

2019

# Truth in Taxation Public Hearing

2019 Proposed Budget and Property Tax Levy  
City of Duluth, Minnesota

Mayor Emily Larson

## CITY COUNCILORS

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Zack Filipovich

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CHIEF ADMINISTRATIVE OFFICER

Noah Schuchman

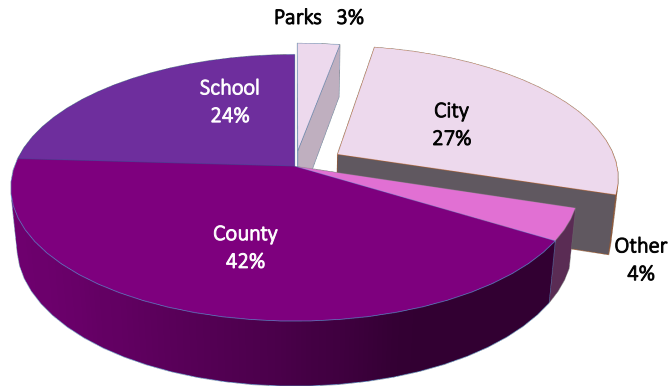


Monday, December 10, 2018 7:00pm



City of Duluth Minnesota - 2019 Budget

Breakdown of Average Homestead Property Tax Bill by Taxing Entity



2019 Proposed Property Tax Levy

	2018 Approved Levy	2019 Proposed Levy	Change In Levy
<b>General Operations Levy</b>			
General Operations	\$ 16,220,400	\$ 19,195,600	\$ 2,975,200
Provision for Tax Delinquency	\$ 150,000	\$ 150,000	\$ -
<b>Total General Operations Levy</b>	<b>\$ 16,370,400</b>	<b>\$ 19,345,600</b>	<b>\$ 2,975,200</b>
<b>Supplemental Parks Levy</b>	<b>\$ -</b>	<b>\$ 280,000</b>	<b>\$ 280,000</b>
<b>Capital Projects Levy</b>			
Debt Service	\$ 6,832,600	\$ 6,982,600	\$ 150,000
Infrastructure Permanent Improvements	\$ 280,000	\$ 280,000	\$ -
<b>Total Capital Projects Levy</b>	<b>\$ 7,112,600</b>	<b>\$ 7,262,600</b>	<b>\$ 150,000</b>
<b>Street Light Levy</b>	<b>\$ 757,592</b>	<b>\$ 757,592</b>	<b>\$ -</b>
<b>Street Maintenance Utility Levy</b>			
Street Maintenance	\$ 2,703,300	\$ 2,264,300	\$ (439,000)
Street Maintenance Debt	\$ 1,096,700	\$ 735,700	\$ (361,000)
<b>Total Street Maintenance Utility Levy</b>	<b>\$ 3,800,000</b>	<b>\$ 3,000,000</b>	<b>\$ (800,000)</b>
<b>Total City Property Tax Levy</b>	<b>\$ 28,040,592</b>	<b>\$ 30,645,792</b>	<b>\$ 2,605,200</b>
<b>Parks Referendum Levy</b>	<b>\$ 2,600,000</b>	<b>\$ 2,600,000</b>	<b>\$ -</b>
<b>Property Tax Value Growth</b>		<b>\$ 1,495,600</b>	<b>5.33%</b>
<b>Proposed City Levy Tax Impact</b>		<b>\$ 1,109,600</b>	<b>3.96%</b>

ST LOUIS COUNTY  
 AUDITOR  
 DONALD DICKLICH  
 100 N 5TH AVE W ROOM 214  
 DULUTH MN 55802  
 www.stlouiscountymn.gov

Taxpayer # xxxxxx

Average Homesteader  
 123 Main Street  
 Duluth, MN

**Property Information**

Property ID:  
 xxx-xxxx-xxxxx

Property Description:

<b>PROPOSED TAXES 2019</b>		
<b>THIS IS NOT A BILL. DO NOT PAY.</b>		
Step	VALUES AND CLASSIFICATION	
	Taxes Payable Year	2018                      2019
<b>1</b>	Estimated Market Value	180,900                      180,900
	Homestead Exclusion	20,959                      20,959
	Other Exclusions	0                                0
	Taxable Market Value	159,941                      159,941
	Class:	RES HMSTD                      RES HMSTD
Step	PROPOSED TAX	
<b>2</b>	Property Taxes before credits	2,484.00
	School building bond credit	.00
	Agriculture market value credit	.00
	Other credits	.00
	Property Taxes after credits	2,484.00
Step	PROPERTY TAX STATEMENT	
<b>3</b>	Coming in 2019	
<b>The time to provide feedback on          PROPOSED LEVIES is NOW</b> It is too late to appeal your value without going to Tax Court.		

