



City of Kalispell, Montana

Core Area Plan Market & Feasibility Study
June 2013

Draft Project Report

Kalispell Core Area Market Analysis
and Feasibility Analysis

Prepared for

City of Kalispell
Department of Community Planning &
Economic Development and the
Kalispell Core Area Steering Committee

Submitted by

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I. Introduction & Executive Summary

The City of Kalispell commissioned this Core Area Commercial Market Analysis (“Market Analysis”) to assist it in the redevelopment of the Core Area. The City has developed a vision to revitalize the Core Area while retaining its character and identity. This Market Analysis will identify the opportunities to realize the vision, the impediments to implementation, and provide direction on bringing the plan from concept to reality.

This study analyzes the plan’s impact on fiscal revenues, job creation (both one-time construction and ongoing permanent jobs), and indirect spending. It also evaluates the environmental, social, and other public benefits that are difficult to quantify, but have a positive impact on the community.

The City’s vision is to increase the appeal of the Core Area by:

- Removing the railroad tracks that bisects the Project Area and replace the tracks with a Linear Park;
- Improving and upgrading existing properties to remove the blighted areas within the Core Area; and
- Developing a compatible mix of commercial retail, neighborhood services, residential housing and public areas that meets the needs of residents and fosters a greater sense of community. In turn, the proposed redevelopment will

strengthen the local economy by increasing the local tax base, attracting new residents and businesses, creating new jobs, and increasing tourism.

This report will assess and analyze development opportunities in the following sectors:

- Retail
- Office
- Business Park
- Hotel and Hospitality
- Institutional
- Single and Multi Family Housing

The report will also identify ways in which public policy can encourage appropriately scaled new development that will positively shape and reinforce the Core Area of Kalispell through:

- Retention of existing retailers
- Strategy for the recruitment of new commercial uses
- Impact of any recent and proposed development projects
- Apparent strengths and weaknesses in Kalispell for the following development sectors;



- Elements that may now (or in the future) support or constrain the goals of the Core Area Strategy;
- The consumers' experience within Kalispell and the Core Area;
- Characteristics within Kalispell that have the greatest impact on development;
- Voids and opportunities in the marketplace that will affect local retailers and national chains; and
- Public improvements and public and private investment strategies to reinforce project goals and objectives.



II. Baseline Demographic & Economic

Overview

Population

The City of Kalispell and Flathead County are both growing. Figure 1 shows that Kalispell had 20,603 residents in 2012. This number represents a growth rate of 1.70 percent per year from the 2010 US Census to 2012. Flathead County grew from 90,928 residents as reported in the 2010 US Census to 94,275 in 2012. The county grew at a rate of 1.84 percent per year during that time.

The city and county are both expected to continue adding residents, but the rate of this growth is expected to slow over the next five years. Between 2012 and 2017 Kalispell is expected to grow its population by more than 1,200 residents, an annual growth rate of 1.20 percent. Flathead County will reach a population of 100,620 in 2017 by having an annual growth rate of 1.35 percent.

Figure 1: Population Counts and Estimate (2010, 2012, 2017)

	2010	2012	2010 - 2012 Annual	2017	2012 - 2017 Annual
Kalispell	19,927	20,603	1.70%	21,844	1.20%
Flathead County	90,928	94,275	1.84%	100,620	1.35%

Source: ESRI Business Analyst; Willdan, 2013.

Households

The 2010 US Census identified 8,638 households in the City of Kalispell, as shown in Figure 2. By 2012, this number had grown by an annual rate of 1.53 percent to 8,903 while the population grew more quickly at 1.70 percent per year. Though the population of the City is expected to grow 1.2 percent annually from 2012 to 2017, the number of households is expected to rise 1.44 percent to 9,546 by 2017. The city added households more slowly than population from 2010 to 2012, but will add households more quickly than population from 2012 to 2017.

Flathead County reflects this trend as well. While the population of the county grew by an annual rate of 1.84 percent from 2010 to 2012, the number of households only grew by 1.66 percent per year, from 37,504 to 38,748 in the same period. However, as the rate of population growth in the county is expected to decline to an annual rate of 1.35 percent, the annual household growth rate will increase to 1.58 percent per year, bringing the total number of households expected by 2017 to 41,808.

Figure 2: Household Counts and Estimate (2010, 2012, 2017)

	2010	2012	2010 - 2012 Annual	2017	2012 - 2017 Annual
Kalispell	8,638	8,903	1.53%	9,546	1.44%
Flathead County	37,504	38,748	1.66%	41,808	1.58%

Source: ESRI Business Analyst; Willdan, 2013.



As in indicated in Figure 1 and Figure 2, both the City of Kalispell and Flathead County are expected to add households faster than they grow their populations. This signals anticipated demand for new housing starts. Friends and family cohabitating out of economic necessity will choose to form new households once their economic conditions allow it. The expected rise in household formation by 2017 indicates both a strengthening economy as well as reflects a larger national trend of decreasing household sizes regardless of economic conditions.

Age Profile

Both the City of Kalispell and Flathead County have a larger portion of the population in the 25 to 64 age range, the portion of the population that traditionally financially supports the other ends of the age spectrum. As Figure 3 shows, the population in 2012 in Kalispell that is in this age bracket is smaller than the same age cohort in the county as a whole; 50.6 percent as compared to 54.9 percent. The bulk of the difference in the remaining population comes in the younger age bracket. In the city, 33.5 percent of the population is under the age of 25 while just 30.4 percent of the county’s population is in this younger demographic. The City of Kalispell is younger than Flathead County.

Figure 3: 2012 Population by Age

	Under 25	25 - 64	65 and Over
City of Kalispell	33.5%	50.6%	15.9%
Flathead County	30.4%	54.8%	14.9%

Source: ESRI Business Analyst; Willdan, 2013.

These trends are expected to continue through 2017. While the Kalispell is expected to remain generally younger than Flathead County, both places will cope with an aging population. Figure 4 shows that the portion of the population age 65 and older is expected to grow. By 2017, the city’s retirement-aged population will be 17.5 percent of the population while the county will have a 16.9 percent share of older residents.

Figure 4: 2017 Population by Age

	Under 25	25 - 64	65 and Over
City of Kalispell	32.7%	49.8%	17.5%
Flathead County	29.3%	53.7%	16.9%

Source: ESRI Business Analyst; Willdan, 2013.

Income Profile

In 2012 the median household income in the City of Kalispell was \$37,319, as shown in Figure 5. The share of households earning more than \$75,000 per year was 19.2 percent. By 2017, the median income is projected to grow to \$41,906, an increase of 12.29 percent, or 2.46 percent on an annualized basis. By 2017, 22.3 percent of households will earn more than \$75,000. The per-capita income is also projected to grow from \$21,768 in 2012 to \$24,169 by 2017, increasing by 16.15 percent.



Figure 5: Income Profile for the City of Kalispell

	2012	2017 (est.)	% change
Median Household Income	\$ 37,319	\$ 41,906	12.29%
Per-capita Income	\$ 21,768	\$ 24,169	11.03%
% of Households earning \$75k or more	19.2%	22.3%	16.15%

Source: ESRI Business Analyst; Willdan, 2013.

Figure 6 demonstrates that residents of the county tend to be slightly wealthier than City residents. The median household income for Flathead County was \$42,873 in 2012, and 23.7 percent of the county’s households made more than \$75,000 annually. By 2017, the median income is projected to grow to \$50,288, an increase of 17.30 percent (3.46 annually), and the share of households earning more than \$75,000 per year will increase to 27.5 percent. From 2012 to 2017, the region’s per-capita income is projected to grow from \$23,242 to \$25,782.

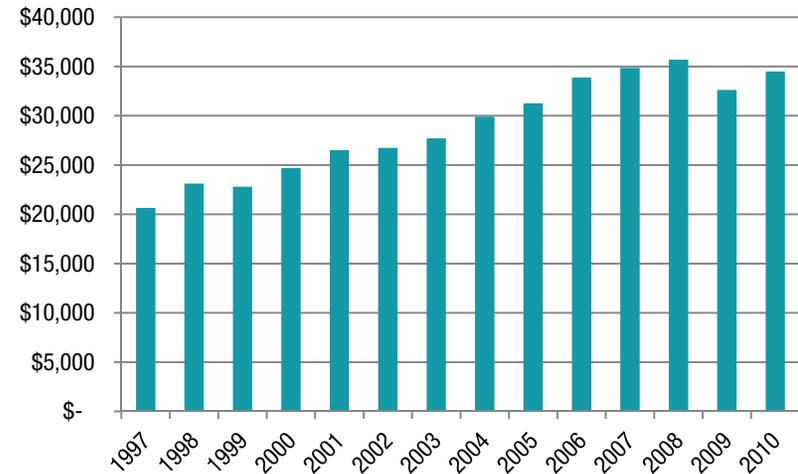
Figure 6: Income Profile for Flathead County

	2012	2017 (est.)	% change
Median Household Income	\$ 42,873	\$ 50,288	17.30%
Per-capita Income	\$ 23,242	\$ 25,782	10.93%
% of Households earning \$75k+	23.7%	27.5%	16.03%

Source: ESRI Business Analyst; Willdan, 2013.

Flathead County’s per capita income rose steadily from 1997 to 2008, as demonstrated in Figure 7. This metric peaked in 2008 when the per capita income for the county surpassed \$35,000 in 2010 dollars. When the economy faltered in 2009, it caused the per capita income levels of the count’s residents to fall for the first time in a decade. In 2010, the per capita income for the county rose, but still fell short of the pre-recession figures slightly.

Figure 7: Per Capita Income, Flathead County, 1997-2010



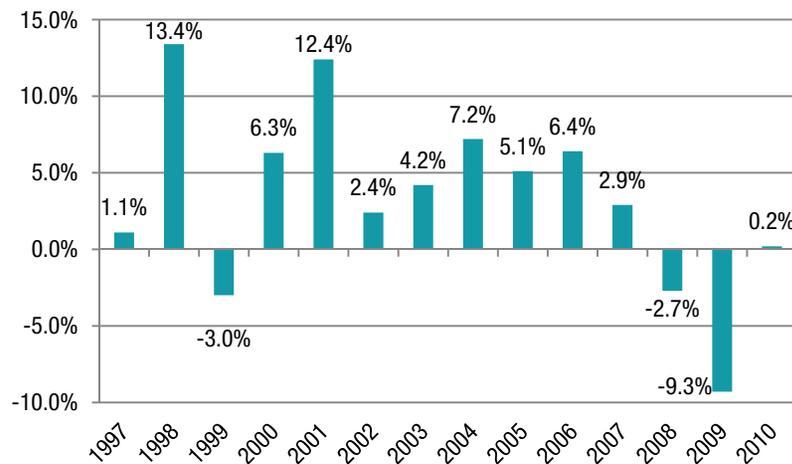
Sources: US Bureau of Economic Analysis and Bureau of Business and Economic Research; Willdan, 2013.

Nonfarm labor income measures how an economy is doing. Nonfarm income grew 28 percent between 2003 and 2007, as shown in Figure 8.



Nonfarm labor income declined in 2008 and 2009 as major industries including construction and wood products manufacturing experienced upheaval. Some recovery occurred in 2010 as the wood products industry and construction industry stabilized at lower levels, but the economy will take several years of consistent growth to fully stabilize to pre-recession strength.

Figure 8: Percent Change in Nonfarm Labor Income, Flathead County



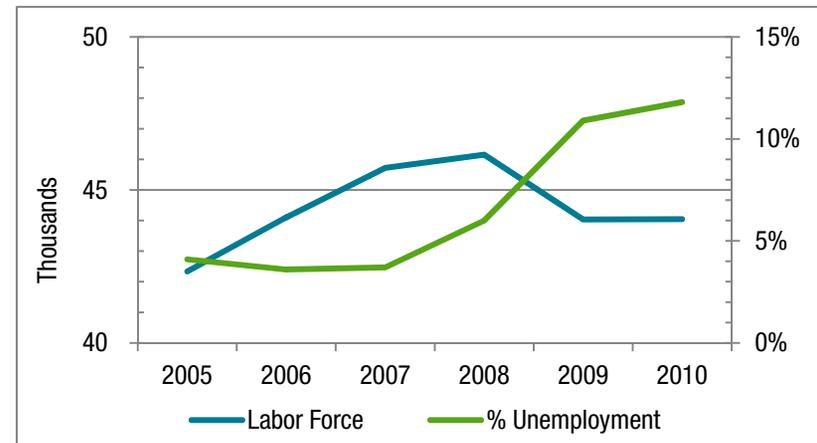
Sources: US Bureau of Economic Analysis and Bureau of Business and Economic Research; Willdan, 2013.

Unemployment and Labor Force

Unemployment rates for Flathead County began to climb as the United States entered a recessionary period in 2008. Prior to that time, unemployment rates held steady under 5 percent. By 2009, the

unemployment rate in Flathead County had risen to more than 10 percent. Figure 9 shows the trend of rising unemployment rates by year in Flathead County, Montana from 2005 to 2010.

Figure 9: Flathead County Employment Trends 2005 - 2010



Source: Montana Department of Labor and Industry; Willdan, 2013.

Figure 9 also demonstrates that while the labor force declined from its peak in 2008, the labor force did not diminish in the recession to below the labor force numbers from 2005. This shows that the decrease in the labor force is not the result of outmigration or retirement, but rather a diminishment of the number of residents no longer seeking employment.

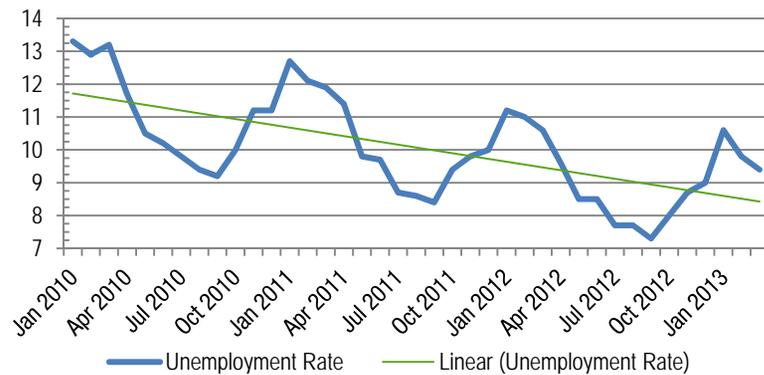
Figure 10 shows the not seasonally adjusted unemployment rates for Flathead County, including their fluctuations from season to season. A clearer picture of the unemployment trend can be seen by observing



the linear unemployment on the graph. This trend line shows that the overall rate has been dropping approximately one percentage point per year since 2010, when the average rate was around 10 percent.

At peak unemployment season in 2010, the unemployment rate was nearly 14 percent. By September 2012, the monthly employment rate for the county had dropped to 7.3 percent. This rate has subsequently risen, an expected trend given the cyclical nature of unemployment. However, the overall trend since the beginning of 2010 has been one of declining unemployment rates in Flathead County.

Figure 10: Unemployment Rate, Flathead County, Not Seasonally Adjusted



Source: Bureau of Labor Statistics; Willdan, 2013

According to the Montana Department of Labor and Industry, the recession hit the Flathead economy harder than any other major urban area in the state. The nonfarm labor income decline of 2.7 percent in 2008 and the 9.3 percent decrease in 2009 were the largest among the

counties reported. Flathead County's unemployment rate rose to 11.3 percent in November 2010, higher than any of the other large counties in the state. These sizable impacts were the result of permanent closures (such as Columbia Falls Aluminum Company) combined with cyclic declines in major industries such as wood products, nonresident travel, and construction.

According to the Montana Department of Labor and Industry, it will be at least 2015 before real nonfarm labor income (an overall measure of the economy) in Flathead County regains its 2007 peak.

However, the Kalispell economy is undergoing recovery. The evolution of Kalispell into a regional trade and service center continues to be one of the growing sectors of the economic base.

Educational Attainment

Educational attainment in Flathead County compares favorably to the rest of the country for those without a college degree. As Figure 11 and Figure 12 show, the share of the population over the age of 25 without a high school diploma in Flathead County is just 8.07 percent compared to 14.61 percent nationally. Continuing this trend, the share of the population over age 25 that has a high school diploma or an equivalent degree but not college experience is 32.1 percent in Flathead County, while just 28.64 percent of the nation fall into this category.



Figure 11: Educational Attainment in Flathead County

Total population over age 25	Less than high school diploma	High school graduate, GED, or alternative	Some college or associate's degree	Bachelor's degree or higher
62,992	5,083	20,221	20,465	17,223
100%	8.07%	32.10%	32.49%	27.34%

Source: U.S. Census Bureau, 2007-2011 American Community Survey 5-Year Estimates, Willdan 2013.

Flathead County also boasts impressive educational attainment for the segments of the population with college degrees. The share of the population over the age of 25 with some college or an associate’s degree in Flathead County is 32.49 percent compared to the national figure of 28.55 percent. Additionally, the share of the adult population in Flathead County with a bachelor’s degree or higher is 27.34 percent, less than one percentage point off of the national figure of 28.2 percent.

Figure 12: Educational Attainment in the United States

Total population over age 25	Less than high school diploma	High school graduate, GED, or alternative	Some college or associate's degree	Bachelor's degree or higher
202,048,123	29,518,935	57,861,283	57,694,281	56,973,624
100%	14.61%	28.64%	28.55%	28.20%

Source: U.S. Census Bureau, 2007-2011 American Community Survey 5-Year Estimates; Willdan 2013.

Skills Gap

Despite boasting strong educational attainment, the skill set of the local workforce in Flathead County does not adequately address the skills

that businesses in the area need. According to a report by Montana West Economic Development Corporation and Flathead County Economic Development Authority, a “skills gap” exists in the county. Businesses have a difficult time finding employees who have the skills necessary to accomplish the jobs that they provide.

To address this issue, the report recommends elevating the training resources available for advanced manufacturing in three specific fields: wood products, technology-oriented manufacturing, and entrepreneurial manufacturing. Dedicating resources to these specific industries would educate and attract a pipeline of current and future workers in the skills that businesses need.

Flathead Valley Community College led a group of public, private, and educational partners to develop a curriculum designed to better teach workforce development skills. The private partners provide some of the resources needed to teach the students, and in return have a better educated workforce from which to select employees.

The private sector partners have identified that they anticipate hiring 457 employees using these new skills between 2013 and 2015. New jobs in these fields bring with them new money to the local economy, fueling demand for redevelopment.

Kalispell Tourism Market

The Kalispell economy benefits greatly from tourism spending due to its proximity to Glacier National Park and to the Canadian border. According to the National Park Service 2012 Economic Impact Study,



more than 2 million visitors spent approximately 110 million dollars in Glacier National Park and in communities near the park (based on 2010 data). That spending supported 1,695 jobs in the local area. The figures are based on \$12 billion of direct spending by 281 million visitors in 394 national parks and nearby communities and are included in an annual, peer-reviewed, visitor spending analysis conducted by Michigan State University for the National Park Service.

According to Glacier National Park Superintendent Chas Cartwright, Glacier National Park has historically been an economic driver in the state. The economic impact study demonstrates the substantial value of the diverse goods and services provided by local businesses to the park visitor, as well as the role of the park as an employment opportunities for the Flathead County region.

Most of the spending and jobs are related to lodging, food, and beverage service (52 percent) followed by other retail (29 percent), entertainment/amusements (10 percent), gas and local transportation (7 percent) and groceries (2 percent).

The Canadian visitor market also represents a significant share of the overall visitor market. Canadian visitors travel to Kalispell to shop for apparel, electronics, household goods, and other retail goods to take advantage of Montana's lack of state and local sales taxes.

Kalispell also draws a steady business traveler market due to its role as the governmental hub of the region (the County seat) and frequent trade shows and conferences.

Taking the Glacier National Park visitor market as an example, the visitor spending generated by this market segment is substantial and is an indicator of the source of inflow support for retail goods and services in the Kalispell region.

Based on 2010 visitation of 2.1 million visitors and an average annual growth rate of 2.1 percent, Willdan estimates that Glacier National Park could expect to attract an additional 633,000 annual visitors over the next ten years. Assuming current per capita visitor spending patterns, Glacier National Park visitors are expected to generate \$37.1 million in incremental (net new) annual spending by 2023. This potential redevelopment activity generated by visitor spending in the Core Area is analyzed further in the retail and lodging market analyses in this report.



Figure 13: Glacier National Park Visitor Spending (2010 and 2023 Projection)

Total Annual Visitors	2,261,470	2,318,007	2,375,957	2,435,356	2,496,240	2,558,646	2,622,612	2,688,178	2,755,382	2,824,267	2,894,873
Annual Net New Visitors		56,537	114,487	173,886	234,770	297,176	361,142	426,707	493,912	562,796	633,403
Visitor Spending – Per Capita and Gross Annual											
Lodging	\$17.45	\$40,442,400	\$41,453,460	\$42,489,797	\$43,552,041	\$44,640,842	\$45,756,864	\$46,900,785	\$48,073,305	\$49,275,137	\$50,507,016
Food & Beverage	\$9.39	\$21,776,125	\$22,320,528	\$22,878,541	\$23,450,505	\$24,036,767	\$24,637,687	\$25,253,629	\$25,884,970	\$26,532,094	\$27,195,396
Other Retail	\$14.97	\$34,699,325	\$35,566,808	\$36,455,978	\$37,367,378	\$38,301,562	\$39,259,101	\$40,240,579	\$41,246,593	\$42,277,758	\$43,334,702
Entertainment	\$5.16	\$11,964,825	\$12,263,946	\$12,570,544	\$12,884,808	\$13,206,928	\$13,537,101	\$13,875,529	\$14,222,417	\$14,577,977	\$14,942,427
Gas & Transport	\$3.61	\$8,375,275	\$8,584,657	\$8,799,273	\$9,019,255	\$9,244,737	\$9,475,855	\$9,712,751	\$9,955,570	\$10,204,459	\$10,459,571
Groceries	\$1.03	\$2,393,375	\$2,453,209	\$2,514,540	\$2,577,403	\$2,641,838	\$2,707,884	\$2,775,581	\$2,844,971	\$2,916,095	\$2,988,997
Total	\$51.62	\$119,651,325	\$122,642,608	\$125,708,673	\$128,851,390	\$132,072,675	\$135,374,492	\$138,758,854	\$142,227,825	\$145,783,521	\$149,428,109
Visitor Spending – Per Capita and Net New Annual											
Lodging	\$17.45	\$986,400	\$1,997,460	\$3,033,796	\$4,096,041	\$5,184,842	\$6,300,864	\$7,444,785	\$8,617,305	\$9,819,137	\$11,051,016
Food & Beverage	\$9.39	\$531,125	\$1,075,528	\$1,633,541	\$2,205,505	\$2,791,767	\$3,392,687	\$4,008,629	\$4,639,970	\$5,287,094	\$5,950,396
Other Retail	\$14.97	\$846,325	\$1,713,808	\$2,602,978	\$3,514,378	\$4,448,562	\$5,406,101	\$6,387,579	\$7,393,593	\$8,424,758	\$9,481,702
Entertainment	\$5.16	\$291,825	\$590,946	\$897,544	\$1,211,808	\$1,533,928	\$1,864,101	\$2,202,529	\$2,549,417	\$2,904,977	\$3,269,427
Gas & Transport	\$3.61	\$204,275	\$413,657	\$628,273	\$848,255	\$1,073,737	\$1,304,855	\$1,541,751	\$1,784,570	\$2,033,459	\$2,288,571
Groceries	\$1.03	\$58,375	\$118,209	\$179,540	\$242,403	\$306,838	\$372,884	\$440,581	\$509,971	\$581,095	\$653,997
Total	\$51.62	\$2,918,325	\$5,909,608	\$8,975,673	\$12,118,390	\$15,339,675	\$18,641,492	\$22,025,854	\$25,494,825	\$29,050,521	\$32,695,109

1/ Assumes average annual growth rate = 2.50%

Source: Glacier National Park Service; Willdan, 2013.



