

2014

# Truth in Taxation Public Hearing

2014 Proposed Budget and Property Tax Levy  
City of Duluth, Minnesota

## Mayor Don Ness

### **CITY COUNCILORS**

Patrick Boyle

Jay Fosle

Sharla Gardner

Howie Hanson

Dan Hartman

Jennifer Julsrud

Linda Krug

Emily Larson

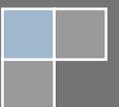
James Stauber

CHIEF ADMINISTRATIVE OFFICER

David Montgomery

CHIEF FINANCIAL OFFICER

Peg Spehar



# City of Duluth Minnesota - 2014 Budget

## 2014 Proposed Final Property Tax Levy

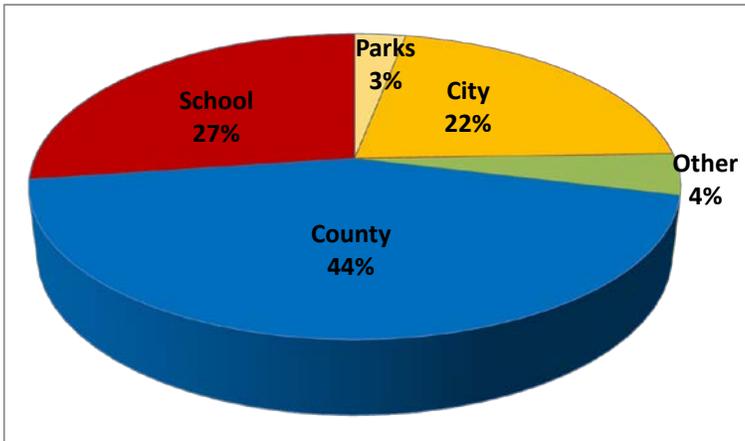
	2013 Approved Levy	2014 Proposed Levy	Change In Levy	% Change in Levy	% Change in Tax Rate
<b>General Operations Levy</b>					
General Operations	\$ 11,815,700	\$ 12,749,800	\$ 934,100		
New Growth	\$ 106,300	\$ -	\$ (106,300)		
Provision for Tax Delinquency	\$ 150,000	\$ 150,000	\$ -		
<b>Total General Operations Levy</b>	<b>\$ 12,072,000</b>	<b>\$ 12,899,800</b>	<b>\$ 827,800</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Capital Projects Levy</b>					
Debt Service	\$ 7,161,500	\$ 6,261,200	\$ (900,300)		
Infrastructure Permanent Improvements	\$ 207,500	\$ 280,000	\$ 72,500		
<b>Total Capital Projects Levy</b>	<b>\$ 7,369,000</b>	<b>\$ 6,541,200</b>	<b>\$ (827,800)</b>	<b>0.00%</b>	<b>-0.81%</b>
<b>Total City Property Tax Levy</b>	<b>\$ 19,441,000</b>	<b>\$ 19,441,000</b>	<b>\$ -</b>	<b>0.00%</b>	<b>-0.81%</b>
<b>Parks Referendum Levy</b>	<b>\$ 2,600,000</b>	<b>\$ 2,600,000</b>	<b>\$ -</b>		

### Increase in Annual Property Tax Bill for \$155,600 Homestead Value

#### Annual City Portion:

2013 Average Homestead Property Taxes	\$ 542
2014 Property Taxes as Proposed	\$ 529
Proposed Decrease	\$ (13)

### Breakdown of Average Homestead Property Tax Bill by Taxing Entity



Average Tax Bill	
County	\$ 900
School	\$ 558
City	\$ 529
Other	\$ 89
<b>TOTAL</b>	<b>\$ 2,076</b>



ST LOUIS COUNTY  
 AUDITOR  
 DONALD DICKLICH  
 100 N 5<sup>TH</sup> AVE W ROOM 214  
 DULUTH MN 55802  
[www.stlouiscountymn.gov](http://www.stlouiscountymn.gov)

Taxpayer: # XXXXX

Average Homesteader  
 123 Main Street  
 Duluth MN

Property Information  
 PID Number:  
 XXX-XXXX-XXXXX

Property: 123 Main Street\Duluth

Property Description: Acres .00  
 Main Street Division of Duluth  
 Sec: Twp: Lot: Block:  
 Lots etc. etc.

