

2018

# Truth in Taxation Public Hearing

2018 Proposed Budget and Property Tax Levy  
City of Duluth, Minnesota

Mayor Emily Larson

## CITY COUNCILORS

Zack Filipovich

Jay Fosle

Howie Hanson

Barb Russ

Joel Sipress

Elissa Hansen

Noah Hobbs

Gary Anderson

Em Westerlund

CHIEF ADMINISTRATIVE OFFICER  
David Montgomery



Monday, December 4, 2017 7:00pm



## 2018 Preliminary Property Tax Levy

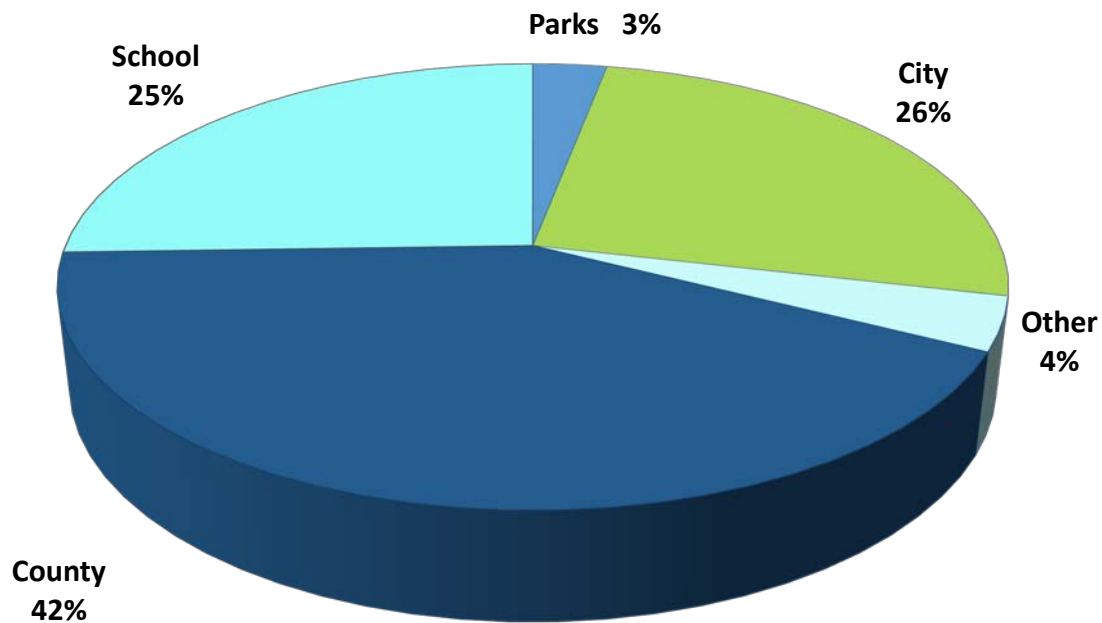
	2017 Approved Levy	2018 Proposed Levy	Change In Levy	% Change in Total City Levy
<b>General Operations Levy</b>				
General Operations	\$ 14,628,200	\$ 16,220,400	\$ 1,592,200	6.26%
Provision for Tax Delinquency	\$ 150,000	\$ 150,000	\$ -	
<b>Total General Operations Levy</b>	<b>\$ 14,778,200</b>	<b>\$ 16,370,400</b>	<b>\$ 1,592,200</b>	<b>6.26%</b>
<b>Capital Projects Levy</b>				
Debt Service	\$ 6,832,600	\$ 6,832,600	\$ -	0.00%
Infrastructure Permanent Improvements	\$ 280,000	\$ 280,000	\$ -	
<b>Total Capital Projects Levy</b>	<b>\$ 7,112,600</b>	<b>\$ 7,112,600</b>	<b>\$ -</b>	<b>0.00%</b>
Street Maintenance Utility Fee Levy	\$ 2,800,000	\$ 3,800,000	\$ 1,000,000	3.93%
Street Light Levy	\$ 757,592	\$ 757,592	\$ -	0.00%
<b>Total City Property Tax Levy</b>	<b>\$ 25,448,392</b>	<b>\$ 28,040,592</b>	<b>\$ 2,592,200</b>	<b>10.19%</b>
Parks Referendum Levy	\$ 2,600,000	\$ 2,600,000	\$ -	0.00%

