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SURFACE TRANSPORTATION BOARD

Notice of Exemption

ENTERED
Office of Proceedings
September 2, 2021
Part of
Public Record

FINANCE DOCKET NO. 36525

SAVAGE COMPANIES
— CONTINUANCE IN CONTROL EXEMPTION —
SAVAGE, BINGHAM & GARFIELD RAILROAD COMPANY AND
SAVAGE TOOELE RAILROAD COMPANY

VERIFIED NOTICE OF EXEMPTION
Under 49 C.F.R. §§ 1180.2(d)(2), 1180.4(g)

NOTE: Color maps included in Exhibit B

FILED
September 2, 2021
SURFACE
TRANSPORTATION BOARD

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Date: September 2, 2021

FEE RECEIVED
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VERIFIED NOTICE OF EXEMPTION
Under 49 C.F.R. §§ 1180.2(d)(2), 1180.4(g)

Savage Companies (“**Savage**”) files this Notice of Exemption pursuant to the class exemption described in 49 C.F.R. § 1180.2(d)(2), to allow it to control two non-connecting Class III rail carriers, in the circumstances described below.

Savage is a privately held company based in Midvale, Utah, and is the ultimate parent of the Savage Services group of industrial logistics and transportation service companies (www.savageservices.com). Savage owns a Class III rail carrier operating in Utah named Savage, Bingham & Garfield Railroad Company (“**SBG**”). Savage has recently created a new, separate non-carrier subsidiary named Savage Tooele Railroad Company (“**STR**”). STR today is filing a separate Notice of Exemption with the Surface Transportation Board, in Finance Docket No. 36524, pursuant to 49 U.S.C. § 10901 and 49 C.F.R. § 1150.31, to permit STR to obtain property from Union Pacific Railroad Company (“**UP**”) and other owners, and to construct and

operate a line of railroad on the property as a rail common carrier, all in Tooele County, Utah (the “**STR-Tooele Exemption Notice**”).¹

After the STR-Tooele Exemption Notice takes effect, STR will become a Class III rail carrier performing the common carrier services described in the STR-Tooele Exemption Notice. Savage at that time will become the owner of two Class III rail carriers (SBG and STR). SBG and STR will operate in separate geographic areas (Salt Lake County, Utah for SBG; Tooele County, Utah for STR). The two rail operations will be at least 15 miles apart as the crow flies and are separated by a mountain range. Driving distance between the two rail operations is over 35 miles. The two railroads will not connect at any point.

Accordingly, Savage is filing the instant Notice of Exemption in Finance Docket No. 36525 to allow it, as the owner of SBG, to continue to control STR once STR becomes a Class III rail carrier, pursuant to the class exemption described in 49 C.F.R. § 1180.2(d)(2).

In support of this Notice of Exemption pursuant to the class exemption of 49 C.F.R. § 1180.2(d)(2), Savage submits the following information as required by 49 C.F.R. § 1180.4(g), incorporating certain information described in 49 C.F.R. § 1180.6(a). Savage’s notarized Verification signed by a knowledgeable officer, certifying as to all factual statements in this Notice, is attached as Exhibit A.

Section 1180.6(a)(1)(i) – Summary of Proposed Transaction; Parties; Counsel

Savage’s subsidiary SBG has operated as a Class III rail carrier in Salt Lake County, Utah, serving industrial customers and interchanging with UP, since 2007.² In 2012, SBG began

¹ *Savage Tooele Railroad Company – Acquisition and Operation Exemption in Tooele County, Utah – Union Pacific Railroad Company*, STB Finance Docket No. 36524 (Verified Notice of Exemption filed September 2, 2021).

² The Surface Transportation Board confirmed the exemption allowing SBG to operate as a Class III rail carrier, and imposed certain oversight conditions, in *Utah Transit Authority – Acquisition Exemption – Union*

separate rail operations over trackage rights in Whiting, Indiana,³ but SBG discontinued those Indiana operations in 2019.⁴ SBG's operations in Utah continue today, and are SBG's only operations. SBG's annual revenues are such that it continues to qualify as a Class III rail carrier. Savage hereby reconfirms SBG's Class III status.⁵

When the STR-Tooele Exemption Notice takes effect, STR, currently a non-carrier, will become a Class III rail carrier serving customers over approximately 12 miles of trackage in Tooele County, UT. STR will obtain an operating easement over a rail line from Union Pacific Railroad Company (UP), purchase additional land from other owners, and construct new track, in order to operate common carrier service on the line and interchange rail traffic with UP. STR has certified in the STR-Tooele Exemption Notice that its projected revenues from these rail operations will not cause it to become a Class II or Class I carrier.

