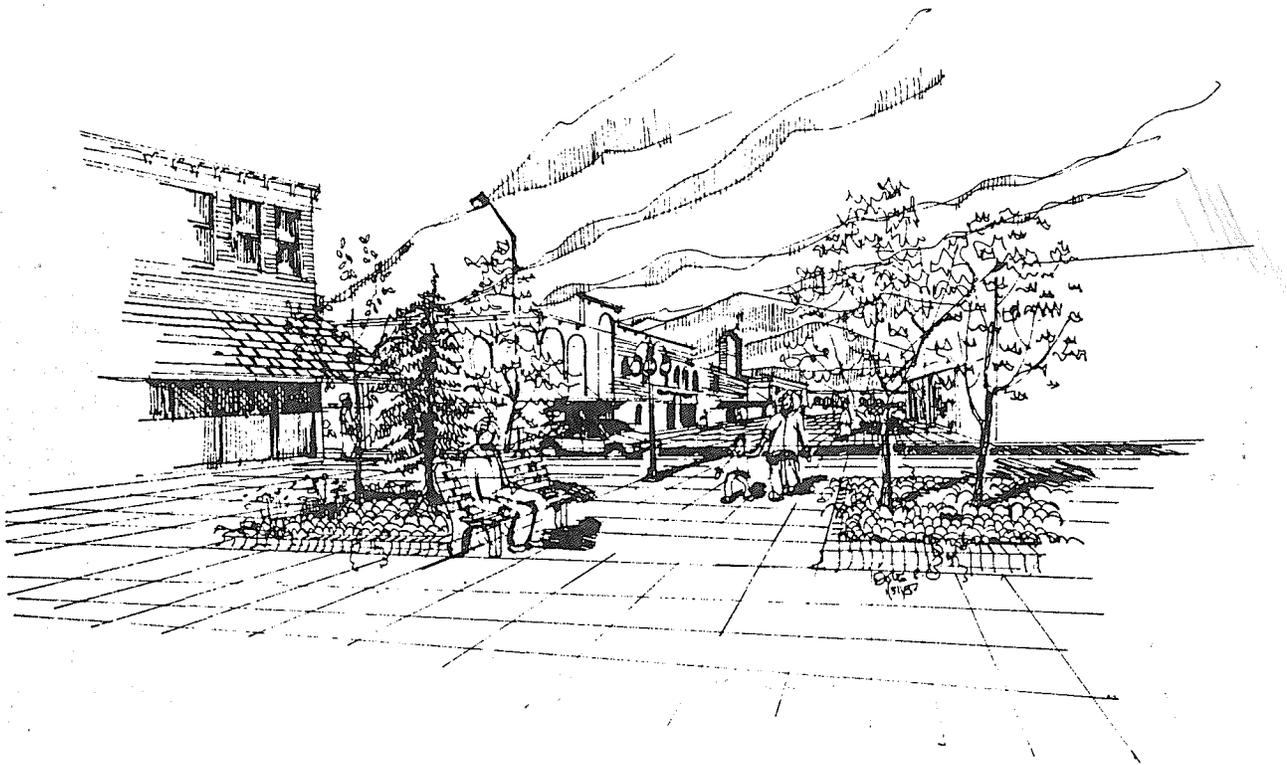


# THE CITY OF WHITEFISH URBAN RENEWAL PLAN



MARCH 1987

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Prepared by Ralph Freedman  
Whitefish City Manager  
March 1987

## INTRODUCTION

The City of Whitefish is a community that must confront many complex issues during the next several years. The direction of Whitefish will be determined in large part by how successful these issues are addressed. From a city that incorporated in 1905 until today, the reasons for its growth were predominantly dependent on its location and the recreational resources of the area.

In the early years of its existence, Whitefish could be best described as a railroad town. It had the highest ratio of railroad employees to population of any city on the Great Northern System. In 1925, the railroad payroll in Whitefish exceeded \$1.6 million. The lumbering industry and to a smaller degree, dairying, were also somewhat important to the city's economy. Technological changes in locomotives led to the movement of the Division point from Whitefish to Spokane after 1950. Despite maintaining its importance as a major terminal point, Whitefish saw railroad manpower and investments diminish when it was no longer the Division point.

Fortunately, the tourism industry began its important contribution to the Whitefish economy in 1947 with the opening of the Big Mountain Ski Resort. That opening marked the start of Whitefish's dependence on tourism as its major industry. Tourism gradually increased over the years and now has a much greater economic impact on Whitefish than does the railroad industry.

The problems of being a tourism community are different than the problems that confront most other communities in this state. The need to supply a higher level of services and infrastructure are critical because Whitefish must continue to provide an environment that attracts tourists to this community. This Urban Renewal Plan will address many of the improvements that Whitefish must undertake in order to continue their economic well-being. The outward appearance and the economic stability of Whitefish will be important reasons why tourists will continue to be attracted to this community. This plan will outline some of the needed improvements in order to provide city leaders with a framework for future growth, redevelopment and revitalization, and how this community can finance these improvements.

The median age of the Whitefish Population has increased from 30.5 in 1970 to 31.1 in 1980. This figure may be somewhat misleading because it tends to distort possible trends that may be happening in Whitefish. The retirement of many former railroad workers in Whitefish has had a significant impact on the median age of this community. The lessening impact of the railroad on Whitefish should cause the median age of Whitefish residents to stabilize and perhaps decrease in the next several decades.

It is interesting to note that 21.4% of the Whitefish population was between 20 and 39 in 1970 and 34.8% of the Whitefish population was in this category in 1980. This may be a trend to watch during the next ten years. Once again, the ability of the Whitefish community's success in addressing a framework for future growth, redevelopment, revitalization and job creation could indirectly affect many demographic trends in the future. By providing a community that is progressing forward in several areas, the creation of job opportunities will attract young people to Whitefish.

AGE GROUPS  
WHITEFISH  
1970 & 1980

Age	1980				1970			
	Male	Female	T	%	Male	Female	T	%
0-4	143	105	248	6.7	147	141	288	8.6
5-9	134	138	272	7.3	175	136	311	9.3
10-14	108	107	215	5.8	166	189	355	10.6
15-19	145	114	259	7.0	180	157	337	10.1
20-24	174	180	354	9.6	71	115	186	5.6
25-29	168	179	347	9.4	101	80	181	5.4
30-34	196	171	367	9.9	86	92	178	5.3
35-39	110	107	217	5.9	71	98	169	5.1
40-44	86	81	167	4.5	93	96	189	5.6
45-49	65	92	157	4.2	108	86	194	5.8
50-54	95	84	179	4.8	105	119	224	6.7
55-59	103	96	199	5.4	78	80	158	4.7
60-64	92	114	206	5.6	66	85	151	4.5
65-69	64	81	145	3.9	48	67	115	3.4
70-74	49	74	123	3.3	48	66	114	3.4
75-79	35	67	101	2.7	45	50	95	2.8
80-84	28	48	77	2.1	30	30	60	1.8
85+	15	55	70	1.9	25	19	44	1.3
<b>TOTAL</b>	<b>1,810</b>	<b>1,893</b>	<b>3,703</b>	<b>100.0%</b>	<b>1,643</b>	<b>1,706</b>	<b>3,349</b>	<b>100.0%</b>

Source: U.S. Census

## DEFINITIONS

The following terms used in this document shall have the following meanings unless a different meaning is clearly indicated by the context:

1. "AGENCY" or "URBAN RENEWAL AGENCY" shall mean a public agency created by the local governing body as allowed by 7-15-4232.

2. "BLIGHTED AREA" shall mean an area which is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency and crime; substantially impairs or arrests the sound growth of the city or its environs; retards the provisions of housing accommodations; or constitutes an economic or social liability and/or is detrimental or constitutes a menace to the public health, safety, welfare, and morals in its present condition and use.

3. "BONDS" shall mean any bonds, notes, or debentures (including refunding obligations) herein authorized to be issued.

4. "CLERK" shall mean the clerk or other official of the municipality who is the custodian of the official records of such municipality.

5. "FEDERAL GOVERNMENT" shall include the United States of America or any agency or instrumentality, corporate or otherwise, of the United States of America.

6. "LOCAL GOVERNING BODY" shall mean the council or other legislative body charged with governing the municipality of the City of Whitefish.

7. "MAYOR" shall mean the chief executive of the city.

8. "MUNICIPALITY" shall mean the City of Whitefish.

9. "OBLIGEE" shall include any bondholder or agent or trustee for any bondholder or lessor demising to the municipality property used in connection with an urban renewal project or any assignee or assignees of such lessor's interest or any part thereof and the federal government when it is a party to any contract with the municipality.

10. "REDEVELOPMENT" may include:

- a. acquisition of a blighted area or portion thereof;
- b. demolition and removal of buildings and improvements;

## THE PEOPLE

An analysis of Whitefish or any other community must include some discussion of the demographics of the community. By analyzing the population and other population trends, one can better understand the direction of the community.

Whitefish cannot be viewed only from an incorporated city perspective. More people reside in the Whitefish Rural Planning Jurisdiction than reside within the city limits of Whitefish. Why even mention the population in the rural area outside of the city limits? These people have a tremendous economic impact upon the businesses within the City and these people play an important role in determining how the City will develop in future years. One must also assume based upon current City policy, these rural areas will be annexed into the City in order to receive water and/or sewer services. Both the water and sewer system of the City of Whitefish have been and will be constructed to serve a population much greater than currently resides within the city limits.

The 1980 U.S. Census indicated that 3,703 people resided in the City and 4,410 people resided in the Whitefish Rural Planning Jurisdiction. The growth rate in Whitefish during the last two decades has been 13% and 10% per decade respectively. The growth rate during the balance of the 1980's will be based in large part on how successful Whitefish is in resolving the problems that both restrict our ability to appeal and to service the tourists on a year-round basis.

### WHITEFISH POPULATION

<u>YEAR</u>	<u>POPULATION</u>
1910	1479
1920	2867
1930	2803
1940	2602
1950	3268
1960	2965
1970	3349
1980	3703

Source: U.S. Census  
1910 - 1980

The resort community character of Whitefish has led to a noticeable change in whether residents of Whitefish are coming from Montana or from other states. In 1970, only 51% (1,727) of the residents of Whitefish were born in Montana. By 1980, this figure had dropped to 48% (1,782). During the decade of the 1970's, only 55 of the 354 new residents in Whitefish were native Montanans.

- c. installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal provisions of this part in accordance with the urban renewal plan; and
- d. making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the municipality itself) at its fair value for uses in accordance with the urban renewal plan.

11. "REHABILITATION" may include the restoration and renewal of a blighted area or portion thereof in accordance with an urban renewal plan by:

- a. carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements;
- b. acquisition of real property and demolition or removal of buildings and improvements thereon where necessary to eliminate unhealthy, unsanitary, or unsafe conditions; lessen density; reduce traffic hazards; eliminate obsolete or other uses detrimental to the public welfare; to otherwise remove or prevent the spread of blight or deterioration; or to provide land for needed public facilities;
- c. installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal provisions of this part; and
- d. the disposition of any property acquired in such urban renewal area (including sale, initial leasing, or retention by the municipality itself) at its fair value for uses in accordance with such urban renewal plan.

12. "URBAN RENEWAL AREA" means a blighted area which the local governing body designates as appropriate for an urban renewal project or projects.

13. "URBAN RENEWAL PLAN" means a plan, as it exists from time to time, for one or more urban renewal areas or for an urban renewal project, which plan:

- a. shall conform to the comprehensive plan or parts thereof for the municipality as a whole; and

- b. shall be sufficiently complete to indicate, on a yearly basis or otherwise:
  - i. such land acquisition, demolition, and removal of structures; redevelopment; improvements; and rehabilitation as may be proposed to be carried out in the urban renewal area;
  - ii. zoning and planning changes, if any;
  - iii. land uses, maximum densities, building requirements; and
  - iv. the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements.

14. "URBAN RENEWAL PROJECT" may include undertakings or activities of a municipality in an urban renewal area for the elimination and for the prevention of the development or spread of blight and may involve redevelopment in an urban renewal area, rehabilitation or conservation in an urban renewal area, or any combination or part thereof in accordance with an urban renewal plan.

#### THE URBAN RENEWAL LAW

The City of Whitefish under the Urban Renewal Law of the State of Montana has the ability to address the need for redevelopment and rehabilitation of blighted areas. Section 7-15-4202, MCA presents a statement of policy on the existence of blighted areas and the resulting problems as follows:

(1) That blighted areas which constitute a serious and growing menace, injurious to the public health, safety, morals, and welfare of the residents of the state, exist in municipalities of the state;

(2) That the existence of such areas:

(a) contributes substantially and increasingly to the spread of disease and crime and depreciation of property values;

(b) constitutes an economic and social liability;

(c) substantially impairs or arrests the sound growth of municipalities;

(d) retards the provision of housing accommodations;

(e) aggravates traffic problems; and

(f) substantially impairs or arrests the elimination of traffic hazards and the improvement of traffic facilities; and

(3) That the prevention and elimination of such areas is a matter of state policy and state concern in order that the state and its municipalities shall not continue to be endangered by areas which are focal centers of disease, promote juvenile delinquency, are conducive to fires, are difficult to police and to provide police protection for, and, while contributing little to the tax income of the state and its municipalities, consume an excessive proportion of its revenues because of the extra services required for police, fire, accident, hospitalization, and other forms of public protection, services, and facilities.

Any urban renewal program to be successful must be a combination of public and private resources. The Urban Renewal Law encourages the use of private enterprise in a community's workable urban renewal program. A workable program may include but not be limited to the following:

1. The prevention of the spread of blight into areas of the municipality which are free from blight through diligent enforcement of housing, zoning, and occupancy controls and standards;

2. The rehabilitation of blighted areas or portions thereof by replanning, removing congestion, providing parks, playgrounds, and other public improvements; by encouraging voluntary rehabilitation; and by compelling the repair and the rehabilitation of deteriorated or deteriorating structures; and

3. The clearance and redevelopment of blighted areas or portions thereof. (7-15-4209, MCA).

In order for a municipality to exercise any of the powers provided to it under the Urban Renewal Law, the local government must adopt a resolution finding that:

(1) One or more blighted areas exist in such municipality; and

(2) The rehabilitation, redevelopment, or a combination thereof of such area or areas is necessary in the interest of the public health, safety, morals, or welfare of the residents of such municipality (7-15-4210, MCA). The Whitefish City Council at a regular meeting on September 8, 1986 unanimously passed Resolution 86-36, that found that the above two conditions do exist throughout the entire City of Whitefish. With the passage of this resolution, the City Council has opened the way for this community to utilize the powers contained in the Urban Renewal Law.

RESOLUTION NO. 86-36

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA, ADOPTED PURSUANT TO 7-15-4210, MCA FINDING THAT ONE OR MORE BLIGHTED AREAS AS DEFINED IN THE LAW EXIST WITHIN THE CITY, AND THE REHABILITATION, REDEVELOPMENT, OR A COMBINATION THEREOF OF SUCH AREA OR AREAS IS NECESSARY IN THE INTEREST OF PUBLIC HEALTH, SAFETY, AND WELFARE OF THE RESIDENTS OF THE CITY; AND AUTHORIZING THE PREPARATION OF AN URBAN RENEWAL PLAN.

WHEREAS, the City Council of the City of Whitefish, Montana, finds that one or more blighted areas exist within the City, which blighted area or areas is such that there is substantially impaired or arrested the sound growth of the City or its environs, and constitutes an economic or social liability and/or is detrimental or constitutes a menace to the public health, safety, and welfare in its present condition and use by reason of particularly, but not limited to, the substantial physical dilapidation, deterioration, defective construction, material, and arrangement and/or age obsolescence of buildings and improvements; by reason of defective or inadequate street layout; unsanitary or unsafe conditions; the existence of conditions which endanger life or property by fire or other causes; or any combination of such factors; and

WHEREAS, the City Council of the City of Whitefish, Montana, finds that the rehabilitation of such area or areas is necessary to the interest of public health, safety, and welfare of the residents of the City, such rehabilitation to include the restoration and renewal of blighted area or areas in accordance with an urban renewal plan by including, but not limited to, the acquisition of real property and demolition or removal of buildings and improvements thereon where necessary to eliminate unhealthful, unsanitary, or unsafe conditions; lessen density; reduce traffic hazards; eliminate obsolete or other uses detrimental to the public welfare; to otherwise remove or prevent the spread of blight or deterioration; to provide land for needed public facilities; to install, construct, or reconstruct streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area rehabilitation; and

WHEREAS, the City Council of the City of Whitefish, Montana, finds that redevelopment of such blighted area or areas is necessary in the interest of the public health, safety, and welfare of the residents of the City which may include, but not be limited to, the installation, construction, or reconstruction of streets, utilities, parks, playgrounds, or other improvements necessary for carrying out in the area an urban renewal plan; and

WHEREAS, State Law provides that a Municipality, such as the City of Whitefish may formulate a workable program for utilizing appropriate private and public resources to eliminate and prevent the development or spread of blighted areas, to encourage needed urban rehabilitation, to provide for the redevelopment of such areas, and/or to undertake such of the aforesaid activities or other feasible municipal activities as may be suitably employed to achieve the objectives of such workable program;

NOW, THEREFORE, it is resolved by the City of Whitefish, Montana, that pursuant to 7-15-4210, MCA the City finds that one or more blighted areas exist in the City of Whitefish; and that the rehabilitation, redevelopment, or combination thereof of such blighted area or areas is necessary in the interest of public health, safety, and welfare of the residents of the City.

Also, having found such to exist as hereinabove set forth, declares that necessary and appropriate steps shall be taken to prepare and establish an urban renewal plan for presentation before the City Council at a public hearing after appropriate notice thereof having been given, to determine whether such urban renewal plan and project shall be approved.

PASSED AND ADOPTED by the City Council of the City of Whitefish, Montana, this 8th day of September, 1986, and approved by the Mayor thereof on the same date.

/s/ CARROLL AMASS  
Carroll Amass - Mayor

ATTEST:

/s/ Helen M. Doyle  
Acting City Clerk

## THE COMPREHENSIVE PLAN

Recently the Whitefish City Council approved a new Whitefish City-County Comprehensive Plan. In the near future, it is anticipated that the Flathead County Board of County Commissioners will approve this new Comprehensive Plan. The Comprehensive Plan states in the introduction the following: "It is a policy plan intended to guide decisions concerning the physical, social, economic and environmental development of the Planning Jurisdiction. The essential characteristics of the plan are that it is comprehensive, general and long-range." The Plan's six major elements are as follows: Agriculture, Transportation, Housing, Public Facilities and Parks and Recreation. The Comprehensive Plan should serve as a framework for guiding the actions of this community as they affect the above mentioned elements.

This Urban Renewal Plan in conjunction with the Comprehensive Plan will provide Whitefish with a framework for future growth and development. Many of the ideas and projects in the Urban Renewal Plan are embodied in the many common themes that are contained in the Comprehensive Plan. These two documents should be utilized together in order to provide the user with a better understanding of the direction that Whitefish is seeking.

## THE URBAN RENEWAL AREA

This Urban Renewal Plan will focus on many redevelopment objectives and specific improvements that are needed in the City of Whitefish. These needs are not localized in any area or areas. The areas that need redevelopment and rehabilitation are numerous and some areas have more severe problems than others.

The urban renewal area as it applies to all provisions within this plan will encompass all lands within the City of Whitefish City Limits excepting therefrom the following described lands.

1. Birch Hill Homes Subdivision
2. Assessor Tract Numbers 7R, 7RA, 7W, 7WA, 7WB, 7WC, 7Y, 7X, 7YA, 7XA, 7U, 7V, 7VA in the north half of Gov't Lot 1 of 25-31-22;
3. Glenwood Estates #1 and #2 and Resubdivisions and Amendments thereof;
4. Glenwood Park Subdivision
5. Assessor Tract Numbers 5G, 5B, 5I, 5F, 6, 6A in Gov Lot 2 of 25-31-22;
6. Assessor Tract Numbers 7HA, 7HAC, 7HAB, 7HB, 7HBF, 7HBE, 7HBB, 7HBA, 7HBC, 7HAA all in the west half of Gov't Lot 3 of 25-31-22;

7. Bay Point Estate Condominiums and common area tracts including Assessor Tract Numbers 7HCJ, 7HCK, 7HC, 7HCL, 7MC, 7H, 7QAB, 7HD in Gov't Lot 3 of 25-31-22;
8. Birch Point Subdivision, Amendments and Resubdivisions thereof; Birch Point Condominium;
9. Moe Addition and Four Seasons Condominium;
10. Assessor Tract Numbers 3CCB, 3CCC, 3CCF, 3CCH, 3CCJ, 3CCE, 3CCD all being in Gov't Lot 5 of 26-31-22, north of BNRR; and Oliver-Rector Condominium;
11. Ramsey Addition Block 4 and Amendments thereof;
12. Stidhams Lake Place and Stidhams Lake Place 2;
13. Assessor Tract Numbers 4B, 4BCA, 4BC, 4BB, 4BBA, 4CB, 4C, 4CA, 4CAA, 4D all in Gov't Lot 3 in 26-31-22, north of BNRR;
14. Lake Park Addition to Whitefish, Block 7, Lots 1 through 6, and Block 5, Lots 2,3,4 and Block 6, Lots N1/2 of 1, all of 2 and 3;
15. Whitefish Lake Golf Course and Whitefish Cemetery;
16. Fox Farm Addition;
17. Orchard View Subdivision, Amendments and Resubdivisions thereof;
18. The area South of East 2nd Street, East of Kalispell Avenue, North of East 8th Street and West of Pine Avenue including:  
Whitefish Original Blocks 47,48,49,50,63,64;  
Whitefish Land Company's First Addition to Whitefish Blocks 3,4,5,6,7,8;  
Riverside Addition to Whitefish Blocks 7,8,9,10,13;  
McKeen's Subdivision - All Blocks ( 1 through 4);  
McKeen's Addition to Whitefish Blocks 1,2,3,4,5,6,7  
Park Manor Condominium and Park Manor Subdivision;  
Assessor Tract Number 1GA in Gov't Lot 3 of 31-31-32;  
Maas Monte Vista - All Blocks (1 and 2);  
Park Addition - Blocks 1,2,3,4,6,7,8,9;
19. Assessor Tract Number 5D in the west half of 32-31-21;
20. Assessor Tract Numbers 5E, 5, 6A, 6E in the west half of the west half of 32-31-21;
21. Brant and Lenon Subdivision;
22. Tubbs Addition;
23. Shareview Addition.

All of the above descriptions are of record in the Office of the Flathead County Clerk and Recorder as of 4th day of May, 1987.

This plan allows for redevelopment and rehabilitation to occur in Whitefish based upon the powers granted to the municipality under the Urban Renewal Law or the delegation of such powers as allowed in 7-15-4232, MCA.

## REDEVELOPMENT OBJECTIVES

The redevelopment and revitalization effort by the City of Whitefish must be organized in a manner which does all of the following:

1. The redevelopment and rehabilitation of blighted areas;
2. The development of new infrastructure that eliminates congestion, provides recreational improvements and provides new infrastructure that is necessary to protect public health and safety;
3. The development of new housing which will replace the substandard and deteriorating housing stock;
4. The development of industrial parks that will allow for the diversification in the economic base in Whitefish;
5. The development of off-street parking in the downtown area and the development of a stronger downtown business community so that it can more effectively compete in the market place in Flathead County.
6. The construction of new public facilities are needed in order to anchor the downtown business district;
7. The redevelopment and increased use of the Burlington Northern depot.
8. The expansion and redevelopment of the City Parks in an effort to improve the recreational resources of the city that attract tourists and attract permanent residents to Whitefish;
9. The redevelopment and revitalization of the downtown area in order to attract new businesses to Whitefish and to stimulate the upgrading of the existing businesses in the downtown area.
10. The construction of new city streets, a storm sewer system, water and sewer mains under the framework of a city wide Special Improvement District;
11. The development of tourism facilities which will provide the community with a means to attract tourist and convention business to Whitefish;
12. The construction of a Water Treatment Plant to ensure ample and safe drinking water for this community; and
13. The creation of an urban renewal agency or the assignment of the urban renewal powers to a municipal department.

SPECIFIC PROJECTS

It is essential to develop a master plan of projects to ensure that the City of Whitefish properly addresses the infrastructure needs that are related to this Urban Renewal Plan. The needs of this community are enormous due in large part to many years of inactivity by the City Council in addressing these needs. The following summary identifies a few of the urban renewal projects that have been identified for this community. The map of Whitefish at the end of this plan indicates these specific projects. In some instances, there are sketches of some of the proposed projects following this section. The projects are as follows:

1. A good portion of the area that is located north of Hwy. 93 W, west of Baker Avenue and south of the railroad tracks, contains many housing units that are substandard and deteriorating. Some new multifamily housing units have been developed along the eastern edge of this area. The development of additional new units to replace additional substandard and deteriorating houses in this area may be accelerated by leveraging private investment through the use of municipal powers as follows: the exercise of its zoning powers; the enforcement of other laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements; the disposition of any property acquired; and the provision of necessary public improvements. (7-15-4208, MCA). This area could also be looked at as a potential site for the Flathead Valley Community College. A number of the vacant housing units in the Whitefish area will be utilized in order to make adequate housing available for those persons displaced by this project.
  
2. Millions of dollars of water and sewer needs have been identified in newly developed capital improvement plans. The quality of the city's water is substandard during spring runoff which will necessitate the construction of a water treatment plant that will cost in excess of \$5 million. The need to replace water and sewer lines throughout the entire community is indicated quite clearly in the following table of needed improvements:

<u>FY YEAR</u>	<u>WATER LINES*</u>	<u>SEWER LINES*</u>
1987-1988	\$116,752	\$714,950
1988-1989	131,099	11,400
1989-1990	146,289	40,400
1990-1991	189,691	55,900
1991-1992	<u>359,419</u>	<u>25,800</u>
TOTALS	\$943,250	\$848,450

\* Includes engineering, materials and labor for distribution lines only.

3. The provision of recreational facilities is a critical component of any urban renewal plan. The recent development of Riverside Park along with the continuing development of Mountain Trails Park are good examples of the city's direction with regards to recreational opportunities. The Master Plan for the expansion and the development of City Beach reflects the desire of the community to provide a facility that will serve the Whitefish community and at the same time attract tourists to Whitefish. See Sketch A - CITY BEACH MASTER PLAN and Sketch B - CITY BEACH PARK. The cost for this project's three phases totals \$1,684,697 as estimated by the landscape architect. Also identified as a recreational need is the construction of pedestrian walkways that would link Riverside Park to Mountain Trails Park to the City Beach Park.
  
4. The diversification of the City's economic base is a goal that must receive high consideration because of the impact that it has on many aspects of urban renewal and redevelopment. The creation of an industrial park on city owned property could lead to the attraction of new businesses to Whitefish and would allow Whitefish to become less dependent on the tourism industry. This would require the relocation of the Department of Public Works facilities to a location adjacent to the railroad tracks in close proximity to the new site for the proposed City Hall facility. All communities should diversify their economies so that the economic ups and downs are minor in nature. New businesses in Whitefish will lead to new jobs, new housing and new investments by private individuals and companies. The end result is a stronger economy for both government and for private businesses.
  
5. The redevelopment and the rehabilitation of the downtown business area is an important aspect of the overall Urban Renewal Plan. Parking problems have and will exist in the downtown area. The angle parking on Central Avenue lends itself to traffic congestion and it is at time hazardous to both pedestrian and vehicular traffic.

The aging of the downtown buildings requires that some type of economic revitalization plan be implemented. A proposed pedestrian mall on Central Avenue from Railway Street to Fourth Street would bring new life to the downtown business area. This would attract new shoppers to the area which in turn would ultimately lead to stronger sales and then to the investment of money to rehabilitate and revitalize the buildings in the downtown. Some buildings would receive face lifts and

other buildings may be removed in favor of new buildings. See Sketch C - PEDESTRIAN MALL and Sketch D - LANDSCAPED WALKWAY BETWEEN PEDESTRIAN MALL AND OFF-STREET PARKING LOT.

The pedestrian mall proposal would eliminate all vehicular traffic on Central Avenue from Railway to Fourth Street. Vehicular traffic would still continue on the east-west streets of First, Second and Third. Along with the pedestrian mall would come the acquisition of several properties that would serve as parking lots for downtown shoppers. These parking lots would be linked to the pedestrian mall by landscaped walkways. See Sketch E - OVERALL DOWNTOWN IMPROVEMENTS.

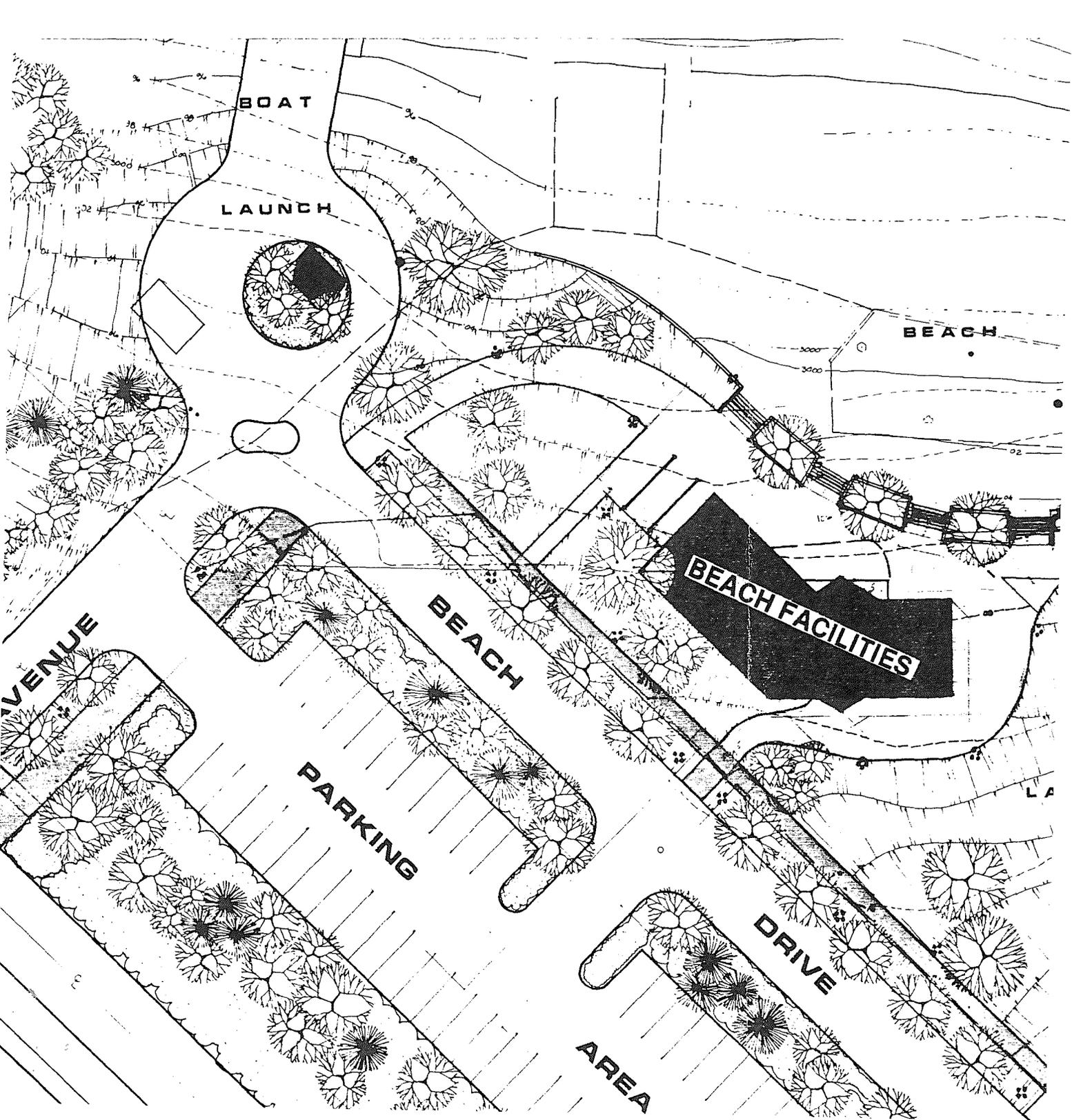
6. The current City Hall occupies an important position in downtown Whitefish. It is important that the City of Whitefish be able to offer city services in an effective and efficient manner. The age and the floor plan of the current facility hinder the efficiency of the services that the City provides to the public. Part of the overall downtown redevelopment plan would be the construction of a new City Hall facility on Burlington Northern property that is east of the viaduct, north of Railway Street and west of Central Avenue. This facility would house the general administration offices of the City, the Police Department, the Library and the Fire Department. See Sketch F - CITY HALL COMPLEX AND THE VACATED SECTION OF CENTRAL AVENUE NORTH OF RAILWAY STREET.
7. The development of a Performing Arts Center and a Historical Museum adjacent to the proposed City Hall facility is also an important aspect of the downtown redevelopment effort. The renovation of the depot building would preserve an important building in downtown Whitefish and at the same time could house historical items from Whitefish's past. Both the City Hall facility and the Performing Arts Center/Historical Museum Complex would anchor the downtown business area and bring people to the downtown area. See Sketch G - RENOVATED DEPOT HOUSING HISTORICAL MUSEUM AND AMTRAK STATION.
8. The condition of the city streets and the construction of an integrated storm sewer system has impaired the development of this community for quite some time. During 1986 and 1987, the City of Whitefish has contracted with an engineering firm to study the streets within the City of Whitefish. The study focused on street reconstruction, development of street sections, sidewalks, assessment methods and storm sewer needs.

