



CITY OF
ROCHESTER
MINNESOTA

RECOMMENDED 2026-2027 BUDGET

Study Session Follow-Up

September 15, 2025



Priorities & Principles







Strategic Priorities

We will focus our resources and initiatives to drive progress in these areas:

-  Economic Resilience
-  Housing Access
-  Inclusive Growth Management
-  Responsible Environmental Stewardship
-  Transformational Capital Projects

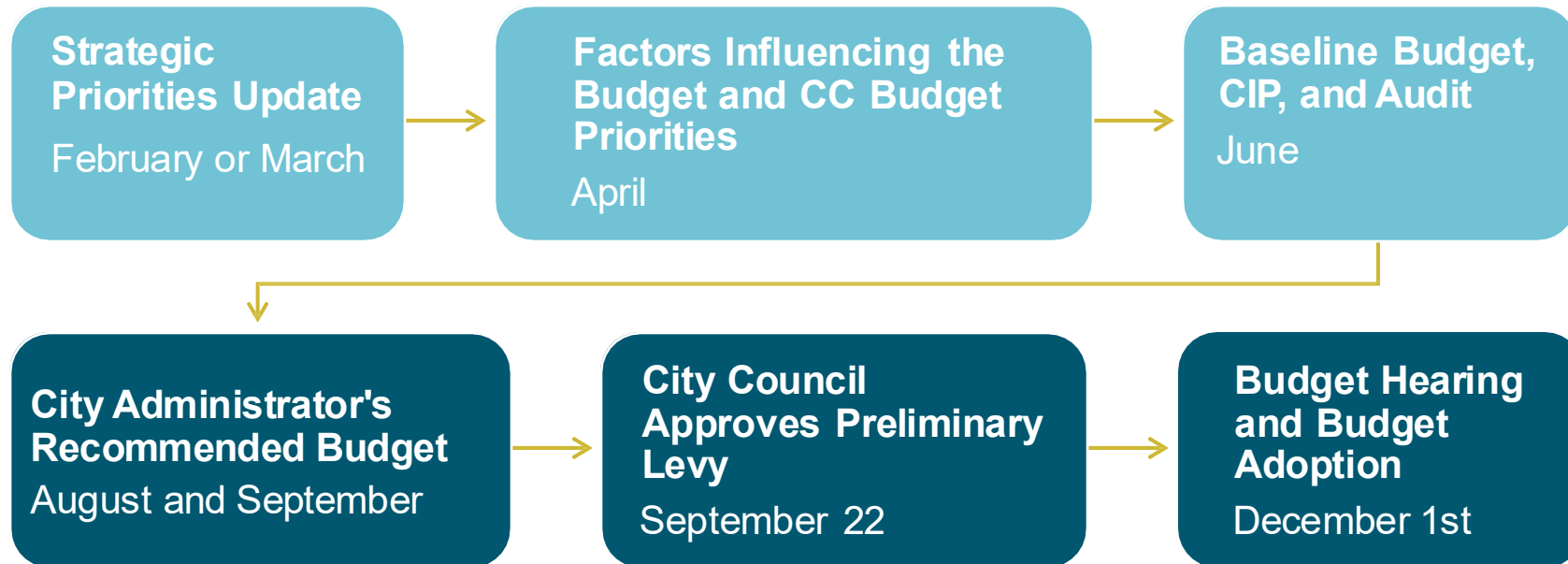
Foundational Principles

We will approach every action and decision through a lens of:

-  Compassion
-  Fiscal Responsibility and Sustainability
-  Inclusive Decision-Making
-  Public Safety
-  Quality Services
-  Social Equity



2026-2027 BUDGET: KEY CITY COUNCIL ENGAGEMENT POINTS



Budget Documents:

<https://www.rochestermn.gov/departments/finance/reports/current-budget-summary-cip/2026-2027-budget-summary>

POLICY CONSIDERATIONS

1. Does the Recommended Budget effectively balance the City's Foundational Principles and Strategic Priorities?
2. Is the recommended 2026 preliminary tax levy for consideration September 22, 2025, acceptable?



Budget Follow Up: 4th Fest 2026 Options

4th Fest 2026 – Decision Needed & Recommendation

Decision needed

Select a delivery model for the City's July 4 programming:

- Option A: Multi-Act & Fireworks
- Option B: Community Band & Fireworks
- Option C: Citywide Engagement – Patriotic Broadcast & Fireworks

Recommendation: Approve Option C beginning in 2026.

Why Option C:

- Preserves fireworks on July 4 (mayoral direction) with a citywide patriotic broadcast produced by a local media partner.
- Expands access; residents celebrate from neighborhoods, parks, and homes.
- Protects staff capacity for core programs; avoids single-point-of-failure staffing.
- Reduces Public Music's direct in-park costs and opens space for community-led activations via the special event permit process.

4th Fest 2026 - Options At a Glance

Option	Public Music Role	Stage Use	Food Vendors	Staffing (Music/ Comms)	Budget Impact (2025 Baseline)	Pros	Cons
A: Multi-Act Model	Full planning & production	Apex	Yes	3 FTE + 2 PT / 2 FTE ~210-265 staff hours	\$18,000-\$24,000 (baseline; sustainable delivery requires added staffing/contingency; higher production costs after 2028)	Preserves full-scale, festive public experience.	Highest staffing & support; impacts capacity for other programs; creates expectations that exceed what can be delivered.
B: Community Band Model	Plan & produce Community Band; in-park infrastructure	Showmobile	No	2–3 FTE / 0 ~160-200 staff hours	\$15,000-\$20,000 (baseline; redundancy/contingency required; no net savings to reallocate)	Lower staffing needs than Option A; retains patriotic music; offers easier setup/teardown & production.	Marginal savings; similar advance planning burden; smaller event for similar investment.
C: Citywide Engagement Model – Patriotic Radio Broadcast & Fireworks	Coordinate patriotic broadcast with media partner; partner produces; no in-park program	None	No	≤0.1 FTE / 0 ~40-60 staff hours	No direct in-park cost; nominal/partnered broadcast cost	Preserves fireworks & patriotic music tradition; widest reach; aligns with mayoral safety direction; frees staff for high-impact programs.	Ends single-site gathering (offset by neighborhood viewing & broadcast).

4th Fest 2026 – Continued:

Why Option C: Citywide Engagement Model – Patriotic Radio Broadcast & Fireworks

Citywide, inclusive celebration

Partner-produced patriotic broadcast reaches residents wherever they gather; optional mayor's message and poet laureate reading; fireworks remain on July 4.

Sustainable operations

Frees staff capacity to deliver 17 summer events; protects carved funds for core programs. While sunsetting 4th Fest helps meet the 2% budget reduction target, retaining those funds within Public Music's base allocation provides critical support to absorb rising costs in core programs.

Risk & cost management

Avoids single-point-of-failure staffing in Option B; sidesteps production cost spikes expected after 2028 in Option A; requires minimal coordination.

Looking ahead (not part of this action)

If a nearest-weekend event model is pursued in future years, a Rochesterfest partnership could be revisited.



Budget Follow Up: RPU Fees Recommendation

RPU Board Recommended Fees Overview



Card Payment Convenience Fee

A convenience fee of \$3 is proposed to be added to all card and digital-wallet payment types to cover processing costs. This fee does not apply to lower-processing-cost methods like check, money order, cash, PayPal, Walmart Pay, or bank-draft (ACH) payments.