### Impact on Annual Property Tax Bill for \$177,000 Homestead Value

**Annual City Portion:**

2017 Average Homestead Property Taxes	\$ 661
2018 Property Taxes as Proposed	\$ 691
Proposed Increase	\$ 30

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



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 2018</b>		
<b>THIS IS NOT A BILL. DO NOT PAY.</b>		
Step	VALUES AND CLASSIFICATION	
	Taxes Payable Year	2017                      2018
<b>1</b>	Estimated Market Value	177,000                      177,000
	Homestead Exclusion	21,310                      21,310
	Other Exclusions	0                              0
	Taxable Market Value	155,690                      155,690
	Class:	RES HMSTD                      RES HMSTD
Step	PROPOSED TAX	
<b>2</b>	Property Taxes before credits	2,418.00
	School building bond credit	.00
	Agricultural market value credit	.00
	Other credits	.00
	Property Taxes after credits	2,418.00
Step	PROPERTY TAX STATEMENT	
<b>3</b>	Coming in 2018	
<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 2017	Proposed 2018
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	11/30/2017 7:00 PM VIRGINIA COURTHOUSE 12/07/2017 7:00 PM DULUTH COURTHOUSE	1,012.85	1,016.86
<b>CITY OF DULUTH</b> BUDGET OFFICE 411 W 1ST ST ROOM 107 DULUTH MN 55802 (218)730-5195	12/04/2017 7:00 PM CITY COUNCIL CHAMBER 411 W 1ST ST DULUTH MN 55802	661.46	691.60
<b>School District: 709</b> Voter Approved Levies Other Levies BUSINESS OFFICE 215 N 1ST AVE E DULUTH MN 55802 (218)336-8704 www.isd709.org	12/19/2017 6:30 PM HOCHS BOARD ROOM 215 N FIRST AVE E DULUTH MN 55802	73.66 578.84	61.36 554.68
Special Taxing District Tax Increment Tax Fiscal Disparity Tax		94.19 .00 .00	93.50 .00 .00
<b>Total excluding any special assessments</b>		<b>2,421.00</b>	<b>2,418.00    -.1 %</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.