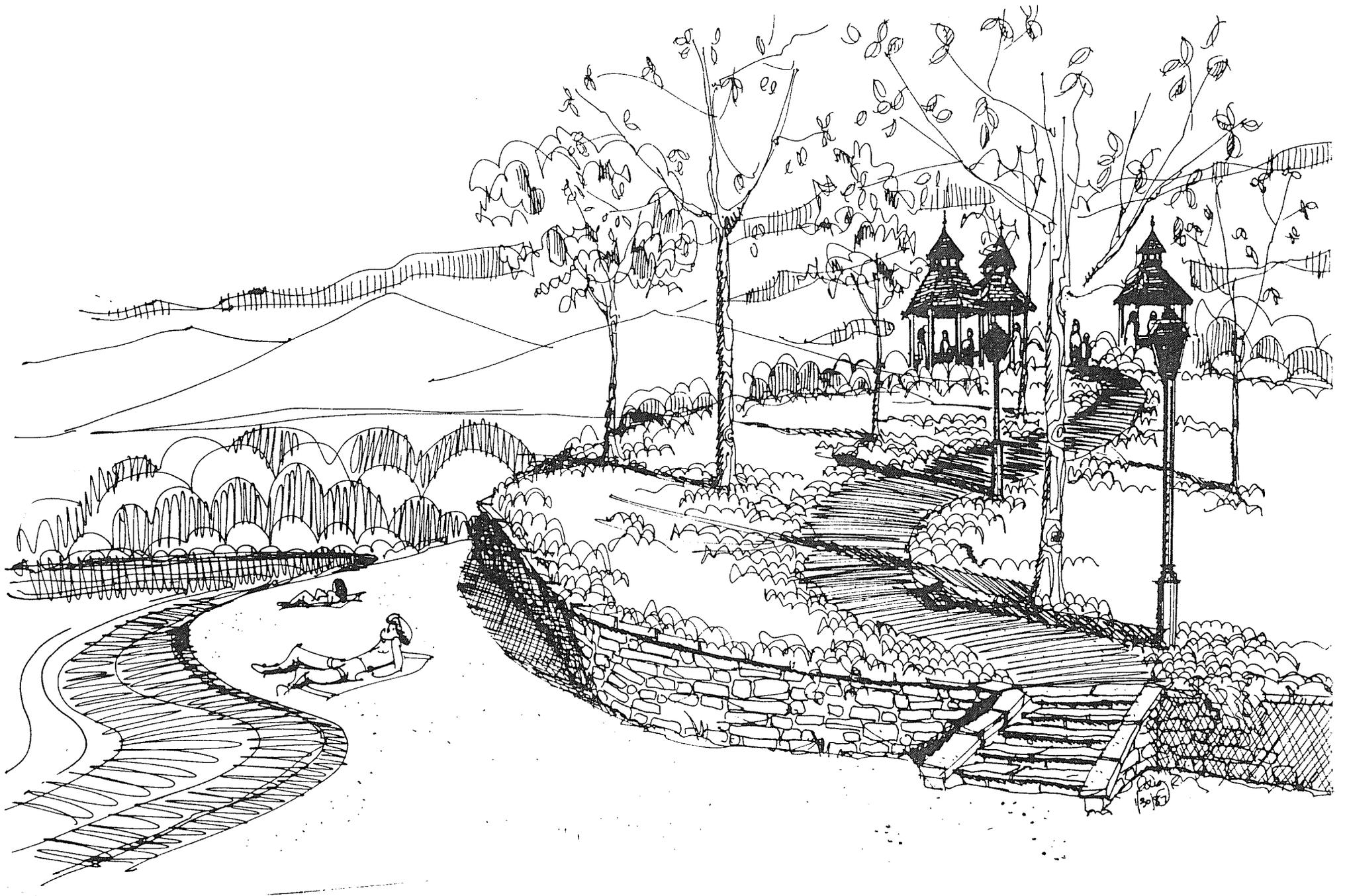
See City Wide Map at the end of the Urban Renewal Plan.  
 This study estimated the cost of replacement of streets and sidewalks for approximately fifteen (15) miles of streets at over \$8 million. The estimate is as follows:

PRELIMINARY ESTIMATE  
 WHITEFISH STREET PROJECT  
 CONSTRUCTION

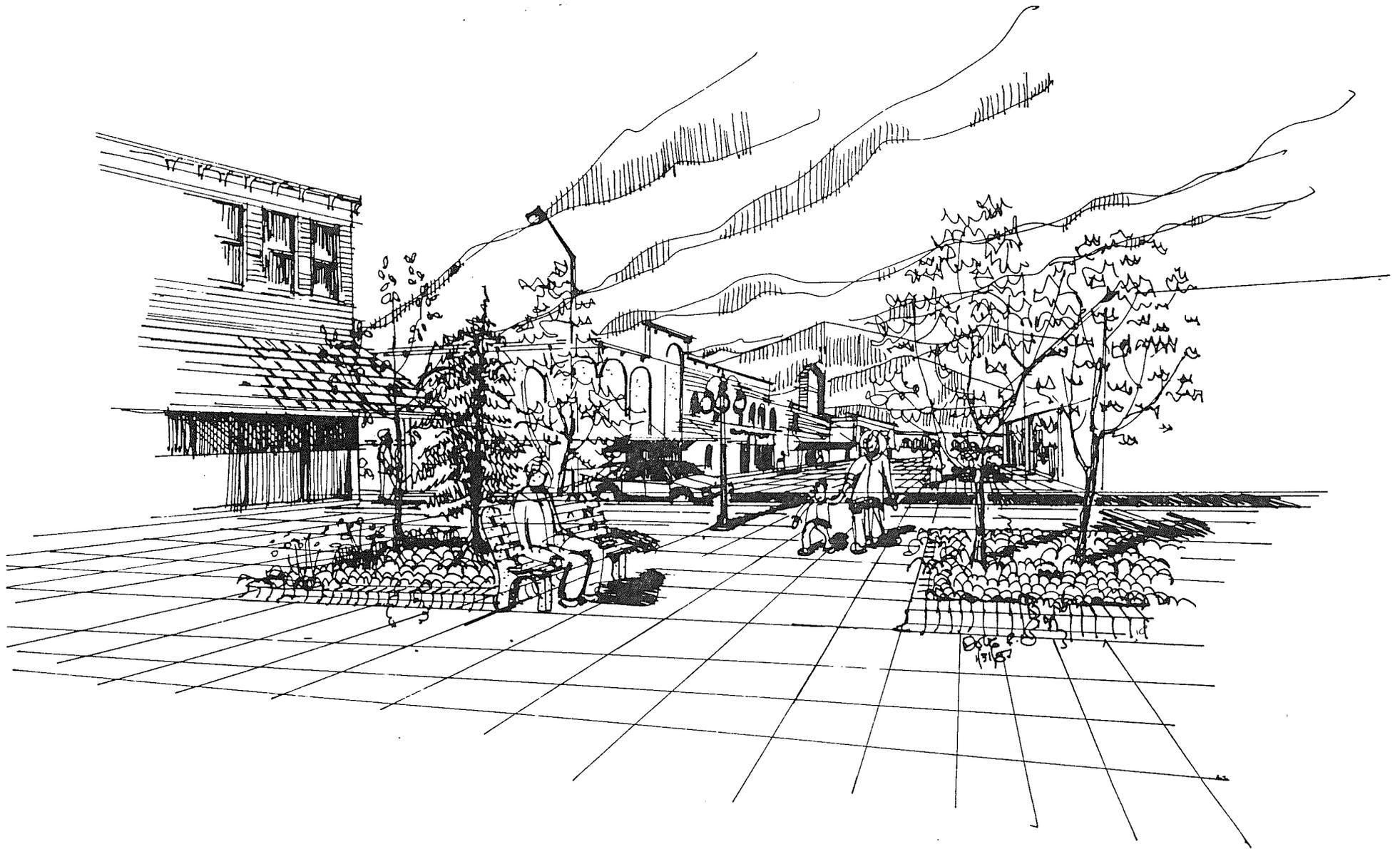
1. Excavation: 150,000 c.y. @ \$4.50/c.y.	\$ 675,000
2. Pit Run Gravel: 15,000 c.y. @ \$5.50/c.y.	82,500
3. Gravel Base: 69,500 c.y. @ \$7.00/c.y.	486,500
4. Fabric: 320,000 s.y. @ \$0.80/s.y.	256,000
5. 3" Asphalt/3" Gravel: 145,500 s.y. @ \$6.25/s.y.	909,375
6. 2" Asphalt/4" Gravel: 145,000 s.y. @ \$5.00/s.y.	725,000
7. Curb & Gutter: 145,500 l.f. @ \$6.25/l.f.	909,375
8. Topsoil: 7,500 c.y. @ \$10.00/c.y.	75,000
9. Adjustment of Structures: 300 @ \$150.00 each	45,000
10. Sidewalk Removal (4 1/2 ft. wide): 140,00 l.f. @ \$1.25/l.f.	175,000
11. Sidewalk: 140,000 l.f. @ \$6.00/l.f.	840,000
12. 36" Diameter RCP: 700 l.f. @ \$45.00/l.f.	31,500
13. 30" Diameter RCP: 2600 l.f. @ \$40.00/l.f.	104,000
14. 24" Diameter RCP: 3200 l.f. @ \$35.00/l.f.	112,000
15. 18" Diameter RCP: 3200 l.f. @ \$30.00/l.f.	96,000
16. 15" Diameter RCP: 3400 l.f. @ \$25.00/l.f.	85,000
17. 12" Diameter RCP: 34,000 l.f. @ \$20.00/l.f.	680,000
18. Storm Drain Intakes: 400 l.f. @ \$500.00/l.f.	200,000
19. Storm Drain Manholes: 125 @ \$1,000.00 each	125,000
20. Existing Inlet Removal: 350 l.f. @ \$50.00/l.f.	17,500
21. Settling Ponds (No Land): 5 @ \$15,000 each	75,000
Subtotal	\$6,704,750
Contingency @ 10%	670,450
Subtotal	\$7,375,200
Engineering	725,000
TOTAL	\$8,100,200

9. The creation of jobs, the investment by private investors and the increase in the City's taxable valuation would all occur with the construction of a major hotel/convention center complex. The City of Whitefish should try to leverage private investment in projects like this and others by utilizing public monies. The end result to the community could be increased economic stability and strength.

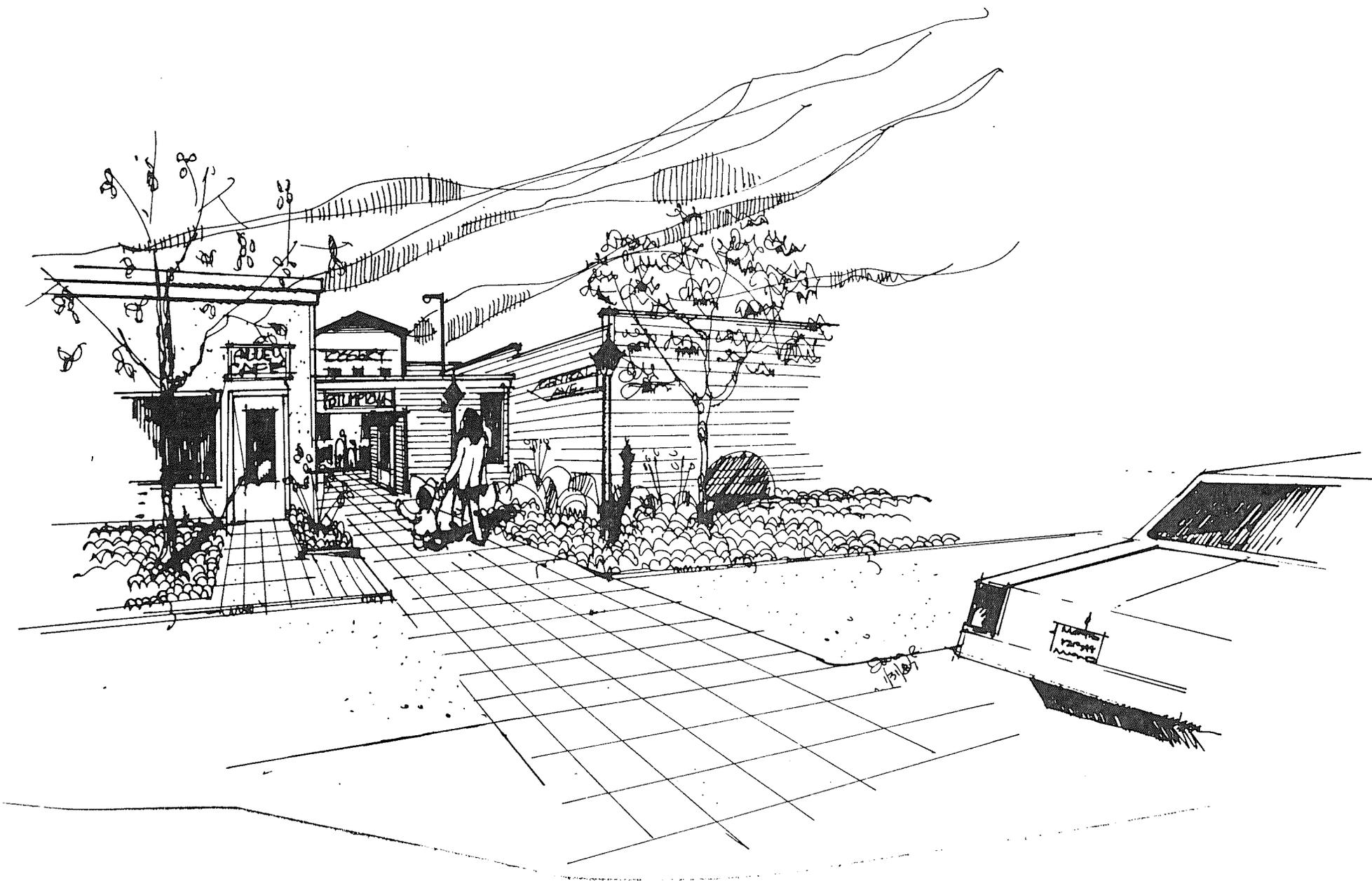




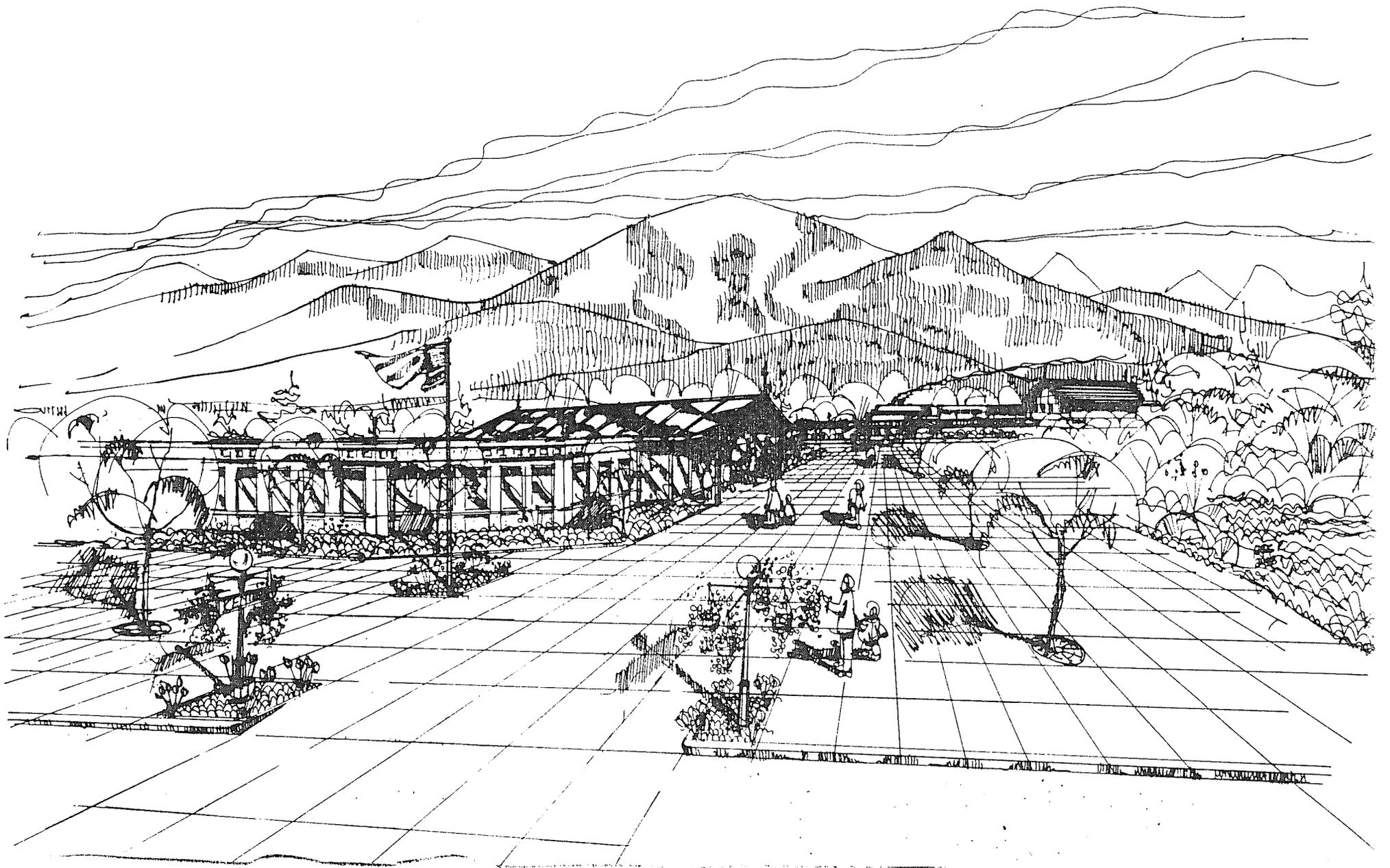
SKETCH B — CITY BEACH PARK



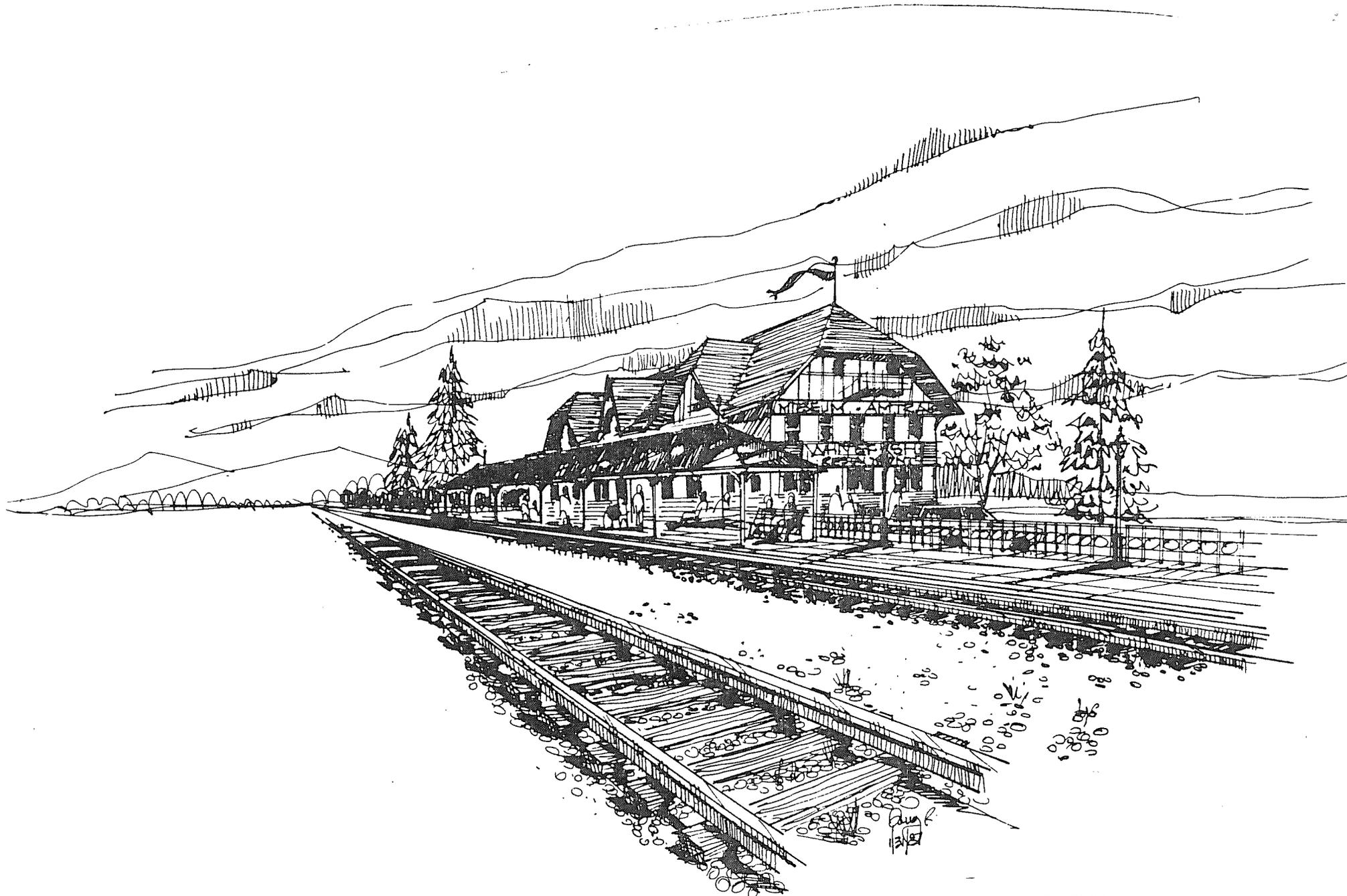
SKETCH C — PEDESTRIAN MALL LOOKING NORTH FROM JUST SOUTH OF SECOND STREET



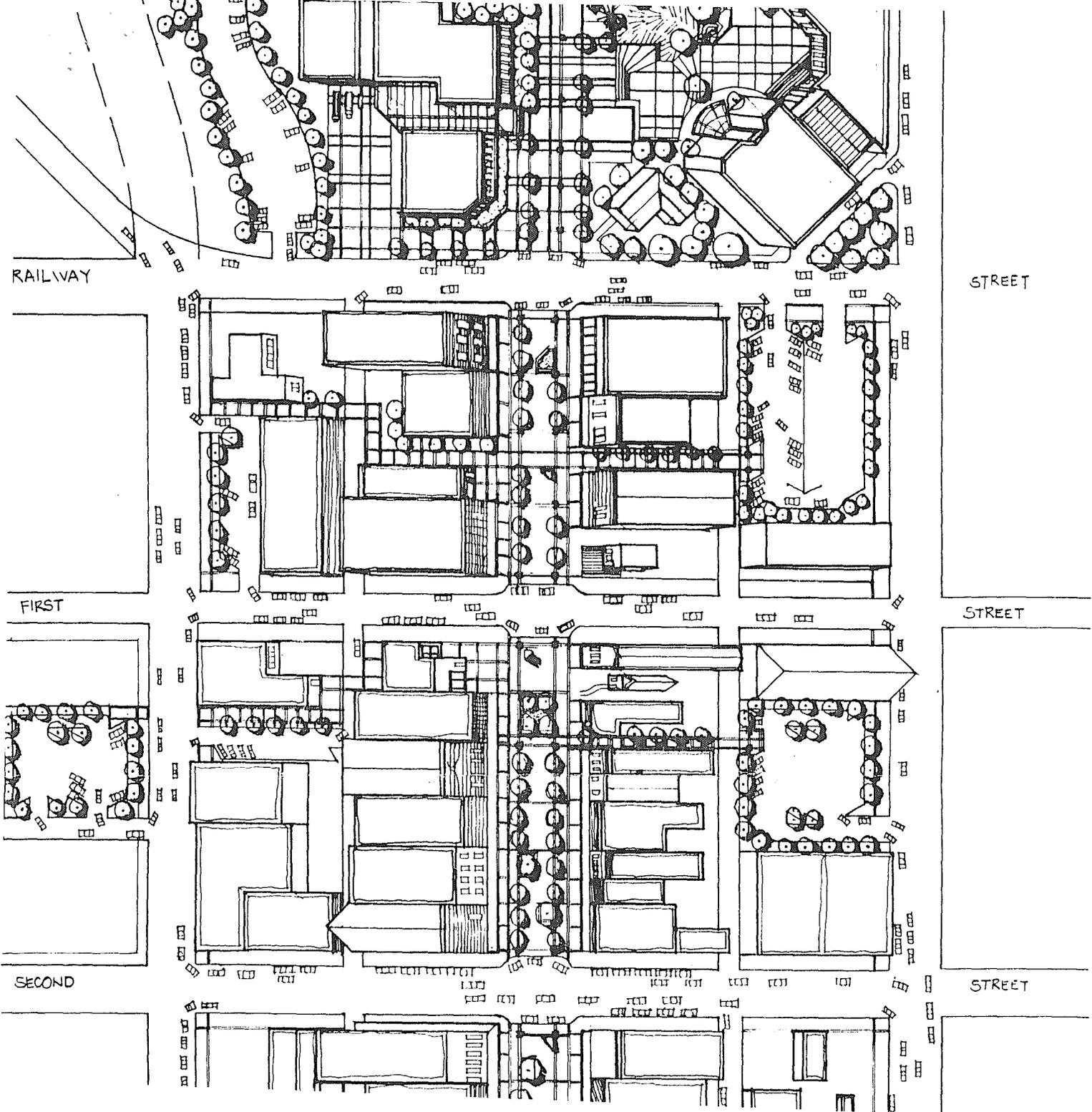
SKETCH D — LANDSCAPED WALKWAY BETWEEN PEDESTRIAN MALL AND OFF-STREET PARKING LOT



SKETCH F — CITY HALL COMPLEX AND THE VACATED SECTION OF CENTRAL AVENUE  
NORTH OF RAILWAY STREET



SKETCH G — RENOVATED DEPOT HOUSING HISTORICAL MUSEUM AND AMTRAK STATION



RAILWAY

STREET

FIRST

STREET

SECOND

STREET

## POWERS OF THE MUNICIPALITY

The powers of the municipality under the Urban Renewal Law focus on the redevelopment and the rehabilitation of blighted areas. The following is a summary of some of these powers:

1. The authority to prevent and eliminate urban blight by various means and the authority to apply for, accept and the utilization of funds from the federal government for such purpose;

2. The power to prepare plans for the relocation of families displaced from an urban renewal area and to make relocation payments and to coordinate public and private agencies in such relocation, including requesting such assistance for this purpose as is available from other private and governmental agencies, both for the municipality and other parties;

3. The authority to prepare or to have others prepare comprehensive plans, urban renewal plans, plans for carrying out a program of voluntary or compulsory repair and rehabilitation of buildings and improvements, plans for the enforcement of state and local laws, codes and regulations relating to land use and building codes and plans to undertake any urban renewal projects. This authority includes the power to adopt or approve, modify and amend any of the above cited plans;

4. The authority to contract for services relating to urban renewal which include but are not limited to the installation, construction, reconstruction of streets, utilities, parks, playgrounds and other public improvements;

5. The authority to enter private property to make surveys and appraisals of any property in the urban renewal area and the authority to obtain an order from a court of competent jurisdiction in the event entry is denied or resisted;

6. The power to acquire, dispose of, improve, clear any real and personal property that the municipality needs or does not need for the administration of the Urban Renewal Law;

7. The power of eminent domain relating to real property that is necessary for an urban renewal project;

8. The exemption from taxation of any property owned by the municipality held for urban renewal purposes; and

9. The authority to dispose of municipal property as allowed for in 7-15-4262 and 7-15-4263.

ASSIGNMENT OF POWER BY THE GOVERNING BODY

7-15-4232, MCA allows the governing body of the city to either assign the urban renewal powers to a department or other officers of the municipality, to any existing public body corporate or to create an urban renewal agency. The officers, the department or the agency created to oversee the urban renewal efforts will have the following powers:

1. To formulate and coordinate a workable program as specified in 7-15-4209;
2. To prepare urban renewal plans;
3. To prepare recommended modifications to an urban renewal project plan;
4. To undertake and carry our urban renewal projects as required by the local governing body;
5. To make and execute contracts as specified in 7-15-4251, 7-15-4254 and 7-15-4281, with the exception of contracts for the purchase or sale of real or personal property;
6. To disseminate blight clearance and urban renewal information;
7. To exercise the powers prescribed by 7-15-4255, except the power to agree to conditions for federal financial assistance and imposed pursuant to federal law relating to salaries and wages shall be reserved to the local governing body;
8. To enter any building or property in any urban renewal area in order to make surveys and appraisals in the manner specified in 7-15-4257;
9. To improve, clear, or prepare for redevelopment any real or personal property in an urban renewal area;
10. To insure real or personal property as provided in 7-15-4258;
11. To effectuate the plans provided for in 7-15-4254;
12. To prepare plans for the relocation of families displaced from an urban renewal area and to coordinate public and private agencies in such relocation;
13. To prepare plans for carrying out a program of voluntary or compulsory repair and repair and rehabilitation of buildings and improvements;

14. To conduct appraisals, title searches, surveys, studies, and other preliminary plans and work necessary to prepare for the undertaking of urban renewal projects;
15. To negotiate for the acquisition of land;
16. To study the closing, vacating, planning, or replanning of streets, roads, sidewalks, ways, or other places and to make recommendations with respect thereto;
17. To organize, coordinate, and direct the administration of the provisions of Parts 42 and 43 of the Urban Renewal Law; and
18. To perform such duties as the local governing body may direct so as to make the necessary arrangements for the exercise of powers and performance of the duties and responsibilities entrusted to the local governing body.

#### URBAN RENEWAL AGENCY

If an urban renewal agency has been delegated the urban renewal powers cited above, the mayor with the advise and consent of the local governing body shall appoint a board of commissioners of the urban renewal agency. This board shall consist of five commissioners. The following shall apply to these commissioners.