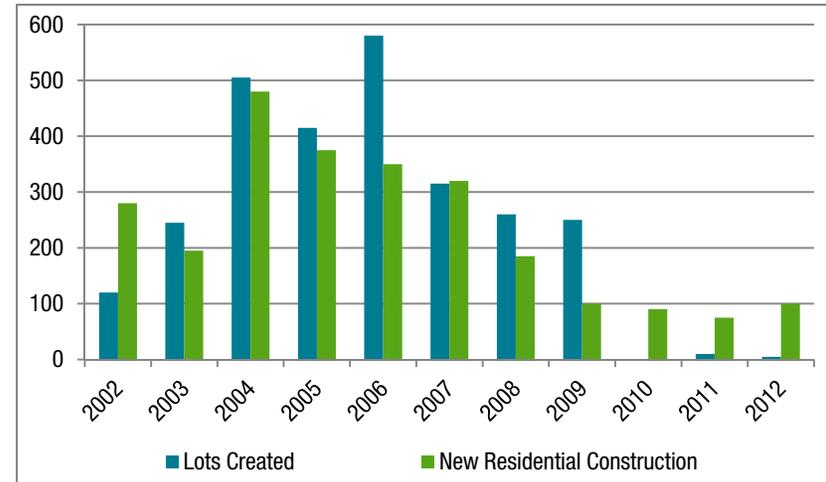
III. Residential Market Analysis

The City of Kalispell commissioned this Core Area Housing Market Analysis (“Market Analysis”) to assist it in the redevelopment of the Core Area. The City has developed a vision to revitalize the Core Area while retaining its character and identity. This Market Analysis will discuss the current state of the housing market in the City of Kalispell. The analysis provides an overview of residential construction trends and projections to inform further dialogue on housing production in the Core Area and City.

New Housing Construction Trends in Kalispell

From 2003 through 2009, the creation of residential lots outpaced new residential construction every year but 2007. As Figure 14 shows, Kalispell added residential lots faster than housing units for nearly a decade. Once the economy slowed down in 2008 and 2009, construction companies slowed production to meet demand, but lot developers slowed production even more. As a result, builders constructed on the existing lots and have been slowly decreasing the pipeline of developable lots available for residential building. Meanwhile, the 2012 figures for new residential construction demonstrate that economic recovery has begun in Kalispell.

Figure 14: Residential Construction Pipeline, City of Kalispell



Source: Kelley Appraisal report on Flathead County’s real estate market; Willdan 2013

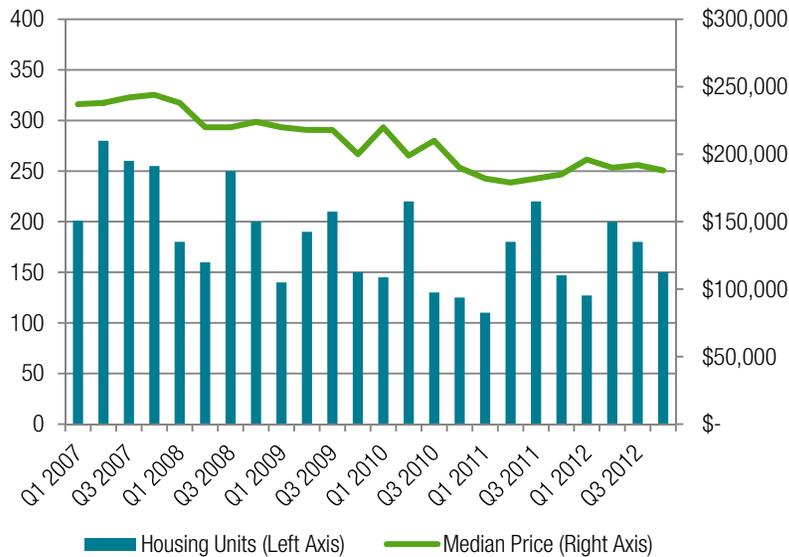
Housing Market Sales Prices & Pace in Kalispell

The average sales price per square foot for homes in Kalispell was \$99, an increase of 23.8 percent compared to February 2011. The median list price in May 2013 for single family homes in Kalispell is \$249,900. The list prices increased by 3.15 percent from the previous month.

The price per square foot for listings in this area is \$153. However, the median sale price in February for single-family homes was \$169,626, reflecting an increase of 7.0 percent from the prior month.



Figure 15: Home Sales and Median Sales Price in Kalispell (2007-2012)



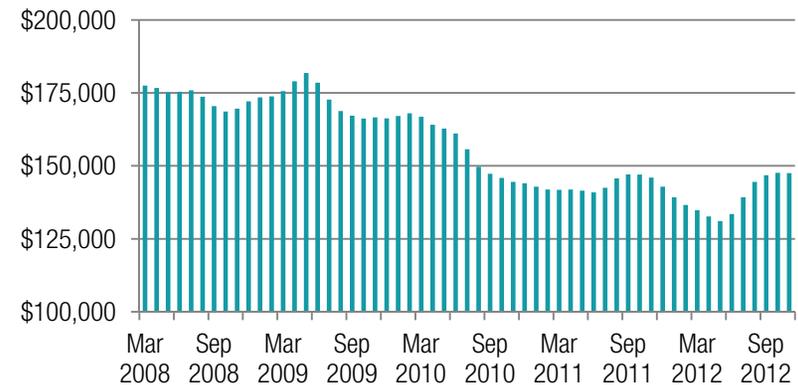
Source: City-Data.com; Willdan 2013.

There are currently 547 resale and new homes for sale in Kalispell, including 36 homes in the pre-foreclosure, auction, or bank-owned stages of the foreclosure process. There are currently 6 new homes and 46 homes in excess of \$500,000. The average listing price for homes for sale in Kalispell was \$351,600 for the week ending March 20, 2013 which represents an increase of 4.8 percent, or \$15,983, compared to the prior month. The high average listing price can be directly attributed to the 46 homes for sale in excess of \$500,000.

The February 2013 median home value in zip code 59901 is \$147,500. Over the past six months, approximately 15 homes sold per month in the Kalispell market. Reviewing Kalispell building permit and construction data, approximately 50 new homes have been constructed annually in Kalispell since 2010. At the current rate of sales and new home development, it would take approximately 4 years to exhaust the current for sale housing supply.

The average sales price per square foot for homes in Kalispell has increased 23.8 percent compared to February 2011. With both the median list and sales price of for-sale homes in Kalispell continuing to rise, it would appear that the housing market is improving. In speaking with the Kalispell Building Department, local realtors and the Flathead Valley Association of Realtors, local and national housing indicators point to increased production and demand for housing.

Figure 16: Median Home Values, Kalispell Zip Code 59901



Source: Zillow.com; Willdan, 2013.



Kalispell Apartment Market Trends

Based on primary market research conducted by Willdan, the Appleway Court and Depot Place apartment projects have brought renewed life to the rental community in Kalispell. Appleway Court identifies a 98 percent occupancy rate and leasing at Depot Place appears to be moving at a brisk pace. There are scant listings of available rental units in Kalispell. Current lease rates for traditional apartment communities in Kalispell are approximately \$0.85 to \$1.25 per square foot per month. Lease rates for single-family homes or units within single family homes dips slightly due to amenities, location and availability. Current rates are approximately \$0.65 to \$1.00 per square foot per month. Given the nature of the depressed housing market and continued population growth the apartment segment will continue to see strong activity.

Figure 17: Gross Rent as a Percentage of Household Income

	Housing Units	Percent
Occupied units paying rent	9,591	100.00%
Less than 15.0 percent	1,454	15.20%
15.0 to 19.9 percent	1,136	11.80%
20.0 to 24.9 percent	1,332	13.90%
25.0 to 29.9 percent	1,194	12.40%
30.0 to 34.9 percent	941	9.80%
35.0 percent or more	3,534	36.80%

Source: U.S. Census Bureau, 2007-2011 American Community Survey; Willdan, 2013

Housing affordability for renters can be measured by calculating what a resident pays in gross rent as a percent of their household income. Residents paying 30 percent of their household income on rent are said to be living in unaffordable units. Figure 17 shows that in Flathead County, 9.80 percent of the renters spend between 30 and 34.9 percent of their household income on rent. The figure also shows that 36.8 percent of the population spends more than 35 percent of their household income on rent. In total a staggering 46.6 percent of the renters in Flathead County live in units that are considered by industry standard to be unaffordable.

Flathead County Housing Market Trends & Projections

Montana’s housing market had a strong year in 2012, with every major market across the state reporting an increase in activity as compared to 2011. The Montana Association of Realtors (“MAR”) received sales data from the eight largest associations in the state, and in all eight there was an increase in the number of single-family homes sold compared to 2011.

Overall, in the 8 major markets in Montana, 8,579 single-family homes were sold in 2012 compared to 7,051 in 2011, a gain of 1,528 homes or 21.67 percent.

“It is very exciting to see the Montana housing market continue to improve,” said MAR President Pam Wood. “Every major market in the state showed increased sales activity in 2012 when compared to the previous year, and that is very important as housing plays a major role in the overall economy.”



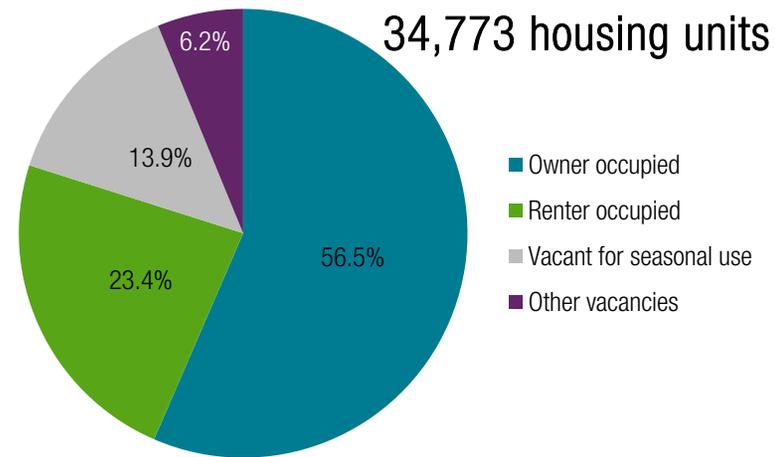
The Gallatin Association of Realtors saw the largest increase in single-family home sales in 2012, with an uptick of 364 homes sold in 2012 compared to the previous year, for an increase of 33.18 percent. The Northwest Association of Realtors was next with an increase of 307 homes (24.86 percent), followed by the Billings Association gain of 279 homes (15.96 percent).

The average sales price of a home rose in six of the eight markets, the median sales price rose in seven of the eight markets and the average days a home was on the market fell in four of the eight major areas. Those figures do not include townhouses or condos, although six of the eight markets in the state reported an increase in the number of those sales as well.

Record-low interest rates and an increase in consumer confidence played a key role in Montana's housing market improving in 2012. In relation to housing sales during the first quarter of 2013 there were 159 non-distressed sales in the first quarter of 2013. This compares to 112 in 2012 and 102 in 2011. Although the total number of sales is nearly the same as 2012, the fact that bank-owned sales are down 42 percent and non-distressed sales are up 42 percent is a significant indicator that the market continues to improve.

Nearly 14 percent of housing units in Flathead County are vacant for seasonal use. Another 23 percent are renter occupied with about 56 percent of units occupied by owners. The remaining 6 percent of units are vacant for various reasons including those properties listed for rent, for sale, or those having been subject to foreclosure.

Figure 18: Occupancy of Housing Units, Flathead County, 2010



Source: ESRI Business Analyst; Willdan, 2013.

Building and electric permits for Flathead County were robust during the early part of the prior decade, but have declined precipitously since 2007. Single family construction declined nearly 85 percent during that time frame in Kalispell and outlying areas. According to City staff, single family construction over the past 18 months has begun to return with nearly double the permitted new housing units in 2012 as those of 2011.

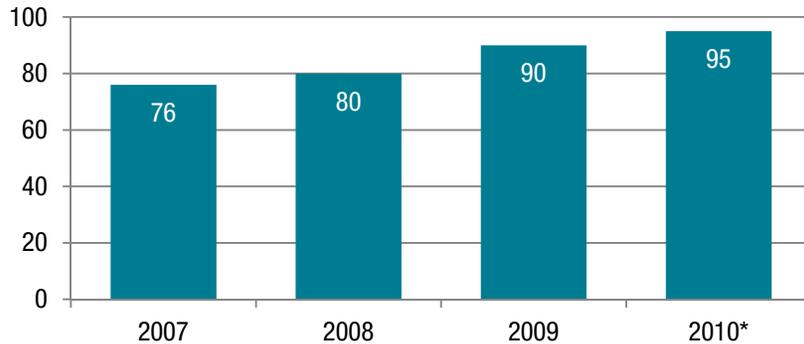
Housing Affordability in Flathead County

Flathead County remains one of the most unaffordable real estate markets in Montana. Housing affordability as measured by the Housing Affordability Index has improved somewhat following the recent real



estate downturn. Figure 19 outlines the housing affordability from 2007 to 2010.

Figure 19: Housing Affordability Index, Flathead County 2007-2010



1/ preliminary estimates using 2009 Income data.

Source: Bureau of Business and Economic Research; Willdan, 2013.

Residential Development Opportunity in the Core Area

Based on historic trends over the past ten years, adjusted to reflect the ongoing economic recovery, the City of Kalispell produced an average of 100 new housing units annually. Utilizing a conservative estimate and the baseline average annual housing production of 50 units (based on a 10-year average of 232 units), it is plausible to expect approximately 1,250 new homes may be constructed in Kalispell over the next 25 years.

Figure 20: Average Annual Housing Unit Construction

Year	New Housing Units Constructed
2002	280
2003	195
2004	480
2005	375
2006	350
2007	320
2008	185
2009	100
2010	90
2011	75
2012	100
Average Annual Units	232

Source: City of Kalispell; Willdan, 2013.

The proposed housing would include a mix of apartments, Low-Income Housing Tax Credit units, and a minor component of condominium units targeted for the latter phase of redevelopment (after year 7 of Plan implementation). Based on the financial feasibility analysis detailed in the Annex to this report, it is possible to achieve a sufficient return on new construction investment if assuming market rate rental rates of at least \$1.10 per square foot. It is plausible to assume that residential construction in the Core Area will continue along current production rates in the near term with cautious developers achieving success when delivering units to satisfy pent up demand. Based on



these parameters, the Core Area Plan assumes that a series of small residential projects over a seven to ten year buildout horizon as detailed in the following table.

Given the Core Area's size, opportunity for development and potential housing product types, we anticipate that the Core Area could expect to capture approximately eight to 14 percent of that total production, or 105 to 175 units over the 25 year life of the Westside TIF District. In total, this program assumes that the Core Area would capture an average of four to seven units annually.

Figure 21: Conceptual Redevelopment Alternatives – Residential Development

	Scenario 1: Status Quo	Scenario 2: Conservative	Scenario 3 Optimistic
Apartments - For Lease	0	25	75
Low-Income Housing Tax Credit Units	0	40	80
Condominium	0	-	20
Total Residential (units)	0	105	175

Source: Kalispell Core Area Plan; Willdan, 2013.



IV. Retail Market Analysis

This study examines key real estate market and economic variables (i.e., population growth, household income, consumer expenditure patterns, employment trends, etc.) to test the potential for retail development and/or redevelopment opportunities within the Core Area.

The results of the demographic and economic analysis indicate there is little unmet retail demand within the Core Area and Kalispell. The opportunities to expand the Core Area's retail trade exist in the introduction of additional soft goods retailers and full service restaurants.

Retailing and shopping habits have changed over the past decade. Primarily the change occurred due to a shift in lifestyles. In the 1980s and 1990s going to the mall was the dominant form of shopping. Today, nearly 70 percent of purchases that are made come from discount retailers. This trend has established Wal-Mart as the largest seller of women's ready-to-wear apparel.

Returning to the streets of our local neighborhoods is replacing the mall experience. Today over 60 percent of consumers prefer to buy their shoes in a neighborhood store. Today's consumer enjoys having the opportunity to live, shop and work in their neighborhood.

Main streets are becoming savvy and retailers are now able to compete with the mall on any level. The average consumer walks by storefronts at an average rate of seven seconds per storefront. Retailers

understand that they have to make the most of this foot traffic and advertise their store through window and facade displays. Individual retailers are employing interesting window displays and unique merchandising techniques to capture shoppers' attention. Competition is growing and national tenants are now searching out locations on main streets.

Presently, the Core Area's existing retail square footage is comprised of businesses that have limited synergy and cohesiveness. The expanse of the area, multitude of uses and lack of pedestrian or vehicular interconnection inhibits the future development of the Core Area.

Core Area Site Characteristics

The study area is generally defined as follows; Highway 2 on the north, Center Street on the south, Meridian Road on the west and Woodland Park Drive on the east.

Although there is significant access to the Core Area via Highways 2 and 93, the Highways significantly impact development opportunities and the walkability of the Core Area. There is insufficient local access within the Core Area as several of the north/south connectors have been closed to accommodate railway traffic.

Willdan surveyed local and regional stakeholders to analyze existing retail conditions. Survey interviews indicate that many of Kalispell's residents identify the Core Area as lacking sufficient parking, hampered by Highway 93 and not containing significant synergy amongst uses. Main Street, as Kalispell's primary downtown shopping district,



competes with new retailers often opening stores in the northern portion of Kalispell, adjacent to existing large scale retail developments and new housing product.

The northern Kalispell retail developments serve as the primary regional shopping district in the greater Flathead Valley area. The retail development is anchored not only by big-box retailers, but also by discount department stores, hotels, restaurants, and a multiplex movie theatre. Retailers that can appeal to the demographics of Main Street's primary trade and serve neighborhood-shopping needs, or create a unique specialty niche that draws shoppers to the district from beyond as an alternative to regional shopping centers, will most likely succeed as an alternative to the regional shopping centers of northern Kalispell.

Retail Trade Areas

The profile of the retail market within the Primary Trade Area shows that a great portion of the retail establishments are located within a 10 mile radius of the Core Area. The population of the City of Kalispell comprises 20 percent of the Trade Area's total population, but 53.4 percent of the County's retail businesses are in the 10 mile radius of the Core Area. These numbers show that Kalispell is a major source of retail activity in the Primary Trade Area.

There are a variety of neighborhood business districts within close proximity to the Core Area including the intersection of Highways 2 and 35, Main Street (south of 18th Street), and downtown Kalispell. The regional shopping centers are located at the northern periphery of Kalispell. The Core Area is anchored by a number of large retailers and

employers such as the Kalispell Center Mall, Smith's Foods, Albertsons Grocery, and Super One Grocery.

For the purposes of this study, the market area was split into both primary and secondary trade areas. The primary trade area consists of those consumers who shop the Core Area district on a regular/weekly basis for most of their needs. This accounts for a majority of the retail expenditures in the Core Area. The study's primary trade area is defined as fifty (50) miles from the Kalispell Center Mall. The secondary trade area extends further north into Canada and to the west, east and south, up to one hundred (100) miles.

Figure 22: Target-Anchored Shopping Center (Highway 93 North)



Primary Trade Area

The primary trade area is delineated by distance, the regional retail nodes to the north, northeast and south, area population and



demographics, and the flow of retail traffic in all directions. The primary trade area residents account for most of the sales of the convenience and neighborhood-oriented retailers and services located in the study area. The primary trade area generally accounts for between 50 percent and 65 percent of sales. However, more destination-oriented tenants, such as breweries, art galleries and restaurants, draw from not only the trade area, but also from beyond the defined trade boundary, as well as from the local business and tourist population.

Secondary Trade Area

The secondary trade area consists of tourists and those residents who live in the region surrounding the primary trade area who patronize retailers within the Core Area, but not as their primary source of shopping. The secondary trade area is defined by distance. This area has a current population estimate of approximately 141,500 persons, which is expected to increase slightly to approximately 149,000 persons, or 5.3 percent by the year 2017. Persons per household are currently 2.41.