Card & Digital Wallet Payment Convenience Fees

Proposed Convenience Fees	2025	2026	2027
• Residential (per transaction)	\$ -	\$ 3.00	\$ 3.00
• Commercial (per transaction)	\$ -	\$16.00	\$16.00

- RPU collects revenue for the electric, water, sanitary sewer, and stormwater utilities.
- Card-based payments make up 25% of all utility payment revenue.
- Some digital wallet payment types also incur similar high transaction processing costs.
- Card processing costs were approximately \$650K in 2024 and average 6.5 times more per transaction than cash, check, money order, and bank draft (ACH) payments.
- Currently these processing costs are being spread across the entire customer base and are being subsidized by customers who pay by low-cost methods.
- Intent is to align higher payment processing costs directly with the customers who generate them, while preserving low-cost, no-fee alternatives.
- The fee would be collected by RPU's secure payment processing vendor. RPU would not retain any portion of the fee. The fees would be used to offset payment processing costs currently paid by all RPU customers.

Water Availability Fee

2025	2026	2027
\$3,448.87	\$3,759.27	\$4,097.60

Rochester City Code establishes a **water service availability fee** for land within the city that connects to the municipal water system and has not previously been assessed for the construction of a **water storage facility**.

Historically, the water service availability fee has been adjusted annually through the City's *Schedule of Fees and Charges for Licenses, Permits, Services, and Other Charges*. RPU is recommending that the fee be incorporated into the **RPU Water Service Rate Schedule** starting in 2026, adjusting the per acre charge.

Adjustments reflect **construction cost inflation** driven in part by steel producer price indices, which have risen by approximately 7.4 percent over the past 12 months, and increasing costs for water storage construction.

RPU began a comprehensive water system master planning process in 2025 to identify future recommended changes to the water service availability fee to **balance financial responsibility for new infrastructure** supporting land development between current ratepayers and connection charges assessed on new development.



**Budget Follow Up:
City of Rochester
Equipment Revolving
Fund and Electric Vehicles**

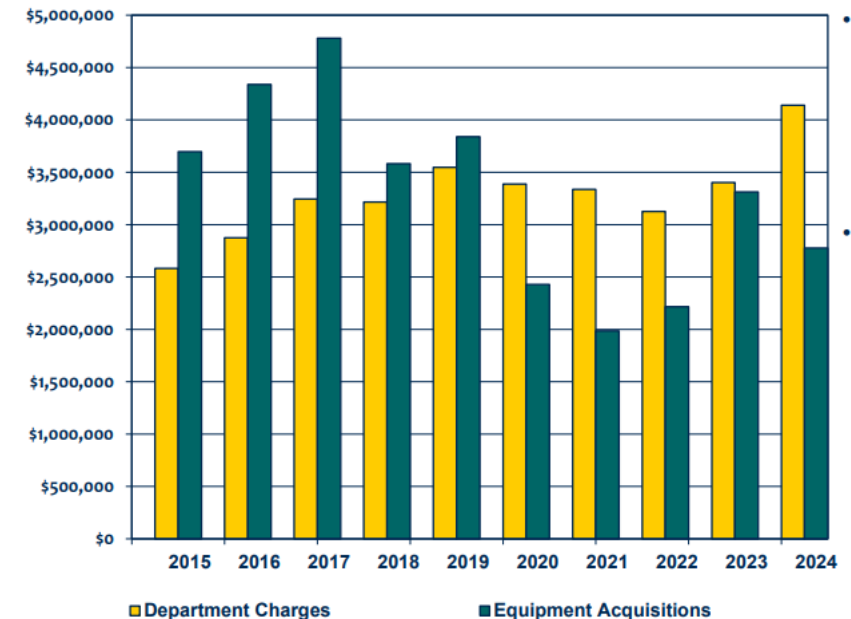
Equipment Revolving and Electric Vehicles: Fund Health and Challenges

- As part of the two-year budget, Departments submit prioritized requests for vehicle replacement. All the requested vehicles met the age, mileage, or hour-based criteria for replacement.

Year	Requested for New/Replacement	Included in the Recommended Budget
2026	\$5.9M	\$4.8M
2027	\$9.6M	\$6.3M

- Our existing fleet has an estimated total value of \$49M.
- Prior to 2018, acquisitions were exceeding depreciation/departments charges. To address this and cost escalation, in 2026 \$1.1M was added to the fund along with a 10% departmental charge for fully depreciated equipment. Interest is trending in a positive direction.
- Fire ladder and pumper truck replacement at \$1.2-\$2M without borrowing is a goal.

EQUIPMENT REVOLVING FUND
DEPARTMENTAL CHARGES & EQUIPMENT ACQUISITIONS



Equipment Revolving: Fund Health and Challenges

	ER Budget numbers		
	Adopted	Recommended	Recommended
	2025	2026	2027
Replacements	4,281,972	4,378,663	5,631,137
New Vehicles	494,730	461,816	707,435
Total	4,776,702	4,840,479	6,338,572
5% Active Assets	-	-	1,861,651
10% Fully Depreciated	1,332,037	1,774,145	1,774,145
Flat Dollar Amount	350,000	1,040,200	1,100,000
		1.1M Less 59,800^	
		DP for Joint Facilities Vehicle	
<u>5% Active Assets</u>			
Tax Levy	-	-	1,622,681
Other	-	-	238,970
Total	-	-	1,861,651
<u>10% Fully Depreciated</u>			
Tax Levy	1,070,331	1,525,220	1,525,220
Other	261,706	248,925	248,925
Total	1,332,037	1,774,145	1,774,145
<u>Flat Dollar Amount</u>			
Tax Levy	295,098	869,516	955,450
Other	54,902	170,684	144,550
Total	350,000	1,040,200	1,100,000
<u>New Vehicles</u>			
Tax Levy	494,730	434,686	629,738
Other	-	27,130	77,697
Total	494,730	461,816	707,435

Equipment Revolving and Electric Vehicles: Fund Health and Challenges

- The fund has been challenged with insufficient depreciation compared to significant escalation in replacement costs. Below are some examples

Vehicle	Depreciation and Estimated Trade In Value	Estimated Replacement Costs
Police- Ford Interceptor	\$59,782	\$92,750
Community Development- Chevy Equinox	\$27,794	\$39,763
Public Works- Tandem Plow Truck	\$216,378	\$404,788
Parks- Toro Groundmaster	\$112,185	\$168,000

Equipment Revolving and Electric Vehicles: Charging Infrastructure

Charging infrastructure in buildings is lacking and a cost challenge not reflected in the life cycle costing when comparing EV to conventional vehicles. We have pursued grants in this space unsuccessfully.

The previous EV Fleet Study recommends:

- Charging Infrastructure: Level 2 chargers are recommended at City Hall, RPU, WRP, North Police Station, and the Transit Operations Center.
- Fleet Replacement: Prioritize EV purchases for upcoming replacement cycles. Current analysis supports EV adoption in at least 10 vehicles across Fire, Safety & Inspections, RPU, and Public Works/Administration.
- Summaries of the previous studies are included in the Study Session Packet.

