

FINANCE COMMITTEE

11-0467R

RESOLUTION PROPOSING THE SUM TO BE RAISED BY TAXATION FOR THE SPECIAL TAXING DISTRICT, DULUTH TRANSIT AUTHORITY, FOR THE YEAR 2012.

CITY PROPOSAL:

RESOLVED, that pursuant to Minnesota Statutes, Sec. 275.065, the city council adopts the following proposed tax levy:

Section 1. The sum to be raised by taxation for the year 2012 for Duluth transit authority special taxing district's operations is hereby determined to be the sum of \$1,316,900 which sum is levied against the taxable property of the city of Duluth and appropriated to the various accounts as set forth in the following section, viz:

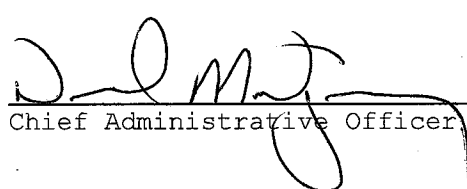
Section 2. That pursuant to Minnesota Statutes, Sec. 485A.31, Subd. 1, there will be levied for transit operations the sum of \$1,316,900.

Approved:



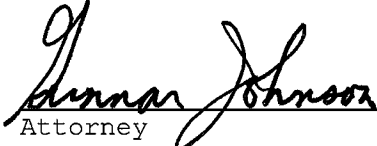
Department Director

Approved for presentation to council:




Chief Administrative Officer

Approved as to form:



Attorney

Approved:



Auditor

BUDGET PS:cb:le 08/31/2011

STATEMENT OF PURPOSE: This resolution sets the proposed property tax levy for the year 2012 for the special taxing district, Duluth transit authority (DTA). Although the transit authority is a special taxing district per Minnesota Statute 275.066, the city is obligated through council resolution to levy on their behalf.

The full levy allowable by law in Minnesota State Statute 458A.31 of .07253 percent of market value for 2012 is \$3,999,100. The DTA, in reviewing their needs for 2012 however, is opting not to request the full levy available. Instead, the DTA is requesting \$1,316,900 for the eighth consecutive year.



Duluth Transit Authority

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August 25, 2011

Ms. Peggy Spehar
City of Duluth Budget Director
Room 107 City Hall
Duluth MN 55802-1190

Dear Ms. Spehar:

This letter is to address the DTA's requested tax levy for CY 2012. In the following correspondence I will outline the DTA's needs for fiscal year 2012 and the various sources and uses of these funds. Because the DTA 2012 budget is not yet finalized and anticipated contracts with the Minnesota Department of Transportation have not been enacted, the budget request for the DTA's subsidy needs for next year are conservative.

The DTA's transit levy amount for fiscal year 2012 is calculated as follows. Under Tax Code Section 458A.31, the DTA's levy percentage is set at .0007253. By multiplying this percentage by the City of Duluth's Market Value of \$ 5,513, 674,300 the DTA potential levy amount of \$ 3,999,068, is determined.

To the best of our knowledge there are no Bond payments for 2012. The DTA Board after reviewing needs for 2012 has opted not to request the full levy available. Instead the DTA will be asking for \$1,316,900, the same as in 2011, 2010, 2009, 2008, 2007, 2006, 2005, and 2004.

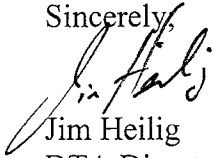
The DTA's 2012 draft operating budget for regular route and STRIDE operations estimates a total local contribution that will be equal to or more than the levy. This is conservative as MN/DOT has yet to finalize the 2011 and 2012 contracts based on reduced MVST and a significantly reduced level of State General Fund support. In part due to a portion of the North Star rail costs being paid for out of the Greater MN Transit fund for the current biennium as well as last biennium. Any potential remaining funds from this calendar year will be used to offset this potential lost of State funds.

The DTA will be reducing services based on the significant reduction in State aids.

The DTA has an ongoing need for capital projects, especially the need for periodic replacement of rolling stock and associated equipment. Any balance remaining from a tax levy must be committed to the continued capital maintenance of DTA facilities and rolling stock.

In summary, please certify the DTA's levy in the amount of \$1,316,900. Please review this letter and do not hesitate to call me if you have any questions or concerns. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Heilig". The signature is written in a cursive style with a large initial "J" and "H".

Jim Heilig
DTA Director of Administration

cc David Montgomery, Chief Administrative Officer
Brian Hansen, City Treasurer
Dennis E. Jensen, DTA General Manager