

MINUTES OF THE TRUTH IN TAXATION
A SPECIAL MEETING OF THE
INDEPENDENCE CITY COUNCIL
TUESDAY, DECEMBER 2, 2025 – 6:00 P.M.

1. CALL TO ORDER

Pursuant to due call and notice thereof, a special meeting, Truth in Taxation Hearing for 2026 City Operations. Independence City Council was called to order by Mayor Spencer at 6:00 p.m.

2. ROLL CALL

PRESENT: Mayor Spencer and Councilors Spencer, McCoy, and Betts.
ABSENT: Grotting
STAFF: City Administrator Kaltsas, Administrative Services Director Simon, PW Supervisor Lehman
VISITORS: Planning Commissioner Thompson

3. TRUTH IN TAXATION HEARING

City Administrator Mark Kaltsas presented an overview of the proposed 2026 budget and tax levy. He explained that the city had been working on preparing the budget since July. The proposed general fund increase is just over 6% year over year, representing approximately \$230,000, bringing the total from \$3.7 million to just about \$4 million. The city's total operating levy, including debt service, represents a 7.5% increase of about \$313,000.

Mr. Kaltsas highlighted that the city's tax base is predominantly residential, with some farm property and very small commercial/industrial components. He noted that since 2015, the city has attempted to maintain or reduce the effective tax rate on property, keeping it below the 40% artificial ceiling set by the council. For the 2026 budget, the tax rate would increase only slightly, by a couple of tenths of a percent.

In terms of revenue sources, Mr. Kaltsas noted that 86% comes from property taxes, with licenses and permits being the next largest source. Regarding expenditures, over 50% goes to police and fire services, with administration and public works making up the majority of the remainder.

He emphasized that police and fire services increases represent the majority of the year-over-year expenditure increases. If these were removed from consideration, the city would actually see a decrease in its budget related to all other services including administration, public works, building inspections, and parks.

Mr. Kaltsas explained that the preliminary budget had been adopted in September, and the recommendation was to maintain the same budget amount for the final adoption. The council would be considering three resolutions at the regular meeting: adoption of the general fund

budget, adoption of the general tax levy, and adoption of the Pioneer Sarah Creek watershed levy.

Mayor Spencer opened the public hearing. There were no public comments.

Motion by McCoy, second by Fisher to close the public hearing. Ayes: Spencer, McCoy, and Betts. Nays: None. Absent: Grotting. None. Abstain. None. MOTION DECLARED CARRIED. 4-0

Public Hearing Closed

4. ADJOURNMENT.

Motion by Betts, second by Fisher to adjourn the Truth in Taxation meeting at 6:12pm. Ayes: Spencer, McCoy, and Betts. Nays: None. Absent: Grotting. None. Abstain. None. MOTION DECLARED CARRIED. 4-0

Meeting adjourned at 6:12 pm.

Respectfully Submitted,
Amber Simon/ Recording Secretary

MINUTES OF THE INDEPENDENCE CITY COUNCIL
A REGULAR MEETING OF THE
INDEPENDENCE CITY COUNCIL
TUESDAY, DECEMBER 2, 2025 – 6:00 P.M.

City Council Meeting Time: 6:30 pm

1. CALL TO ORDER

Mayor Brad Spencer called the meeting to order on Tuesday, December 2, 2025, at 6:30 PM

2. PLEDGE OF ALLEGIANCE

Mayor Spencer led the group in the Pledge of Allegiance.

3. ROLL CALL

PRESENT: Spencer, Betts, Grotting, Fisher

ABSENT: Grotting

STAFF: City Administrator Kaltsas, Administrative Services Director Simon, PW
Supervisor Lehman

VISITORS: See Sign-in Sheet

4. ****Consent Agenda****

All items listed under Consent Agenda are considered to be routine by Council and will be acted on by one motion. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.

- a. Approval of City Council Minutes from the November 18, 2025, Regular City Council Meeting.
- b. Approval of City Council Minutes from the November 20, 2025, City Council Workshop Meeting.
- c. Approval of Accounts Payable (Batch # 1; Checks Numbered 24058-24087).

