

Exhibit A

June 28, 2019

Wayne Parson,
City of Duluth, Chief Financial Officer
Room 120 City Hall
Duluth MN 55802-1190

Dear Mr. Parson:

This letter is to address the DTA's requested tax levy for CY 2020. In the following correspondence I will outline the DTA's needs for fiscal year 2020 and the various sources and uses of these funds. Because the DTA 2020 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 2020 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 2020. The DTA Board after reviewing needs for 2020 has opted not to request the full levy available. Instead the DTA will be asking for \$1,591,900, for base services and an additional \$75,000 to replace Tourism taxes that support the Trolley services. This a total of \$1,666,900. Of the increase \$100,000 will be devoted to capital projects (fuel tank replacement and facility roof) and \$75,000 to operate the second trolley and maintain the free fares on that service. Since 2004 the City increase is a total of \$350,000. This is to less than \$22,000 per year or about 1.4% per year. The DTA Board of Directors approved this request at the June 26th meeting.

The DTA's 2020 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 2020 contracts based on a same level of State General Fund support. The Federal subsidies have been decreasing in the last several years.

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 Multimodal Facility operation as well as minor service adjustments during the Twin Ports Interchange Project.

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A full budget package reviewing the DTA's funding for 2020 is currently being prepared for City Council review.

In summary, please certify the DTA's levy in the amount of \$1,666,900. 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 that reads "Chris Belden". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Chris Belden
DTA Director of Planning and Grants

cc The Honorable Mayor Emily Larson
Noah Schuchman, Chief Administrative Officer
Phil Pumphrey, DTA General Manager