<b>PROPOSED TAXES 2014</b>			
<b>THIS IS NOT A BILL. DO NOT PAY.</b>			
Step 1	VALUES AND CLASSIFICATION		
	Taxes Payable Year	2013	2014
	Estimated Market Value	155,600	155,600
	Homestead Exclusion	14,900	14,900
	Other Exclusions	-	-
	Taxable Market Value	140,700	140,700
Class:	RES HMSTD	RES HMSTD	
Step 2	PROPOSED TAX		
	Proposed Tax		2,075.72
Step 3	PROPERTY TAX STATEMENT		
	Coming in 2014	To be Determined	
<p>The time to provide feedback on  <b>PROPOSED LEVIES is NOW</b>          It is too late to appeal your value without going to Tax Court</p>			

Proposed Property Taxes and Meetings by Jurisdiction for Your Property			
Contact Information	Meeting Information	Actual 2013	Proposed 2014
State General Tax	"No public meeting"	-	-
ST LOUIS COUNTY	11/26/2013 7:00 PM	898.76	899.74
ST LOUIS COUNTY ADMIN	HIBBING CITY HALL		
100 N 5TH AVE W. ROOM 202	12/05/2013 7:00 PM		
DULUTH, MN 55802	DULUTH COURTHOUSE		
(218) 726-2383			
CITY OF DULUTH	12/09/2013 7:00 PM	542.46	529.07
CITY OF DULUTH	CITY COUNCIL CHAMBERS		
400 W. 1ST ST ROOM 107	411 W. 1ST ST		
DULUTH MN 55802	DULUTH MN 55802		
(218) 730-5195			
SCHOOL DISTRICT 709	12/17/2013 6:30 PM		
BILL HANSON	OLD CENTRAL BD ROOM		
215 N 1ST AVE E	215 N 1ST AVE E.		
DULUTH MN 55802	DULUTH MN 55802		
(218) 336-8704			
Voter Approved Levies		150.26	13.85
Other Levies		448.83	544.10
Special Taxing District		86.96	88.86
<i>Your school district was scheduled to hold a referendum at the NOVEMBER general election. If the referendum was approved by voters, the school district's voter approved property tax bill for 2014 may be higher than the proposed amount shown in this notice.</i>			
<b>Total excluding any special assessments</b>		<b>2,127.27</b>	<b>2,075.62</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.

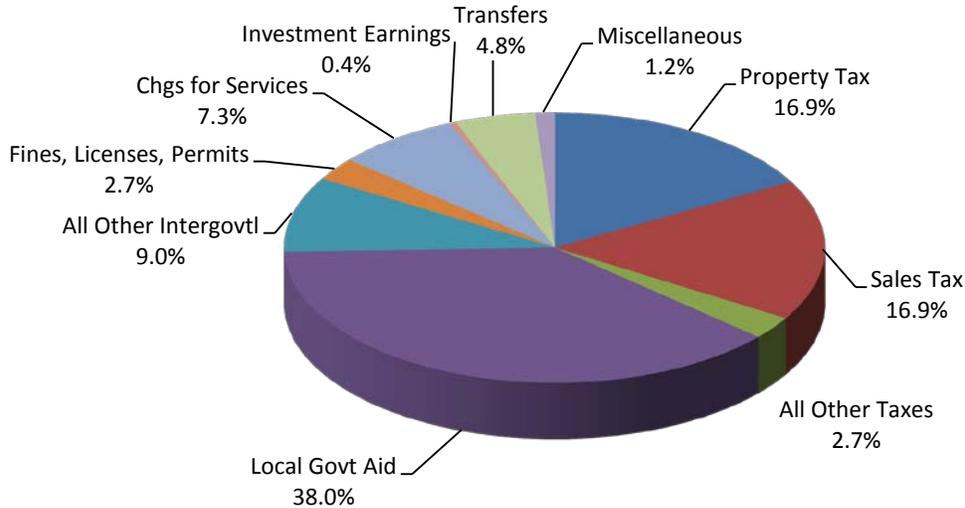
Market Value and Tax Capacity Value are used to apply the various tax rates against the property to figure the tax bill. An increase in both can occur due to new construction, reassessments, or through phased increases such as the This Old House program.

There are columns showing the actual 2013 property tax for each taxing authority compared to the proposed 2014 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.