1. Initially, one commissioner will be appointed for one (1) year, one for two (2) years, one for three (3) years and two for four (4) years. Each appointment thereafter will be for four (4) years;

2. Each commissioner shall hold office until his or her successor has been appointed and has qualified to hold that office;

3. No compensation for services will be given to a commissioner, but necessary expenses, which include travel expenses, incurred in the discharge of his or her duties will be reimbursed;

4. A commissioner may only be appointed if he or she resides within the municipality; and

5. A commissioner may be removed for inefficiency, neglect of duty, or misconduct in office.

An urban renewal agency authorized to transact business and exercise the powers under Parts 42 and 43 of the Urban Renewal Law must file an annual report of its activities for the preceding calendar year with the local governing body on or before March 31 of each year. This report must include the following: a complete financial statement setting forth its assets, liabilities, income and operating expenses as of the end of such calendar year. The urban renewal agency must publish in a newspaper of general circulation in the community a notice that the annual report is available for inspection during business hours in the office of the City Clerk and in the office of the agency.

#### FINANCING OF URBAN RENEWAL IMPROVEMENTS

The Urban Renewal Law provides each municipality with certain financial powers in order that various urban renewal projects can be undertaken. They are as follows:

1. The City or the agency that it creates may borrow money and also apply for and accept advances, loans, grants, contributions from any sources public or private, financial assistance from other public entities and enter into and carry out contracts in connection therewith;
2. To appropriate and expend funds to carry out urban renewal and to levy taxes and assessments for urban renewal in accordance with state law;
3. To invest urban renewal funds that are not required for immediate disbursement in financial institutions and instruments as allowed by state statutes;
4. To prepare and adopt annual budgets for the operation of an urban renewal agency, department or office vested with urban renewal powers under 7-15-4231;
5. To utilize property tax increments as provided for in 7-15-4282 through 7-15-4292 for financing urban renewal projects allowed for under the Urban Renewal Law;
6. To develop and utilize financing from Special Improvement Districts, interest income, bonds or other sources to finance the improvements identified in this plan or other improvements that may be identified at a later date; and
7. The use of loans and grants from the City of Whitefish and other assistance from the City to carry out identified urban renewal projects.

Tax Increment Financing is a method for financing urban renewal projects that has been used successfully in many other cities in Montana. The City of Whitefish will utilize Tax Increment Financing by segregating and applying the tax increments for urban renewal projects as provided for in 7-15-4282 through 7-15-4292, MCA, as amended. The following definitions will apply unless otherwise provided or indicated by the context:

(1) "ACTUAL TAXABLE VALUE" means the taxable value of taxable property at any time, as calculated from the assessment roll last equalized.

(2) "BASE TAXABLE VALUE" means the actual taxable value of all taxable property within an urban renewal area prior to the effective date of a tax increment financing provision. This value may be adjusted as provided in 7-14-4287 or 7-15-4293.

(3) "INCREMENTAL TAXABLE VALUE" means the amount, if any, by which the actual taxable value at any time exceeds the base taxable value of all property within an urban renewal area subject to taxation.

(4) "TAX INCREMENT" means the collections realized from extending the tax levies, expressed in mills, of all taxing bodies in which the urban renewal area or a part thereof is located against the incremental taxable value.

(5) "TAX INCREMENT PROVISION" means a provision for the segregation and application of tax increments as authorized by 7-15-4282 through 7-15-4292.

(6) "TAXES" means all taxes levied by a taxing body against property on an ad valorem basis.

(7) "TAXING BODY" means any city, town, county, school district, or other political subdivision or governmental unit of the state, including the state, which levies taxes against property within the urban renewal area.

#### TAX INCREMENT FINANCING

The intent of the City of Whitefish to use tax increment financing as a means to finance urban renewal projects has previously been stated in this plan. The costs that may be paid by tax increment financing are as follows:

1. Land acquisition;
2. Demolition and removal of structures;
3. Relocation of occupants;

4. The acquisition, construction, and improvement of streets, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and off-street parking facilities, sewers, waterlines, waterways, public buildings, and other public improvements authorized by Parts 41 through 45 of Chapter 12, Parts 42 and 43 of Chapter 13, and Part 47 of Chapter 14 and items of personal property to be used in connection with improvements for which the foregoing costs may be incurred; and

5. Costs incurred in connection with the redevelopment activities allowed under 7-15-4233.

In order to utilize the tax increment provisions of this urban renewal plan, the City Clerk of Whitefish will file a certified copy of each urban renewal plan or amendment thereto containing a tax increment provision with the state, county, or city officers responsible for assessing and determining the taxable value of taxable property within the urban renewal area or part thereof. A certified copy of the plan or amendments must also be filed with the clerk or other appropriate officer of each of the affected taxing bodies (7-15-4284, MCA).

Flathead County officials are responsible for assessing and determining the taxable value of the taxable property located within the urban renewal area, which in this case is the entire City of Whitefish. This determination of the taxable value will occur each year after the City sends the tax increment provision to the appropriate Flathead County officials. Flathead County will then calculate and report to the City of Whitefish and the other affected taxing entities the base, actual and incremental taxable values of such property.

The distribution of the tax increment will be handled in the following manner:

(1) Mill rates of taxing bodies for taxes levied after the effective date of the tax increment provision shall be calculated on the basis of the sum of the taxable value, as shown by the last equalized assessment roll, of all taxable property located outside the urban renewal area and the base taxable value of all taxable property located within the urban renewal area. The mill rate so determined shall be levied against the sum of the actual taxable value of all taxable property located within as well as outside the urban renewal area.

(2) (a) The tax increment, if any, received in each year from the levy of the combined mill rates of all the affected taxing bodies against the incremental taxable value within the urban renewal area shall be paid into a special fund held by the treasurer of the municipality and used as provided in 7-15-4282 through 7-15-4292.

(b) The balance of taxes collected in each year shall be paid to each of the taxing bodies as otherwise provided by law.

The municipality may release a portion of the tax increment from the incremental taxable value if the following occur:

(a) all principal and interest then due on bonds for which the tax increment has been pledged has been fully paid; and

(b) the tax increment resulting from the smaller incremental value is determined by the governing body to be sufficient to pay all principal and interest due later on the bonds.

(2) The adjusted base value determined under subsection (1) shall be reported by the clerk to the officers and taxing bodies to which the increment provision is reported.

(3) Thereafter, the adjusted base value is used in determining the mill rates of affected taxing bodies unless the tax increment resulting from the adjustment is determined to be insufficient for this purpose. In this case, the governing body must reduce the base value to the amount originally determined or to a higher amount necessary to provide tax increments sufficient to pay all principal and interest due on the bonds.

Tax increments may also be pledged for the payment of revenue bonds, issued for urban renewal projects or of general obligation bonds, revenue bonds, or special assessment bonds issued to pay urban renewal costs (7-15-4290, MCA). All of the above-mentioned bonds are tax exempt, i.e. the interest earned by the bond buyer cannot be taxed as income. Therefore, a lower than market rate of interest is paid by the seller (the municipality).

The municipality may remit unused portions of the tax increments to the other taxing bodies if the annual tax increments are not needed for the costs incurred in an urban renewal project or if not pledged for the payment of the principal of premiums and interest on bonds. If there are unused portions of tax increments, the City of Whitefish may enter into agreements with the affected entities.

7-15-4292, MCA specifically addresses the termination of tax increment financing in any municipality that utilizes it as follows:

(1) The tax increment provision shall terminate upon the later of:

(a) the 10th year following its adoption or, if the tax increment provision was adopted prior to January 1, 1980, upon the 12th year following adoption; or

(b) the payment or provision for payment in full or discharge of all bonds for which the tax increment has been pledged and the interest thereon.

(2) Any amounts remaining in the special fund or any reserve fund after termination of the tax increment provision shall be distributed among the various taxing bodies in proportion to their property tax revenues from the district.

(3) After termination of the tax increment provision, all taxes shall be levied upon the actual taxable value of the taxable property in the urban renewal area and shall be paid into the funds of the respective taxing bodies.

(4) No bonds with tax increment provisions for the repayment thereof may be issued subsequent to the 10th anniversary of tax increment provisions adopted after January 1, 1980, and the 12th anniversary of tax increment provisions adopted prior to January 1, 1980.

## BONDS FOR URBAN RENEWAL

### Urban Renewal Bonds

Part 43 of the Urban Renewal Law provides the legal authority for a municipality to issue various types of bonds connected with urban renewal projects. 7-15-4310, MCA gives a municipality the power to issue refunding bonds for the payment or retirement of such bonds previously issued by it. Such bonds shall not pledge the general credit of the municipality and shall be made payable, as to both principal and interest, solely from the income, proceeds, revenues, and funds of the municipality derived from or held in connection with its undertaking and carrying out of urban renewal projects under this part and Part 42, including the tax increment received and pledged by the municipality pursuant to 7-15-4282 through 7-15-4292. Payment of such bonds, both as to principal and interest, may be further secured by a pledge of any loan, grant, or contribution from the federal government or other source in aid of any urban renewal projects of the municipality under this part and Part 42 or by a mortgage on all or part of any such projects. Urban renewal bonds issued pursuant to the above terms can be authorized by resolution or ordinance of the local governing authority.

### Nature of Urban Renewal Bonds

Urban Renewal Bonds issued under 7-15-4301, MCA shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction and shall be subject only to the provisions of the Uniform Commercial Code and the limitations of Part 42 and Part 43 of the Urban Renewal Law.

### Details Relating to Urban Renewal Bonds

(1) Bonds issued under 7-15-4301 may be issued in one or more series and shall bear such date or dates, be payable upon demand or mature at such time or times, bear interest at such rate or rates not exceeding the limitation of 17-5-102, be in such denomination or denominations, be in such form (either coupon or registered), carry such conversion or registration privileges, have such rank or priority, be executed in such manner, and have such other characteristics as may be provided by the resolution, ordinance, or trust indenture or mortgage authorized pursuant thereto.

(2) (a) The bonds may be sold at not less than 98% of par at public or private sale or may be exchanged for other bonds on the basis of par.

(b) The bonds may be sold to the federal government at private sale at not less than par, and if less than all of the authorized principal amount of the bonds is sold to the federal government, the balance may be sold at public or private sale at not less than 98% of par at an interest cost to the municipality of not to exceed the interest cost to the municipality of the portion of the bonds sold to the federal government.

### Redemption of Urban Renewal Bonds

Every municipality shall have power to redeem such bonds as have been issued pursuant to 7-15-4301 at the redemption price established therein or to purchase such bonds at less than redemption price. All such bonds so redeemed or purchased shall be canceled.

### Special Bond Provisions When Tax Increment Financing is

#### Involved

(1) Bonds issued under this part for which a tax increment is pledged pursuant to 7-15-4282 through 7-15-4292 shall be designed to mature not later than 25 years from their date of issue and shall mature in such years and amounts that the principal and interest due on the bonds in each year shall not exceed the estimated tax increment and other estimated revenues, including proceeds of the bonds available for payment of interest thereon, pledged to their payment to be received in such year.

(2) The governing body, in the resolution or ordinance authorizing the bonds, shall determine the estimated tax increment and other revenues, if any, for each year the bonds are to be outstanding. In calculating the costs under 7-15-4288 for which the bonds are issued, the municipality may include an amount sufficient to pay interest on the bonds prior to receipt of tax increments pledged and sufficient for the payment thereof and to fund any reserve

fund in respect of the bonds.

#### GENERAL OBLIGATION BONDS

A municipality may also issue and sell general obligation bonds for the purpose of aiding in the planning, undertaking, or carrying out urban renewal projects. These bonds must be issued in accordance with the applicable laws of the State of Montana. The proceeds of bonds authorized for an urban renewal project may be used to finance the exercise of any and all powers of a municipality under the Montana Urban Renewal Law.

#### NEGOTIABILITY OF BONDS

Any provision of any law to the contrary notwithstanding, any bonds issued pursuant to Parts 42 and 43 of the Urban Renewal Law shall be fully negotiable.

#### Regularity of Bond Issuance

In any suit, action, or proceeding involving the validity or enforceability of any bond issued under Parts 42 and 43 of the Urban Renewal Law or the security therefor, any such bond reciting in substance that it has been issued by the municipality in connection with an urban renewal project as herein defined shall be conclusively deemed to have been issued for such purpose and such project shall be conclusively deemed to have been planned, located, and carried out in accordance with the provisions of Parts 42 and 43 of the Urban Renewal Law.

#### Signatures on Bonds

In case any of the public officials of the municipality whose signatures appear on any bonds or coupons issued under Parts 42 and 43 of the Urban Renewal Law shall cease to be such officials before the delivery of such bonds, such signatures shall, nevertheless, be valid and sufficient for all purposes the same as if such officials had remained in office until such delivery.

#### Bonds as Legal Investments

(1) All banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, and other persons carrying on a banking or investment business; all insurance companies, insurance associations, and other persons carrying on an insurance business; and all executors, administrators, curators, trustees, and other fiduciaries may legally invest any sinking funds, money, or other funds belonging to them or within their control in any bonds or other obligations issued by a municipality pursuant to Parts 42 and 43 of the Urban Renewal Law, provided that such bonds

and other obligations shall be secured by an agreement between the issuer and the federal government in which the issuer agrees to borrow from the federal government and the federal government agrees to lend to the issuer, prior to the maturity of such bonds or other obligations, money in an amount which (together with any other money irrevocably committed to the payment of interest on such bonds or other obligations) will suffice to pay the principal of such bonds of other obligations with interest to maturity thereon, which money under the terms of said agreement is required to be used for the purpose of paying the principal of and the interest on such bonds or other obligations at their maturity.

(2) Such bonds and other obligations shall be authorized security for any public deposits. It is the purpose of this section to authorize any person or political subdivisions, and officers, public or private, to use any funds owned or controlled by them for the purchase of any such bonds or other obligations.

(3) Nothing contained in this section with regard to legal investments shall be construed as relieving any person of any duty of exercising reasonable care in selecting securities.

#### Tax Exemption for Bonds

Bonds issued under the provisions of Parts 42 and 43 of the Urban Renewal Law are declared to be issued for an essential public and governmental purpose and, together with interest thereon and income therefrom, shall be exempted from all taxes.

#### MODIFICATION OF PLAN

A local governing body may modify an urban renewal plan at any time with the following provisions:

1. If modified after the leases or sale by the municipality of real property in the urban renewal project area, such modification shall be subject to such rights at law or in equity as a lessee or purchaser or his successors in interest may be entitled to assert;

2. An urban renewal plan may be modified by ordinance; and

3. If the plan or any subsequent modification thereof involves financing by the issuance of general obligation bonds of the municipality as authorized in 7-15-4302(1) or the financing of water or sewer improvements by the issuance of revenue bonds under the provisions of Part 44 of Chapter 7 or of Part 43 of Chapter 13, the question of approving the plan and issuing such bonds shall be submitted to a vote of the qualified electors of such municipality, in accordance with the provisions governing

municipal general obligation bonds under Chapter 7, Part 42, at the same election and shall be approved by a majority of those qualified electors voting on such question.

#### SUMMARY

The Urban Renewal Plan for the City of Whitefish is similar in many respects to the plans prepared for other cities in Montana. Why? The Montana Urban Renewal Law gives a broad range of powers to any community that chooses to utilize it, no matter what the size of the community. In that respect, the powers of Urban Renewal are different than the annexation powers in Montana, for example, that vary depending upon the size of the community.

Whitefish can join other cities in Montana such as Billings, Butte, Missoula, Great Falls and Kalispell as cities that utilize the Montana Urban Renewal Law. These cities are excellent examples of how different cities with varying redevelopment needs and goals, varying staff sizes and capabilities and varying budgets utilize the powers of Urban Renewal. All were in need of stimulating new development and redevelopment to create jobs, to stabilize their economies and to diversify their economies in this age of shrinking state and federal grant assistance.

Each of these cities in Montana realized that the Tax Increment Financing provisions of the Montana Urban Renewal Law provided a mechanism to finance urban renewal without having to rely on outside grant assistance. The tax increments generated in each city have varied with the amount of the urban renewal activity in each respective urban renewal area.

Whitefish has the opportunity to utilize the many powers of the Urban Renewal Law including the powers of Tax Increment Financing. This community has enormous potential, much of which has been wasted because of lack of action or inappropriate timing. If Whitefish is to progress forward in bettering this community, it must first adopt this Urban Renewal Plan with the powers given to it under state statutes. These powers will allow Whitefish to leverage positive change and be the catalyst for new investments by private enterprise.

Urban renewal will work successfully in Whitefish when both public and private sectors work together for the betterment of this community. Some city officials in other communities contend that urban renewal and development will occur without the stimulus of investment by the public sector. Whitefish must not be conservative on urban renewal; it must make public investments in order to encourage economic development and urban renewal in Whitefish. The success of urban renewal and development in cities in Montana that have utilized it, indicate that the potential is great.

The powers granted to the local governing body under the Urban Renewal Law are many in number. The Whitefish City Council must carefully consider the needs of this community and how they can best be addressed with the financing mechanisms outlined in this Urban Renewal Plan. Initially, the City Council should consider the development of a Department of Community Development to oversee urban renewal and development for the City of Whitefish. At a later date, an urban renewal agency should be considered.

The City of Whitefish must utilize all of the powers granted to it by state statutes in this period of budget shortfalls, declining revenues and public opposition to tax increases. Tax Increment Financing is an important financing mechanism for urban renewal that will affect other taxing entities such as the School District in Whitefish and Flathead County. Their opposition to this financing mechanism today is understandable. Ultimately however, there will be an economically stronger and healthier City of Whitefish, School District #74 and Flathead County.

ORDINANCE NO. 87-3

AN ORDINANCE OF THE CITY OF WHITEFISH, MONTANA, ADOPTED PURSUANT TO 7-15-427 M.C.A. APPROVING THE CITY OF WHITEFISH URBAN RENEWAL PLAN PREPARED BY THE WHITEFISH CITY ADMINISTRATOR DATED MARCH, 1987, WHICH RELATES TO BOTH GENERAL AND SPECIFIC URBAN RENEWAL PROJECTS FOR THE CITY OF WHITEFISH AND THE FINANCING THEREOF.

WHEREAS, the City Council of the City of Whitefish on the 8th day of September, 1986, passed and adopted Resolution No. 86-36 finding blighted areas as defined in the law existing within the City and that the rehabilitation, redevelopment, or a combination thereof is necessary in the interest of public health, safety, and welfare and authorized the preparation of an Urban Renewal Plan; and

WHEREAS, a document entitled The City of Whitefish Urban Renewal Plan prepared by the Whitefish City Administrator and dated March, 1987, has been prepared setting forth both generally and specifically Urban Renewal projects and the financing thereof; and

WHEREAS, notice as required by 7-15-4215 M.C.A. has been duly given and public hearing had on said Urban Renewal Plan; and

WHEREAS, the City Council has considered the various requirements as set forth in 7-15-4217 M.C.A. prior to enacting this Ordinance; and

WHEREAS, the City Council finds that a workable and feasible plan exists for making available adequate housing for any persons who may be displaced by the project, such being several vacant housing units in the Whitefish area which will be utilized in order to make adequate housing available for those person who might be displaced by any project; and

WHEREAS, the Whitefish City County Planning Board has reviewed the Urban Renewal Plan and has found in its recommendation that such is in conformity with the Master/Comprehensive Plan for the Whitefish Planning Area, and the City Council also finds that to be the case; and

WHEREAS, the City Council finds that the Urban Renewal Plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise with the public and private sectors working together for the betterment of the community; and

WHEREAS, a sound and adequate financial program exists for the financing of both general and specific projects to include, but not be limited to, provisions for the segregation and application of Tax Increment Financing as provided in 7-15-4282 through 7-15-4292 M.C.A., all as are set forth in said plan;

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA:

SECTION 1: That the Urban Renewal Plan as set forth in that document entitled the City of Whitefish Urban Renewal Plan as prepared by the Whitefish City Administrator and dated March, 1987 relating to general and special Urban Renewal Projects as set forth therein and the methods and modes of financing such as set forth therein to include, but not to be limited to the segregation and application of tax increments as provided in 7-15-4282 through 7-15-4292 M.C.A. is hereby approved.

SECTION 2: This Ordinance shall be in full force and effect from and after the expiration of thirty (30) days from its passage by the City Council of the City of Whitefish, Montana, and approval by the Mayor thereof.

FINALLY, PASSED AND ADOPTED by the City Council of the City of Whitefish, Montana, this 4th day of May, 1987 and approved by the Mayor thereof on the same day.

CITY OF WHITEFISH

By: /s/ Carroll E. Amass  
Mayor

ATTEST:

/s/ Kay Beller  
City Clerk



PROPOSED HOTEL / CONVENTION COMPLEX

WHITEFISH LAKE

CITY BEACH PARK

MOUNTAIN TRAILS PARK

DOWNTOWN IMPROVEMENTS

CITY HALL COMPLEX

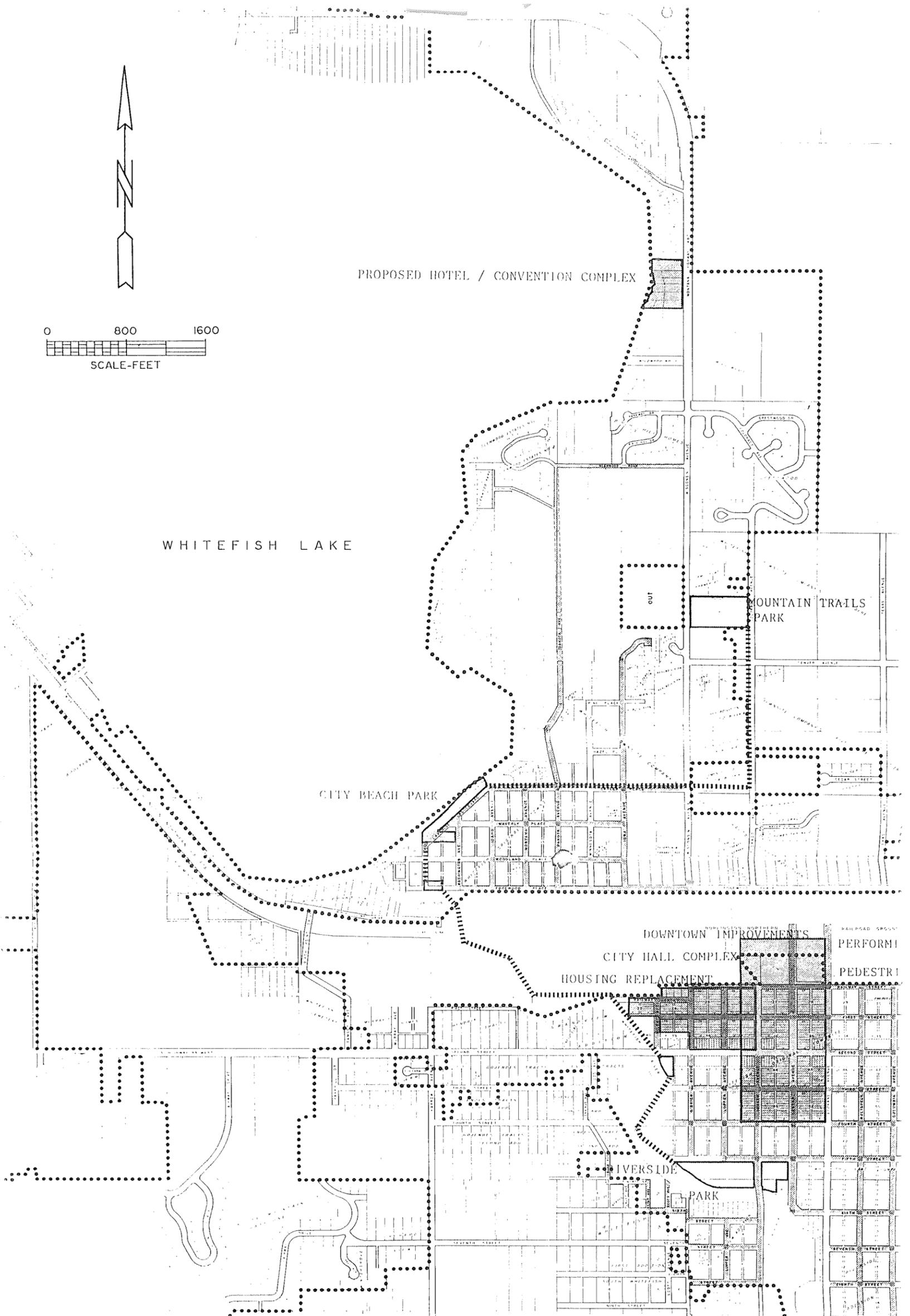
HOUSING REPLACEMENT

PERFORMI

PEDESTRI

IVERSIDE

PARK



Amendment No. 1  
Include Idaho Timber

8919808460

ORDINANCE 89-3

AN ORDINANCE OF THE CITY OF WHITEFISH, MONTANA, AMENDING THE URBAN RENEWAL PLAN AND THE TAX INCREMENT DISTRICT TO INCLUDE A CERTAIN CONTIGUOUS TRACT OR PARCEL OF LAND.

WHEREAS, in the judgment of the City Council of the City of Whitefish, Montana, it will be in the best interests of said City that the tax increment district boundaries of said City of Whitefish shall be extended so as to include the Idaho Timber property, Exhibit "A" attached.

WHEREAS, said property was annexed into the City of Whitefish on April 17, 1989, and

WHEREAS, the City of Whitefish wishes to help Idaho Timber stay in their current location and the primary focus of the Urban Renewal Plan is to provide for special funding mechanisms available under the Urban Renewal Law that will allow the City to address "blight" through the construction or reconstruction of utilities; and

WHEREAS, the City of Whitefish is desirous of extending the sewer utility for the new facility to be constructed by Idaho Timber and implement the tax increment funds for the extension of said sewer utility; and

WHEREAS, the City-County Planning Board has reviewed this amendment and has found in its recommendation that such is in conformity with the Master/Comprehensive Plan for the Whitefish Planning Area and have given unanimous approval to include said tract or parcel of land in the tax increment district; and

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA:

1. That the City Council of the City of Whitefish, Montana, does include the following described tract or parcel of land into the Tax Increment District and the Urban Renewal Plan Map will be amended to reflect this inclusion, to-wit:

See Exhibit "A" attached hereto and by this reference incorporated herein

That the above described tract be and it is hereby included into the Tax Increment District of the City of Whitefish, Montana.

Section 2. This Ordinance shall take effect and the land described shall become a part of the Increment District on the 15th day of June, 1989.

1003001

89198 08460

FINALLY PASSED AND ADOPTED by the City Council of the City of Whitefish, Montana this 15th day of May, 1989.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk



8919808460

EXHIBIT "A"

That portion of the Northeast one-quarter of the Northeast one-quarter ( N.E.1/4 N.E.1/4 ) of Section Thirty-five (35) and the Northwest one-quarter of the Northwest one-quarter (N.W.1/4 N.W.1/4) of Section Thirty-six (36), Township Thirty-one North ( T.31 N.), Range Twenty-two West ( R.22 W.), Principal Meridian, Montana, Flathead County, Montana, described as follows: Commencing at the northeast corner of said Section 35; thence S 00°14'05" E and along the easterly boundary of said Section 35 a distance of 190.90 feet to the TRUE POINT OF BEGINNING of the tract of land herein described; thence N 88°19'30" W and along the southerly boundary of the Burlington Northern R.R. R/W a distance of 274.82 feet; thence SOUTH a distance of 127.87 feet; thence EAST a distance of 96.74 feet; thence SOUTH a distance of 566.60 feet; thence S 89°37'05" E a distance of 187.93 feet; thence S 89°23'54" E a distance of 870.24 feet more or less to a point on the westerly bank of the Whitefish River; thence along the westerly bank of the Whitefish River the following six courses: N 07°30'00"E a distance of 242.43 feet; N 40°15'51" W a distance of 269.05 feet; N 58°26'49" W a distance of 169.19 feet; S 87°22'27" W a distance of 172.55 feet; N 57°07'27" W a distance of 163.37 feet; N 02°01'27" W a distance of 45.87 feet; thence N 88°19'30" W and leaving the westerly bank of the Whitefish River a distance of 181.88 feet to the point of beginning. ALSO KNOWN AS THE IDAHO TIMBER PROPERTY. CS #9540, filed 7-10-1989.

35-45

4A  
4C  
4D  
4E  
36

STATE OF MONTANA, }  
County of Flathead } ss

Recorded at the request of City of Whitefish  
this 17 day of July 1989 at 8:46 o'clock a M and recorded in  
the records of Flathead County, State of Montana.

Fee \$ N/C Pd.

Susan H. Haverfield  
Flathead County Clerk and Recorder

RECEPTION NO. 8919808460

Dwight Kaufman

Amendment No. 2  
Woods Property - Proposed  
Buttries Grocery Store

ORDINANCE 93-2

AN ORDINANCE OF THE CITY OF WHITEFISH, MONTANA, AMENDING THE URBAN RENEWAL PLAN AND THE TAX INCREMENT DISTRICT TO INCLUDE A CERTAIN CONTIGUOUS TRACT OR PARCEL OF LAND.

WHEREAS, in the judgment of the City Council of the City of Whitefish, Montana, it will be in the best interests of said City that the tax increment district boundaries of said City of Whitefish shall be extended so as to include the property in Exhibit "A" attached.

WHEREAS, said property was annexed into the City of Whitefish on March 1, 1993, and

WHEREAS, the City of Whitefish wishes to include the property in the Tax Increment District to address the "blight" in the area; and

WHEREAS, the amendment has been found to be in conformity with the Master/Comprehensive Plan for the Whitefish Planning Area and the Whitefish City Council wishes to include said tract or parcel of land in the tax increment district; and

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA:

1. That the City Council of the City of Whitefish, Montana, does include the following described tract or parcel of land into the Tax Increment District and the Urban Renewal Plan Map will be amended to reflect this inclusion, to-wit:

See Exhibit "A" attached hereto and by this reference incorporated herein

That the above described tract be and it is hereby included into the Tax Increment District of the City of Whitefish, Montana.

Section 2. This Ordinance shall take effect and the land described shall become a part of the Increment District on the 19th day of May 1993.

FINALLY PASSED AND ADOPTED by the City Council of the City of Whitefish, Montana this 19th day of April, 1993.

Gray Bohsich  
Mayor

ATTEST:

Key Beller  
City Clerk



09800449

9312514200

EXHIBIT "A"

A TRACT OF LAND, SITUATED, LYING AND BEING IN THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 1, TOWNSHIP 30 NORTH, RANGE 22 WEST, P.M.,M., FLATHEAD COUNTY, MONTANA, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS TO WIT:

Commencing at the northwest corner of the Northeast Quarter of the Southeast Quarter of Section 1, Township 30 North, Range 22 West, P.M.,M., Flathead County, Montana; Thence S89°36'20"E and along the north boundary of said NE1/4SE1/4 a distance of 87.40 feet to a found iron pin on the easterly R/W of U.S. Highway 93 and the TRUE POINT OF BEGINNING OF THE TRACT OF LAND HEREIN DESCRIBED: Thence continuing S89°36'20"E 758.14 feet to a found iron pin; Thence S89°35'29"E 41.86 feet to a set iron pin; Thence leaving said north boundary S02°15'36"W 331.44 feet; Thence N89°30'47"W 800.00 feet to a set iron pin on the said east R/W of U.S. Highway NO. 93; Thence along said R/W N02°16'00"E 330.16 feet to the point of beginning and containing 6.072 ACRES.

ZONED AS: WB-2 (West 400 Feet)  
WR-1 (East 400 Feet)

STATE OF MONTANA, )  
County of Flathead )  
Recorded at the request of City of Wlsh this 5 day of MAY 1993 at 2:20  
o'clock P.M. and recorded in the records of Flathead County, State of Montana.  
Fee \$ 12 Pd. 9312514200  
RECEPTION NO. \_\_\_\_\_  
RETURN TO \_\_\_\_\_  
Susan W. Harksted  
Flathead County Clerk & Recorder  
Paula Robinson  
Deputy

Copy of Wlsh  
P.O. Box 158  
Wlsh, MT  
59937-0158

**Amendment No. 3 -  
Modify procedure to  
modify plan.**

ORDINANCE NO. 95-6

AN ORDINANCE OF THE CITY OF WHITEFISH, MONTANA, AMENDING THE CITY OF WHITEFISH URBAN RENEWAL PLAN (ORIGINALLY ADOPTED BY ORDINANCE NO. 87-3), SPECIFICALLY, THAT PORTION OF THE PLAN ENTITLED "MODIFICATION OF PLAN", BY ADOPTING A PROCEDURE FOR NOTICE TO THE PUBLIC WHEN FUTURE MODIFICATIONS TO THE URBAN RENEWAL PLAN ARE ADOPTED, AND REPEALING ALL OTHER ORDINANCES, PARTS OF ORDINANCES, OR CODE SECTIONS IN CONFLICT HEREWITH.