Equipment Revolving and Electric Vehicles: Charging Infrastructure

- The new Maintenance Service Center under construction has 10 level two EV chargers inside the building and eight available for the public.
- City Hall can support four additional chargers with the infrastructure we installed last month for the Parks EV, however they would be load limited so we couldn't fully utilize five chargers at full capacity without upgrading our electrical service. As it is today, adding four ChargePoint chargers would run about \$55k to procure and install.
- DSIC likely has our highest EV fleet potential for inspectors vehicles and certain Public Works fleet vehicles. A study is likely required to better understand the costs to create charging infrastructure. Upgrading the electrical service will be needed to go beyond the current 6 load limited dispensers that we have in place. Charging infrastructure for 44 fleet vehicles in PW and Community Development would likely be \$1.5M-\$2M.
- Assessments per building are estimated at \$10,000-\$15,000.

Equipment Revolving and Electric Vehicles: Existing Fleet and Replacement

- The City currently has 14 electric vehicles and six hybrid vehicles. **Transit** has four Blazers; **Community Development** has two Chevy Equinox's; **Public Works** has one Chevy Equinox, one Chevy Silverado, and one Ford Lightning. **Parks** has one Ford Lightning; and **Flood Control** has Three Ford Lightnings.
- The City currently has **four – 60' electric buses** that are in revenue service, **one – 60' electric bus** delivered for Link Rapid Transit but not accepted yet, and **11 – 60' electric buses** ordered to support Link Rapid Transit. The Transit team continues to navigate the performance, maintenance, and replacement parts of the existing electric buses which is operating at less capacity than anticipated. ***Since 2021, the EV availability/reliability has been measuring around 50%.*** EV is being considered for the BRT Police vehicle.
- The 2027 equipment replacement has one EV ½ Ton Pickup for Traffic Operations.



**Budget Follow Up:
Current Collaboration with
RCTC and Potential
Evolution**

Questions

1. What can we do in the short term to better align interests and needs?
2. How can we reimagine our partnership to best meet community and regional needs?



Current Collaboration



RCTC Campus Map from Campus Facility Plan



2: SITE CONDITIONS



Sales Tax Authorized Use 1982-1998

Year	Authorizations	Rate	Use	Allocation
1982	Voter Approval	1%		
1983	Legislative Approval	1%	Flood Control (\$16M) <ul style="list-style-type: none"> • Capital Maint. Reserve Mayo Civic Center Improvements (\$16M)	\$32M
1989	Legislature Approval	1%	Extension – Flood Control Reserves	\$23.9M
1990	Voter Approval	1%		
1991	Legislature Denial	1%		
1992	Legislature Approval	½%	Library (\$13M) Fire Station (\$3.5M) City Hall (\$12.2 M)	\$28.7M
1998	Legislature Approval	½%		
1998	Voter Approval	½%	Higher Education (\$20M) (4) construction of a regional recreation and sports center and associated facilities available for both community and student use, located at or adjacent to the Rochester center. <ul style="list-style-type: none"> • Baseball Field Complex (\$0.5M) • U of M Galleria (\$11.3M) • Regional Sports Facility \$10.5M) • Regional Sports Sound System (\$0.5M) • Health Sciences Building (\$1.5M) • Stadium (\$3.5M) • Remaining (\$0.2M) Highway 52 (\$10M) Airport Improvements (\$5.5M) Water Quality (\$22.5M) Mayo Civic Center (\$13.5M)	\$71.5M



Sales Tax Authorized Use 2005- 2012

Year	Authorizations	Rate	Use	Allocation
2005	Legislature Approval		<p>Additional Higher Education (\$8M) "(4) construction of a regional recreation and sports center and other higher education facilities available for both community and student use." Roadway Improvements (\$16M) Olmsted County Roads (\$16M)</p>	\$40M
2012	Legislature Approval	½%		
	Voter Approval	½%	<p>Economic Development – Communities (\$5M) Economic Development – RAEDI (\$5M) Higher Ed (\$26.5M)</p> <ul style="list-style-type: none"> RCTC – CTECH (\$6.5M) "(4) \$6,500,000 for the Rochester Community and Technical College/Winona State University career technical education and science and math facilities;" RCTC – Stadium II (\$5M) RCTC – Other Sports (\$1M) "\$6,000,000 for the Rochester Community and Technical College regional recreation facilities at University Center Rochester" <p>• UMR (\$14M)</p> <p>City Transportation (\$30M)</p> <ul style="list-style-type: none"> Airport (\$1.6M) PWOC Bus Expansion (\$3.8M) Roads/Trails (\$24.6M) <p>County Transportation (\$17M)</p> <p>Destination Medical Center (\$20M)</p> <ul style="list-style-type: none"> Comp Plan Allocation (\$1.4M) Zoning Ordinance Allocation (\$0.6M) Preservation Study Allocation (\$0.2M) DMCC Cost Repay (\$7.6M) Remaining (\$10.2M) <p>Downtown Infrastructure (\$8M) Station #2/Regional Dispatch (\$8M) Station #2/ Regional Dispatch (\$8M) Regional Recreation/ Senior Center (\$20M)</p> <ul style="list-style-type: none"> Senior Center (\$12M) Rec Center Impr (\$8M) 	\$139.5M



ROCHESTER SALES TAX PROJECTS – 1983 to 2012

Since 1983 Rochester has used a local sales tax to construct public safety projects, new City public buildings, new Higher Education facilities, to reduce potential contamination to the water supply, and to address the safety and capacity of roadways and the airport. Past projects are listed below:

Public Safety

Rochester Flood Control Project
Fire Station Number 1

City Public Buildings

Rochester Public Library
Rochester City Hall

Mayo Civic Center Arena and Lobby
Mayo Civic Center Exhibit Hall

Higher Education

UCR/RCTC Fieldhouse
UCR/City Baseball Complex
UCR/RCTC Stadium
RCTC Health Sciences Building

U of M University Square Improvements
U of M offices & housing in 318 Commons Project

Water Quality Protection Project (Replace Failing Septic Systems with city utilities)

SUBDIVISIONS SERVED

Vandals	Sunnydale	Southport	Weih
South Town Hgts	Cedar Park	Lenwood	Welch
Oslo Court	Crystal Springs	Kahoun's	Thomas
Rose Haven	15 th St. SE	Forest Hills	23 rd Ave SW
Elmcroft	Crocus Hills	Woodcrest Lane	31 st St. NE
20 th St. SE	Nelsons	Christophers	32 nd St. NE
Marion Road	Samelians	Marvale	Riverview
Whynaught's	Baihly Woodland	Valleyhigh Drive	Hillcrest
Toogood Plaza	Cheval Lane	Pinewood Road Area	7 th St NW
Riverview Hgts	Skyline Drive	E. Circle DR. at 16 th Ave.	Rose Harbor
Pemberton	East River Road NE	S. Frontage Rd. Hwy 14	

Transportation Projects

City of Rochester

Rochester International Airport – Runway Extension
Highway 52 Construction thru Rochester
Highway 63 South Improvements – Interchanges at 40th St. and 48th St.
Highway 52 and 65th St. Interchange – Bridge and Roadway over 52
Highway 52 and 55th St. Phase I
Highway 14 reconstruction - Highway 52 to Marion Road SE.
20th St. SE New Roadway

