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AN ASSIGNMENT OF LOT VALUES AT THE
NORTHEAST INDUSTRIAL PARK,
GREAT FALLS, MONTANA

By

Laurence M. Trowel

B.A., University of Connecticut, 1973

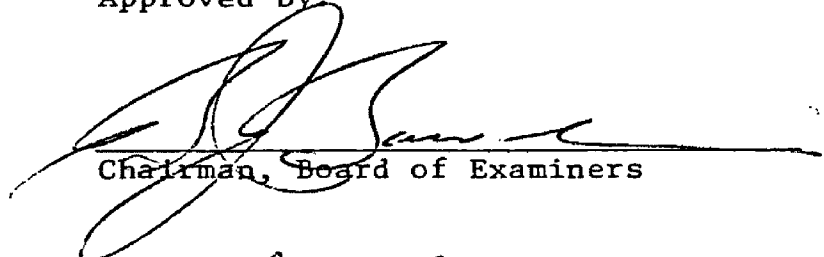
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the degree of

Master of Business Administration

UNIVERSITY OF MONTANA

1977

Approved by:


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CHAPTER I

INTRODUCTION

Background

The process of urbanization and industrialization in the United States has brought about dynamic changes in our lifestyles as well as the spatial layout of our cities. Until the early twentieth century, industry relied heavily upon the multi-story complex within the city limits for their manufacturing processes. This was due in part to the economics of operation of steam driven equipment, the necessity for locating within a short distance from employees' homes, and within carriage delivery range to markets. While manufacturers recognized the urban congestion and inefficient, antiquated multi-story buildings as disadvantageous, they were hard pressed to change them. Some shifting of industrial locations did occur with the establishment of industrial districts in Kansas City (1900) and Chicago (1905),¹ but overall, central city locations were the rule. This pattern continued as little industrial development took place because of the depression of the late twenties and thirties, later giving way to the restrictions of the defense orientated economy of World War II. However, immediately following

¹U.S., Department of Commerce, Office of Technical Services, Organized Industrial District: A Tool for Community Development, (Washington, D.C.: Government Printing Office, June 1954), p. 2.

the war there was a considerable pent-up demand for both residential and industrial facilities. The moratoriums of the war years, combined with population growth and the desire on industries' part to convert war gained techniques to peacetime products, created a drive for facilities of all kinds.

With the development of motorized vehicles, especially the truck, which reduced industries' reliance on rail service, industry found it to their financial benefit to expand outward into the undeveloped fringes of the urban area. Here, cheaper land and lower tax burdens enabled more efficient single floor operation resulting in increased cost savings by allowing assembly line methods of production. The widespread ownership of private automobiles and resulting increased mobility of labor, easy truck delivery into inner city markets, and lower fixed costs allowed industry to flourish. In fact, over 80 percent of all industrial districts today have been established since 1949.² The development of a nationwide system of highways changed the businessman's prime location question from "how far?" to "how long?" is the site from the center city markets.

This expansion was not without problems. Industries, glad to retreat from inner city congestion, found themselves with sufficient room to spread out but little else. Sewer, water, power, and good secondary roads were lacking. The burden of clearing titles, investigating soil conditions, etc., was upon the businessman. This caused considerable frustration on his part and some poorly planned, ill-conceived

²Rolland C. Collins, "A Study into the Possibility of Establishing an Industrial District in the Area of Great Falls, Montana," (Professional Paper, University of Montana, 1971), p. 3.

moves. It has been estimated by Mr. Leonard Yaseen, Chairman, The Fantus Company, that "no other single decision requires more time, money or the concentration of so many corporate minds. The difference between an acceptable and a superior plant location, let alone a poor one, can mean a difference of 10 percent to 15 percent in total operating costs for every year of a plant's existence."³ Lacking the time, the expertise and the interest in solving the problems of suburban industrial development, there sprang up industrial developers who were willing to purchase raw land, refine it, and give the industry exactly the lots they wanted . . . trouble free.

The Great Falls Case

The importance of establishing such an industrial park and attracting industry to Great Falls is evident. The Great Falls economy hinges on a delicate balance between volatile military spending and equally unpredictable agricultural markets. The local manufacturing base has taken several recent downturns and an overall decline in importance over the last thirty years.⁴ In the past fifteen years several events took place which impacted negatively on the local economy. These included the reduction in the Anaconda copper electrolytic refinery, their zinc and aluminum operations, the closing of the Great Falls Brewery, the Great Falls Meat Packing plant, the Federal Aviation Administrations ARTCC office, the reorganization of the Great Northern

³"A New Ball Game in Plant Location," Duns Review, March 1974, p. 37.

⁴Great Falls Central Business District Market Study, Great Falls, Montana, Prepared for City County Planning Board by the Real Estate Research Corporation, (June 1976), p. 30.

Railroad and the relocation of its repair facility to Havre, Montana. Table 1 points out the trend in manufacturing employment in the Great Falls SMSA with a projection for 1975.

TABLE 1
MANUFACTURING EMPLOYMENT IN GREAT FALLS SMSA
(in thousands)

Year	Total Employment (Non-agricultural)	Manufacturing Employment
1971	25.4	2.6
1972	26.4	2.5
1973	26.9	1.9
1974	26.8	1.9
1975	27.2	1.7
1976	28.2	1.7
1985 (Projected)	32.9	1.5

SOURCE: Great Falls CBD Market Study, p. 32; 1976 figures from the Department of Labor and Industry, Montana Employment Security Division, Montana Employment and Labor Force Monthly Report, (Helena, Montana: March 1977), p. A-6.

Of seven basic employment categories, only manufacturing is projected to drop in employment, and this will be a significant decrease of approximately two hundred jobs. Overall employment is projected to increase by over forty-seven hundred jobs. This represents either a significant shift in the role of Great Falls in the Montana economy, or a lack of emphasis by the community on attracting new industry.

Industrial Site Marketing

Prior to 1968 there existed very little evidence of marketing of industrial sites in Montana and Great Falls. In the 1969 Guide to

Industrial Parks and Area Development, the State of Montana is not even mentioned as having any sites available.⁵ In December 1968, the Great Falls Chamber of Commerce compiled a listing of potential industrial and distribution sites within Great Falls considering only that land already zoned industrial.⁶ The Economic Development Corporation was designated to serve as the clearing house for information for either a local business with expansion plans, or firms interested in developing sites in the city. The results of this compilation were not widely publicized as copies were reportedly given only to city and state agencies that would be likely to receive inquiries. Stephen Birch, then president of the EDC, stated that "We are not in the real estate business nor do we plan to acquire sites at this time. The corporation simply listed all of the better industrial locations under one cover."⁷ This passive approach continued until 1975 and probably contributed to the low absorption rate of industrial land within the city.

The Great Falls Chamber of Commerce Economic Development Corporation finally did get into the real estate business with the concept of the publically owned Northeast Industrial Park being formalized in 1975. This action was followed quickly by the city's authorization of Industrial Revenue Bonds, and the creation of the Special Improvement

⁵Guide to Industrial Park and Area Development, (Princeton: Resource Publications, Inc., 1969).

⁶"Chamber of Commerce Conducts Tour of City with Purpose of Providing a Listing of Potential Industrial and Distribution Sites," Great Falls (Montana) Tribune, November 15, 1968, p. 11.

⁷"Possible Industrial Development Sites Surveyed in Falls," Great Falls (Montana) Tribune, December 28, 1968, p. 9.

District in March 1977. Since then, aggressive marketing has been instituted to insure the attraction of industries to the park from possible alternatives within Great Falls, the State of Montana and southwestern Canada. The expected reaction of industry to this development is difficult to project with accuracy. With the relative inactivity in the market in past years, normal methods of projecting industrial growth are irrelevant.

The development of North Park, as it is now called, is supported by a strong statement of goals put forth recently by the Citizens Involvement Committee and adopted unanimously by the Great Falls City Commission.⁸ This document calls for a goal of industrial growth to provide steady, nonseasonal employment which will stimulate stable commercial growth. This is coupled with a stated policy of actively supporting new industrial development with good land controls. The advantage to the city of an increase in basic employment located in a well planned, well serviced, centralized location is evident. Equally important are the advantages to be accrued by those firms choosing to locate there.

Location Decisions

An important factor in drawing industry is the influence Great Falls exerts in the Montana economy. The concept of Great Falls serving as a central hub for many small towns in its hinterland is an important one since it is this function which has resulted in the city attracting the industry and retail trade it presently has. The delineation of this sphere of influence is important to North Park since the trade area is

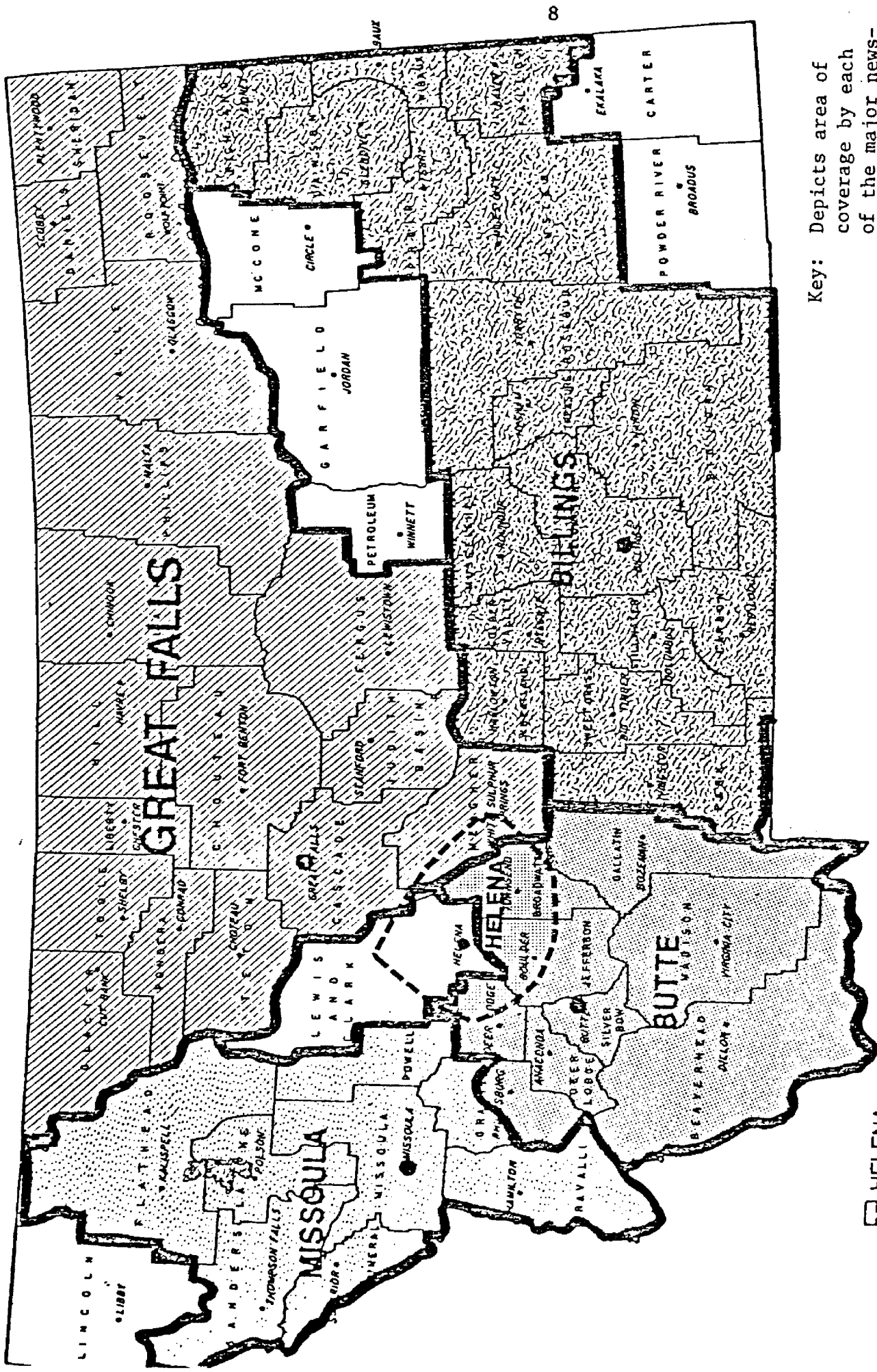
⁸"CIC Charts Course for Growth, City Adopts It," Great Falls (Montana) Tribune, March 3, 1977, p. 8.