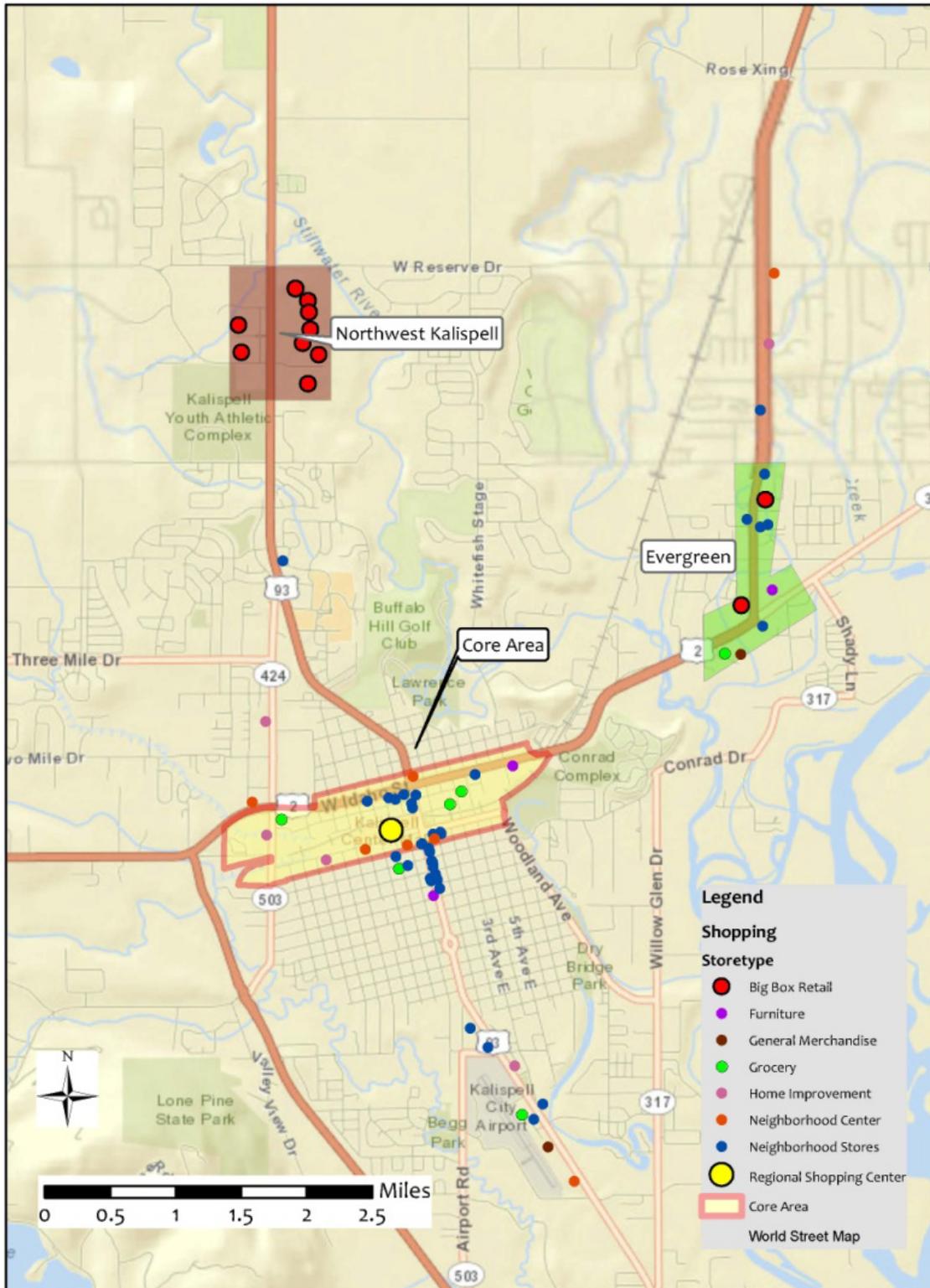
More households in the secondary trade area are owner-occupied (55.4 percent) than in the primary trade area, with the remaining 23.2 percent renter-occupied. The median household income level for the secondary trade area of \$40,154 is 6 percent lower than is found in the primary trade area. The median age is 42.5 years.

Retail Competition Overview

The retail competition map (Figure 23) identifies the Primary Trade Area retail competition by type of development. The Core Area faces significant retail competition in nearly every category. In particular, the Evergreen and Northwest Kalispell region offer large format retail, goods and services not readily available in the Core Area.



Figure 23: Kalispell Retail Competition Map



Source: ESRI Business Analyst; City of Kalispell; Willdan, 2013.



As part of this field evaluation, the project team conducted site visits to all major shopping areas in and just beyond the defined trade area. The core of retail in Kalispell is found either on Highway 93 near West Reserve Drive or at the intersection of Highways 2 and 35. Both of these retail areas offer several discount and big-box retail stores. In addition to the regional shopping centers, the Core Area competes more directly with neighborhood shopping districts.

Figure 24 shows the retail gap for selected sectors in the City of Kalispell. “Supply (retail sales)” estimates sales to consumers by establishments. Sales to businesses are excluded. “Demand (retail potential)” estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars.

The “Leakage/Surplus Factor” presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area.

The Retail Gap represents the difference between Retail Potential and Retail Sales. ESRI uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector.

Several industries show leakage, meaning that demand exceeds supply in Kalispell. These industries include:

- Lawn & Garden Equip & Supply Stores
- Office Supplies, Stationery & Gift Stores
- Electronic Shopping & Mail-Order Houses
- Vending Machine Operators
- Direct Selling Establishments
- Drinking Places - Alcoholic

Entrepreneurs seeking to open businesses in these sectors can expect strong sales because the market demands more of those products than the market currently supplies. On the other hand, the majority of the retail sectors show a market surplus, meaning that businesses in Kalispell supply more products and services than are demanded by the local population.



Figure 24: Retail Gap Analysis - City of Kalispell

Retail Category	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage / Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-45,722	\$186,061,526	\$497,331,466	-\$311,269,940	-45.5	250
Total Retail Trade	44-45	\$167,662,188	\$465,957,479	-\$298,295,291	-47.1	218
Total Food & Drink	722	\$18,399,338	\$31,373,987	-\$12,974,649	-26.1	32
Selected Industry Sectors						
Motor Vehicle & Parts Dealers	441	\$33,015,495	\$77,099,716	-\$44,084,221	-40.0	21
Furniture & Home Furnishings Stores	442	\$3,945,348	\$20,034,592	-\$16,089,244	-67.1	17
Electronics & Appliance Stores	4431	\$5,340,867	\$39,954,533	-\$34,613,666	-76.4	13
Bldg Materials, Garden Equip. & Supply Stores	444	\$5,998,451	\$22,255,978	-\$16,257,527	-57.5	13
Bldg Material & Supplies Dealers	4441	\$4,932,106	\$22,255,978	-\$17,323,872	-63.7	13
Lawn & Garden Equip & Supply Stores	4442	\$1,066,345	\$0	\$1,066,345	100.0	0
Food & Beverage Stores	445	\$29,041,621	\$68,033,296	-\$38,991,675	-40.2	23
Health & Personal Care Stores	446,4461	\$9,911,054	\$14,897,839	-\$4,986,785	-20.1	16
Clothing & Clothing Accessories Stores	448	\$9,990,213	\$21,491,362	-\$11,501,149	-36.5	28
Sporting Goods, Hobby, Book & Music Stores	451	\$5,180,219	\$29,630,265	-\$24,450,046	-70.2	30
General Merchandise Stores	452	\$32,637,167	\$120,681,834	-\$88,044,667	-57.4	7
Miscellaneous Store Retailers	453	\$5,657,629	\$18,884,029	-\$13,226,400	-53.9	44
Florists	4531	\$212,133	\$1,380,676	-\$1,168,543	-73.4	4
Office Supplies, Stationery & Gift Stores	4532	\$1,782,795	\$1,044,753	\$738,042	26.1	5
Nonstore Retailers	454	\$4,442,262	\$3,155,377	\$1,286,885	16.9	3
Electronic Shopping & Mail-Order Houses	4541	\$2,418,490	\$0	\$2,418,490	100.0	0
Vending Machine Operators	4542	\$117,545	\$0	\$117,545	100.0	0
Direct Selling Establishments	4543	\$1,906,227	\$3,155,377	-\$1,249,150	-24.7	3
Food Services & Drinking Places	722	\$18,399,338	\$31,373,987	-\$12,974,649	-26.1	32
Full-Service Restaurants	7221	\$8,168,264	\$9,202,167	-\$1,033,903	-6.0	9
Limited-Service Eating Places	7222	\$8,310,535	\$20,152,463	-\$11,841,928	-41.6	18
Special Food Services	7223	\$880,705	\$1,246,083	-\$365,378	-17.2	3
Drinking Places - Alcoholic Beverages	7224	\$1,039,834	\$773,274	\$266,560	14.7	2

Source: ESRI Business Analyst; Willdan, 2013



It is important to note that the retail gap analysis does not reflect inflow spending from the visitor market, as evidenced by the volume and location of the Kalispell region’s retail supply and continued development activity during the economic downturn. To illustrate the spending power of the visitor market, Willdan analyzed data reported by the US National Park Service, testing projections of visitation levels and per capita spending by major retail and entertainment categories. Assuming an average annual growth rate of 2.5 percent (based on 10-year historical trends), it is expected that the visitor market could grow from 2.1 million visitors (2010) to approximately 2.9 million visitors in 2022, or an increase of approximately 663,000 visitors. Associated incremental retail and entertainment spending will further support the strategy to revitalize the Core Area and attract new retailers. Based on spending patterns reported by the National Park Service (in 2010 dollars, held constant to illustrate a conservative case), new visitors to Glacier National Park could be expected to spend \$149.4 million annually by 2022, or an increase of \$37.2 million over 2010 retail spending. Assuming national chain quality annual sales productivity requirements of \$300 per square foot, this spending translates to support for approximately 295,000 square feet of new retail space in the Kalispell region.

Taking a similar perspective with the residential spending market, it is expected that nominal population and household income growth will also generate incremental demand for new or redeveloped retail and entertainment space. It is projected that Flathead County’s households

will grow from 39,000 households to 45,000 by 2022. Average household incomes are expected to increase from \$42,800 to \$60,000 generating \$3.5 in incremental gross income in Flathead County by 2022. Based on US Consumer Expenditure Data reported by the Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, September, 2012, approximately 35 percent of gross household income is expended on food at home (grocery), restaurants, entertainment, apparel, personal care, and other retail goods. Assuming a conservative capture rate of five percent of total available county-wide spending power and retail sales productivity rates of \$300 per square foot, the Core Area could expect to attract approximately 205,200 square feet of new/redeveloped retail space. Based on these parameters, the conceptual redevelopment program includes three scenarios for retail development or redevelopment. The Status Quo scenario assumes no new retail development; the conservative scenario assumes that the Core Area will support 77,500 square feet of new retail (location unspecified). Scenario 3, the optimistic case, assumes that that Kalispell Center Mall will redevelop and expand and, along with other new retail businesses throughout the Core Area, will create approximately 117,500 of new retail space.

Figure 25: Conceptual Redevelopment Alternatives – Retail Development

	Scenario 1 Status Quo	Scenario 2 Conservative	Scenario 3 Optimistic
Retail - Apparel and Soft Goods	0	62,500	92,500
Retail - Restaurant (Casual & Full Service)	0	15,000	25,000
Total Retail (sf)	0	77,500	117,500

Source: Kalispell Core Area Plan; Willdan, 2013.



Figure 26: Incremental Residential Retail Spending Power & 10-Year Supportable Retail Development (2022)

		City of Kalispell Spending			Flathead County Spending		
Retail Demand Assumptions (2012-2022)		Gross Incremental Household Income (2022)	Retail Sales/ sf	Core Area Retail Capture Rate	Gross Incremental Household Income (2022)	Retail Sales/ sf	Core Area Retail Capture Rate
		596,736,871	\$300	10%	3,527,674,063	\$300	5%
Retail Categories	Spending as % of Household Income /1	Gross Spending Power by Retail Category	Gross Supportable Retail (sf)	Kalispell Capture of New Retail Demand (sf)	Gross Spending Power by Retail Category	Gross Supportable Retail (sf)	Flathead County Capture of New Retail Demand (sf)
Food at home	10.0%	59,645,000	199,000	19,900	352,595,000	1,175,000	58,800
Food away from home	6.2%	37,149,000	124,000	12,400	219,611,000	732,000	36,600
Household furnishings and equipment	3.2%	18,943,000	63,000	6,300	111,986,000	373,000	18,700
Apparel and services	4.2%	25,189,000	84,000	8,400	148,909,000	496,000	24,800
Entertainment	4.9%	29,084,000	97,000	9,700	171,936,000	573,000	28,700
Personal care products and services	1.4%	8,219,000	27,000	2,700	48,588,000	162,000	8,100
Service Stations	2.0%	11,935,000	40,000	4,000	70,553,000	235,000	11,800
Other Retail Stores	3.0%	17,902,000	60,000	6,000	105,830,000	353,000	17,700
	34.9%	208,066,000	694,000	69,400	1,230,008,000	4,099,000	205,200

1/ Based on US Consumer Expenditure Survey Data by Average Household Income (averaged for Kalispell and Flathead County).

Source: ESRI Business Analyst; Willdan, 2013.



Figure 27: Food, Retail & Entertainment Demand from Glacier National Park Visitor Spending (Square Feet)

Gross Annual Retail & Entertainment Demand (Square Feet)

	Sales	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 7	Year 9	Year 10
Total Retail Demand (sf)	Productivity /sf	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Food & Beverage	\$300	72,600	74,400	76,300	78,200	80,100	82,100	84,200	86,300	88,400	90,700
Other Retail	\$300	115,700	118,600	121,500	124,600	127,700	130,900	134,100	137,500	140,900	144,400
Entertainment/Amusements	\$300	39,900	40,900	41,900	42,900	44,000	45,100	46,300	47,400	48,600	49,800
Groceries	\$300	8,000	8,200	8,400	8,600	8,800	9,000	9,300	9,500	9,700	10,000
		236,200	242,100	248,100	254,300	260,600	267,100	273,900	280,700	287,600	294,900

Incremental (Net New) Annual Retail & Entertainment Demand (Square Feet)

	Sales	0	0	0	0	0	0	0	0	0	0
Total Retail Demand (sf)	Productivity /sf	0	0	0	0	0	0	0	0	0	0
Food & Beverage	\$300	1,800	3,600	5,400	7,400	9,300	11,300	13,400	15,500	17,600	19,800
Other Retail	\$300	2,800	5,700	8,700	11,700	14,800	18,000	21,300	24,600	28,100	31,600
Entertainment/Amusements	\$300	1,000	2,000	3,000	4,000	5,100	6,200	7,300	8,500	9,700	10,900
Groceries	\$300	200	400	600	800	1,000	1,200	1,500	1,700	1,900	2,200
Total		5,800	11,700	17,700	23,900	30,200	36,700	43,500	50,300	57,300	64,500

Source: US National Park Service; Willdan, 2013.



V. Office Market Analysis

Willdan researched Loop Net and the Multiple Listing Service to identify the available office properties in the Core Area and downtown Kalispell. There are currently 16 available office units, accounting for nearly 20,000 square feet of office space. The type and variety of available space would lend itself to small professional office, medical, real estate and financial services.

Given that available properties had quoted lease rates of \$4.20 to \$13.20 per square foot per year, the current office lease rates in the Core Area do not support the costs of new construction. Given the identified lease rates and number of available properties, the development of additional office space would not be supported by the market in the near term and is proposed as potential adaptive redevelopment and reuse of existing space (substitution of existing demand). Based on the financial feasibility test detailed in the Annex to this report, office renovation would require lease rates of between \$12 to \$15 per square foot and new office construction would require lease rates of \$17 to \$22 per square foot.

The current economics of the office market suggest that small format, independent professional office or medical office could be an attractive market for a developer in a position to redevelop existing office space. Accordingly, the Core Area conceptual redevelopment program includes approximately 17,500 square feet of new or redeveloped office space over a 25-year buildout timeframe (assumed for Scenario 2: Conservative and Scenario 3: Optimistic).

Figure 28: Current Kalispell Office Market Lease Rate Trends

	Low	High
Current Annual Lease Rates /1	\$4.20	\$13.20
Lease Rates Required for Office Renovation /2	\$12.00	\$15.00
Lease Rates Required for New Construction /3	\$17.00	\$22.00

1/ Based on office lease rates reported by loop net of \$0.35 to \$1.10 per square foot per month, April 2013.

2/ Based on interviews with local property developers/owners.

3/ Based on interviews with local property developers/owners.

Source: LoopNet; Willdan, 2013.



VI. Business Park/Industrial Market Analysis

To test the supply and demand for a new rail-served industrial park, the Flathead County Economic Development Authority (FCEDA) retained KLJ Associates to perform a market analysis and feasibility study as part of ongoing engineering planning underway. KLJ determined that based on recent trends, the potential is increasing for the industrial rail park to create jobs and support new industries especially as manufacturing and other rail-oriented industries continue to recover from the recession and expand operations.

The report concluded that service-oriented professions continue to be the largest employers in the region. However, Plum Creek and Applied Materials are large scale lumber and manufacturing companies that lend credence that these industry types can thrive in the Valley.

Table 4 of the KLJ report identifies the top 10 Associate of Applied Science (AAS) degrees and the top 5 Certificate of Applied Science (CAS) degrees from Flathead Valley Community College (FVCC) for year 2011-2012. Data indicates that degree earners such as Welding and Inspection Technology (19), Heavy Equipment Operator (17), Electrical Technology (9) Small Business Management (6), HVAC (5) and Cabinet and Furniture Technology (3) are graduates that can support manufacturing and industries associated with rail.

Figure 3 of the KLJ report indicates that more than 50 percent of all AAS graduates and CAS graduates have a degree that could service manufacturing, agricultural/forestry, and rail-oriented industries. Should potential businesses want to relocate or start-up in the rail park,

they would have a ready and available pool of human capital to meet and expand business needs.

Table 9 of the KLJ report, recreated here as Figure 29, identifies three companies with a high likelihood of relocation or expansion, and four other companies with a medium likelihood of relocation or expansion. Construction and construction-related industries like lumber and landscaping dominate this list.

Figure 29: Leads for Rail Industrial Park

Business	Industry Type	Potential for Relocation / Expansion
Cenex Harvest States	Agriculture / Fertilizer	High
HE Simpson	Lumber	High
Northeast Drywall	Construction / Drywall	High
Blackwell Enterprises	Construction / Trusses	Medium
Fastenal	Construction	Medium
Glacier Stone	Landscaping Stone	Medium
Cold Front Cabins	Housing	Low
Countryside Welding	Oil Tank Construction	Low

Source: KLJ Draft Industrial Rail Park Market Analysis; Willdan, 2013

Key Recommendations

- KLJ recommended that MWED and FCEDA should pursue industries such as Lumber companies, scrap steel, and other



grain elevators/agricultural uses. In addition, industries related to creating machinery and other precision instruments should be targeted for the rail park.

- KLJ also determined that emerging technologies such as electronics and pharmaceuticals and metallic ores/non-metallic minerals may be viable industries to locate within the park as long as they can prove a need for rail shipments. If they cannot prove a need for rail service, the business should not be allowed.
- KLJ recommended that businesses that would utilize transload facilities are important to target because of their need to ship materials via truck and rail. Example industries that could utilize transload facilities are big box retailers, large good producers (recreational toys such as ATVs, boats, snowmobiles), and liquid/petroleum products. Creating a rail park with a transload operator will help stimulate rail freight movements for the Flathead County and thus improve economic development potential for the entire Flathead Valley. More importantly, the transload operator will market freight shipments to potential businesses as a viable and economical option.
- For sale and for lease sites should be created to foster a mix of relocation or expansion options for potential businesses. While no “one size fits all” financial model can be established in terms

of the number of sale versus lease sites, FCEDA should reserve at Least 25 percent of the sites for each option.

- FCEDA should work with the City of Kalispell and BNSF Railway/WATCO Mission Mountain Railroad to create development agreements, deed restrictions or similar owner/lease agreements to foster rail-only industry development within the park. Should a site become available that does not have access to rail siding, a potential non-rail oriented business could occupy the site. However, the site may provide rail-oriented business that may only require infrequent rail service (two or three times per year) the opportunity to conduct business without having to pay a premium for rail siding.
- In addition, as the Valley continues to grow, some industries may only have a need for shipping rail without having to have direct access to rail siding on a daily, weekly or monthly schedule.
- FCEDA should lease out transload operations to a qualified transloader that has previous experience loading and unloading rail cars as well as loading truck shipments onto rail and vice versa. A qualified transloader will improve efficiency at the park, thus improving relations with businesses in the park as well as businesses throughout the area.



VII. Hotel and Hospitality Market Analysis

While the industrial trade in Kalispell continues to wane, tourism has become a bigger part of the Kalispell economy. Tourists are coming to Montana for many reasons, including sightseeing, outdoor recreation, and shopping. Kalispell is the gateway to Glacier National Park, which had 2.2 million visitors in 2010. Many of these visitors drive through or fly into Kalispell on their way to Glacier National Park.

In addition to recreation, Canadian shopping tourism is strong in Kalispell. Canadians make planned trips to Kalispell to take advantage of favorable exchange rates, no state sales taxes, and retail establishments like Target, that are unavailable in their country. The region's tourism activity generates a secondary retail market segment that further amplifies the primary countywide residential trade area of 90,000 residents.

While this demand would also suggest support for new hotel construction, data reported by the Kalispell Convention and Visitors Bureau indicates that there are currently 100 hotel rooms currently under construction or in the pipeline and it is unclear whether additional hotel rooms could be supported until this inventory is delivered to the market and revenue per available room and occupancy rates stabilize. For these reasons, it is recommended that new hotel construction be considered as a mid- to long-term opportunity in the Core Area.

According to the American Hotel and Lodging Association, new construction cannot be supported until revenue per available room

reaches \$180 and annual average hotel occupancy is at least 68 percent. Based on current hotel research data acquired by Willdan, the average annual occupancy rate across 19 active hotel properties is approximately 58 percent.

Figure 30: Profile of Kalispell Area Hotel/Lodging Properties

- Aero Inn
- Best Western Plus Flathead Lake Inn & Suites
- Blue & White Motel
- Comfort Inn Big Sky Kalispell
- Econo Lodge Inn & Suites Kalispell
- Glacier Peaks Inn
- Glacier Ridge Suites
- Hampton Inn Kalispell
- Hilton Garden Inn Kalispell
- Holiday Inn Express & Suites Kalispell
- Homewood Suites Kalispell
- Kalispell Grand Hotel
- Kalispell Hilltop Inn
- La Quinta Inns & Suites Kalispell
- Motel 6 Kalispell
- Red Lion Hotel Kalispell
- Super 8 Kalispell Glacier Park Area
- The New Outlaw Hotel
- Travelodge Kalispell Main Street
- Vacationer Motel

Source: Willdan; 2013.



VIII. Opportunities and Constraints: Implications for Core Area Plan

In order for the City to implement its vision and remove the railroad tracks, it must develop a partnership and plan with each of the two existing businesses that still use rail service. These two businesses are very important to the City of Kalispell. If the City were unable to relocate these businesses, then the tracks would not be considered abandoned and could not be removed. The Flathead County Economic Development Agency (FCEDA) recently purchased property just east of the City limits that would be a prime candidate for the businesses' relocation. The acquisition of this industrial park has injected new enthusiasm for the Core Area Redevelopment Project as residents see the vision moving closer to reality. In addition, the City has secured Federal Brownfield remediation funds to assist with site remediation and demolition.