# City of Duluth Minnesota - 2014 Budget

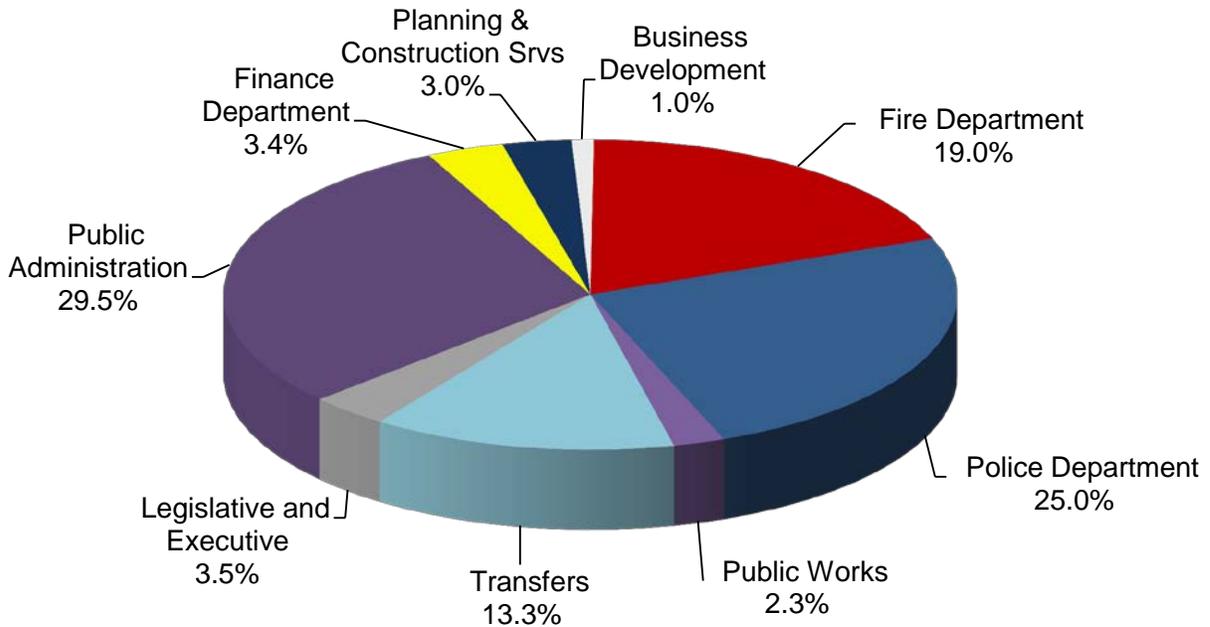
## GENERAL FUND PROPOSED REVENUES Percent of Total by Major Category



Property Tax - Current & Delinquent	\$ 12,899,800
City Sales Tax	\$ 12,900,000
All Other Taxes	\$ 2,087,200
Local Government Aid	\$ 29,030,600
All Other Intergovernmental	\$ 6,898,300
Licenses and Fines	\$ 2,091,600
Charges for Services	\$ 5,610,000
Earnings on Investments	\$ 309,600
Transfers from Other Funds	\$ 3,687,700
Miscellaneous	\$ 893,100
<b>TOTAL 2014 REVENUES</b>	<b>\$ 76,407,900</b>

This graph shows the major categories of revenues expressed as a percent of total General Fund revenues estimated for budget fiscal year 2014. 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 detailed within the Revenue Source Summary that follows this graph. 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 38% of all General Fund revenues. For this reason, Local Government Aid is monitored closely at the State Legislature.

GENERAL FUND PROPOSED EXPENSES  
Percent of Total by Department



Legislative and Executive	\$	2,650,500
Public Administration	\$	22,568,300
Finance Department	\$	2,597,000
Planning & Construction Svcs	\$	2,336,500
Business Development	\$	733,600
Fire Department	\$	14,492,500
Police Department	\$	19,071,000
Public Works	\$	1,732,000
Transfers	\$	10,226,500

TOTAL 2014 EXPENDITURES	\$	76,407,900
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This graph shows the General Fund Departmental budgets as a percent of the total General Fund expenditures for budget fiscal year 2014. The largest category of expense is public safety with the Police and Fire Departments comprising 44% of the total; followed by the Public Administration Department which includes Maintenance Operations, City Clerk, Library, Human Resources, and the past department of Management Information Systems at 29.5%. The Transfers Department comprises 13.5% of the total. The remaining five departments totaled together are 13.2%, with no department exceeding 5%.

