



MEMO

To: Finance Chair Derek Medved, President Gary Anderson, and Duluth City Council

From: Chelsea J. Helmer, Director of Administrative Services
Jessica Kasper, Budget Manager
Jen Carlson, Finance Director

Re: Resolution 20-0874R Adopting Fees for 2021

Date: December 14, 2020

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 1.46% in 2021, 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 2021 shall be included in subsequent years' fee calculations as required by the City Code.

Resolution 20-0874R presents the administration's proposal for fees and charges for city activities for 2021. There are minimal proposed changes to the 2021 schedule. There are 752 separate fees listed in the Resolution: 542 are proposed to remain unchanged for 2021. 201 are to increase for inflation by the IPD of 1.46% or are proposed to increase based on cumulative inflationary increases foregone in prior years or based on other market considerations. A total of four fees have been eliminated or restructured. Eliminated fees are indicated with strikethrough on the fee schedule for additional reference. A total of five new fees are proposed. Proposed new fees are underlined on the fee schedule for additional reference. The 2021 fee schedule includes the recommendation that on-sale liquor license fees remain reduced through the 2021-2022 licensing period.