The City plans to develop a Linear Park that would replace the railroad tracks and link Woodland Park from the east to the Great Northern Historical Trail on the west side of town. This park would improve the pedestrian and bike access throughout the Core Area thereby improving safety and mobility. It would also provide the public an opportune place to gather, socialize and enjoy the camaraderie within the neighborhood.

The Linear Park would be one component to transforming the neighborhood into a lifestyle center of activity. Another component to building the community is the addition of more and varied dining and entertainment uses. The Downtown and Core Area has a limited number of dining and drinking establishments that are spread out such that they do not create a destination area for residents and tourists to visit. The addition of several establishments within a short proximity could generate positive energy to grow the entire district. One example may be the creation of a microbrewery tasting room. Flathead Valley craft breweries produce over 40 varieties of beers. A tasting room would promote these local businesses while creating a gathering place for area residents and tourists.

One of the biggest threats to the Core Area Revitalization is the growth away from the Core Area. Over the past eight years, big box retail has developed on the north side of town along the Highway 93 corridor. The scarce availability of vacant, developable land within the City combined with abundant land on the outskirts of the City has encouraged suburbanization. The cluster of retailers in this corridor



generates strong traffic patterns, which in turn attracts new retailers such as Cabella's. If the Core Area's current conditions continue unabated, this trend will further diminish the competitive position of Core Area retailers. The City has already lost the downtown movie theaters when the owner decided to build the Signature Theaters Stadium 14 Cinema. The City should continue to take proactive measures to maintain the existing retail base while strengthening and enhancing the Core Area retail mix.

Strengths and Opportunities

Based upon Willdan's observations and analysis, the Core Area Plan has significant strengths that will support implementation. These strengths include:

- BNSF Railway/WATCO Mission Mountain Railroad is currently working with the City of Kalispell and FCEDA to design a rail-served industrial park that could accommodate the rail users in the Core Area
- BNSF Railway/WATCO Mission Mountain Railroad has indicated their willingness to work with the community and rail users to identify scenarios where rail service is no longer necessary through the Core Area.
- FCEDA has acquired a developable site to which rail-served business could relocate.
- The City already has a Brownfield Program to assist with cleanup of sites requiring remediation.

- The City's history presents a unique identity to the Core Area.
- Active private investment in Kalispell retail/dining, small format office, and new infill housing is underway (i.e., \$3.7 million in new construction/renovation for Brannigan's Pub, Depot Place, etc.).
- The City has a vibrant local art community evidenced throughout the Core Area and downtown.
- Woodland Park serves as a key terminus point on the east side of the proposed Linear Park.
- The recently completed Depot Place housing project demonstrates that there is demand for higher density, affordable housing in the area.
- The public support for the project gives it a higher probability for success and makes it easier to implement.
- The Kalispell Center Mall owner/operator has indicated positive support for the Core Area Plan's redevelopment goals and is a potential source of funding for components of the Linear Park plan and community gathering place (trail feature) on the mall property.

The Plan highlights many of the constraints of the Core Area. These weaknesses include:

- The property north of the railroad tracks is underutilized because it is separated by the railroad track from the Downtown.



- The lack of investment/re-investment has created blight and neglected properties.
- Many streets within the Core Area are not pedestrian friendly due to a lack of sidewalks, curbs and gutters.
- Traffic flow through the North-South connectors of the Core Area is hindered by the limited at-grade railroad crossings.
- There is a perceived parking problem in the downtown area. Spaces close to retail shops are often occupied by employees and workers in the area. The two hour time limits imposed on these spaces to stop employee and all day parking inhibits customers who would like to leisurely walk and shop in the downtown area.
- There is a lack of green space, trees and park settings in the Core Area.
- The Core Area lacks restaurant and entertainment venues. The distance separating the current establishments and those in the downtown diffuses the vibrancy versus having the establishments together in a closer cluster.
- The charm and parking efficiency of Kalispell's Main Street is diminished by State Highway activity. It is important that the City of Kalispell continue to lobby for State and Federal highway funding to finish the \$32 million construction of the Highway 93 bypass to reclaim Main Street as a fully

functioning, safe, pedestrian-oriented, historic shopping destination.

The City of Kalispell has a great opportunity to move forward and address these weaknesses by:

- Relocating the rail-served businesses in order to replace the railroad tracks with a Linear Park.
- Developing a cohesive building and lot plan design that incorporates the character from downtown's historical architecture with a modern appeal.
- Enhancing streetscapes by adding sidewalks with gutters and curbs, widening existing sidewalks to accommodate patio dining and improve pedestrian traffic, incorporate angled parking to increase the amount of available spaces, and upgrading lighting to improve aesthetics and promote safety.
- Improve city appearances by creating incentives to reinvest in neglected property, cleaning up alley ways and overgrown vegetation, enforcing city ordinances on abandoned vehicles and community decay, and renovating the East Side Rail Bridge to be a symbolic gateway into the Downtown area.
- Encourage development to create a cohesive neighborhood with a vibrant atmosphere. The addition of the Linear Park, high-density housing, and nightlife and entertainment establishments would transform the neighborhood into a desirable lifestyle center.



Constraints/Threats

The threats to the vision that the City has laid out for the Core Area are:

- The cost may be prohibitively expensive for the City to attain a suitable return on investment.
 - The business owners, FCEDA, and the City of Kalispell must collaborate on the relocation of the rail-served businesses.
 - The relocation requires development time for site planning, construction, and financing.
 - If the railroad tracks are not removed, the City would not be able to fully implement its vision.
 - Grant money from the Brownfield Program must be expended within the funding period.
 - If the Flathead Valley Electric Cooperative cannot move the substation near Woodland Park, the Linear Park plans may need alteration.
 - Legal restrictions may inhibit development. One example is the deed restrictions on the downtown theaters that prohibit their use to show movies. Another example is the limited number of liquor licenses. In 1947, the state enacted a quota system that limits the number of issued licenses based on local population. These restrictions have raised the value of liquor licenses on the secondary market into the hundreds of thousands of dollars.
- The development of big box retail on the north side of the City along Highway 93 is attracting businesses away from the Core Area.



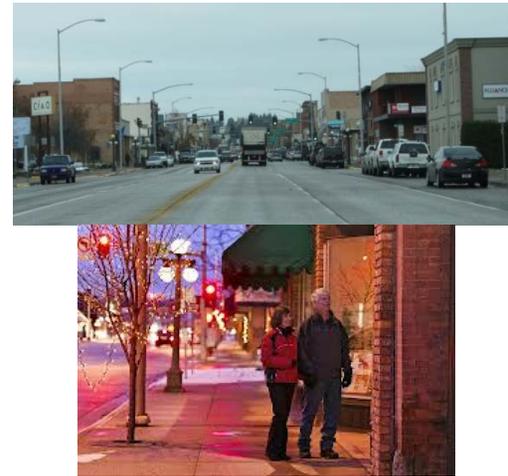
IX. Core Area Economic Development Recommendations

The City of Kalispell is actively engaged in transforming the Core Area into a destination and hub of activity for its residents, employees, and tourists. Willdan recommends that the Core Area's retail strategy should not be to compete with northern Kalispell retail developments but instead to create a destination that offers something unique and outside that found in the traditional power center developments.

There is opportunity for the current Core Area merchants to create an alternative to the existing regional shopping centers. Kalispell's Core Area is presently a viable shopping and dining destination with significant potential to increase its retail activity through adaptive reuse and redevelopment of existing space by capturing a greater share of tourism spending generated by business travelers and visitors to Glacier National Park.

We provide a range of potential redevelopment program scenarios and the interdependent variables impacting the conditions of feasibility for each alternative in the following discussion. The conceptual redevelopment program targets identified take into account full buildout of the Core Area over the 25-year life Tax Increment Financing District.

Figure 31: Downtown Kalispell



Scenario 1 – Status Quo (Maintain Rail in Core Area)

This scenario was tested to identify the development potential of the Core Area should rail service continue to operate. Acknowledging the previously identified impediments of continued rail service to development of the Core Area, there still is opportunity for development. To mitigate the impacts of continued rail service, Scenario 1 assumes that the City will create a cohesive marketing and development strategy focused on infill development and retention of existing users. The objective of this scenario would be focused development and retention of existing retail businesses in the Core Area.

This scenario assumes that the rail-served industrial park is not constructed and the rail is not relocated from the Core Area to the new



park. Consequently, the Core Area Linear Park Plan is not implemented and redevelopment and reuse is challenged by conditions of access, blight, and other factors. This scenario assumes that the Kalispell West Side TIF District generates only the baseline incremental tax revenues of approximately \$407,838 annually over the life of the TIF.

Scenario 2 – Conservative (Limited Expansion of Core Area Retail)

The Enhanced Core Area Retail will result in adding a slight amount of retail to fill in the void areas, and will improve the existing conditions within the Core Area. The void areas are retail tenants that are underrepresented. They are determined by calculating expenditures, existing retail square footage and future sales projections. The Enhanced Core Area assumes the following:

- Rail service through the Core Area will be discontinued.
- A Linear Park has been developed and implemented to capture the former rail line right of way.
- Street connections previously closed by the rail line have been reopened.
- Street and sidewalk widths will remain unchanged and that pedestrian traffic, limited vehicular traffic will continue to co-exist.
- Parking will continue to be limited to city parking lots, parallel parking on Highway 93 or on adjacent side streets.

- An effective management structure will be established to coordinate overall leasing, marketing, design, merchandising, parking and maintenance of the Core Area.
- Existing retailers will improve their merchandising, marketing and management strategies.

Many of the Core Area’s businesses could generally increase sales and new commercial businesses could be supported including men’s and women’s apparel, brewery tasting rooms, bakeries and restaurants.

This assumes that the City would implement the removal of the railroad tracks, undertake extensive streetscape improvements and the existing vehicular circulation patterns would remain in effect along Main Street. This model also assumes that the overall Core Area businesses organize to improve their merchandising techniques and develop an effective marketing campaign focusing on the tourist and visitor market and to promote more regular visits from persons outside of the primary trade area.

Further business development projects that the Core Area could benefit from include the expansion of its restaurants and apparel categories. By expanding these two categories, the Core Area could eventually be the primary destination for visitors to Kalispell and significantly expand its primary trade area.

Additional pedestrian traffic could increase existing business sales with appropriate management and marketing. This model assumes that the same enhancements of removal of the railroad tracks, extensive



streetscape improvements and maintaining the existing vehicular patterns along Main Street would be implemented. Further, this assumes the City would be able to enhance its current cultural entertainment programming in the Core Area.

Scenario 3 – Optimistic (Major Expansion of Core Area Retail)

Assuming the rail is removed and the Core Area Linear Park Plan is implemented, additional retail expansion is expected to occur. The needed additional improvements include:

- The development of a major new cultural/entertainment-attraction such as a lifestyle center or regional brewery tasting room.
- The establishment of a new Flathead County Library

Significant new family-focused attractions that create a welcoming environment for families with young children, such as play structures, public art, and small-scale recreational features such as a playground water feature.

Limited retail expansion could be achieved by expanding a few segments of the retail district, to encourage people outside of the trade area to come to the Core Area as a destination for those specific segments. The most promising segments identified for additional expansion include apparel and restaurant businesses. By expanding these two categories, the Core Area could eventually be the primary destination for visitors and significantly expand its primary trade area.

Additional pedestrian traffic could increase the visibility and sales of existing business.

This scenario was evaluated to identify the upper limit of the Core Area's retail and entertainment development potential. Accounting for existing vacancies and based on the retail gap data reported by ESRI Business Analyst, the district can support up to 115,000 square feet of new retail business development over 25 years, assuming the following major improvements:

- Removal of the railroad tracks, extensive streetscape improvements and maintaining the existing vehicular patterns along Main Street
- The provision of additional parking (on-street, structured or angled).
- The widening of pedestrian walkways and the inclusion of additional public open space within the Core Area.



Figure 32: Proposed Core Area Redevelopment



Willdan forecasts that the improvements outlined in this model could significantly expand the Core Area's primary trade area by attracting both new unique retailing concepts and shoppers from much of the greater Flathead Valley region.

Long-Term Redevelopment Potential

Assuming the enhancements outlined above in Scenarios 2 and 3 are implemented, coupled with additional improvements, major retail expansion could occur. This model is designed to strengthen the existing retail offered and to expand the variety, and thus the appeal of the Core Area to a wider market, without losing its existing appeal and charm. Additional off-street and angled parking along with improved pedestrian access throughout the Core Area will enhance consumer appeal, increase accessibility and therefore help sales potential.

Rationale

The rationale for the recommended expansion alternatives within the Core Area is presented below:

The addition of targeted retail, combined with the re-tenanting of the existing retail, will create a more balanced mix, as well as strengthen the family appeal of the street to attract the tourist, business and secondary trade area population.

The use of select national tenants will increase the vitality and credibility (name recognition) of the retail mix to strengthen the appeal of the street to visitors and tourists, as well as those living in the secondary trade area and beyond the defined trade areas.

While the residential demographics of the primary trade area offer a stable residential base of over 90,000 persons, the median household income and ratio of rental property reflects the demographic trends of regional downtowns like that of Kalispell.

Additionally, retail and restaurants have added sales potential in the area, due to both the existing trade area population and tourists drawn to the area that are presently underserved by the existing stock of commercial enterprises.

A healthy mix of national, regional and independent tenants is needed to maintain an energetic retail district. National tenants add stability to a shopping district and give the consumer the perception that they can find a selection of standard items. Local retailers add the unique and eclectic element to a retail street that malls cannot offer. A successful



mix between the two tenant types develops unique retail with the convenience of name brand tenants together in a single area.

Recommended Retail Recruitment Strategies

Leasing and Management

One of the most important elements in the success of any commercial development or redevelopment effort is strategy for leasing and management of the area. Just as a successful shopping mall is leased with a targeted tenant mix to maximize sales for all tenants, the leasing of an urban commercial district must follow a similar lead. The unique combination and mix of a successfully leased shopping district will assure its ongoing vitality.

The challenge of managing and leasing a shopping district such as the Core Area is complex and diverse. Multiple landlords, some absentee, make implementing consistent street management or complementary leasing efforts difficult. Successful shopping districts, however, are typically well organized in their efforts to promote, market and attract desirable tenants.

It is most important that the businesses throughout the Core Area be organized in a tight-fitting group with consistent and realistic goals. Well-compensated and qualified individuals should direct such an organization, much as a successful mall is leased and managed. The manner of financing such activities is an important part of assuring joint efforts to this goal. The existing Business Improvement District (BID) can be an effective tool for this purpose.

Phasing and Action Items

As a means of improving the vitality of the Kalispell Core Area, the following action items are recommended. Such improvements will aid in efforts to attract and preserve quality retailers and restaurants in Kalispell's downtown.

Near-Term (3-4 months)

- Improve merchandising efforts by existing Core Area retailers and restaurants to enhance visual merchandising of their product lines and to promote cross shopping among businesses. Such efforts should include improved storefront design, window display, lighting, inventory control and choice, among others.
- Development of a management group and appropriate funding to assure clean and attractive streetscapes, open spaces, and storefronts.
- A review of existing wayfinding and signage directing vehicles to the parking surrounding the Core Area and downtown is encouraged.

Mid-Range (6-9 months)

- The enforcement of short-term parking (1 to 2 hours) in appropriate areas within the Core Area and its side streets to allow vehicular traffic and to encourage turnover of prime parking spaces.



- The development and implementation of an overall marketing and advertising campaign designed to expand the trade area and overall sales.
- The organization of an effective tenant recruitment program to attract targeted retailers and restaurants to the study area. Include a common 800-phone number and active participation in the International Council of Shopping Centers and other trade group activities.
- The installation of permanent directories to be located downtown to direct pedestrians and shoppers to the Core Area and various shops and restaurants.
- The creation of an ongoing assemblage of the inventory of all leasable commercial space (occupied, vacant, and planned) in the study area with appropriate data including square footage, lease rates, lease terminations, footprints, etc. This will facilitate the efficient flow of information to existing and prospective tenants, brokers, landlords and investors.
- The creation and design of marketing materials, including a brochure for leasing and marketing purposes, to attract potential retailers and restaurants.
- The continuation and expansion of study area programming and promotional activities (i.e., seasonal activities, Holiday festivals) to provide additional incentives for shoppers to come to the Core Area's shopping, dining, and entertainment enterprises.

Long-Range (12 months)

- Expand existing BID or create new BID for Core Area
- Plan for ongoing routine repair and updating of the public realm.
- Finalize planning, site design and layout for Linear Park.
- Identify State and Federal funding to complete the \$32 million construction of the Highway 93 by-pass and reconfigure angled parking on Main Street.

Figure 33: Current Conditions: Kalispell Center Mall Parking Lot



Conclusions

Willdan's analysis of the current Core Area's real estate and market conditions indicate that there is unmet demand for retail and



restaurant uses. The Core Area's unique combination of holding the county seat, government employment center, residential and visitor customer base provides a stable economic marketplace for expansion.

The Core Area has the potential to achieve higher market capture rates by implementation of the Plan's key objectives of:

- Removing the railroad tracks that bisects the Project Area and replace the tracks with a Linear Park.
- Improving and upgrading existing properties to remove the blighted areas within the Core Area.
- Developing a compatible mix of commercial retail, neighborhood services, residential housing and public areas that meets the needs of residents and fosters a greater sense of community. In turn, the proposed redevelopment will strengthen the local economy by increasing the local tax base, attracting new residents and businesses, creating new jobs, and increasing tourism.



X. Kalispell Linear Park Conceptual Plan

Introduction

One of the primary objectives of the Kalispell Core Area Plan is to formulate a funding and implementation strategy for installation of the Kalispell Linear Park (“KLP”). The City of Kalispell’s overarching vision is to further the revitalization of the Core Area by removing the existing live freight rail line that bisects the town and replace the tracks with a Linear Park, attracting private investment to upgrading infrastructure, remove blight, and achieve a diversified mix of infill activity through new construction and adaptive reuse/redevelopment of commercial, retail, residential, neighborhood services, and community gathering areas, and other public amenities.

Willdan provides a summary of the high-level planning parameters associated with the Linear Park’s layout and proposed programming elements, as well as the underlying capital and operating assumptions that are the foundation of the park’s implementation strategy.

Linear Park Layout and Programming

Based on input from City of Kalispell staff, the Kalispell Core Area Steering Committee, and other community stakeholders, there is broad public support for the removal of the existing freight rail line and the installation of a new Linear Park in Kalispell.

The removal of the active rail line not only provides new commercial and residential redevelopment opportunities, but also the ability to reconnect Kalispell’s street grid to create a fully functioning, pedestrian-oriented Main Street community retail destination.

Upon relocation of the rail line, the City of Kalispell is opening opportunities for private land owners and businesses to strategically reposition property located the downtown core for redevelopment and reuse. The City’s role is to create the optimal conditions for private investment through the following key action steps:

- attract the maximum private investment and development activity with a minimum level of public funding/support
- upgrade basic public infrastructure to provide optimal conditions for development/redevelopment activity (sidewalks, street lights)
- improve transportation flow through new street crossings previously blocked by rail activity, better connecting drivers with employment and commercial activity centers
- safely connect pedestrians to active and passive recreational amenities by investing in new trail heads at key locations.

After more than 20 years of public debate, the City’s long-term investment in the Kalispell Core Area planning initiative is now taking the next step in moving towards the active implementation phase of the downtown rail-served business relocation by the BNSF Railway/WATCO Mission Mountain Railroad.

The possible subsequent implementation of the Linear Park plan is strategically structured to, eliminate blight, catalyze private investment in the downtown Core Area, and achieve substantial enhancement in the community’s amenities.



The following provides a high-level overview of current proposed layout and programming targets for the KLP:

Key Regional Trail Connection Points

- **North & East Connection:** Create a contiguous linear connection via BNSN Railway Highway 2 overpass (the new “Kalispell Gateway Bridge”) between Woodland Park (at the east end of study area) and Lawrence Park (in the NE quadrant of city).
- **West Connection:** Connect the KLP to the existing Meridian Trail Head via a new trail head at West 5th Avenue WN (connecting hikers 8 miles out to Kila trail and 4 miles up to North Reserve).
- **South Connection:** Connect hikers 11 miles south to Somers/Flathead Lake).

Proposed Linear Park Programming “Bump out” Nodes

- **Depot Park:** Locomotive climbing equipment at Depot Park: The City of Kalispell and FCEDA have begun discussions with BNSF Railway regarding the possibility of donating an out of service locomotive for public park use. This question needs to be further explored with BNSF Railway/WATCO Mission Mountain Railroad and others involved in the rail relocation initiative.

- **Mall Clock Tower Pedestrian Plaza:** potential for a developer-funded and constructed open air farmer’s market and creation of a focal gathering “third place” on privately-held Kalispell Center Mall property (with potential for capital investment and ongoing operating support from Mall owner/operator).
- **Senior Outdoor Fitness Park:** proposed at Meridian Road and Appleway Trail; this facility could be a small scale facility (new or existing adaptive reuse structure) with outdoor exercise equipment, and portable vending carts.
- **Flathead Electric Co-Op Site Comfort Station:** the current Flathead Electric Co-Op site is underutilized and is strategically located at a potential trail connection point to Woodland Park (and – long-term, to the proposed outdoor amphitheater site).

It is recommended that the City of Kalispell partner with the FEC to redevelop the site to a low-cost/low-intensity comfort station and trail head. This could be accomplished with minimal capital investment through a land swap, long-term lease, or shared-use agreement. It is envisioned that the comfort station would include the following amenities:

- trail head parking lot with city of Kalispell-branded directional signage (potentially shared parking with FEC)
- Restrooms/healthy snack vending machines



- Solid waste receptacles (potentially to be included in the Linear Park's new recycling program)

Street Extensions/ Railroad Crossing Conversions

To maximize the impact of regional trailhead reconnection points, the Willdan team strongly recommends that the Kalispell Linear Plan include funding to achieve the installation of at-grade pedestrian crossings and/or street reconnections key intersections where the streets cross the railroad, as appropriate:

Street Extensions / Railroad Crossing Conversions (requires removal of tracks and new construction to reconnect street grid):

- 5th Avenue EN
- 6th Avenue WN
- 7th Avenue WN
- 8th Avenue WN

Based on discussions with city staff, it is expected that the street extension costs would be substantial (approximately \$2.4 million). These costs are reflected in the Core Area funding strategy in the following section. To the extent possible, street extension costs would be mitigated by retrofitting existing rail crossing equipment and power lines for vehicular/pedestrian crossing use..