a critical factor to many firms. Two methods of determining this influence are presented here in Figures 1 and 2.⁹ The first, called the ABC (Audit Bureau of Circulation) zones, examines the geographic distribution of the circulation for the Great Falls Tribune. This is considered to be a reliable indication of retail influence. Since the expected users of the North Park will primarily be wholesalers, retailers of large equipment and light manufacturers, this description of their general trade area has some validity. The second figure describes the trade area as generalized by the Real Estate Research Corporation from various statistics. Where an industry eventually locates depends on many factors including both cost factors (land prices, facilities, housing, taxes, transportation) and demand factors (location of competitors, importance of proximity to customers, extent of market area).¹⁰ One corporate president says he favors small towns emphasizing their intangible benefits by heavily weighing a wholesome way of life and a scenic environment when considering his plant locations.¹¹ In many cases pure economic location theory is being by-passed by the use of locational incentives such as tax abatements and low cost loans. The use of these inducements has increased dramatically as states bitterly compete for industry and jobs. These factors appear, however, to have little effect on business as one report states that only 7 percent of the businesses

⁹Great Falls CBD Market Study, pp. 40-42.

¹⁰William N. Kinnard, Jr., and Stephen D. Messner, Industrial Real Estate, (Washington, D.C.: Society of Industrial Realtors, 1971), p. 52.

¹¹Vernon Louvier, "Bigger Things for Small Towns," Nations Business, October 1974, p. 36.



Key: Depicts area of coverage by each of the major newspapers in Montana.

Fig. 1.--Montana ABC Zones, June 1976.

HELENA

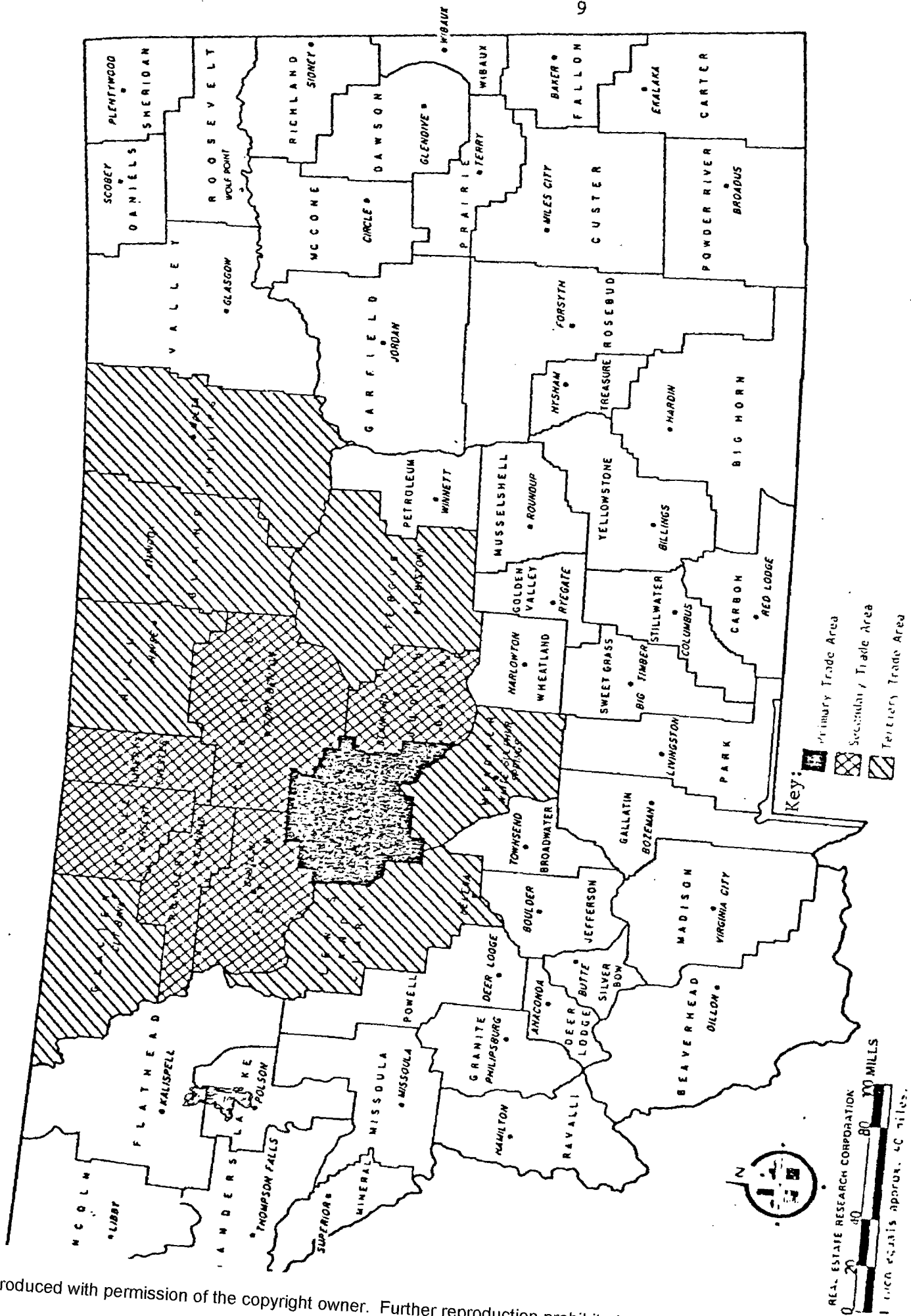


Fig. 2.--Generalized Trade Area for Great Falls, Montana, June 1976.

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newly located in a particular state regard inducements as the decisive factor.¹² With the multitude of factors to be considered, the essential task for Great Falls is to aid industry in the costly and imperfect search for industrial sites. Instituting a program of aggressive marketing coupled with complete information will insure that industry considers North Park a reasonable alternative.

Purpose of this Paper

The primary function of this research was to provide reasonable value for the parcels of land offered within the North Park Industrial park in Great Falls, Montana as of May 1, 1977. In arriving at this value, consideration was given to the established value of similar parcels within the Great Falls area, as well as the cost of developing each lot. In this project, the two above mentioned objective elements were combined to form the ultimate estimate of value and contains some subjective elements after all things were considered by the appraiser. This estimated value should be as accurate a forecast as possible of the market prices which will attract the location of the majority of businesses who are attracted to Great Falls as a site for their industry. It is obvious that every industry perception of a fair market value is defined and influenced by the fusion of the many location factors previously mentioned. However, the appraiser's best estimate will consider this and other factual data in the final determination.

¹²"A Counterattack in the War Between the States," Business Week, June 21, 1976, p. 72.

CHAPTER II

DESCRIPTION AND ANALYSIS

Industrial Park Characteristics

As the concept of the planned industrial park has developed in recent years, certain minimum standards have been informally established to define what can be considered an industrial park. Briefly, these are:¹

1. There must be enforceable restrictions on the tenants. Minimum lot sizes, minimum land use ratios, types of construction, landscaping and upkeep must be specified in public ordinances or private covenants.
2. Some provisions must be made for continuing management to enforce the restrictions, approve the admission of new tenants and modify any portions of the restrictive covenants which become unnecessary or unduly burdensome over time.
3. In order to assure success and permanence, there must be detailed planning designed to subdivide the tract and

¹Richard T. Murphy, Jr., and William Lee Baldwin, "The Industrial Park--Its Characteristics, Advantages and Limitations," In Handbook on Industrial Development, Chapter G (Boston: American Industrial Development Council, 1960), p. G-2; Samuel Evans, III, "Industrial Park Developments," Appraisal Journal 40 (April 1972): 236.

provide fully adequate utilities, access, etc. In fact, by the Department of Commerce definition, there must be, "streets, rail leads, and utilities installed before sites are sold to prospective tenants."²

4. The park should be between two hundred and five hundred acres in mass to insure economic feasibility and to take full advantage of any economies of scale.
5. The location should be at or near a limited access highway and within thirty minutes of the major city. The adage that in real estate, the three most important factors are location, location and location is equally true for industrial land.

Using these self imposed standards as a yardstick, any development falling short of several of these criteria is considered to be simply raw land which just happens to be located in the suburbs.

North Park

Critical to the evaluation of the North Park Industrial Park by these standards, is a description of the sites to be included in the plan. Below, those elements which are pertinent to the analysis of the park are divided into three sections: A) City and location data, B) Physical characteristics, and C) Improvements to park. The data from each section is briefly described and its impact on the appraisal considered.

²Theodore K. Pasma, Organized Industrial Districts: A Tool for Community Development, (Washington, D.C.: U.S. Department of Commerce, Area Development Division, 1954), p. 1.

City and Location Data

As pictured in Figure 3, North Park is located in the north-east section of Great Falls. It was recently annexed to the city by City Commission resolution number 6890, dated December 28, 1976. The land most recently has been partly agricultural with some land used as a scrap yard. Adjacent uses to the park include the municipal golf course on the west, the Milwaukee Road yard and agricultural land to the south, agricultural and a GTA livestock feed manufacturer directly east. The north edge of the park is bordered by the Great Falls Livestock Market Center, a farm equipment sales business, several construction company yards, a Continental Oil Company bulk sales plant, the Burlington Northern railroad, and vacant land.

The park is bisected by the U.S. Highway 87 Bypass. This highway provides direct access to U.S. Highways 87 and 89 east (2½ minutes), Interstate 15 north-south (ten minutes), U.S. Highway 87 northeast to Havre (five minutes), Montana 200 west, and the Great Falls International Airport (fifteen minutes). As is evident from the park map, access is also provided to both Burlington Northern and the Chicago, Milwaukee, St Paul and Pacific railroads (The Milwaukee Road). Other significant distances from the park include the Great Falls City center--three and one-half miles, and the nearest Great Falls Fire Department station, (thirty-fourth Street and Central Avenue) one mile.