STR's Tooele County, UT operations will be at least 15 miles directly distant from SBG's Salt Lake County, UT operations and separated geographically by the Oquirrh mountain range. Driving distance between SBG's and STR's operating areas is at least 35 miles. Thus,

Pacific Railroad Company; Savage, Bingham & Garfield Railroad Company – Acquisition and Operation Exemption – Union Pacific Railroad Company, Nos. FD 35008 & 35002 (STB served July 23, 2007).

³ See Federal Register notice of exemption, *Savage, Bingham & Garfield Railroad Company – Trackage Rights Exemption – Elgin, Joliet and Eastern Railway Company*, STB Finance Docket No. 35611, 77 FED. REG. 21835 (Apr. 11, 2012).

⁴ The Board approved the discontinuance of SBG's Whiting, Indiana trackage rights operation in *Savage, Bingham & Garfield Railroad Company – Discontinuance of Trackage Rights Exemption – in Whiting, Ind.*, No. AB-1271X (STB served Mar. 1, 2019).

⁵ In addition, during the years 2017-2019, Savage owned another Class III rail carrier named Savage Davenport Railroad Company, operating near Davenport, Iowa. See *Savage Companies – Continuance in Control Exemption – Savage Davenport Railroad Company*, No. FD-36142 (Sub-No. 1) (STB served Oct. 26, 2017). Savage Davenport Railroad Company fully discontinued rail operations at the end of 2019 per Board authorization and is no longer a rail carrier. See *Savage Davenport Railroad Company – Discontinuance of Service Exemption – in Scott County, Iowa*, No. AB-1277X (STB served Dec. 23, 2019). Thus, as stated in the instant Notice, Savage currently owns only one rail carrier subsidiary, SBG.

STR and SBG are and will remain non-connecting carriers. There are no anticipated transactions that would connect SBG and STR with each other, and there are no other rail carriers in the Savage corporate family. Thus, all the requirements of 49 C.F.R. § 1180.2(d)(2) are met.⁶

The primary business address and telephone number of Savage, SBG and STR are the same, as follows:

Savage Companies
Savage, Bingham & Garfield Railroad Company
Savage Tooele Railroad Company

901 W. Legacy Center Way
Midvale UT 84047-5765
Telephone (801) 944-6600

The name and contact information of counsel for the Savage companies to whom questions should be addressed are:

Richard F. Riley Jr.
R. Nicholas Englund
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3000 K Street, N.W., Suite 600
Washington DC 20007-5109

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Email rriley@foley.com

Section 1180.6(a)(1)(ii) – Schedule for Consummation of Transaction

Starting in October 2021, shortly after the effective date of the STR-Tooele Exemption Notice (30 days from today, the date of filing, assuming no stay), STR plans to move forward

⁶ Savage also advises that it owns and controls SBG and STR through a series of subsidiary holding companies. Savage, as stated above, is the ultimate parent company. Savage has 81% control of a first-tier subsidiary named Savage Enterprises Holdings, LLC, which in turn owns 100% of a second-tier subsidiary named Savage Enterprises Intermediate, LLC, which in turn owns 100% of a third-tier subsidiary named Savage Enterprises, LLC. Those three entities are Delaware limited liability companies. SBG and STR are wholly owned subsidiaries of Savage Enterprises, LLC, and are thus fourth-tier subsidiaries of the ultimate parent Savage.

with the property transactions and track construction described above. STR projects commencement of its rail carrier operations in Tooele County, Utah in the 4th quarter of 2022 or the 1st quarter of 2023. SBG will continue its rail carrier operations in Salt Lake County, Utah.

Section 1180.6(a)(1)(iii) – Purpose of This Transaction

The purpose of this Notice of Exemption is to confirm Savage’s ownership of both SBG and STR pursuant to the class exemption for common control of non-connecting Class III rail carriers under 49 C.F.R. § 1180.2(d)(2). Savage’s control of separate shortline rail carriers in different counties in Utah is in furtherance of its business strategy of providing a broad array of logistics and transportation services for industrial and commercial customers.

Section 1180.6(a)(5) – States in which Property of the Rail Carriers Is Situated

SBG owns and operates property in Salt Lake County, Utah. STR will own and operate property in Tooele County, Utah.

