

WHITEFISH MT USES CONFLICTING WATER REPORTS

City Benefits From Mistake While Residents Pay The Bill

Whitefish contracted two consulting firms to produce reports that determined the **water usage** of Whitefish households. The results of the two studies were vastly different. This created a dilemma for Whitefish management. They needed to reconcile the difference. Without correcting one of these reports, management would either overstate the City's water system capacity to a Montana State Agency or would overcharge its residents and builders. But Whitefish wanted the benefits of each report.

An article published in the *Missoulian*, "[Studies show discrepancy in Impact Fee Calculations](#)", describes this problem.

In November, 2018, the Whitefish City Manager calculated water impact fees that the City charged new and existing residents and builders. To calculate these fees, the manager used water usage statistics for a typical Whitefish household of **744 gpd (gallons per day) during peak demand**. This number was determined by Whitefish employees and its consultant, The FCS Group, and was nearly double previous study findings. As a result, Whitefish charged its residents high impact fees because each new household was supposedly consuming an excessively high amount of water.

A few months later in 2019, Whitefish filed a water usage and capacity report with the Department of Environmental Quality (DEQ). The report submitted by the City stated that a typical Whitefish household consumed only **374 gpd of water during peak demand**. Using this data, the City assured the DEQ that Whitefish had adequate water treatment and storage facilities to handle its immediate growth. Whitefish asserted that it could service an additional 1023 new homes because each new household consumed a relatively low amount of water.

What difference does this make?

For new and existing Whitefish residents and builders, it makes a HUGE difference. The higher the water usage statistic, the more the City charges homeowners and builders in impact fees. It's simple math. If the City doubles the water demand per day of a typical household, it doubles the water and sewer impact fees charged new and existing residents.

For the DEQ, the lower the water usage statistic, the more homes Whitefish can build before needing to expand its water facilities. If the number were higher, the DEQ could have placed a moratorium on all new Whitefish development in 2019 until the City expanded its water capacity.

Two Reports, Same Statistic, Two Significantly Different Numbers

The numbers above were found in Whitefish public documents. The DEQ report was produced by AE2S using actual customer billing data. The 2018 Impact Fee Update was produced by the FCS Group using data provided by Whitefish management. Later the City Manager used the FCS statistics to significantly raise water impact fees.

What did the Whitefish City Management do?

On June 20th, 2019, the AE2S report was approved by City management and sent to the Department of Environmental Quality declaring the **374 gpd** water demand statistic.

On July 15th, 2019, the Whitefish City Council passed Resolution 19-15 which nearly doubled the water impact fees based on the **744 gpd** water demand statistic used to calculate these impact fees.

Whitefish management did nothing.

Although one of these two reports was wrong, the City used both of them unaltered to continue economic development AND inflate impact fees. **City management simply claimed ignorance of the discrepancy.** Meanwhile the City benefited at the expense of its residents. The question left unanswered is what will the City management and Council do to correct this.

In February 2022, a group of residents and developers sued Whitefish for \$millions in refunds from impact fees assessed starting in 2019. The class action is certified in Federal Court. The conflicting water demand reports were not known at the time this suit was filed.

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