<b>Proposed Property Taxes and Meetings by Jurisdiction for Your Property</b>			
Contact Information	Meeting Information	Actual 2018	Proposed 2019
State General Tax	No public meeting	.00	.00
<b>ST LOUIS COUNTY</b> ST LOUIS COUNTY ADMIN 100 N 5TH AVE W, ROOM 202 DULUTH MN 55802 218-726-2383 EXT 2 www.stlouiscountymn.gov	11/29/2018 7:00 PM VIRGINIA COURTHOUSE 12/06/2018 7:00 PM DULUTH COURTHOUSE	1,044.16	1,046.19
<b>CITY OF DULUTH</b> BUDGET OFFICE 411 W 1ST ST ROOM 120 DULUTH MN 55802 (218)730-5195	12/10/2018 7:00 PM CITY COUNCIL CHAMBER 411 W 1ST ST DULUTH MN 55802	709.66	743.75
<b>School District: 709</b> Voter Approved Levies Other Levies BUSINESS SERVICES 215 N 1ST AVE E DULUTH MN 55802 (218)336-8704 www.isd709.org	12/18/2018 6:30 PM HOCHS BOARD ROOM 215 N 1ST AVE E DULUTH MN 55802	62.86 571.70	.00 597.77
Special Taxing District Tax Increment Tax Fiscal Disparity Tax		96.62 .00 .00	96.29 .00 .00
<b>Total excluding any special assessments</b>		<b>2,485.00</b>	<b>2,484.00      .0 %</b>

## **TAX BILL FOOTNOTES**

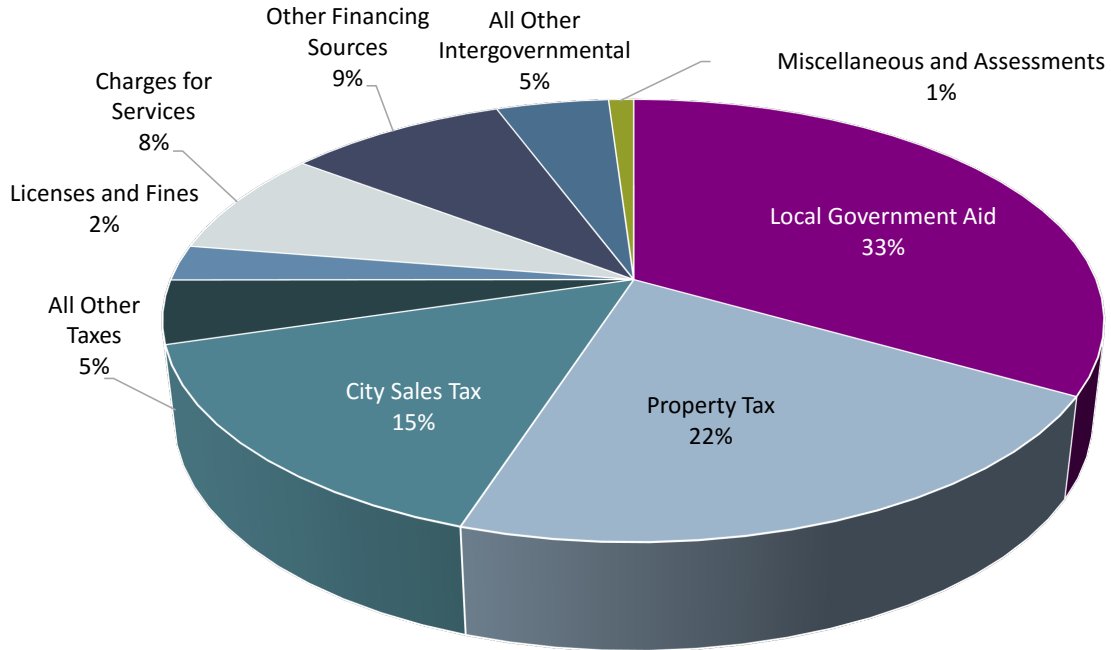
Classification changes can significantly impact an individual's property tax burden. For example, homestead properties are taxed at a different rate than non-homestead, seasonal, or commercial/industrial.