Olmsted County

Oronoco Interchange Project – CSAH 12 and County Road 112
55th St. NW Extension





Dome

- **Initial Agreement:** Entered in 2006 with the City contributing \$3.6M for construction; RCTC retains long-term ownership
- **Facility Details:** 97,177 sq. ft. facility built in 2008; support facilities added in 2015.
- **Term:** The agreement lasts for the life of the facility (Sec. 2)
- **Responsibilities:**
 - RCTC manages all operations, staffing, and maintenance, guided by the Facility Use & Operations Management Committee (Sec. 4-5)
 - RCTC handles all maintenance, repairs, and annual dome installation/removal (Sec. 6)
- **Finances:** Revenues and expenses are maintained in a separate Facility Operations & Maintenance Account for ongoing operations and replacements (Sec. 6)
- **Usage:** (Sec. 11-12, 14)
 - Indoor season runs Nov. 1-Mar. 31
 - RCTC has priority but pays rental charges
 - Community use is secondary and subject to rental fees
 - When not in RCTC use, the facility should be rented whenever possible to support recreational opportunities for the City and region



Sports Field



Dome

3: BUILDING CONDITIONS

Rochester Regional Stadium Dome

Current Use

Sports Facility

Building Condition Summary

Backlog

- None

Projects Completed Since Last CFP

- None

Issues

- Annual installation of the dome was challenging in 2021 (labor, costs)

Technology & Equipment

- Adequate

Recommendations

Proposed Projects

- None

Potential Future Use

- No change in use proposed

B3 Data Analysis

	Reported	Adjusted
EUI	70.84	
Baseline	11.78*	142.36
Change from Baseline	+59.06	-71.52

Data as of September 2021 in kBtu/SF.

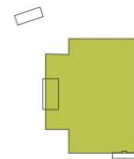
*Data represents the Rochester Regional Stadium as a whole. Reported baseline was set based on January - December 2009, however it does not appear the building was fully in service. Adjusted Baseline calculated from January 2010 - December 2010.

Space Utilization Summary

There are no classrooms or labs in this building.



Sports Field



Building Number	E26275T1203
Year Built	2008
Building Size (GSF)	88,000
Number of Floors	1
Current Replacement Value (000's)	\$3,105
Backlog (000's)	\$0
Facility Condition Index (FCI)	0, Excellent
5-year Renewal Forecast (000's)	\$1,941
5-year FCI	0.63, Crisis
Roof Type	
Building Exterior	Brick

3: BUILDING CONDITIONS

Rochester Regional Stadium Entry Building



Entry Lobby with Airlock for Dome



Womens Toilet Room



Womens Toilet Room



Entry Building

Rochester Regional Stadium Entry Building

Current Use

Sports Facility

Building Condition Summary

Backlog

- None.

Projects Completed Since Last CFP

- None

Issues

- None

Technology & Equipment

- Adequate

Recommendations

Proposed Projects

- None

Potential Future Use

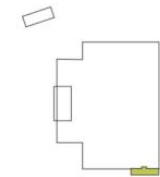
- No change in use proposed

B3 Data Analysis

Rochester Regional Stadium Dome data.

ation Summary

rooms or labs in this building.



Building Number	E26148C1815
Year Built	2015, Renovated:
Building Size (GSF)	2,068
Number of Floors	1
Current Replacement Value (000's)	\$853
Backlog (000's)	\$0
Facility Condition Index (FCI)	0, Excellent
5-year Renewal Forecast (000's)	\$33
5-year FCI	0.04, Excellent
Roof Type	
Building Exterior	

3: BUILDING CONDITIONS

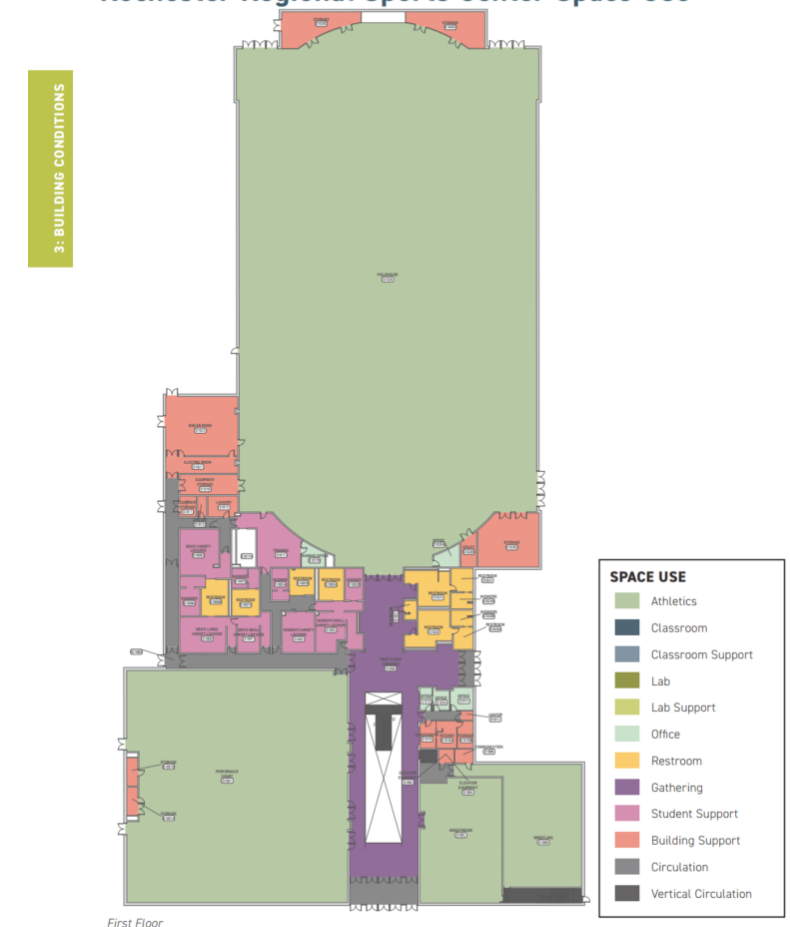
Regional Sports Center (Field House)

- Entered in 2000 with the City providing \$10.45M toward construction to jointly use the facility as a regional community recreation and sports activity complex. The facility is 115,220 square feet, constructed in 2002, and owned by RCTC.
- The term of the agreement is for the life of the facility (section 2).
- RCTC responsible for all aspects of operation, management, staffing, and maintenance of the facility (section 4 and 5).
- Public shall have priority rental from Monday-Friday from 5 p.m. to close and Saturday and Sunday from 8 a.m. to close (section 6).
- RCTC shall have priority use of the offices, weight rooms, classrooms, and locker facilities. RCTC of the facility from 7 a.m. to 5 p.m. Monday-Friday. RCTC shall have priority use of the performance gymnasium, classrooms, and wrestling room for college purposes (section 8).