BE IT ORDAINED by the City Council of the City of Whitefish, Montana:

Section 1. Recitals: The City of Whitefish, by Ordinance No. 87-3, adopted the City of Whitefish Urban Renewal Plan (the "Plan"), pursuant to Section 7-15-4201, MCA, et seq. Section 7-15-4221, MCA, provides that an urban renewal plan may be modified pursuant to the procedure contained in state law, or pursuant to the procedure set forth in the urban renewal plan. To provide for a procedure for modification of the Plan, it is deemed appropriate to modify the Plan in accordance with this Ordinance.

Section 2. The Plan is hereby modified by amending that portion of the Plan entitled "MODIFICATION OF PLAN," in its entirety, to read as follows:

MODIFICATION OF PLAN

A local governing body may modify an urban renewal plan at any time with the following provisions:

1. The municipality may modify and amend an urban renewal plan, including modifications and amendments to designate and approve urban renewal projects to be undertaken pursuant thereto, by enacting an ordinance providing for and setting forth the modification and amendment. No such ordinance shall be adopted until after a public hearing has been conducted thereon and notice of said hearing has been given in the official newspaper once each week for two (2) consecutive weeks preceding the hearing. If the modification involves the addition or deletion of land from the Urban Renewal District, mailed notice shall be given to all persons owning property to be added or

deleted, and to all taxing agencies that could be affected, at the time and manner provided by Section 7-15-4215(1), MCA. All notices shall provide the information regarding the modification required by Section 7-15-4215(2), MCA. Nothing herein shall limit or affect the authority of the municipality to undertake and carry out renewal activities on a yearly basis as provided by Section 7-15-4220, MCA.

2. If modified after the leases or sale by the municipality of real property in the urban renewal project area, such modification shall be subject to such rights at law or in equity as a lessee or purchaser or his successors in interest may be entitled to assert.

3. If the plan or any subsequent modification thereof involves financing by the issuance of general obligations bonds of the municipality as authorized in 7-15-4302(1) or the financing under the provisions of Part 44 of Chapter 7 or of Part 43 of Chapter 13, the question approving the plan and issuing such bonds shall be submitted to a vote of the qualified electors of such municipality, in accordance with the provisions governing municipal general obligation bonds under Chapter 7, Part 42, at the same election and shall be approved by a majority of those qualified electors voting on such question.

Section 3. All other Ordinances and parts of Ordinances and/or Code Sections in conflict herewith are hereby repealed.

Section 4. That this Ordinance shall be in full force and effect from and after thirty (30) days of its passage by the City Council of the City of Whitefish, Montana, and approval by the Mayor thereof.

PASSED AND ADOPTED by the City Council of the City of Whitefish, Montana, on this 15<sup>th</sup> day of May, 1995.

  
\_\_\_\_\_  
Mayor

Amendment No. 4 -  
Include land for Baker  
Avenue extension

ORDINANCE NO. 95-10

AN ORDINANCE OF THE CITY OF WHITEFISH, MONTANA, AMENDING THE CITY OF WHITEFISH URBAN RENEWAL PLAN BY MODIFYING THE BOUNDARIES OF THE URBAN RENEWAL DISTRICT TO INCLUDE ADDITIONAL LAND TO BE USED FOR THE BAKER AVENUE EXTENSION PROJECT.

WHEREAS, by Resolution No. 95-32, adopted by the City Council of the City of Whitefish on August 7, 1995, the City indicated its intent to amend the City of Whitefish Urban Renewal District; and

WHEREAS, the appropriate notices of such intention and of the public hearing to consider the amendment have been published; and

WHEREAS, the proper and duly required Public Hearing has been held by the Whitefish City Council to consider the proposed amendment;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Whitefish, Montana;

Section 1. The City of Whitefish Urban Renewal District is hereby amended to include the additional land described below, which additional land is to be used for the Baker Avenue Extension Project:

Parcel A: Baker Avenue as accepted for right-of-way purposes per an amended plat of portions of Lots 7, 8, 9, 10 & 11 of Riverside Improvement Company's Acreage, in Section 36, Township 31 North, Range 22 West, P.M.M., Flathead County, Montana.

Parcel B: Lot 1 of an amended plat of a portion of Lots 10, 11, & 12 of Riverside Improvement Company's Acreage, in the SW1/4 of the SE1/4 of Section 36, Township 31 North, Range 22 West, P.M.M., Flathead County, Montana.

Parcel C: That property designated as an Easement for Highway Purposes as described on Certificate of Survey 11201, in the NW1/4 of the NE1/4 of Section 1, Township 30 North, Range 22 West, P.M.M., Flathead County, Montana.

Parcel D: Tract 1 of Certificate of Survey 12028, in Government Lot 2, Section 1, Township 30 North, Range 22 West, P.M.M., Flathead County, Montana.

Parcel E: Tract 2 of Certificate of Survey 12284, in Government Lot 2, Section 1, Township 30 North, Range 22 West, P.M.M., Flathead County, Montana.

Section 2. That the official map of the City of Whitefish Urban Renewal District be amended to include the property described above.

Section 3. That this Ordinance shall be in full force and effect from and after 30 days of its passage by the City Council of the City of Whitefish, Montana, and approval by the Mayor thereof.

PASSED AND ADOPTED by the City Council of the City of Whitefish, Montana, on this 5th day of September, 1995.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk

Amendment No. 5 - Adding  
Hwy 93 South Right-of-way  
to district

199635509310



ORDINANCE NO. 96-14

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA, ADDING LAND (CONSISTING OF THE HIGHWAY 93 SOUTH RIGHT-OF-WAY) TO THE CITY OF WHITEFISH URBAN RENEWAL DISTRICT.

WHEREAS, pursuant to Resolution No. 95-10, the City of Whitefish annexed certain contiguous government lands, consisting of the Highway 93 South Right-of-Way, to the City of Whitefish; and

WHEREAS, in the judgment of the City Council of the City of Whitefish, Montana, it will be in the best interests of the City of Whitefish and the inhabitants thereof if the annexed land referred to above is included within the City of Whitefish Urban Renewal District; and

WHEREAS, after proper and legal notice was given, a public hearing was held on December 2, 1996, before the City Council of the City of Whitefish, and public comment was received and considered;

NOW THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA:

Section 1: That the City Council of the City of Whitefish, Montana, does hereby include within the City of Whitefish Urban Renewal District all lands which were annexed to the City of Whitefish pursuant to Resolution No. 95-10, which lands are more particularly described as follows:

The U.S. Highway 93 right-of-way extended from the southerly limits of the City of Whitefish to the intersection of U.S. Highway 40 which is more fully described in the right-of-way plans for Project 270(6) between Stations 662 and 774, a copy of which plans are on file with the Clerk and Recorder of Flathead County.

Section 2: That the City Council of the City of Whitefish hereby finds that the property added to the City of Whitefish Urban Renewal District, as described above, is a "blighted area" as that term is defined in Section 7-5-4206(2), MCA, and in the City of Whitefish Urban Renewal Plan, for the following reasons:

- a. Such property is contiguous to many residential and commercial lots, and vacant lots, which currently lack adequate water and sewer, and such property is the natural conduit through which new water and sewer lines would be installed and maintained.
- b. Such property is the corridor through which traffic approaches the City of Whitefish from the south, and in its current condition such property lacks aesthetic appeal, landscaping, and other improvements that would

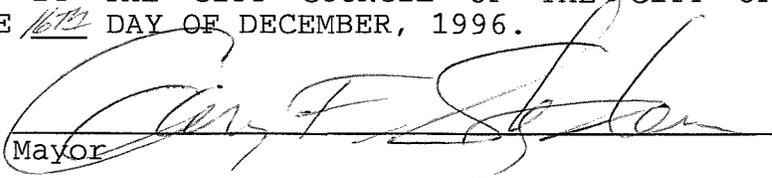
1996355 09310

make such property an attractive and convenient corridor and entrance to the City of Whitefish.

- c. Such property lacks adequate curbs, sidewalks, storm sewers, and parking.

Section 3: This Ordinance shall be in full force and effect from and after thirty (30) days of its passage by the City Council of the City of Whitefish, Montana, and approval by the Mayor thereof.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA ON THE 16<sup>TH</sup> DAY OF DECEMBER, 1996.

  
 \_\_\_\_\_  
 Mayor

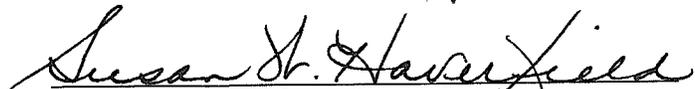
  
 \_\_\_\_\_  
 Kay Beller, City Clerk



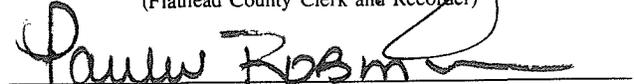
STATE OF MONTANA, }  
 County of Flathead } SS

Recorded at the request of City WFSH  
 this 20 day of Dec, 19 96 at 9:31 o'clock A M and recorded in  
 the records of Flathead County, State of Montana.

Fee \$ 12- Pd.

  
 \_\_\_\_\_  
 (Flathead County Clerk and Recorder)

RECEPTION NO. 199635509310

  
 \_\_\_\_\_  
 (Deputy)

RETURN TO City WFSH  
P.O. Box 158 WFSH MT 59937-0158

Amendment No. 6 - Add MDT site (Lots 5 & 5E) now Baker Commons and Flathead County Property (Now WAVE lots)

**ORDINANCE 99-4**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA, ADDING LAND CURRENTLY OWNED BY THE MONTANA DEPARTMENT OF TRANSPORTATION AND FLATHEAD COUNTY TO THE CITY OF WHITEFISH URBAN RENEWAL DISTRICT.

WHEREAS, the City of Whitefish is in the process of acquiring, from the Montana Department of Transportation, certain real estate identified as Assessor's Tracts 5 and 5E in Section 1, Township 30 North, Range 22 West, M.P.M., Flathead County, Montana, which property the City intends to use in connection with an urban renewal project; and

WHEREAS, Flathead County owns property immediately adjacent to the City's proposed Urban Renewal Project, and the City is desirous of having Flathead County's property including within the City's Tax Increment District; and

WHEREAS, the property owned by Flathead County is legally described as Lots 2 and 3 of the Amended Plat of a portion of Lots 10, 11, and 12 of Riverside Improvement Company's Acreage, located in the southwest quarter of the southeast quarter (SW1/4SE1/4) of Section 36, Township 31 North, Range 21 West, P.M.M., Flathead County, Montana; and

WHEREAS, pursuant to that portion of the City's Urban Renewal Plan entitled "MODIFICATION OF PLAN," the City scheduled and conducted a public hearing on May 17, 1999, which public hearing was preceded by the published notice required by the City's Urban Renewal Plan; and

WHEREAS, both the Montana Department of Transportation and Flathead County have given their written consent to inclusion of their property, as legally described above, in the City's Urban Renewal District; and

WHEREAS, having received public comment regarding the proposed addition of land to the City's Urban Renewal District, the City Council of the City of Whitefish determines that it would be in the best interests of the City, and its inhabitants, to include such land within its Urban Renewal District; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA:

Section 1: That the City Council of the Whitefish, Montana, does hereby include within the City of Whitefish Urban Renewal District those lands which are more particularly described as follows:

Assessor's Tracts 5 and 5E in Section 1, Township 30 North, Range 22 West, M.P.M., Flathead County, Montana; and

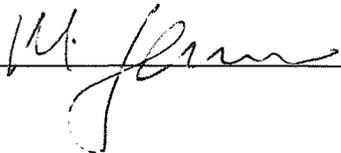
Lots 2 and 3 of the Amended Plat of a portion of Lots 10, 11, and 12 of Riverside Improvement Company's Acreage, located in the southwest quarter of the southeast quarter (SW1/4SE1/4) of Section 36, Township 31 North, Range 21 West, P.M.M., Flathead County, Montana.

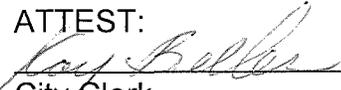
Section 2: That the City Council of the City of Whitefish hereby finds that the property added to the City of Whitefish Urban Renewal District, as described above, is a "blighted area" as that term is defined in Section 7-15-4206(2), MCA, and as that term is defined in the City of Whitefish Urban Renewal Plan, for the following reasons:

- (a) Such property in its current state consists of a gravel pit which is located near the heart of the City and which substantially impairs or arrests the sound growth of the City and its environs.
- (b) Such property is physically dilapidated and deteriorated, due to the extensive use of such property as a gravel pit.
- (c) Such property is a large parcel (over 15 acres) for which there are no roads, convenient access, or utility infrastructure of any kind.
- (d) Such property is located along Baker Avenue, a major traffic corridor through the City, and in its current condition such property lacks aesthetic appeal, landscaping, and other improvements that would make such property an attractive and convenient traffic corridor.
- (e) Such property lacks curbs, gutters, sidewalks, storm sewers, parking, and other government infrastructure.

Section 3: That this Ordinance shall be in full force and effect from and after thirty (30) days of its passage by the City Council of the City of Whitefish, Montana, and approval by the Mayor thereof.

PASSED AND ADOPTED by the City Council of the City of Whitefish, Montana, on the 21<sup>st</sup> day of JUNE, 1999.

\_\_\_\_\_  
Mayor 

ATTEST:  
  
\_\_\_\_\_  
City Clerk

Amendment No.  
7 - Delete  
Grouse Mountain  
area and Iron  
Horse areas.

ORDINANCE NO. 99-15

ORDINANCE RELATING TO THE MODIFICATION OF THE WHITEFISH, MONTANA URBAN RENEWAL PLAN (THE URBAN RENEWAL PLAN) TO MODIFY THE BOUNDARIES OF THE URBAN RENEWAL DISTRICT AND TO APPROVE CERTAIN PROJECTS AS URBAN RENEWAL PROJECTS

BE IT ORDAINED by the City Council (the "Council") of the City of Whitefish, Montana (the "City"), as follows:

Section 1. Recitals. The City by Ordinance No. 87-3, passed and approved on May 4, 1987, created an urban renewal district (the "District") and adopted the City of Whitefish Urban Renewal Plan (the "Plan") for the District pursuant to Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the "Act"), which Plan contained a provision for tax increment financing. Pursuant to the Act and the procedures contained in the Plan, and Resolution No. 99-56, adopted December 6, 1999, the City has set forth its intention to modify the boundaries of the District by removing certain properties from the district and to issue and sell tax increment urban renewal bonds in an amount sufficient, but not to exceed \$12,800,000 (the "Bonds") to finance all or a portion of certain urban renewal projects and has undertaken to designate and approve the following urban renewal projects (the "Projects"), and modify the Plan accordingly, has given notice and conducted public hearings with respect thereto:

- a. Street Reconstruction Project. This project consists of street reconstruction, related utility improvements, bicycle and pedestrian facilities and associated landscape improvements for the following: Second Street (Spokane Avenue to Larch Avenue); Dakota Avenue (Skyles Place to Marina Crest Lane); Edgewood Place and Washington Avenue (Viaduct to City Beach); Columbia Avenue (Railway Street to Second Street); Greenwood Drive; First Street (Baker Avenue to Miles Avenue); Fourth Street (Baker Avenue to Mountain View Manor); Park Avenue (South of Seventh Street); Lupfer Avenue (Railway Street to Fifth Street); Seventh Street (Spokane to Kalispell - New Construction); and Seventh Street (Pine Avenue to Cow Creek), and such other streets in the District approved by the Council. The project is estimated to cost \$8,440,000, which will be financed from the proceeds of the Bonds.
  
- b. Pavement Overlay Project. This project consists of pavement overlay of the following: Barkley Lane; Lacy Lane; Colorado Avenue (Edgewood Place to North Boundary of Tax Increment District); Texas Avenue (Edgewood Place to North Boundary of Tax Increment District); Dakota Avenue/Glenwood Road (Marina Crest Lane to Wisconsin Avenue); Woodland Place/Oregon Avenue (City Beach Area); Woodland Place (Iowa to Alley West of Dakota Avenue); Montana Avenue (North and South End Sections); Idaho Avenue (Edgewood Place to Waverly Place); and Cedar Street. The project is estimated to cost \$236,000, which will be financed from the proceeds of the Bonds.

c. Business/Industrial Park Redevelopment Project. This project consists of designing, constructing and installing new public infrastructure, including water, sewer, storm drainage, roadway and pedestrian improvements necessary for the redevelopment of a 21 acre gravel pit on Baker Avenue between 13th Street and 18th Street. The project is expected to cost \$1,500,000, which will be financed from the proceeds of the Bonds.

d. Downtown Redevelopment Project. This project consists of several components all designed to revitalize and enhance economic development opportunities, enhance the tax base and upgrade public improvements to enhance the District's downtown public areas and facilities. The Project envisions the purchase of existing vacant properties and structures, demolition of blighted structure and the offering for redevelopment of such properties in accordance with all statutory requirements; the construction of a convention and/or visitors' center, the reconstruction of Central Avenue between First Street and Fifth Street, including roadway and pedestrian improvements and associated utilities; and the completion of the downtown Community Center Project through construction of a community aquatics center on adjacent vacant city land. This comprehensive project is expected to cost in excess of \$2,624,000, of which approximately \$2,624,000 will be financed from the proceeds of the Bonds.

Section 2. Findings. The Council hereby finds, with respect to each of the Projects described in Section 1 hereof, as follows:

- a. a workable and feasible plan exists for making available adequate housing for any persons who may be displaced by the Projects;
- b. the Plan, as modified to include the Projects, conforms to the comprehensive plan or parts thereof of the City;
- c. the Plan, as modified to include the Projects, will afford maximum opportunity, consistent with the needs of the City as a whole, for the rehabilitation or redevelopment of the District by private enterprise;
- d. a sound and adequate financial program exists for the financing of each of the Projects, which program includes the sale and issuance by the City of its urban renewal tax increment bonds in an amount not to exceed the costs of the Projects and other Projects heretofore or hereafter approved by this Council, including administration costs and costs of issuance of the bonds, and for the application of available funds in the Development Account in the Tax Increment Fund of the City, in proportions yet to be determined, for the purpose of financing all or a portion of the costs of the Projects as set forth above; and
- e. each of the Projects constitutes an urban renewal project within the meaning of the Act and the Plan.

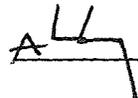
Section 3. Modification of Projects. The Urban Renewal Projects herein designated and approved may be modified by the City Council of the City of Whitefish if the Council determines by Resolution that an adjustment to a Project or Projects is required in the best interest of the City of Whitefish.

Section 4. Modification of Boundaries. This Council hereby deletes the parcels of land set forth on Exhibit A hereto from the boundaries of the District.

Section 5. Effect. This Ordinance shall take effect from and after 30 days of its passage by the City Council and approval by the Mayor.

PASSED, ADOPTED and APPROVED on first reading this 20th day of December, 1999.

PASSED, ADOPTED and APPROVED on second reading this 3rd day of January, 2000.

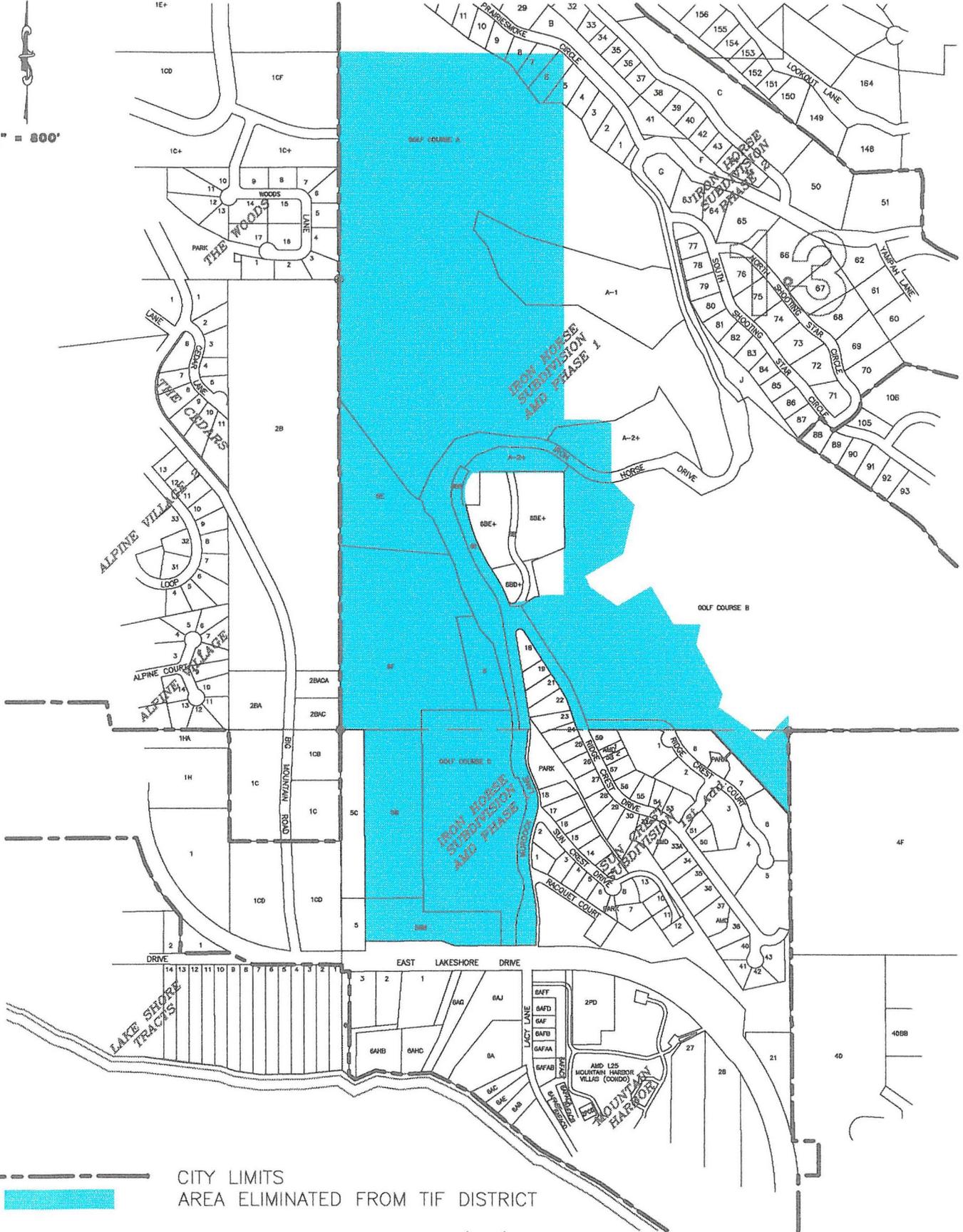
  
\_\_\_\_\_  
Mayor

Attest:   
\_\_\_\_\_  
City Clerk-Treasurer



# EXHIBIT A

DECEMBER, 1999





February 9, 2000

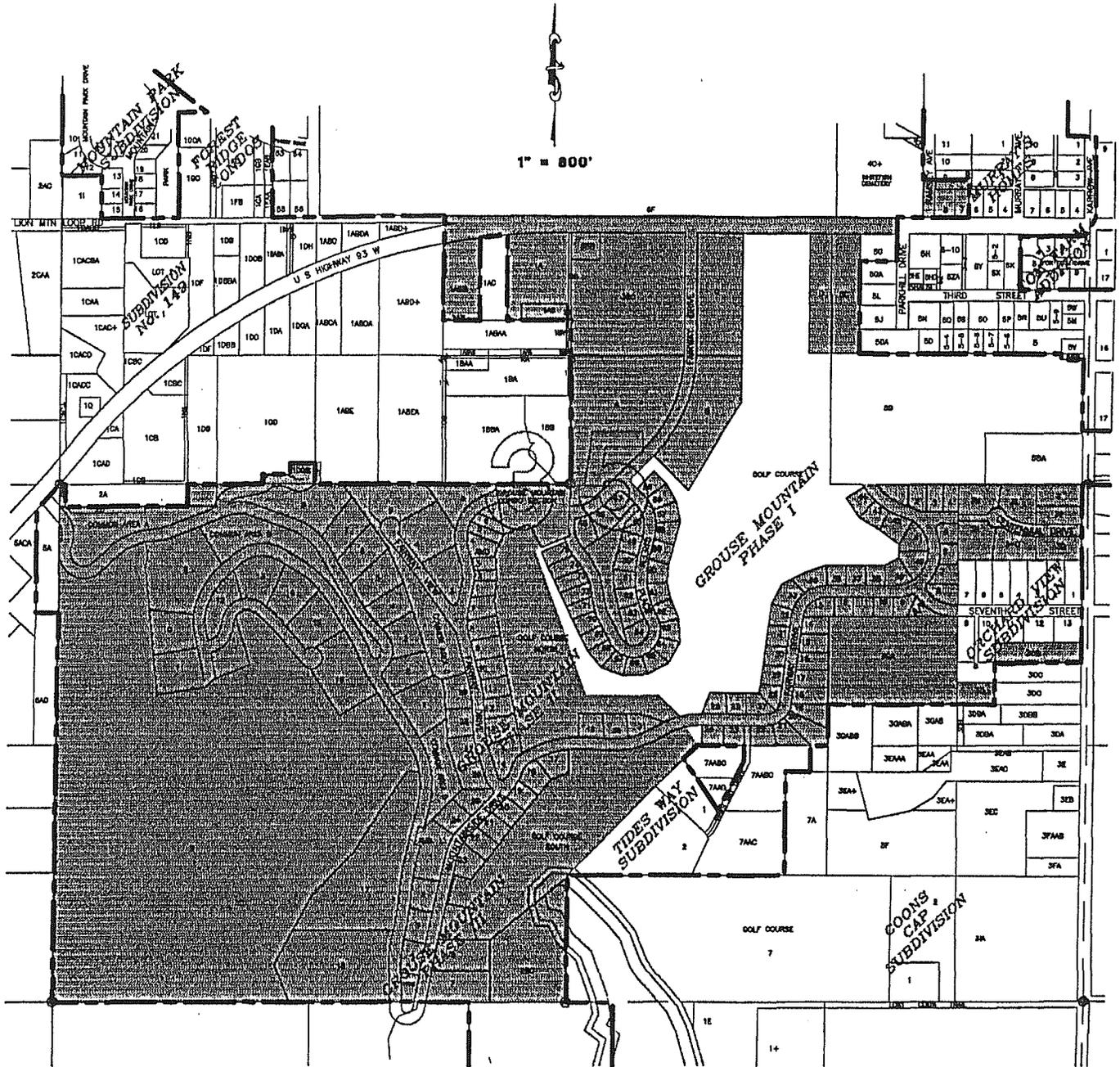
Monty Long, County Assessor  
800 S. Main  
Kalispell, MT 59901

Assessor Numbers to be deleted from the Tax Increment District: Ordinance 99-15

0000978	0967742	0967772	0967802	0979823
0000979	0967743	0967773	0970237	0979824
0000984	0967744	0967774	0972516	0979825
0225452	0967745	0967775	0972973	0979826
0238850	0967746	0967776	0972974	0979827
0311026	0967747	0967777	0972975	0979828
0311029	0967748	0967778	0972976	0979829
0314500	0967749	0967779	0972977	0979830
0474600	0967750	0967780	0972978	0979831
0578232	0967751	0967781	0972979	0979832
0636734	0967752	0967782	0974444	0979833
0967722	0967753	0967783	0977428	0979834
0967723	0967754	0967784	0977429	0979835
0967724	0967756	0967785	0977430	0979836
0967725	0967757	0967786	0977431	0979837
0967726	0967758	0967787	0977432	0979838
0967727	0967759	0967788	0977521	0979839
0967728	0967760	0967789	0977846	0979840
0967729	0967761	0967790	0978947	0979841
0967730	0967762	0967791	0979358	
0967731	0967763	0967792	0979814	
0967732	0967764	0967793	0979815	
0967733	0967765	0967794	0979816	
0967734	0967766	0967795	0979817	
0967735	0967767	0967796	0979818	
0967736	0967768	0967797	0979819	
0967737	0967769	0967799	0979820	
0967740	0967770	0967800	0979821	
0967741	0967771	0967801	0979822	

# EXHIBIT A

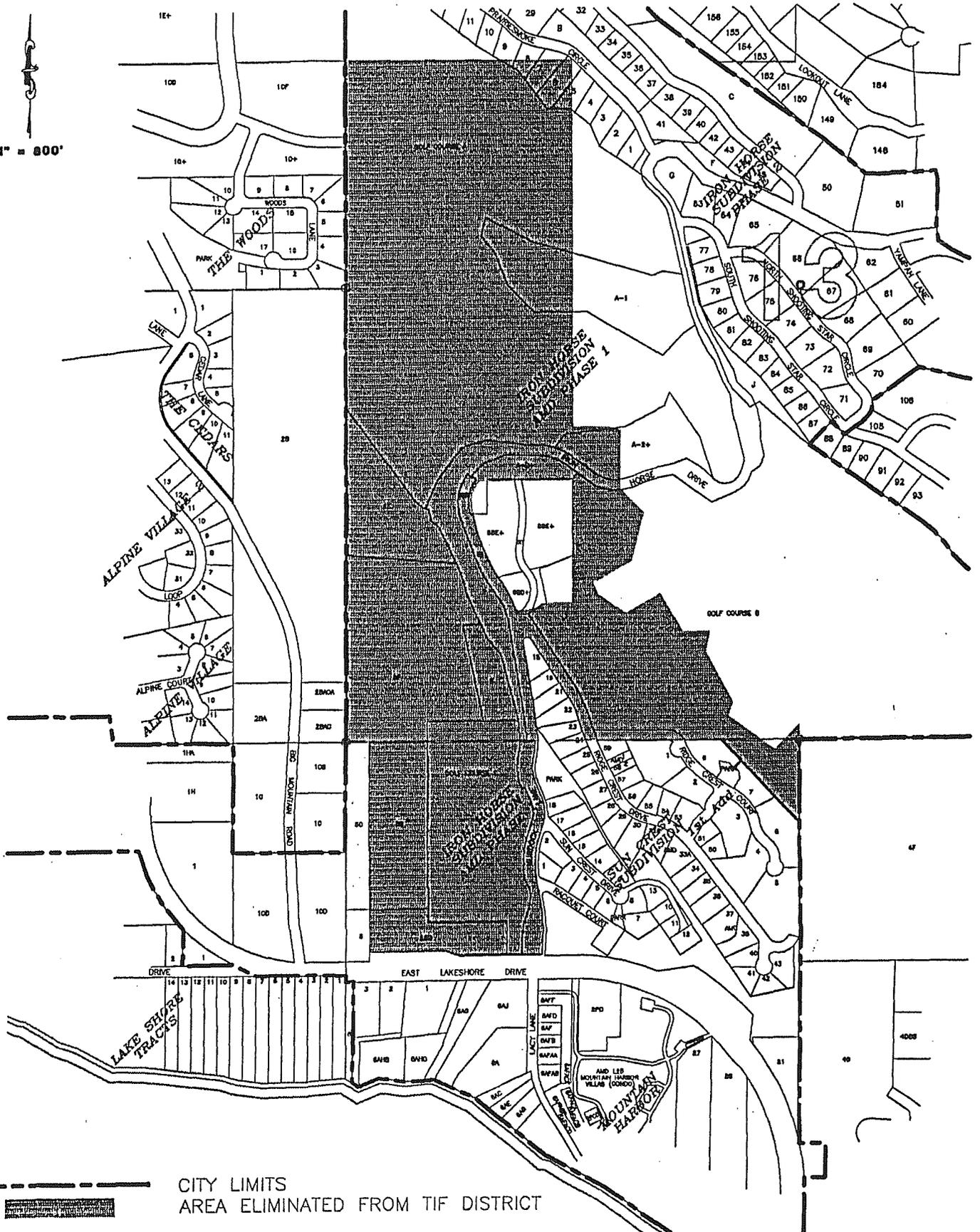
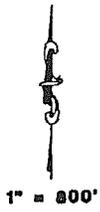
DECEMBER, 1999