Motion by Fisher, seconded by Betts to approve the consent agenda. Ayes: Spencer, Betts, McCoy, Fisher. Nays: None. Absent: Grotting. Abstain: None. Motion Approved. 4-0

5. Set Agenda – Anyone Not on the Agenda can be Placed Under Open/Misc.

6. Reports of Boards and Committees by Council and Staff.

Council member Fisher Attended the following meeting:

- City Council Workshop

- Truth in Taxation

Council member Betts Attended the following meeting:

- City Council Workshop
- Truth in Taxation

Council member McCoy Attended the following meeting:

- Maple Plain City Council Meeting which included a citizen of the year recognition ceremony for a resident with many years of involvement in various community activities.
- Truth in Taxation

Mayor Spencer Attended the following meeting:

- Planning Commission
- City Council Workshop
- Meeting with the County Assessor along with City Administrator Kaltsas
- Meeting with City Administrators Kaltsas and Kolander along with West Suburban Fire to discuss the merger
- Truth in Taxation

City Administrator Mark Kaltsas Attended the following meeting:

- None outside those mentioned

Administrative Services Director Amber Simon Attended the following meeting:

- City Council Workshop
- Planning Commission
- Truth in Taxation

7. Consider Adoption of the Final 2026 Tax Levy and General Fund Budget and Associated Actions.
 - a. **RESOLUTION 25-1202-01** – Adopting the 2026 General Fund Budget.
 - b. **RESOLUTION 25-1202-02** – Adopting the 2026 General Tax Levy.
 - c. **RESOLUTION 25-1202-03** – Adopting the 2026 Pioneer Sarah Creek Watershed Management Commission Tax Levy.

Mayor Spencer noted there were three resolutions for consideration. The council proceeded to vote on each resolution separately.

Motion by McCoy, seconded by Betts to approve RESOLUTION 25-1202-01 Adopting the 2026 General Fund Budget. Ayes: Spencer, Betts, McCoy, Fisher. Nays: None. Absent: Grotting. Abstain: None. Motion Approved. 4-0

Motion by Fisher, seconded by Betts to approve RESOLUTION 25-1202-02 Adopting the 2026 General Tax Levy. Ayes: Spencer, Betts, McCoy, Fisher. Nays: None. Absent: Grotting. Abstain: None. Motion Approved. 4-0

Motion by Spencer, seconded by McCoy to approve RESOLUTION 25-1202-03 Adopting the 2026 Pioneer Sarah Creek Watershed Management Commission Tax Levy. Ayes: Spencer, Betts, McCoy, Fisher. Nays: None. Absent: Grotting. Abstain: None. Motion Approved. 4-0

8. Mark Moorhouse (Applicant/Owner) is requesting the following action for the properties located on County Road 11 (PID No's. 08-118-24-12-0001, 08-118-24-11-0002 and 08-118-24-14-0001) in the City of Independence, MN.
 - a. **RESOLUTION NO. 25-1202-04** – Considering a minor subdivision to allow a lot combination of the following properties: (PID No's. 08-118-24-12-0001, 08-118-24-11-0002 and 08-118-24-14-0001). The proposed combination would consolidate the three (3) properties into one (1) property.

9. Mark Moorhouse (Applicant/Owner) is requesting the following action for the properties located on County Road 11 (PID No's. 09-118-24-22-0004, 09-118-24-22-0005 and 09-118-24-21-0001) in the City of Independence, MN.
 - a. **RESOLUTION 25-1202-05** – Considering a minor subdivision to allow a lot combination of the following properties: (PID No's. 08-118-24-12-0001, 08-118-24-11-0002 and 08-118-24-14-000). The proposed combination would consolidate the three (3) properties into one (1) property.

City Administrator Kaltsas provided an overview of two related applications submitted by Mark Moorhouse for minor subdivisions, both involving the combination of three properties into a single property. For the first application, the properties were generally located at 8145 County Road 11 or adjacent to that address.

Administrator Kaltsas explained that both applications met all applicable criteria for properties zoned agriculture. He noted that for one of the applications (7949 County Road 11 properties), the applicant was fulfilling a condition of a recent conditional use permit approval for a ground-mounted solar array that required the combination of two of the properties into a single property.

The Planning Commission had discussed that these lot combinations would reduce the number of development eligibilities currently available to the applicant, as the properties had previously been subdivided to maximize eligibilities. However, the applicant could potentially subdivide the properties again in the future if done in accordance with applicable ordinances.

Administrator Kaltsas mentioned that at the public hearing, surrounding residents had questions not about the subdivision itself, but about other aspects of the property and the owner's intentions. The Planning Commission also noted a desire to see a larger notification radius for public hearings involving large properties, though the city currently follows state statute requirements for notifications.