Regional Sports Center

Rochester Regional Sports Center Space Use





Sample Schedule

Regional Sports Center

Monday, January 22, 2024

8:00 AM	2:00 PM	RCTC_ATHLETICS Department	Basketball	SC Performance Court A & B
2:00 PM	6:00 PM	RCTC_ATHLETICS Department	Mens and Womens BB	SC Performance Court A & B
2:00 PM	3:30 PM	RCTC_ATHLETICS Department	RCTC Softball	SC S1026C Sports Center Fieldhouse Court C
2:00 PM	3:30 PM	RCTC_ATHLETICS Department	RCTC Softball	SC S1026D Fieldhouse Court D W/batting cage
2:00 PM	3:00 PM	RCTC_HEALTH SERVICES OFFICE	Football Wellness	SC S2048 All American Room
3:00 PM	4:00 PM	RCTC_ATHLETICS Department	Men's Basketball Meeting	SC S2004 Sports Center Classroom
3:30 PM	5:00 PM	RCTC_ATHLETICS Department	RCTC Softball	SC S1026A Sports Center Fieldhouse Court A
3:30 PM	5:00 PM	RCTC_ATHLETICS Department	RCTC Softball	SC S1026B Sports Center Fieldhouse Court B
3:30 PM	5:00 PM	RCTC_ATHLETICS Department	RCTC Softball	SC S1026C Sports Center Fieldhouse Court C
3:30 PM	5:00 PM	RCTC_ATHLETICS Department	RCTC Softball	SC S1026D Fieldhouse Court D W/batting cage
4:15 PM	6:00 PM	RCTC_ATHLETICS Department	Softball	SC S2002 Sports Center Aerobics Room
5:00 PM	6:00 PM	Lil Sluggers Rochester DO NOT RENT	Lil Sluggers Basketball	SC S1026B Sports Center Fieldhouse Court B
5:00 PM	8:00 PM	RCTC_ATHLETICS Department	Softball	SC S2048 All American Room
5:30 PM	8:00 PM	North Star FC / MN Rush Soccer Club	MN Rush Futsal	SC S1026A Sports Center Fieldhouse Court A
5:30 PM	8:00 PM	North Star FC / MN Rush Soccer Club	MN Rush Futsal	SC S1026D Fieldhouse Court D W/batting cage
6:00 PM	10:00 PM	RCTC_Rochester Park and Rec Basketball	Park & Rec Basketball 2022/2023	SC S1026B Sports Center Fieldhouse Court B
6:00 PM	10:00 PM	RCTC_Rochester Park and Rec Basketball	Park & Rec Basketball 2022/2023	SC S1026C Sports Center Fieldhouse Court C
6:30 PM	8:00 PM	RCTC_ATHLETICS Department	RCTC Volleyball Open Gym	SC Performance Court A & B

Dome

Start	End	Group	Event	Location
Wednesday, January 22, 2025				
7:30 AM	12:00 PM	Senior Dome Softball	Senior Dome Softball	RS Regional Stadium Dome A and Dome B
4:00 PM	7:00 PM	RCTC_ATHLETICS Department	RCTC Baseball/Softball	RS Regional Stadium Dome A and Dome B
7:00 PM	8:30 PM	Albion SC Southern Minnesota Soccer	Albion SC	RS Regional Stadium Dome A and Dome B

- **Opportunity:** Can RCTC baseball and softball use be prioritized for the dome, freeing up the Field House for earlier community programming?
- **Opportunity:** Can we enhance the Field House programming from 8-2 for daytime use including enhanced walking, indoor pickleball, or related activities?



Regional Sports Center (Field House)

Rochester Regional Sports Center

Current Use

Sports Facility

Building Condition Summary

Backlog

- Interior Finishes

Projects Completed Since Last CFP

- Additional fitness equipment added to the second floor

Issues

- Use agreements in place with other organizations makes scheduling spaces challenging

Technology & Equipment

- Adequate, but should be on rotation from replacement

Recommendations

Proposed Projects

- Adequate, but should be on rotation for replacement

Potential Future Use

- No change in use proposed

B3 Data Analysis

EUI 49.32

Baseline 83.32

Change from Baseline **-40.81**

Data as of September 2021 in kBtu/SF

Space Utilization Summary

	CLASSROOMS	LABS
# of Rooms	1	
Weekly room hrs available	32	
Hrs used / week	8.4	
Hrs used %	26.1%	
Seat use %	Information not available.	



Building Number	E26275T1202
Year Built	2002
Building Size (GSF)	115,220
Number of Floors	1
Current Replacement Value (000's)	\$49,786
Backlog (000's)	\$1,822
Facility Condition Index (FCI)	0.04, Excellent
5-year Renewal Forecast (000's)	\$11,002
5-year FCI	0.22, Fair
Roof Type	Built-up Asphalt
Building Exterior	Brick

3: BUILDING CONDITIONS

3: BUILDING CONDITIONS

Rochester Regional Sports Center



Main Entry



Fieldhouse



Second Floor Circulation



Weight Room



Classroom / Meeting Room



Multi-Purpose Fitness Room



Wrestling Room



Performance Court



Outdoor Athletic Fields

Fuad Mansour

- 13 rectangle fields over about 40 acres.
- City developed the improvements on RCTC owned property
- City operates and maintains with RCTC priority use M-F from 8 a.m. to 6 p.m., one rectangle field on Saturday, and one rectangle field two evenings per week.
- Agreement continues indefinitely but can be terminated with 365 days notice.



Fuad Mansour Soccer and Football Fields



Rugby Team Playing at Fuad Mansour Sports Complex



Youth Playing at Soccer Fuad Mansour Sports Complex



Rochester Baseball Complex Looking East

(All Photo Credits this page: Rochester MN Sports)

Rochester Youth Fastpitch and Baseball

- 12 softball/baseball fields.
- City developed the improvements on RCTC owned property.
- City operates and maintains with RCTC priority use of two fields Mon-Sat during its baseball and softball seasons. Nonpriority use as agreed upon.
- Agreement continues indefinitely but can be terminated with 365 days notice.



Investment Needs



Investment Priorities: RCTC Proposed Campus Projects

5.2 Proposed Campus Funded Projects

C1: Student Collaboration Area

Convert an underutilized, second floor classroom in Heintz Center to a study and collaboration lounge to support students in the Dental Assistant and Dental Hygiene programs.

C2: Dental Instructional Lab Expansion

Due to high demand, expand the instructional lab space dedicated to the dental hygiene and dental assistant programs in the Heintz Center. Consider simulation to expand the educational opportunities.

Funding is anticipated to be sourced from leveraged equipment, Perkins, general fund balance and donors / sponsorships

C3: Student Services Flex Space

Provide an area in Heintz Center for the delivery of student services, via visiting staff or virtual meetings between Heintz Center and the Main Campus.

C4: Renovate Former Student Services

Renovate the former Student Services area in the Main Building.

C5: Renovate ST305/309

Renovate ST305, ST309 and supporting areas in the Main Building. While full renovation of the building is a proposed capital project, these spaces are in critical need of updating.

C6: Interior Wayfinding and Signage Improvements (Phase 3)

The campus has made significant progress in addressing wayfinding challenges through improved room and wayfinding signage and maps. This effort should continue on the Main Campus by completing Phase 3 of the project.

C7: Additional Testing Rooms (disability services)

Provide additional private testing rooms for students that require accommodations such as extended time, writer/ scribe, reader, or a room with fewer distractions.

C8: East Hall Student Resource Renovation & PTECH

Renovate select areas of East Hall to relocate Hive Supply (food shelf) near a primary entrance and convert underutilized classrooms into Zoom rooms to support online learning.

Renovate spaces to support the PTECH program. Depending on the success of the ongoing partnership and its potential expansion, East Hall may be solely dedicated to PTECH. Since this transformation likely wouldn't receive funding through Minnesota State's bonding efforts, it is included as a campus funded project.

C9: Learning Commons

Co-locate the Learning Center and Library for a centralized location for academic support. Project to include reconfiguring the large computer lab to reflect usage.

