

Truth in Taxation Public Hearing
2022 Proposed Budget and Property Tax Levy
City of Duluth, Minnesota

Mayor Emily Larson

CITY COUNCILORS

Gary Anderson

Joel Sipress

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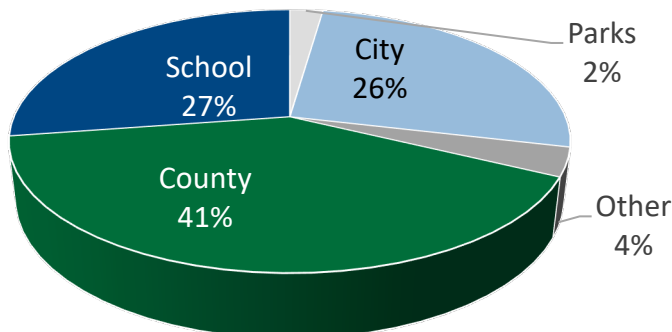
CHIEF ADMINISTRATIVE OFFICER

Noah Schuchman



City of Duluth Minnesota - 2022 Budget

Breakdown of Average Homestead Property Tax Bill by Taxing Entity



2022 Proposed Property Tax Levy

	2021 Approved Levy	2022 Proposed Levy	Change In Levy
General Operations Levy			
General Operations	\$ 21,879,300	\$ 25,290,226	\$ 3,410,926
Provision for Tax Delinquency	\$ 150,000	\$ 150,000	\$ -
Total General Operations Levy	\$ 22,029,300	\$ 25,440,226	\$ 3,410,926
Supplemental Parks Levy	\$ 280,000	\$ 280,000	\$ -
Capital Projects Levy			
Debt Service	\$ 7,307,600	\$ 7,307,600	\$ -
Infrastructure Permanent Improvements	\$ 280,000	\$ 280,000	\$ -
Total Capital Projects Levy	\$ 7,587,600	\$ 7,587,600	\$ -
Street Light Levy	\$ 2,447,200	\$ 2,447,200	\$ -
Street Maintenance Levy	\$ 2,500,000	\$ 2,500,000	\$ -
Duluth Housing Trust Fund Levy	\$ -	\$ 325,000	\$ 325,000
Total City Property Tax Levy	\$ 34,844,100	\$ 38,580,026	\$ 3,735,926
Parks Referendum Levy	\$ 2,600,000	\$ 2,600,000	\$ -
Proposed General Operations Levy Increase		\$ 3,410,926	9.79%
Duluth Housing Trust Fund Levy		\$ 325,000	0.93%
2022 Proposed City Tax Levy Increase		\$ 3,735,926	10.72%
New Construction Growth		\$ 333,518	0.96%
Other Property Tax Value Growth		\$ 1,389,362	3.99%
Total Property Tax Growth		\$ 1,722,880	4.94%
Net Property Tax Impact After Growth		\$ 2,013,046	5.78%

ST LOUIS COUNTY
 AUDITOR-TREASURER
 NANCY NILSEN
 100 N 5TH AVE W ROOM 214
 DULUTH MN 55802
 www.stlouiscountymn.gov

Taxpayer # xxxxxxxx
 Current Resident
 Address Line 1
 Address Line 2
 Address Line 3

Property Information

Property ID: xxx-xxxx-xxxxxx

Property Description:
 Legal Description 1

Property: xxx \DULUTH

PROPOSED TAXES 2022		
THIS IS NOT A BILL. DO NOT PAY.		
Step	VALUES AND CLASSIFICATION	
	Taxes Payable Year	2021 2022
1	Estimated Market Value	178,000 178,000
	Homestead Exclusion	21,220 21,220
	Other Exclusions	0 0
	Taxable Market Value	156,780 156,780
	Class:	RES HMSTD RES HMSTD
Step	PROPOSED TAX	
2	Property Taxes before credits	2,628.00
	School building bond credit	.00
	Agriculture market value credit	.00
	Other credits	.00
	Property Taxes after credits	2,628.00
Step	PROPERTY TAX STATEMENT	
3	Coming in 2022	
<p>The time to provide feedback on PROPOSED LEVIES is NOW</p> <p>It is too late to appeal your value without going to Tax Court.</p>		