Connection to the City of Kalispell Parks and Recreation Network

The City of Kalispell Department of Parks and Recreation currently maintains approximately 406 acres of parkland, including 138 acres dedicated for the Kalispell Youth Athletic Complex. The parkland inventory includes 321 acres of active parkland and 73 acres of natural open space. Kalispell also owns 12 acres of undeveloped land. The City maintains several beautification areas, including roadway greens and annual plantings, via its Parks Department.

The Kalispell Core Area Linear Park Plan offers the potential reconnection of downtown to several trail heads with connections to nearby neighborhoods and vehicle parking. The Linear Park would connect nearly the entire length of the city, providing approximately two (2) miles in paved surfaces, opportunities for environmental and recreational programming, and the installation of climbing equipment at Depot Park, enhancing the cultural heritage of Kalispell's railroad history.

Linear Park Capital Cost Assumptions

There are three distinct capital components to the Kalispell Linear Park Plan:

- Removal of the active rail freight line
- Installation of the Linear Park trail/street reconnections
- Adaptive reuse and new construction of facilities and equipment related to programmed park nodes



Rail Line Removal

The cost estimates to remove the active rail line is still pending further input from BNSF Railway/WATCO Mission Mountain Railroad, and other stakeholders; therefore this cost estimate is subject to change pending refinement of the Linear Park plan concept.

Linear Park Trail

Based on Willdan’s site visits and interviews with city staff (Planning, Community & Economic Development, Public Works, and Parks and Recreation departments), the installation of the Kalispell Linear Park trail is expected to be a low impact construction project.

From a utilities perspective, the city’s existing grid of power, water, wastewater, and roads are in a state of good repair with sufficient capacity to serve the proposed Linear Park plan’s trail/road connections and minimal active programming alternatives.

The primary capital costs appear to be associated with the street extensions and the installation of street lights, curb cuts, sidewalks, and other basic vehicle and pedestrian-oriented infrastructure upgrades.

Summary of Construction Costs

Construction cost estimates are provided in the preliminary implementation strategy (see Figure 34: Summary of Linear Park Development Costs and Phasing Recommendations and in the detailed calculations and assumptions located in the annex to this report). It is expected that the Linear Park design and construction will be initiated concurrently with the latter phases of the FCEDA Rail Served Industrial

Park construction and associated business relocation. It is anticipated that the Linear Park will be implemented in phases, based on availability of funding as follows (see Figure 34: Summary of Linear Park Development Costs and Phasing Recommendations for detail):

- Phase I: Assessment 0-3 Months
- Phase II: Assessment & Cleanup Plan 3-6 Months
- Phase III: Remediation Plan 6-12 Months
- Phase IV: Cleanup 12-24 Months
- Phase V: Park Design & Planning tbd
- Phase V: Business Relocation tbd
- Phase VI: Park Construction tbd

According to current estimates of park costs and available funding sources, it appears that the installation of the Linear Park is financially feasible, as discussed in the following implementation section of this report. Nine percent of total budget for FY 2014 is planned for reserves (future maintenance). The Parks & Recreation Department currently holds \$280,000 in cash reserves (14.3 percent reserve account). It is feasible to explore utilizing the reserve fund to pay for small shortfalls projected in the early years of development.



Figure 34: Summary of Linear Park Development Costs and Phasing Recommendations

		Private/ Non-Profit	Other Grant Funding	City of Kalispell	Total Cost
Near Term: Years 1-3					
# 1	Linear Park Land/Easement Acquisition	\$-	\$-	\$5,000	\$5,000
# 2	Linear Park Environmental Remediation	\$-	\$55,000	\$-	\$55,000
# 3	BNSF Track Removal	\$-	\$-	\$-	\$-
# 4	Park Master Plan	\$-	\$-	\$20,000	\$20,000
5	Installation of Shared Use Trail	\$-	\$-	\$1,423,812	\$1,423,812
	Subtotal	\$-	\$55,000	\$1,448,812	\$1,503,812
Mid-Term: Years 4-6					
6	Regional Trailhead Connection Points:	\$30,000	\$-	\$30,000	\$60,000
7	Kalispell Gateway Bridge	\$-	\$112,500	\$-	\$112,500
8	KLP Trail Feature - Depot Park	\$175,000	\$-	\$25,000	\$200,000
9	KLP Trail Feature - Appleway Trail Senior Outdoor Fitness Park	\$61,600	\$-	\$2,500	\$64,100
10	KLP Trail Feature - Flathead Electric Co-Op Park	\$15,000	\$55,000	\$14,000	\$84,000
11	Pedestrian Crossing Upgrades (Railroad Conversions) :	\$-	\$-	\$1,303,941	\$1,303,941
	Subtotal	\$281,600	\$167,500	\$1,375,441	\$1,824,541
Long-Term: Years 7-10					
12	Street Extensions (Railroad Conversions) :	\$-	\$-	\$1,074,001	\$1,074,001
13	KLP Trail Feature - Kalispell Center Mall Clock Tower Plaza	\$-	\$-	\$-	\$-
14	Woodland Park Amphitheater	\$-	\$25,000	\$25,000	\$50,000
15	Health, Wellness, Sustainability Programming	\$-	\$-	\$-	\$-
	Subtotal	\$-	\$25,000	\$1,099,001	\$1,124,001
		6%	6%	88%	100%
Total Linear Park Costs - City of Kalispell		\$281,600	\$247,500	\$3,923,254	\$4,452,354

Source: City of Kalispell; Willdan, 2013



Linear Park Operating Cost Assumptions

Based on the current Kalispell Linear Park Plan concept noted in rough map graphics provided in this memorandum, the length of the park as drawn is 17,221 feet or 3.26 miles. Other potential operating impacts likely to be to Public Works Department to expand solid waste collection points along trail and/or at programmed nodes (especially if recycling program is expanded in City of Kalispell). Note that operating cost estimates for the programmed elements of the Linear Park are illustrative.

Figure 35: Kalispell Linear Park Annual Operating Cost Estimates

Length (feet)	17,200
Width (feet)	60
total area (sq. ft.)	1,032,000
sq. ft/acre	45,560
Total Linear Park Acres	23
Tier 1 Park Maintenance cost/acre	1,200
Annual Maintenance Cost:	\$27,182

Source: City of Kalispell Department of Parks & Recreation; Willdan, 2013.

The Kalispell Department of Parks & Recreation supports implementation of the Linear Park; the scale and intensity of uses can be programmed as part of typical expected growth for parks budget (combined with reserves); expected annual operating costs the operating costs for shared use trail and features are within a range that can be managed and maintained.



XI. Core Area Financial Feasibility & Implementation Plan

To initiate the implementation planning for the proposed Kalispell Core Area Plan --- the Kalispell Linear Park – the Willdan Team conducted work sessions with City of Kalispell staff to collect preliminary data regarding the individual action steps, cost estimates, and potential funding sources. Table 12 in Annex A: Linear Park Implementation Strategy: Sources & Uses of Funding provides a summary snapshot of these actions steps. Based on a detailed review of the relationship between costs, revenues and grant funding sources, and proposed phasing, the Core Area plan is financial feasible.

Summary of Key Findings

- Implementation of the Core Area Plan is vital to the future stability of the City of Kalispell’s tax base.
- The capital costs required to construct the Linear Park are supported by a combination of grant funding, incremental real property tax revenues, and TIF funding.
- Other funding sources will be pursued and it’s expected that these would adequately address any projected shortfalls (up to \$1.1 million in Year 7 of the most conservative case (Scenario 1: Status Quo), assuming 100% of the street extension improvements are funded by the TIF. See Figure 39: Core Area Grant Funding Resource Strategy for a detailed listing of grant funding targets).

- Assuming conservative development activity that would result from implementation of the Linear Park Plan as detailed by the market analysis findings, the quantifiable public return on investment is positive. It is expected that the incremental real property values would reach between \$71,000 and \$133,000 per year at full buildout of the conservative and optimistic scenarios, respectively.
- The 25-year cumulative cash flows of anticipated development costs and incremental tax revenues flowing to the West Side TIF are estimated to be between \$5.75 million and \$7.91 million indicating that investment in the Core Area Plan will yield sufficient incremental tax revenues to the City of Kalispell.

Figure 36: Core Area Financial Feasibility Analysis – Summary Results

Cumulative Values (25 Years-\$Millions)	Scenario 1: Status Quo	Scenario 2: Conservative	Scenario 3: Optimistic
Current TIF Fund Reserves	\$2.56	\$2.56	\$2.56
Incremental TIF Revenues (Life of TIF)	\$9.79	\$9.79	\$9.79
Real Property Tax Revenues: New Construction/Redevelopment	\$-	\$1.29	\$2.16
Rail Served Industrial Park Costs / Core Area Linear Park Development Costs	\$(2.68)	\$(2.68)	\$(2.68)
TIF Funds Remaining	\$5.75	\$7.04	\$7.91

Source: Kalispell Core Area Plan; Willdan, 2013.



Figure 37: Core Area Plan Real Property Tax Revenue Assumptions –Incremental Taxes Per Square Foot from Similar Redevelopment Activity

Business	Property Type/Description	Total Size (sf or units)	Before Renovation		After Renovation		After Renovation	
			Taxable Value - Land	Taxable Value - Building	Taxable Value - Land	Taxable Value - Building	Incremental Assessed Value (Land + Building)	Total Incremental Taxes PSF After Renovation
Sykes Supermarket/ Restaurant/Apt	commercial-multifamily imp	3,466	695	723	1,883	4,963	3,108	0.90
Sykes Supermarket/ Restaurant/Apt	mixed use- retail, storage & apts	27,540	2,409	-	2,814	52,521	47,298	1.72
Sykes Supermarket/ Restaurant/Apt	restaurant	7,466	2,409	4,523	2,738	8,042	7,418	0.99
Sykes Supermarket/ Restaurant/Apt	retail	2,700	2,409	1,652	2,738	2,239	(1,256)	(0.47)
Appleway Trail Apts	apts	71,320	10,665	83,733			73,068	1.02
Brannigan's Pub/Restaurant /1	restaurant/bar	13,000	7,243	5,330			(1,913)	
A to Z /2	retail	7,540	7,414	8,853	9,747	10,120	1,812	0.24
Depot Place Apts	apts	35,607			6,281	15,681	9,400	0.26
Kalispell Center Mall /3	retail/hotel	297,696	103,023	231,119	103,023	231,119	256,192	

Assumed Averages for TIF Calculations	Incremental Taxes psf
Retail Development	\$0.26
Office Development	\$0.24
Apartments - For Lease	\$0.98
Low-Income Housing Tax Credit Units	\$0.90
Condominium	\$1.02

1/ Completed remodel value has not been picked up for 2013 yet. Renovation not complete as of 1/1/13. Full renovation value will be added for 2014 tax year.

2/ value only at 50% complete construction for 2013. This project has also applied for a property tax exemption.

3/ completed remodel value for 2013 still pending review



Figure 38: Fiscal Benefits at Buildout - Summary of Scenarios

	Average Incremental Real Property Tax Values/sf	Scenario 1: Status Quo			Scenario 2: Conservative			Growth		
		Development Program (sf)	Incremental Taxable Value	Real Property Taxes	Development Program (sf)	Incremental Taxable Value	Real Property Taxes	Development Program (sf)	Incremental Taxable Value	Real Property Taxes
Redevelopment Program										
Retail Development (sf)										
Retail - Apparel and Soft Goods	\$0.26	-	\$-	\$-	62,500	\$16,015	\$10,998	92,500	\$23,702	\$16,276
Retail - Restaurant (Casual & Full Service)	\$0.26	-	\$-	\$-	15,000	\$3,844	\$2,639	25,000	\$6,406	\$4,399
Subtotal		-	\$-	\$-	77,500	\$19,858	\$13,637	117,500	\$30,108	\$20,675
Office Development (sf)										
Office Development (sf)	\$0.24	-	\$-	\$-	17,500	\$4,206	\$2,888	17,500	\$4,206	\$2,888
Residential Development (units)										
Apartments - For Lease	\$0.98	-	\$-	\$-	52,500	\$51,222	\$35,175	78,750	\$76,833	\$52,763
Low-Income Housing Tax Credit Units	\$0.90	-	\$-	\$-	32,000	\$28,695	\$19,705	64,000	\$57,389	\$39,411
Condominium	\$1.02	-	\$-	\$-	-	\$-	\$-	25,000	\$25,613	\$17,589
Subtotal		-	\$-	\$-	84,500	\$79,917	\$54,881	167,750	\$159,836	\$109,762
Total Incremental Value/Real Property Taxes			\$-	\$-	179,500	\$103,981	\$71,406	302,750	\$194,149	\$133,326

Assumptions:

2013 Flathead County Millage Rate = 0.68672

Source: Kalispell Core Area Plan; Willdan, 2013.



Figure 39: Core Area Grant Funding Resource Strategy

Funding Source	Grant Program	Due Date	Grant Amount	Match Required	Proposed Use of Funds/Project Phase	Expected Date of Notification
US DOT	TIGER V	06/03/13	\$8.7 million	40%	Construction of rail and road improvements at Kalispell/FCEDA Rail Park	September 2013
US EDA	Public Works	09/13/13	Avg \$1MM +		Infrastructure	Within 25 days of funding cycle deadline
Montana Department of Commerce	Community Development Block Grant	Not stated	\$20,000	\$1 local cash to \$3 CDBG funds	Plans for the adaptive re-use and redevelopment of vacant industrial areas, including “brownfield” areas where reuse may be complicated due to the presence (or potential presence) of a hazardous substance, pollutant or contaminant, and any subsequent studies or plans for remediation required	Not stated
Montana Department of Commerce	Community Development Block Grant—Economic Development		\$25,000 per job created, max \$400,000	1:1	May be used for construction of infrastructure at the Rail Park pending commitment on job creation	
Montana Department of Commerce	Big Sky Trust Fund	Rolling	\$25,000	1:1	Planning	Within three months of application
Montana DNRC	Reclamation & Development	May 15, Odd Years and 09/15/13	\$50,000	Yes, no minimum	Planning, environmental site assessments and writing grant application—perhaps for rails to trails phase.	September of that year And ??
Montana DNRC	Reclamation & Development Grants Program	May 15, Even Years	\$300,000+	Yes, no minimum	Environmental clean-up, particularly along the rail line in preparation for building trail	Following Legislative Session



Funding Source	Grant Program	Due Date	Grant Amount	Match Required	Proposed Use of Funds/Project Phase	Expected Date of Notification
Montana Department of Commerce	Treasure State Endowment Program	May of Even Years	\$750,000 maximum	1:1	Construction of infrastructure. **Unlikely that Kalispell would be funded b/c charging below target rate.	Following Legislative Session
US HUD	HOPE VI Main Street	07/22/13	\$500,000	5%	Grants to small communities to assist in the renovation of an historic or traditional central business district or "Main Street" area by replacing unused commercial space in buildings with affordable housing units.	Anticipated mid-Oct 2013
US EPA	Brownfields Assessment	Expected Nov 2013	\$200,000	None	Conduct environmental site assessments in Kalispell for hazardous substance or petroleum.	Spring 2014
National Endowment for the Arts	Our Town	January annually	\$25,000 \$50,000 \$75,000 \$100,000 or \$200,000	1:1 Non-federal Cash and/or In-kind	Planning: creative asset mapping, cultural district planning, development of master plans or community-wide strategies for public art, creative industry/hub development. Design: of cultural facilities (adaptive reuse), community engagement activities, predevelopment, design fees.	July annually



Funding Source	Grant Program	Due Date	Grant Amount	Match Required	Proposed Use of Funds/Project Phase	Expected Date of Notification
Wells Fargo and the National Fish & Wildlife Foundation	Environmental Solutions for Communities	December	\$25,000 – \$100,000	1:1 cash and/or in-kind	Support community-based conservation projects that protect & restore local habitats/natural areas, enhance water quality, promote urban forestry, educate & train community leaders on sustainable practices, promote related job creation/training, & engage diverse partners & volunteers.	Approximately following April
HUD	Choice Neighborhoods	May annually	\$500,000	Minimum of 5% of project cost Cash only	support development of comprehensive neighborhood revitalization plans which, when implemented, are expected to achieve three core goals: 1. Housing 2. People 3. Neighborhood. Each application must focus on the revitalization of at least one severely distressed public and/or HUD-assisted housing project. **For this reason, not a match for the Core Area.	
Multiple federal agencies	Strong Cities, Strong Communities				Initiative helping localities overcome economic struggles through interagency assistance	
Tax Increment Finance District	West Side TIF	Rolling			Revitalization, public infrastructure	



Annex A: Detailed Assumptions & Calculations

Kalispell Core Area Plan Financial Feasibility Analysis

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Kalispell Core Area Plan Financial Feasibility Analysis

Table 1:
Redevelopment Program Alternatives

Kalispell Core Area Conceptual Redevelopment Alternatives	Scenario 1 Status Quo	Scenario 2 Conservative	Scenario 3 Optimistic
Retail Development (sf)			
Retail - Apparel and Soft Goods	0	62,500	92,500
Retail - Restaurant (Casual & Full Service)	0	15,000	25,000
Total	-	77,500	117,500
Office Development (sf)			
	0		
Office Development (sf)	0	17,500	17,500
Residential Development (units)			
Apartments - For Lease	0	25	75
Low-Income Housing Tax Credit Units	0	40	80
Condominium	0	-	20
Total	0	105	175

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 2:
Conceptual Development Program by Opportunity Site

	Total Buildout	Opportunity Site Site 1	Opportunity Site Site 2	Opportunity Site Site 3	Opportunity Site Site 4	Opportunity Sites /1 (Core Area)
Retail Development (sf)						
Retail - Apparel and Soft Goods	92,500	2,500	30,000		50,000	10,000
Retail - Restaurant (Casual & Full Service)	25,000		10,000		10,000	5,000
Total	115,000	2,500	40,000	-	60,000	15,000
Office Development (sf)						
	17,500	2,500	-	5,000	-	10,000
Residential Development (units)						
Apartments - For Lease	75		50			25
Low-Income Housing Tax Credit Units	80			40	40	
Condominium	20		20			
Total	175	-	70	40	40	25

1/ Core Area wide opportunity sites are assumed to be throughout the project area and less than one acre on average.

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 3:
Development Cost Assumptions

Costs per Square Foot - New Construction		Hard Costs	Soft Costs	Tenant Improvements		Parking	Total
Retail Development (sf)							
Retail - Apparel and Soft Goods		\$ 150	\$ 30	\$ 45	\$ 36		\$ 261
Retail - Restaurant (Casual & Full Service)		\$ 175	\$ 35	\$ 68	\$ 36		\$ 314
Office Development (sf)							
		\$ 75	\$ 15	\$ 20	\$ 36		\$ 146
Residential Development (units)							
	<u>Unit Size</u>						
Apartments - For Lease	1,050	\$ 100	\$ 20	\$ 2.25	\$ 26		\$ 148
Low-Income Housing Tax Credit Units	800	\$ 100	\$ 20	\$ 2.25	\$ 30		\$ 152
Condominium	1,250	\$ 200	\$ 40	\$ 2.50	\$ 14		\$ 257
Assumptions							
Parking Cost		\$ 12,000					
Soft Costs (as % of hard costs)		20%					
Contingency		10%					
Gross building area per parking space		\$ 350 SF					
Parking Revenue		\$ -	Per Year				
		\$ -	Sale				
Interest Rate		7.5%					

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 4:
Financial Feasibility - Retail

Buildout Year	Buildout Year						
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
Retail Development - Gross (Annual)							
Retail - Apparel and Soft Goods	30,000				30,000		
Retail - Restaurant (Casual & Full Service)	10,000				10,000		
Subtotal Retail (sf)	40,000	-	-	-	40,000	-	-
Retail Development - Net SF (Ongoing)							
Retail - Apparel and Soft Goods	85% 25,500	-	-	-	25,500	25,500	
Retail - Restaurant (Casual & Full Service)	85% 8,500	-	-	-	8,500	8,500	
Subtotal Retail (sf)	34,000	-	-	-	34,000	34,000	
Net Income							
	\$Rent / SF						
Retail - Apparel and Soft Goods	\$20.00	4,080,000	-	-	-	510,000	510,000
Retail - Restaurant (Casual & Full Service)	\$20.00	1,360,000	-	-	-	170,000	170,000
Net Income		5,440,000	-	-	-	680,000	680,000

Total Development Costs	Cost/ sf	Total sf	
Retail - Apparel and Soft Goods	261	30,000	7,830,000
Retail - Restaurant (Casual & Full Service)	314	10,000	3,135,000
Subtotal Retail (sf)		40,000	10,965,000

Debt	60%	\$ 6,579,000
Equity	40%	\$ 4,386,000
Interest Rate	7.5%	
Term	10	
Down Payment		\$ 4,386,000
Points + Closing Costs	3%	131,580
Total Cash Investment		\$ 4,517,580

Annual Payment					
Annual Cash Flow		7,018,522	-	(\$658,148)	(\$658,148)
Cash on Cash Return			0%	-15%	0%

Cumulative Cash Flow (for Payback Year)				(658,148)	(636,296)	(614,443)
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Return on Investment (Cash on Cost) - Yr 17	15%
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Assumptions:	
Leasing Costs	3%
Operating Costs (% Revenue)	25%
Stabilized Vacancy Factor	5%
	33%

Source: Kalispell Core Area Plan; Willdan, 2013

Kalispell Core Area Plan Financial Feasibility Analysis

Table 4:
Financial Feasibility - Retail

Buildout Year	Buildout Year	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16
Retail Development - Gross (Annual)											
Retail - Apparel and Soft Goods		30,000									
Retail - Restaurant (Casual & Full Service)		10,000									
Subtotal Retail (sf)		40,000	-	-	-	-	-	-	-	-	-
Retail Development - Net SF (Ongoing)											
Retail - Apparel and Soft Goods	85%	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500
Retail - Restaurant (Casual & Full Service)	85%	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Subtotal Retail (sf)		34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
Net Income	\$Rent / SF										
Retail - Apparel and Soft Goods	\$20.00	4,080,000	510,000	510,000	510,000	510,000	510,000	510,000	510,000	510,000	510,000
Retail - Restaurant (Casual & Full Service)	\$20.00	1,360,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
Net Income		5,440,000	680,000	680,000	680,000	680,000	680,000	680,000	680,000	680,000	680,000
Total Development Costs	Cost/ sf	Total sf									
Retail - Apparel and Soft Goods	261	30,000	7,830,000								
Retail - Restaurant (Casual & Full Service)	314	10,000	3,135,000								
Subtotal Retail (sf)		40,000	10,965,000								
Debt	60%	\$ 6,579,000									
Equity	40%	\$ 4,386,000									
Interest Rate	7.5%										
Term	10										
Down Payment		\$ 4,386,000									
Points + Closing Costs	3%	131,580									
Total Cash Investment		\$ 4,517,580									
Annual Payment		(\$5,265,183)	(\$658,148)	(\$658,148)	(\$658,148)	(\$658,148)	(\$658,148)	(\$658,148)	(\$658,148)		
Annual Cash Flow		7,018,522	21,852	21,852	21,852	21,852	21,852	21,852	21,852	680,000	680,000
Cash on Cash Return			0%	0%	0%	0%	0%	0%	0%	15%	15%
Cumulative Cash Flow (for Payback Year)			(592,591)	(570,739)	(548,887)	(527,035)	(505,183)	(483,330)	(461,478)	218,522	898,522
Return on Investment (Cash on Cost) - Yr 17											15%
Assumptions:											
Leasing Costs		3%									
Operating Costs (% Revenue)		25%									
Stabilized Vacancy Factor		5%									
		33%									