Section 1180.6(a)(6) – Maps

Maps of SBG’s operations and STR’s proposed operations are provided in Exhibit B.

Section 1180.6(a)(7)(ii) – Agreements

There is no agreement governing Savage’s control of its subsidiaries SBG and STR.

Section 1180.4(g)(3) – Environmental Review; Historical Review

Savage’s control of SBG and STR as their corporate parent company is exempt from environmental review pursuant to 49 U.S.C. § 1105.6(c)(1)(ii). In any event, STR forecasts that it will operate fewer than eight trains per day on the line, below the environmental assessment threshold, and there will be no transportation of ozone depleting materials. *See* 49 C.F.R. §§ 1105.6(c)(1)(i), 1105.7(e)(4), (5).

Savage's control of SBG and STR as their corporate parent company is exempt from historical reporting pursuant to 49 U.S.C. § 1105.8(b)(3). Savage's control of SBG and STR will have no effect on the level of maintenance of any railroad property.

Section 1180.4(g)(4) – Interchange Commitments

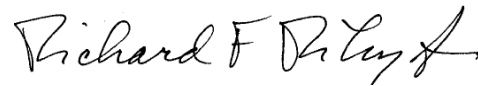
No interchange commitments are involved in Savage's control of SBG and STR as their corporate parent company. Also, as confirmed in the STR-Tooele Exemption Notice, STR's proposed operations in Tooele County, UT involve no interchange commitments.

Labor Protection

No employees are affected by Savage's control of SBG and STR as their corporate parent company. In addition, pursuant to 49 U.S.C. § 11326(c), corporate control transactions involving only Class III rail carriers are exempt from labor protection.

Respectfully submitted,

SAVAGE COMPANIES



Date: September 2, 2021

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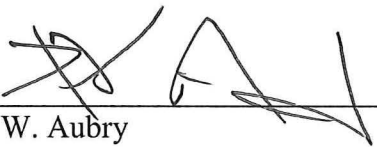
Exhibit A

VERIFICATION

VERIFICATION

STATE OF UTAH)
) SS.
COUNTY OF SALT LAKE)

Kirk W. Aubry, being duly sworn, deposes and says that he is the President & CEO of Savage Companies; that he has read the foregoing Verified Notice of Exemption Under 49 C.F.R. §§ 1180.2(d)(2), 1180.4(g) to allow Savage Companies to continue in control of Savage, Bingham & Garfield Railroad Company together with another Class III rail carrier, Savage Tooele Railroad Company (STB Finance Docket No. 36525); and that the facts set forth in such Verified Petition are true and correct to the best of his knowledge and belief.



Kirk W. Aubry
President & CEO
Savage Companies

Subscribed and sworn to before me this 2nd day of September, 2021.



