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Mission Statement

The mission of St. Louis County is to provide to its people those services mandated and/or expected by its citizens so as to provide a good quality of life.

St. Louis County's Service Strategy

"Working Together, Serving People"



Duluth Courthouse



Virginia Courthouse



Hibbing Courthouse

St. Louis County Characteristics

Located in Northeastern Minnesota at the tip of Lake Superior, St. Louis County is geographically the largest county east of the Mississippi River at over 7,000 square miles. It is the home of 200,500 people living in small mining towns, farm communities, and busy cities, with an average of 32 people per square mile.

St. Louis County encompasses 7,092 total square miles. Of those miles, 6,226 square miles are land area and the remaining 866 square miles are water. As the "crow flies," it is the same distance to go from Duluth to St. Paul (136 miles) as from Duluth to the NW corner of St. Louis County (135 miles).

St. Louis County is larger than the District of Columbia (61 square miles) and some states including Rhode Island (1,045 square miles), Delaware (1,954 square miles) and Connecticut (4,845 square miles). Within the state, St. Louis County is larger than the combined land areas of the following counties: Anoka, Benton, Carver, Chisago, Dakota, Hennepin, Isanti, Le Sueur, Nicollet, Ramsey, Rice, Scott, Sherburne, Waseca, Washington and Wright.

County Organization and Information

Minnesota is one of a minority of American states whose form of government is state managed and county administered. This means that many government services are provided by the county, rather than the state. The 2008 proposed St. Louis County operating budget is \$334,432,528, which allows the county to carry out high quality yet efficient services to citizens in the areas of planning and zoning, land management, solid waste, public works, public health, human services, criminal justice, economic development and general government services. The county is proposing to levy \$101,568,092 for 2008 in county property tax dollars for these services. St. Louis County has 1,980 full-time equivalent employees. Of the total current operating budget, \$162,015,644, or 48% of the total budget, is designated for personnel related costs.

Commissioners' Priority Areas

Strong County Infrastructure

Health & Well-Being of County Citizens

Healthy Local Economy

Healthy, Viable Ecosystem

Effective, Efficient Government

More information on progress in each area available inside on page 2 or at the Online Performance Data gallery, available at: www.stlouiscounty.org/performance.

Budget Objectives

The budget objectives allow St. Louis County to provide quality services in a cost-effective manner to keep the property tax rate among the lowest in the state. Objectives include:

Maintain fiscal discipline and budgetary sustainability

Improve allocation of resources in accord with Board priorities

Improve efficiency of expenditures

More budget information is available by visiting: www.stlouiscounty.org/budget.

County Commissioners

District 1	Dennis Fink
District 2	Steve O'Neil
District 3	Bill Kron
District 4	Mike Forsman
District 5	Peg Sweeney
District 6	Keith Nelson
District 7	Steve Raukar

How We Have Progressed

Progress in Priority Areas for Fiscal Year 2007

Strong County Infrastructure

The tragic collapse of the Interstate 35-W bridge in Minneapolis surprised us all. It also has focused increased attention on the condition of bridges and roadway infrastructure in our state. 2,992 miles of roadway are under St. Louis County's jurisdiction (1,437 miles paved and 1,555 miles unpaved). There are over 1000 bridges in the county over 5 feet in length and 601 bridges over 10 feet.

121 of these bridges (or 20.1%) are either structurally deficient or functionally obsolete, although there is no immediate safety risk. This is compared to the state average of 17% and the national average of 32%. This issue is a high priority in St. Louis County. Over 22.5% of county tax dollars goes to support our infrastructure. In 2007, over \$30,000,000 in construction funds was spent improving roads and bridges in the county, and for 2008, over \$35,000,000 is programmed.

Health & Well-Being of County Citizens

Recent news has focused on the number of children, nationally, who are without health insurance. Within St. Louis County, approximately 9.7% of children do not have health insurance. St. Louis County carries out important programs that assist these children and their families, directly, with food, health and employment assistance.