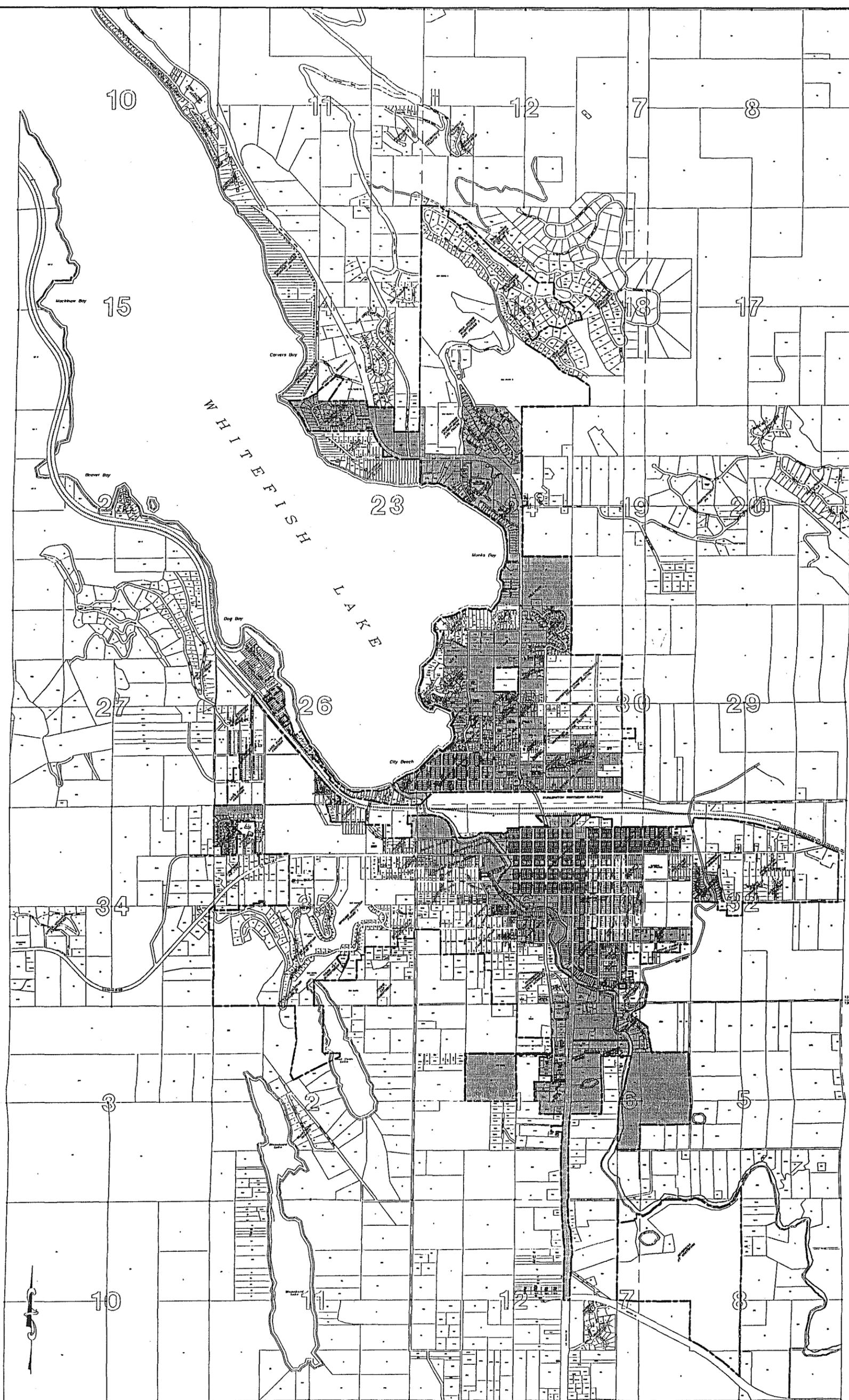


CITY LIMITS  
AREA ELIMINATED FROM TIF DISTRICT

# EXHIBIT A

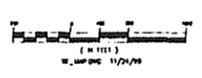
DECEMBER, 1999





- - - - - CITY LIMITS  
 [Shaded Area] TAX INCREMENT FUND DISTRICT

EXHIBIT B - TAX INCREMENT FUND DISTRICT  
 DECEMBER, 1999  
 CITY OF WHITEFISH



Box 158, Whitefish, Montana 59937 (406) 863-2400

---



February 25, 2000

Mae Nan Ellingson  
Dorsey & Whitney LLP  
127 East Front Street – Suite 310  
Missoula, MT 59802

Re: Whitefish Tax Increment Boundary Adjustments

Dear Mae Nan:

Attached please find legal descriptions for those properties recently excluded from the Whitefish Tax Increment District. These are provided in a draft format, as we assume you have your own specific formatting requirements. Please let me know if this is not what you expected, or if we can help by resubmitting this information in a different format.

We will look to you for other direction as may be necessary, such as updating the final resolution or distributing this legal description information to others.

Sincerely,

A handwritten signature in black ink, appearing to read "John C. Wilson".

John C. Wilson  
Public Works Director



Area to be excluded from the Whitefish Tax Increment District:

A Portion of Iron Horse Subdivision Amended Phase I

Tracts 6E, 6F, 6, 6B, & 6BB

All in Section 13, T31N, R22W

Plus:

A Portion of Iron Horse Subdivision Amended Phase I

Tracts 5B & 5BB

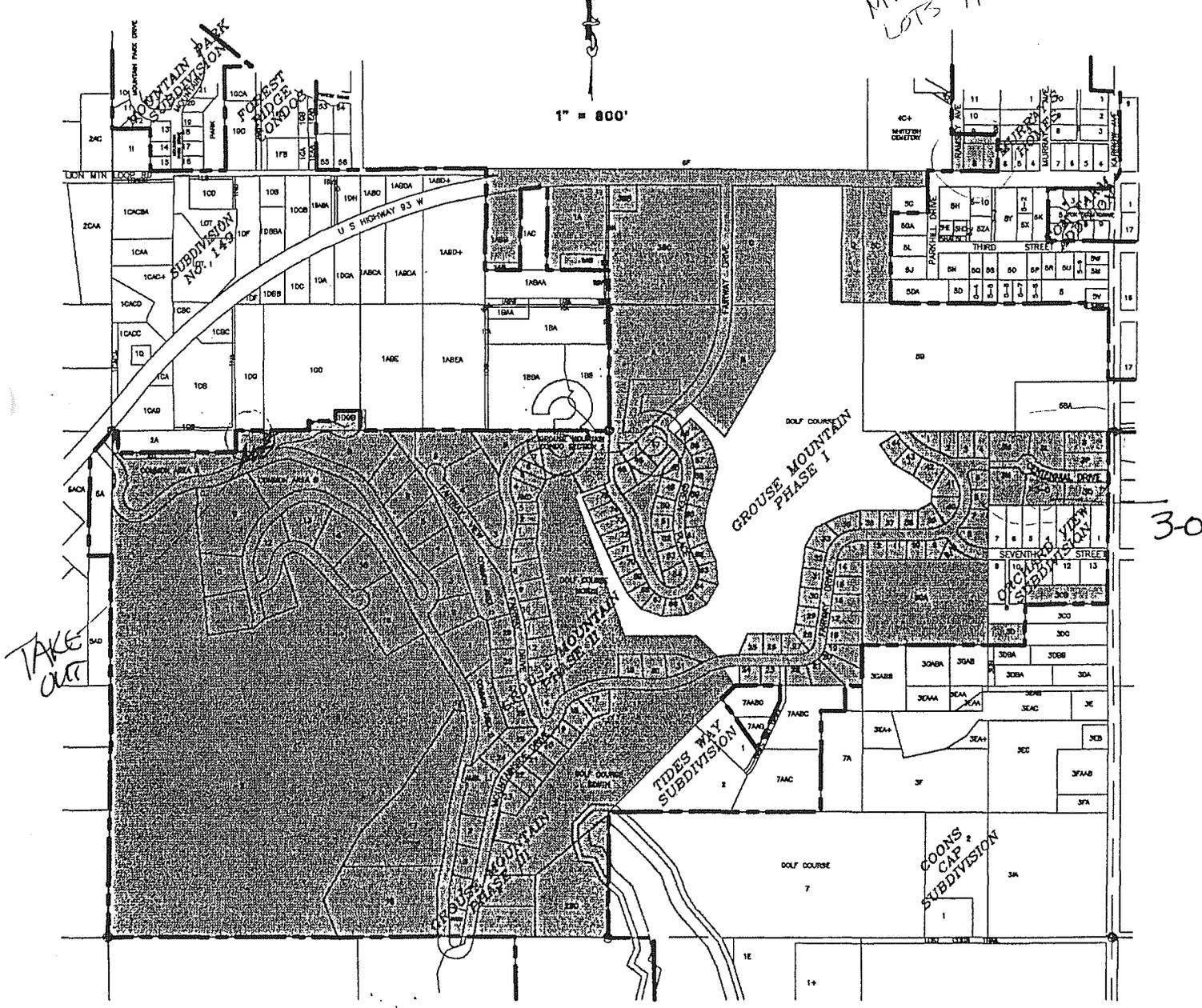
All in Section 24, T31N, R22W

# EXHIBIT A

DECEMBER, 1999

1" = 800'

MURREY'S HOMES  
LOTS 7, B, S 1/2 LOT 9.



----- CITY LIMITS  
[Stippled Area] AREA ELIMINATED FROM TIF DISTRICT

Area to be excluded from the Whitefish Tax Increment District:

Grouse Mountain Subdivision Phases I, II, and III

Grouse Mountain Condo Section I

Grouse Mountain Estates Phase I

Murray's Homes, Block 2, Lots 7,8, & South ½ of 9

Tracts 2AA, 2C, 1DGB, 1AB, 1ABB, 1A, 1AD, 1M, 1MA, 3BB, 3BC, 5C, 3, 3L, 3M, 3N, 3-O, 3P, 3Q, 3CB, 3D, 3GA, 2BC, 2, & 2B

All in Section 35, T31N, R22W

Amendment No. 8 - Modify  
plan to include proposed  
Depot Square as an Urban  
Renewal Project

ORDINANCE NO. 01-16

ORDINANCE RELATING TO THE MODIFICATION OF THE  
WHITEFISH, MONTANA URBAN RENEWAL PLAN (THE  
URBAN RENEWAL PLAN) TO APPROVE A CERTAIN  
PROJECT AS AN URBAN RENEWAL PROJECT

BE IT ORDAINED by the City Council (the “Council”) of the City of Whitefish, Montana (the “City”), as follows:

Section 1. Recitals. The City by Ordinance No. 87-3, passed and approved on May 4, 1987, created an urban renewal district (the “District”) and adopted the City of Whitefish Urban Renewal Plan (the “Plan”) for the District pursuant to Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the “Act”), which Plan contained a provision for tax increment financing. Pursuant to the Act and the procedures contained in the Plan, and Resolution No. 01-39, adopted October 1, 2001, the City has set forth its intention to issue and sell tax increment urban renewal bonds in an amount sufficient, but not to exceed \$1,487,525 (the “Bonds”) to finance all or a portion of a certain urban renewal project and has undertaken to designate and approve the following urban renewal project (the “Project”), and modify the Plan accordingly, has given notice and conducted public hearings with respect thereto:

Depot Square Project. The Project consists of a mixed use retail, commercial and housing project, which will include off-street and on-street public parking and dedicated parking for the residents of the Project. The Project will comprise the 12 lots in Block 28, Whitefish Original Addition and will result in 20,590 square feet of ground floor retail and commercial space, principally bordering on Central Avenue; 33 two and three bedroom residential units on the second and third floors; 65 underground public parking spaces; 35 semi-enclosed ground level private parking spaces; 11 additional on-street parking spaces with related landscaping and site improvement, and redevelopment of 18 existing on-street parking spaces. The project is estimated to cost \$16,188,895, which will be financed from the proceeds of the Bonds and will require a private investment of \$14,701,370. The Project is being undertaken by Whitefish Development LLC (the “Developer”).

Section 2. Conditions for Bonds and Use of Proceeds. With respect to the Project, the issuance of the Bonds and the use of proceeds thereof to pay a portion of the costs of acquiring land for construction of the Project is subject to the following conditions:

1. The Bonds will be issued to pay all or a portion of the costs of acquisition of land for and the construction of a Public Parking Facility, to demolish existing structures thereon, develop 11 new and 18 redeveloped spaces of on-street parking and to fund the cost of public utility, street, sidewalk and landscaping improvements (the “Public Improvements”).
2. The principal amount of the Bonds to be issued will be calculated to insure that the Tax Increment to be generated by the Project will provide 125% coverage of

annual debt service of the Bonds and provide additional tax increment of \$15,000 annually.

3. The Underground Public Parking Facility will be owned by the City and available for public parking. It is contemplated that the ownership of the Parking Facility will be structured as a condominium.
4. The Improvements to be financed from the proceeds of the Bonds will be constructed by contractors and approved by the City and Developer in compliance with applicable competitive bid requirements.
5. The proceeds of the Bonds will be disbursed as required to pay for eligible Project costs as incurred.
6. The City and the Developer will enter into a Development Agreement, which will be subject to approval of the City Council. It will:
  - a) obligate the Developer to construct the Project within a specified period of time and provide assurance that the Developer has adequate resources and committed financing available to undertake and complete the Project;
  - b) obligate the Developer to complete the Public Improvements in the event that the proceeds of the Bonds are insufficient therefore;
  - c) obligate the Developer to pay its real and personal property taxes as due, and to the extent that amount of Tax Increment paid with respect to the Project is not adequate to pay the principal of and interest on the Bonds as due, it will obligate the Developer to make a “deficiency tax payment”;
  - d) set forth the additional collateral and security required by the City and the Underwriter of the bonds to guarantee a “deficiency tax payment”;
  - e) specify remedies for the City in the event that the Developer defaults on its obligations.

Section 3. Findings. The Council hereby finds, with respect the Project described in Section 1 hereof and the satisfaction of the conditions set forth in Section 2, as follows:

- a. a workable and feasible plan exists for making available adequate housing for any persons who may be displaced by the Project;
- b. the Plan, as modified to include the Project, conforms to the comprehensive plan or parts thereof of the City;
- c. the Plan, as modified to include the Project, will afford maximum opportunity, consistent with the needs of the City as a whole, for the rehabilitation or redevelopment of the District by private enterprise;

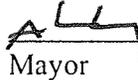
- d. a sound and adequate financial program exists for financing the Project, which program includes the sale and issuance by the City of its urban renewal tax increment bonds in an amount not to exceed the costs of the Project, including administration costs and costs of issuance of the Bonds, and available funds in the Development Account in the Tax Increment Fund of the City, in proportions yet to be determined, for the purpose of financing all or a portion of the costs of the Project as set forth above; and
- e. the Project constitutes an urban renewal project within the meaning of the Act and the Plan.

Section 3. Modification of Project. The Urban Renewal Project herein designated and approved may be modified by the City Council of the City of Whitefish if the Council determines by Resolution that an adjustment to a Project is required in the best interest of the City of Whitefish.

Section 4. Preparation of Documents; Submission to Council for Final Approval. The City Manager, Finance Director and the special committee of the Council formed to review the Project are hereby authorized and directed to work with the Developer, Bond Counsel and City Attorney, as may be required, to prepare and review the documents described in Section 2 and any other documents as may be necessary to satisfy the conditions set forth herein and effectuate the Project and the financing thereof and submit such documents to this Council for approval.

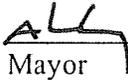
Section 5. Effect. This Ordinance shall take effect from and after 30 days of its passage by the City Council on second reading and approval by the Mayor.

PASSED, ADOPTED and APPROVED on first reading this 5th day of November, 2001.

  
\_\_\_\_\_  
Mayor

Attest:   
City Clerk

PASSED, ADOPTED and APPROVED on second reading this 19th day of November, 2001.

  
\_\_\_\_\_  
Mayor

Attest:   
City Clerk

CERTIFICATE AS TO ORDINANCE AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Whitefish, Montana (the "City"), hereby certify that the attached ordinance is a true copy of a Ordinance entitled: "ORDINANCE RELATING TO THE MODIFICATION OF THE WHITEFISH, MONTANA URBAN RENEWAL PLAN (THE URBAN RENEWAL PLAN) TO APPROVE A CERTAIN PROJECT AS AN URBAN RENEWAL PROJECT" (the "Ordinance"), on file in the original records of the City in my legal custody; that the Ordinance was duly adopted on first reading by the City Council of the City at a regular meeting on November 5, 2001, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Ordinance has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Ordinance at said meeting, the following Council members voted in favor thereof: Mike Gwiazdon, Kim Fleming, Sarah Fitzgerald, Chet Hope, Turner Askew, Shirley Jacobson ;  
voted against the same: None ;  
abstained from voting thereon: None ;  
or were absent: None .

WITNESS my hand and seal officially this 5th day of November, 2001.

(SEAL)

  
City Clerk

I further certify that the Ordinance was duly adopted on second reading by the City Council of the City at a special meeting on November 19, 2001, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Ordinance has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Ordinance at said meeting, the following Council members voted in favor thereof: Mike Gwiazdon, Kim Fleming, Sarah Fitzgerald, Chet Hope, Shirley Jacobson ;  
voted against the same: None ;  
abstained from voting thereon: None ;  
or were absent: Turner Askew .

WITNESS my hand and seal officially this 19th day of November, 2001.

(SEAL)

  
City Clerk

Amendment No. 9 -  
amending the boundaries  
to include area where  
WAVE is.

**ORDINANCE NO. 03- 25**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA,  
AMENDING THE BOUNDARIES OF THE WHITEFISH URBAN RENEWAL DISTRICT.**

WHEREAS, the City of Whitefish is in the process of acquiring, from the Whitefish Community Aquatics and Health Center, property which will be combined with other properties and upon which will be constructed the new Community Aquatics and Health Center; and

WHEREAS, pursuant to that portion of the City's Urban Renewal Plan entitled "MODIFICATION OF PLAN," the City scheduled and conducted a public hearing on September 2, 2003, which public hearing was preceded by the notice required by the City's Urban Renewal Plan; and

WHEREAS, having received public comment regarding the proposed addition of land to the City's Urban Renewal District, the City Council of the City of Whitefish determined that it will be in the best interests of the City, and its inhabitants, to include such land within its Urban Renewal District;

NOW, THEREFORE, be it ordained by the City Council of the City of Whitefish, Montana, as follows:

Section 1: That the City Council of the City of Whitefish, Montana, does hereby include within the City of Whitefish Urban Renewal Plans those lands which are more particularly described on Exhibit "A," attached hereto and incorporated herein by reference.

Section 2: That the City Council of the City of Whitefish, Montana, hereby finds that the property added to the City of Whitefish Urban Renewal District, as described above, is a "blighted area" as that term is defined in § 7-15-4206(2), MCA, and as that term is defined in the City of Whitefish Urban Renewal Plan, for the following reasons:

- a) Such property in its current state is located in close proximity to a former gravel pit which is located near the heart of the City and which substantially impairs or arrests the sound growth of the City and its environments.
- b) Such property is physically unimproved.
- c) Such property is a parcel over which there are no roads, convenient access, or utility infrastructure of any kind.
- d) Such property is located near Baker Avenue, a major traffic corridor through the City, and in its current condition such property lacks aesthetic appeal, landscaping, and other improvements that would make such property an attractive and convenient traffic corridor.
- e) Such property lacks curbs, gutters, sidewalks, storm sewers, parking, and other government infrastructure.

Section 3: This Ordinance shall be in full force and effect from and after thirty (30) days after its passage by the City Council of the City of Whitefish, Montana, and approval by the Mayor thereof.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA, THIS 15TH DAY OF SEPTEMBER, 2003.

  
\_\_\_\_\_  
ANDY FEURY, MAYOR

ATTEST:

  
\_\_\_\_\_  
Necile Lorang, City Clerk

Those portions of Lots 11 and 12, Riverside Improvement Company's Acreage described as follows:

Commencing at the Southwest corner of the Southeast 1/4, Section 36, Township 31 North, Range 22 West; thence along the South line of the Southeast 1/4 East 247.61 feet to the Point of Beginning; thence continuing along the South Line East 300.49 feet; thence North 245.10 feet; thence South 89°57'36" West 299.82 feet; thence South 0°09'28" West 244.89 feet to the Point of Beginning.

Parcel A of Certificate of Survey No. 11825.

EXHIBIT " A " ■

Amendment No. 10 - Amend  
plan to include Bicycle and  
Pedestrian Plan as an urban  
renewal project.

ORDINANCE NO. 03-34

ORDINANCE RELATING TO THE MODIFICATION OF THE  
WHITEFISH URBAN RENEWAL PLAN TO APPROVE A  
PROJECT AS AN URBAN RENEWAL PROJECT

BE IT ORDAINED by the City Council (the "Council") of the City of Whitefish, Montana (the "City"), as follows:

Section 1. Recitals.

1.01. The City by Ordinance No. 87-3, passed and approved on May 4, 1987, created an urban renewal district (the "District") and adopted the City of Whitefish Urban Renewal Plan (the "Plan") for the District pursuant to Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the "Act"), which Plan contained a provision for tax increment financing. The Plan was amended by Ordinance No. 95-6, approved by the City Council on May 15, 1995, to set forth a procedure for approving urban renewal projects. Pursuant to the Act and the procedures contained in the Plan, and Resolution No. ~~03-64~~, adopted November 17, 2003, the City set forth its intention to designate and approve the Whitefish Bicycle and Pedestrian Plan, as approved by the Council on October 4, 1999 (the "Bicycle and Pedestrian Plan"), as an urban renewal project (the "Project"), and modify the Plan accordingly, and has given notice and conducted a public hearing with respect thereto. This Project will consist of construction of pedestrian and bicycle trails and walkways as described within the Bicycle and Pedestrian Plan, including those necessary to link the recently redeveloped Riverside Park to Mountain Trails Park and to the redeveloped City Beach Park, and along the Whitefish River and Wisconsin Avenue.

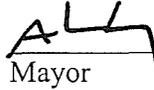
Section 2. Findings. The Council hereby finds, with respect to the Project described in Section 1 hereof, as follows:

- a. no persons will be displaced from their housing by the Project;
- b. the Plan, as modified to include the Project, conforms to the comprehensive plan or parts thereof of the City;
- c. the Plan, as modified to include the Project, will afford maximum opportunity, consistent with the needs of the City as a whole, for the rehabilitation or redevelopment of the District by private enterprise;
- d. the issuance of \$1,775,000 of tax increment urban renewal revenue bonds for the Project, along with other available funds of the City, will enable the City to implement a substantial part of the Plan. The Plan can not be fully implemented with the available funds, but the City believes it will obtain grants and other private funds over time to complete the Project; and
- e. the Project constitutes an urban renewal project within the meaning of the Act and the Plan.

Section 3. Modification of Project. The Urban Renewal Project herein designated and approved may be modified by the City Council of the City of Whitefish if the Council determines by Resolution that an adjustment to the Project is required and in the best interest of the City of Whitefish.

Section 4. Effect. This Ordinance shall take effect from and after 30 days of its passage by the City Council and approval by the Mayor.

PASSED, ADOPTED and APPROVED on second reading this 1st day of December, 2003.

  
\_\_\_\_\_  
Mayor

Attest: Vanice Warbren  
Asst. City Clerk

CERTIFICATE AS TO ORDINANCE AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Whitefish, Montana (the "City"), hereby certify that the attached ordinance is a true copy of a Ordinance entitled: "ORDINANCE RELATING TO THE MODIFICATION OF THE WHITEFISH URBAN RENEWAL PLAN TO APPROVE A PROJECT AS AN URBAN RENEWAL PROJECT" (the "Ordinance"), on file in the original records of the City in my legal custody; that the Ordinance was duly presented for first reading by the City Council of the City at a regular meeting on November 17, 2003, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Ordinance has not as of the date hereof been amended or repealed.

WITNESS my hand and seal officially this 17 day of November, 2003.

(SEAL)

Danice Weelbren  
City Clerk ASSISTANT

I further certify that the Ordinance was duly adopted on second reading by the City Council of the City at a special meeting on December 1, 2003, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Ordinance has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Ordinance at said meeting, the following Council members voted in favor thereof: KIM FLEMING, DOUG ADAMS, MARK WAGNER AND TURNER ASKEW; voted against the same: ERIK GARBERG; abstained from voting thereon: NONE; or were absent: SARAH FITZGERALD.

WITNESS my hand and seal officially this 1 day of December, 2003.

(SEAL)

Danice Weelbren  
City Clerk ASSISTANT

ORDINANCE NO. 03-34

ORDINANCE RELATING TO THE MODIFICATION OF THE  
WHITEFISH URBAN RENEWAL PLAN TO APPROVE A  
PROJECT AS AN URBAN RENEWAL PROJECT

BE IT ORDAINED by the City Council (the "Council") of the City of Whitefish, Montana (the "City"), as follows:

Section 1. Recitals.

1.01. The City by Ordinance No. 87-3, passed and approved on May 4, 1987, created an urban renewal district (the "District") and adopted the City of Whitefish Urban Renewal Plan (the "Plan") for the District pursuant to Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the "Act"), which Plan contained a provision for tax increment financing. The Plan was amended by Ordinance No. 95-6, approved by the City Council on May 15, 1995, to set forth a procedure for approving urban renewal projects. Pursuant to the Act and the procedures contained in the Plan, and Resolution No. ~~03-64~~, adopted November 17, 2003, the City set forth its intention to designate and approve the Whitefish Bicycle and Pedestrian Plan, as approved by the Council on October 4, 1999 (the "Bicycle and Pedestrian Plan"), as an urban renewal project (the "Project"), and modify the Plan accordingly, and has given notice and conducted a public hearing with respect thereto. This Project will consist of construction of pedestrian and bicycle trails and walkways as described within the Bicycle and Pedestrian Plan, including those necessary to link the recently redeveloped Riverside Park to Mountain Trails Park and to the redeveloped City Beach Park, and along the Whitefish River and Wisconsin Avenue.

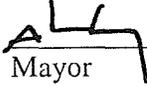
Section 2. Findings. The Council hereby finds, with respect to the Project described in Section 1 hereof, as follows:

- a. no persons will be displaced from their housing by the Project;
- b. the Plan, as modified to include the Project, conforms to the comprehensive plan or parts thereof of the City;
- c. the Plan, as modified to include the Project, will afford maximum opportunity, consistent with the needs of the City as a whole, for the rehabilitation or redevelopment of the District by private enterprise;
- d. the issuance of \$1,775,000 of tax increment urban renewal revenue bonds for the Project, along with other available funds of the City, will enable the City to implement a substantial part of the Plan. The Plan can not be fully implemented with the available funds, but the City believes it will obtain grants and other private funds over time to complete the Project; and
- e. the Project constitutes an urban renewal project within the meaning of the Act and the Plan.

Section 3. Modification of Project. The Urban Renewal Project herein designated and approved may be modified by the City Council of the City of Whitefish if the Council determines by Resolution that an adjustment to the Project is required and in the best interest of the City of Whitefish.

Section 4. Effect. This Ordinance shall take effect from and after 30 days of its passage by the City Council and approval by the Mayor.

PASSED, ADOPTED and APPROVED on second reading this 1st day of December, 2003.

  
\_\_\_\_\_  
Mayor

Attest: Danica Urechael  
City Clerk, Assistant

ORDINANCE NO. 04-08

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA,  
AMENDING THE BOUNDARIES OF THE WHITEFISH URBAN RENEWAL DISTRICT  
TO INCLUDE THE WHITEFISH ARMORY PROPERTY.**

WHEREAS, the City of Whitefish has purchased the property known as the Whitefish Armory from the State of Montana; and

WHEREAS, pursuant to that portion of the City's Urban Renewal Plan entitled "MODIFICATION OF PLAN," the City scheduled and conducted a public hearing on April 19, 2004, which public hearing was preceded by the notice required by the City's Urban Renewal Plan; and

WHEREAS, having received public comment regarding the proposed addition of land to the City's Urban Renewal District, the City Council of the City of Whitefish determined that it will be in the best interests of the City, and its inhabitants, to include such land within its Urban Renewal District;

NOW, THEREFORE, be it ordained by the City Council of the City of Whitefish, Montana, as follows:

Section 1: That the City Council of the City of Whitefish, Montana, does hereby include within the City of Whitefish Urban Renewal District those lands which are more particularly described on Exhibit "A," attached hereto and incorporated herein by reference.

Section 2: That the City Council of the City of Whitefish, Montana, hereby finds that the property added to the City of Whitefish Urban Renewal District, as described above, is a "blighted area" as that term is defined in § 7-15-4206(2), MCA, and as that term is defined in the City of Whitefish Urban Renewal Plan, for the following reasons:

a) The building located on the Whitefish Armory property has been used only as a National Guard Armory, and is currently in a state of disrepair. Significant and extensive repairs and remodeling will be necessary in order to make the building comfortable and safe for use of the public.

b) The building located on the Armory property lacks fire sprinkling, and as a result is in need of substantial and extensive work in order to install fire sprinkling to make the building as safe as is possible for use by members of the public.

c) Only a small portion of the five-acre parcel is developed. Parking lots are unpaved or in a state of substantial disrepair, and most of the parcel lacks landscaping or other improvements.

d) Since constructed as a National Guard Armory many years ago, the building lacks women's restrooms and could not be used by the public in general without extensive modification and construction of women's restrooms.

e) In order to be effectively used by the City and several of its departments, the Armory building would need substantial remodeling to accommodate the various departments and their needs.

f) In its current condition such property lacks aesthetic appeal, landscaping, and other improvements that would make such property attractive and convenient for use by the public.

g) Such property lacks curbs, gutters, sufficient sidewalks, storm sewers, parking, and other government infrastructure.

Section 3: That this Ordinance shall take effect thirty (30) days after its adoption by the City Council of the City of Whitefish, Montana, and signing by the Mayor thereof.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA, THIS 3rd DAY OF May, 2004.

  
\_\_\_\_\_  
ANDY FEURY, MAYOR

ATTEST:

  
\_\_\_\_\_  
Necile Lorang, City Clerk

**EXHIBIT "A"**

That portion of the Southeast Quarter of the Northeast Quarter of Section 32, Township 31 North, Range 21 West, P.M.M., Flathead County, Montana, described as follows:

Commencing at the Southwest corner of the Southeast Quarter of the Northeast Quarter of said Section 32; thence  
North 00°08'57" East and along the Westerly boundary of said Southeast Quarter of the Northeast Quarter, a distance of 30.00 feet to the Northerly right of way of Armory Road (a 60 foot county road) and being the True Point of Beginning of the tract of land herein described; thence  
North 00°08'57" East and along said Westerly boundary and being the centerline of Dodger Lane (a 60 foot declared road), a distance of 630.00 feet; thence  
South 89°51'03" East, a distance of 350.00 feet; thence  
South 00°08'57" West, a distance of 629.58 feet to the Northerly right of way of Armory Road; thence  
North 89°55'34" West along said Northerly right of way, a distance of 350.00 feet to the Point of Beginning.

Tract 1 of Certificate of Survey No. 13145.

Amendment No. 12 -  
Approve construction of  
Parks Maintenance Building  
as an urban renewal project.

