

MINUTES OF A WORK SESSION OF THE
INDEPENDENCE CITY COUNCIL
WEDSDAY, NOVEMBER 29, 2023 – 7:00 AM.
(City Hall Community 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 Johnson at 7:00 a.m.

2. ROLL CALL

PRESENT: Mayor Johnson, Councilors Spencer, Betts

ABSENT: Grotting, McCoy

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

VISITORS: WHPS Chief Kroells, Sergeant Dennison

3. 2024 Final Budget Discussion

a. Final City Budget and General Tax Levy

Kaltsas – the adoption of the city budget and tax levy is scheduled for next week at the TNT meeting. The budget is the same as we proposed on the preliminary levy. The city looks at ways to reduce year over year actuals. The budget was trending poorly in some utility categories, some benefits and insurance costs are going up, and shifted funding in some other categories. There was a reduction in overall tax rate and a 5% increase in operating. The changes of valuations for CI went up and residential was about a 10% increase YoY. The city compares tax rates with other cities every year. Independence does have growth but not as much as the other cities. Independence compares well with Greenfield, however Independence has a full time police department and the city is comparable in costs with Greenfield with no police department.

Staffing for the City of Independence is the same and will remain the same for next year. In the general fund budget, our YTD actual in license and permits in 2023 is lower than we have been historically, but we are still trending higher than we were projecting for our 2024 budget. We did increase it to reflect the growth in permits. We have Kochs Crossing, Bridgevine and Hilltop that are all starting to build. The city will recognize a 3% cost of living increase as normal. We do not want to fall behind so to keep it the same would be good. We did have to redo our recycling contract this year and there was an increase in our contract. It came in \$10k less than we had in our preliminary budget. The city is projecting a 50% general fund balance for next year. Some of the overages were from our building and covid. The city is paring that down to normal levels. Pioneer Sarah Creek Watershed had a relatively modest budget. We show capital outlay line item in PSC.

Johnson – can you see what Minnehaha has done for our district or area or what percentage increase they are working with?

Kaltsas- yes.

Spencer – The development in Kochs was good since PSC didn't have to do anything. The developers did it all. The grants are covering all the major projects that are being worked on right now.

Kaltsas – Capital fund should be worked on next year. There are other things like roofing that the city will have to do soon. These items should be starting to get funded. Road capital fund is a piece the city is working on in Q1 in 2024 for gravel road capital. The city has been doing base work to identify the needs with the gravel roads in the city. We are putting together options for the council such as taking on debt or create a line item in our budget for it. We have a capital plan for seal coating and drain tile. Our overlay was thought of as a bonding fund. I will send correspondence to Copeland about coming back to them in Q1 of 2024 to show them what we will be doing. After our meeting, we will put costs to everything that residents are asking - \$385k for drain tile, storm water, ditches and a new gravel cap. No additional paving. I will talk to Windsong, Faraday Farms, Gage and Carruthers.

Johnson – Post is very concerned with what we do because he doesn't want the golf course traffic.

Kaltsas – there is no traffic on Copeland Road past the golf course currently besides residents on Copeland. Paving Copeland Road will create a lot of traffic. It will be a connector between County Road 6 and Highway 12.

We should talk about the capital plan for PW – we have a new tandem truck for 2025. The bids that came back now is for an 18 month build for \$326k. The city has to make a decision before February. That number will go up about 20% if we wait another year. The chassis stays pretty close. It did go up quite a bit. I added it in capital planning and balanced it in 2026. We might have to borrow from ourselves for a year to budget PW. This is not a traded machine. It will be an additional one. We are even talking about switching from Mack to Western Star. There is a 3-4 year build out for a Mack. The tractor is already ordered that has the ditch mower. It came in early, so we are leasing that out to make some money on it by not taking delivery this year. The lease is no more than 100 hours, and it would make a couple grand.

Bode – the warranty starts the day the city takes ownership, not the day it is leased.

Kaltsas – WHPS is going up about 6-7%. The fire budget dropped \$21k. Budget with MP increased a couple thousand because of that. We agreed to add \$10k with West Suburban. We reduced Delano Fire by \$69k.

Johnson – Judy Crosby is concerned with response time.

Kaltsas – we are providing an exceptional level of service. When you don't have community police services, you don't understand what that brings. We will get our guys there first.

The city increased legal fees to go after some of our nuisance issues. There has been some success in clean up on Lake Haughey Rd.

4. Fire District Update

a. Overview of Fire District Financial Analysis

b. Fire District Boundary Update

Kaltsas said that McCoy called and did give some insight on this topic. ABDO and WS helped as well. Before our meeting with MP I wanted to get some direction. This initially started with a consultant with Mound, Long Lake, Indy and MP. He left us with saying we do fire services really inefficiently in MN because we have volunteer and pay on call services. Volunteer services will not be the future for fire services. We have talked about this for the last 7-8 years. Is there another way to provide Indy residents better services for the best cost? The most recent events are that Loretto and Hamel combined. Loretto was always the main contact in doing this. In talking with Jeff about Indy becoming a part of that entity, there is interest on WS to do that. We have talked to MP prolifically about this and have another discussion with them. We want to look at scenarios about what that looks like financially.