St. Louis County ranks first among big midwest counties for food support accuracy. Of other counties in the midwest region issuing at least \$10 million in food stamps annually, St. Louis County had the highest accuracy rate. This means that St. Louis County staff work diligently to ensure that individuals and families who need this assistance are getting it, and those who are receiving assistance truly qualify. This is another great example of the work of St. Louis County employees do to serve individuals in our county and to be good stewards of the public's investment.

Healthy Local Economy

St. Louis County's economy has remained relatively stable over the past year even with all the changes and difficulties experienced. New construction has continued to help stabilize the local economy; however, this year new construction of residential and commercial buildings is only at 2.3%.

Important developments for our county are in the works. For example, on the Iron Range alone, 20 large scale development and expansion projects are in various stages of development. This translates into an investment of up to \$5 billion, increased employment opportunities and secondary impacts on other services and industries throughout the region.

The value of housing in our region continues to increase, especially as the demand for lakeshore properties and lots in the great northwoods continues to grow.

Healthy, Viable Ecosystem

Use of Minnesota's natural resources is increasing. Resource use is shaped by local, national and global demands and pressures. St. Louis County's natural resources provide distinct economic and social benefits. But the pattern of increasing use raises concerns for the health of certain ecological, economic, and social communities and their sustainability.

Recently we have seen timber and new home market conditions impact our local economy, jobs and land industries. The decline in the real estate market has decreased the demand for wood products. Changes in land ownership patterns have resulted in more management organizations than individual land owners in some areas, with competing interests and uses for the land.

Effective, Efficient Government

St. Louis County is continuing to use the best business tools in managing our programs and services.

For example, this report strives to provide the public with budget information that will anticipate and answer questions that will be raised.

The new Online Performance Data Gallery, which will be available late November, highlights ongoing performance data and information, including performance compared to target performance for programs in every department.

St. Louis County was awarded a Government Trailblazer Award from the National Center for Civic Innovation, which designated St. Louis County as a champion in performance management and recognized our efforts to communicate with the public and incorporate the citizen perspective in our communication and program planning activities.

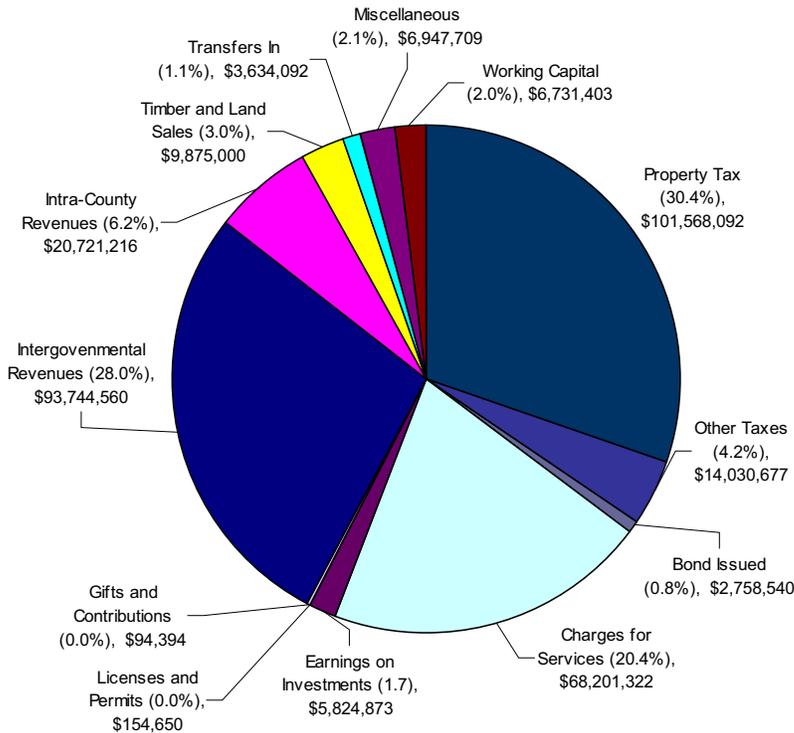
How are we doing? Please contact us with your feedback and let us know what other information you are interested in and we will incorporate your perspective into our future reporting efforts.

Visit the Online Performance Data Gallery at:
www.stlouiscounty.org/performance and click on the "contact us" button.

