



MEMO

To: Finance Chair Derek Medved, President Renee Van Nett, and Duluth City Council

From: Chelsea J. Helmer, City Clerk
Jessica Kasper, Budget Manager

Re: Resolution 21-0984 Adopting Fees for 2022

Date: December 20, 2021

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 1.65% in 2022, 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 2022 shall be included in subsequent years' fee calculations as required by the City Code.

Resolution 21-0984R presents the administration's proposal for fees and charges for city activities for 2022. There are 758 separate fees listed in the Resolution: 409 are proposed to remain unchanged for 2022. 283 are to increase for inflation by the IPD of 1.65% 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 66 fees have been eliminated or restructured. A total of 2 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 eliminate seasonal permits. Fire Department fees for vacant buildings have been increased to encourage action by property owners. Reductions in security deposits by Public Works & Utilities are intended to help maintain affordability by consumers. Parking violation fees have been increased to encourage compliance and to better reflect market rates. Construction Services is modifying fees to improve service delivery and reduce permit review delays. Building permit fees for projects over \$500,000 are being increased to offset reduced fees for solar pv installations.