C10: College Center Renovations

Renovate College Center to provide additional Student Life amenities and a re-imagined food service concept to reduce operational costs. While this could be a revenue fund project, at the time of the comprehensive plan, students were not in favor of increased fees to pay for the renovations.

C11: Fieldhouse Floor Replacement

Replace the fieldhouse floor in the Regional Sports Center.

C12: Reuse Former Bookstore Space

Renovate the former bookstore space for reuse. Future use is to be determined.

5: BUILDING DEVELOPMENT



Investment Priorities: RCTC Higher Education Asset Preservation Requests

5: BUILDING DEVELOPMENT

5.3 Proposed HEAPR Projects

Short Term (0 - 5 Years)

H1: Coffman Hall Roof Replacement

Replace roof on Coffman Hall, changing from a ballasted membrane to a Minnesota State compliant built-up roof system.

H2: Chiller Plant Upgrades and Extension

This project is the 2nd phase of the central chiller plant improvements and will improve the overall efficiency, occupant comfort, and indoor air quality to the building areas currently served by the Science and Technology Hall chillers. The project will expand the capacity of the existing chiller plant by adding chillers 2 and 3 as originally anticipated in the design.

H3: Heintz Center HVAC Improvements, Ph III

Project includes the 3rd and final phase of replacing the Heintz Center HVAC system and connection to the central chiller plant. This phase will replace the HVAC systems including AHU-12, serving the Heintz Center Commons Area and 1300 Suite.

H4: Skylight Replacement

Replace skylights in the Heintz Center. While these were originally part of a pre-design for 2022 capital funding, they were excluded in the 2024 pre-design due to budget concerns. Note: The replacement may occur as part of the Heintz renovation project funded in 2023.

H5: Main Campus Building Exterior Envelope Repairs

Project includes replacement of damaged or missing exterior bricks, mortar and control joint repair, PVC flashing replacement, and interior painting. Interior painting will likely require lead testing. A pre-design for this work has been completed.

H6: Main Campus Building Exterior Window and Door Replacement

Replace failing exterior windows and doors that are in critical condition to mitigate water and air intrusion. A pre-design has been completed for this project.

H7: Heintz Center Roof Replacement 1976 Addition

Roof replacement and improved insulation in the 1976 Addition to address water infiltration and damage in the "H-Wing" and Student Commons.

H8: Heintz Center Exterior Envelope Repairs

Replacement of damaged or missing bricks, replacement of missing mortar joints, and resealing of control joints. Project to provide tuckpointing and flashing throughout.

H9: Rochester Regional Sports Center Water Heater Replacement

This project replaces the natural gas-fired water heaters with new systems producing domestic hot water from the steam served to the building by the Olmsted County Waste-to-Energy Facility.

H10: Student Services Roof Replacement

Roof replacement and improved insulation in the Student Services area to address damage and water infiltration. A Schematic Design report was completed in 2020 for this project.

H11: Goddard Library Roof Replacement

Roof replacement and improved insulation in the Goddard Library area to address damage and water infiltration. A Schematic Design report was completed in 2020 for this project.

H12: College Center Roof Replacement

Roof replacement and improved insulation in the College Center area to address damage and water infiltration. A Schematic Design report was completed in 2020 for this project.

H13: Art Hall Roof Replacement

Roof replacement and improved insulation in the Art Hall to address damage and water infiltration. A Schematic Design report was completed in 2020 for this project.

H14: Phase I and II Domestic Water Piping Replacement

This project replaces the domestic hot and cold water piping systems (and fixtures) with copper piping or other code / Minnesota State approved, economically viable materials. Conceptual planning was completed in 2012.

H15: Phase III and IV Domestic Water Piping Replacement

This project replaces the domestic hot and cold water piping systems (and fixtures) with copper piping or other code / Minnesota State approved, economically viable materials.

H16: College Center Second Floor Toilet Room Renovations and Accessibility Upgrades

The second floor toilet room in the College Center is the last toilet room that requires updating on campus. This project will update the toilet room to match current standards.

H17: Heintz Center Lighting Upgrades

The project replaces existing fluorescent downlights with more efficient 2x2 LED light fixtures in the majority of public areas. This could also be explored as a campus funded project.

H18: Art Hall AHU Replacement and Heating System Conversion

Replace AHU-1 and AHU-2 with new VAV Units. Associated energy management systems will be upgraded to direct digital controls and integrated into the existing campus Building Automation System.

H19: College Center AHU Replacement and Heating System Conversion

Replace AHU CC-1 through CC-6 with new VAV units. Associated energy management systems will be upgraded to direct digital controls and integrated into the existing campus Building Automation System.

H20: Phase III Central Chilled Plant Upgrades and System Extension to Rochester Regional Sports Center

Expansion of the Central Chiller Plant system capacity to include a new 500 ton chiller and cooling tower, pumps, and buried distribution legs. Conceptual Planning was completed in 2012.

H21: East Hall Entrance Vestibule Remodel

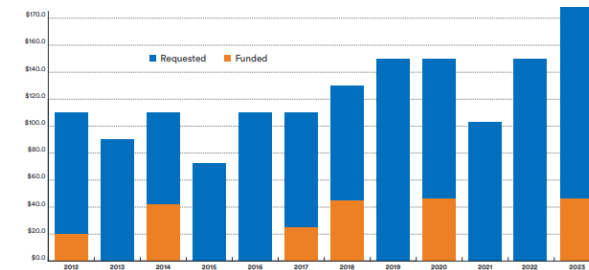
Expand the existing vestibule area by 400 sq ft to accommodate use as an entrance air-lock and holding / waiting area for students and faculty. Replace the all glass envelope for energy performance.

5: BUILDING DEVELOPMENT

HEAPR Context

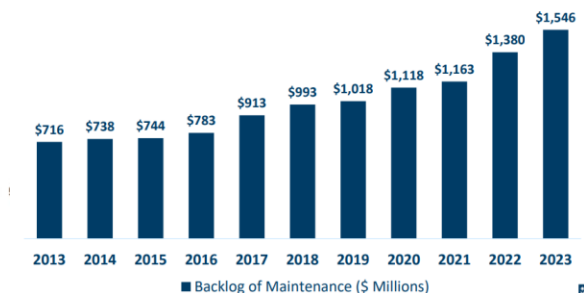
- Current RCTC Campus HEAPR Project Needs are \$24,274,000.
- Current MNSCU 10 Year Capital Needs: \$2.9B

HEAPR FUNDING HISTORY 2012-2023 (IN MILLIONS)



