

**Truth in Taxation Public Hearing Minutes
December 3, 2024
Ely City Council – Council Chambers**

Call to Order: Mayor Omerza called the Truth in Taxation Hearing to order at 6:00pm.

PRESENT: Council Members A.Forsman, Kess, Debeltz, Campbell, Bisbee, and Mayor Omerza

ABSENT: Council Member Callen

Purpose: 2025 Proposed Budget and Truth in Taxation Presentation

Clerk Langowski gave a PowerPoint presentation of the proposed 2025 Budget and proposed changes from 2024. Major changes and points of interest include:

- Total 2025 City Tax Proposed at \$2,312,700
- City wide that is an increase of \$154,600 or 7.16% from 2024
- Operational expenditures are budgeted to increase to \$5,850,800 in 2025 an increase of \$113,300 or 2.0% from 2024.
- Fiscal Disparities the City of Ely will receive is \$306,989.53 in 2025, a moderate increase of \$18,679.51 or 6.48% from 2024. The Fiscal Disparities increase will help offset some rising property values for 2025.
- Taxable Net Tax Capacity increased by \$18,107.00 or 0.73%.
- Taxable Market Value for City of Ely increased by \$7,772,932 to \$239,987,420 or 3.35% from 2024.
- Market Value Homestead Credit Law Changed for 2025. The Value excluded would be a minimum of \$30,400 on a home valued at \$76,000 and up to \$38,000 on a home valued at \$95,000. The exclusion amount will decrease from \$38,000 until the value reaches \$517,200 at which point there would be no homestead credit.
- Changes in the 2025 Budget from 2024
 - General Fund
 - Property Taxes increased by \$118,800 or 21%% to \$684,600 from 2024. Property Taxes are 15.7% of the General Fund Revenues.
 - Local Government Aid(LGA) budget increased slightly by \$3,400 to \$2,820,500 for 2025 or 0.12%. LGA is 64.7% of the General Fund Revenues.
 - Total General Fund revenues and expenditures are budgeted to increase \$111,100 to \$4,364,900 or 2.7% from 2024. Increased personnel costs account for most of the 2025 increase.
 - EEDA
 - 2025 Special EEDA Levy is estimated using the 2025 Estimated Market Value times .01813% or \$47,100
 - Capital Projects Fund
 - The Capital Project budgeted expenditures are budgeted at \$3,674,000. 2025 Capital Projects will include Conan Street/Harvey Street infrastructure improvements, Airport infrastructure improvements, Trailhead Building Construction and City Hall improvements.
 - The \$3,624,000 budgeted expenditures for capital projects is a increase of \$2,830,000 or 3,565% from 2024. The increase is mostly a result of the completion of the Trailhead Building project.
 - The projects will be funded by \$680,000 property taxes (Conan Street/Harvey Street and City Hall), Grants of \$2,700,000, Street Maintenance receipts of \$130,000, Transfers from Utility funds of \$100,000 and State of MN small City Assistance of \$64,000

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- Equipment Replacement Fund
 - Equipment replacement property taxes are budgeted to be \$200,000. Funding all the City's Equipment without debt obligations takes approximately \$200,000 to \$250,000 pre year.
 - The 2024 Equipment replacement budget includes a street sweeper for \$150,000, Public Works Truck for \$60,000, Fire Department Engine #4 for \$50,000, Squad Replacement for \$50,000 and \$165,000 for and Airport Refueler Truck. The Airport Refueler will be 70% funded by grants from the state.

REVENUES by type		EXPENDITURES by function	
Grants and Aids	32.3%	Capital Outlay	41.2%
LGA	28.7%	General Government	10.2%
Property Taxes	23.4%	Public Safety	16.1%
Taconite Aid	3.4%	Culture & Recreation	7.5%
Airport Fuel Sales	1.8%	Airport	3.1%
Rents	4.1%	Economic Development	3.9%
Streets & Infrastructure	1.4%	Streets & Infrastructure	14.4%
Other	4.4%	Debt Service	2.9%
Special EEDA Levy	0.5%	Other	0.6%

Campbell commended Langowski on all the grants and aids. Langowski indicated that the capital projects continue to escalate in cost. A big part of the projects committee is to continue to look for grant funds. LGA needs to be the Number 1 priority when we are talking to the legislatures. By only having our LGA increase by \$3400 this year doesn't even come close to the increase in Cost of Living.

Abby Dare asked if the pie chart for the revenues would look the same for other cities? Langowski stated that if you look at the Minnesota Management and Budget (MMB) website some cities similar size of Ely get more and some get less. The property tax levies on your property tax statement is interesting to look at what other cities are levying that are in similar in size to Ely. The LGA in greater Minnesota would show similar numbers. Mayor Omerza stated that Ely gets a lot more grants/aids because of our staff, it is very impressive of what we can get for different projects.

Anne Koskinen asked how the property taxes are broken down between the different entities, county, city and school. Langowski stated that each levy is completely separate from ours, the school, county and city each have their own. Each property tax is paid to the St Louis County Auditor, then the Auditor splits those up and pays the individual entities.

Adjourn:
Mayor Omerza adjourned the meeting at 6:24pm without objection.

Casey Velcheff
Deputy Clerk