Notary Public

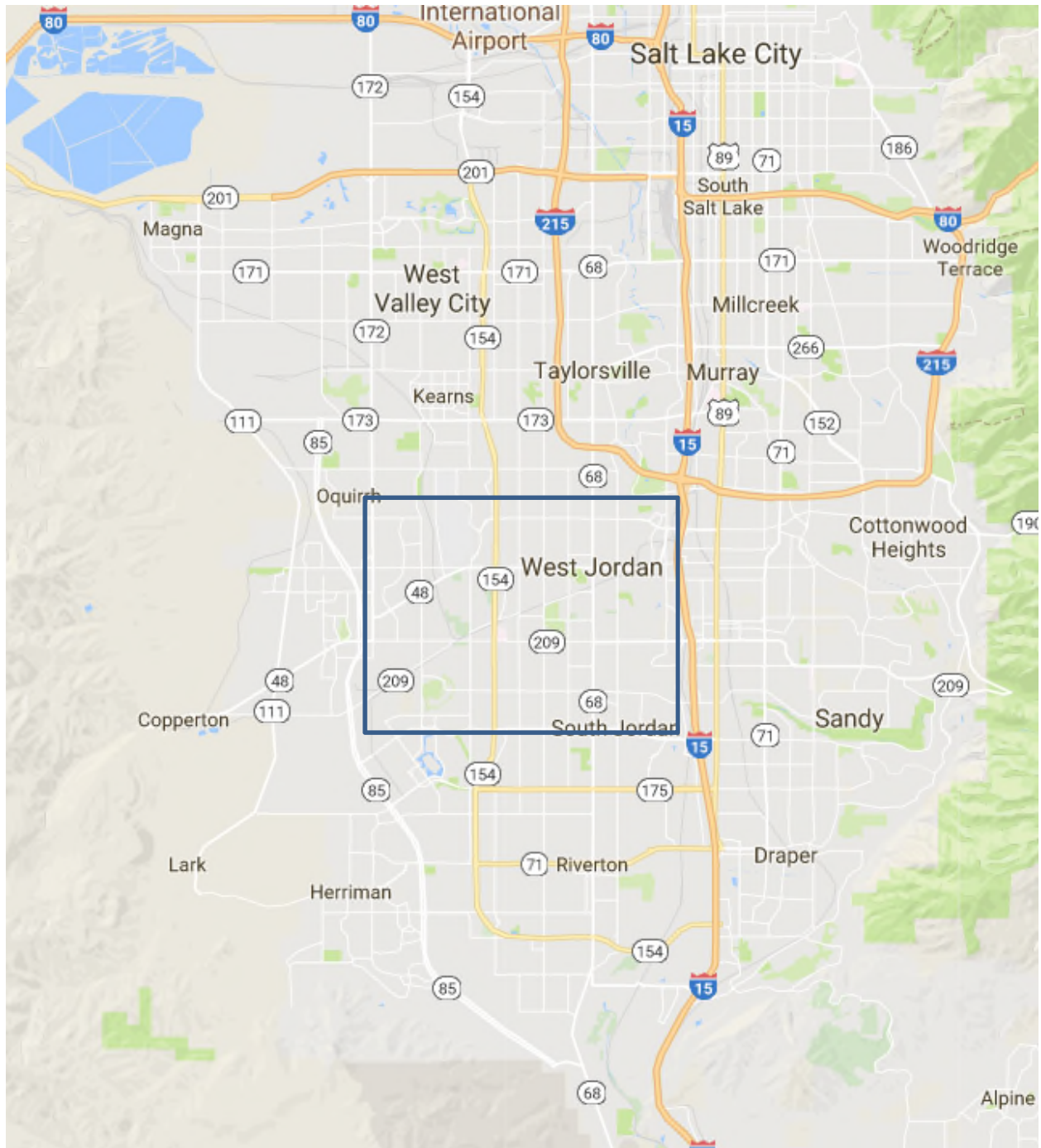


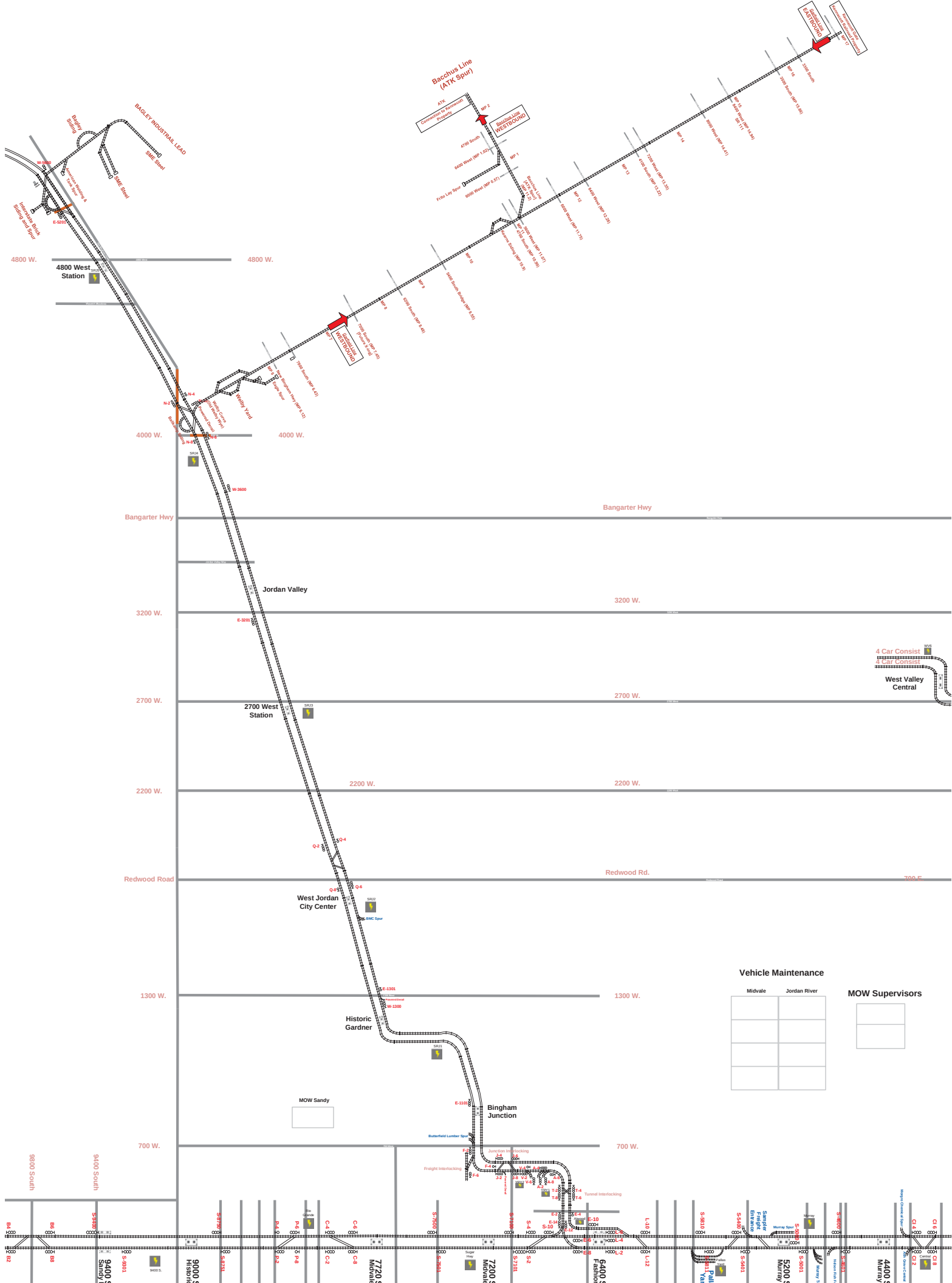
Exhibit B

MAPS

SALT LAKE COUNTY, UTAH OPERATIONS IN BOX BELOW.

Schematic track diagram follows.



