

City Sales Tax Proposal



What

Vote to increase the City sales tax 0.5%.



When

July 22nd, 2025
7:00 AM to 7:00 PM



Where

Memorial Building
508 4th Ave NE
Devils Lake, ND 58301



Who

Devils Lake City Residents



Why

- ✓ Continue to provide high levels of public safety services that are not sustainable long term without additional revenue streams.
- ✓ Provide a revenue source that reduces the City's dependency on property tax to fund the City's public safety operations and a sales tax that reflects the economy of the region.
- ✓ Meet the funding needs for public safety facility projects, including relocation of the the City Police Department to an upgraded building.
- ✓ Provides flexibility for future funding of potential upgrades to other City facilities.
- ✓ Reduce the burden on local tax-payers by offsetting costs on City utility bills.

#1) CONTINUE TO PROVIDE HIGH LEVELS OF PUBLIC SAFETY SERVICES THAT ARE NOT SUSTAINABLE LONG-TERM WITHOUT ADDITIONAL REVENUE STREAMS.

- The City has four more police officers and two more firefighters than it did 15 years ago, all while the population of the community has remained the same.
- The City levied \$1.75 million in general fund property taxes in 2025 and is budgeted to spend over \$4.71 million on public safety this year.
 - Other revenue sources (sales tax, utility bills, state aid) that are filling this gap are being used to their near max capacity.
 - Public safety service levels will either need to be reduced or revenue raised/re-directed from City taxpayers and City utility accounts.

#2) PROVIDE A REVENUE SOURCE THAT REDUCES THE CITY'S DEPENDENCY ON PROPERTY TAX TO FUND THE CITY'S PUBLIC SAFETY OPERATIONS AND A SALES TAX THAT REFLECTS THE ECONOMY OF THE REGION

- Devils Lake is a regional hub with major industries like agriculture and tourism utilizing the economic and recreational assets of the region, while the City residents fund the necessary infrastructure and public safety services required.
- The nature of the regional economy and development patterns are unique to ND, with the City's population relative to the regional population being an outlier compared to other significant ND communities.

#3) MEET THE FUNDING NEEDS FOR PUBLIC SAFETY FACILITY PROJECTS, INCLUDING THE RELOCATION OF THE CITY POLICE DEPARTMENT TO AN UPGRADED BUILDING.

- The uncertainty surrounding the future of the Law Enforcement Center, lack of adequate office, evidence storage, and garage space make the relocation of the Police Department the City's most immediate facility need.

#4) PROVIDES FLEXIBILITY FOR FUTURE FUNDING OF POTENTIAL UPGRADES TO OTHER CITY FACILITIES.

- The City has long prioritized hard infrastructure investments in streets, water, sewer, and stormwater. If hard infrastructure is to remain a #1 priority of the City, an additional revenue stream is needed to make necessary capital investments in its facilities.
- City Offices' needed updates include; ADA improvements, modern security features, and heating & cooling upgrades.

#5) REDUCE THE BURDEN ON LOCAL TAXPAYERS BY OFFSETTING COSTS ON CITY UTILITY BILLS.

- The residents of Lake Region recently approved property tax increases for the school district and ambulance service, as well as the .25% sales tax for park district quality of life projects. As part of the proposal, the City would lower utility costs for residents, compared to what they otherwise would be, by partially or completely offsetting the existing \$9 monthly Water Source Replacement Fee with sales tax dollars.

SALES TAX PROPOSAL OVERVIEW

Below is a breakdown of the City's current 2.5% sales tax with actual revenues received.

Percentage Breakdown	2024 Dollar Equivalent
1.00% → Economic Development, Infrastructure, Property Tax Relief, Debt Service, Sewage Treatment	\$ 1,920,000
0.75% → Infrastructure and financing of infrastructure	\$ 1,440,000
0.50% → Flood Protection Project Debt Repayment, Water Treatment, Water Source, Storm Water, Infrastructure improvements. Community Development, Public Facilities	\$ 960,000
0.25% → Park District Facilities and Infrastructure	\$ 480,000
TOTAL → 2.50%	\$ 4,800,000

An additional 0.50% sales tax would bring in an estimated \$960,000 per year in revenue

Below is an estimated proposal of how an additional .50% sales tax could be spent:

	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5
SALES TAX REVENUE FUND	2026	2027	2028	2029	2030
Sales Tax Revenue (2.0% Increase/Yr)	960,000	979,200	998,784	1,018,760	1,039,135
Interest Earnings (3.0% return- invest locally)		3,750	7,613	11,591	15,689
TRANSFER IN/OUT					
TRANSFER IN/OUT	0	0	0	0	0
TOTAL REVENUE	960,000	982,950	1,006,397	1,030,351	1,054,823

