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City of Duluth Communications Office

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SUBJECT: Mayor Emily Larson presents 2022 proposed General Fund Budget

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Mayor Emily Larson presents 2022 proposed General Fund Budget

[Duluth, MN] Mayor Emily Larson will present her proposed 2022 City General Fund Budget of \$97.1 million to the City Council this evening. The proposed budget includes a 6% property tax levy increase. In 2021, the City Council passed a 2.98% property tax levy increase, of which 0.96% was dedicated to funding the city's portion of the Lakewalk restoration and the remaining 2.02% was the transition from street light fee to funding street lights via the property tax.

In her presentation, Mayor Larson said, "Rather than adding further to the tax levy to cover routine step increases and general increased costs of city operations, we proposed drawing down up to \$4 million in General Fund reserves. I don't like to cover or subsidize city general operations through our savings...but in the case of a global pandemic, and the uncertain associated impacts at this time last year, it was the right thing to do."

The anticipated property tax value growth and new construction for 2021 is expected to be 4.94%. That, and a modest investment of American Rescue Plan funds allows the net property tax impact after growth to be 1.06% for 2022. For homeowners, a property that is valued at \$100,000 will cost \$1 more in 2022 than in 2021. For those owning property valued at \$175,000 they will pay \$3 more in 2022, and for those owning a property valued at \$225,000 they will pay \$5 more in 2022. According to the St. Louis County Assessor's Office the average home property value in Duluth in 2020 was \$168,800.

The City of Duluth's levy makes up just 26% of a property's property tax bill. ISD709 makes up 28% and St. Louis County makes up 40%. The dedicated Parks Fund makes up 3% and was a part of a referendum that was approved by Duluth voters in 2011.

While Mayor Larson calls the budget "steady, honest, and straight forward" in providing community services, it also does not include increases to staffing or staff reductions. "This proposed budget expects to keep our year-round staff numbers at about 870...with seasonal staff adding to that number. More than ever, we need all hands-on deck to help our community recover," Mayor Larson said. "We are able to maintain staffing levels and continue to be a steady, resilient organization serving as the quiet foundation upon which residents build their lives for two specific reasons: CARES Act and the American Rescue Plan (ARP)."

The CARES Act and ARP provided the City with \$64.6 million of support. The CARES Act provided funding to pay for costs associated with responding to the COVID-19 pandemic. The American Rescue Plan will allow the City to invest in strategies and programs that specifically target community pandemic recovery efforts, and future property tax savings to residents.

"My proposed 2022 City of Duluth General Fund Budget doesn't chase shiny things. It's not boastful or fancy," the mayor said. "It's not seeking a headline, adding programs, expanding staff or funding a legacy project. Instead, it is a budget for who we are right now; resilient, determined to show up for each other. And in it for the long haul."

City Council has until September 30 to determine a proposed property tax levy and notify the St. Louis County Auditor.

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