Backlog of maintenance

2013-2023: Deferred maintenance has grown by 116%



January 25, 2024

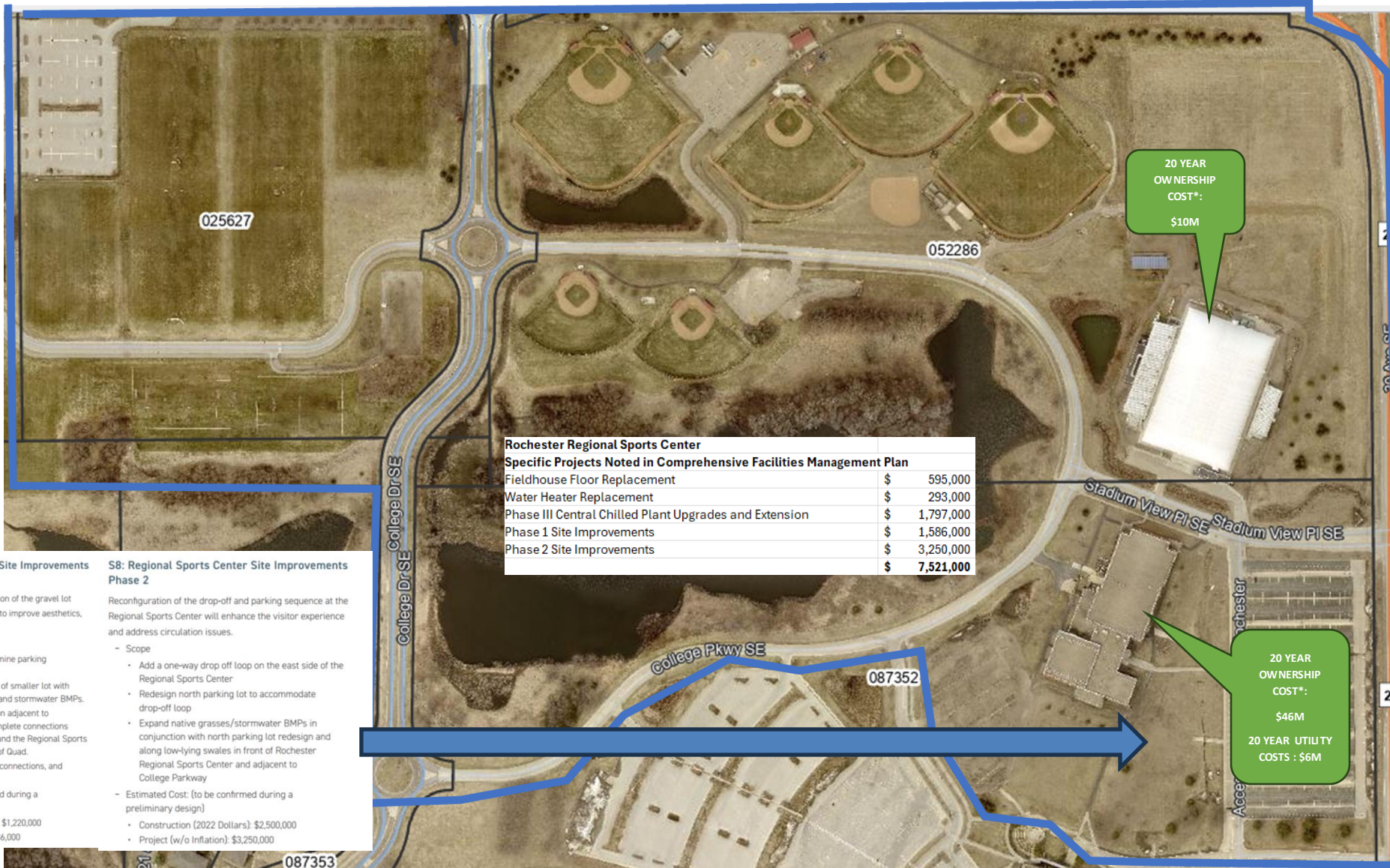




Pressures of Long Term Ownership

Cost Drivers

- RSC 20-year cost of ownership \$46M*
- 20 years utility costs for the RSC estimated at \$6M +/- with 4% escalation
- 5 Year Dome needs are \$3.1M. Annual utility costs \$194,000 +/-
- 20 Year Parking lot snow removal estimated at \$1.7M +/-.



S3: Regional Sports Center Site Improvements Phase 1

Evaluation, redesign, and construction of the gravel lot west of the Regional Sports Center to improve aesthetics, safety, and accessibility.

- Scope:

- Evaluate gravel lot to determine parking capacity need.
- Redesign gravel lot in place of smaller lot with pervious pavement system and stormwater BMPs.
- Add ADA sidewalk connection adjacent to redesigned gravel lot to complete connections between the Main Building and the Regional Sports Center along the west side of Quad.
- Update parking lot lighting, connections, and associated landscaping.

- Estimated Cost: (to be confirmed during a preliminary design)

- Construction (2022 Dollars): \$1,220,000
- Project (w/o Inflation): \$1,586,000

S8: Regional Sports Center Site Improvements Phase 2

Reconfiguration of the drop-off and parking sequence at the Regional Sports Center will enhance the visitor experience and address circulation issues.

- Scope:

- Add a one-way drop off loop on the east side of the Regional Sports Center
- Redesign north parking lot to accommodate drop-off loop
- Expand native grasses/stormwater BMPs in conjunction with north parking lot redesign and along low-lying swales in front of Rochester Regional Sports Center and adjacent to College Parkway

- Estimated Cost: (to be confirmed during a preliminary design)

- Construction (2022 Dollars): \$2,500,000
- Project (w/o Inflation): \$3,250,000

* 20-year ownership cost reflects 2% of value, a standard established by the National Research Council's Building Research Board



Pressures of Long Term Ownership: Background Data

<u>Facility</u>	<u>Regional Sports Center Replacement Costs</u>	<u>Regional Sports Center Annual Maintenance</u>	<u>Regional Sports Dome Replacement Costs</u>	<u>Regional Sports Dome Annual Maintenance</u>
Year Constructed	2002	2002	2002	2002
Square Footage	115,220	115,220	88,000	88,000
Estimated Annual Utility Costs	\$214,000	\$214,000	\$193,000	\$193,000
Estimated 2025 Replacement Cost	\$59,115,460	\$1,182,309	\$6,500,000	\$130,000
Estimated 2026 Replacement Cost	\$62,071,233	\$1,241,425	\$6,825,000	\$136,500
Estimated 2027 Replacement Cost	\$65,174,795	\$1,303,496	\$7,166,250	\$143,325
Estimated 2027 Replacement Cost	\$68,433,534	\$1,368,671	\$7,524,563	\$150,491
Estimated 2028 Replacement Cost	\$71,855,211	\$1,437,104	\$7,900,791	\$158,016
Estimated 2029 Replacement Cost	\$75,447,972	\$1,508,959	\$8,295,830	\$165,917
Estimated 2030 Replacement Cost	\$79,220,370	\$1,584,407	\$8,710,622	\$174,212
Estimated 2031 Replacement Cost	\$83,181,389	\$1,663,628	\$9,146,153	\$182,923
Estimated 2032 Replacement Cost	\$87,340,458	\$1,746,809	\$9,603,460	\$192,069
Estimated 2033 Replacement Cost	\$91,707,481	\$1,834,150	\$10,083,633	\$201,673
Estimated 2034 Replacement Cost	\$96,292,855	\$1,925,857	\$10,587,815	\$211,756
Estimated 2035 Replacement Cost	\$101,107,498	\$2,022,150	\$11,117,206	\$222,344
Estimated 2036 Replacement Cost	\$106,162,873	\$2,123,257	\$11,673,066	\$233,461
Estimated 2037 Replacement Cost	\$111,471,016	\$2,229,420	\$12,256,719	\$245,134
Estimated 2038 Replacement Cost	\$117,044,567	\$2,340,891	\$12,869,555	\$257,391
Estimated 2039 Replacement Cost	\$122,896,796	\$2,457,936	\$13,513,033	\$270,261
Estimated 2040 Replacement Cost	\$129,041,635	\$2,580,833	\$14,188,685	\$283,774
Estimated 2041 Replacement Cost	\$135,493,717	\$2,709,874	\$14,898,119	\$297,962
Estimated 2042 Replacement Cost	\$142,268,403	\$2,845,368	\$15,643,025	\$312,861
Estimated 2043 Replacement Cost	\$149,381,823	\$2,987,636	\$16,425,176	\$328,504
Estimated 2044 Replacement Cost	\$156,850,914	\$3,137,018	\$17,246,435	\$344,929
Estimated 2045 Replacement Cost	\$164,693,460	\$3,293,869	\$18,108,757	\$362,175
<u>Total 20 Year Expected Maintenance Costs</u>		<u>\$45,525,069</u>		<u>\$5,005,678</u>
	*used 5% annual escalation for replacement cost	*used 2% of the current replacement cost for annual maintenance cost, based upon recommended budgeting by Building Research Board under the National Research Council	*used 5% annual escalation for replacement cost	*used 2% of the current replacement cost for annual maintenance cost, based upon recommended budgeting by Building Research Board under the National Research Council