**ORDINANCE NO. 08-02**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA, RELATING TO THE MODIFICATION OF THE WHITEFISH, MONTANA, URBAN RENEWAL PLAN WITH RESPECT TO THE PARKS MAINTENANCE BUILDING.**

WHEREAS, the City of Whitefish, by Ordinance No. 87-3, passed and approved on May 4, 1987, created an Urban Renewal District (the "District") and adopted the City of Whitefish Urban Renewal Plan (the "Plan") for the District pursuant to Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the "Act"); and

WHEREAS, thereafter, pursuant to City Ordinance No. 95-6, the City Council amended the Plan by adopting a procedure for notice to the public when future modifications to the Plan are adopted; and

WHEREAS, the original Plan identified as an Urban Renewal Project the provision of recreation facilities and development of new parks-related infrastructure; and

WHEREAS, for many years the City of Whitefish Parks Department has utilized a parcel of land located on Burlington Northern Santa Fe (BNSF) Railroad land and beside the railroad tracks, directly west of downtown, for a Parks Maintenance Facility; and

WHEREAS, the Parks Maintenance Facility on BNSF land consists of a dilapidated building that lacks modern conveniences, including restrooms, running water, insulation, and adequate storage, and that is wholly inadequate for use as a Parks Maintenance Facility; and

WHEREAS, the City identified land currently owned by the City on which the City Wastewater Treatment Plant is located, which land was available for construction of a new Parks Maintenance Building; and

WHEREAS, the new location of the Park Maintenance Building is 202 Monegan Road; and

WHEREAS, the City of Whitefish desires to amend the Plan to include the construction of the new Parks Maintenance Building as an Urban Renewal Project; and

WHEREAS, in furtherance of such amendment, after proper and legal notice was given, a public hearing was held by the Whitefish City Council on January 22, 2008, and public comment was invited; and

WHEREAS, all lawful notice required to be given has been given, and the Whitefish City Council properly considered the approval of the construction of the Parks Maintenance Building as an Urban Renewal Project;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Whitefish, Montana, as follows:

Section 1: All of the recitals set forth above are hereby adopted as Findings of Fact.

Section 2: The Council hereby finds, with respect to the Urban Renewal Project described above, as follows:

- a. A workable and feasible plan exists for making available adequate housing for any persons who might be displaced by the Project;
- b. The Plan, as modified to include the Project, conforms to the comprehensive Plan or parts thereof of the City;
- c. The Plan, as modified to include the Project, will afford maximum opportunity, consistent with the needs of the City as a whole, for the rehabilitation or redevelopment of the District by private enterprise;
- d. A sound and adequate financial program exists for the financing of such Project; and
- e. The Project constitutes an Urban Renewal Project within the meaning of the Act and the Plan.

Section 3: The City Council hereby approves the construction of the Parks Maintenance Building as an Urban Renewal Project, and ratifies any and all action taken with respect to the construction of the Parks Maintenance Building.

Section 4: This Ordinance shall take effect thirty (30) days after its adoption by the City Council of the City of Whitefish, Montana, and signing by the Mayor thereof.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA, THIS 4TH DAY OF FEBRUARY, 2008.

  
\_\_\_\_\_  
MICHAEL JENSON, MAYOR

ATTEST:

  
\_\_\_\_\_  
Necile Lorang, City Clerk

ORDINANCE NO. 08-19

ORDINANCE RELATING TO THE MODIFICATION OF THE  
WHITEFISH URBAN RENEWAL PLAN TO INCORPORATE  
THE WHITEFISH DOWNTOWN BUSINESS DISTRICT  
MASTER PLAN; APPROVING THE EMERGENCY SERVICES  
FACILITY AS AN URBAN RENEWAL PROJECT AND THE  
FINANCING THEREOF; AND ESTABLISHING  
COMPLIANCE WITH REIMBURSEMENT REGULATIONS OF  
THE UNITED STATES TREASURY

BE IT ORDAINED by the City Council (the “Council”) of the City of Whitefish,  
Montana (the “City”), as follows:

Section 1. Recitals.

1.01. The City, by Ordinance No. 87-3, passed and approved on May 4, 1987, (the “Original Ordinance”) created an urban renewal district (the “District”) and adopted the City of Whitefish Urban Renewal Plan (the “Plan”) for the District pursuant to Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the “Act”), which Plan contained a provision for tax increment financing. The Plan was amended by Ordinance Nos. 95-6 and 03-34, approved by the City Council on May 15, 1995 and December 1, 2003, to set forth a procedure for approving urban renewal projects. The Original Ordinance, as amended from time to time by ordinances of the Council, shall constitute the “Ordinance”. Pursuant to the Act and the procedures contained in the Plan, and Resolution No. 08-25, adopted June 16, 2008 (the “Resolution of Intention”), the City set forth its intention to amend the Plan to incorporate the Whitefish Downtown Business District Master Plan, as approved by the Council on April 3, 2006 (the “Downtown Plan”), and to move the location of the existing emergency services facility out of the downtown and construct a new emergency services facility of approximately 30,233 square feet that will include a fire station, police department, City court and related facilities located in the Bakers Common subdivision at 13th Avenue and Baker Street in the District (the “Emergency Services Facility”) as an urban renewal project (the “Project”), and modify the Plan accordingly, made certain findings with respect to the Project and set forth its intention to finance the Emergency Services Facility through the use of a lease purchase.

1.02. Pursuant to the Resolution of Intention, the City duly noticed and held a public hearing on July 7, 2008 on the amendment of the Plan to incorporate therein the Downtown Plan and to approve the Emergency Services Facility as an Urban Renewal Project.

Section 2. Amendment of Plan, Approval of Project and Financing.

2.01. Approval of Downtown Plan. The Plan is hereby amended to include the Downtown Plan as part of the Plan. In the event of any inconsistencies between the Downtown Plan and the Plan, the Downtown Plan will control.

2.02. Approval of Project. The Emergency Services Facility is hereby approved as an Urban Renewal Project.

2.03. The Council hereby confirms the findings with respect to the Project set forth in the Resolution of Intention. The City anticipates that it will need financing in the principal amount of \$9,070,000 to finance the Project, fund a debt service reserve fund and pay other costs associated with Project financing (the "Bonds"), and authorizes the City staff to proceed with the financing thereof in accordance with the Resolution of Intention.

### Section 3. Reimbursement Expenditures.

3.01. Regulations. The United States Department of Treasury has promulgated final regulations governing the use of proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the City for project expenditures paid by the City prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the "Regulations") require that the City adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that the bonds be issued and the reimbursement allocation made from the proceeds of the bonds within 18 months (or three years, if the reimbursement bond issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) after the later of (i) the date the expenditure is paid or (ii) the date the project is placed in service or abandoned, but (unless the issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) in no event more than three years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the bonds.

3.02. Prior Expenditures. Other than (i) expenditures to be paid or reimbursed from sources other than the Bonds, (ii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iii) expenditures in a "de minimus" amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures for the Project have been paid by the City before the date 60 days before the date of adoption of this ordinance.

3.03. Declaration of Intent. The City reasonably expects to reimburse the expenditures made for costs of the Project out of the proceeds of Bonds in an estimated maximum aggregate principal amount of \$9,070,000 after the date of payment of all or a portion of the costs of the Project. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the Bonds or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations.

3.04. Budgetary Matters. As of the date hereof, there are no City funds reserved, allocated on a long-term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to the Project, other than pursuant to the issuance of the Bonds. The statement of intent contained in this resolution, therefore, is determined to be consistent with the City's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof.

3.05. Reimbursement Allocations. The City's Finance Officer shall be responsible for making the "reimbursement allocations" described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Bonds to reimburse the source of temporary financing used by the City to make prior payment of the costs of the Project. Each allocation shall be evidenced by an entry on the official books and records of the City maintained for the Bonds or the Project and shall specifically identify the actual original expenditure being reimbursed.

Section 6. Effect. This Ordinance shall take effect from and after 30 days of its passage by the City Council and approval by the Mayor.

PASSED, ADOPTED and APPROVED on second reading this 21st day of July, 2008.

\_\_\_\_\_  
Mayor 

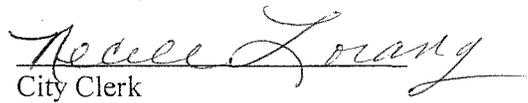
Attest:   
City Clerk

CERTIFICATE AS TO ORDINANCE AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Whitefish, Montana (the "City"), hereby certify that the attached ordinance is a true copy of an ordinance entitled: "ORDINANCE RELATING TO THE MODIFICATION OF THE WHITEFISH URBAN RENEWAL PLAN TO INCORPORATE THE WHITEFISH DOWNTOWN BUSINESS DISTRICT MASTER PLAN; APPROVING THE EMERGENCY SERVICES FACILITY AS AN URBAN RENEWAL PROJECT AND THE FINANCING THEREOF; AND ESTABLISHING COMPLIANCE WITH REIMBURSEMENT REGULATIONS OF THE UNITED STATES TREASURY" (the "Ordinance"), on file in the original records of the City in my legal custody; that the Ordinance was duly presented for first reading by the City Council of the City at a regular meeting on July 7, 2008, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Ordinance has not as of the date hereof been amended or repealed.

WITNESS my hand and seal officially this 23rd day of July, 2008.

(SEAL)

  
City Clerk

I further certify that the Ordinance was duly adopted on second reading by the City Council of the City at a regular meeting on July 21, 2008, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Ordinance has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Ordinance at said meeting, the following Council members voted in favor thereof: Councilors Jacobson, Palmer, Woodruff and Askew; voted against the same: none; abstained from voting thereon: none; or were absent: Councilors Friel and Muhlfield.

WITNESS my hand and seal officially this 23rd day of July, 2008.

(SEAL)

  
City Clerk

Amendment No. 14 - Add high school to Urban Renewal area and declare as urban renewal project.

ORDINANCE NO. 12-05

**An Ordinance of the City Council of the City of Whitefish, Montana, relating to the modification of the Whitefish Urban Renewal Plan to modify the boundaries of the Urban Renewal District; approving the Whitefish School District High School Project as an Urban Renewal Project and the financing thereof.**

BE IT ORDAINED by the City Council (the "Council") of the City of Whitefish, Montana (the "City"), as follows:

Section 1. Recitals.

1.01 The City, by Ordinance No. 87-3, passed and approved on May 4, 1987 (the "Original Ordinance") created an urban renewal district (the "District") and adopted the City of Whitefish Urban Renewal Plan (the "Plan") for the District pursuant to Montana Code Annotated, Title 7, Chapter 15, Parts 42 and 43, as amended (the "Act"), which Plan contained a provision for tax increment financing. The Plan was amended by Ordinance Nos. 95-6 and 03-23, approved by the City Council on May 15, 1995, and December 1, 2003, to set forth a procedure for approving urban renewal projects. The Original Ordinance, as amended from time to time by ordinances of the Council, shall constitute the "Ordinance." Pursuant to the Act and the procedures contained in the Plan, and Resolution No. 08-25, adopted June 16, 2008 (the "Resolution of Intention"), the City set forth its intention to amend the Plan to incorporate the Whitefish Downtown Business District Master Plan, as approved by the Council on April 3, 2006 (the "Downtown Plan"), and by Ordinance No. 08-19, passed and approved on July 21, 2008, the Emergency Services Facility as an Urban Renewal Project.

1.02 Pursuant to the Act and procedure for approving urban renewal projects, the City duly noticed and held a public hearing on February 6, 2012, on the amendment of the Plan to incorporate therein and to approve the Whitefish School District High School Project as an Urban Renewal Project.

Section 2. Amendment of Plan, Approval of Project and Financing.

2.01 Approval of modification of the Whitefish Urban Renewal Plan. The Plan is hereby amended to include the Whitefish School District High School property, as part of the Plan as shown in Exhibit A.

2.02 Approval of Project. The Whitefish School District High School Project is hereby approved as an Urban Renewal Project.

2.03 The Council hereby approves the findings with respect to the Project set forth below. The City authorizes the City staff to proceed with the financing thereof in accordance with the Resolution of Intention.

Section 3. Findings. The Council hereby finds, with respect to the Project as follows:

- a. no persons will be displaced from their housing by the Project;

b. the Original Plan, as amended to include the Whitefish School District High School Project, conforms to the comprehensive plan or parts thereof of the City and the City's Growth Policy;

c. the Original Plan, as amended to include the Whitefish School District High School Project, will afford maximum opportunity, consistent with the needs of the City as a whole, for the rehabilitation or redevelopment of the District, by private enterprise;

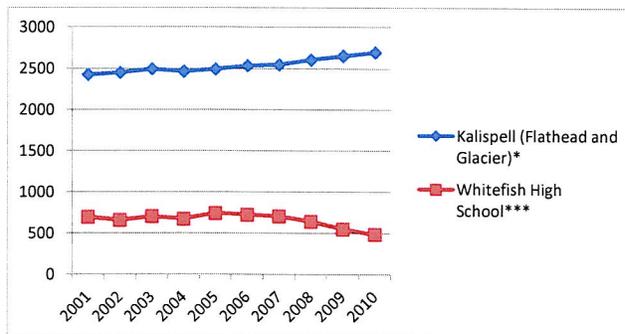
d. a sound and adequate financial program exists for the financing of the Project; and

e. the Project constitutes an urban renewal project within the meaning of the Act and the Original Plan; and

f. the Project has the following public benefits:

1. The Whitefish School District has a policy as shown in Exhibit B of open public use of its facilities including, but not limited to the current and future high school facility. Their policy includes: "School facilities are available to the community for education, civic, cultural, and uses consistent with the public interest, when such use does not interfere with the school program or school-sponsored activities". Moreover, as shown in a letter from the Whitefish School Superintendent in Exhibit B, the School District is very interested in using its future high school facility in a number of public and private partnerships in the community and the District.

2. The project will help reverse a trend of declining enrollment in the Whitefish High School as shown below. Such a trend can inhibit residential and commercial growth in the District (see the next finding) and can lead to disinvestment in and deterioration of the District. Therefore, aiding in the investment of a new and refurbished high school can help eliminate and avoid blighted conditions within the District.



\* Provided by Flathead Superintendent's Office of Public Instruction

\*\*\* Provided by Whitefish School District

3. As shown in Exhibit C, there is extensive literature related to the correlation of investment in public schools (education and facilities) to both residential and commercial development. Therefore, the City Council finds that this correlation is valid and approving the Project will help stimulate demand for and values of residential and

commercial development projects and therefore eliminating existing or avoiding future blighted conditions.

4. As shown in Exhibit D, the current high school has a number of blighted conditions and the City's investment of tax increment funds will help alleviate those blighted conditions for a project within the Tax Increment District boundaries.

5. There will be a public benefit of the newly refurbished and rebuilt high school in that the current plan moves student parking from the south side of the high school to the north side of the high school. This parking will then be more available and more convenient for public parking for other area events such as events at the City's Memorial Field and Memorial Park which is immediately north of the proposed student parking lot.

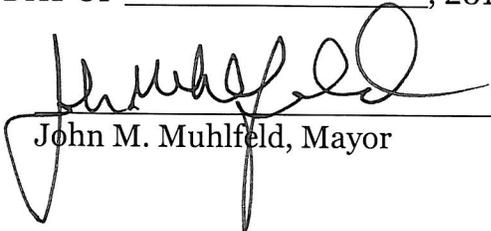
6. The plan for the refurbished and rebuilt high school as shown in Exhibit E is a sound financial plan and construction program which will help alleviate and avoid future blighted conditions at the high school and throughout the district.

7. Other public benefit aspects as it relates to TIF criteria, avoidance of blight, and enhancing private commercial development. Publicly owned buildings may be financed with tax increment proceeds pursuant to Section 7-15-4288(4), MCA.

Section 4. Budgetary Matters. Prior to the date hereof, there are no City funds reserved, allocated on a long-term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing of the expenditures related to the Project. The statement of intent contained in this resolution, therefore, is determined to be consistent with the City's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof. As of the passage of this Ordinance, the City hereby pledges to appropriate in FY13 an immediate contribution of existing Tax Increment Funds of \$1,000,000.00 and further commits to a pledge of future Tax Increment funds of \$1,500,000.00 to be paid over a two year period in FY14 and FY15. Staff is requested to prepare future budgets consistent with these allocations and pledges of Tax Increment funds to the Project.

Section 5. Effect. This Ordinance shall take effect from and after 30 days of its passage by the City Council and approval of the Mayor.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF WHITEFISH, MONTANA, THIS 21ST DAY OF FEBRUARY, 2012.

  
\_\_\_\_\_  
John M. Muhlfeld, Mayor

ATTEST:

  
\_\_\_\_\_  
Necile Lorang, City Clerk

**EXHIBIT A**  
Page 1 of 2



-  TAX INCREMENT DISTRICT
-  PARCELS PROPOSED FOR INCLUSION IN URBAN RENEWAL AREA AND TAX INCREMENT DISTRICT



**Legal Description for Parcels to be included in Tax Increment Fund District**

Tracts 5E and 6A, Section 32, Township 31 North, Range 21 West

Geocode: 07-4293-32-3-01-15-0000

**COMMUNITY RELATIONS**

4330P  
1 of 4

Community Use of School Facilities

School facilities are available to the community for education, civic, cultural, and uses consistent with the public interest, when such use does not interfere with the school program or school-sponsored activities. Use of school facilities for school purposes has precedence over all other uses. Persons on school premises must abide by the District's conduct rules at all times.

Student and school-related organizations shall be granted the use of school facilities at no cost. Other organizations granted the use of the facility shall pay fees and costs. All scheduled fees and costs will be paid to the District Business Office. The District Business Office will bill all charges above and beyond the scheduled fees and costs incurred by the renting party.

The building administrator shall approve and schedule the various uses of the school facilities. No Building Use Request will extend past three months. Users may reapply for an extension if need arises. The principal(s) reserve the authority to deny use of the buildings to any group for good cause.

Use of School Plant and Equipment

Application for public use of any school accommodations shall be made to the principal well in advance of the desired date of use. Any and all require fees shall be paid in advance to the District's Business Office and a responsible, local citizen must agree by signing a form provided for this purpose to be personally responsible for any damage(s) to school property and for the strict observance of all rules.

Use of school facilities will be prioritized using the following guidelines:

- School activities
- Whitefish-based youth activities
- Whitefish-based adult activities
- Activities based other than in Whitefish School District

Other than the Performing Arts Center, group identification/definition for fee schedule:

- Group I: Organizations whose activity is solely for District #44 students.
- Group II: Any youth group for recreational or other approved uses.
- Group III: Any adult group for recreational or other approved uses.
- Group IV: Local non-profit organizations sponsoring any activities for their own benefit or profit.
- Group V: Organizations sponsoring activities for their benefit or profit.

The following Rental and Custodial fees shall apply per session:

	<u>Group I</u>	<u>Group II</u>	<u>Group III</u>	<u>Group IV</u>	<u>Group V</u>
<b>Gymnasium</b>	None	\$10.00	\$10.00	\$20.00	\$50.00 Minimum
<b>Home Ec.</b>	None	\$10.00	\$10.00	\$10.00	\$15.00
<b>Classroom</b>	None	\$10.00	\$3.00	\$3.00	\$10.00
<b>Multipurpose &amp; Lecture Room</b>	None	\$10.00	\$10.00	\$10.00	\$20.00
<b>Main Kitchen</b>	<b>(At the discretion of the Superintendent)</b>				
<b>Fields</b>	None	None	\$10.00	\$20.00	\$20.00 Minimum

The following custodial fees will apply:

- A. \$50.00 fee.... when the custodian is required to open and close the building but is not required to supervise activities.
- B. \$50.00 fee.... when custodial staff is required to clean after Group use when facility was previously cleaned or needs to be cleaned for instructional use.
- C. Overtime rate on an hourly basis (depending upon the custodian’s wages) will be charged when the custodian is required to supervise or clean areas.

**Note:** Whenever a custodian is paid for extra duty of this nature, he/she shall be present throughout the meeting and arrive at least one-half hour prior to the time the meeting is to start. He/she shall supervise the lighting, heating, and ventilating the part of the building being used and assist in preserving order and preventing damage to school property. His/her final duty for the evening shall be to secure the building properly.

Building Use Request

The Building Use Request form is the official form for all building sites. Forms are to be available in all building sites via the principal’s office. All persons desiring to use building sites in the Whitefish School District are required to complete a Building Use Request form. The form is to be completed and approved by the building principal, appropriate fees collected and final approval given by the District’s superintendent prior to building’s use. A copy of the Building Use Request form will be provided to the person or group requesting District facility, a copy will be on file with the building principal, and a final copy must be on file with the District’s Business Office.

Performing Arts Center

Whitefish Middle School’s auditorium usage will be governed by the fees charged as the Performing Arts Center. The Performing Arts Center (PAC) fees will be determined by the one of three categories:

**Category 1-** No rental fees charged

Category I refers to organizations whose activity is solely for the benefit of the school age children of the Whitefish School District including:

- Users who are considered to be part of the regular school curriculum.
- Users who are participants in school-sponsored student activities, such as music and athletic groups, student clubs and plays, student council activities or social events.
- Whitefish School District affiliated groups such as parent-teacher organizations, school-related parent and community groups, or employee groups of an educational, recreational, social or professional nature as approved by the PAC Coordinator and/or superintendent.
- Governmental entities using facilities as polling place.
- Precinct caucuses.

**Category 2 -** A nominal non-refundable fee charged

Category 2 will be charged a nominal non-refundable fee to the following groups for each building use permit. No additional rental charges will be made if their activities take place when normal supervisory or custodial personnel are present. Fees for custodial personnel overtime will apply if these services are required.

- Non-profit groups such as those defined in Category 1 who reside or are based outside of the Whitefish School District boundaries.
- Community sponsored groups that do not charge a fee and whose main purpose is to hold an informative meeting that is open to the public (such as League of Women Voters, political parties, and local neighborhood organizations).
- Community-sponsored youth and senior citizen activities when:
  - o Instructors or supervisors receive no payment for their involvement in that activity.
  - o Fees for the activity, if any, provide only for direct non-personnel costs.

Fee Schedule: An individual or group using the PAC will be charged for each session up to three (3) hours in length, that the facility is used. Each additional hour of usage shall be charged at one-third (1/3) the session rate. Basic users fees are charged per session:

Lobby area:	\$100
Rehearsal Rooms:	\$ 20
Auditorium:	\$200
Rehearsal	\$100
Light/Sound	\$100 per booth
PAC Coordinator	\$ 20 per hour/per performance
Custodial Fee	\$100 per Session

**Category 3** – PAC fees will be charged

Commercial, private, church and non-profit groups that do not meet the criteria in Category 2 and for profit groups and individuals may rent the PAC facilities when their use is not incompatible with Board policy.

- Theatre/Dance/Concert/Musical \$500 – Basic Use – Per Show
- \$600 – Full Tech Use - Per Show
- Lobby: \$300 – Per Day
- Film: \$200 – Per Show
- Rehearsal (days) \$250 – Basic Use – Per Day
- \$300 – Full Tech Use – Per Day
- Orchestra Pit \$150 – Per Removal
- Rehearsal Rooms: \$ 50 – Per Day
- PAC Coordinator: \$ 20 – Per Hour/Per Performance
- Custodial Fee \$100 – Per Show
- Box Office Ticketing 3% of gross Ticket Sales

**Note:** Building Overtime applies when the facility is scheduled or used by or for Tenant before 8:00 am and/or after 10:00 pm. The appropriate hourly rate will be charged for any portion of an hour used. All custodial time is based upon a two (2) hour minimum charge.

Policy History:

Adopted on: 5/11/99

Revised on: 1/8/08

# Public Schools and Economic Development

What the Research Shows



By Jonathan D. Weiss

There is a clear consensus among researchers that **education enhances productivity.**

Research indicates that quality public schools can help make states and localities **more economically competitive.**

Public schools **indisputably influence residential property values.**

Emerging evidence suggests that the quality, size, and shape of school facilities themselves **affect economic development.**

# Public Schools and Economic Development

What the Research Shows

By Jonathan D. Weiss

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## I. Introduction

**“[Education] is the best investment we can make – one that pays off in countless dividends, for us, for our children, and for our society . . . If we hope to maintain or improve the quality of life in our communities, attract new industries, and continue to prosper as a nation, top-notch schools are essential.”** (*American Association of School Administrators 1999*)

It has often been asserted, particularly by education advocates and public leaders, that high-quality public schools have a positive impact on economic development. This argument has been increasingly made at all levels. Among the many governors known for their interest in education, Arkansas Governor Mike Huckabee (2002) states matter-of-factly, “Looking for salvation for the [Mid-South] Delta? Look no farther than the public schools. If we improve them, economic development will follow.”

With respect to local officials, the U.S. Conference of Mayors (1999) asserts, “. . .the economic vitality of a city is linked to the performance of its schools . . .” According to the National League of Cities’ survey of its members in 2000, “it is clear . . . that city officials view the quality of public education and local schools as the cornerstone of their cities’ success.”

As for the general public, in a recent public opinion survey the assertion that public schools “improve the local economy and attract business” was identified as the second most important benefit which schools bring to communities (Education Week and Public Education Network 2002). The only benefit of public schools ranked above local economic improvement was the “benefit [to] families.” Below economic improvement, survey respondents ranked other benefits such as lowering crime rates, creating community pride, and instilling civic values.

Education has also been a field of growing interest for economists. Since 1970, the percentage of academic studies within the economic field that address the topic of education has grown by more than fourfold (Krueger 2000). However, this literature, while very strong in particular areas, is often compartmentalized, rather than brought together as a whole. Furthermore, for even the most talented and ambitious researchers, the complexity of the education/economic relationship at all levels causes measurement difficulties that belie easy answers. Given how often the theme is mentioned in public debate, it is stunning that few studies or compilations describe how public schools can or cannot benefit the economy at both the national and local level.

Meanwhile, advocacy groups with an interest in this subject, mainly education organizations and local development associations, have rarely combined their efforts. When these advocates—or the general public—do make the economic case for public schools, the facts behind their assertions are rarely mentioned. If public schools can impact economic development, how so?

This subject seems particularly important given today’s economic climate and the demands of

increased global economic competition. While public opinion continues to value education highly, all levels of government face increasing pressure to reduce spending or to spend more efficiently. Also, given the recent rise in interest in how to better link public schools with their surrounding communities, the economic nature of those linkages is beginning to receive more attention. Smaller, more neighborhood-based schools, some suggest, can benefit student learning as well as community and economic revitalization efforts (National Association of Realtors 2002, Chung 2002, Lawrence, et al 2002).

The purpose of this paper is to provide an overall review of the literature that addresses the linkage between public schools and economic development. It attempts to provide as complete a picture as possible in an accessible style. While emphasis is placed on academic research, organizational reports and coverage from more popular media are also included. An extensive list of sources used (both referenced in the text and additional material) is included at the end of this report.

The review will explore the literature related to four key potential economic impacts of public schools: 1) national economic growth and competitiveness; 2) state and local economic growth and business attraction; 3) residential real estate values; and 4) the impact of public school facilities themselves. Each of these four areas represents arguments made in asserting the connection between public schools and economic development. The review found:

- Strong research detailing the impact of education on national economic growth and competitiveness: investing in the skill level of a nation's population increases national productivity, and education leads to higher wages.
- Emerging research on how public schools influence state and local economic growth and attract new business: schools educate the local labor force and can also increase an area's quality of life in order to attract skilled workers to it.
- Strong research on the impact of public schools on the real estate values of their surrounding communities: homes in high-performing school districts sell for more than homes in low-performing school districts.
- Emerging research, with anecdotal evidence, on how public school facilities themselves impact economic development, particularly in distressed areas: school facilities that are small, local, and community-oriented can particularly affect local development.

While the existing research is uneven and needs to be more fully developed in certain areas, it is clear that public schools can indeed have a beneficial impact on economic development.

## II. The Link Between Education and National Economic Growth

**W**ith more than 86 percent of students in the U.S. attending public schools (Annie E. Casey Foundation 2003), public schools markedly influence educational quality in our country.

The critical relationship between education and national economic growth has been well explored by academic research. This section divides that research into two themes:

- How so-called “human capital,” the investment in the skill level of a nation’s population, can influence national productivity (Haveman, Bershader and Schwabish 2003, Koh and Leung 2003, Sianesi and Van Reenen 2003, Hanushek 2002, World Education Indicators 2002, Barro 2000, Hanushek and Kimko 2000, Barro and Lee 1996, Pritchett 1996); and
- How education can lead to higher wages, increased employment stability, and social equality (Carnevale and Desrochers 2002, Day and Newburger/U.S. Census Bureau 2002, Gradstein and Justman 2002, McGranahan and Teixeira 2001, Topel 1997, Card and Krueger 1996a).

Taking the research as a whole—including studies focused on both domestic and international data, as well as various theories discussed—the findings strongly indicate that a nation’s educational system helps determine the quality of its labor force and therefore the health of its economy.

### ***A) Education as an Investment in Human Capital***

#### ***Impact on National Productivity and Competitiveness***

There is a clear consensus among researchers that education enhances productivity. In a review of a number of studies, “The Returns to Education: A Review of the Empirical Macro-Economic Literature” published in the *Journal of Economic Surveys* (2003), Barbara Sianesi and John Van

Reenen find “compelling evidence that human capital increases productivity”—that “education really is productivity-enhancing.” The studies they review relied on a variety of data from the U.S. and abroad.

A number of new studies (not discussed by Sianesi and Van Reenen) confirm their conclusion. A recent study of note is “Financing Education—Investments and Returns” (2002), conducted by the World Education

Indicators program (WEI), an organization run by several international agencies. The report focuses on a number of developed and developing countries outside the U.S. It measures

***There is a clear consensus among researchers that education enhances productivity.***

educational attainment (in years of schooling completed) and economic growth rates in these countries, and finds that each additional year of schooling increases a nation's long-term growth rate by 3.7 percent. The results also show that educational attainment reduces the unemployment rate and increases wages.

The study discusses the “virtuous cycle” that results from educational investment—that investment in education improves society's level of knowledge as a whole. Defining the benefits of education in economic terms, the report states that “with effective investment, this key economic resource can become a renewable one, because, in theory, human knowledge and its applications are, unlike many natural resources, infinite.”

Eric A. Hanushek and Dennis D. Kimko's study of “Schooling, Labor-Force Quality, and the Growth of Nations” in *The American Economic Review* (2000) also concludes that labor-force quality, upon which education is the strongest proven influence, has a “consistent, stable, and strong relationship with economic growth.” By analyzing international achievement test scores in multiple countries, including the U.S., and Gross Domestic Product (GDP) in each country, they find “clear evidence” of the causal relationship between school quality and national productivity.

Hanushek follows up on this conclusion in his chapter “The Importance of School Quality” in *Our Schools and Our Future: Are We Still at Risk?* (2002). Drawing on data from the earlier study with Kimko, he argues that both *quality* (educational achievement, usually measured by standardized test scores) and *quantity* (educational attainment, measured by years of schooling) are essential to increasing human capital and maintaining national competitiveness. In the U.S., he notes, the quantity of schooling has substantially increased over the past century as the nation has made secondary education available to the majority of its citizens.

Hanushek finds that quality, however, has suffered because the U.S. educational system has provided more schooling but “with less learning each year.” Though this approach has paid off for the U.S. in terms of global economic success, Hanushek argues it may not continue to do so as other countries “catch up” to the U.S. in quantity of schooling. Thus, he suggests that the more difficult but more important long-term goal of the U.S. should be to improve educational quality, or achievement at each grade level.

In “The Missing Middle: Aligning Education and the Knowledge Economy” prepared for the U.S. Department of Education (2002), Anthony P. Carnevale and Donna M. Desrochers agree that investment in both educational quality and quantity is essential to maintaining U.S. economic competitiveness. Based on a review of previous empirical studies linking education to growth, they argue that as other nations acquire financial capital and technology, “the quality of human capital will become the decisive competitive edge in global competition.” The consequences of not investing in education will be a decline in U.S. productivity and a shift in jobs away from America. Carnevale and Desrochers estimate that if U.S. education improved to the level of education in Sweden (one of the most literate nations in the world), the U.S. GDP could increase by as much as \$463 billion.