Great Falls Labor Market

As noted in Chapter I, non-agricultural employment in the Great Falls SMSA has risen by twenty-eight hundred jobs or 11 percent between

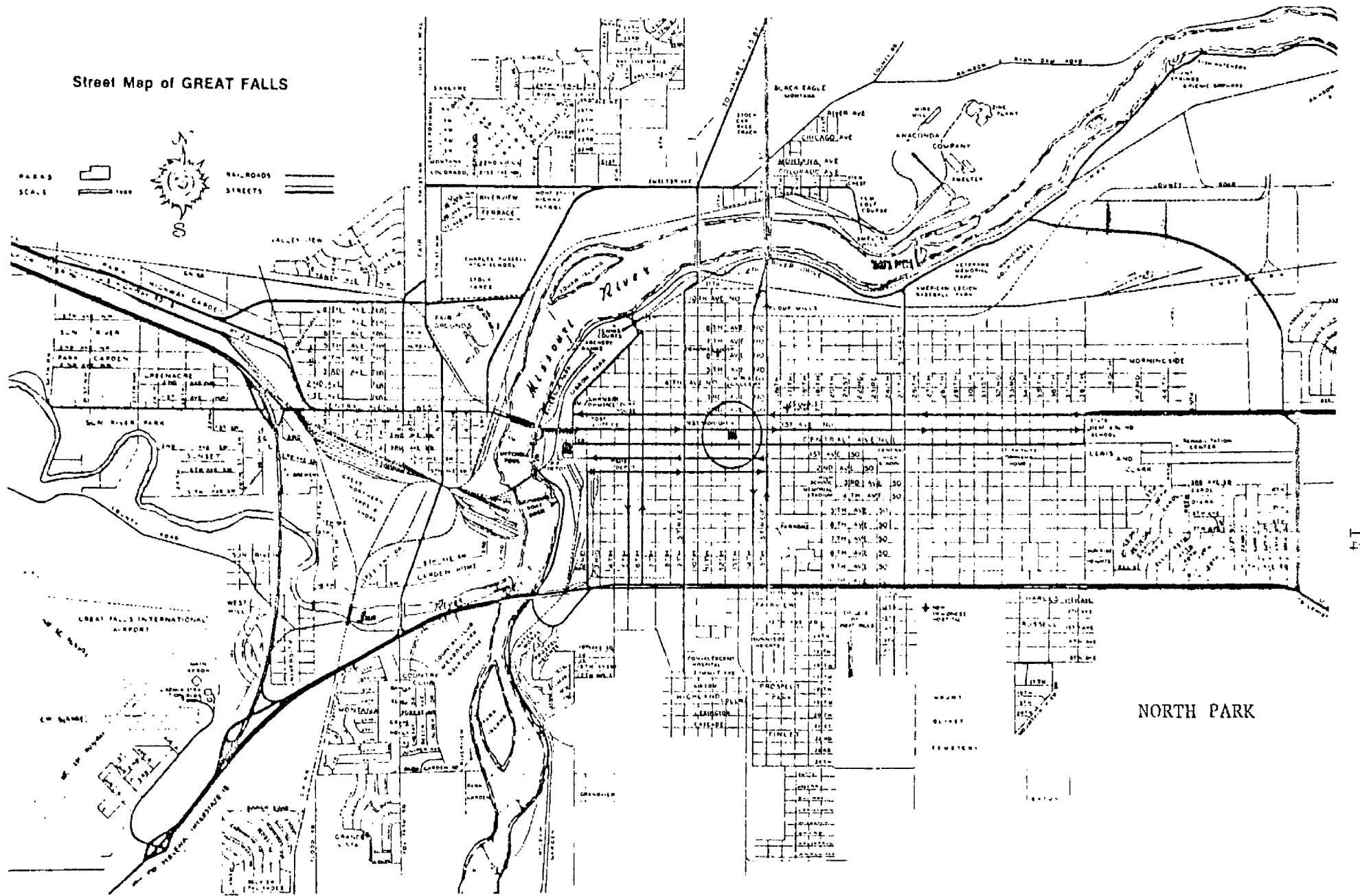


Fig. 3.—Map of Great Falls with North Park Emphasized.

1971 and 1976. This overall growth has taken place in spite of a loss of nine hundred jobs in manufacturing and three hundred in transportation and utilities. This increase in employment has continued through February 1977 with non-agricultural wage and salary jobs reported at 28,400, an increase of two hundred jobs over the 1976 average. Manufacturing has remained steady at seventeen hundred jobs. The seasonally adjusted percent of labor force unemployed declined in February 1977 to 6.1 percent, a drop of 1.1 percent over January 1977, and 1.6 percent over February 1976.³ Those unemployed currently in the active files can be broken down using the Dictionary of Occupational Titles (D.O.T.) codes as selectively shown below in Table 2:

TABLE 2
SELECTED CHARACTERISTICS OF APPLICANTS IN ACTIVE FILES
FOR CASCADE COUNTY, March 31, 1977

D.O.T. Code	Occupational Title	1976	1977
0-1	Professional, Technical, Managerial	289	284
5	Processing	29	23
6	Machine Trades	164	139
7	Bench Work	25	31
90-93	Miscellaneous ^a	784	580

SOURCE: Interview with Mr. Roger Ranta, Statistician, Montana Employment Security Division, Great Falls, Montana, April 20, 1977.

^aMiscellaneous category includes truck drivers, material handlers, warehouseman, loggers, miners and graphics. According to Mr. Ranta at the Great Falls Employment Security Division, this category is composed mostly of the first three occupational titles in Cascade County.

³Montana Employment Security Division, Montana Employment and Labor Force Monthly Report, March 1977, p. 20.

The average weekly earnings of Montana workers in the manufacturing sector was \$247.86 in February 1977, an increase of \$35.42 over February 1976 figures. Average hourly wages for manufacturing was \$6.12 per hour in February 1977, versus \$5.62 in February 1976. Similarly, the wholesale and retail trade workers experienced an increase of \$7.97 over the same period bringing their average weekly earnings to \$143.94. Their average hourly earning was \$4.16 per hour versus \$3.83 for February 1976.⁴

Cost of Living

It is difficult to estimate the "cost" of living in one city versus another. However, for comparison, the American Chamber of Commerce Researchers Association publishes a quarterly inter-city index report based on prices of specified types and quantities of specific products and services in 174 cities. Using the index, the U.S. average equals one hundred (Table 3). Seven items are listed below to compare how their cost in Great Falls compares to the "average" of the U.S.

Taxes

In trying to project the real estate tax that an industry could expect to incur in locating in North Park, some difficulty arises in determining the "Market Value" of the land. This problem is magnified by several factors. First, the State of Montana is presently in the process of reassessing all land within the state. The property located in North Park has not been reevaluated for several years. For this reason, the value presently placed on the land by the county is badly

⁴Montana Employment Monthly Report, p. 36.

TABLE 3

COMPARISON OF GREAT FALLS PRICES WITH
U.S. AVERAGE FOR SELECTED ITEMS

<u>Item</u>	<u>Index</u>
City index of all items	101.6
Food	102.1
Housing	110.4
Utilities	78.1
Transportation	127.8
Health	107.4
Miscellaneous Services	69.4

SOURCE: American Chamber of Commerce Researchers Association, Inter-City Index Report, Cost of Living Indicators, (Chicago Association of Commerce and Industry, First Quarter, 1977), p. 3.

out of date and irrelevant. Secondly, in the past two years activity has been slow with only two or three sales of land in the vicinity of the park. These sales data are unuseable because the purchases were raw, undeveloped land, very much unlike the fully developed park land being evaluated. Finally, to this date the few sales that have taken place within the park provide insufficient data to consider any figure the "Market Value." What is presented below is the present method of establishing the real estate tax in Great Falls on a per acre basis. The example will be based on a hypothetical land market value of \$1,000 per acre:⁵

market value	\$1,000 per acre
	<u> x 40 percent</u>
assessed value	\$ 400
	<u> x 30 percent</u>
taxable value	\$ 120
current mil levy within Great Falls	<u> x 285.70 mils</u>
tax owed per acre	<u> \$ 34.28</u>

⁵ Interview with Mr. Nick Lazanas, Director, Cascade County Appraisal Office, Great Falls, Montana, April 20, 1977.

Future consideration should also be given to the Montana Economic Land Development Act (MELDA). This act provides certain tax advantages to industries locating within planned industrial parks. The 1977 legislative session passed a revision of this act (House Bill 630) which provides that a new industry in a designated industrial park will not be taxed during the construction of its facility. In the first year thereafter it will be taxed at 33 1/3 percent of its taxable value increasing 33 1/3 percent each year until full taxation is reached. Conversely, if a facility is locating in an area not designated as an industrial park, the facility will be taxed while being constructed, and at the rate of 125 percent of taxable value for the first ten years, decreasing 5 percent each year after that until 100 percent is reached. Implementation of this act is not automatic. A petition must be signed by 15 percent of the registered voters in the city, then the resolution must be approved by a majority of the voters in a city wide election.⁶ While this act will be of benefit to park residents, its implementation in Great Falls is some time off.

Zoning

The area annexed by the city was zoned industrial at the time of annexation. As defined in the zoning ordinance of the City of Great Falls, "Industrial" districts are broken down into two categories, First Industrial District, and Second Industrial District. Appendix A outlines those industries excluded from First Industrial Districts. The Second Industrial area allows that any premises or building may be used

⁶Interview with Theresa Cohea, a researcher for the Legislative Council, State of Montana, Helena, Montana, April 21, 1977.

for any purpose except that declared by the city as a nuisance. Within the park the city has designated Blocks 1, 2, 6 and Lots 10-16 of Block 5 as First Industrial and Blocks 3, 4, 7 and Lots 1-9 of Block 5 designated as Second Industrial areas. In addition, a limit of one hundred feet in height has been imposed.

City Attitudes

The development of the North Park Industrial project has received the support of the community. The goals of the Citizens Involvement Committee, mentioned previously, included a strong show of support for planned Industrial Development in Great Falls. In addition, Resolution No. 6747 (dated December 2, 1975) of the City Commission of Great Falls, strongly supports industrial development and declared their intent to create such a district. They have continued to display their support by utilizing the city's authority to issue Industrial Revenue Bonds and by the creation of a Special Improvement District.

Physical Characteristics

Legal Description

The North Park Industrial Park is defined as "A tract of land located in Sections 3 and 4, township 20 North, Range 4 East, Principal Meridian, Cascade County, Montana."⁷ The more exact description is included in Appendix B. Two important points to note in this regard are that a portion of U.S. Highway 87 Bypass is included in the plat, and a lot on the south side of the park presently occupied by the H. C. Smith

⁷Great Falls, Montana, City Commission, A Resolution Extending the Boundaries of the City of Great Falls, Montana, Resolution 6890, December 28, 1976, pp. 1-2.

Construction Company is not to be included (5.09 acres). The park is 161.173 acres with approximately 135.93 acres available for sale. All landowners within the park are entitled to warranty deeds on their lots. All lots within the park have an easement reserved for utility services running along one or more side lot lines. These easements vary in width from ten to forty feet. Some lots contain more than one easement across it because of its place within the park. Lots bordering on railroad track additionally have a twenty foot rail easement. Block 4, Lots 2 and 3 have a Montana Power Company easement crossing overhead at the center of Lot 3, and the southeast corner of Lot 2. Block 3, Lot 14, and Block 4, Lot 11 have an easement for an existing city storm drain.

Size and Shape

All lots are available in sizes ranging from one to fifteen acres, with one acre being the minimum. There is no maximum site size restriction. All lots are rectangular in shape with few exceptions. Depending on customer requirements, two or more lots can be combined. For illustration of lots, see Figure 4.

Topography

The park is characterized by a gentle slope to the north, but also has a southerly drainage component at the center of the area.⁸ The topography may be affected slightly when grading operations are complete.

Flooding

The North Park Industrial Park has no threat from flooding as it

⁸Northern Testing Laboratories, "Soil and Subsurface Report to Wenzel & Company, Architects," Great Falls, Montana, October 28, 1976, p. 5.

PLAT OF NORTH PARK ADDITION TO GREAT FALLS, CASCADE COUNTY, MONTANA

A SUBDIVISION IN THE NW 1/4 OF SECTION 3,
THE NORTH HALF OF SECTION 4, AND THE
NE 1/4 OF SECTION 5, T20N, R4E, P.M.M.