Proposed Property Taxes and Meetings by Jurisdiction for Your Property			
Contact Information	Meeting Information	Actual 2021	Proposed 2022
State General Tax	No public meeting	.00	.00
ST LOUIS COUNTY St. Louis County Admin 100 N 5th Ave W, Room 202 Duluth, MN 55802 218-726-2383 EXT 2 www.stlouiscountymn.gov	11/22/2021 7:00 PM City of Virginia Courthouse 11/29/2021 7:00 PM Duluth Gov't Service Center	1,039.30	1,063.42
CITY OF DULUTH Budget Manager 411 W 1st ST RM 120 Duluth, MN 55802 (218)730-5028 https://duluthmn.gov/live-meeting/	12/06/2021 7:00 PM See website for information on virtual meeting	716.79	753.55
SCHOOL DISTRICT: 709 School Voter Approved Levies School Other Levies ISD 709 Business Services 4316 Rice Lake RD STE 108 Duluth, MN 55811 (218)336-8704 www.isd709.org	12/21/2021 6:30 PM Denfeld Media Center 401 N 44th Ave W Duluth, MN 55807	125.28 586.63	116.27 602.46
Special Taxing District(s):		93.56	92.30
Tax Increment Financing Tax		.00	.00
Fiscal Disparity Tax - see www.house.leg.state.mn.us/hrd/pubs/ss/ssfdis.pdf for information		.00	.00
Total excluding any special assessments		2,561.56	2,628.00

TAX BILL FOOTNOTES

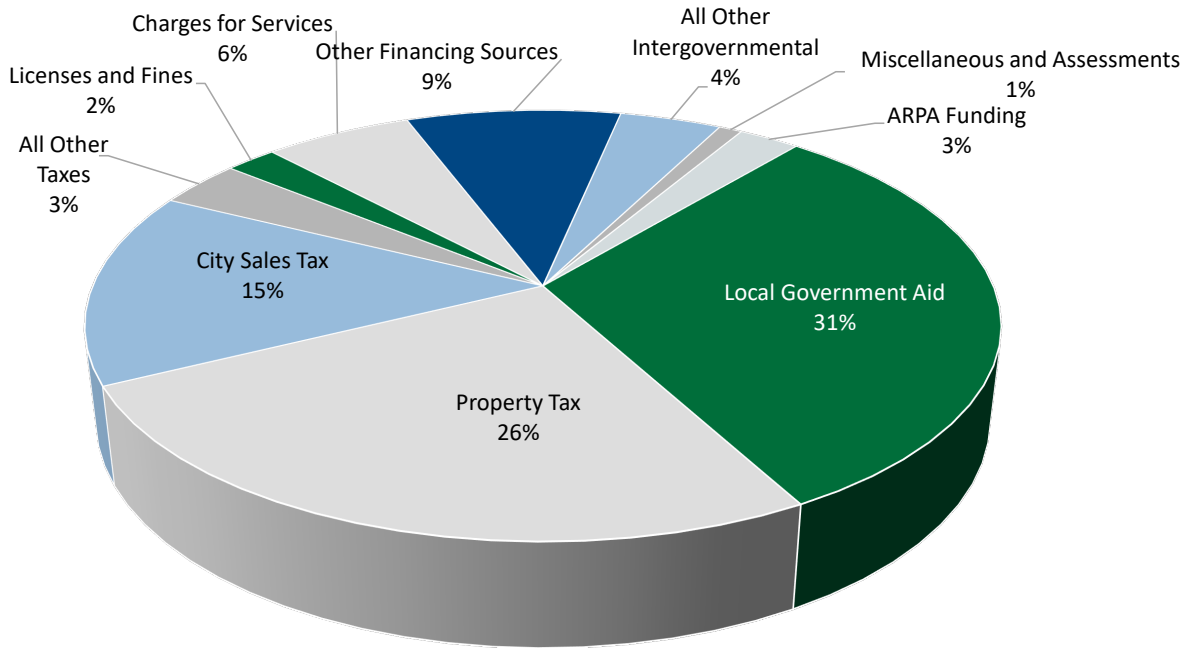
Classification changes can significantly impact an individual's property tax burden. For example, homestead properties are taxed at a different rate than non-homestead, seasonal, or commercial/industrial.

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 2021 property tax for each taxing authority compared to the proposed 2022 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.