Johnson – You included Corcoran. I heard that they might establish their own district.

Kaltsas – I think Corcoran is a complete wild card. If Corcoran leaves, the budget could go down. We asked Jeff is Indy and MP combined with WS what that would look like for the budget. Jeff said \$1.5m. That would consist of Medina, Loretto, MP and Indy and contracting with Corcoran and Greenfield. We could get a full time chief and full time admin staff.

Johnson – what portions of Greenfield and Corcoran are with Hamel?

Kaltsas – I looked at the map but couldn't describe it. A lot of the South side is Hamel.

What happens if we have to pay for another fire station? I wanted to add costs in on this. One way or another we are going to be impacted with needing a new fire station or renovating one.

Dennison - \$10m will not get us anywhere with renovating the MP fire station. If we go the route of \$20m we will have room to move equipment around strategically.

Betts – who makes the decisions for the fire district? Who makes the decision on salaries, etc?

Kaltsas – that hasn't been determined yet. We have conveyed out interest in joining. I don't think local government can fully support HR and staff. I think the district is the fairest way. We could go into the district on a JPA or a taxing district. Legislation is super clear for a taxing district but not in a JPA. Our buy in would be our equipment.

Betts – so if we have an issue with our equipment, they would take care of it?

Dennison – yes.

Kaltsas – Retirement benefits – Jeff doesn't want to impact his funding. A law states that if someone is a fire fighter vested in one city and moves to another city, after one year, they have to recognize that time vested. It doesn't back feed the amount. Starting in the next year of service, you could get a pension based on what their pension is. There is a cost to doing that. It's one thing if you bring one person over, but another thing if you bring 20. WS is set up in PERA. The new pension would be run through PERA.

Johnson – what happens to the gap or the difference?

Kaltsas – What if we take our relief and merge it? We are talking about dissolving ours entirely, paying our members out completely and move them over. They would serve one year and then they would be a part of the new pension.

Kroells – Delano is trying to rally the troops against with the canceled contract for Fire. MP believe they can get to County Line faster than Delano. I pulled the 2023 medical calls data in zone 5. We are not the same as all the other cities in the way medical calls are dispatched. MP and Delano have always had fire dispatched automatically for every medical. For a nosebleed, ankle strain, fell of bicycle, etc. That doesn't happen at any other fire dept. This has been a long debate. Our police are first time medical responders with all the same supplies. We reduced 5 medicals to dispatch fire – pain, illness, MS. Out of our 29 calls, you can remove 7 from the list for these. Our response time is much quicker.

5. Highway 12 Grant Funding Proposal

Kaltsas – Delano wants to see that road expanded. They have a traffic issue and we have a safety issue. We did the study to show a 2, 3, and 4 lane option. We have been bugging MNDot. The roundabout at Hwy 12 and County Line did get into funding and is on the books and in process. MNDot also slated some dollars to do environmental work that would be a precursor for Hwy 12 such as wetlands, Indian burials, investigation. How do we get funding from federal or other avenues? We can't rely on MNDot. This grant doesn't rely on the level where they would go after funding on their own. We have a \$20-30m gap. We can partner with Delano and MP to find someone to write the grant. KLJ is the most suited and we have worked with previously. They gave us a proposal to write some grants. One grant identified was for regional solicitation for road work. We could get \$7m max. It is due on December 15th.

Kroells – we have been working with KLJ. This should have been a \$30k job for them to do this, but they

want to help us out.

Johnson – I would be good with that. Go ahead.

Kroells – HC asks directors to identify infrastructure with the FEMA Emergency Mitigation Plan. The flooding of 92 and Lyndale. If the road should get demolished or raised in a FEMA disaster. They want it by December 10th to put it into their county plan. I am doing this on behalf of the city. We have done this in the past. I need to identify police station, public works, lift stations, parks and anything else.

Public Safety funding - Indy will receive \$166k and MP \$89k. I took the cost of MP and Indy for police and fire and that is what should be allocated. Based on that WHPS would get \$132,139. I took \$50k to supplement training, mental health and fitness stuff. I'd like to sit down with the commissioners and discuss being short staffed. Community services officers and add an officer? We can never keep 10 officers and are always operating on 8 or 9. We would like to have 11 officers so we can always have 9 or 10. I am concerned with police and public safety.

6. Administrative Updates

Kaltsas – we have been discussing deferred assessments. Hennepin County said that we can remove it. We could have a separate agreement with the city and the resident to pay it off yearly or bi-yearly and once it is paid in full, we would notify the county that it is paid off. Vose will draft the agreement.

It should be noted that if your property is in Green Acres, you are getting a deferral automatically. You can pay it right away or you can take the deferral.

3. Adjourn

The Workshop adjourned at 9:35 a.m.

Respectfully Submitted,
Amber Simon/ Recording Secretary