

MINUTES OF THE TRUTH IN TAXATION
A SPECIAL MEETING OF THE
INDEPENDENCE CITY COUNCIL
TUESDAY, DECEMBER 3, 2024 – 6:00 P.M.

1. CALL TO ORDER

Pursuant to due call and notice thereof, a special meeting, Truth in Taxation Hearing for 2025 City Operations. Independence City Council was called to order by Mayor Johnson at 6:00 p.m.

2. ROLL CALL

PRESENT: Mayor Johnson and Councilors Spencer, McCoy, and Betts.
ABSENT: Councilor Grotting
STAFF: City Administrator Kaltsas, Administrative Services Director Simon
VISITORS: Julie Mass-Kusske, Laker-Pioneer

3. TRUTH IN TAXATION HEARING

Johnson- I'm calling this Independence Truth in Taxation meeting to order for the City of Independence this 3rd day of December 2024. The Truth in Taxation hearing is basically a hearing regarding the budget for the City of Independence for the year 2025. Often, we have people that show up for the hearing to talk about their own valuation and taxes, but if somebody does show up for that, we will refer them to wherever they need to for that help. But I don't believe we have residents in the audience that want to ask about the truth in taxation in our budget for 2025. We're recording this meeting so that somebody can return to listen to the discussion that we've had tonight and learn a little bit more about the budget.

Kaltsas - Honorable Mayor and Council, before us tonight for the Truth in Taxation is the City's 2025 Final Budget and Levy. We've gone through the budget and levy on several occasions either at workshop and when adopting Preliminary Levy and Budget earlier this year, and we've put together what we think represents our Final Budget for consideration. (Slides are found in LMCC's Truth in Taxation meeting recording on the City's website as Watch a Meeting <https://www.lmcc-tv.org/independence.html> or summary details in packet.)

2025 Levy Compared to 2024.

With that, the 2025 Levy we always look at where we are, and then where we are compared to in 2024. Our Proposed General Fund Budget for 2025 is \$3,784,539 which represents a 7.4% change year over year. The city shows its Debt Service as well then, as its Total Operating Levy, which is proposed or projected to be \$4,099,148, which represents a 6.73% increase year over year. The City then also has the Pioneer/Sarah Watershed Taxing District, which is a special taxing district, only impacting those residents within that portion of the city that are represented by the Pioneer/Sarah Creek Watershed and that levy for this year, or for 2025 is \$72,194. That represents a small increase of just over 1.5%.

The City looks at Tax Capacity annually, and we also then compare it to some surrounding cities that we have similar attributes to. If you look at what our tax capacity is comprised of, you can see that the majority of our tax capacity is residential, a smaller amount of farmer agriculture, no apartment or multifamily, and then a relatively modest amount of commercial industrial.

Tax Capacity Rate Graphs.

One of the things that the City Council has worked on doing over the last almost 10 years now is to try to maintain a consistent tax rate. And that tax rate is really what impacts the residents' taxes if their property values remained consistent. If you had a \$500,000 house in 2024 and you had a \$500,000 house in 2025, your city portion of your property taxes would go down year over year because this year we are reducing the city's tax rate only by a percentage- a couple of decimal points .2. But we are going down and is still kind of achieving our goal of trying to stay flat. You can see that year over year as we've gone out, we've held that rate flat. Then in 2023, we were able to considerably drop our tax rate and still maintain all the level of services that we try to provide.

The Levy Summary 2019 to 2025 Projected.

You can see that we have a very kind of steady or consistent rise that obviously represents cost of doing business as well as inflation and then all the factors. But you can see that our budget is very steady, which is what we try to do. We try to have either flat or a modest increase to be able to accommodate costs, and you can see what that looks like. You can see that our debt service has remained consistent. We haven't added new debt very frequently, and then you can see that Pioneer Sarah Creek has also stayed consistent as a portion of our levy annually.

2025 Projected General Fund Revenue.

This chart just represents where the City gets its funds from. You can see, as most cities, taxes make up 88% of our Total Revenue, or as a portion of our revenue. Other revenue sources are Intergovernmental and then License and Permits kind of makes up our 3rd tier. But you can see, just as a piece of total revenue, how little fees that the City takes in as a portion of its Total Revenue. Most of our revenue is taxes.

