

2017

Truth in Taxation Public Hearing

2017 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 5, 2016 7:00pm



2017 Preliminary Property Tax Levy

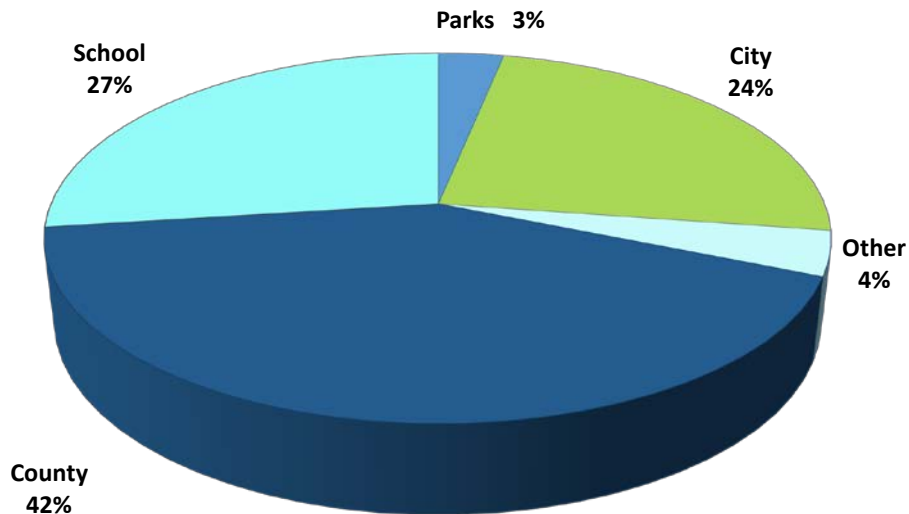
	2016 Approved Levy	2017 Proposed Levy	Change In Levy	% Change in Total City Levy
General Operations Levy				
General Operations	\$ 13,978,900	\$ 14,628,200	\$ 649,300	3.00%
Provision for Tax Delinquency	\$ 150,000	\$ 150,000	\$ -	
Total General Operations Levy	\$ 14,128,900	\$ 14,778,200	\$ 649,300	3.00%
Capital Projects Levy				
Debt Service	\$ 6,574,300	\$ 6,832,600	\$ 258,300	1.19%
Infrastructure Permanent Improvements	\$ 280,000	\$ 280,000	\$ -	
Total Capital Projects Levy	\$ 6,854,300	\$ 7,112,600	\$ 258,300	1.19%
Street Maintenance Utility Fee Levy	\$ -	\$ 2,800,000	\$ 2,800,000	12.94%
Street Light Levy	\$ 647,592	\$ 757,592	\$ 110,000	0.51%
Total City Property Tax Levy	\$ 21,630,792	\$ 25,448,392	\$ 3,817,600	17.65%
Parks Referendum Levy	\$ 2,600,000	\$ 2,600,000	\$ -	0.00%

Impact on Annual Property Tax Bill for \$166,900 Homestead Value

Annual City Portion:

2016 Average Homestead Property Taxes	\$ 558
2017 Property Taxes as Proposed	\$ 614
Proposed Increase	\$ 56

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 # XXXXX

Average Homesteader
 123 Main Street
 Duluth MN

Property Information

PID Number:
 XXX-XXXX-XXXXX

Property Description:

PROPOSED TAXES 2017			
THIS IS NOT A BILL. DO NOT PAY.			
Step	VALUES AND CLASSIFICATION		
	Taxes Payable Year	2016	2017
1	Estimated Market Value	166,900	166,900
	Homestead Exclusion	22,200	22,219
	Other Exclusions	0	0
	Taxable Market Value	144,700	144,681
	Class:	RES HMSTD	RES HMSTD
Step	PROPOSED TAX		
2	Proposed Tax	2,250.00	
Step	PROPERTY TAX STATEMENT		
3	Coming in 2017	To Be Determined	
The time to provide feedback on PROPOSED LEVIES is NOW It is too late to appeal your value without going to Tax Court.			