TRANSFER IN/OUT					
PD/CITY FACILITY BOND PAYMENT (est. \$4.5 million/15 yrs)	400,000	400,000	400,000	400,000	400,000
PUBLIC SAFETY - GENERAL FUND TRANSFER	200,000	219,200	238,784	258,760	279,135
REDUCTION OF WATER SOURCE REPLACEMENT FEE*	235,000	235,000	235,000	235,000	235,000
DISCRETIONARY					
TOTAL EXPENDITURES	835,000	854,200	873,784	893,760	914,135

REVENUE OVER (UNDER) EXPENSE	125,000	128,750	132,613	136,591	140,689
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BEGINNING BALANCE	0	125,000	253,750	386,363	522,953
REVENUE	960,000	982,950	1,006,397	1,030,351	1,054,823
EXPENDITURES	835,000	854,200	873,784	893,760	914,135
END OF YEAR BALANCE**	125,000	253,750	386,363	522,953	663,642

*Depending on size of facility bond payment and public safety transfer, amount offset to be determined by Commission

**Can pay off facility bond early to open up bonding capacity for future projects or save for unknown future.

#1) CONTINUE TO PROVIDE HIGH LEVELS OF PUBLIC SAFETY SERVICES THAT ARE NOT SUSTAINABLE LONG-TERM WITHOUT ADDITIONAL REVENUE STREAMS.

The Devils Lake City Commission has prioritized investments in public safety over the past 15 years.

(Note: population of the City is the same today as it was in 2010)

- In 2010, the City had 16 officers and 10 vehicles. Today, it has 20 officers and 14 vehicles.
- In 2010, the City had 5 firefighters. Today it has 7 firefighters.
 - o The City fully staffs the fire station 24/7 (not common among comparable cities in ND)
 - o DLFD has taken over the Air Rescue Fire Fighting Mission at the Airport, providing more professionalized fire prevention and response service.

City of Devils Lake General Fund and Public Safety Spending Summary			
	2010 Actual	2025 Budget	% Increase
Law Enforcement Center Lease, 911, & Contributions	\$ 138,721	\$ 692,750	399%
Municipal Court	\$ 119,917	\$ 160,464	34%
½ City Attorney	\$ 26,897	\$ 55,000	104%
Police Department	\$ 1,185,835	\$ 2,763,490	133%
Fire Department	\$ 478,667	\$ 1,043,442	118%
TOTAL	\$ 1,950,037	\$ 4,715,146	142%
Total General Fund Expenses (excluding passthrough)	\$ 3,603,163	\$ 7,565,972	110%
Pub. Safety Spending as % of Gen. Fund Expenses	54%	62%	
General Fund Property Tax Levy	\$ 892,677	\$ 1,748,500	
General Fund Levy as % of Public Safety Spending	46%	37%	

- In the 2025 Budget, 42.75% of the City's sales tax revenue **(\$1,843,380)** was allocated to the General Fund for property tax relief. The maximum permitted by ordinance is 44% (additional **\$53,900**).
- 20% (max permitted) of revenue generated from Water, Sewer, and Sanitation bills **(\$1,030,000)** are transferred from those departments to the General Fund for property tax relief.
 - o **Additionally, the Water, Sewer, and Sanitation Departments fund a total of over \$336,000 in administrative employee salaries in the Engineering and Auditing Departments**
- 16% of all construction project expenses engineered by the City's Engineering Department are charged to the projects and transferred to the General Fund (average \$406,605/yr last 5 years)

Without an additional revenue stream to support these public safety services, a reduction in current service levels would need to be considered in the near future.

#2) PROVIDE A REVENUE SOURCE THAT REDUCES THE CITY'S DEPENDENCY ON PROPERTY TAX TO FUND THE CITY'S PUBLIC SAFETY OPERATIONS AND A SALES TAX THAT REFLECTS THE ECONOMY OF THE REGION

The community's most prominent industries:

- Agriculture (assets regionally, utilize City for needed services and resources)
- Tourism (transient population, assets regionally outside of town, use of City for needed services and resources)

The proportion of City residents vs total regional residents is lopsided compared to other comparable communities.

<u>City</u>	<u>Population</u>	<u>County</u>	<u>Population</u>	<u>Percent</u>
Devils Lake	7,200	Ramsey & Spirit Lake Nation	15,600	46%
Valley City	6,550	Barnes	10,730	61%
Grand Forks/EGF	68,000	Grand Forks/Polk	103,000	66%
Dickinson	25,130	Stark	33,000	76%
Minot	47,370	Ward	68,330	69%
Jamestown	15,690	Stutsman	21,390	73%
Wahpeton*	8,000	Richland	16,560	48%
Bismarck/Mandan	100,000	Burleigh/Morton	134,000	75%

**14 incorporated towns in Richland County vs 7 in Ramsey*

The City of Devils Lake is a regional hub, serving as the epicenter of commerce for Ramsey County and Spirit Lake Nation.