Source: Kalispell Core Area Plan; Willdan, 2013

Kalispell Core Area Plan Financial Feasibility Analysis

Table 4:
Financial Feasibility - Retail

Buildout Year	Buildout Year	Yr 17	Yr 18	Yr 19	Yr 20	Yr 21	Yr 22	Yr 23	Yr 24	Yr 25
Retail Development - Gross (Annual)										
Retail - Apparel and Soft Goods		30,000								
Retail - Restaurant (Casual & Full Service)		10,000								
Subtotal Retail (sf)		40,000	-	-	-	-	-	-	-	-
Retail Development - Net SF (Ongoing)										
Retail - Apparel and Soft Goods	85%	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500
Retail - Restaurant (Casual & Full Service)	85%	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Subtotal Retail (sf)		34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
Net Income	\$Rent / SF									
Retail - Apparel and Soft Goods	\$20.00	4,080,000	510,000	510,000	510,000	510,000	510,000	510,000	510,000	510,000
Retail - Restaurant (Casual & Full Service)	\$20.00	1,360,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
Net Income		5,440,000	680,000	680,000	680,000	680,000	680,000	680,000	680,000	680,000
Total Development Costs	Cost/ sf	Total sf								
Retail - Apparel and Soft Goods	261	30,000	7,830,000							
Retail - Restaurant (Casual & Full Service)	314	10,000	3,135,000							
Subtotal Retail (sf)		40,000	10,965,000							
Debt	60%	\$ 6,579,000								
Equity	40%	\$ 4,386,000								
Interest Rate	7.5%									
Term	10									
Down Payment		\$ 4,386,000								
Points + Closing Costs	3%	131,580								
Total Cash Investment		\$ 4,517,580								
Annual Payment		(\$5,265,183)								
Annual Cash Flow		7,018,522	680,000	680,000	680,000	680,000	680,000	680,000	680,000	680,000
Cash on Cash Return			15%	15%	15%	15%	15%	15%	15%	15%
Cumulative Cash Flow (for Payback Year)			2,258,522	2,938,522	3,618,522	4,298,522	4,978,522	5,658,522	6,338,522	7,018,522
Return on Investment (Cash on Cost) - Yr 17			15%							
Assumptions:										
Leasing Costs		3%								
Operating Costs (% Revenue)		25%								
Stabilized Vacancy Factor		5%								
		33%								

Source: Kalispell Core Area Plan; Willdan, 2013

Kalispell Core Area Plan Financial Feasibility Analysis

Table 5:
Financial Feasibility - Office

Buildout Year	Buildout Year	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	
Office Development (sf)														
Small format/independent office		-	-	2,500	-	-	-	10,000	-	-	5,000	-	-	
Absorption Assumptions - % of Total Space Absorbed/ Annual sf		-	-	2,500	2,500	2,500	2,500	12,500	12,500	12,500	17,500	17,500	17,500	
		0%	0%	100%	100%	100%	100%	50%	50%	50%	75%	75%	100%	
Total Net New Office Space/sf		17,500	-	-	2,500	2,500	2,500	2,500	6,250	6,250	6,250	13,125	13,125	17,500
Retail Development - Net SF (Ongoing)														
Small format/independent office	85%	14,875	-	-	2,125	2,125	2,125	2,125	5,313	5,313	5,313	11,156	11,156	14,875
Subtotal Retail (sf)		14,875	-	-	2,125	2,125	2,125	2,125	5,313	5,313	5,313	11,156	11,156	14,875
Gross Retail Sales (Gross Income)														
Lease Rate/sf														
\$ 12		3,060,000	-	-	25,500	25,500	25,500	25,500	63,750	63,750	63,750	133,875	133,875	178,500
Operating Costs														
% of Sales														
-13%														
Net Lease Income		3,457,800	-	-	28,815	28,815	28,815	28,815	72,038	72,038	72,038	151,279	151,279	201,705
Annual Debt Service (Mortgage Payment)														
Total Development Costs														
Total sf		17,500												
Cost/ Sf		146												
Total Net New Office Space/sf		\$ 2,555,000												
Debt	60%	\$ 1,533,000												
Equity	40%	\$ 1,022,000												
Interest Rate	7.5%													
Term	10													
Down Payment		\$ 1,022,000												
Points + Closing Costs	3%	30660												
Total Cash Investment		\$ 1,052,660												
Debt Service		(\$2,233,365)												
Cash Flow		1,224,435												
Cash on Cash Return			0%	-18%	-18%	-18%	-18%	-14%	-14%	-14%	-7%	-7%	-2%	
Cumulative Cash Flow (for Payback Year)														
			-	(194,522)	(389,043)	(583,565)	(778,086)	(929,385)	(1,080,684)	(1,231,983)	(1,304,041)	(1,376,099)	(1,397,730)	
Return on Investment (Cash on Cash)														
Assumptions:														
Leasing Costs		3%												
Operating Costs (% Revenue)		5%												
Stabilized Vacancy Factor		5%												
Total		13%												

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 6:
Financial Feasibility - Multifamily Residential

Buildout Year		Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8
Residential Development - Units									
Apartments - For Lease		-	-	-	25				25
Cumulative Units Available		-	-	-	25	25	25	25	50
Absorption Assumptions - % of Total		0%	0%	0%	25%	50%	75%	100%	63%
Apartments Rented		50	-	-	6	13	19	25	31
Net Leasable Area	1,050	-	-	-	6,563	13,125	19,688	26,250	32,813
Gross Lease Revenue	Lease Rate/sf/mo 1.05	12,237,750	-	-	82,688	165,375	248,063	330,750	413,438
Operating Costs	% of Gross Lease Revenue -13%	(1,590,908)	-	-	(10,749)	(21,499)	(32,248)	(42,998)	(53,747)
Net Operating Income (Before Debt Service)			-	-	71,938	143,876	215,814	287,753	359,691
Total Development Costs									
Total sf		52,500							
Cost/ Sf		148							
Total	\$	7,768,125							
Debt	60%	\$ 4,660,875							
Equity	40%	\$ 3,107,250							
Interest Rate	7.5%								
Term	10								
Down Payment		\$ 3,107,250.00							
Points + Closing Costs	3%	\$ 93,217.50							
Total Cash Investment		\$ 3,200,467.50							
Debt Service		(\$6,790,239)			(\$679,024)	(\$679,024)	(\$679,024)	(\$679,024)	(\$679,024)
Cash Flow		3,856,604	-	(679,024)	(607,086)	(535,148)	(463,210)	(391,271)	(319,333)
Cash on Cash Return			0%	-21%	-19%	-17%	-14%	-12%	-10%
Cumulative Cash Flow (for Payback Year)			-	(679,024)	(1,286,110)	(1,821,257)	(2,284,467)	(2,675,738)	(2,995,072)
Return on Investment (Cash on Cash)									18%
Housing Assumptions									
Number of Units		50							
Year Selling Commences		1							
Absorption (per Year)		75							
Average Unit Size		1,050							
Net Saleable Area		1,050							
Lease Rate/sf		\$1.50							
Housing Occupancy Factor		100%							
Operating Cost Assumptions									
Leasing Costs		3%							
Operating Costs (% Revenue)		5%							
Stabilized Vacancy Factor		5%							
Total		13%							

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 6:
Financial Feasibility - Multifamily Residential

Buildout Year	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16
Residential Development - Units								
Apartment - For Lease								
Cumulative Units Available	50	50	50	50	50	50	50	50
Absorption Assumptions - % of Total	75%	88%	100%	100%	100%	100%	100%	100%
Apartments Rented	50	38	44	50	50	50	50	50
Net Leasable Area	1,050	39,375	45,938	52,500	52,500	52,500	52,500	52,500
Gross Lease Revenue	1.05	12,237,750	496,125	578,813	661,500	661,500	661,500	661,500
Operating Costs	-13%	(1,590,908)	(64,496)	(75,246)	(85,995)	(85,995)	(85,995)	(85,995)
Net Operating Income (Before Debt Service)		431,629	503,567	575,505	575,505	575,505	575,505	575,505
Total Development Costs								
Total sf		52,500						
Cost/ Sf		148						
Total	\$	7,768,125						
Debt	60%	\$ 4,660,875						
Equity	40%	\$ 3,107,250						
Interest Rate	7.5%							
Term	10							
Down Payment		\$ 3,107,250.00						
Points + Closing Costs	3%	\$ 93,217.50						
Total Cash Investment		\$ 3,200,467.50						
Debt Service		(\$6,790,239)	(\$679,024)	(\$679,024)	(\$679,024)	(\$679,024)		
Cash Flow		3,856,604	(247,395)	(175,457)	(103,519)	(103,519)	575,505	575,505
Cash on Cash Return			-8%	-5%	-3%	-3%	18%	18%
Cumulative Cash Flow (for Payback Year)			(3,242,467)	(3,417,924)	(3,521,443)	(3,624,961)	(3,049,456)	(2,473,951)
Return on Investment (Cash on Cash)								18%
Housing Assumptions								
Number of Units		50						
Year Selling Commences		1						
Absorption (per Year)		75						
Average Unit Size		1,050						
Net Saleable Area		1,050						
Lease Rate/sf		\$1.50						
Housing Occupancy Factor		100%						
Operating Cost Assumptions								
Leasing Costs		3%						
Operating Costs (% Revenue)		5%						
Stabilized Vacancy Factor		5%						
Total		13%						

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 6:
Financial Feasibility - Multifamily Residential

Buildout Year	Yr 17	Yr 18	Yr 19	Yr 20	Yr 21	Yr 22	Yr 23	Yr 24	Yr 25
Residential Development - Units									
Apartment - For Lease	50	50	50	50	50	50	50	50	50
Cumulative Units Available	100%	100%	100%	100%	100%	100%	100%	100%	100%
Absorption Assumptions - % of Total									
Apartments Rented	50	50	50	50	50	50	50	50	50
Net Leasable Area	1,050	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500
Gross Lease Revenue	1.05	12,237,750	661,500	661,500	661,500	661,500	661,500	661,500	661,500
Operating Costs	-13%	(1,590,908)	(85,995)	(85,995)	(85,995)	(85,995)	(85,995)	(85,995)	(85,995)
Net Operating Income (Before Debt Service)			575,505	575,505	575,505	575,505	575,505	575,505	575,505
Total Development Costs									
Total sf		52,500							
Cost/ Sf		148							
Total	\$	7,768,125							
Debt	60%	\$	4,660,875						
Equity	40%	\$	3,107,250						
Interest Rate	7.5%								
Term	10								
Down Payment		\$	3,107,250.00						
Points + Closing Costs	3%	\$	93,217.50						
Total Cash Investment		\$	3,200,467.50						
Debt Service			(\$6,790,239)						
Cash Flow		3,856,604	575,505	575,505	575,505	575,505	575,505	575,505	575,505
Cash on Cash Return			18%	18%	18%	18%	18%	18%	18%
Cumulative Cash Flow (for Payback Year)			(747,436)	(171,931)	403,574	979,079	1,554,584	2,130,089	2,705,594
								3,281,099	3,856,604
Return on Investment (Cash on Cash)									18%
Housing Assumptions									
Number of Units		50							
Year Selling Commences		1							
Absorption (per Year)		75							
Average Unit Size		1,050							
Net Saleable Area		1,050							
Lease Rate/sf		\$1.50							
Housing Occupancy Factor		100%							
Operating Cost Assumptions									
Leasing Costs		3%							
Operating Costs (% Revenue)		5%							
Stabilized Vacancy Factor		5%							
Total		13%							

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 7:
Commercial & Residential Construction Cost

Buildout Year	Total Cost	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12
Retail Development													
Retail - Apparel and Soft Goods	16,313,000	-	-	653,000	-	-	-	-	-	13,050,000	-	-	2,610,000
Retail - Restaurant (Casual & Full Service)	4,703,000	-	-	-	-	-	-	-	-	3,135,000	-	-	1,568,000
Subtotal Retail (\$F)	21,016,000	-	-	653,000	-	-	-	-	-	16,185,000	-	-	4,178,000
Office Development													
Office for Lease (per sf)	2,555,000	-	-	365,000	-	-	-	1,460,000	-	-	730,000	-	-
Residential Development													
Apartments - For Lease	7,768,000	-	-	-	3,884,000	-	-	-	3,884,000	-	-	-	-
Low-Income Housing Tax Credit Units	4,872,000	-	-	-	-	-	-	4,872,000	-	-	-	-	-
Condominium	25,000	-	-	-	-	-	-	-	-	-	25,000	-	-
Subtotal	12,665,000	-	-	-	3,884,000	-	-	4,872,000	3,884,000	-	25,000	-	-
Total Annual Construction Investment	36,236,000	-	-	1,018,000	3,884,000	-	-	6,332,000	3,884,000	16,185,000	755,000	-	4,178,000

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 7:
Commercial & Residential Construction Cost

Bulldozer Year	Total Cost	Yr 13	Yr 14	Yr 15	Yr 16	Yr 17	Yr 18	Yr 19	Yr 20	Yr 21	Yr 22	Yr 23	Yr 24	Yr 25
Retail Development														
Retail - Apparel and Soft Goods	16,313,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Retail - Restaurant (Casual & Full Service)	4,703,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Retail (\$F)	21,016,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Development														
Office for Lease (per sf)	2,555,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential Development														
Apartments - For Lease	7,768,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Low-Income Housing Tax Credit Units	4,872,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Condominium	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	12,665,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Annual Construction Investment	36,236,000	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 8:
Real Property Tax Assumptions

Business	Property Type/Description	Total Size (sf or units)	Before Renovation		After Renovation		After Renovation	
			Taxable Value - Land	Taxable Value - Building	Taxable Value - Land	Taxable Value - Building	Incremental Assessed Value (Land + Building)	Total Incremental Taxes PSF After Renovation
Sykes Supermarket/ Restaurant/Apt	commercial-multifamily imp	3,466	695	723	1,883	4,963	3,108	0.90
Sykes Supermarket/ Restaurant/Apt	mixed use- retail, storage & apts	27,540	2,409	-	2,814	52,521	47,298	1.72
Sykes Supermarket/ Restaurant/Apt	restaurant	7,466	2,409	4,523	2,738	8,042	7,418	0.99
Sykes Supermarket/ Restaurant/Apt	retail	2,700	2,409	1,652	2,738	2,239	(1,256)	(0.47)
Appleway Trail Apts	apts	71,320	10,665	83,733			73,068	1.02
Brannigan's Pub/Restaurant /1	restaurant/bar	13,000	7,243	5,330			(1,913)	
A to Z /2	retail	7,540	7,414	8,853	9,747	10,120	1,812	0.24
Depot Place Apts	apts	35,607			6,281	15,681	9,400	0.26
Kalispell Center Mall /3	retail/hotel	297,696	103,023	231,119	103,023	231,119	256,192	

Assumed Averages for TIF Calculations	Incremental Assessed Value psf
Retail Development	\$ 0.26
Office Development	\$ 0.24
Apartments - For Lease	\$ 0.98
Low-Income Housing Tax Credit Units	\$ 0.90
Condominium	\$ 1.02

1/ Completed remodel value has not been picked up for 2013 yet. Renovation not complete as of 1/1/13. Full renovation value will be added for 2014 tax year.

2/ value only at 50% complete construction for 2013. This project has also applied for a property tax exemption.

3/ completed remodel value for 2013 still pending review

Kalispell Core Area Plan Financial Feasibility Analysis

Table 9:
Fiscal Benefits at Buildout - Summary of Scenarios

Average Incremental Real Property Tax Values/sf	Scenario 1: Status Quo			Scenario 2: Conservative			Growth		
	Development Program (sf)	Incremental Taxable Value	Real Property Taxes	Development Program (sf)	Incremental Taxable Value	Real Property Taxes	Development Program (sf)	Incremental Taxable Value	Real Property Taxes
Redevelopment Program									
Retail Development (sf)									
Retail - Apparel and Soft Goods	\$ 0.26	- \$	- \$	62,500	\$ 16,015	\$ 10,998	92,500	\$ 23,702	\$ 16,276
Retail - Restaurant (Casual & Full Service)	\$ 0.26	- \$	- \$	15,000	\$ 3,844	\$ 2,639	25,000	\$ 6,406	\$ 4,399
Subtotal		- \$	- \$	77,500	\$ 19,858	\$ 13,637	117,500	\$ 30,108	\$ 20,675
Office Development (sf)	\$ 0.24	- \$	- \$	17,500	\$ 4,206	\$ 2,888	17,500	\$ 4,206	\$ 2,888
Residential Development (units)									
Apartments - For Lease	\$ 0.98	- \$	- \$	52,500	\$ 51,222	\$ 35,175	78,750	\$ 76,833	\$ 52,763
Low-Income Housing Tax Credit Units	\$ 0.90	- \$	- \$	32,000	\$ 28,695	\$ 19,705	64,000	\$ 57,389	\$ 39,411
Condominium	\$ 1.02	- \$	- \$	-	\$ -	\$ -	25,000	\$ 25,613	\$ 17,589
Subtotal		- \$	- \$	84,500	\$ 79,917	\$ 54,881	167,750	\$ 159,836	\$ 109,762
Total Incremental Value/Real Property Taxes		\$ -	\$ -	179,500	\$ 103,981	\$ 71,406	302,750	\$ 194,149	\$ 133,326

Assumptions:

2013 Flathead County Millage Rate =

0.68672

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 10:

Redevelopment Phasing & Tax Generation Assumptions - Scenario 2:
Conservative

Buildout Year	Total Buildout	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12
Retail Development													
Retail - Apparel and Soft Goods	62,500			2,500						50,000			10,000
Retail - Restaurant (Casual & Full Service)	15,000									10,000			5,000
Subtotal Retail (sf)	77,500	-	-	2,500	-	-	-	-	-	60,000	-	-	15,000
Office Development	17,500			2,500				10,000			5,000		
Residential Development - Units													
Apartments - For Lease	50				25					25			
Low-Income Housing Tax Credit Units	40							40					
Condominium	-												
Total Units	90	-	-	-	25	-	-	40	25	-	-	-	-
Residential Development - sf													
Apartments - For Lease	1,050	52,500	-	-	-	26,250	-	-	-	26,250	-	-	-
Low-Income Housing Tax Credit Units	800	32,000	-	-	-	-	-	32,000	-	-	-	-	-
Condominium	1,250	-	-	-	-	-	-	-	-	-	-	-	-
Total Units	84,500	-	-	-	26,250	-	-	32,000	26,250	-	-	-	-
Incremental Real Property Tax Revenues													
Retail Development													
Retail - Apparel and Soft Goods	\$ 0.26	\$ -	\$ -	\$ 440	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,798	\$ -	\$ -	\$ 1,760
Retail - Restaurant (Casual & Full Service)	\$ 0.26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,760	\$ -	\$ -	\$ 880
Subtotal		\$ -	\$ -	\$ 440	\$ -	\$ 10,558	\$ -	\$ -	\$ 2,639				
Office Development													
Office Development	\$ 0.24	\$ -	\$ -	\$ 413	\$ -	\$ -	\$ -	\$ 1,650	\$ -	\$ -	\$ 825	\$ -	\$ -
Residential Development													
Apartments - For Lease	\$ 0.98	\$ -	\$ -	\$ -	\$ 17,588	\$ -	\$ -	\$ -	\$ 17,588	\$ -	\$ -	\$ -	\$ -
Low-Income Housing Tax Credit Units	\$ 0.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,705	\$ -	\$ -	\$ -	\$ -	\$ -
Condominium	\$ 1.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal		\$ -	\$ -	\$ -	\$ 17,588	\$ -	\$ -	\$ 19,705	\$ 17,588	\$ -	\$ -	\$ -	\$ -
Annual Real Property Tax Revenues		\$ -	\$ -	\$ 852	\$ 17,588	\$ -	\$ -	\$ 21,356	\$ 17,588	\$ 10,558	\$ 825	\$ -	\$ 2,639
Cumulative Tax Revenues	1,358,504	\$ -	\$ -	\$ 852	\$ 18,440	\$ 18,440	\$ 18,440	\$ 39,796	\$ 57,383	\$ 67,941	\$ 68,766	\$ 68,766	\$ 71,406

1/ 2013 Flathead County Millage Rate = 68.67%

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 10:

Redevelopment Phasing & Tax Generation Assumptions - Scenario 2:
Conservative

Buildout Year		Yr 13	Yr 14	Yr 15	Yr 16	Yr 17	Yr 18	Yr 19	Yr 20	Yr 21	Yr 22	Yr 23	Yr 24	Yr 25
Retail Development														
Retail - Apparel and Soft Goods		-	-	-	-	-	-	-	-	-	-	-	-	-
Retail - Restaurant (Casual & Full Service)		-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Retail (sf)		-	-	-	-	-	-	-	-	-	-	-	-	-
Office Development														
Residential Development - Units														
Apartments - For Lease		-	-	-	-	-	-	-	-	-	-	-	-	-
Low-Income Housing Tax Credit Units		-	-	-	-	-	-	-	-	-	-	-	-	-
Condominium		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Units		-	-	-	-	-	-	-	-	-	-	-	-	-
Residential Development - sf														
Apartments - For Lease	1,050	-	-	-	-	-	-	-	-	-	-	-	-	-
Low-Income Housing Tax Credit Units	800	-	-	-	-	-	-	-	-	-	-	-	-	-
Condominium	1,250	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Units		-	-	-	-	-	-	-	-	-	-	-	-	-
Incremental Real Property Tax Revenues														
	Tax Value PSF / 1													
Retail Development														
Retail - Apparel and Soft Goods	\$ 0.26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail - Restaurant (Casual & Full Service)	\$ 0.26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Development														
	\$ 0.24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential Development														
Apartments - For Lease	\$ 0.98	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Low-Income Housing Tax Credit Units	\$ 0.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Condominium	\$ 1.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Real Property Tax Revenues		\$ -												
Cumulative Tax Revenues		\$ 71,406												