The County's Budget

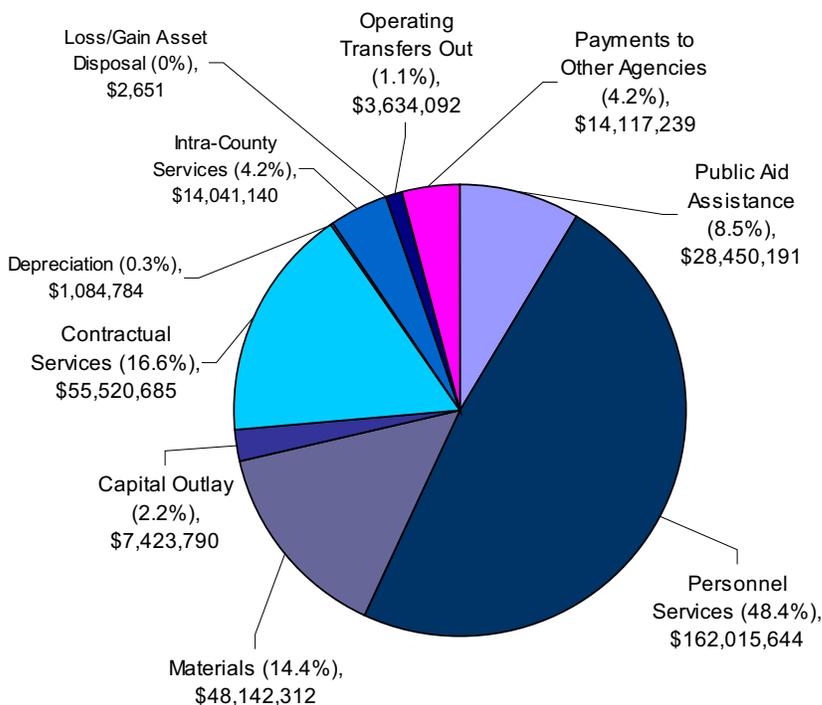
Proposed 2008 Budget

Primary Government Sources of Revenue



Source	2007 Revenue	2008 Revenue
Property Tax	97,406,015 (30.6%)	101,568,092 (30.4%)
Intergovernmental Revenues	97,770,693 (30.7%)	93,744,560 (28.0%)
Charges for Services	59,744,565 (18.8%)	68,201,322 (20.4%)
Intra-County Revenues	17,942,132 (5.6%)	20,721,216 (6.2%)
Other Taxes	14,390,224 (4.5%)	14,030,677 (4.2%)
Timber and Land Sales	10,000,000 (3.1%)	9,875,000 (3.0%)
Miscellaneous	5,518,427 (1.7%)	6,947,709 (2.1%)
Working Capital	4,985,642 (1.6%)	6,731,403 (2.0%)
Earnings on Investment	4,562,770 (1.4%)	5,824,873 (1.7%)
Transfers In	3,918,664 (1.2%)	3,634,092 (1.1%)
Bond Issued	2,000,000 (0.6%)	2,758,540 (0.8%)
Licenses and Permits	147,650 (0.0%)	154,650 (0.0%)
Fines and Forfeitures	3,500 (0.0%)	146,000 (0.0%)
Gifts and Contributions	22,000 (0.0%)	94,394 (0.0%)
TOTAL	\$318,412,282	\$334,432,528

Primary Government Functional Expenses



Activity	2007 Expenses	2008 Expenses
Personnel Services	150,048,684 (47.1%)	162,015,644 (48.4%)
Contractual Services	53,730,949 (16.9%)	55,520,685 (16.6%)
Materials	48,678,825 (15.3%)	48,142,312 (14.4%)
Public Aid Assistance	25,657,179 (8.1%)	28,450,191 (8.5%)
Intra-County Services	13,553,473 (4.3%)	14,041,140 (4.2%)
Payment to Other Agencies	14,642,776 (4.6%)	14,117,239 (4.2%)
Capital Outlay	7,166,864 (2.3%)	7,423,790 (2.2%)
Operating Transfers Out	3,918,664 (1.2%)	3,634,092 (1.1%)
Depreciation	1,012,243 (0.3%)	1,084,784 (0.3%)
Loss/Gain Asset Disposal	2,625 (0.0%)	2,651 (0.0%)
TOTAL	\$318,412,282	\$334,432,528

Complete budget information is available on the web:

www.stlouiscountry.org/budget

What's Next?