Proposed Property Taxes and Meetings by Jurisdiction for Your Property			
Contact Information	Meeting Information	Actual 2016	Proposed 2017
State General Tax	No public meeting	.00	.00
ST LOUIS COUNTY		888.84	940.11
ST LOUIS COUNTY ADMIN 100 N 5TH AVE W, ROOM 202 DULUTH MN 55802 218-726-2383 EXT 2 www.stlouiscountymn.gov	12/01/2016 7:00 PM VIRGINIA COURTHOUSE 12/08/2016 7:00 PM DULUTH COURTHOUSE		
CITY OF DULUTH		557.95	614.48
BUDGET MANAGER 411 W 1ST ST ROOM 107 DULUTH MN 55801 (218)730-5195	12/05/2016 7:00 PM CITY COUNCIL CHAMBER 411 W 1ST ST DULUTH MN 55802		
School District: 709		82.79	69.38
Voter Approved Levies		581.82	538.68
Other Levies			
BUSINESS OFFICE 215 N 1ST AVE E DULUTH MN 55802 (218)336-8704 www.isd709.org	12/20/2016 6:30 PM HOCHS BOARD ROOM 215 N FIRST AVE E DULUTH MN 55802		
Special Taxing District		89.60	87.35
Tax Increment Tax		.00	.00
Fiscal Disparity Tax		.00	.00
Total excluding any special assessments		2,201.00	2,250.00 2.2 %

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.

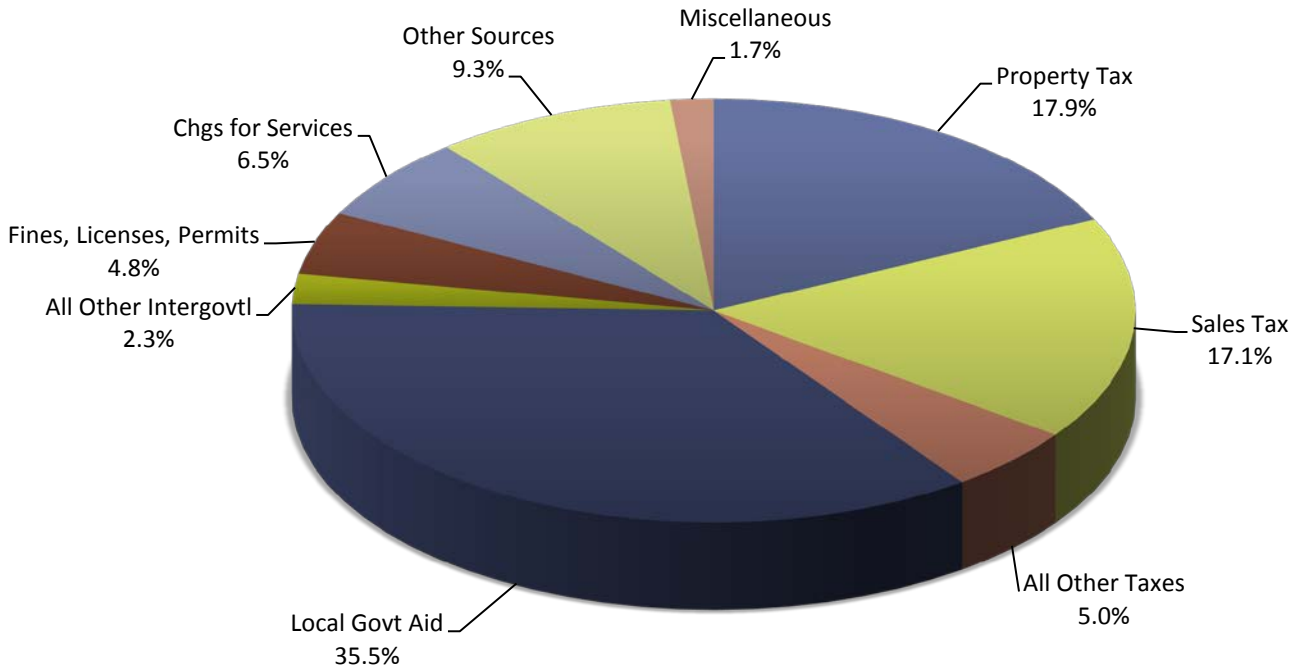
Market Value and Tax Capacity Value are used to apply the various tax rates against the property to figure the tax bill. An increase can occur due to new construction or reassessments.