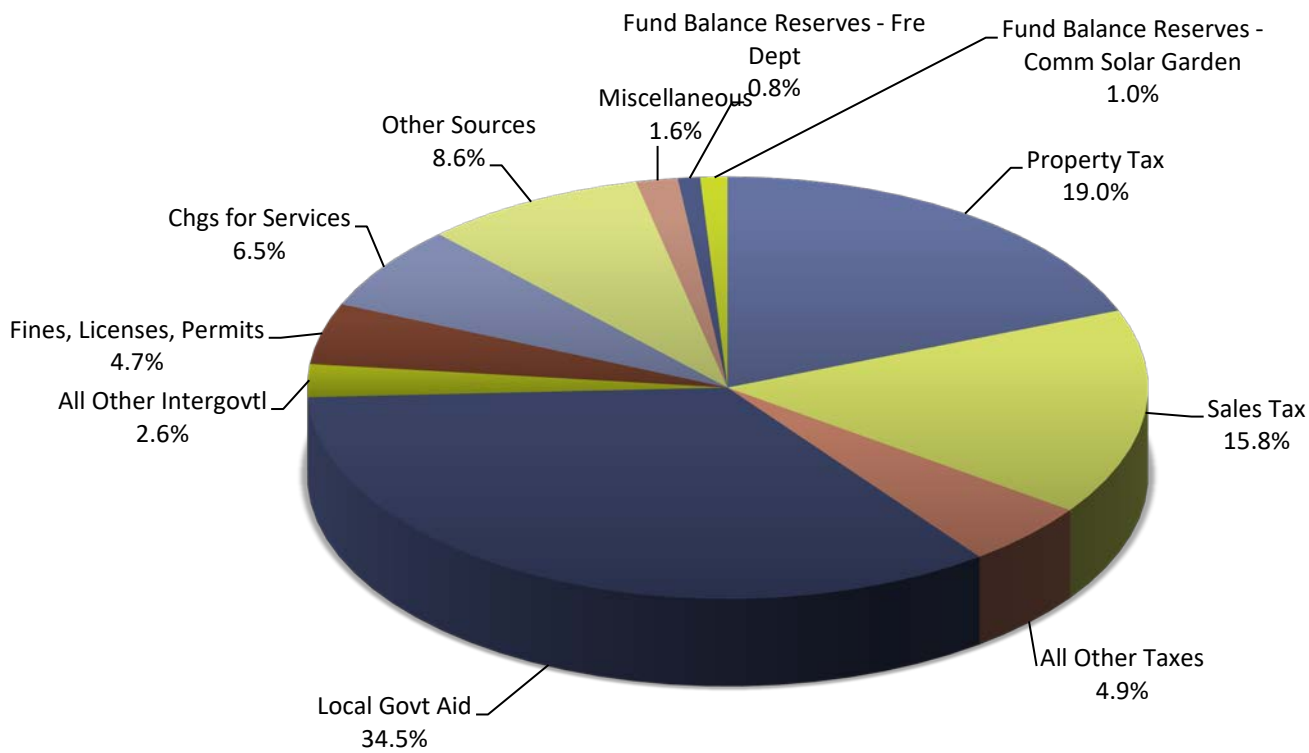
Market Value and Tax Capacity Value are used to apply the various tax rates against the property to figure the tax bill. An increase can occur due to new construction or reassessments.

There are columns showing the actual 2017 property tax for each taxing authority compared to the proposed 2018 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 - 2018 Budget

