



**CITY OF DULUTH  
INTERDEPARTMENT CORRESPONDENCE**

Department of Finance  
411 West First Street · Room 107 · Duluth, MN 55802-1197

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**To:** Finance Chair Elissa Hansen, President Joel Sipress, and the Duluth City Council

**From:** Jen Carlson, Budget Manager

**Re:** Resolution 17-0788R Adopting Fees for 2018

**Date:** December 4, 2017

In 2006, the City Council approved an ordinance, 06-059-O, requiring an annual review of all city fees and charges, with a resulting fees resolution presented to the Council setting rates for the coming year. The ordinance tied many of the fee increases 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 2.77% except, due to City Charter, if the fee increase is less than one dollar.

Resolution 17-0788R presents the administration's proposal for fees and charges for city activities for 2018. There are 709 separate fees listed in the resolution: **607 are proposed to either remain unchanged for 2018 or increase only for inflation by the IPD**; 3 fees are new; 66 are increasing more than the IPD; 9 have been reduced; and 24 fees have been restructured. A total of 22 fees have been eliminated.

Fee increases for 2018 include 158 increases due to IPD. Other fee increases include 6 increases in Fire to reflect lack of increases over multiple years, to follow state contract, and to offset overtime costs. The Library has 2 increases to approximate per capita taxpayer support. Parks and Recreation have 17 fee increases due to city building rental alcohol permit fee, historical increases, and business goals. Planning and construction services have 16 increases as part of a cost recovery program. Parking has 2 increases to better reflect market rates. Public Works has 23 increases to cover actual costs, state mandated handouts, rounding, to recover outside billing rates, and cover current costs.

Fee decreases for 2018 include one in Fire to follow State rules, seven in Public Administration to have a round number, and one in the Treasurer's Office to reduce gambling tax.

Restructured fees for 2018 include one in Fire to combine three fees to one fee to align with original intention of the fee, eight in Parks and Recreation that add to the wedding permits and have tiered fee structure for Commercial Use Permits, 11 in Planning and Construction Services to base fee on quantity of material moved and to align with plan review fee for building permits, and four in Public Works to cover labor rates and equipment rental rates.

Eliminated fees for 2018 include fees 22 fees that are no longer active, redundant, and changed due to a resolution.

New fees for 2018 include one in Fire to recoup staff time spent investigating and inspecting vacant buildings, one in Planning and Construction Services for a fence permit application authorized under UDC 50.37.13 "Zoning Permits", and one in Public Works to recover cost of customer data link to water and gas metering. The new fees for 2018 can be seen below:

<b>Department/Division</b>	<b>New Fee Description</b>	<b>Proposed Fee</b>
Fire Department	Vacant building investigation and Inspection Fee – unregistered vacant building	\$250
Planning & Construction Svs	Fence permit application	\$25
Public Works & Utilities	Meter data fee monthly charge	\$10