There are columns showing the actual 2016 property tax for each taxing authority compared to the proposed 2017 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 - 2017 Budget

GENERAL FUND PROPOSED REVENUES Percent of Total by Major Category

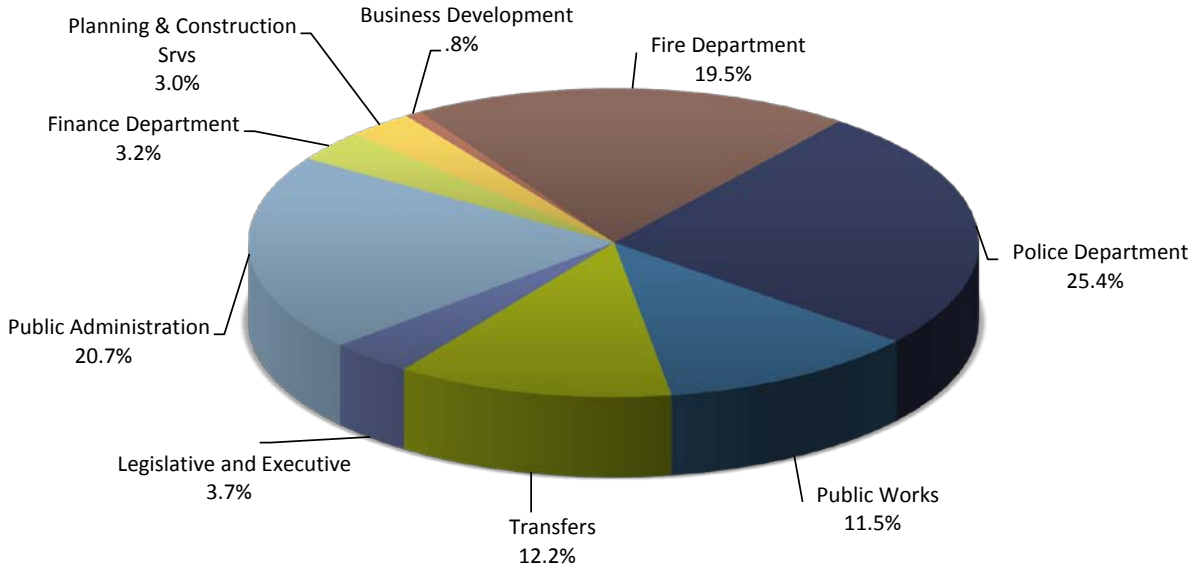


Property Tax - Current & Delinquent	\$	14,778,200
City Sales Tax	\$	14,102,800
All Other Taxes	\$	4,143,900
Local Government Aid	\$	29,299,700
Licenses and Fines	\$	1,922,700
All Other Intergovernmental	\$	3,971,600
Charges for Services	\$	5,339,100
Other Financing Sources	\$	7,654,000
Miscellaneous	\$	1,365,300
TOTAL 2017 REVENUES	\$	82,577,300

This graph shows the major categories of revenues expressed as a percent of total General Fund revenues estimated for budget fiscal year 2017. 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 35.5% of all general fund revenues. For this reason, Local Government Aid is monitored closely at the State Legislature.