Future Challenges and Economic Outlook

Key Economic Trends

Higher energy prices, a decline in housing values and a weaker dollar will all contribute to slower economic growth over the next year and beyond. **Oil prices** remain in record territory, approaching \$100 per barrel, housing values have dropped nationwide and the dollar has reached near-record lows against foreign currencies – all within the last several months. Despite robust economic growth in the second and third quarters of 2007 and recent action by the Federal Reserve to cut interest rates, the risk of a national recession remains higher than in recent history. National forecasters now estimate **economic growth** to be in the range of two percent next year, a rate of growth insufficient to prevent an increase in unemployment

Housing prices are expected to continue to decline, with current estimates for values to bottom out in 2009 and resume growth only slowly after that. This affects the housing industry and the construction industry nationally and regionally and is proving to be a further drag on the economy as consumers reduce spending in response to disappearing home equity. Further, St. Louis County, like other local governments reliant on the property tax, will see **slower tax base growth** in future years as the real estate market continues to slow and new construction declines. Recent problems in the sub-prime mortgage industry have also resulted in credit tightening, further restricting consumer expenditures and exacerbating the decline in housing prices and slowing in new construction.

Demographically, despite pockets of growth St. Louis County's **population** continues to decline, like that in most of greater Minnesota. Current estimates are for this trend to reverse, however, and for the county's population to begin growing sometime in the next few years, sooner if some of the proposed developments in the northern part of the county occur. The county's population is also older than the state's – 16% of our population is over age 65 as compared to 12% for the state – making our need for younger workers to replace those who retire and for workers in the growing health care industry more acute. This is a trend that will continue over the next decade or longer, and is already being felt in recruitment efforts.

With slower economic growth, unemployment and underemployment remain issues throughout the region. Minnesota **unemployment rates** are higher than the national average for the first time in decades, and St. Louis County's unemployment rate has consistently been higher than the state's. On a positive note, there are opportunities on the horizon that will narrow this gap, and the financial picture for some of the county's larger employers continues to look very positive. For the near term, however, employment issues will put additional pressure on county services to the disadvantaged while at the same time limiting the ability of the state to assist with this cost because of lowered tax collections.

St. Louis County Budget Implications

One of the key challenges facing St. Louis County, like any other government, is **inflation in health care costs**. This affects budgets directly in increasing employee health care costs and also indirectly in demand for county services and even in **corrections cost**. St. Louis County Jail costs are up almost \$1 million due to both an increased inmate population and greatly increased costs for inmate medical care.

Higher energy prices also directly affect the county budget directly through increased costs for fuel and heating and indirectly through higher commodity prices. Further, as these costs are in record ranges, there is a detrimental effect on the local economy and need for services as people struggle to pay heating and transportation bills.

In addition to increasing costs, St. Louis County also faces **declining revenues**. For example, the county government (and cities, towns and school districts within the county) receives revenue from the sale of forest products on land managed by the county's land department. Due to the slowdown in the construction industry, the **forest products industry** is struggling, with detrimental effects on both county revenues and the local economy. The County Board has acted to assist that industry, but until the construction industry revives, revenues will suffer which has directly impacted the county's property tax levy.

Another revenue source that has not kept pace within inflation and new mandates is aid from the State of Minnesota. There was no increase in the largest source of undesignated county aid, **County Program Aid**, in 2008 for the third year in a row. The tax bill vetoed by the Governor would have increased our aid by approximately \$1 million. There was also no additional state money for **transportation**, again due to the Governor's veto of the transportation funding bill passed by the legislature. Although no additional state aid has been forthcoming, the state has continued to mandate new services and higher levels of existing services.

