FINANCE COMMITTEE

13-0453R

RESOLUTION PROPOSING THE SUM TO BE RAISED BY TAXATION FOR THE SPECIAL TAXING DISTRICT, DULUTH TRANSIT AUTHORITY, FOR THE YEAR 2014.

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 2014 for Duluth transit authority special taxing district's operations is hereby determined to be the sum of $1,391,900 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 $1,391,900.

Approved:

Department Director

Approved for presentation to council:

Chief Administrative Officer

Approved as to form:

Attorney

Approved:

Auditor

FIN CB:le 08/27/2013

STATEMENT OF PURPOSE: This resolution sets the proposed property tax levy for the year 2014 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 for 2014 is $3,673,340. The DTA, in reviewing their needs for 2014, however, is opting not to request the full levy available. Instead, the DTA is requesting $1,391,900, or the same as 2013.

Duluth Transit Authority
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August 27, 2014

Ms. Peggy Spehar
City of Duluth Finance 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 2014. In the following correspondence I will outline the DTA's needs for fiscal year 2014 and the various sources and uses of these funds. Because the DTA 2014 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 2014 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 $5,064,580,000 the DTA potential levy amount of $ $3,673,240, is determined.

There are no Bond payments for 2014. The DTA Board after reviewing needs for 2014 has opted not to request the full levy available. Instead the DTA will be asking for $1,391,900, same as last year.

The DTA's 2014 draft operating budget for regular route and STRIDE operations plus capital needs estimates a total local contribution that will be equal to or more than the past levy. This is conservative as MN/DOT has yet to finalize the 2014 contracts based on a reduced level of State General Fund support. The new Federal bill also allocates in a different fashion so that capital allocations are more based on formula than need.

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.

This request fully maintains the full funding necessary for the Multimodal Facility construction and Northwest Passage replacement.

A full budget package reviewing the DTA 's funding for 2014 is currently being prepared for City Council review.

In summary, please certify the DTA's levy in the amount of $1,391,900. Please review this letter and do not hesitate to call me if you have any questions or concerns. Thank you.

Sincerely;

Jim Heilig
DTA Director of Administration and Planning

cc The Honorable Mayor Don Ness
David Montgomery, Chief Administrative Officer
Brian Hansen, City Treasurer
Dennis E. Jensen, DTA General Manager