City of Duluth Minnesota - 2017 Budget

GENERAL FUND PROPOSED EXPENSES Percent of Total by Department



Legislative and Executive	\$	3,067,500
Public Administration	\$	17,116,200
Finance Department	\$	2,667,800
Planning & Construction Srvs	\$	2,454,500
Business Development	\$	609,200
Fire Department	\$	16,078,300
Police Department	\$	20,990,900
Public Works	\$	9,491,100
Transfers	\$	10,101,800
TOTAL 2017 EXPENDITURES	\$	82,577,300

This graph shows the General Fund departmental budgets as a percent of the total expenditures for fiscal year 2017. The Public Safety departments comprise 44.9% of the total general fund budget. Public Administration, which includes Park Maintenance, City Clerk, Library, Human Resources, Property and Facilities, and Information Technology comprises 20.7% of the general fund budget. The Transfers department, which includes self insurance and retiree health, comprises 12.2%; the general fund portion of Public Works, which includes Street Maintenance, comprises 11.5%; and the remaining four departments together total 10.7% of the general fund budget with no department comprising more than 4%.

City of Duluth Minnesota - 2017 Budget

General Fund Expenses	2014 Actual	2015 Actual	2016 Approved	2017 Proposed
LEGISLATIVE AND EXECUTIVE				
City Council	120,079	149,488	179,200	179,100
Mayor's Office	377,088	392,224	437,800	438,900
Chief Administrative Officer	278,518	294,387	280,900	327,300
Attorney's Office	1,919,372	2,036,283	2,150,800	2,122,200
DEPARTMENT TOTAL	2,695,057	2,872,382	3,048,700	3,067,500
PUBLIC ADMINISTRATION				
Human Resources	1,034,698	996,646	1,184,100	1,141,700
Information Technology	2,398,364	2,403,831	2,939,900	3,036,900
City Clerk's	781,902	754,284	807,800	901,000
Park Maintenance	2,597,807	2,494,765	3,098,400	3,174,100
Library Services	4,194,933	4,120,435	4,241,200	4,453,600
Facilities Management	3,538,274	4,016,300	4,188,700	4,408,900
DEPARTMENT TOTAL	14,545,977	14,786,262	16,460,100	17,116,200
FINANCE				
Budget Office	334,430	204,346	346,500	383,400
Auditor's Office	1,285,447	1,281,139	1,335,200	1,309,300
Purchasing	193,937	178,627	177,900	200,300
Treasurer's Office	789,113	772,352	799,800	774,800
DEPARTMENT TOTAL	2,602,927	2,436,464	2,659,400	2,667,800
PLANNING & CONSTRUCTION SERVICES				
Physical Planning	750,082	765,324	683,300	746,900
Const. Srvs & Inspection	1,532,816	1,662,161	1,702,200	1,707,600
DEPARTMENT TOTAL	2,282,897	2,427,485	2,385,500	2,454,500
BUSINESS DEVELOPMENT	631,714	562,763	596,500	609,200
FIRE DEPARTMENT				
Fire Administration	506,203	400,387	579,300	494,000
Fire Operations	13,516,782	14,072,712	13,936,200	14,535,400
Life Safety	927,493	934,329	1,031,100	1,048,900
DEPARTMENT TOTAL	14,950,478	15,407,428	15,546,600	16,078,300
POLICE DEPARTMENT	19,327,878	20,163,633	20,328,700	20,990,900
PUBLIC WORKS				
Director's Office	50,694	52,642	52,000	54,200
Street Maintenance	7,890,487	7,208,871	7,336,500	7,609,200
Transportation Engineering	1,703,102	1,640,414	1,764,500	1,827,700
DEPARTMENT TOTAL	9,644,282	8,901,927	9,153,000	9,491,100
TRANSFERS	9,928,919	9,212,699	9,827,700	10,101,800
DEPARTMENT TOTAL	9,928,919	9,212,699	9,827,700	10,101,800
Total General Fund	76,610,130	76,771,043	80,006,200	82,577,300