**...each additional year of schooling increases a nation's long-term growth rate by 3.7 percent.**

## *Debate Concerning the Education/Economic Link*

**A**lthough a number of analyses have demonstrated a link between education and economic growth, not all researchers agree. For example, in “Educational Attainment, Economic Progress, and the Goals of Education in Rural Communities” in the *Journal of Research in Rural Education* (1999), Robert B. Pittman, Dixie McGinty, and Cindy I. Gerstl-Pepin, argue that the relationship between education and economic improvement has been assumed but that little empirical proof exists, with the exception of a few biased studies. They note that schools are successful at reducing unemployment, for example, only if there are already “enough jobs to go around.” They also suggest that the pervasive focus on how schools improve the economy detracts from alternative theories such as how education improves individual contributions to the community.

Lant Pritchett contends that human capital actually has a *negative* effect on economic growth in “Where Has All the Education Gone?” prepared for The World Bank Research Department (1996). Pritchett’s approach is similar to that of other human capital researchers (World Education Indicators 2002, Barro 2000, Hanushek and Kimko 2000, Barro and Lee 1996) in that he compares economic growth rates to educational attainment levels across several countries, but his results are quite different. Pritchett, concluding that additional education reduces productivity, attempts to explain his results with three possible theories: (1) that schooling does not create human capital; (2) that some countries’ low demand for educated workers reduces educational returns; or (3) that some countries have inefficient, bureaucratic economies wherein most human capital actually reduces productivity.

Sebastien Dessus, in “Human Capital and Growth: the Recovered Role of Educational Systems” in a World Bank Tool (1999), argues that Pritchett relies too heavily on educational attainment (quantity) as a predictor, ignoring the potential differences in school quality from one economy to the next. Dessus also emphasizes the importance of equal distribution of education. He argues that increased education that is concentrated in a small portion of the population, rather than equally distributed, may partially explain the negative correlation that Pritchett finds. Dessus’ argument is more plausible than that of Pritchett, since it recognizes in a more comprehensive way the multitude of factors that may impact economic effects of education positively or negatively.

## *Impact of Education on Technology-Based Economies*

**T**he impact of education on productivity may be even more significant in a technology-based economy such as the U.S. than in non-technology-based countries (Koh and Leung 2003, Carnevale and Desrochers 2002, McGranahan 2001). In “Education, Technological Progress and Economic Growth” (2003), a working paper for the Singapore Management University, Winston T. H. Koh and Hing-Man Leung find that education not only increases the skill level of the work force, but also improves adaptability to new ideas and new technologies. Like the authors of the

***The impact of education on productivity may be even more significant in a technology-based economy...***

WEI study, Koh and Leung develop an empirical model comparing education and productivity among countries. Their results reflect another version of the “virtuous cycle” but in this case, the mechanism is for education and technology to benefit each other. The returns to education are highest when technology is improving, and education in turn heightens technological development by expanding the technological “frontier.”

Psychologists and sociologists have clarified how this “virtuous cycle” functions by discussing how the complex environment of a technology-based society improves intellectual functioning. A daily life that requires the use of technology increases individual knowledge and reasoning ability—individuals essentially learn by doing. A more educated work force is thus more able to increase productivity by adapting to technology and by applying reasoning skills to the workplace (Carnevale and Desrochers 2002, Greenfield 1998, Schooler 1998).

In contrast, insufficient education can inhibit economies from reaching their full technological potential, argue Ruy Teixeira and David A. McGranahan in “Rural Employer Demand and Worker Skills,” in *Rural Education and Training in the New Economy: The Myth of the Rural Skills Gap* (2001). Teixeira and McGranahan draw on the results of the 1996 Rural Manufacturing Survey (RMS), which was conducted by the Economic Research Service of the Department of Agriculture.

The authors suggest that a lack of educational infrastructure in parts of the southern U.S. in particular may be limiting the ability of businesses in that region to successfully apply new technology. In the survey, most rural manufacturers cited “quality of available labor” as their most pressing problem, and those manufacturers employing technology to a high degree were more likely to encounter the problem. Specifically, these technology-oriented manufacturers identified a lack of problem-solving and technical (non-computer) skills as an obstacle to productivity. Many of these firms have also seen an increased demand for computer and interpersonal skills in recent years.

The skilled labor shortage appears to vary with the educational level in each region. For example, the RMS data shows that in counties where less than 75 percent of the population has a high school education, more than 40 percent of the technology-based manufacturers identify a shortage of problem-solving skilled labor, but in counties where 90 percent of the population is high school educated, only 30 percent of technology-oriented firms report the problem. Such an emphasis on obtaining new skills can put greater emphasis on adult education. According to the RMS data cited by the authors, 82 percent of rural firms adopting technology have increased training in recent years.

***In contrast, insufficient education can inhibit economies from reaching their full technological potential...***

## ***B) Education’s Impact on Worker Wages and Social Stability***

### ***Education and Worker Wages***

**I**n addition to the general impact of education on productivity addressed above, education leads to higher wages and increased employment stability for individuals (U.S. Department of Labor 2004, Carnevale and Desrochers 2002, Day and Newburger/U.S. Census Bureau 2002,

Hanushek 2002, U.S. Department of Education 1997, Krueger and Card 1996a). Krueger and Card's literature review, "Labor Market Effects of School Quality: Theory and Evidence," published in *Does Money Matter? The Link Between Schools, Student Achievement and Adult Success* (1996), summarizes the research through 1996, with a focus on U.S. studies. Krueger and Card find evidence throughout the literature that additional schooling, higher quality schooling, and increased school spending each directly results in increased wages later in life. They find that a ten percent increase in school spending can result in two percent greater earnings later in life.

Hanushek (2002) draws a similar conclusion based on the research in this area (citing some of the same studies as Krueger and Card and more recent work). Much of the more recent work cited by Hanushek focuses on achievement test scores as a predictor of economic success. In short, these recent studies show that higher achievement test scores predict higher earnings. A study prepared by the U.S. Department of Education National Center for Education Statistics (1997) indicates that both additional schooling and higher test scores increase employment stability and lead to higher wages within the U.S. work force. Other data from the Center (1995) show that high school dropouts are three times more likely to receive public assistance than high school graduates not attending college.

J.C. Day and E. C. Newburger of the U.S. Census Bureau illustrate the same conclusion in "The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings" (2002). By surveying annual and lifetime earnings for adults age 25-64, they find that earnings increase significantly with educational level. Annual wages for high school dropouts average \$18,900,

increase to \$25,900 for individuals with a high school diploma, and increase to \$45,400 for individuals with a college degree. Lifetime earnings show the same pattern. A high school diploma increases average lifetime earnings by \$200,000, and a bachelor's degree increases such earnings by an additional \$600,000. (Further, the College Board in its report *Trends in College Pricing 2002* (2002) estimates that a bachelor's degree (or higher) increases earnings by more than \$1,000,000.)

Thus, a college education may increase earnings potential even more than secondary education. Moreover, adult training programs, as shown by the National Center for Education Statistics (1997), can also raise the educational and skill level of the U.S. workforce, and workers who have participated in training at their current job are able to earn up to \$140 per week more than those who have not.

Carnevale and Desrochers (2002) recognize the increased earnings potential from a college education and specifically address the role that quality primary and secondary education plays in preparing students for college. By comparing data from the 1974 and 2001 Current Population Surveys, the authors note that an increasing number of U.S. jobs require some college education, and they speculate that the U.S. may face a shortage of college-educated workers over the next twenty years as the "baby boomers" retire. They argue that improved primary and secondary

***Both additional schooling and higher test scores increase employment stability and lead to higher wages within the U.S. work force.***

education, including both applied learning (such as vocational training) and general academic programs, is essential to overcoming this shortage.

### ***Education and Social Impact***

**E**ducation can also make the U.S. more economically competitive by helping to close the gap between socio-economic classes. Carnevale and Richard Fry argue in *Crossing the Great Divide* for the Educational Testing Service (2000) that “if Hispanics and African-Americans had the same education and commensurate earnings as whites, the national wealth of African-Americans and Hispanics could increase annually by \$113 billion and \$118 billion.” They suggest that higher educational attainment would allow these individuals to fill high-paying jobs that are currently going to foreign workers and help close the gap between socio-economic classes.

Education can also promote “social capital.” Mark Gradstein and Moshe Justman in “Education, Social Cohesion, and Economic Growth,” in the *American Economic Review* (2002) describe social capital as the “economic benefits of education as a socializing force” that result by minimizing the “social distance” between groups. They note the “common socialization” that public education provides—the social norms it teaches, the interaction among cultural groups that it facilitates, and the national identity that it helps to establish. (The term “social capital” was popularized by Robert D. Putnam’s book *Bowling Alone* (2000), in which he defines “social capital” as the value of social networks because “social contacts affect the productivity of individuals and groups.”)

Gradstein and Justman develop an empirical model showing that economic growth is hampered when cultural groups are segregated within a school district. They conclude that more cross-cultural socialization, in the form of more integrated schooling, would reduce the “social distance” among classes, thus allowing for more efficient economic transactions among these classes and ultimately a more productive economy.

Robert H. Topel presents a more complicated analysis of education and the wage gap in “Factor Proportions and Relative Wages: The Supply-Side Determinants of Wage Inequality” in *The Journal of Economic Perspectives* (1997). Comparing wages and educational attainment in multiple countries, including the U.S., Topel’s empirical results cast doubt on whether education is narrowing the wage gap. Nonetheless, he draws positive conclusions regarding the impact of education on equal opportunity. “Human capital investment can reduce overall inequality even in the absence of wage adjustments,” Topel writes. He further suggests that “equalization of opportunity” through improving the skill level of the least advantaged citizens may be even more important than equalization of wages.

***If Hispanics and African-Americans had the same education and commensurate earnings as whites, the national wealth of African-Americans and Hispanics could increase annually by \$113 billion and \$118 billion.***

### III. The General Impact of Public Schools and School Spending on State and Local Economic Growth and Business Attraction

#### ***A) The Impact on State and Local Economic Growth***

##### ***The Overall Impact of Public Schools on State and Local Economies***

Studies exploring the link between public schools and the economy recognize in general terms that public schools impact state and local economies in many ways (National Education Association 2003, ECONorthwest 2002, Gottlieb and Fogarty 1999, Adler 1997, Kerchner 1997, Picus and Bryan 1997, Sederberg 1987, Brisson 1986). In addition to raising national productivity as seen in the last section, research indicates that quality public schools can help make states and localities more economically competitive.

Paul Gottlieb and Michael Fogarty, in a report for the Case Western Reserve Center for Regional Economic Issues (1999) on the education levels of the nation's largest metropolitan areas, confirm that

a highly educated workforce improves the economic performance of metropolitan regions. The authors suggest that employers draw workers from both outside their region and inside their region, and that regions should not only make themselves more attractive in order to draw skilled workers from outside their area, but also invest in human capital, stress high school preparation and increase matriculation rates locally.

Similarly, E. Glaser and J. Shapiro, in "City Growth and the 2000 Census: Which Places Grew, and Why" (2001), published by the Brookings Institution, compare 2000 census data with 1990 census data. They find that "high human capital cities" grew faster, meaning that growth rates varied directly with the average educational level of each city. Several researchers conclude that a better educated local workforce can produce a better paid workforce, adding to wealth in a region (Gottlieb and Fogarty 1999, Burtless 1996, Card and Krueger 1996a, 1996b).

Community-oriented high schools (discussed in Section V) that offer adult and vocational training programs can enhance the local skilled labor force, help develop entrepreneurial skills and business startups, and transition new workers into the local market (Bailey, Hughes, and Mechur 2001, Lynch 2000, Thuermer 2000, Grubb 1995, Ramsey 1995, Brisson 1986). For "school-to-work graduates," some studies show that once these graduates choose to enter the labor market, they are more likely to gain employment and earn higher wages than comparable groups (Institute on the Economy and Education 2001).

It is not completely clear, however, what percentage of locally educated students remain in a given region for their careers. Thus, it is important to remember that regions need more than good public

***Research indicates that quality public schools can help make states and localities more economically competitive.***

schools to promote economic development. As Joseph Cortright points out in his study for the Economic Development Administration, *New Growth Theory: Some Thoughts and Implications for Economic Development* (2001), "...regions with great educational systems (and little else) may end up exporting their best and brightest..." Public schools are an important economic tool, and can be integrated with other aspects of economic development, such as developing other social capital and improving quality of life. As discussed above, Gradstein and Justman explore how public schools can foster social capital. According to the authors, public schools help connect socioeconomic groups, enhancing the opportunity for economic transactions and thus improving the local economy. Future research should expand upon and test this thesis.

Finally, as a basic local industry, public schools are major local employers, with payrolls extending from teachers and administrators to construction workers. Schools are also major consumers of professional services, with expenditures for supplies ranging from instructional materials to items for repair or maintenance (National Education Association 2003, ECONorthwest 2002, Adler 1997, Kerchner 1997, Picus and Bryan 1997, Sederberg 1987, Brisson 1986). By their location, public schools can arguably help draw retail establishments to nearby locations (Wachter 2003). Schools are also potential credit investors, and by placing their accounts in local banks they give banks more money to loan to local businesses and entrepreneurs (Adler 1997, Kerchner 1997, Sederberg 1987).

### *The Impact of Education Spending on State and Local Economies*

Several economists address the effect of state and local education spending on economic growth, but this effect is very difficult to measure accurately. In a review of these studies, Roger Fisher in "The Effects of Local Public Services on Economic Development" in the *New England Review* (1997) found that of 19 studies that address the effects of education spending on economic development, 12 show a positive relationship and 6 show a "significant positive relationship." Overall, however, he finds the empirical evidence "quite cloudy" and attributes this in large part to measurement problems, particularly the difficulty of using school spending as a measure and finding accurate connections between spending and economic development.

One of the studies finding the strongest correlation between spending and economic development is by Teresa Garcia-Mila and Therese McGuire, "The Contribution of Publicly Provided Inputs to States' Economics," in *Regional Science and Urban Economics* (1992). This study considers data over a fourteen-year period for the 48 contiguous states. It uses both education spending and median years of schooling as measures and finds that both are statistically significant and positively impact gross state product.

While there is some dispute about the precise impact of public school spending on student performance, most researchers conclude that efficient public school spending (an "input") can increase student achievement (an "output") (Wenglinsky 1997, Hanushek 1996, Hedges and

***Efficient public school spending can increase student achievement.***

Greenwald 1996, Ferguson 1991). Because of the uncertainty in this area and the difficulty of adequately measuring so-called “inputs” and “outputs,” researchers are developing alternative methods to explore whether additional public school spending increases student performance and economic development.

### ***The Impact of Education Spending on Real Estate Values***

Studies are beginning to look particularly at the relationship between school spending and housing values. As will be discussed in detail in section IV, the strongest research undertaken on the link between education and local economic growth focuses on how schools in general can promote local real estate values. The studies that focus specifically on *spending* and housing values are addressed here. These studies conclude that the real estate market implicitly recognizes school spending’s economic impact by observing the property value increase in neighborhoods containing higher-spending schools (Barrow and Rouse 2002, Black 1999, Bogart and Cromwell 1997).

Thomas E. Dee’s “The Capitalization of Economic Finance Reforms” in the *Journal of Law and Economics* (2000) finds that new educational expenditures (in this case, court-imposed) substantially increase median housing values and residential rates. Similarly, in their National Bureau of Economic Research study, “Using Market Valuation to Assess Public School Spending” (2002), Lisa Barrow and Cecilia Elena Rouse find that real estate values increase by \$20 for every additional dollar in state educational funding. Additionally, Sandra Black finds that in Massachusetts, a \$500 increase in per-pupil expenditures increases average home prices by 2.2 percent in “Do Better Schools Matter? Parental Valuation of Elementary Education” in *The Quarterly Journal of Economics* (1999).

William T. Bogart and Brian A. Cromwell, in their study “How Much More Is a Good School District Worth?” in the *National Tax Journal* (1997), find that home buyers are willing to pay higher taxes for better schools because the resulting increase in real estate value is even higher than the additional taxes. This theme (and several other studies) will be discussed further in the section on the impact of public schools on local real estate value.

### ***Statewide Study Regarding the Economic Impact of Education Spending***

**R**ecent studies carried out by advocacy groups help to shed light on the short-term stimulus impacts of public school investment. ECONorthwest conducted an in-depth report for the Oregon Education Association, the Oregon School Boards Association, and the Confederation of Oregon School Administrators entitled “K-12 Spending and the Oregon Economy” (2002). Arguably the most extensive research published on the impact of

school spending in a particular state, this report links statewide school spending on employee salaries and purchases of goods during the 2000-2001 academic year with the Oregon economy.

The study clearly points out that it does not take into account the potentially depressing economic impact that taxes for public schools might have on the economy. With this caveat, the research reports the direct and indirect economic impacts of “school funding [that] finances salaries for teachers and classified staff, building construction, materials, and school supplies” as well as the economic results when “school employees take their salaries and make mortgage or rent payments, buy groceries, purchase a host of other goods and services, and pay taxes.”

The report describes public education as Oregon’s largest local government employer, with a payroll consisting of 56,000 employees in 2000-2001. Beyond those directly employed by public education, public schools in Oregon also support 51,000 additional jobs through contracting and spending in the service, finance, real estate, and construction industries. This illustrates the “multiplier effect,” in which spending in one sector (education) adds jobs and incomes in other sectors of the economy. Altogether, public education supports 6.8 percent of Oregon’s employees, and pays 7.6 percent of the state’s total personal income. The study finds that 47 percent of school spending funds direct instructional activities, while 33 percent funds support services such as safety, counseling, health, psychological services, and staff development programs. The remainder is spent on services and supplies such as books, utilities, communication services, building repair and maintenance, and professional services.

The combined spending is substantial. Oregon’s public schools spend \$3.3 billion annually in the state. They also produce \$351 million in tax revenues through income taxes, corporate property taxes, and other indirect taxes. According to the study, public schools make up a larger percentage of the local economy in rural areas, but since urban school districts and their employees in urban areas can find goods and services nearby, the impact of this spending is magnified in urban regions.

### *Nationwide Study Regarding the Economic Impact of Education Spending*

Meanwhile, the National Education Association is expected to publish by early 2004 a national, future-oriented report on “Schools, Funding, Taxes, and Job Growth” (2004) that simulates the potential economic impact of a hypothetical nationwide two percent increase in educational spending and a corresponding consumer tax increase. The pre-publication draft of the report provides hypothetical data for all fifty states from 2004 through 2020. According to the model used in the study, although the additional tax would decrease consumer spending power in the short-term, the increase in school spending in purchasing supplies and paying salaries would raise overall spending power in the long-term.

The study draft concludes that “the economic expansion from increased education spending overcomes contraction from the increase in taxes and has significant positive impacts in both the

near- and long-term for the economies of each of the fifty states.” This impact is largely due to the “ripple effect” resulting from hiring more employees who then use their salaries in the local economy.

## ***B) The Role of Public Schools in Business and Worker Location Decisions***

**A** much-discussed topic in the state and local economic development field is how best to attract businesses to certain areas. It is often argued, as described in the Introduction, that quality public schools can play a role in business attraction and worker recruitment efforts. However, there have been few studies investigating this connection, as researchers find it challenging to measure how such location decisions are made. Still, there is an emerging literature in this area, including some surveys, anecdotal evidence, and expert opinion, showing that public schools can influence both business and worker location decisions.

### ***Public Schools and the Importance of Quality of Life***

**T**he available evidence suggests that businesses seek an existing educated workforce—or, increasingly, the ability to draw such a workforce to their chosen location (Wolkowitz 2003, Deal 2002, Burnson 2000, Venable 2000, Karakaya and Canel 1998, Segedy 1997, Gottlieb 1995). Schools may play a part in both finding and attracting qualified workers. The need for businesses to draw from an *existing* educated workforce often presumes the need for quality local public schools. In drawing *new* workers to an area, however, public schools are also important as a consideration in assessing the quality of life in the area.

Recent research emphasizes the increasing importance of locating businesses in places with a high quality of life that will attract future workers, and the quality of public schools has increasingly begun to fit in under the rubric of a community’s general quality of life (Salvesen and Renski 2003, Florida 2002, Urban Land Institute 2002, McGranahan 2000 and 2002, Florida 2000, Burger 1999, Love and Crompton 1999, Segedy 1997).

In their article “The Role of Quality of Life in Business (Re)Location Decisions” in the *Journal of Business Research* (1999), Lisa Love and John Crompton discuss the results of a survey of 174 businesses that had started, relocated, or expanded in Colorado within the previous five years. They find quality of life considerations to be most important to certain types of companies: those that are small, not fixed to a set location, highly professional, or moving from out of state, especially if the company’s top decision-maker relocated with the company. In his chapter “How Important is Quality of Life in Location Decisions and Local Economic Development?” in *Dilemmas of Urban Economic Development* (1997), James Segedy states that “[r]eaders of Site Selection magazine [the leading magazine of the business site selection industry] have recognized quality of

***The quality of education is often a factor in determining a community’s quality of life.***

life as the most influential location decision-making factor since 1988.”

What constitutes quality of life differs from study to study, but, according to research, the quality of education is often a factor in determining a community’s quality of life (Salvesen and Renski 2003, The World Economic Development Alliance 2002, Meredith Corporation 2002, Segedy 1997). Segedy reports that, from the perspective of the site selection and economic development industries, public education was ranked fourth in importance among ten quality-of-life factors. The top three factors in order of importance were cost of living, higher education, and “nature-oriented” outdoor options.

A survey undertaken by Segedy and others (1994) of fifty Indiana communities found that when quality of life does become an important location factor—as it often does with technology-related companies—“economic development professionals consistently rate education at or near the top of the list.” Love and Crompton’s survey found that 10 percent of businesses held primary and secondary education to be extremely important, 29 percent to be very important, 21 percent to be somewhat important, 17 percent to be slightly important, and 24 percent to be unimportant.

Some business-related surveys of cities include public education in ranking the community’s quality of life (The World Economic Development Alliance 2002, Meredith Corporation 2002), while others do not (American Electronics Association 2002, Development Counsellors International 2002, Harris Interactive 2002). Surveys ranking cities’ business climates generally do not consider education (Area Development 2002, Forbes 2002, U.S. Chamber of Commerce 2002, Penton Media 2002). However, in certain places such as Miami, public education is such an important quality of life issue that it affects business climate. In “Jobs Will Follow Better Schools, Say Miami-Dade Leaders” in *Education Week* (1997), the Greater Miami Chamber of Commerce named public education as “the region’s biggest barrier to economic development.”

***The Greater Miami Chamber of Commerce named public education as “the region’s biggest barrier to economic development.”***

### ***Location Decisions of Lower-skill Industries***

**T**here is general agreement that public education does play some role in the site location of lower-skill industries (Bucciarelli 2003, McCandless 2003, Warden 1986). These businesses depend highly on the state and local school system to produce competent workers with adequate interpersonal skills (McCandless 2003), and value high school training and apprentice programs (Bucciarelli 2003).

Supporting this view are case studies, like the study by Matthew Murray, Paula Dowell, and David Myers (1999) for the Tennessee Department of Economic Development, on the location decisions of automotive suppliers in Tennessee. The researchers, based on a mail survey of automotive suppliers considering locating in Tennessee, find an “increasing concern regarding the skill level and availability of workers, with poor public education being a frequently cited

shortcoming of the state.” This work echoes the conclusions of McGranhan in studying the rural South, discussed in Section II.

### *Location Decisions of Higher-skill Industries*

In contrast to the viewpoint on lower-skill industries, debate exists about the extent to which knowledge-dependent companies pay attention (and the extent to which local areas wishing to attract such companies should pay attention) to the quality of public schools. For example, Mary Ellen McCandless, in her article “The State of Education” in *Business Facilities* (2003), argues that the quality of the public school system is not a major factor for businesses seeking skilled employees. These businesses, according to McCandless, do not depend as much on local public schools for an educated workforce because they only recruit employees that have completed post-secondary education.

However, quality of life does seem to be an increasingly important consideration when higher-skilled employees consider where they want to live. Richard Florida, in his influential book *The Rise of the Creative Class* (2002), concludes that educated, skilled workers—a group he calls the “creative class”—consider quality of life extremely important in where they settle. In his argument, because the “creative class” will likely choose to live in communities with a high quality of life, these areas will have a higher population of skilled workers and may influence business location decisions. However, he does not consider local public schools to be a strong part of quality of life and instead notes factors such as universities, diversity, nightlife, and recreation, among others.

Although Florida himself pays scant attention to public schools, interestingly, the business community in Austin, Texas, one of the cities Florida considers high in “talent” and “creativity,” is increasingly recognizing the importance of investing in public education. The *Austin American-Statesman* (2002) reports that Austin economic development efforts clearly emphasize education as part of their agenda to improve the economy and attract the creative class. According to an official with the Greater Austin Chamber of Commerce quoted by the newspaper, “Without a good school system, you’re not going to have industry.”

**Quality of life does seem to be an increasingly important consideration when higher-skilled employees consider where they want to live.**

## IV. The Relationship Between Public Schools and the Real Estate Value of Communities

While the influence of public schools on state and local development may be difficult to precisely gauge, one aspect of local development is clear—a host of academic studies argue that school quality has a direct and positive influence on residential property values. Research shows that, holding all else constant, homes in high-performing school districts sell for higher prices than homes in low-performing school districts (Kane, Staiger and Samms 2003, Barrow and Rouse 2002, Hilber and Mayer 2002, Downes and Zabel 2002, Figlio and Lucas 2001, Bogart and Cromwell 2000, Clark and Herrin 2000, Black 1999, Brasington 1999, Hayes and Taylor 1996). The impact can measure in the thousands of dollars and increase home values as much as fourteen percent (Figlio and Lucas 2001, Bogart and Cromwell 2000, Black 1999). In addition, as indicated earlier, increased school spending has been linked to significant increases in real estate values (Barrow and Rouse, 2002, Dee 2000, Black 1999), and several studies have shown that people are more willing to live in a neighborhood with good schools even if it means paying higher taxes (Bogart and Cromwell 2000, Hayes and Taylor 1996).

***School quality has a direct and positive influence on residential property values.***

The studies consider a variety of factors in analyzing school quality and its impact on property values, ranging from school spending and student/teacher ratio to achievement test scores and individual improvement over time. The researchers differ on which exact factors contribute to a “quality” school, and therefore which school characteristics increase property values. Nevertheless, the link between public schools and property values has been demonstrated in neighborhoods of high and low income ranges, in urban and suburban areas, and for homebuyers with and without children.

### ***Key Studies Relating Public Schools and Real Estate Value***

Sandra Black’s well-cited article “Do Better Schools Matter? Parental Valuation of Elementary Education” (1999) examines schools in the Boston suburbs. By comparing achievement test scores to house values, Black finds that a five percent increase in test scores leads to a willingness to pay 2.1 percent more for houses in areas associated with the scores. Based on this, she infers that if Massachusetts test scores increased by one point statewide, the state’s real estate market could gain almost \$70 million in value. As mentioned in the previous section, Black also notes that an increase in per-pupil expenditures also increases property values.

**...an increase in per-pupil expenditures also increases property values.**

Like Black, Thomas A. Downes and Jeffrey E. Zabel, in their study “The Impact of School Characteristics on House Prices: Chicago 1987-1991” for the *Journal of Urban Economics* (2002), also find that achievement test scores have an impact on property values. Their results indicate that home buyers are willing to pay more for a home close to a higher-scoring school. They acknowledge there may be an assumption of “access to information” underlying these results; in other words, the availability and distribution of test scores might impact the relative weight home buyers place on them.

Studying another indicator of school achievement, David N. Figlio and Maurice E. Lucas find a strong correlation between Gainesville, Florida’s real estate values and the state’s “report card” school ratings system in their study “What’s in a Grade: School Report Cards and House Prices” (2001) for the National Bureau of Economic Research. Controlling for other factors such as student test scores, Figlio and Lucas gauge the impact of a so-called “A”-scoring school versus a “B”-scoring school. They conclude that for median-size homes, an “A” school increases property values by more than seven percent over a “B” school. For larger homes and more expensive neighborhoods, the difference can be as much as fourteen percent. In Gainesville, they note, the scores are “readily available” to parents as they make their housing choices.

Some researchers interpret other test scores for measuring school quality and its correlation to property values. In their analysis of schools in northern and southern Dallas, “Neighborhood School Characteristics: What Signals Quality to Homebuyers?” for the *Economic Review* (1996), Kathy J. Hayes and Lori L. Taylor find that buyers are willing to pay more in sales price and in taxes for a particular school’s “marginal effect on students.” They define this “marginal effect” as the improvement in math achievement test scores that can be attributed to the individual school (as opposed to improvement observed at all schools in the district). The overall implication is again that home buyers are willing to pay a premium for school quality.

David M. Brasington uses a slightly different approach to analyze school quality in Ohio metropolitan areas in “Which Measures of School Quality Does the Housing Market Value?” for the *Journal of Real Estate Research* (1999). He focuses on test scores and other factors of school quality at the district level, and concludes that the “housing market consistently rewards” high-proficiency test passage rates as well as high expenditures per pupil and low pupil-teacher ratio (or class size).

David E. Clark and William E. Herrin’s study on “The Impact of Public School Attributes on Home Sale Prices in California” in *Growth and Change* (2000), finds that average class size within a school district is the strongest educational factor, and one of the most significant factors generally, in determining property values in Fresno County, California. In general, the smaller the class size, the bigger the increase in property values. In addition, the authors note that larger districts adversely affect property values, perhaps due to a perception of inefficiency, but that larger individual school size has a positive effect on values, perhaps due to a perception of increased course offerings. Finally, Clark and Herrin find that the greater the number of students taking the SAT and Advanced

Placement examinations (an approximation for the number of college-bound pupils within a district), the greater the property values within that district.

While the authors above have attempted to correlate individual measurements of school quality to property values, William T. Bogart and Brian A. Cromwell take a more comparative approach in their study “How Much More Is a Good School District Worth?” in the *National Tax Journal* (1997). For each of three Cleveland-area neighborhoods, they compare homes located on the border of two different school districts within a single municipality. They theorize that because the bordering homes are in the same municipality, the school district is the only difference. Thus, any difference in real estate value, they conclude, must be due to school quality.

Their results indicate that, in each case, the school district that is perceived as “better” provides an increase in property values. They note that the homes in school districts with higher taxes are in fact worth more. For example, the Buckeye-Shaker neighborhood of Cleveland is divided between two different school districts, Cleveland and Shaker Heights, the latter having been nationally recognized for educational excellence. If a house in the Cleveland school district moved to the Shaker Heights school district, the house would gain approximately \$5,000 to \$12,000 in value, despite an additional \$350 to \$900 per year in taxes. The study finds similar relationships for rental rates, with a home in the Shaker Heights district renting for about \$36 per month more than its equivalent in the Cleveland school district.

In their article “School Quality and Massachusetts Enrollment Shifts in the Context of Tax Limitations,” published in the *New England Economic Review* (1998), Katharine L. Bradbury, Karl E. Case, and Christopher J. Mayer take advantage of a unique opportunity to study the effects of school funding policy on the real estate market. The study addresses the impact of Massachusetts’ Proposition 2<sup>1/2</sup>, passed in the early 1990s, which limits the amount of taxes that may be levied by individual Massachusetts school districts. The authors find that since Proposition 2<sup>1/2</sup> was enacted, school quality has been a significant factor driving relocation of Massachusetts residents. Although they do not quantify the monetary impact on the real estate values for each district, they imply that demand for real estate has increased in those districts not constrained by the tax limits. In other words, they find more demand for housing in those districts that had not reached the tax limit and therefore could support additional enrollment without sacrificing quality.

## *Surveys and Anecdotal Evidence*

Recent public opinion surveys confirm the importance of public schools to home buyers. In a survey conducted by the National Association of Realtors (2002), the quality of public schools, along with the safety of the neighborhoods, were ranked as the two most important factors considered in where people choose to live. This finding is also reflected in one of the group's mottos: "Realtors don't just sell houses and buildings. We sell neighborhoods."