# City of Duluth Minnesota - 2014 Budget

<b>General Fund Expenses</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Approved</b>	<b>2014 Proposed</b>
<b>LEGISLATIVE AND EXECUTIVE</b>				
City Council	117,146	118,228	143,300	135,300
Mayor's Office	186,913	254,141	264,400	295,900
Chief Administrative Officer	259,043	279,073	269,300	298,800
Attorney's Office	1,773,942	1,844,002	1,766,000	1,920,500
Human Resources	917,146	996,893		
<b>DEPARTMENT TOTAL</b>	<b>3,254,190</b>	<b>3,492,337</b>	<b>2,443,000</b>	<b>2,650,500</b>
<b>MANAGEMENT INFO SYSTEMS</b>				
	2,004,887	2,194,104		
<b>PUBLIC ADMINISTRATION</b>				
Human Resources			1,142,100	1,161,500
Management Info Systems			2,503,700	2,763,800
City Clerk's	703,606	712,192	835,500	852,100
Maintenance Operations	13,304,274	14,058,952	13,172,100	9,795,000
Library Services	3,663,185	4,025,774	4,148,800	4,185,800
Facilities Management				3,810,100
Parks & Recreation	799,745			
<b>DEPARTMENT TOTAL</b>	<b>18,470,810</b>	<b>18,796,918</b>	<b>21,802,200</b>	<b>22,568,300</b>
<b>FINANCE</b>				
Budget Office	447,511	427,210	369,300	352,000
Assessor's Office	723,280	862,284	494,600	
Auditor's Office	1,382,128	1,370,670	1,100,200	1,172,700
Purchasing	193,868	180,980	207,700	210,100
Treasurer's Office	278,158	383,314	994,600	862,200
<b>DEPARTMENT TOTAL</b>	<b>3,024,945</b>	<b>3,224,458</b>	<b>3,166,400</b>	<b>2,597,000</b>
<b>PLANNING &amp; CONST. SRVS.</b>				
Physical Planning	692,076	701,997	705,000	734,700
Const. Svs & Inspection	1,539,642	1,436,898	1,527,300	1,601,800
<b>DEPARTMENT TOTAL</b>	<b>2,231,718</b>	<b>2,138,895</b>	<b>2,232,300</b>	<b>2,336,500</b>
<b>BUSINESS DEVELOPMENT</b>				
	604,041	557,654	724,800	733,600
<b>FIRE DEPARTMENT</b>				
Fire Administration	480,690	425,098	415,300	555,900
Fire Operations	12,346,994	12,421,462	12,307,500	12,873,800
Life Safety	821,055	1,079,036	1,043,700	1,062,800
<b>DEPARTMENT TOTAL</b>	<b>13,648,739</b>	<b>13,925,596</b>	<b>13,766,500</b>	<b>14,492,500</b>
<b>POLICE DEPARTMENT</b>				
Police Admin/Investigation	8,633,191	8,931,854	8,967,500	9,089,000
Patrol Division	9,321,544	9,888,033	9,365,800	9,982,000
<b>DEPARTMENT TOTAL</b>	<b>17,954,735</b>	<b>18,819,887</b>	<b>18,333,300</b>	<b>19,071,000</b>
<b>PUBLIC WORKS</b>				
Director's Office	45,072	47,012	46,600	48,800
Transportation Engineering	1,792,425	1,586,692	1,680,200	1,683,200
<b>DEPARTMENT TOTAL</b>	<b>1,837,497</b>	<b>1,633,704</b>	<b>1,726,800</b>	<b>1,732,000</b>
<b>TRANSFERS</b>				
	10,227,379	10,369,215	9,777,700	10,226,500
<b>DEPARTMENT TOTAL</b>	<b>10,227,379</b>	<b>10,369,215</b>	<b>9,777,700</b>	<b>10,226,500</b>
<b>Total General Fund</b>	<b>73,258,941</b>	<b>75,152,768</b>	<b>73,973,000</b>	<b>76,407,900</b>