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

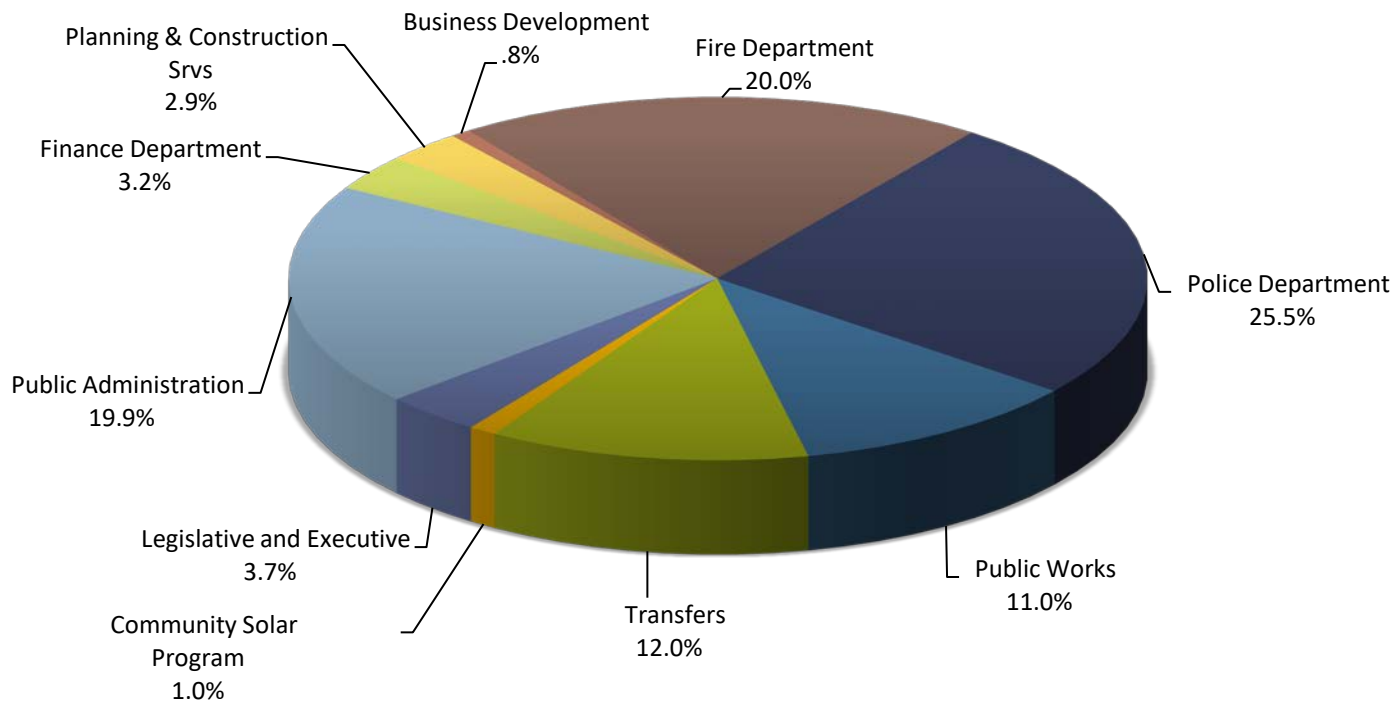


Property Tax - Current & Delinquent	\$ 16,370,400
City Sales Tax	\$ 13,586,600
All Other Taxes	\$ 4,229,500
Local Government Aid	\$ 29,646,000
Licenses and Fines	\$ 2,160,900
All Other Intergovernmental	\$ 4,023,000
Charges for Services	\$ 5,575,100
Other Financing Sources	\$ 7,348,300
Miscellaneous	\$ 1,383,600
Fund Balance Reserves - Fire Dept	\$ 730,500
Fund Balance Reserves - Comm Solar Program	\$ 895,500
TOTAL 2018 REVENUES	\$ 85,949,400

This graph shows the major categories of revenues expressed as a percent of total General Fund revenues estimated for budget fiscal year 2018. 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 34.5% of all general fund revenues. For this reason, Local Government Aid is monitored closely at the State Legislature.

# City of Duluth Minnesota - 2018 Budget

## GENERAL FUND PROPOSED EXPENSES Percent of Total by Department



Legislative and Executive	\$	3,188,800
Public Administration	\$	17,089,900
Finance Department	\$	2,737,800
Planning & Construction Srvs	\$	2,484,600
Business Development	\$	651,000
Fire Department	\$	17,176,200
Police Department	\$	21,903,400
Public Works	\$	9,431,900
Transfers	\$	10,390,300
Community Solar Program	\$	895,500
<b>TOTAL 2018 EXPENDITURES</b>	<b>\$</b>	<b>85,949,400</b>

This graph shows the General Fund departmental budgets as a percent of the total expenditures for fiscal year 2018. The Public Safety departments comprise 45.5% of the total general fund budget. Public Administration, which includes Park Maintenance, City Clerk, Library, Human Resources, Property and Facilities, and Information Technology comprises 19.9% of the general fund budget. The Transfers department, which includes self insurance and retiree health, comprises 12%; the general fund portion of Public Works, which includes Street Maintenance, comprises 11%; and the remaining four departments together total 10.6% of the general fund budget with no department comprising more than 4%. The investment in the community solar program comprises 1% of the general fund expenses.