Anecdotal evidence also indicates that school quality is a significant factor in home buying decisions. In her 2002 article "Buying Homes, Buying Schools: School Choice and the Social Construction of School Quality," Jennifer Jellison Holme interviews parents and real estate agents about how perceptions of school quality affect home buyers' choice of location. Holme focuses on four case studies (two school districts and two individual schools) in southern California. In "good" school districts such as Rancho Vista, real estate advertisements regularly boast about the school district as a selling point to high-income buyers. A real estate agent in the Bayview district, interviewed by Holme, states that "[L]iterally 100% of the people that come from out of the [immediate area], if they have children, are coming here for the schools.' "

***"Realtors don't just sell houses and buildings. We sell neighborhoods."***

Conversely, according to Holme, fewer higher-income families have moved into less-admired school districts. Cloverdale Charter school, as described by Holme, illustrates both examples through its "turnaround" story. Nestled in a high income enclave of a poorer school district and municipality, Cloverdale did not become a charter school until 1993, and prior to that date many neighborhood children attended private schools rather than Cloverdale, which was then a non-charter public school. Since 1993, however, more local children have enrolled at the school, and real estate agents indicate that prices have "taken off."

Despite the evidence of a relationship between school quality and property values, Holme argues that such relationships are based on misperceptions. While acknowledging higher property values in the communities perceived to have better schools, she argues that the perception of school quality is not based upon concrete data but upon "status ideologies" communicated from one parent to another. Specifically, she argues that "high-status" parents perpetuate myths about which schools are better, while parents' real decisions are based upon racial and cultural stereotypes, particularly regarding the level of peer achievement, discipline, and violence in predominantly minority schools.

Viewpoints such as Holme's appear to assume that parents have no basis for their perceptions of quality, when in fact information such as test scores and spending per student may be readily available. Anecdotal evidence in some communities indicates that parents do have access to "concrete" information and that they use this information when making housing decisions. In a *Planning* magazine (2000) interview, relocation consultant Sheryl Theo describes home-buyer

parents in Madison, Wisconsin as well informed, arriving at her office with “test scores in hand” and asking only to see homes in the best performing school districts.

In fact, the *Planning* magazine article indicates that Madison is a good example of how an older district may overcome misperceptions about urban schools by educating prospective home buyers about school quality. In addition to providing data such as test scores, Madison is keeping up the appearances of its facilities by investing in the maintenance of older, historic school buildings. The Bradbury study, discussed above, highlights a similar approach in Brookline, Massachusetts, an older neighborhood that began renovating its older schools and constructing a new school in 1990. The authors indicate that housing prices have increased more in Brookline than in nearby Arlington, despite Brookline’s larger minority, lower-income population.

City governments also often view increasing school spending and developing innovative educational programs as a way to attract more higher-value residential development. David P. Varady and Jeffrey A. Raffle recognize this phenomenon in *Selling Cities: Attracting Homebuyers through Schools and Housing Programs* (1995). Varady and Raffle argue that improving school quality is key to attracting middle-income buyers to central cities as a prerequisite to urban revitalization. They cite the success of Cincinnati’s magnet school program as a tool for attracting middle class families back into the city.

Finally, while almost all of these studies focus on parental roles in school selection, Christian A. L. Hilber and Christopher J. Mayer conclude that even households without children will benefit from increased school expenditures (and ultimately improved school quality) in the form of increased property values. In “Why Do Households Without Children Support Local Public Schools?,” a Federal Reserve Bank of Philadelphia working paper (2002), the authors advocate increased school expenditures in highly populated areas where less land is available and thus property values are more sensitive to determinants such as school quality. Analyzing data from all fifty states, they confirm that school spending is highly supported by elderly homeowners. They theorize that these elderly citizens recognize the value of good schools to the future buyers of their homes, supported by the fact that many home buyers do have children.

**...even households without children will benefit from increased school expenditures (and ultimately improved school quality) in the form of increased property values.**

## V. The Link Between Public School Facilities and Economic Development

The physical structures of public school facilities have their own particular impact on economic development, ranging from their construction and renovation to their locations, sizes and uses. Available research—still emerging and often reinforced by persuasive anecdotal evidence—can be divided into four key areas:

- The impact of the school construction industry itself, which is large but hard to quantify;
- The relationship between school facilities and the revitalization of distressed neighborhoods;
- The impact of small, local, community-oriented schools on economic development; and
- The impact of school facilities on student performance, and, as a result, on the economy.

### ***A) The Impact of School Construction and Renovation***

The size and impact of the K-12 construction industry are vast, but have not been well studied. According to recent estimates, the size of this industry is more than \$20 billion annually, a figure that includes the construction of new schools, additions, alterations, and modernizations (Dodge 2003, Agron 2003, Abramson 2002). Currently there are no official estimates of the jobs created by school construction, but the number is certainly large. According to projections, the industry is expected to remain strong through at least 2006 (Agron 2003).

While there is some research discussing the impact of the economy on the school construction industry, there is a dearth of data on the extent to which the industry impacts the U.S. economy (Agron 2003, Rubin, Rosta, Gonchar and Ilia 2002).

Studies are beginning to provide projections of the purported economic impact of school construction. For instance, the Economics Center for Education and Research of the University of Cincinnati (2003) released an economic impact study on Cincinnati's

planned 10-year, \$985 million school construction program. The study estimates that the construction program will have a total economic impact of over \$2.35 billion on Cincinnati's economy, including the creation of more than 2,330 jobs. The study also projects that the economic impact would occur in three main ways: the purchase of goods from local suppliers during construction; these suppliers' purchases of other goods in order to make the products needed for the construction; and the spending of incomes earned by employees of both the construction firms and the suppliers. Making such projections represents an advance in the research, but, because the actual construction program is in the early stages, it will be years before these economic impact projections can be confirmed.

***Investments in school facilities can make a difference in economic outcomes.***

New Jersey's 10-year school construction plan, created in 2000 by the state's Educational Facilities Construction and Financing Act, has received much attention in both the media and education communities. With a cost of \$12.3 billion, it is the largest in the state's history and "the most ambitious school-building initiative in the nation" (Bird 2000). The program includes the so-called "Abbott districts"—those districts falling below the required level of educational infrastructure improvements as established in the state Supreme Court case of *Abbott v. Burke*—and non-Abbott districts. According to the New Jersey State Labor Commissioner, as quoted in *The Bergen County Record* (2002), the state's investment in school construction "will help spur economic growth through construction and spillover jobs and the ripple effect of worker spending in our communities." Because the program is only in its initial stages, its final economic impact is still far from being determined. Furthermore, unlike in Cincinnati, precise quantitative estimates have not been undertaken of the program's projected economic impact.

A particular topic related to school construction that is receiving increasing attention in the non-academic literature is the connection between the location of new school facilities and what is viewed as costly urban sprawl (Michigan Land Institute 2004, Gurwitt 2004, U.S. Environmental Protection Agency 2003). In its report, "Hard Lessons: Causes and Consequences of Michigan's School Construction Boom," the Michigan Land Institute argues that new school construction in Michigan's outer-suburban areas has fueled harmful sprawl, and contributed to increased property taxes for homeowners and businesses and worsening schools and economic conditions for the state's older communities. Much more research is certainly needed on the long-term economic impacts of school construction across regions and states.

## ***B) The Relationship Between School Facilities and the Revitalization of Distressed Areas***

There has been particular research focusing on the impact that public school facilities can have on the economic development of their surrounding neighborhoods, particularly in distressed areas. This literature builds on and is consistent with the strong research already discussed linking perceived school quality with residential real estate values. The evidence suggests that poorly maintained, overcrowded facilities contribute to neighborhood decline, while new or well-maintained facilities help revitalize a neighborhood (Spector 2003, National Association of Realtors 2002, Byron, Exter and Mediratta 2001, Bird 2000, Mooney 2000, Veenendaal and van Wijk 1991). In Alice Veenendaal and Teun van Wijk's study "The Role of Educational Building in Urban Renewal" conducted for the Organisation for Economic Cooperation and Development (1991), the authors look at schools in several developed nations outside the U.S. They find that a "lack of good [secondary] schools [defined as new or well-maintained] can lead to decline and stigmatization, inevitably resulting in migration out of the neighbourhood."

***...new or well-maintained facilities help revitalize a neighborhood***

The National Association of Realtors (NAR) explicitly recognizes public school facilities' key role in community economic revitalization in its study (prepared with the Local Government Commission), "New Schools for Older Neighborhoods" (2002). This report is especially significant given realtors' direct involvement with, and financial interest in, local economic development. It concludes, "More and more community leaders are recognizing the power of schools to attract and keep residents in a neighborhood. Leaders in many urban communities are building or renovating schools as part of broader strategies for revitalizing blighted areas." The study does not offer economic analysis but highlights particularly successful newly constructed or renovated schools that have helped the development of their neighborhoods. For example:

- In Pomona, California, a primary school and a high school were located in an old strip mall to "help jump-start other neighborhood revitalization efforts." As a result, what was once a dying neighborhood now boasts a new transit center, performing arts center, housing, new commercial properties, investment in new infrastructure, and a general decrease in crime.
- In Philadelphia, the University of Pennsylvania entered into a partnership with the city in 1998 to help fund the Penn-Assisted School, serving grades pre-K to 8 and designed for about 700 students. The NAR study quotes the *Philadelphia Daily News* as reporting that it created a "mad scramble for homes in the surrounding neighborhood." However, despite the media attention the school has received, there have not yet been any academic studies on the school's impact on the neighborhood.
- In Chattanooga, Tennessee, the Hamilton County School District, working with local partners, built two downtown K-5 magnet schools as part of the city's efforts to revitalize the neighborhood and encourage people to live in the city's center. Though the schools are available to students from other neighborhoods, priority is given to downtown residents. Since the publication of the NAR study, the schools were opened in August 2002. Although no formal studies have been conducted, it seems clear that the schools have already made a positive economic impact on the downtown.

New Jersey's construction plan, already noted, includes school construction in the Abbott districts, whose schools are in many of the state's most economically depressed neighborhoods. The goal of the program is to revitalize these neighborhoods, and "leverag[e] economic development in areas that have been left behind." (Bird 2000). The "school renaissance zones" designating the neighborhoods slated for new school construction will "use the schools to attract housing and community uses into the mostly abandoned neighborhood[s]," reports John Mooney in the *Newark Star-Ledger* (2003). One such place is Trenton, where the state is planning to construct

three schools at a former factory site to help revitalize the surrounding area.

Articles in planning magazines have noted other successful projects. In Oklahoma City, the renovation and reopening of Cleveland Elementary School led to a 30 to 100 percent increase in property values, according to Karen Finucan in “Location, Location, Location” in *Planning* magazine (2000). A new high school, replacing two worn-down high schools in a downtrodden area of Niagara Falls, New York, helped “breathe new life into the community,” notes Thomas Dolan in “School as the Heart of the Community” in *School Planning & Management* (2001). Private financing helped fund the project, reflecting the private sector’s growing recognition that new facilities can help spur economic development.

### ***C) The Impact of Small, Local, Community-Oriented Schools***

**T**he size, shape and form of school facilities, along with their physical connection to the surrounding community, is an area of increasing interest for researchers. There is some evidence that small, local schools can contribute toward the academic achievement of students, particularly in low-income areas (Toch 2003, Lyson 2002, Reynolds 2002, Dunn 2001, Pearson 2001, Bickel and Howley 2000, Boethel 2000, Drabenstott 2000, Annenberg Rural Challenge 2000, Collins 1999, Southwest Education Development Laboratory 1999, Salant and Waller 1998). In turn, as discussed in Section II, academic achievement translates into increased earning power and economic growth. There is also evidence that small, local schools, especially in rural areas, can contribute directly to local economic development (Lyson 2002, Salant and Waller 1998, et al). A particular way that schools can make an economic contribution is through sharing or co-locating their facilities with the community (Pearson 2001, et al).

#### ***Small, Local Schools***

**M**uch of the literature discussing the importance of small, local schools is in the context of rural areas (Wolfshohl 2003, Lyson 2002, Reynolds 2002, Dunn 2001, Pearson 2001, Boethel 2000, Drabenstott 2000, Annenberg Rural Challenge 2000, Collins 1999, Southwest Education Development Laboratory 1999, Salant and Waller 1998). This work developed in part as a response to the threat of consolidating rural schools and districts.

Priscilla Salant and Anita Waller capture the beginnings of this trend in their 1998 literature review, “What Difference Do Local Schools Make?” prepared for The Rural School and Community Trust. They find three studies (Sederberg 1987, Petkovich and Ching 1977, and Dreier 1982) investigating the link between local schools and economic development in rural communities—with two of the three demonstrating such a linkage. Sederberg describes the local school as a major employer, constituting 4 to 9 percent of the county payroll and 1 to 5 percent of

***Rural towns with local public schools are often more economically advanced.***

all employed people in the county. He also finds that salaries earned by school employees accounted for 5 to 10 percent of retail sales. Petkovitch and Ching determine that high school students also impacted economic development by their employment in local after-school jobs and spending in local stores. Dreier claims there is no economic impact on a community when a school closes, though Slant and Waller challenge Dreier's "small sample size and questionable methodology."

More recently, Thomas Lyson's study in the *Journal of Research in Rural Education*, "What Does a School Mean to a Community?" (2002) concludes that rural towns with local public schools are often more economically advanced, with more people employed in professional, managerial, and executive occupations. However, at times consolidation can be unavoidable due, for instance, to a lack of funding for rural schools. Karl Wolfshohl notes this situation in his article "A Rural School That Works" in *Progressive Farmer* (2003), highlighting the Boone County, Nebraska school district as successfully mitigating the negative local economic impact of consolidation. When that district was formed by consolidating the school districts of two small towns, the new district left elementary schools in each town. It then placed the middle school in one of the towns and the high school in the other, ensuring that neither town lost all of its local schools. Because each town retained a local school, the positive economic impact of local schools was preserved.

***Smaller schools also narrow the "achievement gap" between students from affluent communities and those from poorer communities.***

Though school size is still generally increasing, current research indicates that smaller schools can provide students with a better education than larger schools, particularly for poorer students (Lawrence, et al 2002, Bickel and Howley 2000, Bickel 1999a, Bickel 1999b, Howley 1999a, Howley 1999b, Howley 1996, Huang

and Howley 1993, Friedkin and Necochea 1988). Small schools generally outperform large schools, with higher graduation rates and more students continuing their education post-graduation (Lawrence, et al 2002, Stiefel, Berne, Iatarola, and Fruchter 2000, Khattari, Mik, and Flynn 1996).

Craig Howley and Robert Bickel's study of 13,600 schools in 2,290 districts, "The Influence of Scale on School Performance" for The Rural School and Community Trust (2000), concludes that small schools, in a range of environments, reduce the impact of poverty on educational achievement and that the performance of low-income students declines in larger schools. Smaller schools also narrow the "achievement gap" between students from affluent communities and those from poorer communities. Howley and Bickel note, however, that in affluent communities student performance can actually increase in larger schools.

Urban school facilities have received particular attention in California. The California-based New Schools Better Neighborhoods (NSBN) civic advocacy organization sets forth its vision for the state's urban school districts in its publication "What If?" (1999). The report notes the importance of small, local schools for the economic well-being of communities. The National Neighborhood Coalition in its report "Smart Growth, Better Neighborhoods: Communities Leading the Way"

(2000) discusses these concerns in the context of Los Angeles, a city experiencing a drastic school shortage. The district was bussing many children for over an hour to distant schools, “limiting the ability of parents to meet with teachers and students to participate in school activities, adversely affecting the quality of the education they receive.” The Coalition reports that, with neighborhood-based schools, students would be more likely to participate in extra-curricular activities, and notes further that students involved in school activities are more likely to be high performers.

In response to such concerns, the Los Angeles Unified School District is currently undertaking a multi-billion dollar construction program. The construction program is expected to build 79 new schools and expand 80 others in the next several years (Los Angeles Unified School District 2003). A report by NSBN, “A New Strategy for Building Better Neighborhoods,” (2002) makes the case that, with communities as part of the process, this program can be a “linchpin to greater economic development and a tremendous redevelopment opportunity . . .” Quantitative projections of the potential economic impact have not yet been undertaken.

### *Sharing Facilities with Communities*

**A**long with the movement for smaller schools has been a movement to encourage schools to share their facilities with the community, providing the community with more resources and space for its programs (Coalition for Community Schools 2003, Rittner-Heir 2003, Dolan 2001, Pearson 2001, Bird 2000, Veendendaal and van Wijk 1991). The Coalition for Community Schools offers the following definition for a community school, “Using public schools as a hub, community schools bring together many partners to offer a range of supports and opportunities to children, youth, families, and communities – before, during, and after school, seven days a week.”

In an *Architectural Record* article entitled “Educators and Architects are Rethinking Large, Generic Schools that are Separated from Their Community” (2001), Clifford Pearson highlights a few schools that have positively impacted their surrounding community through sharing or co-locating school facilities. In Pomona, California, the previously mentioned school located in a shopping center, shares the premises with a Kinko’s copy shop and a drug store. At the San Francisco Tenderloin District’s elementary school, the school’s facilities house medical and dental clinics, a family counseling center, adult education programs, a community garden, a community kitchen, and a preschool. As discussed, using facilities for adult education in particular can benefit the economy when people take this training into the workforce.

## ***D) The Impact of Well-Maintained Schools on Student Performance***

**J**ust as studies indicate that small schools often inspire higher student performance, recent research similarly supports the idea that well-maintained school facilities boost student performance (Schneider 2002a and 2002b, Anderson 1999, Earthman and Lemasters 1998, Philips 1997). As we have seen, a rise in student performance has a positive impact on surrounding residential real estate values. New, renovated, and well-maintained schools can serve as an investment in the human capital of students, which also enhances economic growth.

***Well-maintained school facilities boost student performance.***

Mark Schneider's report for the National Clearinghouse for Educational Facilities asks in its title "Do School Facilities Affect Academic Outcomes?" (2002a). Answering in the affirmative, Schneider reviews the existing literature on the topic and finds that, while measurement difficulties exist, there is an emerging consensus among researchers that the condition of school facilities affects academic achievement, as indicated by higher student scores on standardized tests. In exploring the characteristics of a school's physical structure that potentially impact student performance, he considers such factors as indoor air quality, ventilation, and thermal comfort, lighting, acoustics, and building age and quality.

Citing past studies and anecdotal evidence, he finds that poor indoor air quality and ventilation can cause a variety of illnesses, increasing student absenteeism (Environmental Protection Agency 2000, Rosen and Richardson 1999, General Accounting Office 1995), and that poor ventilation, thermal discomfort, poor acoustics, and artificial lighting can also be obstacles to a student's concentration (Lackney 1999, Harner 1974, Wyon, Andersen and Lundqvist 1979). A building's quality also projects an image of the school's value, and a poorly maintained school can discourage students from striving for high performance (Byron, Exeter and Mediratta 2001, Finucan 2000). Schneider finds that a building's "age itself should not be used as an indicator of a facility's impact on student performance," as older buildings can be modernized. His review of the literature leads Schneider to note that much more research is needed regarding which "specific facility attributes affect academic outcomes the most."

In another study of school facilities, "Public School Facilities and Teaching: Washington, D.C. and Chicago" carried out for the Neighborhood Capital Budget Group (2002b), Schneider reports the results of interviews with 688 teachers in Chicago, and of a survey sent to all teachers in Washington D.C. and returned by 25 percent. He finds that over 40 percent of Washington teachers and over 20 percent of Chicago teachers believe that their school facilities are inadequate. Comparing the data on facilities with test scores and using a simple model that controlled statistically for other factors (such as demographics and income), he concludes that better facilities can improve the percentage of students performing at or above grade level by 3 to 4 percent and that "improving facilities may be just as helpful as reducing class size." Such findings certainly suggest that well-maintained facilities can improve academic performance and can lead to economic development.

## VI. Conclusion

The literature reveals a number of ways that public schools impact economic development, though much more research needs to be done in order to clarify and quantify this impact. On the national level, there is convincing research showing that public schools have a profound effect on national economic growth, by influencing the quantity and quality of education. “Human capital” theory documents that investment in the skill level of a nation’s population translates into increased national productivity. Education also leads to higher wages and greater social opportunity.

While the research is emerging and difficult to measure, many studies have shown that public schools and school spending also impact state and local economies and can play a role in attracting business. By educating the future workforce, public schools help make states and localities more economically competitive. In addition, as a basic industry, schools are major employers that have a short-term stimulus impact on state and local economies. Evidence suggests that the quality of public schools can also influence business site selection and labor location decisions.

In one aspect of local development, there is clear-cut, undisputed evidence: the quality of public schools directly influences residential property values. Homes in higher-performing school districts sell for higher prices than homes in lower-performing school districts. Studies only differ on which exact factors contribute to measuring school quality. The conclusion that schools affect real estate value is also strongly supported by anecdotal evidence.

Finally, there is some emerging evidence that the quality, size, and shape of the school facilities themselves, along with the construction and renovation of those facilities, impact economic development. Facilities that are small, local, and community-oriented can have a particularly positive effect on local development, especially in economically distressed areas. Research also indicates that well-maintained facilities enhance academic performance which, based on the evidence above, enhances economic growth.

## *Going From Here*

**T**he overall subject of the impact of public schools on economic development, as well as the various subtopics, offers a rich area for researchers to mine. More research, especially quantitative but also qualitative, is needed, along with an emphasis on integrating various topics and approaches.

On the national level, while research on the impacts of education is quite robust, additional inquiry into the overall impact of public schools as an industry is important. Such work could include estimates of the number of people employed by public schools, both directly and indirectly through industries such as school construction.

Assessing the state and local level economic impacts of public education presents more difficult challenges to researchers, and much more comprehensive research, such as state-by-state economic impact studies, is needed. States and localities undertaking school construction and renovation programs should conduct economic impact studies, as was done in Cincinnati. These studies ought to become more refined over time as more experience is gained. One topic deserving of careful study is how school construction in newly developing areas on the urban fringe may impact the economy of older areas. A truly comprehensive national study on how public education influences business and worker location decisions also needs to be conducted.

While the research strongly shows how quality schools raise real estate values, more research is needed to link to broader issues, such as urban revitalization in general. Also, how good schools help maintain neighborhood stability over the long-term should be explored. At the present time, there is much anecdotal evidence on the role that school facilities play in urban revitalization efforts. One compelling question is how renovated schools have actually raised real estate values and contributed to the economic well-being of longtime residents.

Of course, as noted in the paper, many other questions abound. As advocates increasingly tout the economic benefits of public schools, it is critical that researchers address such issues further. Deeper and broader analysis focusing on the interconnectedness of the economic benefits of education will provide a firm, factual foundation for meaningful public policy discussion and community decision-making. Education is too important to deserve anything less.

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Jonathan D. Weiss is Senior Counsel at SRS Technologies, a national consulting company. Based in the company's Washington D.C. office, his work focuses particularly on community sustainability. Weiss is also an Adjunct Professor of Law at George Washington University.

Prior to SRS, Weiss served as director of the George Washington University Center on Sustainable Growth, where he was on the law faculty. He previously held positions in the Clinton administration, at the White House, and at the U.S. Environmental Protection Agency.

Weiss is a graduate of the University of Virginia Law School and holds an M.A. and B.A. from the University of Michigan, where he graduated Phi Beta Kappa. He has authored numerous studies and reports (most recently, *America's Best Cities and States* (2004)), and has published widely in treatises, journals, magazines, and newspapers.

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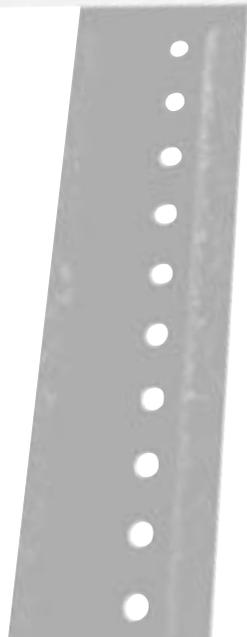
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**The foundation of every state is  
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— Diogenes Laertius



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## Why Fixing the High School is Necessary

The high school suffers from deterioration as well as health and safety issues resulting from its age; much of the existing building was built in 1954 - now 57 years old - while the “new” wing is now more than 30 years old.

### Life, Health, Safety Issues & Code Violations

While the District’s maintenance department does a quality job of keeping the current facility clean and functional, it is challenged with a wide range of problems. The District is also at-risk that it could be forced to update the facility because it does not meet current code requirements for either safety or accessibility. A handful of illustrative examples include:

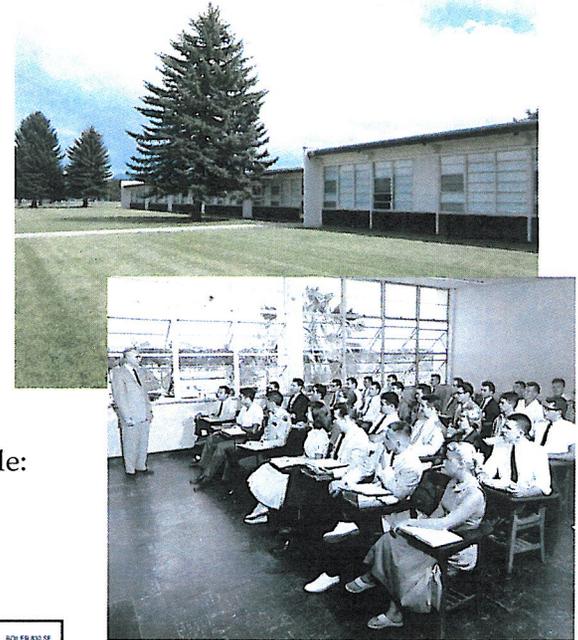
- ▶ substantial overheating in certain rooms while other areas are under heated,
- ▶ inadequate dining facilities to serve the student population,
- ▶ windowless classrooms,
- ▶ no accessible bathrooms or locker rooms for students with disabilities,
- ▶ outdated structural systems not designed to withstand earthquakes,
- ▶ no ventilation system in much of the building, and
- ▶ lack of infrastructure to support the integration of current technology,
- ▶ leaking roofs, and
- ▶ no emergency lighting in large portions of the building.

### Outdated Facilities from A Different Era

Teaching in the 1950’s was based on Henry Ford’s factory model; groups of students moved like cars on an assembly line from classroom to classroom in which teachers lectured and students recorded information and ideas. For some, this model of education was successful. Modern educators, however, now understand that students learn in different ways; students with learning “styles” not well suited to historic teaching methods were often wrongfully identified as having lower intelligence and were discouraged from reaching their potential.

### Current Building Limits Delivery of Contemporary Education

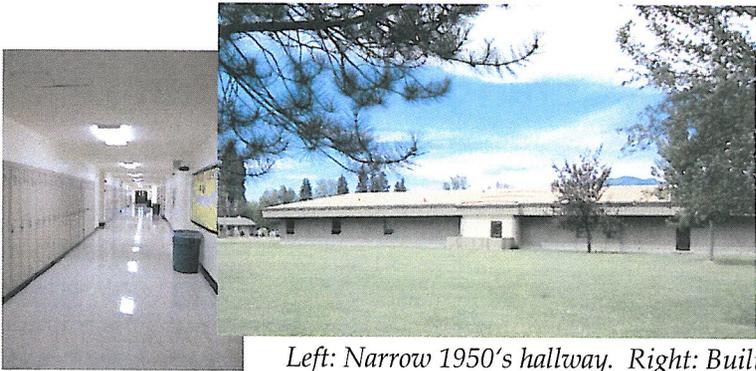
The District administration including new Superintendent Kate Orozco has determined that the facility’s limitations literally impairs the District’s ability to deliver quality teaching and learning using contemporary methods and technology.



Above: WHS “C-Wing” built in 1954. Middle: a typical classroom of the 1950’s with the teacher lecturing to assembled students. Below: a portion of the current WHS floor plan based on the factory model of schools, repetitive, same-sized classrooms double-loaded on narrow hallways.

# School Current Conditions

Jackola Engineering & Architecture, part of the design consultant team, provided a thorough assessment of the current high school facilities. The matrix below summarizes their findings regarding current conditions of the building. Not surprisingly, the assessment reveals that conditions in the older portions of the building are more challenging, including the absence of major systems such as ventilation and cooling, emergency power and fire sprinklers. In general, the entire facility presents challenges for re-modeling as the majority of the walls are constructed of load bearing masonry that is difficult and expensive to relocate or modify.



Left: Narrow 1950's hallway. Right: Built during the energy crisis of the 70's, the south side of "A-Wing" was designed with limited windows.



**Matrix Key**  
 Non-Existent (Red)  
 Poor (Orange)  
 Fair (Yellow)  
 Serviceable (Green)  
 Not Applicable (White)

## Whitefish High School Facility Analysis

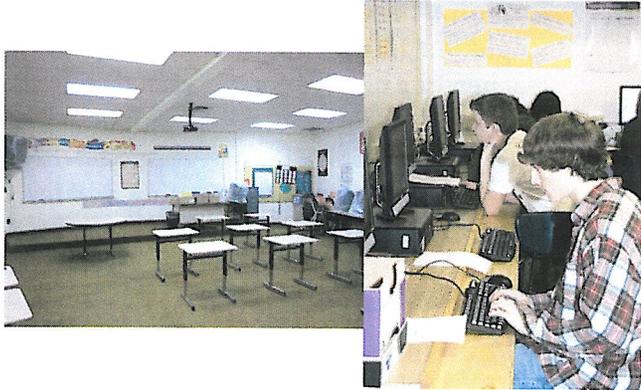
### 1954 Building

- Classroom Spaces
- Library / Multimedia / Computer
- Bathrooms
- Physical Plant

### 1979 Building

- Gymnasium and Lockers
- Classroom Spaces
- Bathrooms
- Foyer / Administration
- Performance / Shop Areas

	Architecture					Structure				Mechanical					Electrical					
	Interior Finish Condition/Longevity	Insulation	Windows	Roofing	Daylight	Handicap Accessibility	Fire Suppression	Foundation	Wall Structure	Roof Structure	Flexibility / Ease of Remodel	Heating Equipment	Ventilation	Energy Efficiency	Occupant Thermal Comfort	Plumbing Piping	Electrical Distribution	Emergency Power	Devices	Lighting
Classroom Spaces (1954)	Yellow	Orange	Orange	Orange	Green	Red	Red	Green	Orange	Orange	Orange	Yellow	Orange	Orange	Green	Green	Orange	Red	Yellow	Yellow
Library / Multimedia / Computer (1954)	Yellow	Orange	Orange	Orange	Green	Red	Red	Green	Orange	Orange	Orange	Yellow	Orange	Orange	Green	Green	Orange	Red	Yellow	Yellow
Bathrooms (1954)	Yellow	Orange	Orange	Orange	Green	Red	Red	Green	Orange	Orange	Orange	Yellow	Orange	Orange	Green	Green	Orange	Red	Yellow	Yellow
Physical Plant (1954)	Yellow	Orange	Orange	Orange	Green	Red	Red	Green	Orange	Orange	Orange	Yellow	Orange	Orange	Green	Green	Orange	Red	Yellow	Yellow
Gymnasium and Lockers (1979)	Green	Orange	Yellow	Green	Orange	Red	Red	Green	Green	Green	Green	Yellow	Orange	Orange	Green	Green	Orange	Red	Yellow	Yellow
Classroom Spaces (1979)	Green	Orange	Yellow	Green	Orange	Red	Red	Green	Green	Green	Green	Yellow	Orange	Orange	Green	Green	Orange	Red	Yellow	Yellow
Bathrooms (1979)	Green	Orange	Yellow	Green	Orange	Red	Red	Green	Green	Green	Green	Yellow	Orange	Orange	Green	Green	Orange	Red	Yellow	Yellow
Foyer / Administration (1979)	Green	Orange	Yellow	Green	Orange	Red	Red	Green	Green	Green	Green	Yellow	Orange	Orange	Green	Green	Orange	Red	Yellow	Yellow
Performance / Shop Areas (1979)	Green	Orange	Yellow	Green	Orange	Red	Red	Green	Green	Green	Green	Yellow	Orange	Orange	Green	Green	Orange	Red	Yellow	Yellow



Left: Windowless classroom retrofitted with "Smart Board" technology. Right: WHS has an excellent student computer ration of 2:1, unfortunately the extra electrical load causes overheating in much of the building.



The Boys locker room for both varsity sports and gym class.