

Impact Fees And Greedy Politicians

Summary of Whitefish MT Fees

The US Supreme Court recently issued a landmark property rights decision to curb the impact fee abuses imposed by local governments. This ruling was supported by influential bodies like the US Chamber of Commerce along with major publications such as the LA Times. The Wall Street Journal article entitled "*A Bad Day For Greedy Politicians at the Supreme Court*" echoes the struggles faced by property owners. The article highlights greedy politicians who extort excessive impact fees from owners. Nowhere is this more of a problem than in Whitefish, Montana.

Whitefish Public Utilities

Whitefish is a town celebrated for its natural, beautiful surroundings. But a dark reality emerged as Whitefish officials exploited impact fees to finance infrastructure deficiencies. Led by an underqualified City Manager, the council's actions were a calculated affront to property owners' rights.

Whitefish has struggled with aging infrastructure for years, including its public utility systems. In 2018, City officials resorted to raising everyone's water bills to help pay for these deficiencies. Whitefish utility bills now rank among the highest in the state of Montana.

City Manager Finds Ways to Cheat Property Owners

The City Manager, Dana Smith, devised a plan to illegally finance these projects by inflating impact fees charged to residents wishing to improve their property. Despite hiring the FCS Group, a professional impact fee consultant, to calculate the City's 2018 impact fees, the Manager ignored their recommendations. Within days of FCS publishing its report, the Manager more than tripled water impact fees, demonstrating a lack of regard for professional expertise and ethical standards.

Whistleblowers Uncover City Manager's Scheme

In 2021, two Whitefish residents with backgrounds in accounting and data analysis uncovered serious flaws in the City's impact fee calculations. These include:

1. Double counting home fixtures used to calculate impact fees.
2. Fabricating phantom public works projects to increase fees.
3. Adding millions of undocumented expenses to project costs.

4. Doctoring collection charts to bloat fees beyond legal limits.
5. Inflating consumer water demand used to compute impact fees.

Combined, these problems resulted in the City extorting millions of dollars from unsuspecting Whitefish property owners in the form of excessive and illegal fees.

Problems Presented To The City

These concerned whistleblowers presented their findings in a report to the City Manager and the Whitefish City Council, asking for an outside audit of its fees. Despite their efforts to bring these issues to light, they were met with derision and dismissal by certain council members including Andy Feury. The City Manager Dana Smith simply trivialized these problems and falsely claimed that their impact fees had been audited and approved by the state.

Class Action Lawsuit Filed

Undeterred, a group of property owners filed a Class Action lawsuit against the City. This suit alleged the City violated both state laws and their 5th Amendment Constitutional rights. The suit was based on the very report submitted to the City Council by the whistleblowers. It was filed in Federal Court and sought to hold Whitefish officials accountable for their actions. The Federal Judge certified this lawsuit and the Constitutional grounds on which it was filed, as affirmed by the recent U.S. Supreme Court decision. Rather than acknowledge wrongdoing, City officials vehemently denied any liability, resorting to blame-shifting and deflection.

Substantial Settlement Reached

After a prolonged legal battle spanning two years, the City and its consultant ultimately agreed to a substantial settlement to resolve the Class Action lawsuit. This hefty sum helped Whitefish officials sidestep a potentially embarrassing trial that would have laid bare the questionable practices of City officials.

This settlement wasn't just a financial transaction—it represented a victory for nearly 450 Whitefish property owners, including developers of vital affordable housing projects. It also vindicated the efforts of the whistleblowers who stepped forward to expose the truth about the city's excessive impact fees.

However, the City's response to these revelations is telling. Instead of addressing the legitimate concerns raised by the whistleblowers, certain managers and politicians chose to downplay and dismiss them, exacerbating the situation. In doing so, they not only failed to uphold their duty to the community but also denied property owners their legal and Constitutional rights.

This settlement should serve as a stark reminder of the ethical shortcomings of certain members of Whitefish's administration. It underscores the urgent need for greater transparency, accountability, and oversight from the City Council. The citizens of Whitefish deserve leaders who prioritize integrity and honesty, not those who seek to evade responsibility at the expense of the community's well-being.

Whitefish Caught Cheating Property Owners Again

Unfortunately, the impact fee abuses by the City haven't stopped. In 2024 the City and a different consultant, TischlerBise Inc., developed new impact fees which are once again seriously flawed. Property owners are now being charged thousands of dollars each in excessive and illegal fees.

The same whistleblowers uncovered these problems after reviewing the new TischlerBise impact fee report. These problems were confirmed by an email exchange between the consultant and a Whitefish manager during the development of these fees.

Initially the TischlerBise consultant warned Whitefish that their impact fees would be "very small" if he used the data provided by the City. City officials were not pleased with this. It appears that the consultant deliberately falsified his report by using totally different data with dimensions inconsistent with his impact fee calculations. The results were fees significantly higher than originally calculated. City officials were thrilled with these new fees without questioning how the consultant magically increased them in his final report.

By using the original data provided by the City and the consultant's own methodology, the whistleblowers were able to reconstruct the impact fees that should have been charged property owners. A professional engineer agreed with the whistleblower's assessment. He reviewed their analysis and put this in a report that was submitted to the City's attorneys, pointing out the inconsistent data used by TischlerBise. This report was completely ignored by the City officials and politicians.

City Dismisses Whistleblowers Again

The whistleblowers presented an Open Letter to the Council outlining the glaring errors in the consultant's calculations. Despite this warning and without considering an independent review, the Council unanimously approved these excessive fees, disregarding the concerns raised. The Mayor and several council members went even further and authored an OP-ED vilifying one of the whistleblowers in an attempt to suppress his voice in the local media.

Since the outset, the only request made to the Council by the whistleblowers was for an independent and impartial review of the excessive fees imposed on residents. These requests were based on years of experience in finance and data analysis. Yet the Whitefish politicians have twice chosen to ignore these requests. Instead, they've shown disdain towards those daring to challenge their actions and authority.

Undeterred, the whistleblowers will continue to expose the wrongful actions of these politicians.

Summary

The problem of excessive impact fees extends far beyond Whitefish—it's a pervasive issue faced by communities nationwide. Greedy politicians exploit their positions, leaving citizens to bear the burden of corruption. Now, as the truth emerges, citizens must demand accountability. City officials must answer for their blatant disregard for the law and ethics, tarnishing the very fabric of our democracy.

Furthermore, council members complicit in this corruption must face consequences. Citizens have the power to hold them accountable through their votes and their voices. Let Whitefish serve as a warning—a cautionary tale of the dangers of unchecked power and greed. Together, citizens must stand up to corruption, united in the pursuit of fair and honest governance.

Who Are The Whistleblowers

The whistleblowers challenging the City are Paul Gillman and Bill Burg who live in Whitefish. Both are former military officers who have extensive professional experience in finance and data processing. Neither are Plaintiffs in the Class Action lawsuit nor are they realizing any financial gain from their actions. They simply wish to expose the problems and potential corruption in Whitefish.

For further information or comments, or to learn about any new developments with the City, please send an email to the following:
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