Market Value and Tax Capacity Value are used to apply the various tax rates against the property to figure the tax bill. An increase can occur due to new construction or reassessments.

There are columns showing the actual 2018 property tax for each taxing authority compared to the proposed 2019 property tax.

If the overall tax bill is significantly higher than the previous year's, the property taxpayer may file for a refund from the State of Minnesota. This can take the form of a rebate on increases over 12%, with a \$100 minimum increase; or the circuit breaker program based on ability to pay.

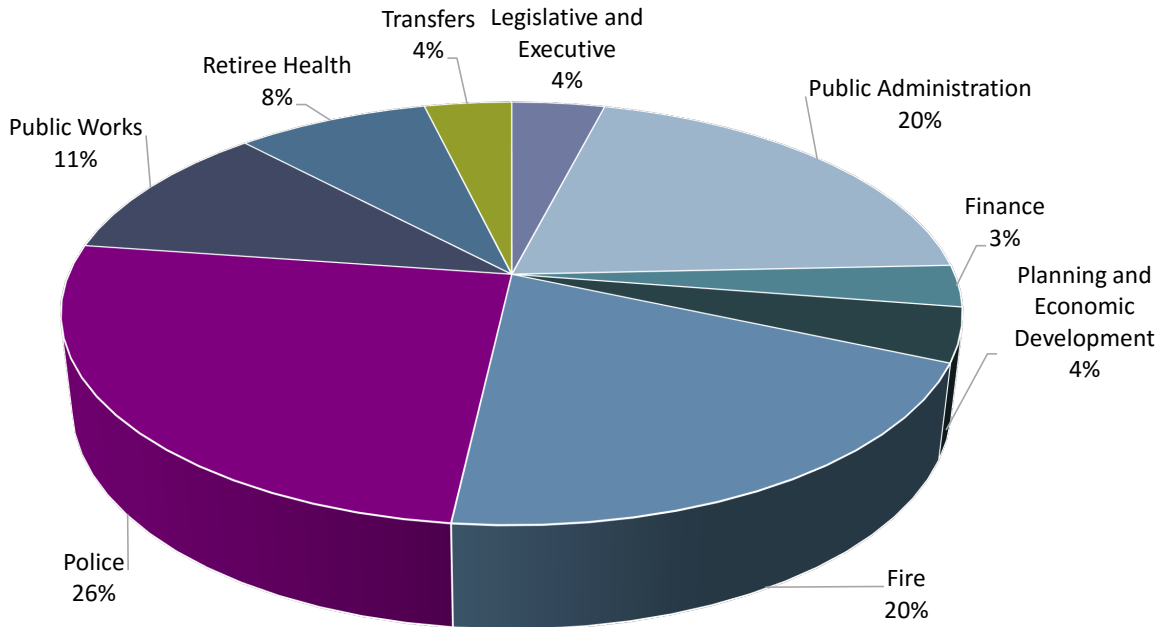
## 2019 General Fund Proposed Revenues



Local Government Aid	\$ 29,668,600
Property Tax	\$ 19,345,600
City Sales Tax	\$ 13,686,700
All Other Taxes	\$ 4,129,500
Licenses and Fines	\$ 2,317,200
Charges for Services	\$ 6,932,100
Other Financing Sources	\$ 8,032,100
All Other Intergovernmental	\$ 4,114,900
Miscellaneous and Assessments	\$ 918,900
<b>TOTAL 2019 Revenues</b>	<b>\$ 89,145,600</b>

This graph shows the major categories of revenues expressed as a percent of total General Fund revenues estimated for budget fiscal year 2019. The City's policy of maintaining a diverse revenue base is reflected in the categories of revenues listed above, with almost 200 separate budgeted sources of revenue. Although the City does have a wide variety of revenues, the reader will note the City's relative dependence on Local Government Aid, which constitutes 33% of all General Fund revenues and does not adjust for inflation. For this reason, we closely monitor Local Government Aid every session at the State Legislature.

