



Duluth Transit Authority

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Exhibit A

August 14, 2018

Mr. Wayne Parson
Chief Financial Officer
Room 107 City Hall
Duluth MN 55802-1190

Dear Mr. Parson:

This letter is to address the DTA's requested tax levy for CY 2019. In the following correspondence, we will outline the DTA's needs for fiscal year 2019 and the various sources and uses of these funds. Because the DTA 2019 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 2019 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 the DTA potential levy amount is in excess of \$4.5 million.

There are no Bond payments for 2019. The DTA Board after reviewing needs for 2019 has opted not to request the full levy available. Instead the DTA will be asking for \$1,491,900, the same as last year and only a \$175,000 over the levy request of 2004. The DTA Board of Directors approved this request at the June 27, 2018 Board of Directors meeting.

The DTA's 2019 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 2019 contracts based on a same level of State General Fund support. The new Federal bill also allocates funding 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 includes the operations at the new Duluth Transportation Center as well as minor transit service adjustments.

Exhibit A

The DTA is currently in the second year of a two-year new service expansion, which was funded by the State of MN to address unmet needs. The funding for this program is for both operating and capital projects and is in addition to the DTA's regular state funding. The contract agreement for this ends June 30, 2019. An analysis of the routes will be done early 2019 to see which ones will remain as fixed route service.

A full budget package reviewing the DTA's funding for 2019 is currently being prepared for City Council review.

In summary, please certify the DTA's levy in the amount of \$1,491,900. Please review this letter and do not hesitate to call me if you have any questions or concerns. Thank you.

Sincerely;



Philip Pumphrey
DTA General Manager

cc The Honorable Mayor Emily Larson
 Carla J. Montgomery, DTA Finance Director