



Emily Larson
Mayor

Room 422
411 West First Street
Duluth, Minnesota 55802



218-730-5230



elarson@duluthmn.gov

September 2020

President Anderson, Vice President Van Nett and Duluth City Councilors,

Thank you for your dedication and service to Duluth.

This year has brought a series of unanticipated challenges and constantly changing variables outside of our control. I value your engagement and focus on getting through this time in history with as much clarity, hope and grace as possible.

Initially I came at budgeting for 2021 with more than a few ounces of regret. My State of the City this year was scheduled for March – and then cancelled for covid. I was eager to outline some great, big ideas and new investments that would solidify our course as a community of long range progress and substantially increase our municipal investment in affordable housing.

Like everyone else in our city, I had a set of plans for this year - 2020 had another.

Given the state of 2020, of all the things that I expected this year, the optimistic and stable budget I am here to present was not one of them. And yet – I am deeply grateful for the concerted efforts and focused financial prudence we have exercised over my past four years so that we can rise to the challenge of 2020 and do something I never saw coming back in March when our world shut down and revenues plummeted: emerge stronger.

Over the past six months, we have made staff cuts, instituted a hiring, travel and purchasing freeze, asked for concessions from bargaining units, took voluntary pay cuts, practically begged for support from the federal and state government, pulled back on our financial commitments to others, shut down programming and closed facilities.

We have watched as thousands of our neighbors and city residents lost their jobs and financial security.

We've witnessed cities around us burn with the raw pain and trauma of racism, historical oppression and gaping inequities.

We've comforted and supported people in our lives who are struggling with emotional pain rooted in the realities of social isolation and submerged fear.

But we as leaders haven't just watched all this happen. We aren't just sitting back and taking notes as electeds. This is our community. These are our neighbors, and family members, and friends. And us. We've experienced it ourselves. The challenge and trauma of living in the now isn't something you can view from a safe distance. There is no safe distance from the intersection we're living at every day.

It has been logistically and emotionally brutal.

Amid all this change and chaos, the pulse of city operations has been steady and strong. We have risen to the challenge of the now and the focus on our future.

www.duluthmn.gov

The City of Duluth is an Equal Opportunity Employer.

This year, despite the relentless power of a pandemic, we've invested well over two million dollars via the 1200 Fund and DEDA into local small businesses and entrepreneurs, embraced curbside library delivery, have supported thousands of residents with Unemployment Insurance assistance and job search support, opened ten miles of streets to pedestrians to allow for social distance physical activity during Stay At Home, made changes to our development code to promote childcare, waived fees and streamlined permitting to allow for expanded sidewalk and adjacent occupancy for food and beverage sales, adjusted staffing across departments to keep up with demand for services and are finishing the completion of over fourteen miles of road work. We have taken city meetings and services online, protected the health of our workers, ran a fair and robust primary election and have ensured that in our vigorous democracy all first amendment rights are supported, upheld and protected.

We've gotten an extraordinary amount accomplished under extenuating circumstances. In large part because at our core, Duluthians believe that our hard work makes a difference.

Looking ahead to a financially positive 2021 is due to the hard work and resilience of our staff on every level. Who we are as an organization was fully reflected in our response to 2020: careful, clear, deliberate, focused and fair.

I have always believed that budgets reflect our values. For 2021, our values are on full display as a budget built on the strength of community. Perhaps for the first time during this pandemic, we have budget news that isn't all doom and gloom. We bring workers back and propose to lower the number of furlough days; we hold the line on any property tax levy increase to meet General Fund expenses; we propose that 40% of our residential properties and 68% of commercial property owners will see a *decrease* in their city property tax.

Because we have a great finance team, our projections have been on target. I'm proud of the work we have done, in quick yet organized fashion, to meet the changing demands of this year. And I'm grateful for the meticulous research they conduct regularly on municipal comparisons, consumer confidence and other key economic indicators upon which to base their recommendations and our action steps.

We have spent the last four years steadily addressing fundamental and historical budget challenges with steady focus, financial prudence and an eye towards our future. My initial regret at this budget cycle is long, long gone. This is the budget year where it all pays off.

In this budget we isolate our financial risks, benefit from our sensible fiscal management of the past four years and recognize the many sacrifices our staff and municipal residents are making.

My proposed General Fund Budget and property tax levy for 2021 meets our needs, protects workers and builds on our ability to continue to be a steady and reliable presence in the face of financial insecurity, pandemic health concerns, social fear, isolation and racial discord.

I am proud of the work, sacrifice, and vision that has gotten us to this point. I thought it was all meant for other opportunities and investments, for the work I was going to announce in the State of City. But as it turns out, we've been building our budgets and working the numbers with a vision for this very moment.

We have built a City of Duluth financial structure strong enough to survive a global pandemic.

This is the year, and the work, we never anticipated but are ready for.



Emily Larson
Mayor