With no increase in state aid and steadily increasing costs, budget reductions and property taxes have to largely make up the difference as the county works to carry out the services it is mandated to provide in the most cost effective manner possible. The County Board of Commissioners and county staff have worked hard to hold down the rate of increase in taxes in St. Louis County, with an increase in levy this year again among the lowest in the state.

St. Louis County's 2008 property tax levy represents a 4.27% increase over the 2007 amount. The county ranked 75th (13th lowest) of the 87 Minnesota counties in levy increase. The average for all counties was 7.26%, with 17 counties reporting double digit increases.



St. Louis County

At a Glance

Climate

Comfort Index ¹	Value	
Duluth	51	
Hibbing	48	
Minneapolis	38	
Chicago	33	
U.S. Average	34	

Higher values indicates a more comfortable climate.

Average Minimum & Maximum Temperature F ²		
January	Minimum	Maximum
Duluth Airport	-1.2	17.9
Hibbing Airport	-5.3	15.9
July		
Duluth Airport	54.6	76.3
Hibbing Airport	54.7	77.1

Temperature Extremes F ³	Min (1-day)	Max (1-day)
Duluth Airport	-39	106
Hibbing Airport	-50	100

Average Annual (inches) ⁴	Rainfall	Snowfall
Duluth Airport	31.0	84.3
Hibbing Airport	26.8	61.9

Labor Force

Average Yearly Employment by Industry

Census 2000	Average Yearly Employment	Percent (%) of Total
Educational, Health, & Social Services	24,151	25.7
Retail Trade	12,264	13.0
Arts, Entertainment, Recreation, Accommodation, and Food Services	9,521	10.1
Manufacturing	7,342	7.8
Transportation/Warehousing, & Utility	6,114	6.5
Construction	5,590	5.9
Ag., Forestry, Fishing/Hunting, Mining	5,365	5.7
Professional, Scientific, Management, Administrative, & Waste Management	4,902	5.2
Other Services (except public admin)	4,696	5.0
Finance, Insurance, Real Estate, and Rental and Leasing	4,310	4.6
Public Administration	4,350	4.6
Wholesale Trade	2,891	3.1
Information	2,599	2.8
Total Employed	94,095	100.0

Source: U.S. Census Bureau. www.census.gov

¹ Comfort Index, Sperling's Best Places. www.bestplaces.net. Higher values indicate a more comfortable climate. The Comfort Index uses a combination of afternoon summer temperature and humidity to closely predict the effect that the humidity will have on people.

² Temperature Summary, 1971-2000 NCDC Normals.

³ Temperature Extremes, Duluth Period of Record 1898-2001, Hibbing Period of Record 1962-2001

About St. Louis County

Located in Northeastern Minnesota, St. Louis County shares its northern boundary with Canada and its southern boundary with Lake Superior. The county is known for its natural beauty of vast forests and lakes.

In 1856, St. Louis County was established in the Territory of Minnesota. The county was named for the St. Louis River, which had been named by the French explorer Verendrye in honor of being awarded the order of St. Louis by the King of France in 1749.

St. Louis County residents are scattered throughout the area in small mining towns, tourism destinations, farm communities, and regional hubs. Major industries in St. Louis County are mining, wood and paper products, shipping and transportation, health care, education and tourism.

Duluth is the largest city and is the county seat. Duluth has both an international airport and international seaport.

County Commissioners	7 Elected
Commissioner Terms	4-Years
County Seat	Duluth
2006 Budget	\$282 million
Jurisdictions ⁶	126
Cities	24
Organized Townships	72
Unorganized Townships	28
Square Miles (U.S. Census Bureau Estimate)	6,860 Sq. Miles
Land sq. miles: 6,225	
Water sq. miles: 635	
Number of Lakes	1,040
Largest City	Duluth 86,319

⁴ Precipitation , 1971-2000 NCDC Normals

⁵ Includes St. Louis County, Minnesota and Douglas County, Wisconsin

⁶ The jurisdictions used for this report are the 2000 Census Minor Civil Division (MCD) breakouts. St. Louis County Auditors lists fewer MCD jurisdictions due to the 2000 Census breakout of various larger tracks of unorganized townships in northern St. Louis County

