



# HOMETOWN CONNECTIONS

City of Duluth  
September 9, 2009



# Welcome & Recognition

- Welcome Elected Officials
  - City Council
  - Legislative Delegate Members
- Welcome Qualifying Candidates

A background image showing a close-up of several coins, likely US quarters, with the word 'QUARTER' and 'LIBERTY' visible on them. The coins are slightly out of focus, creating a textured, metallic background.

# Runaway Budget in Local Government

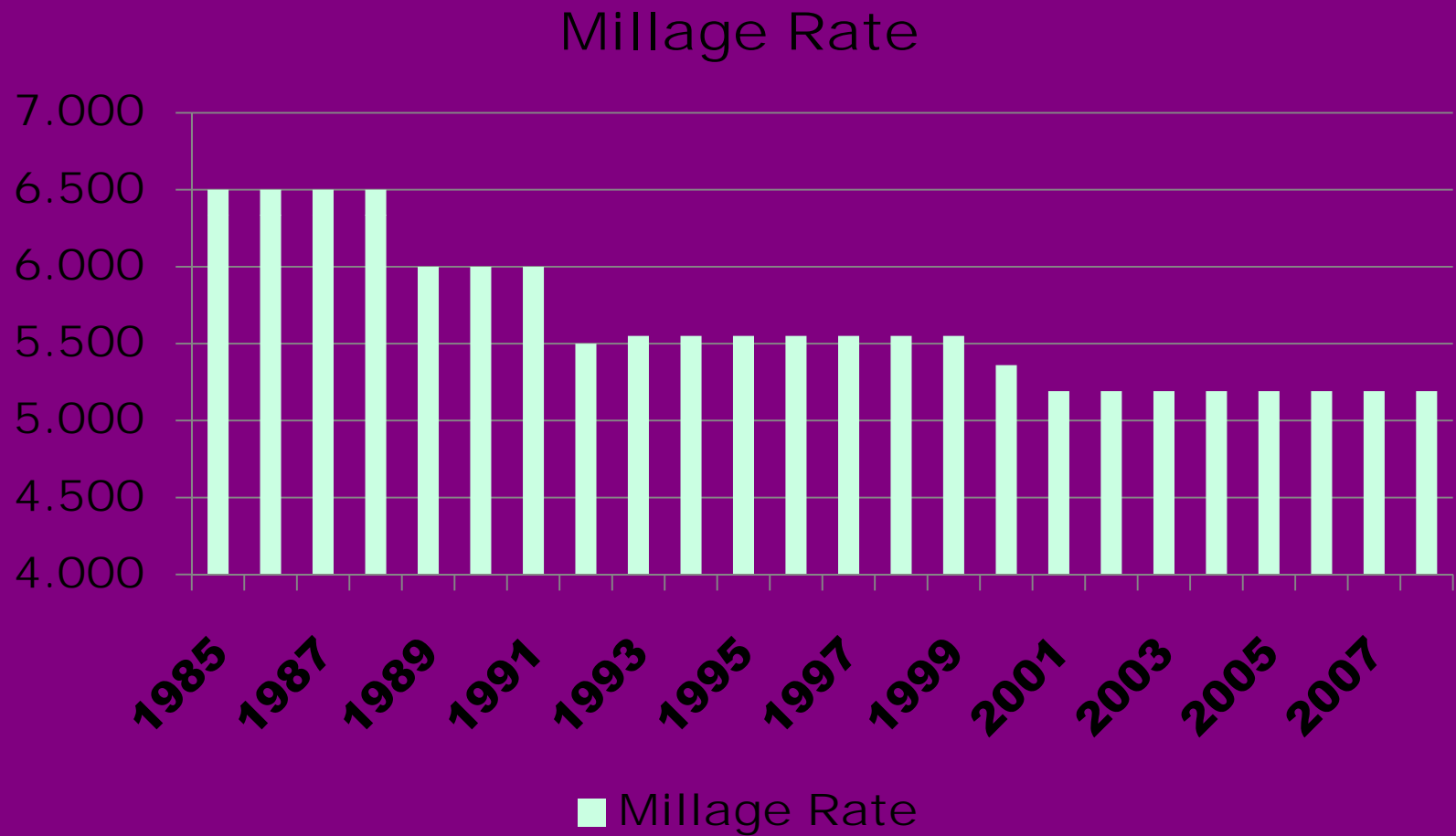
- Duluth has a 20% reduction in operating budget
- Duluth has not raised property tax rates in 24 years
- Duluth's property reassessments have reflected inflation rates that keeps the same net revenue