The Planning Commission unanimously recommended approval of both requests with the conditions stated in the resolutions.

Motion by Betts, seconded by Fisher to approve RESOLUTION 25-1202-04 approving the lot combination of the following properties: (PID No's. 08-118-24-12-0001, 08-118-24-11-0002 and 08-118-24-14-0001). Ayes: Spencer, Betts, Fisher, McCoy. Nays: None. Absent: Grotting. Abstain: None. Motion Approved. 4-0

Motion by McCoy, seconded by Betts to approve RESOLUTION 25-1202-05 approving the lot combination of the following properties: (PID No's. 09-118-24-22-0004, 09-118-24-55-0005 and 09-118-24-21-0001). Ayes: Spencer, Betts, Fisher, McCoy. Nays: None. Absent: Grotting. Abstain: None. Motion Approved. 4-0

10. Consider Approval of the MS4 Petition for Reevaluation.

- a. The city has an opportunity to be released from the MS4 regulatory program.

Administrator Kaltsas explained that the city has an opportunity to be released from the Municipal Separate Storm Sewer System (MS4) permit regulatory program. The city's water resource engineer, Haakinson Anderson, had brought this to their attention.

Administrator Kaltsas explained that the regulatory status had changed regarding how the EPA determines whether a city needs to be a permit holder. Cities categorized as an urbanized area with a population less than 50,000 may no longer be required to hold an MS4 permit. If successful, this would eliminate the annual expense and administrative requirements of maintaining the permit.

Mayor Spencer noted that when the MS4 program was first implemented, the population threshold was 5,000, and now it's 50,000. He added that while the city would save money on the annual Storm Water Pollution Prevention Program (SWPPP) report preparation, they would not change any of their construction site stormwater runoff controls or stormwater management practices.

Motion by Spencer, seconded by Fisher to approve submittal of the MS4 petition for reevaluation. Ayes: Spencer, Betts, McCoy, Fisher. Nays: None. Absent: Grotting. Abstain: None. Motion Approved. 4-0

11. Annual Opportunity for Public Comment on MS4 Permit.

- a. This is an opportunity for interested citizens to comment on the city's Storm Water Pollution Prevention Program (SWPPP) which is a part of the City's MS4 Permit.

Mayor Spencer opened the public hearing for comments on the city's Storm Water Pollution Prevention Program (SWPPP), which is part of the City's MS4 Permit. Administrator Kaltsas explained this was an educational opportunity and a chance for people to ask questions related to the permit.

No public comments were made.

Motion by McCoy, seconded by Betts to close the public hearing. Ayes: Spencer, Betts, McCoy, Fisher. Nays: None. Absent: Grotting. Abstain: None. Motion Approved. 4-0

12. Open/Misc.

Administrator Kaltsas provided an update on the fire department consolidation agreement with West Suburban Fire Department. He explained that there had been minor issues regarding how the funding portion of the agreement would be structured. The original language included a fixed 5% annual increase cap, which West Suburban objected to as it could limit their ability to respond to changing expenses.

A new proposal was developed where the cities would use a budget prepared by West Suburban annually for the original communities (Greenfield, Loretto, Medina, Corcoran, and one-third of Maple Plain) and then calculate how the formula would change when Maple Plain and Independence are included. The formula is based on 50% market value and 50% call hours per service.

If there is a surplus amount the original cities would be due as a result of Independence and Maple Plain joining, those two cities would pay that difference. The proposal includes a 5-year transition where Independence and Maple Plain would pay 100% of that difference for the first two years, then 75% in year three, 50% in year four, and 25% in year five, before moving to the straight formula.

The West Suburban board will consider this proposal, and the final agreement is expected to be presented at the next council meeting. The agreement must be completed before the end of the year.

Mayor Spencer also mentioned that he will be meeting with the Mayor of Medina on Friday morning to discuss proposed modifications to no-wake regulations for Lake Independence. Medina has drafted an ordinance that differs from what Independence had proposed, and they will work to find a resolution both councils can support before the lake thaws in spring.

Mayor Spencer reminded everyone about View Santa on Saturday at 3:30 PM, encouraging donations of non-perishable items for the food shelf. He also noted there was a weather forecast for snow and wind on Saturday night into Sunday morning.

13. Adjourn

Motion by McCoy, seconded by Betts to adjourn the meeting at 7:03pm. Ayes: Fisher, Betts, Spencer, McCoy. Nays: None. Absent: Grotting. Abstain: None. Motion Approved. 4-0