Demographics

Population	2000	% Change 1990-2000
St. Louis County	200,528	1.2
Duluth	86,319	1.0
Hibbing	17,071	-5.4
Virginia	9,157	-2.7
Hermantown	8,047	19.0
Duluth-Superior MSA ⁵	243,815	1.6
Race	Population	Percent
One Race	197,827	98.7
White	190,211	94.9
Black or African American	1,704	0.8
American Indian/Alaska Native	4,074	2.0
Asian	1,333	0.7
Native Hawaiian/Pacific Is.	54	0.0
Other	451	0.2
Two or More Races	2,701	1.3
Hispanic or Latino	1,597	0.8
Median Age (years)	39.0	↑ 2.9 years
Total Households	82,619	100.0
Family Households	51,374	62.2
Non-family Households	31,245	37.8
Housing Units	95,800	100.0
Occupied Units	82,619	86.2
Vacant Units	13,181	13.8
for seasonal, recreational use	8,896	9.3
Occupied Housing Units	82,619	100.0
Owner-Occupied	61,683	74.7
Renter-Occupied	20,936	25.3
Poverty	Population	Percent
Poverty Status for Families	3,731	7.2
Poverty Status for Individuals	23,211	12.1
Income	Income (\$)	% Change 1990-2000
Median Household Income	\$36,306	50.7
Median Family Income	\$47,134	51.3

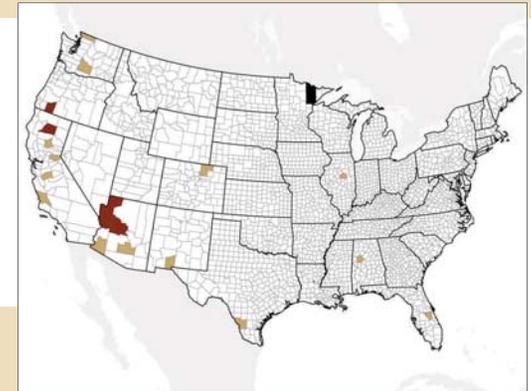
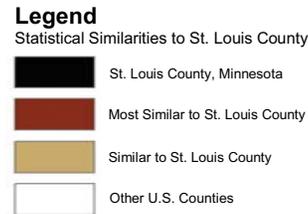


U.S. County Demographic Comparison

Most Similar to St. Louis County

U.S. Counties Demographically Similar to St. Louis County

The following chart lists U.S. counties most similar statistically to St. Louis County of the 3,142 counties and/or equivalents across the United States. To determine similarities with other U.S. counties, all counties with populations between 150,000-250,000 and densities below 150 persons per square mile were identified and selected. To further break down the list, counties highlighted below are most similar statistically to St. Louis County of within this filtered group once median household income, percent minority, poverty rate and others were examined.



St. Louis County Comparison

By Population and Density to U.S. Counties

Parameters: County Population 150,000-250,000 and Persons Per Square Mile Under 150