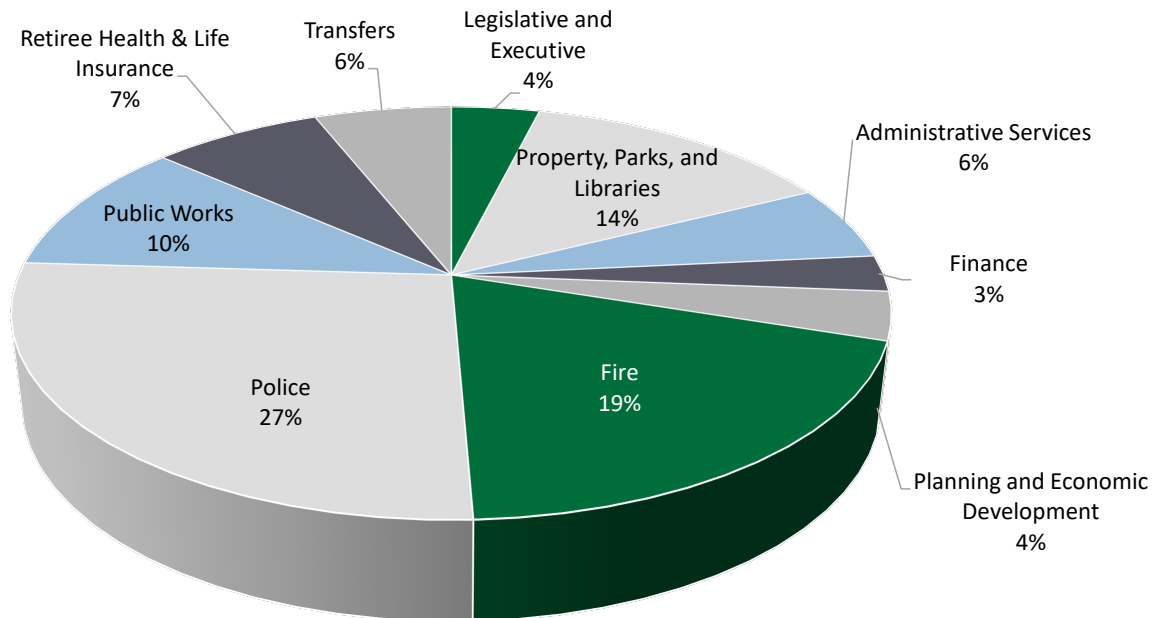
2022 General Fund Proposed Revenues



Local Government Aid	\$ 30,671,600
Property Tax	\$ 25,440,300
City Sales Tax	\$ 14,500,000
All Other Taxes	\$ 3,510,600
Licenses and Fines	\$ 2,137,800
Charges for Services	\$ 6,160,400
Other Financing Sources	\$ 8,967,900
All Other Intergovernmental	\$ 4,246,900
Miscellaneous and Assessments	\$ 964,800
ARPA Funding	\$ 2,551,600
TOTAL 2022 Revenues	\$ 99,151,900

This graph shows the major categories of revenues expressed as a percent of total General Fund revenues estimated for budget fiscal year 2022. 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 31% of all General Fund revenues and does not adjust for inflation. For this reason, we closely monitor Local Government Aid every session at the State Legislature.

2022 General Fund Proposed Expenditures



Legislative and Executive	\$ 3,830,400
Property, Parks, and Libraries	\$ 13,621,200
Administrative Services	\$ 5,795,200
Finance	\$ 2,814,500
Planning and Economic Development	\$ 3,746,600
Fire	\$ 19,114,200
Police	\$ 26,421,600
Public Works	\$ 10,439,900
Retiree Health & Life Insurance	\$ 7,399,100
Transfers	\$ 5,969,200
TOTAL 2022 EXPENDITURES	\$ 99,151,900

This graph shows the General Fund departmental budgets as a percent of the total General Fund expenditures for budget fiscal year 2022. The largest category of expense is public safety with the Police and Fire departments comprising 46% of the total; followed by Property, Parks, and Libraries department at 14%. The General Fund portion of the Public Works department comprises 10% of the total. Retiree health care and Life Insurance comprises 7% of the total. The remaining five departments totaled together are 23%, with no department exceeding 6%.

City of Duluth Minnesota - 2022 Budget

General Fund Expenses	2019 Actual	2020 Actual	2021 Approved	2022 Proposed
LEGISLATIVE AND EXECUTIVE				
City Council	189,634	178,810	206,500	206,500
Mayor's Office	730,317	751,878	779,400	823,700
Chief Administrative Officer	334,908	439,791	482,000	481,500
Attorney's Office	2,321,321	2,392,214	2,344,800	2,318,700
DEPARTMENT TOTAL	3,576,180	3,762,693	3,812,700	3,830,400
PROPERTY, PARKS, AND LIBRARIES				
Park Maintenance	3,137,381	3,790,320	3,277,900	3,299,500
Library Services	4,615,510	3,846,931	5,006,000	5,062,200
Facilities Management	4,539,542	4,518,353	5,097,200	5,259,500
DEPARTMENT TOTAL	12,292,433	12,155,604	13,381,100	13,621,200
ADMINISTRATIVE SERVICES				
Human Resources	1,140,016	1,186,646	1,214,100	1,238,300
Information Technology	3,446,628	3,460,963	3,662,800	3,682,600
City Clerk	876,622	849,548	861,800	874,300
DEPARTMENT TOTAL	5,463,266	5,497,157	5,738,700	5,795,200
FINANCE				
Budget Office	505,325	978,873	953,100	950,400
Auditor's Office	1,319,320	1,217,538	1,279,500	1,241,300
Purchasing	234,223	600,997	617,600	622,800
Treasurer's Office	630,611	-	-	-
DEPARTMENT TOTAL	2,689,479	2,797,408	2,850,200	2,814,500
PLANNING AND ECONOMIC DEVELOPMENT				
Planning and Development	1,311,365	1,353,171	1,473,600	1,523,400
Construction Services	2,020,351	2,069,509	2,203,400	2,223,200
DEPARTMENT TOTAL	3,331,716	3,422,680	3,677,000	3,746,600
FIRE DEPARTMENT				
Fire Administration	627,270	583,137	690,100	768,500
Fire Operations	16,332,434	17,008,875	16,639,200	17,018,800
Life Safety	1,202,779	1,076,633	1,366,900	1,326,900
DEPARTMENT TOTAL	18,162,483	18,668,645	18,696,200	19,114,200
POLICE DEPARTMENT				
	23,180,335	24,688,591	24,061,100	26,421,600
PUBLIC WORKS				
Director's Office	106,296	99,846	119,000	89,600
Street Maintenance	8,085,037	7,693,802	8,087,300	8,325,400
Transportation Engineering	1,823,338	1,955,690	1,983,600	2,024,900
DEPARTMENT TOTAL	10,014,671	9,749,338	10,189,900	10,439,900
TRANSFERS	12,386,670	12,452,736	11,938,300	13,368,300
Total General Fund	91,097,233	93,194,852	94,345,200	99,151,900