2025 Projected General Fund Expenditures.

As it relates to our General Fund Expenditures for 2025, this chart represents where our money is being spent in the City. You can see that Fire and Police make up almost 50% of the City's Total Expenditures, then Streets, which I think people would anticipate would make up the next largest piece, and then the smaller pieces of that pie to follow with Staffing and some other just General kind of office type expenditures. This really does help represent for Independence how we spend our money, and you can see that the custom Emergency Services is a big piece of what we spend money on and prioritize for the City.

Key Changes to the General Fund.

The Police Protection did increase. Fire Services increased modestly. Streets is really our largest increase in kind of General Fund expenditures. We have increased our funding by about \$220,000. A lot of this is represented in a Gravel Road Fund that we're creating to start doing gravel roads in accordance with our 5-year Capital Plan. It also represents the additional Small Cities Road Funding that we're getting from the State. For 2025 we are programming revenue into our budget because of that Small Cities Road Funding, which is the 1st year we're ever doing that. Historically that funding has been inconsistent and not always stable, and as a result we just have chosen not to include that as a part of our revenue. But with the Legislation that was approved last year and now the new system for funding that Small Cities Fund account, we feel good about the fact that we'll be able to budget as revenue that Small Cities Road Fund. Outside of that, there are just some minor changes in Elections and Building Inspections. We won't have Elections next year; we took that out. Then in Building Inspections with our singular Building Official and our increase in Permits and Revenues that we're dealing with, our Building Official ends up working closer to 40 hours than 36, which historically had been our kind of overall number. We just try to true the budget to show what's actually happening all the time now in order to kind of keep pace with demand on Permits.

Recommended Action.

Our recommendation for the Council tonight at our regular meeting will be to approve the Levy and Budget as presented and certify it to the County prior to December 20th. Questions?

Johnson - It's a minor amount, but our Obligation Bonds where we have 2 funds, and they are a \$1,000 or \$2,000 less than last year. Most of those I thought were amortized on a yearly basis, so they were pretty much the same. Are we at the end of?

Kaltsas - Yes, we're at the end of the bonds that you see there, and that's one of the reasons why that amount has decreased just a little bit year over years. because we got money.

Johnson- Mark, you and your staff continue to do a good job in preparing the budget, and I think that not hearing a lot from our citizens beforehand is evident of the work that we've done. And then, of course, the Winter newsletter just coming out and residents liked that they heard about this meeting ahead of time and had a lot to read in the newsletter.

Kaltsas - I appreciate that, Mayor. Our goal every year is to try to do as much as we can with less, but with that expenses always do increase on the Personnel side, on the goods side, Utilities, Equipment, and all those things. We try to incorporate that into the budget but still try to maintain fiscally sound and efficient in the way that we provide the services. The one thing for the residents to know is that our increase in the Gravel Road piece represents kind of a final leg of us being able to upgrade all our roads across the city. With this budget increase, we're really prepping ourselves to be able to carry out our 5-year Capital Plan for Gravel Roads and absorb some of the costs that we've already anticipated for 2026 when we issue debt in 2025 to be able to do that gravel road project. A key piece of that is that the Council has decided to do

that gravel road project without assessments to property owners. We're doing a pretty major overhaul of our gravel roads over the next 5 years and with a major piece in 2025 without assessment. That's a big piece of what we're trying to do here.

Johnson - Just out of curiosity, do you have any idea how much the Minnehaha Watershed District Levy would be increased in Independence?

Kaltsas - It's a good question, Mayor, and I can look into that as I did not look prior to tonight's meeting what they were proposing as a Preliminary Levy for their year over year. But I can find that out.

Johnson - Do you know the Pioneer Sarah, because we're taxing our residents for that? But in that case the Watershed District is doing the taxes on that even though it's a small area in the City, their budget is a separate item.

Kaltsas - I do see that they had a report in their Preliminary, but I don't see what it is compared to 2024.

Spencer - They had reduced or flattened it. \$14,000,486 was for 2024 and \$9,000,869 was proposed for 2025.

Johnson- If there are no other questions, is there a motion to close the Truth in Taxation Hearing?

Kaltsas - We will adopt the budget during our City Council Meeting.

4. ADJOURNMENT.

Motion by McCoy, second by Betts to adjourn the Truth in Taxation meeting at 6:16pm. Ayes: Johnson, Spencer, McCoy, and Betts. Nays: None. Absent: Grotting. None. Abstain. None. MOTION DECLARED CARRIED. 4-0

Meeting adjourned at 6:16 pm.

Respectfully Submitted,
Linda Johnson/ Recording Secretary