

MINUTES OF A WORK SESSION OF THE
INDEPENDENCE CITY COUNCIL
THURSDAY, NOVEMBER 20, 2025 – 7:00 AM.
(WHPS Conference Room)

1. CALL TO ORDER.

Pursuant to due call and notice thereof, a work session of the Independence City Council was called to order by Mayor Spencer at 7:03 a.m.

2. ROLL CALL

PRESENT: Mayor Spencer, Councilors Betts, Grotting and Fisher

ABSENT: McCoy

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

VISITORS: Chief DuRose

3. General Administration

a. 2025 Final Budget Discussion

- o City Budget and General Tax Levy

b. Miscellaneous Administration Updates

City Administrator Mark Kaltsas presented the 2025 final budget discussion, noting they had reviewed the preliminary budget and identified some changes. He reported approximately \$50,000 in savings from an officer hiring situation, but several factors emerged that affected the budget:

An employee who has historically not taken city benefits over the past 5-6 years recently chose to opt into the benefits, resulting in approximately a \$20,000 impact on the budget. The timing of benefits acceptance was discussed, with a suggestion to make the cutoff deadline prior to preliminary budget discussions in the future. Although the additional cost of \$20,000 was buffered by the city's budget, it is a significant factor that interrupted potential savings.

IT requirements including mandatory two-factor authentication implementation added costs to the budget. Mark noted that there is an increasing cost associated with IT services, mentioning that two-factor authentication alone costs approximately \$6,500 annually. Additional costs for server replacement and other IT-related expenses also emerged during the budget review. There was an ongoing effort to manage and minimize these expenses through proactive measures and potential contract reviews with IT service providers.

The city had hired a lobbyist at a cost of \$16,000. This decision was part of the adjustments made to the final budget and was noted as a strategic move to support city operations and advocacy.

Mr. Kaltsas stated that although there was a possibility for budget reduction by around \$20,000, he ultimately recommended maintaining the preliminary budget as it was presented. The projected tax levy increase would remain at 7.64% with the general fund budget seeing an increase of 6.21%. The necessity to address various unforeseen expenses, such as the newly incorporated benefits and IT costs, influenced this decision.

Mayor Brad Spencer concurred with maintaining the proposed budget, emphasizing the ongoing discussions and negotiations about fire service and potential variables that the city could face. Additionally, Mr. Kaltsas highlighted that Independence's tax rate was relatively low at 31.21% when compared to neighboring cities, especially considering Independence offers police protection, which is not common among all neighboring cities.

He stressed that the city has prudently managed long-term reserves, currently holding approximately 48% in cash reserves, aligning well within the city's target range of 40-50%.

The council also discussed ongoing development activities, acknowledging the continuing strength in the Koch's Crossing development, Bridgevine, and other ongoing construction projects like pole barns and horse farms. Future commercial development potentials, such as garage condos, were highlighted, although their impact on the tax base would not register until 2027.

The consensus of the council was to proceed with the budget as it was presented in the preliminary figures, considering the discussed factors and future uncertainties.

B. Miscellaneous Administration Updates

Mr. Kaltsas reported that:

- The road project was nearing completion with final paving work being finalized. There had been grading activity to address issues with wash boarding, particularly after the application of granite which did not pack hard immediately. The city was cautious about assuming maintenance responsibilities before ensuring the quality of the work completed. This had delayed some activities, but maintenance had been greenlit recently. Councilmember Lynn Betts noted feedback from the community, indicating that certain roads had been in poor condition before recent improvements.
- The new boardwalk at the park had been installed, with approaches built by the Public Works Department. The newly constructed bridge was ready, and the approaches added by the department gave it a finished look. Expectations were for the boardwalk to be opened in the spring after ensuring it was fully ready for public use.
- The pavers outside city hall were deteriorating due to salt application. It was speculated that the heavy use of salt voided any warranty, which meant the city could not claim any replacement under defective product warranties. Mike Kuka was tasked with assessing the extent of the damage and considering potential repairs. There were discussions about possibly reducing the amount of salt used moving forward, especially contemplating leaving the center section unpaved to reduce the damage done by salt during icy periods.

3. Maple Plain Fire Department Merger with West Suburban Fire District

a. Update on Fire District Merger

Mayor Spencer reported that the fire department merger negotiations with West Suburban Fire District had hit complications. After reaching a verbal agreement, Fire Chief Jeff raised concerns about contract terms at the last minute. The main issues included:

1. The 5% annual budget escalator that Independence had proposed, which West Suburban's board objected to
2. Concerns about who would bear costs for unexpected equipment failures
3. Questions about keeping Maple Plain Fire finances separate from West Suburban for the first five years

The Mayor explained that they discovered Chief Jeff was treating Maple Plain Fire as a separate financial entity rather than fully merging operations immediately. This created confusion about how costs would be shared and managed.

Mr. Kaltsas presented financial comparisons showing that if Independence were immediately absorbed into the West Suburban formula, their fire costs would be approximately \$400,000 for 2026, similar to their combined 2025 payments. Under the proposed five-year agreement, they would pay \$451,000, which represented a premium but would include enhanced services.

The Mayor noted that some West Suburban board members were concerned about potential cost increases to their existing cities if Independence and Maple Plain joined under the formula.

b. Review Probable 2026 Fire Budget

City Administrator Kaltsas explained they were working on two potential solutions:

1. Accept Chief Jeff's approach but refine some budget numbers to account for equipment maintenance and repairs
2. Develop a phased approach to implementing the formula, where Independence would compensate other cities for increased costs over a five-year period (100% for first two years, then 75%, 50%, and 25% in subsequent years)

Both the Mayor and Administrator emphasized that completing the merger was important because:

1. The Maple Plain Fire Relief Association had already provided notice of disbanding at year-end
2. Chief Jeff had already begun managing the Maple Plain department

3. The volunteer fire model was becoming unsustainable, with Maple Plain down to 21 firefighters and struggling to retain new recruits
4. The merger would provide improved service through full-time chief, administration, and duty crews
5. Firefighters would receive better pay and pension benefits

Councilmember Lynn Betts emphasized that everyone wanted the merger to succeed, especially considering the impact on community members. The council agreed that despite the complications, they needed to find a path forward, as the alternative would be costlier and provide less effective service.

4. Adjourn

Grotting, seconded by Fisher motioned to adjourn at 8:07 a.m.

Respectfully Submitted,
Amber Simon/ Recording Secretary