



Legislation Text

File #: 18-041-O, **Version:** 1

ORDINANCE AMENDING THE REQUIREMENTS FOR ESTABLISHING CITY FEES, AMENDING SECTIONS 2-5, 31-6, and 31-8 OF THE DULUTH CITY CODE, 1959, AS AMENDED.

CITY PROPOSAL:

The city of Duluth does ordain:

Section 1. That Section 2-5 of the Duluth City Code, 1959, as amended, is hereby amended to read as follows:

Sec. 2-5. Special or non-routine services by city departments; fees.

(a) Any city department that furnishes special or non-routine services to any person or organization, other than services which it is required by law to perform without fee, may charge the person or organization requesting such services a fee as set by council resolution for that type of service, but not to exceed the cost of performing such services. No fee shall be charged unless the amount, regardless of how it is calculated or determined, is authorized by council resolution;

(b) ~~Each year, on or before November 4~~ Prior to the end of each calendar year, the clerk shall prepare and present to the council a resolution setting out recommended changes in the amount to be charged for the various city fees. Changed fees shall be calculated by changing the existing fee in the same proportion as the proportional change in the implicit price deflator for gross domestic product, government consumption expenditures and gross investment, state and local, from January 1 to December 31 of the during the 12 months prior to August 1 of the previous calendar year. The implicit price deflators for gross domestic product, government expenditures, state and local, is produced and published by the U.S. department of commerce, bureau of economic analysis, or its successor. The following are excepted from the application of the implicit price deflator:

(1) A rate increase that would amount to less than \$1; or any rate increase that would administratively cost more to implement than the change in the fee. Any rate increase foregone under this subsection shall be included in subsequent years' fee calculation as required by Section 2-5

(b).

(2) Fees that are tied to another index, such as uniform building codes, a state index or federal law;

(3) Fees for events, attractions or recreation opportunities (for example, golf rates are adjusted annually based on business goals, rates of surrounding courses or other factors. Additionally, these rates are reviewed and approved by boards and commissions before they go to the city council);

(4) Fees and charges associated with the public utilities;

(5) Any other fee that the council elects to determine by a different method.

The fee amount for the excepted fees shall be determined by the council by resolution.

Section 2. That Section 31-6 of the Duluth City Code, 1959, as amended, is hereby amended to read as follows:

Sec. 31-6. Fees for issuance of license.

(a) The fees for all licenses and permits issued pursuant to this Code shall be set by city council resolution and shall be based on the city's cost of regulating the activity for which the license or permit is issued. ~~At least annually, on or before December 20~~ Prior to the end of each calendar year, the city council shall consider the adjustment of all license fees to reflect changes in administrative and enforcement costs in accordance with appropriate economic indicators as determined by the city council. Changed fees shall be calculated by changing the existing fee in the same proportion as the proportional change in the implicit price deflator for gross domestic product, government consumption expenditures and gross investment, state and local, from January 1 to December 31 during the 12 months prior to August 1 of the previous calendar year. The implicit price deflators for gross domestic product, government expenditures, state and local, is produced and published by the U.S. department of commerce, bureau of economic analysis, or its successor. The following are excepted from the application of the implicit price deflator:

(1) A rate increase that would amount to less than \$1; or any rate increase that would administratively cost more to implement than the change in the fee. Any rate increase foregone under this subsection shall be included in subsequent years' fee calculation as required by Section 2-5 (b) of this Code.

(2) Fees that are tied to another index, such as uniform building codes, a state index or federal law;

(3) Fees for events, attractions or recreation opportunities (for example, golf rates are adjusted annually based on business goals, rates of surrounding courses or other factors. Additionally, these rates are reviewed and approved by boards and commissions before they go to the city council);

(4) Fees and charges associated with the public utilities;

(5) Any other fee that the council elects to determine by a different method.

The fee amount for the excepted fees shall be determined by the council by ordinance or resolution as provided for.

The city clerk shall maintain copies of a schedule of current city license fees for distribution to the general public and shall, if feasible, maintain a schedule of city license fees on the internet for public inspection;

(b) If the license is not issued for any reason, the clerk shall refund license fees collected except the police investigation fee authorized in Subsection (c) below;

(c) The police department shall charge a fee, which shall be set in accordance with Section 31-6(a) of this Code, for performing a background investigation of any applicant for a license authorized by this Code or a state statute, except where such a fee is prohibited by law. The fee may be collected by either the police department or the city clerk.

Section 3. That Section 31-8 of the Duluth City Code, 1959, as amended, is hereby amended to read as follows:

Sec. 31-8. Other fees, fines and penalties.

(a) The amount of all other fees and of all fines and penalties authorized under the Charter or this Code, except as otherwise specifically provided for, shall also be set by city council resolution. Prior to the end of each calendar year ~~At least annually, on or before December 20,~~ the city council shall consider the adjustment of all such fees, fines and penalties to reflect changes in the city's administrative and enforcement costs in accordance with appropriate economic indicators and to promote compliance with the requirements of the Code, all as deemed most appropriate by the city council. Unless other changes to any fees, fines or penalties are determined by the council to be appropriate to a specific fee, fine or penalty amount, changes to such fees, fines and penalties shall be calculated by changing the existing fee, fine or penalty in the same proportion as the proportional change in the implicit price deflator as described in Section 31-6 above. The following are excepted from the application of the implicit price deflator:

(1) A rate increase that would amount to less than \$1; or any rate increase that would administratively cost more to implement than the change in the fee. Any rate increase foregone under this subsection shall be included in subsequent years' fee calculation as required by Section 2-5 (b) of this Code.

(2) Fees that are tied to another state index or federal law;

(3) Fees and charges associated with the public utilities;

(4) Any other fee, fine or penalty that the council elects to determine by a different method;

(b) The fee amount for the excepted fees, fine and penalties shall be determined by the council by ordinance or resolution as provided for;

(c) The city clerk shall maintain copies of a schedule of current city fees, fines and penalties for distribution to the general public and shall, if feasible, maintain a schedule of such fees, fines and penalties on the internet for public inspection.

Section 4. That this ordinance shall take effect and be in force 30 days after its passage and publication.

STATEMENT OF PURPOSE: The purpose of this ordinance is to update the administrative practices for formulating the annual fee schedule. This ordinance addresses three primary issues. First, the ordinance updates the deadline for filing of the fee schedule to better correspond to the city's annual budget process. Second, the ordinance clarifies how the implicit price deflator (IPD) is calculated and applied to the fee schedule. Under the current language, it is not possible to calculate an accurate IPD amount because of ongoing fluctuation due to seasonal adjustments. This amendment aligns the city's process to the federal IPD calculation. Third, this change formalizes the city's past practice to not increase fees by the IPD amount if they result in a higher administrative cost to the city. Any IPD increase not implemented will be carried forward to future years under this amendment.