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Title:	ORDINANCE AMENDING SECTION 2 OF ORDINANCE 10102 LEVYING A TAX TO FUND THE CITY'S PARK FUND AND SETTING FORTH THE PROCESS APPLICABLE THERETO, SUBJECT TO REFERENDUM PROVIDED FOR IN LAWS OF MINNESOTA, 1953, CHAPTER 560, SECTION 1.		

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ORDINANCE AMENDING SECTION 2 OF ORDINANCE 10102 LEVYING A TAX TO FUND THE CITY'S PARK FUND AND SETTING FORTH THE PROCESS APPLICABLE THERETO, SUBJECT TO REFERENDUM PROVIDED FOR IN LAWS OF MINNESOTA, 1953, CHAPTER 560, SECTION 1.

CITY PROPOSAL:

The city of Duluth does ordain:

Section 1. That Section 2 of Ordinance 10102 is hereby amended to read as follows:

Section 2. That pursuant to the authority contained in Laws of Minnesota, 1953, Chapter 560, Section 1, there is hereby established a special levy against the referendum market value of all real property in the city of Duluth subject to the following:

(a) The amount of said levy shall be \$2,600,000 a fixed rate of .0472654% on the referendum market value of all taxable property within the city per year for each year commencing with the first tax levy adopted after this ordinance becomes effective;

(b) The proceeds of said levy shall be used for the purpose of providing a dedicated funding source for parks and recreation facilities, recreation activities, and implementation of the concepts addressed in the most recent Duluth parks and recreation master plan approved by the City Council dated December 2010;

(c) Said levy shall be certified to the St. Louis County auditor for collection with other taxes levied against said property and shall be collected by the county auditor in the same manner as other general taxes levied against such property;

(d) The fixed rate levy of .0472654% will be effective until December 31, 2047.

(e) The proceeds of said levy shall be allocated and distributed for allowable purposes within the parks fund by the city council in the manner prescribed for other expenditures of city funds;

(f) Any proceeds of said levy determined to have been erroneously paid shall be refunded to the taxpayer who paid them.

Section 3. This ordinance shall not take effect until its passage and publication and until approved by a majority of electors voting in the general election of November 8, 2022. If this ordinance is so approved,

it shall become effective on November 9, 2022. If this ordinance is not so approved, it shall not go into effect and shall be null and void.

STATEMENT OF PURPOSE: The purpose of this ordinance is to amend the special Parks Fund Levy established in 2011 pursuant to city ordinance and state statute, by changing the levy from a fixed amount, expressed in dollars and cents, to a fixed percentage of taxable property value. The effect of the ordinance would be to restore the Parks Fund Levy, as a percentage of property value, to the .0472654% rate that property owners paid in 2012 when the levy was first collected.

The two purposes of the amendment are to:

1. Enable the proceeds of the Parks Fund Levy to grow over time with increasing property values so as to keep pace with inflationary increases in the cost of parks and recreation capital maintenance.
2. Provide a level of funding sufficient to pay for the maintenance, repair, and periodic renewal or replacement of deteriorating park infrastructure.

The enabling 2011 ordinance set the levy at \$2,600,000 per year. When the levy was first collected in 2012, that translated to a property tax rate of .0472654%. In the ensuing decade, the value of taxable property in Duluth has increased substantially while the annual proceeds of the Parks Fund Levy have remained at \$2,600,000. As a result, the effective Park Fund Levy rate percentage has dropped from the original .0472654% to a rate that will be .0290052% in 2023 if no change is made.

As the Park Fund Levy rate has decreased as a percentage of property value, the Park Fund Levy payment for a home valued at \$200,000 has dropped from \$94.53 in 2012 to what will be \$58.01 in 2023 if no change is made.

For a home valued at \$200,000, the amended ordinance would restore the Park Fund Levy payment to its 2012 level of \$94.53 and maintain it at that level over time.

If approved by voters, the amended ordinance would increase the 2023 proceeds of the parks levy to \$4,236,821. The City would dedicate the increase in Parks Fund Levy revenue primarily to the maintenance, repair, and periodic replacement or renewal of parks infrastructure such as playgrounds, community athletic facilities, park lands, and community centers.

If the ordinance amendment is not approved, the proceeds of the Parks Levy will remain flat even as operational and capital costs continue to increase, the financial capacity of the City to maintain park infrastructure will continue to diminish, the condition of park infrastructure will continue to deteriorate, and the City will face the increasing necessity to demolish or remove park infrastructure without replacement.