## 2014 Proposed General Fund Budget by Type in millions

	2012 Approved Budget	2013 Approved Budget	2014 Proposed Budget	Variance 2013 Approved Budget vs 2014 Proposed Budget	
				\$	%
<b>REVENUES</b>					
General Operations Levy	12.058	12.072	12.900	0.828	6.9%
Transfer from Parking Fund	1.353	1.952	1.327	(0.625)	-32.0%
City Sales Tax	11.900	12.500	12.900	0.400	3.2%
All Other Taxes	2.041	2.061	2.086	0.025	1.2%
Payment in Lieu of Tax	3.046	2.436	2.872	0.436	17.9%
Local Government Aid	27.449	27.449	29.043	1.594	5.8%
Pension Aids	1.724	1.724	1.724	-	0.0%
All Other Intergovernmental	2.033	2.021	2.290	0.269	13.3%
Charges for Services	3.334	3.478	3.630	0.152	4.4%
Building Inspection Fees	1.920	1.920	1.980	0.060	3.1%
Licenses and Permits	1.255	1.374	1.479	0.105	7.6%
Fines	1.787	0.746	0.613	(0.133)	-17.8%
Earnings on Investments	0.470	0.175	0.310	0.135	77.1%
Transfer from CIT Fund	0.317	0.105	0.145	0.040	38.1%
All Other Transfers	2.891	2.783	2.216	(0.567)	-20.4%
Miscellaneous Revenues	1.252	1.177	0.893	(0.284)	-24.1%
<b>Revenue Totals</b>	<b>74.830</b>	<b>73.973</b>	<b>76.408</b>	<b>2.435</b>	<b>3.3%</b>
<b>EXPENSES</b>					
<b>SALARIES</b>					
Permanent Salaries	37.843	36.857	37.920	1.063	2.9%
Overtime	1.090	1.102	1.208	0.106	9.6%
Other Wages	0.288	0.404	0.494	0.090	22.3%
<b>Total Salaries</b>	<b>39.221</b>	<b>38.363</b>	<b>39.622</b>	<b>1.259</b>	<b>3.3%</b>
<b>BENEFITS</b>					
PERA	4.043	4.067	4.398	0.331	8.1%
Payroll Taxes	1.767	1.702	1.759	0.057	3.3%
Employee Insurances	6.687	8.423	9.156	0.733	8.7%
<b>Total Benefits</b>	<b>12.497</b>	<b>14.192</b>	<b>15.313</b>	<b>1.121</b>	<b>7.9%</b>
<b>OTHER EXPENSE/CAPITAL</b>					
Supplies	3.804	3.662	3.526	(0.136)	-3.7%
Other Services and Charges	9.558	8.756	9.229	0.473	5.4%
Utilities	1.401	1.251	1.226	(0.025)	-2.0%
Retiree Insurance	7.800	7.430	7.225	(0.205)	-2.8%
Capital	0.549	0.319	0.267	(0.052)	-16.3%
<b>Total Other Expense</b>	<b>23.112</b>	<b>21.418</b>	<b>21.473</b>	<b>0.055</b>	<b>0.3%</b>
<b>Proposed Budget Expense Totals</b>	<b>74.830</b>	<b>73.973</b>	<b>76.408</b>	<b>2.435</b>	<b>3.3%</b>

## 2014 Proposed General Fund Budget by Type

### Bridge Schedule Outlining Variances over 2013 Approved Budget

	\$ Variance in Millions	Narrative
<b>2013 Approved Revenues</b>	<b>\$ 73.973</b>	
General Operations Levy	0.828	Parking ramp debt now paid by parking revenues vs. general fund levy
Transfer from Parking Fund	(0.625)	Reduce parking fund transfer to general fund
Net impact of debt levy change	0.203	Net effect of debt becoming revenue supported, and savings from refundings
City Sales Tax	0.400	Based on 2013 projected sales
Licenses and Permits	0.105	Accurately reflect rental license fees
Local Government Aid	1.594	Certified LGA
All Other Intergovernmental	0.269	Fire Department Safer Grant and State Insurance Premium
Administrative Fines	(0.133)	Based on current projections
Payment in Lieu of Tax	0.436	Based on 2013 projected gas sales
Earnings on Investments	0.135	Higher portfolio balance and higher rate of return
Transfers from Other Funds	(0.527)	Expiration of federal aid for retiree health care expenses and reduction of available police grants
All Other Revenues	(0.047)	All other changes throughout
Total Revenue Changes	2.435	
<b>2014 Proposed Revenues</b>	<b>\$ 76.408</b>	
<b>2013 Approved Expenses</b>	<b>\$ 73.973</b>	
Permanent Salaries	1.063	Per current contracts
Overtime	0.106	Accurately reflect usage
Other Wages	0.090	Increase for Park Rangers and traffic maintenance
PERA, Payroll Taxes	0.388	Due to salary increases and state increase of employer share of Police and Fire PERA
Insurance:		
Active Health Insurance Increase	0.733	Increase in health care costs for Actives
Retiree Health Insurance decrease	(0.205)	Continued savings from the Medicare supplement plan
Anticipated Sales Tax Savings	(0.250)	State law change
Operating Expense	0.510	All other expenses
Total Expense Changes	2.435	
<b>2014 Proposed Expenses</b>	<b>\$ 76.408</b>	