	Population		Land Area Square Miles, 2000	Persons Per Square Mile, 2000	Percent Minority, 2000	Percent Population 65 and Over, 2000	Median Household Income, 1999	Percent Below Poverty, 1999	Home- ownership Rate, 2000	Percent Change in Private Nonfarm Employment 1990-1999
	2000	% Growth 1990-2000								
 Most Similar to St. Louis County										
San Luis Obispo County, California	246,681	13.6	3,304	74.7	15.4	14.5	\$42,428	12.8	61.5	19.4
Yakima County, Washington	222,581	17.9	4,296	51.8	34.4	11.2	\$34,828	19.7	64.4	18.5
Merced County, California	210,554	18.0	1,929	109.2	43.8	9.5	\$35,532	21.7	58.7	12.4
Butte County, California	203,171	11.6	1,639	123.9	15.5	15.8	\$31,924	19.8	60.7	14.0
St. Louis County, Minnesota	200,528	1.2	6,225	32.2	5.1	16.1	\$36,306	12.1	74.7	24.7
Webb County, Texas	193,117	44.9	3,357	57.5	17.8	7.6	\$28,100	31.2	65.7	50.9
Jackson County, Oregon	181,269	23.8	2,785	65.1	8.4	16.0	\$36,461	12.5	66.5	28.7
Weld County, Colorado	180,936	37.3	3,992	45.3	18.3	9.0	\$42,321	12.5	68.6	50.5
Pinal County, Arizona	179,727	54.4	5,370	33.5	29.6	16.2	\$35,856	16.9	77.4	42.1
Dona Ana County, New Mexico	174,682	28.9	3,807	45.9	32.2	10.6	\$29,808	25.4	67.5	36.9
Osceola County, Florida	172,493	60.1	1,322	130.5	22.8	11.4	\$38,214	11.5	67.7	43.5
Yavapai County, Arizona	167,517	55.5	8,123	20.6	8.1	22.0	\$34,901	11.9	73.4	75.5
Whatcom County, Washington	166,814	30.5	2,120	78.7	11.6	11.6	\$40,005	14.2	63.4	30.3
Tuscaloosa County, Alabama	164,875	9.6	1,324	124.5	31.9	11.3	\$34,436	17.0	63.5	39.1
Shasta County, California	163,256	11.0	3,785	43.1	10.7	15.2	\$34,335	15.4	66.1	3.0
Yuma County, Arizona	160,026	49.7	5,514	29.0	31.7	16.5	\$32,182	19.2	72.3	36.6
El Dorado County, California	156,299	24.1	1,711	91.4	10.3	12.4	\$51,484	7.1	74.7	43.6
Mohave County, Arizona	155,032	65.8	13,312	11.6	9.9	20.5	\$31,521	13.9	73.6	45.4
McLean County, Illinois	150,433	16.5	1,184	127.1	10.8	9.7	\$47,021	9.7	66.5	29.8

Source: U.S. Census 2000, www.census.gov

Web Sites of Most Similar Counties to St. Louis County

Jackson County, Oregon	www.co.jackson.or.us	Shasta County, California	www.co.shasta.ca.us
Yavapai County, Arizona	www.co.yavapai.az.us	Mohave County, Arizona	www.co.mohave.az.us
St. Louis County, Minnesota	www.co.st-louis.mn.us		

Population Change

Cities and Townships in St. Louis County

1990-2000

Historical Population

St. Louis County 1860-2001



About the Data: Population is the total of all people residing in an identified area.
Source: U.S. Census Bureau. www.census.gov
Mapping by: St. Louis County Planning Department, 2003
Geography: St. Louis County By Minor Civil Division (MCD)
Note: UT (unorganized township)
¹ Adjusted census figures
² Census Bureau population estimates as of July 1, 2001 each year

Overview

- Hermantown experienced the largest percentage growth rate of 19.0% of cities over 2,000 people in St. Louis County from 1990-2000.
- Hoyt Lakes experienced the largest percentage rate of decline of 11.3% of cities over 2,000 people in St. Louis County from 1990-2000.
- Hibbing experienced the largest population decline of 975 residents of cities over 2,000 population from 1990-2000.

Population Change

in St. Louis County

	1970	1980	1990	2000	%Change 1990-2000
Populations over 2,000					
Gaining Population					
Hermantown	6,737	6,759	6,761	8,047	19.0
Lakewood Twp.	1,393	1,680	1,799	2,013	11.9
Grand Lake Twp.	1,539	2,166	2,355	2,621	11.3
Rice Lake Twp.	3,359	3,861	3,883	4,139	6.6
Duluth City	100,578	92,811	85,493	86,319 ¹	1.0
St. Louis County	220,693	222,229	198,213	200,528	1.2
Declining Population					
Hoyt Lakes	3,634	3,186	2,348	2,082	-11.3
Mountain Iron	3,400	4,134	3,362	2,999	-10.8
Chisholm	5,913	5,930	5,290	4,960	-6.2
Ely	4,904	4,820	3,968	3,724	-6.1
Hibbing	20,744	21,193	18,046	17,071	-5.4
Eveleth	4,721	5,042	4,064	3,865	-4.9
Proctor	3,123	3,180	2,974	2,852	-4.1
Virginia	12,450	11,056	9,410	9,157	-2.7

Percent Population Change by County 1990-2000