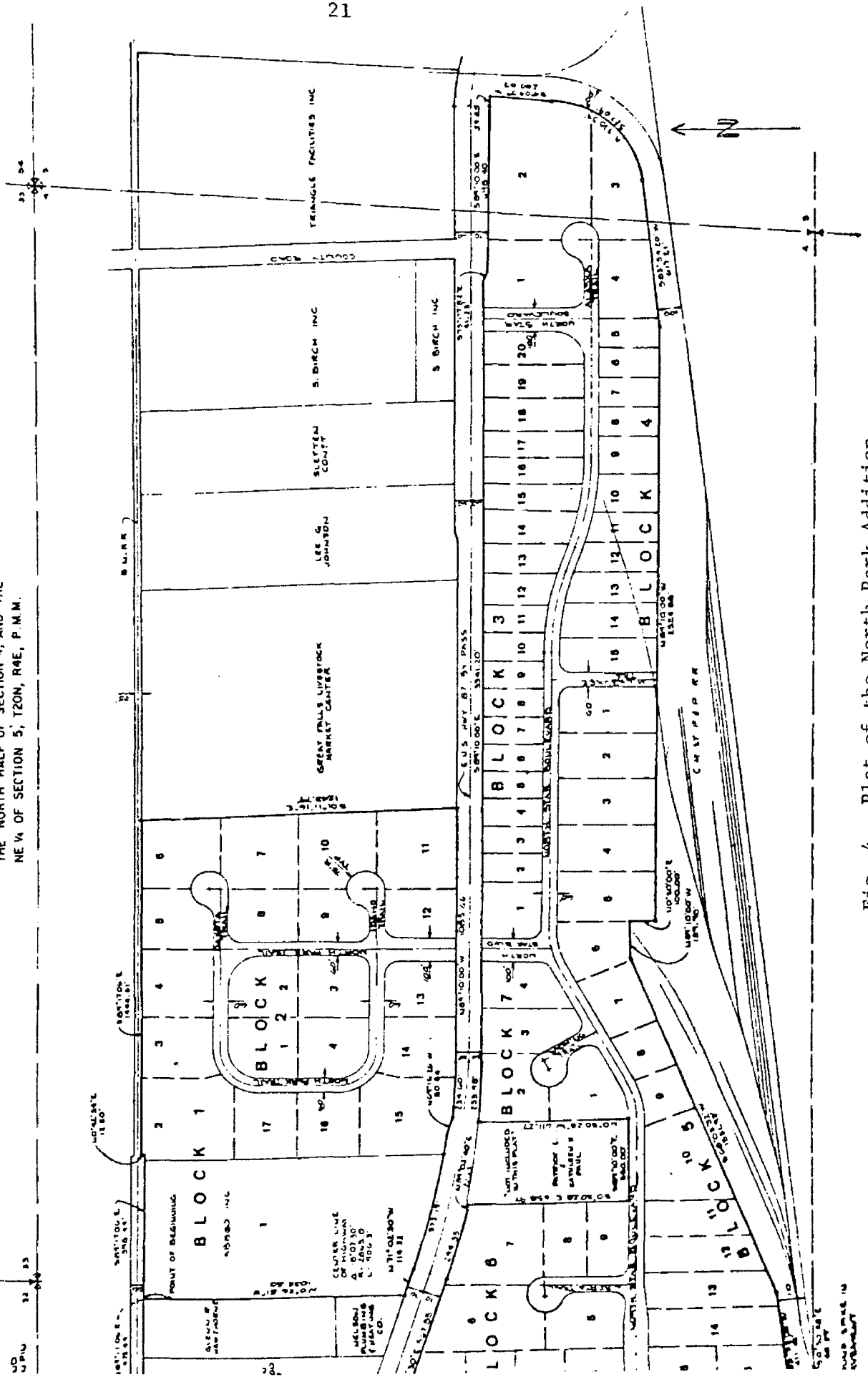


Fig. 4.--Plat of the North Park Addition.

is located several hundred feet above the normal level of the Missouri River.

Drainage and Soil Conditions

Soil in the park is described as predominately composed of clay with good load-bearing capacity. Grading individual lots to insure drainage away from buildings should be planned to increase the bearing characteristics of the clay. Some sandy soil exists. Topsoil is estimated at .4 feet thick throughout.⁹ Natural topographical low areas are utilized as high water detention ponds for the one hundred year storm (depth equal to 1.2 feet). These are located as follows: Block 1, Lots 11 and 12; Block 3, Lots 1-6; Block 5, Lots 3-7; and Block 7, Lot 4. Ground water was not found during soil testing, and is estimated to be in the area of three hundred feet deep.

Prevailing Winds

Prevailing winds at North Park are southwesterly twelve months a year.

Improvements

As part of the development of the park the Economic Development Corporation has contracted to have essential services extended to the park. The bids for these services were opened March 8, 1977 with work to be completed within one hundred twenty days. The total cost of making anticipated improvement to the park is \$1,052,941. Of this, \$442,500 will be Economic Development Administration funds, and \$35,441 provided by the City of Great Falls in the form of oversized mains extended to the

⁹Ibid.

area. In order to finance the remainder of the improvements, the city commission passed Resolution Number 6917 creating Special Improvement District No. 1192. The purpose of the Special Improvement District is to "install concrete curbs and gutters, asphaltic concrete paving and a suitable base, water mains, sanitary sewers, storm sewers, and all other work appurtenant thereto."¹⁰ The original estimated SID bond requirement was \$700,000 for the entire district, subsequently lowered to \$575,000 when actual bids came in lower than expected. The method of paying for the special district bond issue is by special assessment against each property within the district based on the proportion of land it occupies. This assessment is payable in annual installments over twenty years and bears interest as per "Revised Codes of Montana, 1947." The estimated cost to property owners will be \$.0971 per square foot of lot area.¹¹ Specific improvements are briefly described below. It is emphasized that at the time of this report, no improvements have been made.

Electrical Service

Montana Power Company will provide necessary power lines to the park. Each lot will reserve a minimum ten foot wide utility easement in order to provide underground service to their building. These secondary service lines must be installed underground.

¹⁰Great Falls, Montana, City Commission, A Resolution of Intention to Create Special Improvement District Number 1192 within the City of Great Falls, Montana, Resolution 6909, February 1, 1977, p. 1.

¹¹ $\$575,000 \div 5,921,000$ square feet (135.93 acres) = \$.0971 per square foot of lot area.

Gas

The Great Falls Gas Company presently has a gas line running along the north portion of the park five feet from Highway 87 Bypass. From this point, the gas company will extend lines up to individual lots with the customers paying only for connections from this line to their building.

Water and Sanitary Sewer

These utilities will be installed and provided along all the planned streets in the park. The water service will be eight inch pipe in Blocks 1 and 2, and twelve inch pipe throughout North Star Boulevard encompassing the other Blocks. Sanitary sewer mains and lift stations will be provided along with water service throughout the park. The city is providing oversized service to the park in anticipation of future growth in the area insuring park residents of sufficient capacity for their needs. It will be the responsibility of the owner to extend these services from the trunk lines into their property.

Storm Sewer

A new eighteen inch storm drain system will be installed by the City of Great Falls. Catch basins will be located in the area previously described as the one hundred year storm detention ponds. This storm drain will join the existing fifty-four inch storm drain at a point to the east and just outside the park. This fifty-four inch storm drain also holds an easement in Block 4, Lot 11 and Block 3, Lot 14 where it presently crosses within a few feet of the lot line.

Fire Protection

Adequate fire hydrants will be provided within the park and have been approved by the Great Falls Fire Department. The nearest fire station is approximately one mile away as previously described. Great Falls is presently in protection class four. The only factors which will affect the fire rating of a building within the park are its type of construction and use.¹²

Streets and Curbs

As described above, the Special Improvement District was established in part, to install concrete curbs and gutters and paving of roadways within the park. A typical section of roadway within the park will be sixty feet wide and graded to the gutters. In addition, all park land owners or tenants may be liable in the future to pay their proportionate share of the costs of installing curb, gutter and paving on the abutting portion of Thirty-eighth Street, for curb and gutter installation on the Highway 87 Bypass, and street lighting within the park. The most likely of these improvements to occur is the improvement of Thirty-eighth Street. This has been estimated by the EDC to have a projected cost to land owners of approximately \$200 per park acre when it takes place, probably within the next three or four years.¹³

¹²Interview with Mr. William Bourret, Insurance Agent, Cogswell Agency, Great Falls, Montana, April 29, 1977.

¹³Interview with Mr. Steve Buttress, Executive Director, Economic Development Corporation of Great Falls, Great Falls, Montana, April 20, 1977.

Rail

Access to rail within the park is divided into three categories, 1) complete lead rail access, 2) potential access, but no present facilities, and 3) no rail connections possible. The north side of the park (Blocks 1 and 2) is bounded by Burlington Northern Railroad track. North Park does not plan at this time to extend the required lead track onto Lots 2-6 of Block 1. However, should an industry locate in this section and desire access, the cost of the track and switching units would have to be borne by them. In the southern portion of the park, the Economic Development Corporation will extend and finance a lead track and switching unit along the twenty foot railroad easement to benefit Lots 1-4 in Block 5, and Lots 4-15 in Block 4. Owners will be required to provide their own private spur track and switch unit up to their loading dock areas. The approximate cost of the switch unit, depending on the number of degrees of turn-out involved, ranges roughly from \$7,600 to \$9,600. The private spur cost is roughly \$45 per linear foot of track.¹⁴ The remaining lots in this area, Block 5, Lots 5-16, are all in a position to provide themselves with rail service in the future, off the present main track, at their own expense. No other lots in the park will be provided with rail access.

Protective Covenants

Protective covenants have been established for North Park. The purpose of these covenants is to increase real estate values within the

¹⁴Interview with Mr. Francis Galvin, District Sales Manager, The Milwaukee Road, Great Falls, Montana, April 20, 1977.

park, provide attractive space, protect each owner's investment and provide maximum flexibility for expansion. The covenant (reproduced in Appendix C) provides for the establishment of a Development Control Board to review all activity within the park and serve as continuing management for the park. Other covenant items include site development considerations (setbacks, utilities, parking, etc.,) architectural considerations (signs, exterior lighting, etc.,) landscaping requirements, and potential future financial liabilities (future landscaping, additional hydrants, lighting, etc.,). While these covenants serve to protect both the city and land owners in the park, they may serve to restrict entry of otherwise desirable industry and unnecessarily increase an industry's development and maintenance costs.

Highest and Best Use

In developing the concept of the highest and best use for land within the development described above as the North Park Industrial Park, consideration must be given to the present use of the land itself and the land adjacent to that being considered. The land now within the park is and has been partly agricultural and recently a scrap metal yard, but now vacant. Adjacent uses were described above as agricultural and wholesale/open air storage. Additionally, the park is in close proximity to the Great Falls Livestock Center, Conoco bulk plant, and is bordered on both sides by active railroad track. The Highway 87 Bypass bisecting the park provides a steady flow of traffic, both automobiles and trucks, through the area. With consideration given to these factors the most profitable use to which this property can be put at this time is to be zoned and developed industrial.

CHAPTER III

ASSIGNMENT OF VALUES

As outlined in Chapter I, the purpose of this paper was to provide a reasonable value to the lots described as the North Park Industrial Park. We are to estimate the value of the various lots as they will stand at the completion of the improvement contracts, fully developed in terms of utilities, roads, rail, etc., but unoccupied. This estimate will help the developers determine selling prices which reflect the value of the individual parcels, and to inform prospective purchasers of individual site values in the location they are considering. A two-fold method of valuation will be used. The first approach will develop an estimation of the site value as it stood undeveloped plus the value of the site improvements which were contracted in making the lots ready for use. The second approach, the direct sales comparison approach, will compare sites within the park to other similar sites within Great Falls which have been sold in the recent past. This will aid in determining to some extent the "Market Value." As a final step in this process, the two "objective" values described above will be combined and reconciled with "subjective" factors and the opinion of the appraiser to arrive at a single per acre value for the lots.