Interests and Needs

RCTC

- To be better understood through ongoing engagement and conversation.

City

- Providing an exceptional resident and visitor experience.
- Ensure equitable community access and programming opportunities.
- Advance Economic Resilience through enhanced tourism and regionally significant facilities.
- Attract and retain top talent by having amenities that people expect.
- Maximize community and regional benefit for past investments made in the Regional Sports Center, Dome, and existing fields.
- Leverage local sales tax investments.
- Increase weekend hotel occupancy and lodging tax.
- Minimize and manage ongoing property tax investments.
- Honoring the original intent of the investments and agreement associated with the Sports Center and Dome.



Enhancing and Reimagining our Partnership

What Can We Do Now to Enhance our Existing Partnership And to Plan for the Future

- Evaluate options to optimize the existing agreement
- Reprioritize use
 - *Daytime Field House Use
 - *Sustaining Bubble for Baseball and Softball
 - *Priority scheduling for Rochester MSA
- More marketing of existing resources
- Develop an MOU to memorialize short term realignment and process for Reimagining our Partnership Long Term

Reimagining our Partnership Long Term

- ?



**Budget Follow Up:
Outside Agencies SMIF
Request**



2026 & 2027 Community Reinvestment Funding And Economic Development Recommendations

Agency name	2026-2027 Funding Requested	2025 Funding	Increase from 2025 Funding to 2026 Rec	2026 Rec (5%)	Increase from 2026 Rec to 2027 Rec	2027 Rec (3%)	High End (2026 or 2027)	Notes for "high end"
125 Live	\$114,610	\$110,160	+\$4,450	\$114,610	+\$2,292	\$116,902	\$114,610	Funding is set by the operating agreement, with an additional \$10,500 allocated Annually for event parking
Community Building Fund	\$50,000	\$50,000		\$50,000		\$50,000	\$100,000	Could increase funding to enhance the small grant program
History Center	\$47,500	\$37,500	+\$10,000	\$47,500		\$47,500	\$47,500	
Human Rights Commission	\$12,500	\$5,400		\$5,400		\$5,400	\$6,000	Could fund at 2019 level
RAEDI	\$97,000	\$75,000		\$75,000		\$75,000	\$97,000	Would provide more operating dollars
RNeighbors	\$120,000	\$92,015	+\$17,985	\$110,000	+\$10,000	\$120,000	\$120,000	2027 funding increase requires stability In budget and budget planning
Rochester Art Center	\$192,780	\$178,500	+\$6,500	\$185,000	+\$2,000	\$187,000	\$192,780	Would provide more operating dollars
Rochester Civic Theatre	\$125,000	\$100,000	+\$15,000	\$115,000	+\$10,000	\$125,000	\$125,000	Increase would support their programming and work in hosting 25+ nonprofits & community organizations
Rochester Downtown Alliance	\$250,000	\$125,000		\$125,000		\$125,000	\$155,000	Could fund a pilot marketing program For an additional \$30,000
RochesterFest	\$35,000	\$24,905	+5,095	\$30,000	+1,500	\$31,500	\$35,000	Could fund entire requested increase
SBDC	\$50,000	\$15,000		\$15,000		\$15,000	\$15,000	
SMIF	\$15,000	\$15,000	-\$15,000	\$0		\$0	\$0	
Youth Council	\$10,000	\$10,000		\$10,000		\$10,000	\$10,000	
Total:	\$1,119,390	\$838,480	+\$44,030	\$882,510	+\$25,792	\$908,302	\$1,017,890	High End Adds \$179,410 (21% increase)





2026 & 2027 Community Reinvestment Funding And Economic Development Recommendations

SE MN Initiative Fund (SMIF) Outside Agencies Overview



SMIF - Current Ratio



SMIF - Operating Reliance Ratio



About this Agency

Southeastern Minnesota Initiative Foundation (SMIF) supports regional economic growth through grants, loans, and programming for early childhood and entrepreneurship.

Current Funding \$15,000.00

About Outside Agencies

The City of Rochester provides funding to several nonprofit organizations—known as Outside Agencies—to deliver essential services to the community. These agencies either operate in City-owned spaces or perform functions the City would otherwise provide directly or through contracted services.

To promote transparency and accountability, Outside Agencies are required to submit quarterly, board-approved financial statements. These reports are reviewed by City staff to calculate two key financial health indicators:

Current Ratio

- Formula: Current Assets ÷ Current Liabilities
- This ratio reflects the agency's short-term financial stability and its ability to meet immediate obligations.

Operating Reliance Ratio

- Formula: (Revenue & Contributions excluding City funding) ÷ Total Expenses
- This metric shows the agency's level of financial independence by measuring how much of its operations are supported by non-City sources.

These financial indicators—along with supporting financial narratives—are shared with the Outside Agencies Oversight Commission (OAOC), a group composed of three City Council Members. The OAOC is responsible for reviewing agency performance, identifying financial risks, and elevating concerns to the full City Council as needed.





2026 & 2027 Community Reinvestment Funding And Economic Development Recommendations

SMIF - Financial Details

Primary	Current Assets	Current Liabilities	Revenue & Contributions Less City Sponsored	Total Expenses	Current Ratio	Operating Reliance Ratio
2025 Q3	\$ 80,880,823	\$ 9,024,008	\$ 11,587,907	\$ 7,913,211	8.96	1.46
2025 Q2	\$ 76,156,537	\$ 8,764,824	\$ 5,493,962	\$ 4,914,704	8.69	1.12
2025 Q1	\$ 77,850,756	\$ 8,827,136	\$ 5,395,948	\$ 3,198,139	8.82	1.69
2024 Q4	\$ 77,463,426	\$ 8,994,516	\$ 3,251,957	\$ 1,643,079	8.61	1.98
2024 Q3	\$ 75,903,978	\$ 9,058,374	\$ 12,486,847	\$ 6,638,089	8.38	1.88
2025 Q2	\$ 75,386,299	\$ 10,137,371	\$ 7,375,235	\$ 3,958,100	7.44	1.86
2025 Q1	\$ 70,631,644	\$ 6,959,606	\$ 4,573,757	\$ 2,837,429	10.15	1.61