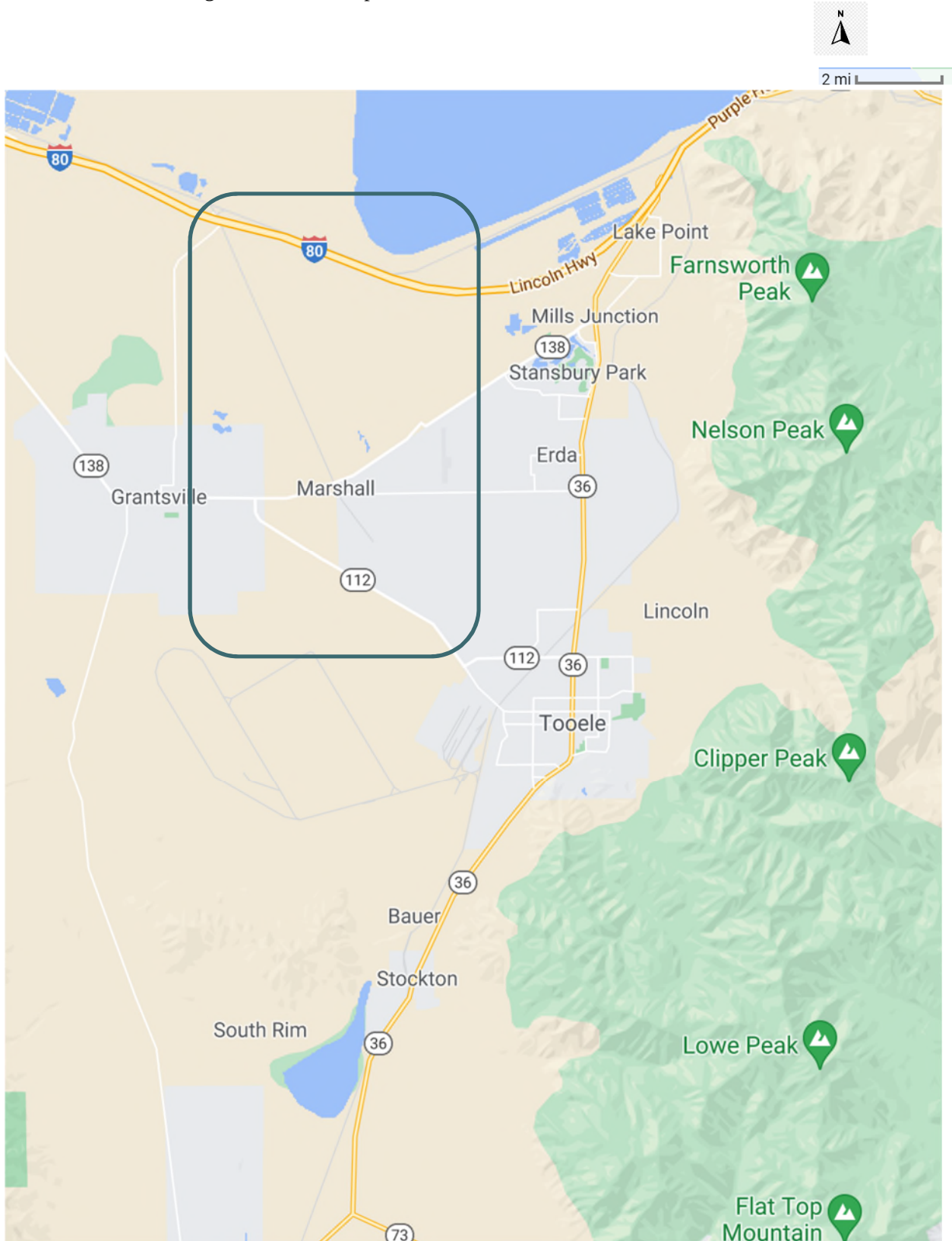


SAVAGE TOOEELE RAILROAD COMPANY

PROPOSED *TOOELE COUNTY, UTAH* OPERATIONS LOCATED IN BOX BELOW.

Following are:

- Map of proposed trackage between UP Shafter Subdivision MP 897.84 and Lakeview Business Park.
- Schematic diagram of Warner Spur.



Proposed trackage (in red) between UP Shafter Subdivision MP 897.84 and Lakeview Business Park.*



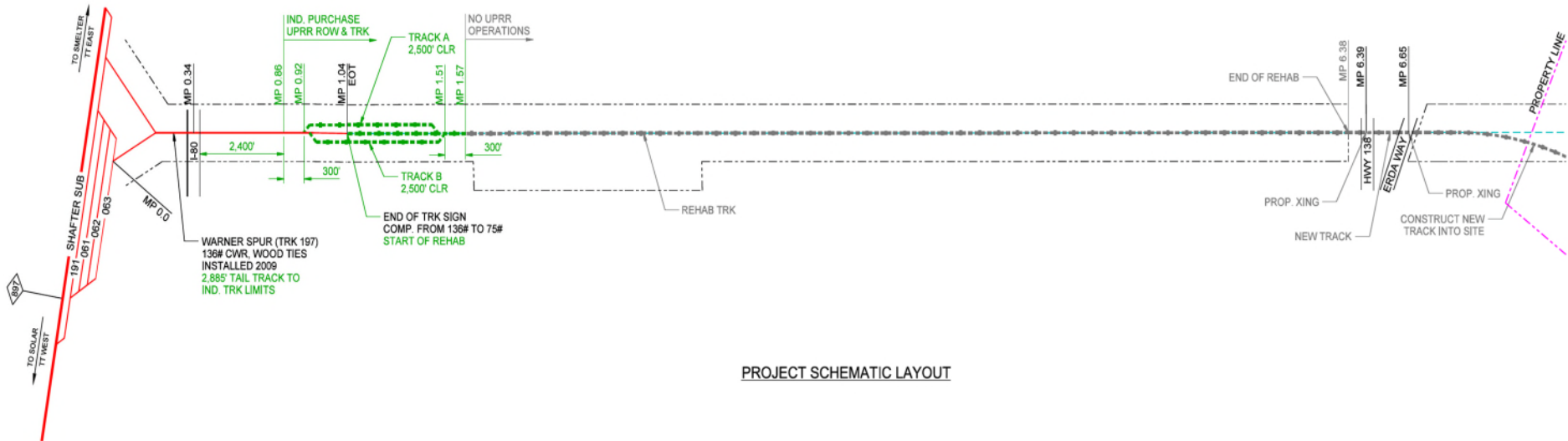
* Business park track layout subject to change based on future customer locations.



LAKEVIEW BUSINESS PARK EXPANSION

MILEPOST 897.84, SHAFTER SUBDIVISION
TOOELE COUNTY, UTAH

Schematic diagram of Warner Spur.



PROJECT SCHEMATIC LAYOUT