Development Cost Approach

In the establishment of this park, certain costs have been or will be incurred in providing the improvements outlined in Chapter II.

The recovery of these costs is important to the success of the park not only to satisfy the city's obligation to repay the bond issues, but to insure the continuation of the park according to plan. Should sales continually fall below development costs, the city may be forced to pull out of the project risking its orderly development. This financing has come from many sources. The money presently committed was derived as follows:

1. Industrial Revenue Bonds for purchase of park land (an additional \$35,000 was also issued to defray finance charges).	\$ 505,000
2. Special Improvements District Bonds	575,000
3. Economic Development Administration Funds	442,500
4. City participation in oversized utility mains	<u>35,441</u>
Total Funds Committed	\$1,557,941

In allocating the cost of development, a differentiation will be made on the basis of rail access. The majority of the lots (fifty-four) within North Park are without access to rail. Another group (fifteen lots) have rail within close proximity, but will be required to extend lead track and private spurs at their own expense. The third category has direct access to the rail lead track installed by the Economic Development Corporation (EDC), but will be required to provide their own private spur track. These sixteen lots will be charged with the basic development cost that all eight-five lots must carry. In addition, they will also bear their prorata share of the cost of extending the lead rail track from which they alone benefit. The estimated costs in developing are outlined below.¹

¹Interview with Ray Young, Finance Director, City of Great Falls, Montana, April 15, 1977; Interview with Steve Buttress, Director, Economic Development Corporation, Great Falls, Montana, April 28, 1977; Great Falls (Montana) Tribune, March 9, 1977.

1. Purchase of 161.173 acres at fair market value (actual cost).	\$ 505,000
2. Installation of water and hydrant system and connection to city system (contract bid).	259,554
3. Installation of sanitary sewer and lift station in park and city service connection (contract bid).	179,577
4. Installation of the storm sewers and connection to city system (contract bid).	74,825
5. Installation of concrete curb, gutter and asphalt roads (contract bid).	299,901
6. Cost of architectural services, land survey, soil survey and miscellaneous engineering expenses (approximate cost).	110,000
7. Cost of relocating rail line which currently cuts across Block 4, Lots 10-15 to the rail easement along south edge of the park. Also includes extending this tract approximately 1,050 feet up to and including Block 4, Lot 4, (author's approximation).	37,800
Contracted development cost without rail	1,428,857
Cost estimated to extend rail lead	<u>+ 37,800</u>
Contracted development cost with rail	\$1,466,657

There is a difference of \$91,294 between this contracted development cost calculated above and the amount of funds committed to the project. This money is available for contingencies that may arise in the development. The contracts issued for the improvements were not fixed dollar contracts and they do allow for some variation in actual cost once the work has begun. Additionally, some other work within the park not previously mentioned is being considered such as street signs and some widening of existing sewer lines. Using the money allocated to the project, including contingency funds, will give an upper limit to the development cost per acre (assuming presently unanticipated problems do arise or some additional work is done).

Upper limit development cost without rail	\$1,520,141
Cost estimated to extend rail lead	+ 37,800
Upper limit development cost with rail	<u>\$1,557,941</u>

Within the park there are 135.93 acres being developed for sale. Each one of these lots will bear its prorata share of the estimated development costs. In addition, the 19.091 acres along the southern edge which benefit from the presence of the lead rail will have to bear their share of the cost of installing this line. The per acre costs calculated under the contracted and upper limit cases and with or without rail are as follows:

Contracted Costs:

\$1,428,857 ÷ 135.93 acres =	\$10,511.71
37,800 ÷ 19.091 acres =	<u>1,979.00</u>
	\$12,491.70

Upper Limit Cost:

\$1,520,141 ÷ 135.93 acres =	\$11,183.26
37,800 ÷ 19.091 acres =	<u>1,979.99</u>
	\$13,163.25

These data indicate that for the sixty-nine lots within the park that do not have direct rail access, the cost of development is in the range of \$10,511.71 - \$11,183.26 per acre. Those sixteen lots with rail have a per acre range of \$12,491.70 - \$13,163.25. While these costs do not pretend to be the market value of the parcels, they indicate the costs that have been sunk into the park. These, combined with the accrued finance charges, serve to set a price below which the lots should not be sold.

Direct Sales Comparison Approach

The direct sales comparison approach is the method most often used and is probably the best understood of the three most commonly used by appraisers. The foundation of this method is in the principle of substitution. This says that if the informed purchaser acts rationally, he will pay no more for a particular unit of real estate than the cost to him of "acquiring an equally desirable substitute property assuming no costly delay in making the substitution."² The value is estimated by comparing the sales of the recent past and interpolating them to the subject property. As popular as this method is, it is as imperfect a judge as the market it purports to measure. This is true in the case of industrial property for at least three reasons. First, unlike residential sales in Great Falls where approximately one hundred and fifty properties change hands monthly, there are few sales of industrial property in the city over the relevant period of one year. This shortage of "comparables" limits the appraisers feel for the pulse of the market. Secondly, no two properties are the same. Anything from the obvious location advantage to the subtle subsoil inadequacies can completely change the value of the property. Unless two parcels are side by side and similar in every way, they are not exactly comparable and subjective "adjustments" will have to be made. Finally, often times, especially in complicated industrial sales, there are other considerations involved in a purchase beyond the simple dollar price per acre. Ascertaining these circumstances is sometimes a difficult or impossible

²Industrial Real Estate, p. 431.

task. Again, it is the experience and judgement of the appraiser that is relied upon to establish the existence and effect of such agreements or motivations.

The direct sales approach used here will be divided into two sections as previously mentioned, those lots with and those without rail access. Three recent sales in each category have been examined and adjusted to develop "substitute" properties. Each property has been described below and its location within Great Falls pinpointed in Figure 5. The difficulty in the measurement of it is obvious. In the last section, the values observed here are reconciled with the development costs and a single estimate arrived upon for the park.

Properties Without Rail

The first comparable is described as Mark 14N, Section 36, Township 21N, Range 3E. It is triangular in shape and located north of the Great Falls Stock Car Track. It is bordered and has good access on both sides to highway, with Highway 87 on the east. The lot is 9.0 acres of raw land and sold in April 1977 for \$41,500. There is no sewer or water available on site. The site is outside of the city limits, so a septic system will need to be installed. Potable ground water is estimated to be five to six hundred feet deep with a drilling cost of \$12 to \$15 per foot indicating the necessity for using a cistern to avoid the excessive cost of a well. The estimated cost of a one thousand gallon septic system and a four thousand gallon cistern is \$7,500. This will serve a small (ten employee) user providing there are no special requirements over normal sanitary facilities.³ It is emphasized that this is

³Interview with Richard Benson, Talcott Building Company, Great Falls, Montana, May 11, 1977.

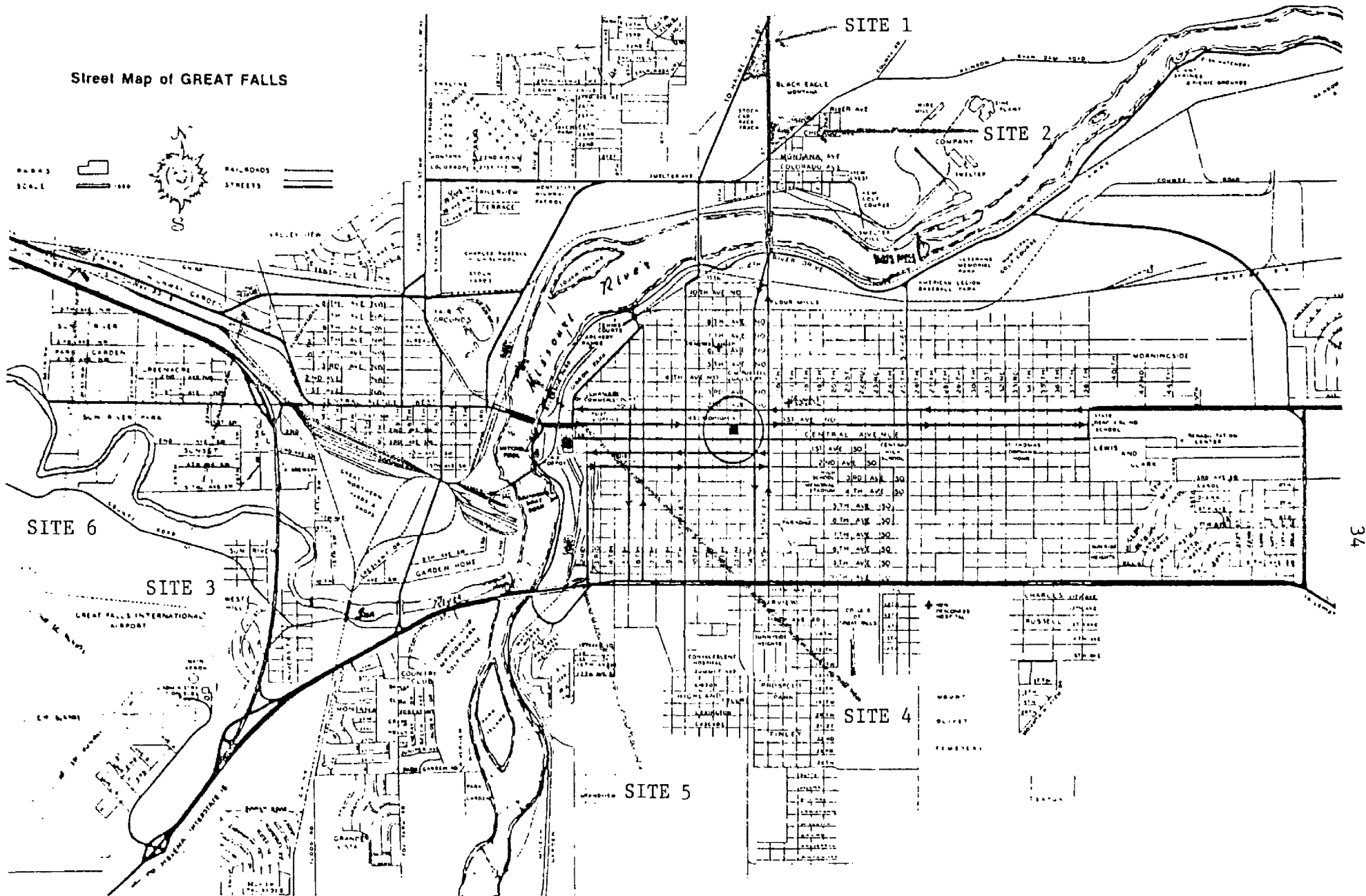


Fig 5.--Map of the City of Great Falls with Six Comparable Sites Outlined.

an estimated cost for the septic system and does not allow for any unusual soil conditions which would increase the cost. An additional cost of hauling water to fill the cistern must also be considered since it is considerably more than that charged by the City of Great Falls for regular water service. For the small system described here, an approximate use of twenty-five hundred gallons per month would be expected. The city would charge the minimum monthly amount of \$3.50 versus \$17.00 to have the twenty-five hundred gallons delivered. This amounts to a charge of \$162 per year above the city service. An adjustment of \$1,600 will be added to the cost of a hypothetical acre requiring cistern and septic service to amortize this annual excess cost over twenty years at eight percent. It should be recognized that this is a minimum adjustment based on the low usage cited. An industry hooked up to city services could use up to seventy-five hundred gallons per month and still pay only the minimum \$3.50 per month charge. Gas is available on the border as is electricity. Because of the rough terrain features, grading will be required at an estimated cost of \$12,000.⁴ The land to be graded must be rolled and compacted as it is moved to insure maximum settlement. If compaction is unsatisfactory, either pilings must be laid, or a suitable time allowed for natural settlement (up to seven years). No storm sewers will be needed as natural drainage is sufficient. Roadways, curb and gutter will need to be established to attain the maximum usage of the acreage. Approximately 12.5 percent or 1.13