1/ 2013 Flathead County Millage Rate = 68.67%

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 11:
Redevelopment Phasing & Tax Generation Assumptions - Scenario 3: Optimistic

		Yr	Yr	Yr	Yr	Yr	Yr	Yr	Yr	Yr	Yr	Yr	
Buildout Year	Total Buildout	1	2	3	4	5	6	7	8	9	10	11	12
Retail Development (sf)													
Retail - Apparel and Soft Goods	92,500		2,500			30,000				50,000			10,000
Retail - Restaurant (Casual & Full Service)	25,000					10,000				10,000			5,000
Subtotal Retail (sf)	117,500	-	-	2,500	-	40,000	-	-	-	60,000	-	-	15,000
Office Development (sf)	17,500		2,500					10,000			5,000		
Residential Development (Units)													
Apartments - For Lease	75				25					25			25
Low-Income Housing Tax Credit Units	80							40					40
Condominium	20										20		
Total Units	175	-	-	-	25	-	-	40	-	25	20	-	65
Residential Development (sf)													
sf/Unit													
Apartments - For Lease	1,050	78,750	-	-	-	26,250	-	-	-	26,250	-	-	26,250
Low-Income Housing Tax Credit Units	800	64,000	-	-	-	-	-	32,000	-	-	-	-	32,000
Condominium	1,250	25,000	-	-	-	-	-	-	-	-	25,000	-	-
Total Units	167,750	-	-	-	26,250	-	-	32,000	-	26,250	25,000	-	58,250
Incremental Real Property Tax Revenues													
		Tax Value PSF / 1											
Retail - Apparel and Soft Goods													
Retail - Restaurant (Casual & Full Service)	\$ 0.26	\$ -	\$ -	\$ 440	\$ -	\$ 5,279	\$ -	\$ -	\$ -	\$ 8,798	\$ -	\$ -	\$ 1,760
Subtotal Retail (sf)	\$ 0.26	\$ -	\$ -	\$ -	\$ -	\$ 1,760	\$ -	\$ -	\$ -	\$ 1,760	\$ -	\$ -	\$ 880
Subtotal		\$ -	\$ -	\$ 440	\$ -	\$ 7,038	\$ -	\$ -	\$ -	\$ 10,558	\$ -	\$ -	\$ 2,639
Office Development													
	\$ 0.24	\$ -	\$ -	\$ 413	\$ -	\$ -	\$ -	\$ 1,650	\$ -	\$ -	\$ 825	\$ -	\$ -
Residential Development													
Low-Income Housing Tax Credit Units	\$ 0.98	\$ -	\$ -	\$ -	\$ 17,588	\$ -	\$ -	\$ -	\$ -	\$ 17,588	\$ -	\$ -	\$ 17,588
Condominium	\$ 0.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,705	\$ -	\$ -	\$ -	\$ -	\$ 19,705
Total Units	\$ 1.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,589	\$ -	\$ -
Subtotal		\$ -	\$ -	\$ -	\$ 17,588	\$ -	\$ -	\$ 19,705	\$ -	\$ 17,588	\$ 17,589	\$ -	\$ 37,293
Annual Real Property Tax Revenues		\$ -	\$ -	\$ 852	\$ 17,588	\$ 7,038	\$ -	\$ 21,356	\$ -	\$ 28,145	\$ 18,414	\$ -	\$ 39,932
Cumulative Tax Revenues		2,292,245	\$ -	\$ -	\$ 852	\$ 18,440	\$ 25,479	\$ 25,479	\$ 46,834	\$ 46,834	\$ 74,979	\$ 93,393	\$ 133,326

1/ 2013 Flathead County Millage Rate = 68.67%

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 11:
Redevelopment Phasing & Tax Generation Assumptions - Scenar

	Yr	Yr	Yr	Yr	Yr	Yr	Yr	Yr	Yr	Yr	Yr	Yr	Yr
Buildout Year	13	14	15	16	17	18	19	20	21	22	23	24	25
Retail Development (sf)													
Retail - Apparel and Soft Goods													
Retail - Restaurant (Casual & Full Service)													
Subtotal Retail (sf)	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Development (sf)													
Residential Development (Units)													
Apartments - For Lease													
Low-Income Housing Tax Credit Units													
Condominium													
Total Units	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential Development (sf)													
	sf/Unit												
Apartments - For Lease	1,050	-	-	-	-	-	-	-	-	-	-	-	-
Low-Income Housing Tax Credit Units	800	-	-	-	-	-	-	-	-	-	-	-	-
Condominium	1,250	-	-	-	-	-	-	-	-	-	-	-	-
Total Units	-	-	-	-	-	-	-	-	-	-	-	-	-
Incremental Real Property Tax Revenues													
	Tax Value PSF / 1												
Retail - Apparel and Soft Goods													
Retail - Restaurant (Casual & Full Service)	\$ 0.26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Retail (sf)	\$ 0.26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Development													
	\$ 0.24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential Development													
Low-Income Housing Tax Credit Units	\$ 0.98	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Condominium	\$ 0.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Units	\$ 1.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Real Property Tax Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative Tax Revenues	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326

1/ 2013 Flathead County Millage Rate = 68.67%

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 12:
Linear Park Implementation Strategy: Sources & Uses of Funding

Core Area Linear Park Improvement	Unit Type	Unit Cost	Units	Total Cost	Potential Funding Sources			Private/ Non-Profit (Total \$)	Other Grant Funding (Total \$)	City of Kalispell (Total \$)	Phasing (Plan Year)
					Private/ Non-Profit (% of Total)	Other Grant Funding (% of Total)	City of Kalispell (% of Total)				
Summary of Sources and Uses of Funding				\$4,452,354	6%	6%	88%	\$281,600	\$247,500	\$3,923,254	
1 Linear Park Land/Easement Acquisition BN/Property owners donates/transfers deed to City of Kalispell via rail banking mechanism	Legal Fees	\$ 5,000	1	\$ 5,000	0%	0%	100%	\$0	\$0	\$5,000	1-3
2 Linear Park Environmental Remediation environmental assessment	Phase I	\$ 5,000	1	\$ 5,000	0%	100%	0%	\$0	\$5,000	\$0	1-3
	Phase II	\$ 50,000	1	\$ 50,000	0%	100%	0%	\$0	\$50,000	\$0	
				\$ 55,000				\$ -	\$ 55,000	\$ -	
3 BNSF Track Removal BNSF removes & recycles rails & ties	\$/linear ft rails /1	tbd	17,200	\$ -	100%	0%	0%	\$0	\$0	\$0	1-3
4 Park Master Plan	Services	\$ 20,000	1	\$ 20,000	0%	0%	100%	\$0	\$0	\$20,000	1-3

Table 12:
Linear Park Implementation Strategy: Sources & Uses of Funding

Core Area Linear Park Improvement	Unit Type	Unit Cost	Units	Total Cost	Potential Funding Sources						Phasing (Plan Year)	
					Private/ Non-Profit	Other Grant	City of Kalispell	Private/ Non-Profit	Other Grant	City of Kalispell		
					(% of Total)	(% of Total)	(% of Total)	(Total \$)	(Total \$)	(Total \$)		
Summary of Sources and Uses of Funding				\$4,452,354	6%	6%	88%	\$281,600	\$247,500	\$3,923,254		
5	Installation of Shared Use Trail											
	Shared use trail construction (concrete)	\$/linear ft	\$ 45.00	17,200	\$ 774,000	0%	0%	100%	\$0	\$0	\$774,000	
	Lighting - Poles	\$/Pole	\$ 4,400	45	\$ 198,000	0%	0%	100%	\$0	\$0	\$198,000	
	Lighting - Bollards	\$/Bollard	\$ 2,200	45	\$ 99,000	0%	0%	100%	\$0	\$0	\$99,000	
	Electrical wiring	\$/linear ft	\$ 1.74	17,200	\$ 30,000	0%	0%	100%	\$0	\$0	\$30,000	4-6
	Irrigation	\$/sq ft	\$ 0.30	619,200	\$ 185,760	0%	0%	100%	\$0	\$0	\$185,760	
	Sod & seed	\$/sq ft	\$ 0.19	619,200	\$ 114,552	0%	0%	100%	\$0	\$0	\$114,552	
	Trees & perennials	\$/linear ft	\$ 1.31	17,200	\$ 22,500	0%	0%	100%	\$0	\$0	\$22,500	
		150 ft			\$ 1,423,812				\$ -	\$ -	\$ 1,423,812	
6	Regional Trailhead Connection Points:											
	Trail improvements to include:											
	Trail features to include: grading/paving/mulching, site amenities (seating), branded signage & wayfinding funded by public and private (naming rights/sponsorships)											
	North & East Connection: Connect Woodland Park & Lawrence Park via BN Highway 2 overpass ("Kalispell Gateway Bridge")											4-6
	West Connection: Connect the Meridian Trail to the Kila Trail via a new trail head at West 5th Avenue WN											
	South Connection: Connect the KLP to Somers/Flathead Lake											
		\$/trailhead	\$ 15,000	4	\$ 60,000	50%	0%	50%	\$30,000	\$0	\$30,000	
7	Kalispell Gateway Bridge											
	\$/bridge improvements:	\$/ft	\$ 100	600	\$ 60,000	0%	100%	0%	\$0	\$60,000	\$0	
	fencing	\$/linear ft	\$ 125	300	\$ 37,500	0%	100%	0%	\$0	\$37,500	\$0	4-6
	travel surface	\$/sign	\$ 15,000	1	\$ 15,000	0%	100%	0%	\$0	\$15,000	\$0	
	signage				\$ 112,500				\$0	\$112,500	\$0	
8	KLP Trail Feature - Depot Park											
	installation of caboose climbing equipment (donated by BNSF)	\$/locomotive	\$ 150,000	1	\$ 150,000	100%	0%	0%	\$ 150,000	\$0	\$ -	
	park site prep, caboose relocation, security, amenities (seating), & interpretative signage costs	\$/site	\$ 50,000	1	\$ 50,000	50%	0%	50%	\$ 25,000	\$0	\$ 25,000	4-6
					\$ 200,000				\$ 175,000	\$ -	\$ 25,000	
9	KLP Trail Feature - Appleway Trail Senior Outdoor Fitness Park											
	installation of comfort station amenities:	legal fees	\$ 2,500	1	\$ 2,500	0%	0%	100%	\$ -	\$0	\$ 2,500	
	site acquisition (land donated to non-profit)	\$/site	\$ 33,600	1	\$ 33,600	100%	0%	0%	\$ 33,600	\$0	\$ -	
	outdoor fitness equipment /4	\$/facility	\$ 9,000	2	\$ 18,000	100%	0%	0%	\$ 18,000	\$0	\$ -	4-6
	restrooms (chemical toilets)	\$/trailhead	\$ 5,000	2	\$ 10,000	100%	0%	0%	\$ 10,000	\$0	\$ -	
	wayfinding signage/trailhead				\$ 64,100				\$ 61,600	\$ -	\$ 2,500	
10	KLP Trail Feature - Flathead Electric Co-Op Park											
	Phase I & II Environmental		\$ 5,000	1	\$ 5,000	0%	100%	0%	\$ -	\$ 5,000	\$ -	
	Phase III & IV Environmental		\$ 50,000	1	\$ 50,000	0%	100%	0%	\$ -	\$ 50,000	\$ -	
	land acquisition (donation or exchange TBD)	\$/acre	\$ -	2	\$ -	100%	0%	0%	\$ -	\$ -	\$ -	4-6
	restrooms	\$/facility	\$ 15,000	1	\$ 15,000	100%	0%	0%	\$ 15,000	\$ -	\$ -	
	parking (potentially to be shared with FEC) /5	\$/parking lot	\$ 10,000	1	\$ 10,000	0%	0%	100%	\$ -	\$ -	\$ 10,000	
	trailhead		\$ 4,000	1	\$ 4,000	0%	0%	100%	\$ -	\$ -	\$ 4,000	
					\$ 84,000				\$ 15,000	\$ 55,000	\$ 14,000	

Kailspell Core Area Plan Financial Feasibility Analysis

Table 12:
Linear Park Implementation Strategy: Sources & Uses of Funding

Core Area Linear Park Improvement	Unit Type	Unit Cost	Units	Total Cost	Potential Funding Sources						Phasing (Plan Year)					
					Private/ Non-Profit	Other Grant	City of Kailspell	Private/ Non-Profit	Other Grant	City of Kailspell						
					(% of Total)	(% of Total)	(% of Total)	(Total \$)	(Total \$)	(Total \$)						
				\$4,452,354	6%	6%	88%	\$281,600	\$247,500	\$3,923,254						
Summary of Sources and Uses of Funding																
11	Pedestrian Crossing Upgrades (Railroad Conversions) : pedestrian safety features (crossing lights) at:															
	5th Avenue EN	\$/crossing \$	598,850	1 \$	598,850	0%	0%	100%	\$	-	\$	-	\$	598,850		
	7th Avenue WN	\$/crossing \$	705,091	1 \$	705,091	0%	0%	100%	\$	-	\$	-	\$	705,091	7-10	
				1 \$	1,303,941				\$	-	\$	-	\$	1,303,941		
12	Street Extensions (Railroad Conversions) :															
	6th Avenue WN	\$/crossing	629,460	1 \$	629,460	0%	0%	100%	\$	-	\$	-	\$	629,460		
	8th Avenue WN	\$/crossing \$	444,541	1 \$	444,541	0%	0%	100%	\$	-	\$	-	\$	444,541	7-10	
					\$	1,074,001			\$	-	\$	-	\$	1,074,001		
13	KLP Trail Feature - Kailspell Center Mall Clock Tower Plaza streetscape upgrades and pedestrian plaza		tbd	tbd	tbd		100%	0%	0%	\$	-	\$	\$0	\$	-	
	developer constructed clock tower construction		tbd	tbd	tbd		100%	0%	0%	\$	-	\$	\$0	\$	-	
					\$	-			\$	-	\$	-	\$	-	7-10	
14	Woodland Park Amphitheater 300-400 seats; Location to be determined		\$/site	\$50,000	1 \$	50,000	0%	50%	50%	\$	-	\$	25,000	\$	25,000	7-10
15	Health, Wellness, Sustainability Programming															
	Recycling Receptacles - private contractor		\$/Activity Center	tbd	\$	-	100%	0%	0%	\$	-	\$	-	\$	-	
	Public Outreach Boards - donated by medical community		\$/Activity Center	tbd	\$	-	100%	0%	0%	\$	-	\$	-	\$	-	
	Portable Vending Pads		\$/Activity Center	tbd	\$	-	100%	0%	0%	\$	-	\$	-	\$	-	
					\$	-			\$	-	\$	-	\$	-	7-10	

1/ Cost to BNSF net of iron disposition value is to be determined.

2/ assumes City will enter into long-term lease with All Families LLC for center operations

3/ Linear Park area assumes:

length	17,200
width	60
total area (sq. ft.)	1,032,000
sq. ft/acre	45,560
acres	23
Tier 1 Park Maintenance cost/acre	1,200.00
Annual Maintenance Cost:	27,182

4/ Parking costs potentially funded by grant from Roundup for Safety.

5/ Appleway Senior Fitness Center assumes cost estimates provided by LifeTrail Advanced Wellness System.

Source: City of Kailspell; BNSF Railway/WATCO Mission Mountain Railroad; Flathead Valley Economic Development Authority; Willdan, 2013.

Table 13:
Kalispell Core Area Plan Financial Feasibility Analysis

Summary of Linear Park Development Costs and Phasing Recommendations

		Private/ Non-Profit	Other Grant Funding	City of Kalispell	Total Cost
Near Term: Years 1-3					
1	Linear Park Land/Easement Acquisition	\$ -	\$ -	\$ 5,000	\$ 5,000
2	Linear Park Environmental Remediation	\$ -	\$ 55,000	\$ -	\$ 55,000
3	BNSF Track Removal	\$ -	\$ -	\$ -	\$ -
4	Park Master Plan	\$ -	\$ -	\$ 20,000	\$ 20,000
5	Installation of Shared Use Trail	\$ -	\$ -	\$ 1,423,812	\$ 1,423,812
	Subtotal	\$ -	\$ 55,000	\$ 1,448,812	\$ 1,503,812
Mid-Term: Years 4-6					
6	Regional Trailhead Connection Points:	\$ 30,000	\$ -	\$ 30,000	\$ 60,000
7	Kalispell Gateway Bridge	\$ -	\$ 112,500	\$ -	\$ 112,500
8	KLP Trail Feature - Depot Park	\$ 175,000	\$ -	\$ 25,000	\$ 200,000
9	KLP Trail Feature - Appleway Trail Senior Outdoor Fitness Park	\$ 61,600	\$ -	\$ 2,500	\$ 64,100
10	KLP Trail Feature - Flathead Electric Co-Op Park	\$ 15,000	\$ 55,000	\$ 14,000	\$ 84,000
11	Pedestrian Crossing Upgrades (Railroad Conversions) :	\$ -	\$ -	\$ 1,303,941	\$ 1,303,941
	Subtotal	\$ 281,600	\$ 167,500	\$ 1,375,441	\$ 1,824,541
Long-Term: Years 7-10					
12	Street Extensions (Railroad Conversions) :	\$ -	\$ -	\$ 1,074,001	\$ 1,074,001
13	KLP Trail Feature - Kalispell Center Mall Clock Tower Plaza	\$ -	\$ -	\$ -	\$ -
14	Woodland Park Amphitheater	\$ -	\$ 25,000	\$ 25,000	\$ 50,000
15	Health, Wellness, Sustainability Programming	\$ -	\$ -	\$ -	\$ -
	Subtotal	\$ -	\$ 25,000	\$ 1,099,001	\$ 1,124,001
Total Linear Park Costs - City of Kalispell		\$ 281,600	\$ 247,500	\$ 3,923,254	\$ 4,452,354
		6%	6%	88%	100%

Source: City of Kalispell; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 14:
West Side TIF District Projections: Scenario 1 - Status Quo

Implementation Year		0	1	2	3	4	5	6	7	8
TIF YEAR		2	3	4	5	6	7	8	9	10
Base Year Value		2013	2014	2015	2016	2017	2018	2019	2020	2021
Growth Rate			0%	0%	0%	0%	0%	0%	0%	0%
Taxable Property Value	11,551,896	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Total		12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Increase		666,703	666,703	666,703	666,703	666,703	666,703	666,703	666,703	666,703
Increment		457,838	457,838	457,838	457,838	457,838	457,838	457,838	457,838	457,838
Expiring Developer Payment		(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Remaining TIF Revenue		407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838
Cumulative Value		407,838	815,676	1,223,514	1,631,352	2,039,190	2,447,028	2,854,866	3,262,704	3,670,542
Current TIF Value	2,562,811									
Cumulative Value (including current TIF)		3,020,649	3,478,487	3,936,325	4,394,163	4,852,001	5,309,839	5,767,677	6,225,515	6,683,353
Core Area Plan Costs										
Rail Served Industrial Park	(2,676,454)		(2,676,454)							
Core Area Linear Park	(3,923,254)			(1,448,812)	(30,000)	(41,500)	(1,303,941)	(1,074,001)	(25,000)	
Subtotal	(6,599,708)	-	(2,676,454)	(1,448,812)	(30,000)	(41,500)	(1,303,941)	(1,074,001)	(25,000)	-
Core Area Plan Financial Feasibility Analysis										
Cumulative										
TIF Fund (Balance Forward)	2,562,811	2,562,811	2,970,649	702,033	(338,941)	38,897	405,235	(490,868)	(1,157,031)	(774,193)
Incremental TIF Revenues (Baseline)	9,788,112	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838
Incremental Taxes: New Dev/Redevelopment	-	-	-	-	-	-	-	-	-	-
Rail Served Industrial Park Costs	(2,676,454)	-	(2,676,454)	-	-	-	-	-	-	-
Core Area Linear Park Costs	(3,923,254)	-	-	(1,448,812)	(30,000)	(41,500)	(1,303,941)	(1,074,001)	(25,000)	-
TIF Funds Remaining	5,751,215	\$ 2,970,649	\$ 702,033	\$ (338,941)	\$ 38,897	\$ 405,235	\$ (490,868)	\$ (1,157,031)	\$ (774,193)	\$ (366,355)

Assumptions:

2013 Flathead County Millage Rate = **0.68672**

Source: Kalispell Core Area Plan; Willdan, 2013.