## 2019 General Fund Proposed Expenditures



Legislative and Executive	\$ 3,548,300
Public Administration	\$ 18,109,100
Finance	\$ 2,850,700
Planning and Economic Development	\$ 3,660,700
Fire	\$ 17,992,500
Police	\$ 22,749,600
Public Works	\$ 9,547,400
Retiree Health	\$ 7,349,100
Transfers	\$ 3,338,200
<b>TOTAL 2019 EXPENDITURES</b>	<b>\$ 89,145,600</b>

This graph shows the General Fund departmental budgets as a percent of the total General Fund expenditures for budget fiscal year 2019. The largest category of expense is public safety with the Police and Fire departments comprising 46% of the total; followed by the Public Administration department which includes Human Resources, Information Technology, City Clerk, Park Maintenance, Library, and Facilities at 20%. The General Fund portion of the Public Works department comprises 11% of the total. Retiree health care comprises 8% of the total. The remaining four departments totaled together are 15%, with no department exceeding 5%.

# City of Duluth Minnesota - 2019 Budget

<b>General Fund Expenses</b>	<b>2016 Actual</b>	<b>2017 Actual</b>	<b>2018 Approved</b>	<b>2019 Proposed</b>
<b>LEGISLATIVE AND EXECUTIVE</b>				
City Council	154,077	148,228	204,500	204,500
Mayor's Office	384,404	430,231	478,500	628,100
Chief Administrative Officer	293,937	316,497	349,400	365,500
Attorney's Office	2,132,645	2,208,805	2,156,400	2,350,200
<b>DEPARTMENT TOTAL</b>	<b>2,965,063</b>	<b>3,103,761</b>	<b>3,188,800</b>	<b>3,548,300</b>
<b>PUBLIC ADMINISTRATION</b>				
Human Resources	1,085,179	1,088,585	1,143,500	1,214,700
Information Technology	2,726,885	2,841,984	3,192,900	3,289,700
City Clerk	905,878	834,694	809,400	891,200
Park Maintenance	3,461,828	2,911,874	3,090,400	3,345,900
Library Services	4,103,255	4,285,645	4,599,600	4,723,800
Facilities Management	4,017,743	4,045,087	4,254,100	4,643,800
<b>DEPARTMENT TOTAL</b>	<b>16,300,768</b>	<b>16,007,869</b>	<b>17,089,900</b>	<b>18,109,100</b>
<b>FINANCE</b>				
Budget Office	354,390	384,186	444,200	461,800
Auditor's Office	1,206,516	1,294,594	1,342,700	1,469,400
Purchasing	177,773	197,752	228,600	246,400
Treasurer's Office	719,341	618,733	722,300	673,100
<b>DEPARTMENT TOTAL</b>	<b>2,458,020</b>	<b>2,495,264</b>	<b>2,737,800</b>	<b>2,850,700</b>
<b>PLANNING &amp; ECONOMIC DEVELOPMENT</b>				
Physical Planning	677,779	764,080	769,400	844,700
Construction Services	1,746,109	1,651,164	1,715,200	2,143,500
Business Development	554,976	627,311	651,000	672,500
<b>DEPARTMENT TOTAL</b>	<b>2,978,864</b>	<b>3,042,556</b>	<b>3,135,600</b>	<b>3,660,700</b>
<b>FIRE DEPARTMENT</b>				
Fire Administration	405,347	498,694	505,800	543,500
Fire Operations	14,752,959	15,038,381	15,506,300	16,224,000
Life Safety	938,207	1,145,994	1,164,100	1,225,000
<b>DEPARTMENT TOTAL</b>	<b>16,096,513</b>	<b>16,683,068</b>	<b>17,176,200</b>	<b>17,992,500</b>
<b>POLICE DEPARTMENT</b>				
<b>DEPARTMENT TOTAL</b>	<b>20,879,576</b>	<b>20,905,234</b>	<b>21,903,400</b>	<b>22,749,600</b>
<b>PUBLIC WORKS</b>				
Director's Office	52,131	54,392	53,900	103,800
Street Maintenance	7,397,141	7,070,092	7,523,600	7,556,700
Transportation Engineering	1,717,148	1,765,189	1,854,400	1,886,900
<b>DEPARTMENT TOTAL</b>	<b>9,166,420</b>	<b>8,889,673</b>	<b>9,431,900</b>	<b>9,547,400</b>
<b>TRANSFERS</b>				
Community Solar Program	10,252,336	9,405,401	10,390,300	10,687,300
	0	0	895,500	0
<b>DEPARTMENT TOTAL</b>	<b>10,252,336</b>	<b>9,405,401</b>	<b>11,285,800</b>	<b>10,687,300</b>
<b>Total General Fund</b>	<b>81,097,560</b>	<b>80,532,825</b>	<b>85,949,400</b>	<b>89,145,600</b>