⁴ Interview with Robert Yeoman, Realtor, Great Falls, Montana, May 11, 1977.

acres will be dedicated to roads at a cost of \$17,430.⁵ It is zoned light industrial and has no danger from flooding. The cost of locating in a hypothetical 1.0 acre lot in this parcel is as follows:

Land cost	\$ 4,611
Prorata share of road cost	1,937
Prorata share of grading cost	1,333
Septic and water system cost	7,500
Excess water cost capitalization	<u>1,600</u>
	\$16,981

The second site is described as Mark 13, Section 31, Township 21N, Range 4E. It is located directly east of the Great Falls Stock Car Track and north of the seventeenth addition to Black Eagle. It is roughly square with the southeastern corner taken by a blacktop county road. It is bordered on the west by U.S. Highway 87. The lot is 24.63 acres and sold in April 1977 for \$100,000. There is no sewer or water on the site, nor is it expected that Black Eagle would allow any hookup to its system. A septic system similar to the one described in site one would need to be installed. Ground water is also located below six hundred feet necessitating a cistern. Gas and electric service is available on the borders. No significant grading is necessary and natural drainage is favorable with a terrain slope of seven inches per one hundred feet of downslope. Approximately 3.08 acres will be dedicated to roadways with a cost of roughly \$47,509. The site is outside the city limits, zoned light industrial and has no danger from flooding. The cost of locating in a hypothetical 1.0 acre lot in this parcel is as follows:

⁵The cost of the road improvements have been estimated by the author using the figure of \$15,425 per acre of roads derived from the North Park project.

Land cost	\$ 4,060
Prorata share of road cost	1,928
Septic and water system cost	7,500
Excess water cost capitalization	<u>1,600</u>
	\$15,088

The third site is described as Mark 9, Section 3, Township 20N, Range 3E. It is located west of the Montana Power substation on the Northwest Bypass. It is roughly square with good access to the highway. The lot is 2.5 acres and sold in April 1977 for \$20,000. There is no sewer or water on the property at present. It borders the city limits of Great Falls, but extension of municipal utilities is doubtful at the present time. A septic system and cistern similar to that previously described will be necessary since the ground water is of poor quality in the area. Gas and electric service are available at the borders. No significant grading is necessary except that to insure proper drainage. It is located one mile from Interstate 15. No roads will be needed within the parcel as good access is already available to the Northwest Bypass. The cost of locating in a hypothetical 1.0 acre lot in this parcel is as follows:

Land cost	\$ 8,000
Septic and water system cost	7,500
Excess water cost capitalization	<u>1,600</u>
	\$17,100

Properties With Rail

The first comparable with rail facilities is described as Mark 23, Section 2, Township 20N, Range 3E. It is roughly rectangular in shape and located along the Burlington Northern tracks behind the Cascade County shops on Third Avenue Northwest. There is only one access

to the lot, a twenty foot wide dirt access road. The site is 2.36 acres and sold in November 1976 for \$41,120 to Coast Trading Company, Inc., a grain dealer. Municipal sewer, water and storm drains are available to the site as is gas and electricity. No significant grading is necessary and drainage is favorable. The present roadway is usable, but some improvements may be desired to improve its access. It is zoned First Industrial since it is located within the city limits. There is a private rail spur available from the Burlington Northern track. This spur is owned by the Burlington Northern Railroad Company but Coast Trading has full use of it. The cost of locating there is \$17,424 per acre.

The second comparable with rail is described as Mark 22D, Section 11, Township 20N, Range 3E. It is a rectangular lot of 1.30 acres sold to Devine & Asselstine, Inc., at 501 River Drive for \$22,500 in October 1976. There is good access by gravel road from River Drive. The site is level with city water, sewer and storm sewer as well as gas and electricity. It is zoned First Industrial. A Burlington Northern spur runs along the east edge of the lot. This spur is owned by Burlington Northern but Devine & Asselstine has full use of it. The land is located within the five hundred year flood plain, but has no building restrictions associated with that. The cost of locating there is \$17,424 per acre.

The third comparable with rail is described as Marks 2-4, Section 4, Township 20N, Range 3E. It is roughly a rectangular shape of 2.979 acres sold in March 1977 for \$27,000. It is located west of the Bair Truck Stop within the area known as the Park Highway Garden Tract. The site is not within the city limits and therefore does not have sewer,

water or storm drainage. A system similar to that mentioned for sites 1-3 needs to be installed. Gas and electric services are available to the site. No significant grading is necessary. Good access is available to the Northwest Bypass, and the site is less than one mile from Interstate 15. A spur track is provided from the Milwaukee Road track. This spur was previously used by the Western Grain Exchange until it burned down several years ago. The track suffered some damage from that fire and has since had the switch unit removed. To prepare it for rail use, a new switch needs to be installed and the track repaired. The railroad may be willing to do this depending on the tenant. The site is zoned light industrial. The cost of locating in a hypothetical 1.0 acre lot at this site is as follows (assume Milwaukee Road provides the track improvements):

Land cost	\$ 9,063
Septic and water system cost	7,500
Excess water cost capitalization	<u>1,600</u>
	\$18,163

Adjustments

The lots within North Park vary from .661 to 14.994 acres. It is difficult to directly compare the above unimproved sites to a lot within North Park without the acreage of that lot. The reason for this is that the cost of the septic system and cistern does not vary with lot size, but with the number of employees and proposed use. To more accurately compare the unimproved sites to a particular lot in North Park, adjustments need be made to the land cost as well as the road and grading costs, if any.

Reconciliation of Values

Throughout the paper it has been emphasized that the final estimate of value would be a subjective one. At this point, the two approaches described above will be combined and analyzed, the advantages and disadvantages of each site will be considered in the light of its recent sales price, and the subjective estimation made.

Of the many factors considered here, the cost factors are the most obvious. In this regard, only two of the six sites were very similar to North Park. Four sites were without sewer, storm drainage and water services. An estimate was made for the installation of a minimum sized septic and water system, and for the excess cost of hauling water to the sites. The unknowns here are things such as possible future city annexation making the system obsolete, an expansion of the business necessitating the costly installation of a new system or expansion of the old system, and the problems encountered in the operation of a septic system. The flexibility a growing business needs is lacking with this type of arrangement. Grading was required on one site and this could have tremendous impact on its usefulness. This same site also has somewhat of a disadvantage in that it is triangular shaped, limiting its uses. Another site is located within the five hundred year flood plain. While there is usually little concern over such a location, businesses that are sensitive to the danger of a flood may find this site unusable. Another factor impacting on the cost of locating is time. The Principle of Substitution stresses that "no costly delay" can be encountered. Sites 1, 2, 3, and 6, are all raw land months away from being prepared for occupancy.

From a strictly financial view point, those sites outside of the city limits offer the advantage of lower taxes. For the hypothetical \$1,000 per acre land value described in Chapter II, county taxes would be \$6.83 per acre less than city taxes. An offsetting disadvantage would be the adoption of the MELDA act previously described. This would heavily favor developments in designated industrial parks. The city has also offered to issue Industrial Revenue Bonds to support firms locating within the park. Both of these items could significantly decrease the initial dollar cost of locating in North Park.

Final cost considerations are restrictive covenants. While some industries resent restrictions requiring the expenditure of dollars on landscaping and screening of trash removal areas, most welcome them. They find that the enforcement of restrictions including setbacks, side yards, landscaping and ground ratios protect the long term value of their facility and present a more stable impression to lending institutions.⁶ Industries that resent these covenants will find locations outside North Park more to their liking.

Great Falls is a relatively small city but serves as the hub for a very large area. For this reason, the demand factors are not as important as they might otherwise be. A supplier serving North Central Montana has little choice but to locate in Great Falls. However, for those goods which require the consumer to come to the business, access is very important. Some firms need to be where large farm machinery can easily reach them, and others need only be where the traffic count is high. For these reasons it is difficult to make a flat statement

⁶Evans, "Industrial Park Development," pp. 239-40.

declaring that one site has better access and location than another. However, there are some advantages to be noted. Sites 1 and 2 have good access to Highway 87 northeast, but poorer access to points east and south of Great Falls. Site 3 has good access to Interstate 15 north-south, but poorer access to Great Falls itself, and other roads out. Site 4 has poor access into the parcel itself as only a twenty foot easement is provided for both in and out traffic. Additionally, the site is in a congested area that would make use by large trucks cumbersome. Site 5 has good access to Great Falls itself and Tenth Avenue South, but poorer access to the highways leading out of the city. Site 6 is similar to Site 3 in that it has good access to the Interstate, but poorer overall access to other areas. Again, it is emphasized that these are general statements. The desirability of each site can only be determined after evaluating each site in light of the needs of the particular business considering it.

One final factor worth mentioning here is the complementarity of business locating in a single park. As previously mentioned, financial institutions often look more favorably on industries located in a park. Location within an industrial park offers some strength to an industry's position as related to common problems within the community. A united front of twenty or thirty industries can have a more formidable political influence in such matters as taxation, zoning and utilities within the community than could one industry standing alone. Similarly, being near other businesses people frequently visit, and in a location that is recognized and easily located, is particularly important in Great Falls which derives much of its business from out of town customers.

Rail

At the outset of this project, and in fact up until now, it was assumed that there were two types of properties for valuation purposes, those lots with and those without rail. It was felt that the land along the south border adjacent to the rail lead to be extended by the EDC would naturally be more valuable. The landowner that expected to utilize the rail would certainly be expected to pay for the "advantage" of being adjacent to it. After conducting this research, one may now question if this price/location relationship is valid.

Two of the comparables cited above, sites three and four, were purchased from the Burlington Northern Railroad. These sites came with sewer, water and storm drainage and in many ways were similar to the rail sites in North Park. The difference, however, is a significant one. The Burlington Northern Railroad sites come with rail spurs adjacent to the lots. These spurs are the property of the railroad, but the landowner has full use of it. The North Park sites that have been considered as "with rail" do not have these spurs. A firm locating in North Park would be required to build, at their expense, a private spur in from the EDC lead track of approximately 100 feet of track. This would involve an additional cost of approximately \$12,000. It is true that this would then be "their" spur, but for a rail using industry, it seems to make little difference whether the track belongs to them or the railroad. Not every industry, however, automatically qualifies to purchase a Burlington Northern Railroad rail site. Burlington Northern requires a heavy rail traffic picture before they will consider selling land and rail spur use rights. For the heavy rail user, the Burlington

Northern sites seem to offer most everything North Park offers and cheaper. The impact this has on the appraisal is to equal out any price differential the rail lots may have had. If rail lots with spurs are available from Burlington Northern at approximately \$17,500 per acre, then to attract a rail user to a North Park lot without the spur would mean selling the lots for less than the development cost. Needless to say, this would not be popular with the stock and bond holders. There may be a market for rail lots from those industries classified as light users who could not purchase a Burlington Northern site, but it is questionable whether they would want to spend a large amount of money for a service they will not heavily use. If the Milwaukee Road or the EDC agreed to extend private spurs at their expense similar to the Burlington Northern, this would change this conclusion. However, this possibility aside, the lots along the rail should have no higher value than any other lot in the park since the existence of the rail lead is of no consequence.