# Budget Comparison

	<u><i>FY2009</i></u>	<u><i>FY2010</i></u>
General Fund Revenues	19,721,751	15,721,085
Operating Budget	<u>21,059,340</u>	<u>17,884,400</u>
Reserves to Balance Budget	<u>1,337,589</u>	<u>2,163,315</u>

# Millage Rate History



# Operating Revenue

O  
P  
E  
R  
A  
T  
I  
N  
G  
  
R  
E  
V  
E  
N  
U  
E

New Development  
& Annexation

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Reassessments on  
Property or  
Property Tax Increase

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Property Tax  
Fees  
Fines  
Franchise  
Permits

—  
—

Cost of  
New Service

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Inflation

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Property Tax  
Fees  
Fines  
Franchise  
Permits

A background image showing a close-up of several coins, likely US quarters, with the word 'QUARTER' visible on one of them. The coins are arranged in a slightly overlapping pattern.

# Citizen Engagement & Transparency

- Citizen’s Budget Committee
- HOA Meetings
- Big MAC Meetings
- L.E.A.D. Meetings
- Police Academy
- Buford Highway Study Committee
- Comprehensive Plan Public Input
- Korean Task Force
- Latino Task Force

# What approach did the City take in conducting the meetings?

- Full Disclosure
- Complete Overview Provided
- City Department Discussions
- Solution Discussion





# Citizen's Budget Committee

## WHAT WERE THE RESULTS?

- Participation of up to 44 citizens over 1 ½ months in 4 work sessions proved to be a positive beyond the City's expectations. The City received the following comments:

“The City has been an excellent steward of public tax funds”

“I have become a City supporter after learning how they budget”

“I had no idea the City was so sophisticated with its budget process”

“I have confidence that when department heads indicated that they could not further reduce their budgets without reducing services that this was the truth”

“We have confidence that the City is being managed well”