# City of Duluth Minnesota - 2019 Budget

	2018 Approved Budget	2019 Proposed Budget	Variance 2018 Approved Budget vs 2019 Proposed Budget	
			\$	%
<b>REVENUES</b>				
Local Government Aid	29.65	29.67	0.02	0.1%
City Sales and Use Tax	13.59	13.69	0.10	0.7%
Property Tax	16.37	19.34	2.97	18.1%
Charges for Services	5.58	6.93	1.35	24.2%
Other Financing Sources	4.94	5.33	0.39	7.9%
Intergovernmental	4.02	4.11	0.09	2.2%
Minnesota Power Franchise Tax	3.15	3.15	-	0.0%
Gas Utility in Lieu of Taxes	2.41	2.70	0.29	12.0%
Licenses and Permits	1.64	1.80	0.16	9.8%
All Other Taxes	1.08	0.98	(0.10)	-9.3%
Miscellaneous	0.94	0.49	(0.45)	-47.9%
Fines and Forfeits	0.52	0.52	-	0.0%
Special Assessments	0.44	0.44	-	0.0%
Fund Balance Reserves - Fire Dept	0.73	-	(0.73)	N/A
Fund Balance Reserves - Community Solar Program	0.89	-	(0.89)	N/A
<b>Revenue Totals</b>	<b>85.95</b>	<b>89.15</b>	<b>3.20</b>	<b>3.72%</b>
<b>EXPENDITURES</b>				
<b>Department</b>				
Legislative and Executive	3.19	3.55	0.36	11.29%
Public Administration	17.09	18.11	1.02	5.97%
Finance	2.74	2.85	0.11	4.01%
Planning and Economic Development	3.14	3.66	0.52	16.56%
Fire	17.18	17.99	0.81	4.71%
Police	21.90	22.75	0.85	3.88%
Public Works	9.43	9.55	0.12	1.27%
Transfers and Other Functions	10.39	10.69	0.30	2.89%
<b>Expenditure Totals</b>	<b>85.06</b>	<b>89.15</b>	<b>4.09</b>	<b>4.81%</b>
Fund Balance Reserves - Community Solar Program	0.89	-	(0.89)	N/A
<b>Total Budget</b>	<b>85.95</b>	<b>89.15</b>	<b>3.20</b>	<b>3.72%</b>



# City of Duluth Minnesota - 2019 Budget

## Bridge Schedule Outlining Variances between 2018 Approved Budget and 2019 Proposed Budget

	\$ Variance in Millions	Narrative
<b>2018 Approved Revenues</b>	<b>85.95</b>	
Property Tax	2.97	Tax levy increase and property tax value growth
Local Government Aid	0.02	Certified LGA increase for 2019
Charges for Services	1.35	Increase in building inspection fees
Other Financing Sources	0.39	Increase in police grants
Gas In Lieu of Taxes	0.29	Based on projected gas sales
Miscellaneous	(0.45)	Decrease in rent of buildings
General Fund Reserves	(1.62)	Elimination of one-time investments
All Other Operating Revenues	0.25	All other changes throughout
Total Revenue Changes	3.20	
<b>2019 Proposed Revenues</b>	<b>89.15</b>	
<b>2018 Approved Expenditures</b>	<b>85.95</b>	
Salaries and Benefits	3.47	Cost of living adjustments, 10% health insurance rate increase, new positions
General Fund Reserves - Community Solar Garden	(0.89)	One-time investment in 2018
All Other Operating Expenses	0.622	All other changes throughout
Total Expense Changes	3.20	
<b>2019 Proposed Expenditures</b>	<b>89.15</b>	