The Lake Region is a nationwide destination for worldclass outdoor activities, with visitors and tourist from across United States frequenting the community.

Given the nature of the economy and development patterns of the region, using sales tax to a higher proportion compared to property taxes & utility bills for the funding of public safety services would more equitably spread out the burden of paying for such services, since everyone in City limits is receiving protection, whether they are a resident that lives in City limits or not.

- City residents who shop in town contribute to sales tax
- Regional residents who shop in town contribute to sales tax
- Transient and tourist populations who shop in town contribute to sales tax

#3) MEET THE FUNDING NEEDS FOR PUBLIC SAFETY FACILITY PROJECTS, INCLUDING THE RELOCATION OF THE CITY POLICE DEPARTMENT TO AN UPGRADED BUILDING.

The most immediate facility need for the City is the relocation of the Police Department.

Devils Lake Police Department

The Devils Lake Police Department (DLPD) has used its space in the Law Enforcement Center (LEC) since 1974, when it employed at least 25% fewer people. It now employs 20 officers and continues to operate at the LEC. They are cramped in their existing location and have limited evidence storage space.

The DLPD has 14 squad cars and no garage space. These vehicles sit outside all winter long which leads to maintenance issues and higher operational costs.

- Each patrol car has over \$20,000 in electronic equipment in them and continual cold exposure reduces their performance and useful life.

There have been community concerns regarding the perceptions of safety in the downtown area. There is an opportunity, provided there is support from the community, to relocate the Police Department downtown. This would provide a greater law enforcement presence in that area of town.

- A centrally located Police Department in the downtown district would also be more accessible to school district properties and the hospital – where response times to those locations are of highest priority for the DLPD.

The unknown timelines and unassured funding associated with the building of a new LRLEC, to include the documented structural concerns of the facility and space limitations for the DLPD, make their relocation the City's most urgent facility need.

#4) PROVIDES FLEXIBILITY FOR FUTURE FUNDING OF POTENTIAL UPGRADES TO OTHER CITY FACILITIES.

Below is a breakdown on how the city's sales tax proceeds are allocated in its 2025 budget.

City Share of Sales Tax Revenue (2025 Breakdown)		
Fund	%	Notes
General Fund	42.75%	max 44%
Infrastructure	35.00%	
Storm Sewer	4.50%	fixed
Debt Payments (Infrastructure)	10.75%	lowest % since 2016
Economic Development	7.00%	growth fund revenue

Like investments in public safety, the City Commission has long prioritized investments in hard infrastructure like roads, water, sewer, and stormwater projects over the maintenance and renovation of City owned buildings. The city has made great strides in the quality of its infrastructure in the last decade.

- There has not been a dedicated revenue stream for the upkeep of existing department workspaces. There are pressing security and ADA accessibility updates needed and desired at City Offices, with impending future investments needed in the not-so-distant future.

If hard infrastructure is to remain a priority of the City, an additional revenue stream is needed to make necessary capital investments in its buildings and grounds. The sales tax, such as the one proposed, would provide a clear and adequately sustainable source of revenue for such capital investments in City owned facilities.

City Offices

The existing City Offices' location has not seen meaningful improvements in over 30 years and is in need of the following upgrades:

- ADA Accessibility Improvements
- HVAC & Lighting Improvements
- Safety & Security Features
- Audio & Visual Enhancements to City Commission Chambers
- Modern Office Space Amenities

#5) REDUCE THE BURDEN ON LOCAL TAXPAYERS BY OFFSETTING COSTS ON CITY UTILITY BILLS.

The City recognizes that the residents of the community recently approved property tax increases for the school district and ambulance service, as well as the .25% sales tax for park district quality of life projects. As part of the proposal, the City would lower utility costs for residents, compared to what they otherwise would be, by partially or completely offsetting the existing \$9 monthly Water Source Replacement Fee with sales tax dollars.

This would ensure that the such relief would be received by either residents or business owners in the City. This would include renters, if they are the one paying the utility bill.

On a 0.50% sales tax, a resident of the City of Devils Lake would have to spend over \$21,600 in a calendar year on taxable goods to contribute more to fund city operations and the identified projects than they currently do today if the entirety of the \$9 were offset.

Reduction in Fee		Savings over 12 months		Breakeven Threshold	
\$	5	\$	60	\$	12,000
\$	6	\$	72	\$	14,400
\$	7	\$	84	\$	16,800
\$	8	\$	96	\$	19,200
\$	9	\$	108	\$	21,600

The level of utility bill relief would be dictated by the size of the PD/City facility bond payment and public safety operations needs in upcoming budget cycles.