CHAPTER IV

CONCLUSION

The value of land has been described as being the fusion of many factors. These factors have been presented here in an attempt to evaluate their impact on the estimation of the market value. Chapter II described North Park and Chapter III described those sites thought to be "comparable" to it. The cost and demand factors that account for the differences between sites were outlined. While as many of the tangible factors were described as possible, there are always those intangibles that make the difference. The sites at North Park have both of these. An industry choosing to locate there has all utilities in place, usable lots of various sizes, good access, level terrain, full city backing of the project and the complementarity of being in an area where other businesses are located. Taking all these factors into account, the results of this research indicate that the market value of the North Park Industrial Park, as of May 1, 1977, was

Twenty-One Thousand Dollars per acre.

Areas for Further Study

Based on this research it is recommended that the following areas be more fully studied:

1. An inventory should be accomplished for industrial land within Great Falls to determine the extent of the comparable

sites being offered for sale. Particular emphasis in this inventory should be paid to the existence of parcels served by rail.

2. It should be determined if in the light of this study, the money should be spent at the present time by the EDC to install the lead track. The estimated \$38,000 that will be spent on the rail will be paid for, to some extent, by everyone in the park, but will be used by no one. The land should be set aside and the option should be kept open to install the track when it becomes economically feasible.
3. A study should be conducted to determine if the Milwaukee Road is the railroad that will provide the most service to North Park's prospective customers. It may be that the lots in Block 1 that border the Burlington Northern Railroad are of more value because of the larger service area of the Burlington Northern.

APPENDIX A

Zoning Ordinance of the City of Great Falls
Pertaining to Industrial Districts

4-9-9: FIRST INDUSTRIAL DISTRICTS: In any First Industrial District, except as hereinafter provided, no building or premises shall be used and no building shall be erected or altered for any of the following specified trades, industries or uses:

1. Abattoirs.
2. Acetylene gas manufacture.
3. Acid manufacture.
4. Ammonia, bleaching powder or chlorine manufacture.
5. Arsenal.
6. Asphalt manufacture or refining.
7. Blast furnace.
8. Boiler works.
9. Brick, tile or terra cotta manufacture.
10. Candle manufacture.
11. Celluloid manufacture or treatment.
12. Coke ovens.
13. Crematory.
14. Creosote treatment or manufacture.
15. Disinfectant, insecticide or poison manufacture.
16. Distillation of bones, coal or wood.
17. Dyestuff manufacture.
18. Emery cloth and sandpaper manufacture.
19. Fat rendering.
20. Fertilizer manufacture.
21. Fish smoking and curing.
22. Forge plants.
23. Gas (illuminating or heating) manufacture.
24. Glue, size or gelatine manufacture.
25. Gunpowder manufacture or storage.
26. Fireworks or explosives manufacture or storage.
27. Incineration or reduction of garbage, dead animals, offal or refuse, except for municipal purposes.
28. Iron, steel, brass or copper works or foundries.
29. Lamp black manufacture.
30. Lime, cement or plaster of paris manufacture.
31. Oil cloth or linoleum manufacture.
32. Oil, rubber or leather goods manufacture.
33. Ore reduction.
34. Paint, oil shellac, turpentine or varnish manufacture.
35. Paper or pulp manufacture.
36. Petroleum refining or storage.
37. Potash works.

38. Printing ink manufacture.
39. Pyroxylin manufacture or the manufacture of articles therefrom.
40. Round house.
41. Rock crusher.
42. Rolling mill.
43. Rubber or gutta perscha manufacture. (Tire recapping plant)
44. Salt works.
45. Sauerkraut, sausage or bologna manufacture.
46. Ship yard.
47. Shoe blacking manufacture.
48. Smelters.
49. Soda and compound manufacture.
50. Stock yards.
51. Stone mill or quarry.
52. Stove polish manufacture.
53. Sulphuric, nitric, hydrochloric or picric acid manufacture.
54. Tallow, grease or lard manufacture or refining.
55. Tanning, curing or storage of leather, rawhide or skins.
56. Tar distillation or manufacture.
57. Tar roofing or waterproofing manufacture.
58. Tobacco (chewing) manufacture or treatment.
59. Vinegar manufacture.
60. Wool pulling or scouring.
61. Yeast plant.
62. And in general those uses which have been declared a nuisance in any court of record or which may be noxious, or offensive by reason of emission of odor, vapor, dust, smoke, gas or noise.

4-9-10: SECOND INDUSTRIAL DISTRICTS: In any Second Industrial Districts any premises or building may be used for any purpose whatsoever, provided the present or hereafter adopted laws of the City, including the Chapter regulating the erection and operation of nuisances are complied with.

APPENDIX B

Legal Description of the
North Park Addition

NORTH PARK ADDITION AND A PORTION OF THE U.S.
HIGHWAY 87 BY-PASS, more particularly described
as follows:

A tract of land located in Sections 3 and 4, Township 20
North, Range 4 East, P.M.M., Cascade County, Montana, and
more particularly described as follows:

Commencing at the Northwest corner of Section 4,
T20N, R4E, P.M.M., thence along the West line
of said Section 4, South $0^{\circ} 30' 28''$ East, 420.14
feet; thence South $89^{\circ} 17' 06''$ East, 475.44 feet
to a point on the Southerly Right-of-Way line of
the Burlington Northern Railroad spur line, the
true point of beginning; THENCE following said
Southerly Right-of-Way line, South $89^{\circ} 17' 06''$
East, 598.44 feet; thence North $0^{\circ} 42' 54''$ East,
12.50 feet; thence South $89^{\circ} 17' 06''$ East, 1444.61
feet; thence leaving said Southerly Right-of-Way
line, South $0^{\circ} 11' 16''$ East, 1353.85 feet to a
point on the Southerly Right-of-Way line of the
U.S. Highway 87 By-Pass; thence following said
Southerly Right-of-Way line, South $89^{\circ} 10' 00''$
East, 2251.66 feet; thence South $75^{\circ} 07' 52''$ East,
41.23 feet; thence South $89^{\circ} 10' 00''$ East, 698.40
feet; thence along a 778.80 foot radius curve to
the right, an arc distance of 39.45 feet; thence
leaving said Southerly Right-of-Way line, following
a line 100.00 feet Westerly of and parallel to the
centerline of the C.M. St.P. & P. Railroad Company
spur tract, South $4^{\circ} 04' 59''$ West, 260.85 feet;
thence following a line 100.00 feet North-
westerly of and parallel to the centerline
of the said spur line, along a 378.34 foot
radius curve to the right, an arc distance
of 527.09 feet; thence following a line 100.00
feet Northerly of and parallel to the centerline
of the C.M.St.P. & P. Railroad Company main
tract, South $83^{\circ} 54' 20''$ West, 617.21 feet;
thence leaving said 100.00 foot parallel line,
North $89^{\circ} 10' 00''$ West, 2554.88 feet; thence
North $0^{\circ} 50' 00''$ East, 100.00 feet; thence
North $89^{\circ} 10' 00''$ West, 159.90 feet; thence
South $68^{\circ} 05' 32''$ West, 1531.93 feet; thence

following a line 110.00 feet Northerly of and parallel to the centerline of the C.M.St.P. & P. Railroad Company main track, South $83^{\circ} 53' 02''$ West, 411.18 feet, thence leaving said 110.00 foot parallel line, South $0^{\circ} 30' 28''$ East, 60.29 feet; thence South $83^{\circ} 53' 02''$ West, 40.19 feet; thence following the West line of said Section 4, North $0^{\circ} 30' 28''$ West, 1768.31 feet to a point on the Northerly Right-of-Way line of the U.S. Highway 87 By-pass; thence following said Northerly Right-of-Way; South $71^{\circ} 02' 30''$ East, 503.01 feet; thence leaving said Northerly Right-of-Way line, North $0^{\circ} 26' 51''$ West, 1032.30 feet to the true point of beginning containing 166.263 acres EXCEPTING THEREFROM a tract of land in Section 4, T20N, R4E, P.M.M., described as follows: Commencing at the Northwest corner of Section 4, T20N, R4E, P.M.M., thence along the West line of said Section 4, South $0^{\circ} 30' 28''$ East, 1696.93 feet; thence South $89^{\circ} 10' 00''$ East, 840.00 feet to a point on the Southerly Right-of-Way line of the U.S. Highway 87 By-pass, the true point of beginning; THENCE following said Southerly Right-of-Way line, North $89^{\circ} 03' 40''$ East, 19.88 feet; thence along a 2925.00 foot radius curve to the left, an arc distance of 334.93 feet; thence leaving said Southerly Right-of-Way line South $0^{\circ} 30' 28''$ East, 611.27 feet; thence North $89^{\circ} 10' 00''$ West, 350.00 feet; thence North $0^{\circ} 30' 28''$ West, 658.97 feet to the true point of beginning, containing 5.090 acres. The total acreage in the land to be annexed herein described is 161.173 acres.

APPENDIX C

NORTH PARK
PROTECTIVE COVENANTS

1. PURPOSE

The Northeast Industrial Park Corporation of Great Falls (the Developer) has caused to be prepared a final plat of the "North Park Addition" dated November 15, 1976 and accompanying documents as approved by the City Commission of the City of Great Falls for improvement and development of North Park Addition (the Park). In conjunction with the plat of the Park, the Developer has set forth these covenants for the mutual benefit of its future purchasers and tenants. The purpose of these covenants is to guide the location and development of land uses within the Park, to protect and enhance the character and values of Park properties, and to recognize the importance of aesthetic as well as strictly economic considerations in site development plans.

2. GENERAL PROVISIONS

2.1 Development Control Board:

A Development Control Board (the Board) shall be appointed by the Developer to review all planned improvements on the property and to insure compliance with these covenants. The Board shall consist of five (5) members, each of whom shall serve one year terms and one (1) of whom shall be a property owner in the Park. The Board shall meet at the call of the Developer to assure prompt review of plans, and shall keep written minutes of its deliberations and findings. Minutes of the Board's meetings shall be filed with the Great Falls City-County Planning Board and the Clerk of the Commission of the City of Great Falls. The Board shall adopt by-laws to govern its operations.

2.2 Review Procedure:

No building, fence, wall, sign, advertisement, road, loading facility,

storage facility, parking area, site grading, landscaping, disposal facility, or any other improvement shall be constructed or added to, excepting changes made inside a building, without the written approval of the Board. Complete detailed plans and specifications for the proposed improvements, showing the nature, kind, shape, dimensions, materials, colors, lighting, siting, grading and landscaping or alterations to existing facilities shall be submitted to the Board for review. If approval is granted, a copy of the plans and specifications shall be retained on file by the Board. The Board reserves the right to refuse approval of any plans, specifications, or proposed land uses if such improvements are found to be contrary to the best interests of the Park.

Following completion of the project the owner shall furnish the Board a complete set of as-built drawings showing exact field location of all improvements, including below grade installations.

2.3 Acceptance of Covenants:

Each landowner or tenant within the Park agrees to abide by all regulations set forth in this covenant in developing and maintaining his property. These covenants apply to all lots within the Park, with the exception of Lot 1, Block 1.

2.4 Amendments, Modifications, and Termination:

The regulations as set forth in this covenant shall remain in effect until January 1, 2027 unless they are amended prior to that date by the procedure below. These covenants may be amended, modified, or terminated by a written declaration of the Developer, accompanied by statements of concurrence by owners of a majority of the net saleable acres within the Park, provided that such amendment, modification or termination shall not retroactively affect improvements previously installed under this covenant.

