

FINANCE COMMITTEE

08-097-0(b)

ORDINANCE NO. _____

AN ORDINANCE DETERMINING THE SUM TO BE RAISED BY TAXATION FOR GENERAL PURPOSES FOR THE YEAR 2009.

CITY PROPOSAL:

The city of Duluth does ordain:

Section 1. The sum to be raised by taxation for the year 2009 for general operations is hereby determined to be the sum of \$750,000 which sum is levied against the taxable property of the city of Duluth and appropriated to the various accounts of the city, as set forth in the following sections.

Section 2. There will be levied for the support of the general fund the sum of \$350,000 for additional fire department salaries and benefits.

Section 3. There will be levied for the support of the general fund the sum of \$400,000 for additional police department salaries and benefits.

Section 4. That this ordinance shall take effect January 1, 2009.

BUDGET PS:rb 11/24/2008

STATEMENT OF PURPOSE: This ordinance (and companion ordinance 08-097-0(A)) sets the property tax levy for the year 2009. The proposed levy of \$15,437,800 is 13.99 percent higher than the 2008 levy and reflects an overall net increase of \$1,894,200. The ordinance matches the maximum levy approved by council in September.

The 2009 levy contains increases for the following purposes: The levy for OPEB - retiree insurance will increase \$200,000 based on the retirement of a TIF district and represents 1.48 percent of the total increase. The total OPEB levy of \$512,900 will be distributed into the OPEB trust fund in the amount of \$312,900; and \$200,000 to be levied for the purpose of offsetting the legal expenses incurred by the city related to this issue. The street improvement levy will increase \$200,000 based on the value of new growth in the city and represents 1.48 percent of the total increase. The debt service levies will increase \$635,200 for 4.69 percent of the increase. The remaining \$859,000 in levy increases are based on the final proposed levy by the council in September approving an additional \$109,000 for general operations; \$400,000 for additional police department salaries and benefits; and \$350,000 for additional fire department salaries and benefits. Combined, these three increases represent 6.34 percent of the total levy increase of 13.99 percent.