



MEMO

To: Finance Chair Arik Forsman, President Roz Randorf, and Duluth City Council

From: Ian B Johnson, City Clerk

Re: Resolution 24-0811R Adopting Fees for 2025

Date: October 28, 2024

Pursuant to Section 2-5, 31-6, and 31-8, of the Duluth City Code, 1959, as amended, the Duluth City Council annually reviews and approves a resolution setting out recommended amounts to be charged for various city fees for the subsequent calendar year. Pursuant to the City Code, fee increases are tied to the Implicit Price Deflator (IPD) for government purchases. The IPD is a ratio of current dollar gross domestic product (GDP) to constant dollar GDP, and is used to account for the effects of inflation. All fees are recommended to increase by the IPD of 0.88% in 2025, unless the resulting increase is less than \$1.00 or would administratively cost more to implement than the change in the fee. Any rate increase foregone in 2025 shall be included in subsequent years' fee calculations as required by the City Code.

Resolution 24-0811R presents the administration's proposal for fees and charges for city activities for 2025. There are 756 separate fees listed in the Resolution: 481 are proposed to remain unchanged for 2025. 225 are to increase for inflation by the IPD of 0.88% or are proposed to increase based on cumulative inflationary increases foregone in prior years or based on other market considerations. 23 fees are proposed to be reduced. A total of 14 fees have been eliminated or restructured. A total of 13 new fees are proposed. Proposed new fees are underlined on the fee schedule for additional reference.

Recommended restructured and new fees include the following:

The majority of proposed fee increases are due to either market rate adjustments or to account for inflation. Building fee permits are broadly proposed to be reduced in order to align more closely with fees in other cities of comparable size. Electrical fees are proposed to be eliminated due to electrical work having been delegated to the state of Minnesota. A number of fines are being reduced to \$1000 due to a state-imposed statutory cap on municipal fines. Special event late fees are proposed to increase for late submissions to encourage timely applications. Fees for certain city services, such as street sweeping, are proposed to increase to account for increased costs associated with performing such services.