Kaispell Core Area Plan Financial Feasibility Analysis

Table 14:
West Side TIF District Projections: Scenario 1 - Status Quo

Implementation Year		9	10	11	12	13	14	15	16
TIF YEAR		11	12	13	14	15	16	17	18
Base Year Value		2022	2023	2024	2025	2026	2027	2028	2029
Growth Rate		0%	0%	0%	0%	0%	0%	0%	0%
Taxable Property Value	11,551,896	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Total		12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Increase		666,703	666,703	666,703	666,703	666,703	666,703	666,703	666,703
Increment		457,838	457,838	457,838	457,838	457,838	457,838	457,838	457,838
Expiring Developer Payment		(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Remaining TIF Revenue		407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838
Cumulative Value		4,078,380	4,486,218	4,894,056	5,301,894	5,709,732	6,117,570	6,525,408	6,933,246
Current TIF Value	2,562,811								
Cumulative Value (including current TIF)		7,141,191	7,599,029	8,056,867	8,514,705	8,972,543	9,430,381	9,888,219	10,346,057
Core Area Plan Costs									
Rail Served Industrial Park		(2,676,454)							
Core Area Linear Park		(3,923,254)							
Subtotal		(6,599,708)							
Core Area Plan Financial Feasibility Analysis									
Cumulative									
TIF Fund (Balance Forward)	2,562,811	(366,355)	41,483	449,321	857,159	1,264,997	1,672,835	2,080,673	2,488,511
Incremental TIF Revenues (Baseline)	9,788,112	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838
Incremental Taxes: New Dev/Redevelopment	-								
Rail Served Industrial Park Costs	(2,676,454)	-	-	-	-	-	-	-	-
Core Area Linear Park Costs	(3,923,254)	-	-	-	-	-	-	-	-
TIF Funds Remaining	5,751,215	\$ 41,483	\$ 449,321	\$ 857,159	\$ 1,264,997	\$ 1,672,835	\$ 2,080,673	\$ 2,488,511	\$ 2,896,349

Assumptions:

2013 Flathead County Millage Rate = **0.68672**

Source: Kaispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 14:
West Side TIF District Projections: Scenario 1 - Status Quo

Implementation Year	17	18	19	20	21	22	23
TIF YEAR	19	20	21	22	23	24	25
Base Year Value	2030	2031	2032	2033	2034	2035	2036
Growth Rate	0%	0%	0%	0%	0%	0%	0%
Taxable Property Value	11,551,896	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Total	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Increase	666,703	666,703	666,703	666,703	666,703	666,703	666,703
Increment	457,838	457,838	457,838	457,838	457,838	457,838	457,838
Expiring Developer Payment	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Remaining TIF Revenue	407,838	407,838	407,838	407,838	407,838	407,838	407,838
Cumulative Value	7,341,084	7,748,922	8,156,760	8,564,598	8,972,436	9,380,274	9,788,112
Current TIF Value	2,562,811						
Cumulative Value (including current TIF)	10,803,895	11,261,733	11,719,571	12,177,409	12,635,247	13,093,085	13,550,923
Core Area Plan Costs							
Rail Served Industrial Park	(2,676,454)						
Core Area Linear Park	(3,923,254)						
Subtotal	(6,599,708)	-	-	-	-	-	-
Core Area Plan Financial Feasibility Analysis	Cumulative						
TIF Fund (Balance Forward)	2,562,811	2,896,349	3,304,187	3,712,025	4,119,863	4,527,701	4,935,539
Incremental TIF Revenues (Baseline)	9,788,112	407,838	407,838	407,838	407,838	407,838	407,838
Incremental Taxes: New Dev/Redevelopment	-	-	-	-	-	-	-
Rail Served Industrial Park Costs	(2,676,454)	-	-	-	-	-	-
Core Area Linear Park Costs	(3,923,254)	-	-	-	-	-	-
TIF Funds Remaining	5,751,215	\$ 3,304,187	\$ 3,712,025	\$ 4,119,863	\$ 4,527,701	\$ 4,935,539	\$ 5,343,377

Assumptions:

2013 Flathead County Millage Rate = 0.68672

Source: Kalispell Core Area Plan; Willdan, 2013.

KalisPELL Core Area Plan Financial Feasibility Analysis

Table 15:
West Side TIF District Projections: Scenario 2 - Conservative

Plan Yr.		1	2	3	4	5	6	7
TIF YEAR		3	4	5	6	7	8	9
Base Year Value	11,551,896	2014	2015	2016	2017	2018	2019	2020
Growth Rate		0%	0%	0%	0%	0%	0%	0%
Taxable Property Value		12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Total		12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Increase		666,703	666,703	666,703	666,703	666,703	666,703	666,703
Increment		457,838	457,838	457,838	457,838	457,838	457,838	457,838
Expiring Developer Payment		(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Remaining TIF Revenue		407,838	407,838	407,838	407,838	407,838	407,838	407,838
Cumulative Value		407,838	815,676	1,223,514	1,631,352	2,039,190	2,447,028	2,854,866
Current TIF Value	2,562,811							
Cumulative Value (Including current TIF)		2,970,649	3,378,487	3,786,325	4,194,163	4,602,001	5,009,839	5,417,677

Core Area Plan Financial Feasibility Analysis	Cumulative																	
TIF Fund (Balance Forward)	\$	2,562,811	\$	2,562,811	\$	2,970,649	\$	702,033	\$	(338,089)	\$	58,189	\$	442,968	\$	(434,695)	\$	(1,061,063)
Incremental TIF Revenues (Baseline)		9,788,112		407,838		407,838		407,838		407,838		407,838		407,838		407,838		407,838
Incremental Taxes: New Dev/Redevelopment		1,287,098		-		852		18,440		18,440		18,440		18,440		39,796		57,383
Rail Served Industrial Park Costs		(2,676,454)		-		(2,676,454)		-		-		-		-		-		-
Core Area Linear Park Costs		(3,923,254)		-		(1,448,812)		(30,000)		(41,500)		(1,303,941)		(1,074,001)		(1,074,001)		(25,000)
TIF Funds Remaining		7,038,313		2,970,649		702,033		(338,089)		58,189		442,968		(434,695)		(1,061,063)		(620,841)

Assumptions:

2013 Flathead County Millage Rate = **0.68672**

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 15:
West Side TIF District Projections: Scenario 2 - Conservative

Plan Yr.	8	9	10	11	12	13	14	15	16	17	18	19
TIF YEAR	10	11	12	13	14	15	16	17	18	2019	2020	2030
Base Year Value	2021	2022	2023	2024	2025	2026	2027	2028	2029	2029	2030	2030
Growth Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Taxable Property Value	11,551,896	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Total	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Increase	666,703	666,703	666,703	666,703	666,703	666,703	666,703	666,703	666,703	666,703	666,703	666,703
Increment	457,838	457,838	457,838	457,838	457,838	457,838	457,838	457,838	457,838	457,838	457,838	457,838
Expiring Developer Payment	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Remaining TIF Revenue	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838
Cumulative Value												
Current TIF Value	2,562,811	3,670,542	4,078,380	4,486,218	4,894,056	5,301,894	5,709,732	6,117,570	6,525,408	6,933,246	7,341,084	7,748,922
Cumulative Value (Including current TIF)		6,233,353	6,641,191	7,049,029	7,456,867	7,864,705	8,272,543	8,680,381	9,088,219	9,496,057	9,903,895	10,311,733

Core Area Plan Financial Feasibility Analysis

	Cumulative											
TIF Fund (Balance Forward)	\$ 2,562,811	\$ (620,841)	\$ (145,062)	\$ 331,542	\$ 808,146	\$ 1,287,390	\$ 1,766,633	\$ 2,245,877	\$ 2,725,121	\$ 3,204,364	\$ 3,683,608	\$ 4,162,851
Incremental TIF Revenues (Baseline)	9,788,112	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838
Incremental Taxes: New Dev/Redevelopment	1,287,098	67,941	68,766	68,766	71,406	71,406	71,406	71,406	71,406	71,406	71,406	71,406
Rail Served Industrial Park Costs	(2,676,454)	-	-	-	-	-	-	-	-	-	-	-
Core Area Linear Park Costs	(3,923,254)	-	-	-	-	-	-	-	-	-	-	-
TIF Funds Remaining	7,038,313	\$(145,062)	\$ 331,542	\$ 808,146	\$ 1,287,390	\$ 1,766,633	\$ 2,245,877	\$ 2,725,121	\$ 3,204,364	\$ 3,683,608	\$ 4,162,851	\$ 4,642,699

Assumptions:

2013 Flathead County Millage Rate = **0.68672**

Source: Kalispell Core Area Plan; Willdan, 2013.

Kalispell Core Area Plan Financial Feasibility Analysis

Table 15:
West Side TIF District Projections: Scenario 2 - Conservative

Plan Yr.	18	19	20	21	22	23
TIF YEAR	20	21	22	23	24	25
Base Year Value	2031	2032	2033	2034	2035	2036
Growth Rate	0%	0%	0%	0%	0%	0%
Taxable Property Value	11,551,896	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Total	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Increase	666,703	666,703	666,703	666,703	666,703	666,703
Increment	457,838	457,838	457,838	457,838	457,838	457,838
Expiring Developer Payment	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Remaining TIF Revenue	407,838	407,838	407,838	407,838	407,838	407,838
Cumulative Value	7,748,922	8,156,760	8,564,598	8,972,436	9,380,274	9,788,112
Current TIF Value	2,562,811					
Cumulative Value (Including current TIF)	10,311,733	10,719,571	11,127,409	11,535,247	11,943,085	12,350,923

Core Area Plan Financial Feasibility Analysis

	Cumulative							
TIF Fund (Balance Forward)	\$ 2,562,811	\$ 4,162,851	\$ 4,642,095	\$ 5,121,339	\$ 5,600,582	\$ 6,079,826	\$ 6,559,070	
Incremental TIF Revenues (Baseline)	9,788,112	407,838	407,838	407,838	407,838	407,838	407,838	
Incremental Taxes: New Dev/Redevelopment	1,287,098	71,406	71,406	71,406	71,406	71,406	71,406	
Rail Served Industrial Park Costs	(2,676,454)	-	-	-	-	-	-	
Core Area Linear Park Costs	(3,923,254)	-	-	-	-	-	-	
TIF Funds Remaining	7,038,313	\$ 4,642,095	\$ 5,121,339	\$ 5,600,582	\$ 6,079,826	\$ 6,559,070	\$ 7,038,313	

Assumptions:

2013 Flathead County Millage Rate = 0.68672

Source: Kalispell Core Area Plan; Willdan, 2013.

KallsPELL Core Area Plan Financial Feasibility Analysis

Table 16:
West Side TIF District Projections: Scenario 3 - Optimistic

Plan Yr.	1	2	3	4	5	6	7	8
TIF YEAR	2	3	4	5	6	7	8	9
Base Year Value	2013	2014	2015	2016	2017	2018	2019	2020
Growth Rate		0%	0%	0%	0%	0%	0%	0%
Taxable Property Value	11,551,896	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Total	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Increase	666,703	666,703	666,703	666,703	666,703	666,703	666,703	666,703
Increment	457,838	457,838	457,838	457,838	457,838	457,838	457,838	457,838
Expiring Developer Payment	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Remaining TIF Revenue	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838
Cumulative Value		407,838	815,676	1,223,514	1,631,352	2,039,190	2,447,028	2,854,866
Current TIF Value	2,562,811							
Cumulative Value (including current TIF)	2,970,649	3,378,487	3,786,325	4,194,163	4,602,001	5,009,839	5,417,677	5,825,515
Core Area Plan Costs								
Rail Served Industrial Park	(2,676,454)	(2,676,454)						
Core Area Linear Park	(3,923,254)		(1,448,812)	(30,000)	(41,500)	(1,303,941)	(1,074,001)	(25,000)
Subtotal	(6,599,708)	(2,676,454)	(1,448,812)	(30,000)	(41,500)	(1,303,941)	(1,074,001)	(25,000)
Core Area Plan Financial Feasibility Analysis								
TIF Fund (Balance Forward)	\$ 2,562,811	\$ 2,970,649	\$ 702,033	\$ (338,089)	\$ 58,189	\$ 450,006	\$ (420,618)	\$ (1,039,947)
Incremental TIF Revenues (Baseline)	\$ 9,788,112	\$ 407,838	\$ 407,838	\$ 407,838	\$ 407,838	\$ 407,838	\$ 407,838	\$ 407,838
Incremental Taxes: New Dev/Redevelopment	\$ 2,158,919	\$ -	\$ 852	\$ 18,440	\$ 25,479	\$ 25,479	\$ 46,834	\$ 46,834
Rail Served Industrial Park Costs	\$ (2,676,454)	\$ -	\$ (2,676,454)	\$ -	\$ -	\$ -	\$ -	\$ -
Core Area Linear Park Costs	\$ (3,923,254)	\$ -	\$ -	\$ (1,448,812)	\$ (30,000)	\$ (41,500)	\$ (1,303,941)	\$ (1,074,001)
TIF Funds Remaining	7,910,134	2,970,649	702,033	(338,089)	58,189	450,006	(420,618)	(1,039,947)

Assumptions:

2013 Flathead County Millage Rate = 0.68672

Source: KallsPELL Core Area Plan; Willdan, 2013.

Kallispell Core Area Plan Financial Feasibility Analysis

Table 16:
West Side TIF District Projections: Scenario 3 - Optimistic

Plan Yr.	9	10	11	12	13	14	15	16
TIF YEAR	10	11	12	13	14	15	16	17
Base Year Value	2021	2022	2023	2024	2025	2026	2027	2028
Growth Rate	0%	0%	0%	0%	0%	0%	0%	0%
Taxable Property Value	11,551,896	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Total	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Increase	666,703	666,703	666,703	666,703	666,703	666,703	666,703	666,703
Increment	457,838	457,838	457,838	457,838	457,838	457,838	457,838	457,838
Expiring Developer Payment	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Remaining TIF Revenue	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838
Cumulative Value								
Current TIF Value	2,562,811	3,670,542	4,078,380	4,486,218	4,894,056	5,301,894	5,709,732	6,117,570
Cumulative Value (Including current TIF)		6,233,353	6,641,191	7,049,029	7,456,867	7,864,705	8,272,543	8,680,381
Core Area Plan Costs								
Rail Served Industrial Park	(2,676,454)							
Core Area Linear Park	(3,923,254)							
Subtotal	(6,599,708)	-	-	-	-	-	-	-
Core Area Plan Financial Feasibility Analysis								
TIF Fund (Balance Forward)	\$ 2,562,811	\$ (610,275)	\$ (127,458)	\$ 373,774	\$ 875,005	\$ 1,416,169	\$ 1,957,333	\$ 2,498,497
Incremental TIF Revenues (Baseline)	\$ 9,788,112	\$ 407,838	\$ 407,838	\$ 407,838	\$ 407,838	\$ 407,838	\$ 407,838	\$ 407,838
Incremental Taxes: New Dev/Redevelopment	\$ 2,158,919	\$ 74,979	\$ 93,393	\$ 93,393	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326
Rail Served Industrial Park Costs	\$ (2,676,454)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Core Area Linear Park Costs	\$ (3,923,254)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TIF Funds Remaining	7,910,134	(127,458)	373,774	875,005	1,416,169	1,957,333	2,498,497	3,039,660
								3,580,824

Assumptions:
2013 Flathead County Millage Rate = **0.68672**
Source: Kallispell Core Area Plan; Willdan, 2013.

Kallispell Core Area Plan Financial Feasibility Analysis

Table 16:
West Side TIF District Projections: Scenario 3 - Optimistic

Plan Yr.	17	18	19	20	21	22	23	24	24
TIF YEAR	18	19	20	21	22	23	24	25	25
Base Year Value	2029	2030	2031	2032	2033	2034	2035	2036	2036
Growth Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%
Taxable Property Value	11,551,896	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Total	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599	12,218,599
Increase	666,703	666,703	666,703	666,703	666,703	666,703	666,703	666,703	666,703
Increment	457,838	457,838	457,838	457,838	457,838	457,838	457,838	457,838	457,838
Expiring Developer Payment	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Remaining TIF Revenue	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838	407,838
Cumulative Value									
Current TIF Value	2,562,811	6,933,246	7,341,084	7,748,922	8,156,760	8,564,598	8,972,436	9,380,274	9,788,112
Cumulative Value (Including current TIF)		9,496,057	9,903,895	10,311,733	10,719,571	11,127,409	11,535,247	11,943,085	12,350,923
Core Area Plan Costs									
Rail Served Industrial Park	(2,676,454)								
Core Area Linear Park	(3,923,254)								
Subtotal	(6,599,708)	-	-	-	-	-	-	-	-
Core Area Plan Financial Feasibility Analysis									
TIF Fund (Balance Forward)	\$ 2,562,811	\$ 3,580,824	\$ 4,121,988	\$ 4,663,152	\$ 5,204,315	\$ 5,745,479	\$ 6,286,643	\$ 6,827,807	\$ 7,368,970
Incremental TIF Revenues (Baseline)	\$ 9,788,112	\$ 407,838	\$ 407,838	\$ 407,838	\$ 407,838	\$ 407,838	\$ 407,838	\$ 407,838	\$ 407,838
Incremental Taxes: New Dev/Redevelopment	\$ 2,158,919	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326	\$ 133,326
Rail Served Industrial Park Costs	\$ (2,676,454)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Core Area Linear Park Costs	\$ (3,923,254)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TIF Funds Remaining	7,910,134	4,121,988	4,663,152	5,204,315	5,745,479	6,286,643	6,827,807	7,368,970	7,910,134

Assumptions:
2013 Flathead County Millage Rate = **0.68672**
Source: Kallispell Core Area Plan; Willdan, 2013.



Annex B: Public Park/Recreation Development Opportunities – Case Studies

The Core Area is centrally located to substantial open space, parks, designated wild life areas and recreational areas. Woodland Park is a valuable community amenity, providing the community with active and passive recreation offerings.

If the rail tracks were to be removed, the Core Area is poised to be Kalispell's central connective spine, providing safe pedestrian and bike trail access to regional trailheads to the North, South, East and West.

To evaluate a range of potential programming uses for the proposed Kalispell Linear Park, the Willdan project team conducted case study research to find examples of low-capital intensity, revenue producing public amenities that could be developed within strategic "bump out" nodes within the park plan area.

Willdan conducted research to identify relevant examples to develop a profile of the capital investment costs, operating costs and revenues, annual attendance requirements for such a public amenity. Willdan researched a range of conceptual uses to develop case study examples of facilities which might be determined appropriate as redevelopment concepts including:

- Nature Education Centers
- Events Venue/ Outdoor Pavilion Facilities
- Greenbelt Trail Services and Amenities

Based on Willdan's review of the potential land uses and the City of Kalispell's objectives to create a low-capital and low operating cost approach to furthering the revitalization objectives of the Core Area Plan, the following case study profiles were researched to provide high-level "Lessons Learned" for the City's consideration of future improvements to integrate the Linear Park land to adjacent commercial/mixed uses:

- Portland Trails, Maine
- Potomac Overlook Regional Park Nature Center, Arlington, Virginia
- Carolina Thread Trail & Cawtaba Lands Conservancy, North and South Carolina

Portland Trails, Maine

Willdan evaluated several greenbelt park/trail systems in the United States to evaluate the typical services, amenities, and operating structures. The Portland, Maine Trail maintains a 50-mile network of trails in Greater Portland. Portland Trails offers "Lunch & Learns" to businesses and organizations in greater Portland in which staff travel to area businesses or they lead a Guided Trail Walk to educate employees about Portland Trails, the trail network, current projects. Portland Trails is also involved in school ground greening projects for students. Portland Trails collaborates with the Portland Public Health Department on a worksite fitness program for employees of area businesses.



Last year over 1,000 people from 15 companies participated in the program. The purpose of the program is to encourage the use of the trails and awareness of the urban open spaces available for recreation and alternative transportation. The campaign markets Portland's opportunities for exercise in a scenic environment. Portland Trails also offers a range of events open to the public including guided trail walks with historical background, information on flora and fauna, and the trail-building process among other topics.

Potomac Overlook Regional Park Nature Education Center, Arlington, Virginia

The Potomac Overlook Regional Park (PORP) Nature Center, managed by the Northern Virginia Regional Park Authority, was established to provide residents and visitors with direct access to local historic and natural resources. The PORP site features unique interpretive exhibits housed within the nature center and woodland trails that lead through natural areas. Potomac Overlook Regional Park offers three miles of wooded trails and staff-led experiential learning programming just five miles from the center of Washington, D.C. The buildings and grounds are free and open to the public year round.

The PORP Nature Center was opened in 1974. The initial capital investment costs were not available as the Nature Center facility is a 1,500 square foot preexisting reconverted historic bungalow house. Capital costs for maintenance and repair construction of the current park shelter/comfort station, auditorium, outdoor amphitheater and pavilion, and solar energy conversions is estimated at \$100,000.

Annual operating costs are approximately \$265,000 (primarily for staff costs), of which approximately \$20,000 is committed to annual capital costs for path maintenance, way finding, marketing, and signage.

With annual attendance in the range of 25,000 visitors generate approximately \$40,000 in operating revenues, primarily from birthday parties, weddings, canoe trips, and auditorium/shelter rentals. Elementary school groups also visit the Center as part of curriculum field trips for a modest fee.

The park is anchored by its nature education center, a retrofitted mid-20th century home from which PORP staff operate a range of community and environmental stewardship programs.

The Nature Center includes a wide range of interconnected sustainability education programs/messaging boards, including:

- **Energerium:** The main floor exhibit is devoted to exploring the interconnectivity of energy and living systems.
- **Auditorium:** The bottom floor auditorium holds up to 50 people (open for birthday parties and other private functions) and features plant and animal exhibits.
- **Environmental Stewardship and Cultural Programs:** Several environmental organizations, including Arlingtonians for a Clean Environment and the Arlington Regional Master Naturalists, are regular park stewards. In addition, the Nature Center regularly hosts school groups, scout groups, and local companies in educational programs including:
 - Volunteer Work Days (monthly, first Saturday) with indoor and outdoor projects around the park



- Annual Earth Day Celebration (April 17) where volunteers plant trees and milkweed for monarch butterflies
- Open House & Heritage Festival (May 2), including music, food, exhibits, and games
- Free Summer Concerts (starting May 22) offering Saturday evening performances.

Figure 40: Potomac Overlook Regional Park Environmental Stewardship Programming



Carolina Thread Trail & Cawtaba Lands Conservancy, North and South Carolina

Another example of a potential public investment that would serve to leverage the City of Kalispell's natural resources is the use of trail head and park branding/identification signage along the Carolina Thread Trail in North and South Carolina.

Carolina Thread Trail is a network of regional trails that covers 15 counties in North and South Carolina. The goal is to link regional attractions, provide a place to experience a wide range of recreational activities such as walking, bicycling, and picnicking. Since the project was announced in 2007, local businesses have donated \$50,000 in signage and services. Because the project uses many existing trails, some of which are already branded with their own community's identity, the challenge became identifying the Thread Trail in cooperation with the existing identity - not instead of it.



Figure 41: Carolina Thread Trail Park Identification Signage



Working in conjunction with the Carolina Thread Trail, the Catawba Lands Conservancy, and a local designer the project team designed and installed multiple sign types to be used along the trails to further the trail community brand. The City of Kalispell should consider the Core Area Revitalization Plan process as an opportunity to adopted a refined community brand that could be further extended throughout the Kalispell Linear Park trail and the downtown Main Street, purposely connecting to a range of the proposed redevelopment options and programming opportunities by providing way finding, “wellness” information, recycling and sustainability messaging, or other community services (potentially at the Meridian Road/Appleway Trail comfort station).

Based on a survey of a community trails in the United States reported by Rails to Trails (www.railstotrails.org), the trails can serve as a connector to a wide variety of income generating services and amenities, including:

- Restaurants
- Grocery Stores
- Camping Sites
- Bike Shop Repair/Bike Rental
- Vending/Retail
- Visitors Bureau
- Shuttle
- Water
- Restrooms
- Phone
- Internet
- Souvenirs/Gifts
- Medical Services
- Parking

These uses provide a range of capital and operating intensity alternatives that could be employed at the proposed Meridian Road/Appleway Senior Recreation Comfort Station. The higher the programming/staffing intensity, the higher the need for quality branded wayfinding signage throughout the trail system to drive traffic (and earned revenue) to the center.