# City of Duluth Minnesota - 2018 Budget

<b>General Fund Expenses</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Approved</b>	<b>2018 Proposed</b>
<b>LEGISLATIVE AND EXECUTIVE</b>				
City Council	149,489	154,077	179,100	204,500
Mayor's Office	392,224	384,404	438,900	478,500
Chief Administrative Officer	294,387	293,937	327,300	349,400
Attorney's Office	2,036,283	2,132,645	2,122,200	2,156,400
<b>DEPARTMENT TOTAL</b>	<b>2,872,383</b>	<b>2,965,063</b>	<b>3,067,500</b>	<b>3,188,800</b>
<b>PUBLIC ADMINISTRATION</b>				
Human Resources	996,646	1,085,179	1,141,700	1,143,500
Information Technology	2,403,831	2,726,885	3,036,900	3,192,900
City Clerk	754,284	905,878	901,000	809,400
Park Maintenance	2,494,765	3,461,828	3,174,100	3,090,400
Library Services	4,120,435	4,103,255	4,453,600	4,599,600
Facilities Management	4,016,300	4,017,743	4,408,900	4,254,100
<b>DEPARTMENT TOTAL</b>	<b>14,786,261</b>	<b>16,300,768</b>	<b>17,116,200</b>	<b>17,089,900</b>
<b>FINANCE</b>				
Budget Office	204,346	354,390	383,400	444,200
Auditor's Office	1,281,139	1,206,516	1,309,300	1,342,700
Purchasing	178,627	177,773	200,300	228,600
Treasurer's Office	772,352	719,341	774,800	722,300
<b>DEPARTMENT TOTAL</b>	<b>2,436,464</b>	<b>2,458,020</b>	<b>2,667,800</b>	<b>2,737,800</b>
<b>PLANNING &amp; CONSTRUCTION SERVICES</b>				
Physical Planning	765,324	677,779	746,900	769,400
Const. Srvs & Inspection	1,662,161	1,746,109	1,707,600	1,715,200
<b>DEPARTMENT TOTAL</b>	<b>2,427,485</b>	<b>2,423,888</b>	<b>2,454,500</b>	<b>2,484,600</b>
<b>BUSINESS DEVELOPMENT</b>	<b>562,763</b>	<b>554,976</b>	<b>609,200</b>	<b>651,000</b>
<b>FIRE DEPARTMENT</b>				
Fire Administration	400,387	405,347	494,000	505,800
Fire Operations	14,072,712	14,752,959	14,535,400	15,506,300
Life Safety	934,329	938,207	1,048,900	1,164,100
<b>DEPARTMENT TOTAL</b>	<b>15,407,428</b>	<b>16,096,513</b>	<b>16,078,300</b>	<b>17,176,200</b>
<b>POLICE DEPARTMENT</b>	<b>20,163,633</b>	<b>20,805,099</b>	<b>20,990,900</b>	<b>21,903,400</b>
<b>PUBLIC WORKS</b>				
Director's Office	52,642	52,131	54,200	53,900
Street Maintenance	7,208,871	7,397,141	7,609,200	7,523,600
Transportation Engineering	1,640,414	1,717,148	1,827,700	1,854,400
<b>DEPARTMENT TOTAL</b>	<b>8,901,927</b>	<b>9,166,420</b>	<b>9,491,100</b>	<b>9,431,900</b>
<b>TRANSFERS</b>	<b>9,212,699</b>	<b>10,252,336</b>	<b>10,101,800</b>	<b>10,390,300</b>
Community Solar Program				895,500
<b>DEPARTMENT TOTAL</b>	<b>9,212,699</b>	<b>10,252,336</b>	<b>10,101,800</b>	<b>11,285,800</b>
<b>Total General Fund</b>	<b>76,771,043</b>	<b>81,023,083</b>	<b>82,577,300</b>	<b>85,949,400</b>