2017 Proposed General Fund Budget by Type in millions

	2015 Approved Budget	2016 Approved Budget	2017 Proposed Budget	Variance 2016 Approved Budget vs 2017 Proposed Budget	
				\$	%
REVENUES					
Local Government Aid	29.20	29.26	29.30	0.04	0.1%
City Sales and Use Tax	13.16	14.18	14.10	(0.07)	-0.5%
Property Tax	13.01	14.13	14.78	0.65	4.6%
Charges for Services	5.50	5.36	5.34	(0.02)	-0.4%
Other Financing Sources	3.99	4.86	5.29	0.43	8.9%
Intergovernmental	3.70	4.31	3.97	(0.34)	-7.8%
Minnesota Power Franchise Tax	1.10	1.10	3.05	1.95	177.1%
Gas Utility in Lieu of Taxes	3.78	2.88	2.36	(0.52)	-18.0%
Licenses and Permits	1.58	1.48	1.34	(0.14)	-9.5%
All Other Taxes	1.14	1.09	1.10	0.01	0.6%
Miscellaneous	0.56	0.42	0.94	0.52	126.2%
Fines and Forfeits	0.54	0.50	0.58	0.08	15.1%
Special Assessments	0.40	0.44	0.43	(0.01)	-3.1%
Revenue Totals	77.67	80.01	82.58	2.57	3.21%
EXPENSES					
SALARIES					
Permanent Salaries	38.36	40.04	41.35	1.31	3.27%
Overtime	1.49	1.51	1.50	(0.01)	-0.58%
Other Wages	0.49	0.63	0.66	0.03	3.94%
Total Salaries	40.34	42.18	43.51	1.33	3.16%
BENEFITS					
PERA	4.73	4.95	5.16	0.21	4.20%
Payroll Taxes	1.78	1.85	1.91	0.06	3.02%
Employee Insurances	9.26	9.50	10.36	0.86	9.04%
Total Benefits	15.77	16.30	17.43	1.13	6.95%
OTHER EXPENSE/CAPITAL					
Supplies	3.08	3.07	2.94	(0.13)	-4.40%
Other Services and Charges	9.63	10.04	9.77	(0.27)	-2.70%
Utilities	1.23	1.25	1.27	0.02	1.60%
Retiree Insurance	7.23	6.90	7.35	0.45	6.51%
Capital	0.39	0.27	0.31	0.04	15.76%
Total Other Expense	21.56	21.53	21.64	0.11	0.53%
Proposed Budget Expense Totals	77.67	80.01	82.58	2.57	3.21%

2017 Proposed General Fund Budget by Type

Bridge Schedule Outlining Variances over 2016 Approved Budget and 2017 Proposed Budget

	\$ Variance in Millions	Narrative
2016 Approved Revenues		80.01
MN Power Franchise Fee	1.95	Increased from 1% to 3%
Property Tax	0.65	3% levy increase for operations
Miscellaneous	0.52	Increase in rent revenue
Other Financing Sources	0.43	Grant transfers and Fond du Luth revenue
Gas Utility in Lieu of Taxes	(0.52)	Based on projected gas sales decrease
Intergovernmental	(0.34)	Grant transfer budgeted in Other Financing
All Other Revenues	(0.12)	All other changes throughout
Total Revenue Changes	2.57	
2017 Proposed Revenues		82.58
2016 Approved Expenses		80.01
Permanent Salaries	1.31	Contract negotiations
PERA, Payroll Taxes	0.27	Due to salary increases
Employee Insurances	0.86	10% Increase in health insurance
Retiree Insurance	0.45	10% Increase in retiree health insurance
Other Services and Charges	(0.27)	hired two public safety janitors instead of using St Louis County
All Other Operating Expenses	(0.05)	All other changes throughout
Total Expense Changes	2.57	
2017 Proposed Expenses		82.58