2.5 Inspection:

The Board shall have the right, at any reasonable hour and upon due notice, to enter and inspect any property for compliance with these covenants.

2.6 Enforcement of Regulations:

When and if a property owner is found to be in violation of the covenants as herein described, he shall be served notice of the deficiency by the Board and given thirty (30) days to make any necessary corrections. If the violation persists beyond the thirty (30) day period the Board shall have the authority to correct the condition at the owner's expense and to take such legal action as it deems appropriate.

2.7 Variances:

Variances from these covenants may be allowed by the Board at its discretion. Variance applications should be submitted to the Board and shall include plans and specifications as described in Paragraph 2.2 above. The Board's written approval shall be obtained prior to commencing work on the project. The Board shall have no authority to grant variances from any item in Section 4 of these covenants without the consent of the City of Great Falls.

2.8 Speculative Purchases:

These sites are being sold by the Developer with the expectation that the purchaser will, in a timely manner, construct a building and improve the lot according to the approved plans. Building permits for such construction and improvement must be secured within twelve (12) months of the closing date of the purchase of the site and construction must be completed within 24 months of the closing date, or the Developer may, at its option, repurchase the land from the purchaser at the original purchase price.

2.9 Occupancy Permits:

If a building is occupied by a tenant or owner other than the original tenant, for whom the building, parking, and traffic pattern were designed and approved, the new owner or tenant must submit application to the Board for an occupancy permit. The application must include detail on the requested use of the facility, along with information on the frequency of expected traffic and anticipated parking requirements. The purpose of this procedure is to assure that the facility, traffic flow, and parking of the original facility will handle the new occupancy requirements. The Board may require modification of improvements before issuing such permit. No new occupancy may take place without such permit.

2.10 Waiver of Invalidation:

Invalidation by court adjudication of any provision of these covenants shall affect only that provision, and all other provisions shall remain in full force and effect.

2.11 Most Restrictive Regulation Governs:

When there is a conflict between these covenants and any City ordinance, State or Federal statute or regulation, the most restrictive regulation will apply.

3. DEVELOPMENT STANDARDS

3.1 Site Considerations:

3.1.1 Site Size:

The minimum site size shall be one (1) acre. There is no maximum site size restriction. Subdivision of any lots must first be approved by the Board and done in accordance with the applicable subdivision and platting regulations of the City of Great Falls and the State of Montana.

3.1.2 Site Coverage:

The maximum portion of a site that may be covered by buildings shall be forty (40) per cent.

3.1.3 Setbacks:

All buildings shall be set back a minimum of fifty (50) feet from the right-of-way line of the road which provides access to the property. This shall be designated the front of the property. The rear of the property shall be located opposite the front. There is no minimum rear setback, however, any applicable easements shown on the plat of North Park or mentioned in Section 3.1.5 must be recognized. The remaining boundaries of the property shall be designated the sides. All buildings shall be set back a minimum of twenty (20) feet from the side property lines.

3.1.4 Lots Abutting Highway 87 Bypass:

Direct access from U.S. 87 is prohibited. Lots adjacent to Highway 87 must have a fifty (50) foot setback from the highway right-of-way, and such setback must be landscaped.

The Board shall have no authority to grant a variance from this section (3.1.4) without the written concurrence of the Director of Highways of the State of Montana.

3.1.5 Utility Easements:

A ten foot wide utility easement shall be reserved on each side lot line. If several lots are purchased by a common owner, and combined into one site, these utility easements will be reserved only for the external side lot lines, unless utility construction has already been completed on what would be internal lot lines. In that case, the easements will be permanent.

3.1.6 Parking:

On street parking is prohibited. All parking must be contained in parking areas specifically designed and maintained for that purpose. Parking areas shall be set back a minimum distance of ten (10) feet from side property lines. Customer parking only is permitted within fifty (50) feet of the front property line. All parking and driveway areas shall be paved. Setback areas around parking shall be landscaped with trees, ground cover, and shrubbery with due consideration being given to providing adequate sight clearance at intersections and access points. Screening of parking areas by use of landscaped berms is strongly encouraged.

Parking standards and criteria shall be identical to those adopted by the City of Great Falls.

3.1.7 Site Grading:

Site grading shall be designed to provide for storm water detention, and to avoid alteration of detention characteristics of lots. Also, no excavation for stone, gravel or earth shall be permitted unless such excavation is made in connection with the erection of a building or construction of facilities or a landscape feature as part of a project approved by the Board.

3.1.8 Telephone and Electrical Services:

All secondary electrical service lines and telephone lines to buildings shall be underground. Transformers and switches placed above grade shall be screened from view with landscaping. Expenses for underground service and landscaping shall be born by the property owner. The property owner shall obtain and submit to the Board as-built plans showing location of underground utilities on his property.

3.2 Architectural Considerations:

3.2.1 Architectural Standards:

The front of all buildings shall include some treatment with finish materials such as, but not limited to, stone, brick, glass, or wood, in order to enhance the buildings' appearance.

3.2.2 Moving Structures:

Previously used structures may not be moved onto the property as part of any development. However, new structures which are pre-manufactured and designed for transportation to the use site will be allowed following approval of the Board.

3.2.3 Signing:

The management of signs and graphics on individual lots within North Park is intended to accomplish the following:

- be expressive of the individual proprietor's identity, at the same time being controlled in such a way that they become a hallmark of the Park, giving it a distinctive character and reinforcing the character of the place.
- be appropriate to the type of activity to which it pertains, recognizing that careful use of color, lighting and materials in sign fabrication can contribute to quick and easy communication of information spelled out by letters and symbols.
- be compatible with the visual character of the area surrounding it in order to achieve more aesthetically pleasing graphics and more effective graphics whose messages can readily be perceived and accepted.
- be legible in the circumstances in which they are seen recognizing that graphic effectiveness is a function of dynamic visual acuity - how people see when they are in motion, which

depends upon how fast they are moving and the number of lanes of traffic.

Signs on individual lots shall conform with the following:

- graphics are permitted on any side of a building facing an abutting right-of-way.
- no more than 10 items of information⁽²⁾ may be displayed to each right-of-way.
- no more than 30 per cent of a signable wall⁽¹⁾ area may be covered.
- wall graphics may be attached flat to or pinned away from the wall, and may not project from the wall by more than 12 inches.
- there is no limit to the height of a wall sign except that no signs shall be permitted on the roof or projecting above the roof line.
- no projecting (perpendicular to the wall) signs shall be permitted.
- ground graphics must not exceed fifty (50) square feet in size or twenty (20) feet in height if facing Highway 87 Bypass, or twenty-five (25) square feet in size or sixteen (16) feet in height if facing an internal Park street. The permitted ten (10) items of information may be split between wall and ground graphics.
- illumination by bare bulbs or flames is not permitted.
- flashing or moving signs are not permitted.
- graphics illuminated by floodlight (or spot light) must be positioned in such a manner that none of the light spills over onto an adjoining property or glares or shines into the eyes of motorists and pedestrians.
- illumination by a light source not seen directly is permitted.

- illumination by a light source connected or contained within the graphic which becomes visible in darkness by shining through a translucent surface is permitted.
 - bent neon tube illumination is permitted.
 - banners (other than State or National flags) fluttering devices and other wind or mechanically propelled displays are prohibited.
 - temporary signs, including window signs, are permitted only upon approval of the Board which shall specify the condition and time constraints of each sign. No establishment shall be permitted more than 21 days of temporary signage per year. No temporary sign shall exceed six (6) square feet in size.
1. "Signable wall area" of the building means an area of the facade of the building up to the roof line which is free of windows and doors or major architectural detail. The person displaying the wall graphic may determine the signable area by choosing one such area on the building facade, and by then calculating the number of square feet which are enclosed by an imaginary rectangle or square which is drawn around this area.

In calculating the signable wall area of a building which may be used for wall graphics the following provisions also apply:

- (a) if the graphic is enclosed by a box or outline, the total area of the graphic, including the background, is counted as part of the signable area.
 - (b) if the graphic consists of individual letters, only the area of the letters is counted as part of the signable area.
2. An "item of information" means any of the following: a word; an abbreviation; a number; a symbol; a geometric shape.

In computing items of information, the following lettering is not to be included:

- (a) lettering less than three (3) inches in height, if it is contained in a wall graphic;
- (b) letters less than nineteen (19) inches in height carved into or securely attached in such a way that they are an architectural detail of a building, provided:
 - (1) they are not illuminated apart from the building, are not made of a reflecting material, and do not contrast sharply in color with the building; and
 - (2) do not exceed one (1) inch in thickness.

3.2.4 Exterior Lighting:

Exterior lighting within individual sites shall be permitted. Fixtures shall be attractive in appearance and of architectural styling. The owner should strive for unity in selecting light fixtures.

3.3 Landscaping Considerations:

3.3.1 Landscaping Standards:

The front yard setback area of each site shall be landscaped with trees, lawn, ground covers, and shrubbery in such a manner as to enhance the site and building appearance. All unpaved area not used for parking, outdoor storage, or other integral business use, shall be landscaped in a similar manner. Parking areas shall be landscaped to improve the view from streets and neighboring properties. Mass plantings of trees and shrubs shall be weed free.

3.3.2 Maintenance:

The property owners shall each maintain their grounds with a

neat and trim appearance.

During construction it shall be the responsibility of each lot owner to insure that construction sites are kept free of unsightly accumulations of rubbish and scrap materials, and that construction materials, trailers, shacks and the like are kept in a neat and orderly manner.

3.3.3 Outdoor Storage Areas:

Outdoor storage of unsightly materials shall be visually screened from streets and adjacent properties. The screen shall be opaque and shall extend a minimum of two (2) feet above the highest point of material stored. Such screen shall have a maximum height of eighteen (18) feet. Outdoor storage areas shall not be permitted on a side of a site having street frontage.

3.3.4 Outdoor Display Areas:

Outdoor display of new or used equipment or products will be permitted. These areas must be landscaped in accordance with the guidelines set forth for parking in Paragraph 3.3.1.

3.3.5 Refuse Collection Areas:

All outdoor refuse collection areas shall be visually screened from streets and adjacent property by an opaque screen. The screen shall extend two (2) feet above the highest point of refuse. Refuse collection areas shall not be permitted on a side of a site having street frontage.

3.4 Nuisances:

No portion of the property shall be used in such a manner as to create a nuisance to adjacent sites. Nuisances shall include, but not be limited to, vibration, sound, electro-mechanical disturbances, electro-

magnetic disturbances, radiation, air, water or light pollution, and emission of toxic, noxious or odorous matter.

4. POTENTIAL FUTURE LIABILITIES

4.1 Fire Hydrants:

In the event that the Fire Chief of the City of Great Falls determines that a particular site requires an additional fire hydrant(s) and water mains appurtenant thereto, the landowner or tenant agrees to have such hydrant and mains installed at his expense.

4.2 Lighting Expense:

Landowners or tenants agree to waive their right of protest to, and pay their proportionate share of street lighting expense or of a Special Improvement District or Special Lighting District assessment for street lighting within the Park.

4.3 Landscape Maintenance:

Landowners or tenants agree to pay their proportionate share of the maintenance costs for the median strips in the boulevard entrances, and for the common landscaping around Park entry ways.

4.4 38th Street Curb, Gutter, and Paving:

All Park landowners or tenants agree to pay their proportionate share of the costs of installing curb and gutter and paving and all work appurtenant thereto on the abutting section of 38th Street, when such improvements are deemed necessary by the City Director of Public Works.

4.5 Highway 87 Bypass Curb and Gutter:

All Park landowners or tenants agree to pay their proportionate share of the City's share of the cost of curb and gutter installation on Highway 87 Bypass.

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