City of Duluth Minnesota - 2022 Budget

	2021 Approved Budget	2022 Proposed Budget	Variance 2021 Approved Budget vs 2022 Proposed Budget	
			\$	%
REVENUES				
Local Government Aid	30.25	30.67	0.42	1.4%
City Sales and Use Tax	12.60	14.50	1.90	15.1%
Property Tax	22.03	25.44	3.41	15.5%
Charges for Services	6.68	6.16	(0.52)	-7.8%
Other Financing Sources	5.44	6.06	0.62	11.4%
Intergovernmental	4.20	4.26	0.06	1.4%
Minnesota Power Franchise Tax	2.75	2.59	(0.16)	-5.8%
Gas Utility in Lieu of Taxes	2.64	2.90	0.26	9.8%
Licenses and Permits	1.72	1.76	0.04	2.3%
All Other Taxes	0.93	0.92	(0.01)	-1.1%
Miscellaneous	0.41	0.47	0.06	14.6%
Fines and Forfeits	0.38	0.38	-	0.0%
Special Assessments	0.49	0.49	-	0.0%
Fund Balance Reserves	3.83	-	(3.83)	N/A
ARPA Funding	-	2.55	2.55	N/A
Revenue Totals	94.35	99.15	4.80	5.09%
EXPENDITURES				
Salaries and Overtime	48.84	50.76	1.92	3.93%
Medical Insurance	11.81	11.92	0.11	0.93%
Benefits	9.90	10.66	0.76	7.68%
Retiree Medical & Life Insurance	7.40	7.40	-	0.00%
Worker's Compensation	1.90	2.74	0.84	44.21%
Utilities	1.29	1.48	0.19	14.73%
Supplies	3.06	3.29	0.23	7.52%
Other Services and Charges	5.22	5.87	0.65	12.45%
Fleet	2.63	2.74	0.11	4.18%
Software & License Agreements	1.18	1.18	-	0.00%
Professional Svcs/Contracts	0.81	0.80	(0.01)	-1.23%
Capital Outlay	0.31	0.31	-	0.00%
Expenditure Totals	94.35	99.15	4.80	5.09%

City of Duluth Minnesota - 2022 Budget

Bridge Schedule Outlining Variances between 2021 Approved Budget and 2022 Proposed Budget

	\$ Variance in Millions	Narrative
2021 Approved Revenues	94.35	
Property Tax	3.41	Proposed general operations levy increase of 9.79%
City Sales and Use Tax	1.90	Based on projected sales and use tax collections
Minnesota Power Franchise Tax	(0.16)	Decreased due to new paper mill business using less power
Charges for Services	(0.52)	Decrease in Engineering Svs due to Superior St project reimbursement
All Other Operating Revenues	1.45	All other changes throughout
ARPA Funding	2.55	Use of ARPA funding to cover revenue shortfalls
Fund Balance Reserves	(3.83)	Not using Fund Balance Reserves in 2022
Total Revenue Changes	4.80	
2022 Proposed Revenues	99.15	
2021 Approved Expenditures	94.35	
Salaries and Benefits	2.79	Step/Longevity Increases for staff along with corresponding benefits
Worker's Compensation	0.84	Increased Worker's Comp Claims
Utilities	0.19	Rate increases
Supplies	0.23	Fire Safety and Training Materials and Motor Fuel cost increases
Other Services and Charges	0.64	Police Training Budget & Community Crisis Intervention Program
Fleet	0.11	Cost of parts/sublet labor
Total Expense Changes	4.80	
2022 Proposed Expenditures	99.15	