# Citizen's Budget Committee

## WHAT WAS THE FINAL PRODUCT FROM THE CITIZENS BUDGET COMMITTEE?

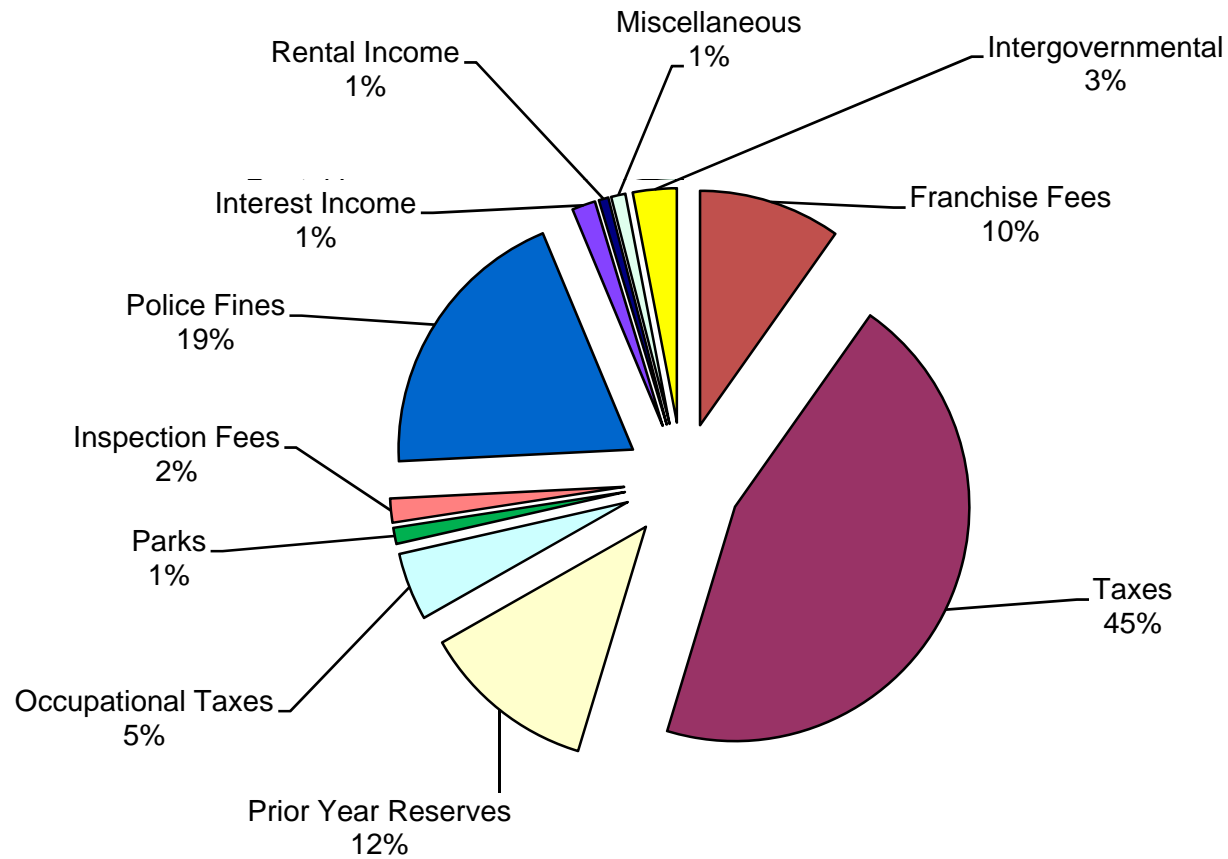
- The City received a list of ideas from citizens on generating more revenue
- Citizens voted on which revenue ideas they would or would not support
- Citizens established a minimum for the City Reserves after which they would support a tax millage increase
- Citizens made it clear that they would prefer a tax millage increase as to a reduction of services if other methods on balancing the budget failed
- Citizens agreed to a specific list of items to achieve a balanced operating budget

## WHAT APPROACH DID THE CITY TAKE DURING THE CITIZENS BUDGET COMMITTEE MEETINGS?

- The City felt that citizen confidence would only be achieved if there was full disclosure of every penny in the City's current budget and proposed next budget.