## 2018 Proposed General Fund Budget by Type in millions

	2016 Approved Budget	2017 Approved Budget	2018 Proposed Budget	Variance 2017 Approved Budget vs 2018 Proposed Budget	
				\$	%
<b>REVENUES</b>					
Local Government Aid	29.26	29.30	29.65	0.35	1.2%
City Sales and Use Tax	14.18	14.10	13.59	(0.51)	-3.6%
Property Tax	14.13	14.78	16.37	1.59	10.8%
Charges for Services	5.36	5.34	5.58	0.24	4.5%
Other Financing Sources	4.86	5.14	4.94	(0.20)	-3.9%
Intergovernmental	4.31	3.97	4.02	0.05	1.3%
Minnesota Power Franchise Tax	1.10	3.05	3.15	0.10	3.3%
Gas Utility in Lieu of Taxes	2.88	2.36	2.41	0.05	2.1%
Licenses and Permits	1.48	1.34	1.64	0.30	22.4%
All Other Taxes	1.09	1.10	1.08	(0.02)	-1.8%
Miscellaneous	0.42	1.09	0.94	(0.15)	-13.8%
Fines and Forfeits	0.50	0.58	0.52	(0.06)	-10.3%
Special Assessments	0.44	0.43	0.43	-	0.0%
Fund Balance - Fire Dept	-	-	0.73	0.73	N/A
Fund Balance - Comm Solar Program	-	-	0.90	0.90	N/A
<b>Revenue Totals</b>	<b>80.01</b>	<b>82.58</b>	<b>85.95</b>	<b>3.37</b>	<b>4.08%</b>
<b>EXPENSES</b>					
<b>SALARIES</b>					
Permanent Salaries	40.04	41.77	42.94	1.17	2.80%
Overtime	1.51	1.50	1.79	0.29	19.33%
Other Wages	0.63	0.66	0.68	0.02	3.03%
<b>Total Salaries</b>	<b>42.18</b>	<b>43.93</b>	<b>45.41</b>	<b>1.48</b>	<b>3.37%</b>
<b>BENEFITS</b>					
PERA	4.95	5.16	5.33	0.17	3.29%
Payroll Taxes	1.85	1.91	1.94	0.03	1.57%
Employee Insurances	9.53	10.38	11.37	0.99	9.54%
<b>Total Benefits</b>	<b>16.33</b>	<b>17.45</b>	<b>18.64</b>	<b>1.19</b>	<b>6.82%</b>
<b>OTHER EXPENSE/CAPITAL</b>					
Supplies	3.07	2.94	3.00	0.06	2.04%
Other Services and Charges	10.01	9.33	9.13	(0.20)	-2.14%
Utilities	1.25	1.27	1.17	(0.10)	-7.87%
Retiree Insurance	6.90	7.35	7.35	-	0.00%
Capital	0.27	0.31	0.35	0.04	12.90%
Community Solar Program	-	-	0.90	0.90	N/A
<b>Total Other Expense</b>	<b>21.50</b>	<b>21.20</b>	<b>21.90</b>	<b>0.70</b>	<b>3.30%</b>
<b>Proposed Budget Expense Totals</b>	<b>80.01</b>	<b>82.58</b>	<b>85.95</b>	<b>3.37</b>	<b>4.08%</b>



## 2018 Proposed General Fund Budget by Type

### Bridge Schedule Outlining Variances over 2017 Approved Budget and 2018 Proposed Budget

	\$ Variance in Millions	Narrative
<b>2017 Approved Revenues</b>	<b>82.58</b>	
Property Tax	1.59	6.26% levy increase for operations
Local Government Aid	0.35	Certified LGA increase for 2018
Charges for Services	0.24	Increase in engineering services
Licenses and Permits	0.30	Increase in multiple dwelling licenses
City Sales & Use Tax	(0.51)	Based on projected decrease in taxable sales
Other Financing Sources	(0.20)	Reduction in Police grants
All Other Revenues	(0.03)	All other changes throughout
Fund Balance Reserves	1.63	Fire Dept & Community Solar Program
Total Revenue Changes	3.37	
<b>2018 Proposed Revenues</b>	<b>85.95</b>	
<b>2017 Approved Expenses</b>	<b>82.58</b>	
Permanent Salaries	1.17	Contract increases
PERA, Payroll Taxes	0.20	Due to salary increases
Employee Insurances	0.99	10% Increase in health insurance
All Other Operating Expenses	0.11	All other changes throughout
Community Solar Program	0.90	One-time investment
Total Expense Changes	3.37	
<b>2018 Proposed Expenses</b>	<b>85.95</b>	