MINUTES OF A WORK SESSION OF THE

INDEPENDENCE CITY COUNCIL

Wednesday August 7, 2024 – 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 Johnson at 7:00 a.m.

2. ROLL CALL

PRESENT: Mayor Johnson, Councilors Spencer, McCoy, Betts, Grotting

ABSENT: None

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

VISITORS: WHPS Director Kroells

1. General Administration
2. 2025 Draft Budget Discussion
	* City Budget and General Tax Levy

Kaltsas explained a placeholder was put in for the Maple Plain Fire since the meeting has not happened yet so it is unclear on what that number is. The general budget is looking like about a 6% for the general budget. He said the city knew there would be an increase after talking with the county assessor last year. The county has been relatively flat, but we are seeing growth and developments. Farm/Ag land went up 6.55% with people selling farms to build homes.

Johnson said the AG land went up by $2000 per acre.

Grotting said buyers just want to know the per acre price. It isn’t about quality of soil, it’s about where they can build their big house.

Kaltsas said the key items are that the tax capacity last year was 31.47% and this year it is projected to be down to 31.1%. As numbers come in, the budget will be tweaked. The other thing that is being tuned up is the staffing. There is nothing changing with staffing levels, but we are reallocating time and increasing our building inspection time. In the office, the staff are based on a 36-hour work week. The public works staff and Bruce (inspector) are working a 40-hour work week. Bruce is now doing full time on Fridays with all the plans review he has been doing.

Betts asked how old Bruce is.

Kaltsas said he is two years from retirement probably. He plans on working through retirement age and then figure out what he wants to do.

Spencer said maybe the city should add a part time person to help Bruce or share someone.

Kaltsas said sharing hasn’t worked in the past with other cities. He said what we have works for now, but if we ever get an urbanized development, then we definitely need to get more help. Lots of plan review time and inspection time for new homes. The city went from 8 new home permits per year to 20 new home permits per year. He said he will have that conversation with Bruce to get his opinion.

Bode said the city needs to keep in mind that Bruce helps in public works as well and plows snow.

Spencer asked if other cities contract out for inspectors.

Kaltsas said yes. Maple Plain uses MetroWest and Watertown uses MNSpec. An in-house inspector works great for us. Metrowest does fine inspections, but they are not communitive. He said MNSpec does great for inspections and monitoring where a permit is at in the process though.

Kaltsas said the revenues this year that are good things to note, in intergovernmental the city is projected to receive $92,350 from our TAA fund (Transportation Advancement Account). It is a small cities road fund. The city has never budgeted for that, but now it is legislatively approved and permanent until that changes. Independence is below 5,000 population so it does not get municipal state aid for road projects. But you have to do a ton of work to get state aid and any time you want to spend that money, you have to pay a bunch of money to get it up to their standards. It would be a nightmare for us.

Grotting asked about money set aside for gravel roads.

Kaltsas said we have an assessment agreement with the Merz Family that goes 4 and 10 more years. He said he budgeted that in there. Licenses and permits were put in at $490k and this year we are trending closer to budget. We are not as strong as last year. Koch Farm Sanctuary, Bridgevine and Hilltop have open lots. They come in waves. Kochs just submitted another new home permit. Hilltop has been having some issues with ground water.

Betts asked how many lots are left in Bridgevine.

Kaltsas said they have submitted 8 permits but they have more.

Grotting said they have specs going on in Kochs. Hanson and Dingman are building on spec. Bridgevine built specs also. He said it was a really slow June.

Kaltsas said the PW capital improvement numbers went down.

Spencer said he thought it was going to go up because of the price of the tandem axel.

Kaltsas said it is looking better than expected.

Spencer asked about purchasing a lawn mower.

Kaltsas said he is going to tweak these numbers but it is projecting around $75k. There is nothing in other funds for city hall. The floors are coming out of building capital fund. For debt service, 2026 is the last year we have the 2015 and 2010 GO Bonds. The city has already restructured the debt to make up for this. The differences will be seen when the roads are redone.

Spencer said you’re better at feathering terms from 3-10 years with how things are trending now. The 10 year muni was back below 2.5% again. The timing of this could be pretty fortuitous. The market is pushing Ded rates 2-3 times. If you bought a CD, you would get 5% for less than a year and if the term was longer you would get 4%.

Kaltsas said when he comes back with the road project, there will be bonds coming off in 2027. The city also budgets about $70-80k for the assessor’s fee and that will be zero next year. We recaptured funding because they decided to go to free. Dust control was way up this year about 20%. And health care is going up 11-14% also. Overall if you have a home worth $!00k and the value didn’t change, you would actually see a decrease in your taxes. Market values have gone up so not a lot of people see that, but on a year where there wasn’t such a rise, you would see a decrease. Personnel costs and COL are higher as well.

* + WHPS Budget

Kaltsas said the police budget is up 10.25% YOY to $160k. As far as the whole budget goes, the city’s general fund is up $210k. About $20k goes to fire and $40k goes to the entire city projected. For next year we will lose the budget for elections since there won’t be any, however the next year we would plan again for that number.

Spencer asked if WHPS was getting an 11th officer.

Kroells said yes. He said he had $190k from both cities that MN gave. He put $125k to go towards the 11th officer. When you look at overall into the future, that money wont be there in 2026-2027. That will have to get figured out as we get closer. He said that WHPS is by far the smallest police department left in the county. Adding an 11th officer is where we need to get to with what I think will happen with growth in our community. Our officers are worn out. One was just hired. WHPS has been running with 8 police officers for a while. It is setting us up for the future and growth. Orono and Delano schools are very popular. Also, LMC insurance was a big increase. He said he is spending $!75k for insurance for the police officers. It is about $120k for work comp insurance and private fire was $10k for 50 fire fighters. We need to potentially shop around. He asked other cities about work comp and no one had any idea because the city handles that.

* + Fire Budgets

\*\*Waiting on numbers from meeting on Monday.\*\*

1. Miscellaneous Administration Updates

Kaltsas said there have only been 3 absentee voters for the primary election so far. The city is open this weekend and Tuesday is Election Day. The tiles are going on the roads. There is a meeting with Hennepin County to talk about the park grant again. I want to go back after that community park. Our intent would be to talk to them and see if we can be competitive. If that’s the case, we need to regroup and talk about what we want to do on that.

Spencer said the First Responders game is on August 19th at Veterans Memorial Park in Maple Plain. Mayor Julie Maas-Kusske found an ump that is hilarious! Concession stands will be open for food sales, pulled pork.

1. **Interim Ordinance 2024-04 – Authorizing a Study and Imposing a Moratorium on the Operation of Cannabis Businesses within the City.**

Kaltsas said this is only good until January. The city will have to revisit this topic at that point, but this just gives the city some time.

OPEN PUBLIC HEARING

CLOSE PUBLIC HEARING

**Motion by McCoy, seconded by Betts to approve Interim Ordinance 2024-04.** **Ayes: Johnson, Spencer, Betts, McCoy and Grotting. Nays: None. Absent: None. Abstain. None. MOTION DECLARED CARRIED. 5-0**

1. Adjourn

Johnson motioned to adjourn at 8:31 a.m.

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Respectfully Submitted,

Amber Simon/ Recording Secretary