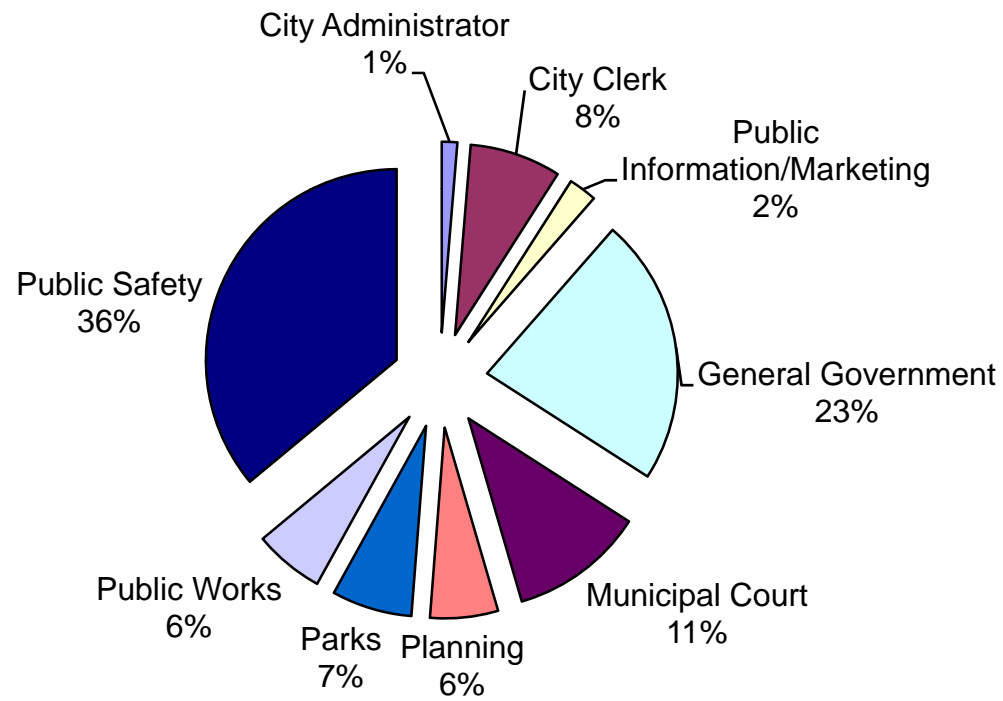
# 2010 Operating Revenues

Revenue by Source



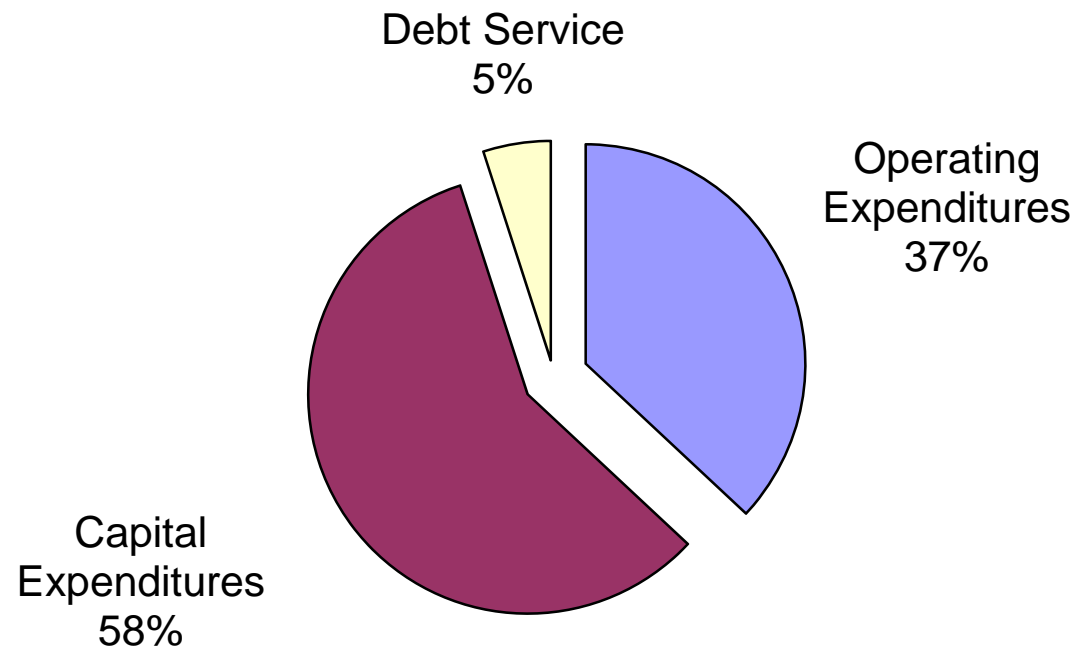
# 2010 Total Expenditures

## Overall Cost by Department



# Total Expenditures

## 2010 Total Expenditures





# City's Legislative Concerns

- Full Collection and Disbursement of Sales Tax Revenues
- Transportation Financing
- MOST to allow cities flexibility in addressing property tax relief
- HB 480 Tax on Motor Vehicles



# Service Delivery

- Payment for services **not** received



Let Us Know How We Can Help!

GMA and its Member Cities want to help with positive Legislation and want to let you know of the unintended consequences that can affect Cities and Counties.

# Reassessments vs. Inflation

Prop. avg - 2.876  
CPI avg. 2.12

