



MEMO

To: Finance Chair Gary Anderson, President Noah Hobbs, and Duluth City Council

From: Chelsea J. Helmer, City Clerk
Jen Carlson, Budget Manager

Re: Resolution 19-0793R Adopting Fees for 2020

Date: November 21, 2019

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 3.58% in 2020, 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 2020 shall be included in subsequent years' fee calculations as required by the City Code.

Resolution 19-0793R presents the administration's proposal for fees and charges for city activities for 2020. There are 798 separate fees listed in the Resolution: 489 are proposed to remain unchanged for 2020. 190 are to increase for inflation by the IPD of 3.58% or are proposed to increase based on cumulative inflationary increases foregone in prior years or based on other market considerations. Three fees are proposed to be reduced. A total of 54 fees have been eliminated or restructured. A total of 62 new fees are proposed. Proposed new fees are underlined on the fee schedule for additional reference.

Recommended restructured and new fees include the following: Parks and Recreation rental fees have been restructured and consolidated to make it easier for users. Parks and Recreation special event fees have increased and been restructured to reflect an increase in requests and permit processing needs. Reductions in deposit fees are to help reduce barriers to utilizing facilities. Overdue fines have been eliminated from the library schedule. Parking obstruction fees have been restructured and eliminated to provide fairness to smaller contractors and to better reflect market rates. Parking violation increases are to increase effectiveness as a deterrent. Street light fees have been eliminated in accordance with fee sunset provisions.