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City of Duluth Communications Office

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SUBJECT: Mayor Emily Larson presents “Good News” 2024 budget to City Council

BY: Kelli Latuska, Public Information Officer

Mayor Emily Larson presents “Good News” 2024 budget to City Council

[DULUTH, MN] Mayor Emily Larson will present her low-levy 2024 budget to City Council tonight, calling its strategic investments in streets, capital equipment, and staff a “good news story.”

“This budget is a good news story for workers, residents, taxpayers, and community. It reflects the priorities we’ve been hearing from the community, honors the hard work of staff, and actually decreases what the average property owner will be paying next year for city services. My 2024 proposed budget is the result of the City’s prudent fiscal management and years of hard work building the relationships and lobbying the state legislature to secure additional resources,” said Mayor Larson.

Larson said additional state money coupled with strategic one-time investments from our reserves and the remaining American Rescue Plan Act (ARPA) funds made it possible to create a sustainable, low tax levy budget which continues the administration’s focus on correcting decades-old legacy issues.

“The challenges we face didn’t happen overnight, or in the last seven years,” Larson said, “they’ve been 20 years in the making, and while this budget by itself can’t eliminate the all financial pressures we’re under, it’s a big, important next step, of many more to come, toward gaining ground on decades of disinvestment and positioning ourselves best for the future.”

Mayor Larson’s 2024 budget includes:

-A low 2% levy increase. This under-inflation, low levy responds to community concerns over higher taxes and is necessary to meet our basic operations. The average taxpayer will be paying fewer City property taxes next year compared to this year.

-Major investment in street repair. Larson’s budget proposes a record \$14 million next year for street repair, which will continue moving Duluth on a path toward a sustainable street repair cycle. The city expects to repair 18.4 miles of City streets next year, and 50 miles in the next 3 years.

-Replacing capital equipment. The 2024 budget proposes one-time investments to secure new equipment well past their life cycle and makes an important jump forward in catching up on 20 years of deferred maintenance and investment in the equipment staff need to serve our community.

-Filling critical staffing gaps. Larson’s budget strategically funds critical positions where failure to invest will hold back progress on other issues like infrastructure, housing, parks, public safety, and climate action. For example: A new grants accountant in the Finance Department will allow the city to continue their success securing hundreds of millions of dollars in state and federal grants. The City has exceeded its capacity to report, monitor, and account for these grants with existing staff. An additional housing inspector will help tackle the huge backlog coming out of the COVID-19 pandemic and is critical to speeding up inspections necessary to accelerate new housing in Duluth. A parks and libraries assistant to help support these outward facing, high impact service areas.

-Investing in staff. Larson proposes a one-time staff payment recognizing City workers’ essential contributions, along with investing in the equipment they need to do their jobs.

-Prioritizing Downtown Safety. Larson’s budget invests more in parking ramp security and safety; this is the first part of a two-part proposed investment in this, with the second to be proposed through tourism tax.

“Securing the additional state LGA money is a gamechanger for Duluth. It, along with years of sound fiscal management before, through, and coming out of the pandemic, has put us in a position to make these critical investments,” Larson said. “We made incredibly hard decisions the past several years as we worked through the pandemic. I am so proud of this budget, our staff, and this community. This budget is an important signal of our financial strength and our solid economy.”

This year, Duluth secured nearly \$4.4 million in additional state local government aid (LGA), the largest increase in more than 20 years. LGA accounts for 32% of Duluth’s total revenue.

For two decades, Duluth was squeezed between rising costs and stagnant state aid. Last year, for example, Duluth received just slightly more LGA than it got in 2002, twenty years ago. Twenty years of rising costs and stagnant state aid put unsustainable pressure on Duluth property taxpayers. “This squeeze means that for two decades Duluth struggled to provide core services like streets, parks, and public safety like we want to and are expected to, and it meant delays in replacing capital equipment, deferred maintenance for City buildings, and taking care of the people who work for the City who have had to take on more work without more resources,” said Mayor Larson.

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