br>CEO<br>(801) 972-2712     | 1,000 to 4,999 | Motor freight trucking services                            |
| 2    | Savage Services<br>6340 South 3000 East, Suite 600<br>Salt Lake City, Utah 84121                     | Allen Alexander<br>CEO<br>(801) 944-6600    | 1,000 to 4,999 | Liquid and dry bulk trucking services                      |
| 3    | SkyWest Airlines, Inc.<br>444 South River Road<br>St. George, Utah 84790                             | Jerry Atkin<br>CEO<br>(435) 634-3000        | 1,000 to 4,999 | Airline passenger transportation services                  |
| 4    | United Parcel Service (UPS)<br>2040 Parkway Boulevard<br>Salt Lake City, Utah 84119                  | Kevin Foley<br>Manager<br>(801) 973-3691    | 1,000 to 4,999 | Mailing, shipping, courier, delivery and trucking services |
| 5    | Utah Transit Authority (UTA)<br>3600 South 700 West<br>Salt Lake City, Utah 84119                    | John English<br>Owner<br>(801) 743-3882     | 1,000 to 4,999 | Transportation consultants, bus lines and transit lines    |
| 6    | Salt Lake City International Airport<br>776 North Terminal Drive<br>Salt Lake City, Utah 84122       | Tim Campbell<br>Manager<br>(801) 575-2400   | 500 to 999     | International airport passenger transportation services    |
| 7    | Unishippers Association, Inc.<br>746 East Winchester Street, Suite 200<br>Salt Lake City, Utah 84107 | Steve Nelson<br>CEO<br>(801) 487-0600       | 500 to 999     | Air cargo services   |
| 8    | ABF Freight System Inc.<br>55 South Redwood Road<br>Salt Lake City, Utah 84116                       | Tom Hale<br>Manager<br>(801) 355-2030       | 250 to 499     | Motor freight trucking and moving services                 |
| 9    | Andrus Transportation Services<br>630 North 3050 East<br>St. George, Utah 84790                      | James Andrus<br>President<br>(435) 673-1566 | 250 to 499     | Motor freight trucking services                            |
| 10   | Barney Trucking Inc.<br>195 South 800 West<br>Salina, Utah 84654                                     | Brad Barney<br>President<br>(435) 529-3701  | 250 to 499     | Heavy hauling trucking services                            |
| 11   | Central Refrigerated Service<br>5175 West 2100 South<br>Salt Lake City, Utah 84120                   | Jon Isaacson<br>CEO<br>(801) 924-7000       | 250 to 499     | Motor freight trucking services                            |
| 12   | Miller Blue Ribbon Beef Trucking<br>410 North 200 West<br>Hyrum, Utah 84319                          | Ted Miller<br>President<br>(435) 245-6456   | 250 to 499     | Meat packers and meat products transportation              |

|    |   |  |            |                                 |
|----|---|--|------------|---------------------------------|
| 13 | Old Dominion Freight Line, Inc.<br>2902 Parkway Boulevard<br>West Valley City, Utah 84119 | Dave Free<br>President<br>(801) 952-9244   | 250 to 499 | Motor freight trucking services |
| 14 | Pride Transport<br>5499 West 2455 South<br>Salt Lake City, Utah 84120                     | Jeffrey England<br>Owner<br>(801) 972-8890 | 250 to 499 | Motor freight trucking services |
| 15 | Yellow Transportation Inc.<br>2410 South 2700 West<br>West Valley City, Utah 84119        | Ken Hall<br>Manager<br>(801) 977-6200      | 250 to 499 | Motor freight trucking services |

Source: InfoUSA

## FOR ADDITIONAL INFORMATION

The Economic Development Corporation of Utah  
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