

# NORTHWEST DRYWALL DEAL SEALED TO HELP BUSINESS MOVE TO RAIL PARK

*January 12, 2017 at 5:00 am | By SEABORN LARSON Daily Inter Lake*

Concessions made in a three-way agreement between the city of Kalispell, a local economic development group and Northwest Drywall will allow that business to relocate to the Glacier Rail Park rather than shutter its operation.

The city on Wednesday announced that it had reached an agreement with Flathead County Economic Development Authority and Northwest Drywall to assist the company with relocation costs that, without the agreement, could have put Northwest Drywall out of business.

“There’s benefits all the way around,” City Manager Doug Russell told the Inter Lake. “We all used some of our own assets and abilities that other parties didn’t have. It’s great that we’re able to maintain the level of business we had while the tracks were downtown.”

The three entities have been in negotiations for over a year, trying to determine how to facilitate Northwest Drywall’s relocation to the Glacier Rail Park, a new rail site planned for Kalispell’s eastern boundary. The project, coined the Core and Rail Redevelopment Plan, aims to remove the tracks traversing through town, opening up several properties for potential development. Meanwhile, the economic development authority, which owns the rail park, hopes to attract new rail-served businesses to the area by developing a new site.

Northwest Drywall, which initially submitted its support for the project, withdrew that support in August 2015 after finding costs of relocating and leasing property in the new park would be more costly than the initial agreement.

In the agreement, the city and economic development authority agree to provide \$1.6 million in assistance funding toward the cost of land, a new building, site improvements, asphalt and fencing. Northwest Drywall will contribute \$750,000 to the relocation, Russell said, which covers most of the remaining construction costs. Using Northwest Drywall's existing building, appraised at \$750,000, for collateral, the city will provide Northwest Drywall with a 3 percent loan for the company's contribution to relocation costs.

Tom Esch, the attorney for the owners of Northwest Drywall, said in 2015 that relocating the business without assistance would not have been sustainable for the company. Had the owners decided to move to the new rail park, the new lease costs and relocation expenses could have sunk the company. Had the owners decided to stay at their current location, they would lose access to the rail, which supplies about 50 percent of the company's incoming materials.

Esch on Thursday did not return the Inter Lake's calls for comment.

Jerry Meerkatz, president and chief executive officer of Flathead County Economic Development Authority, said he was pleased with the agreement, which was only possible because all three groups came to the table.

"We were able to do something that we were hoping to do from the beginning," Meerkatz said. "You don't want people and their businesses to be disrupted in a manner that causes animosity; you want businesses to be kept whole."

Meerkatz said reaching the agreement settles concerns for the three groups, as well as BNSF Railway Co., which owns the existing rail line and would not abandon the existing rail line if it caused a rail-served business to lose access.

"It was a winning deal for everybody," he said. "Most importantly that a customer that was on the rail service, depended on rail service, can continue to have rail service."

Northwest Drywall is now the second tenant in the future rail park behind CHS, which early on reached an agreement to relocate its facility after rail-park construction is complete. The county economic development group still needs several more

tenants to fill out the rail park properties, but Meerkatz said the organization is reaching out to potential tenants.

“We talk to anybody who suggests that they have a need for rail to make sure they are aware of the locations across the valley,” Meerkatz said. A transloading facility is planned in the park that will allow any business to potentially receive its supplies by rail.

“Some of those people might end up being rail-park tenants because they see the value of that service,” he said.

The project became viable in October 2015 after the city and economic development authority received a \$10 million federal transportation grant to develop the rail park and remove the existing tracks. The future rail park site is currently undergoing an environmental assessment to be submitted to the Federal Rail Administration. If the site does not warrant another phase in the environmental assessment process, construction bids could go out later this year.

The Kalispell City Council on Tuesday will vote to approve the agreement for Northwest Drywall. In the same meeting, the council will vote on a resolution to request that BNSF abandon the existing rail line. Russell said the process to abandon the rail line could take BNSF as long as seven or eight months.

“We’re excited to be able to take that redevelopment to the next step and then take that next step toward the end goal,” Russell said.

Reporter Seaborn Larson may be reached at 758-4441 or by email at [slarson@dailyinterlake.com](mailto:slarson@dailyinterlake.com).