



Public Hearing Presentation
City of Rochester Recommended 2018 Budget
December 4, 2017

Budget Process

- Council establishes maximum tax levy
 - September 18th - \$68,554,151
- Departments submit budget requests
- Administration & Finance teams review and discuss
- Establish the 2018 recommended operating and CIP budgets

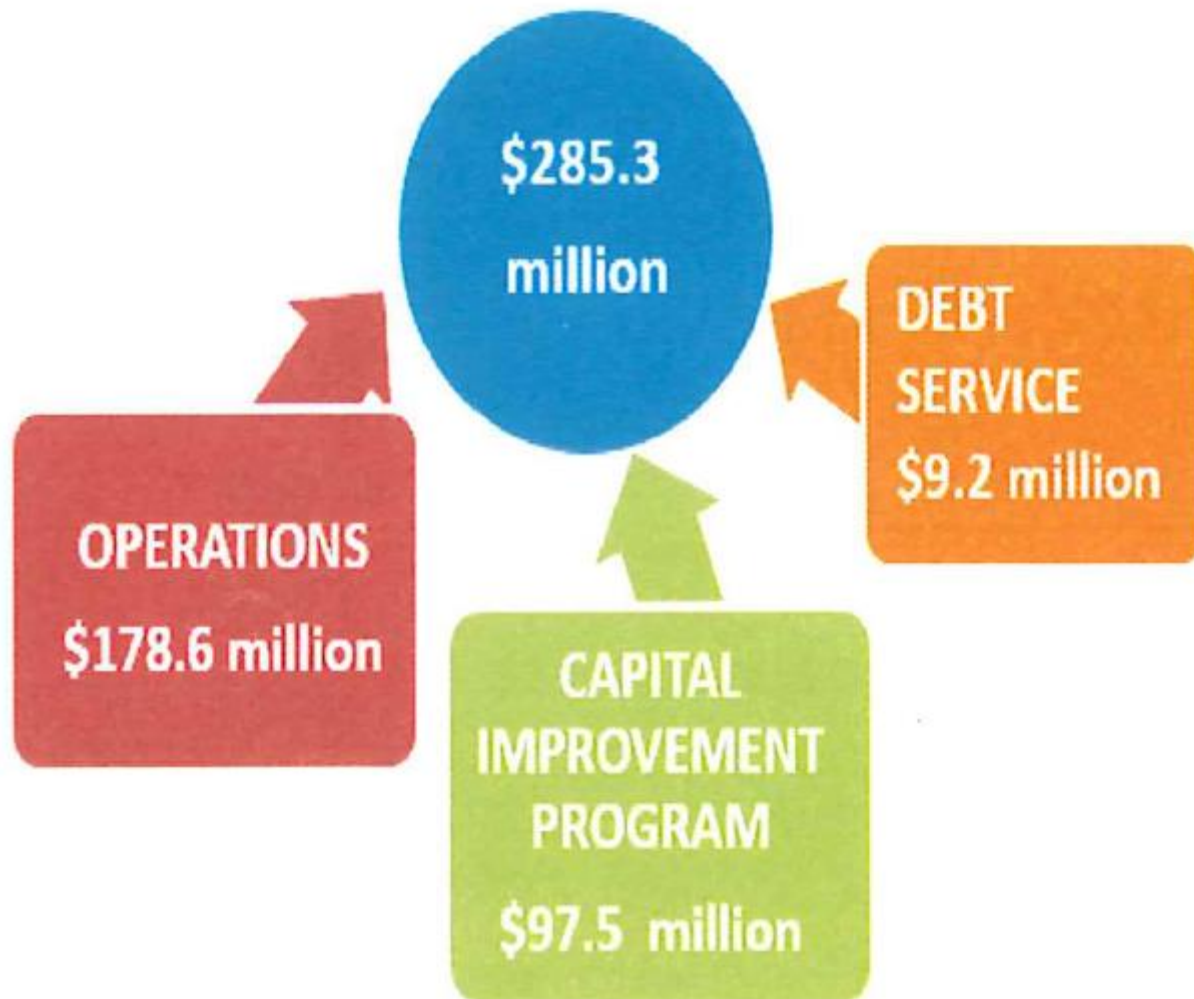
Budget Process

- Budget Workshops
 - Monday, December 4th, 2 – 5 p.m. Room 104
 - Tuesday, December 5th, 2 – 5 p.m. Room 104
 - Wednesday, December 6th, 2 -5 p.m. Room 104
- Public hearing on recommended 2018 budget and tax levy – Monday, December 4th @ 7:00
- Public hearing – consider adoption
 - 2018 property tax levy
 - 2018 operating budget
 - 2018-2022 CIP

Recommended Budget Goals

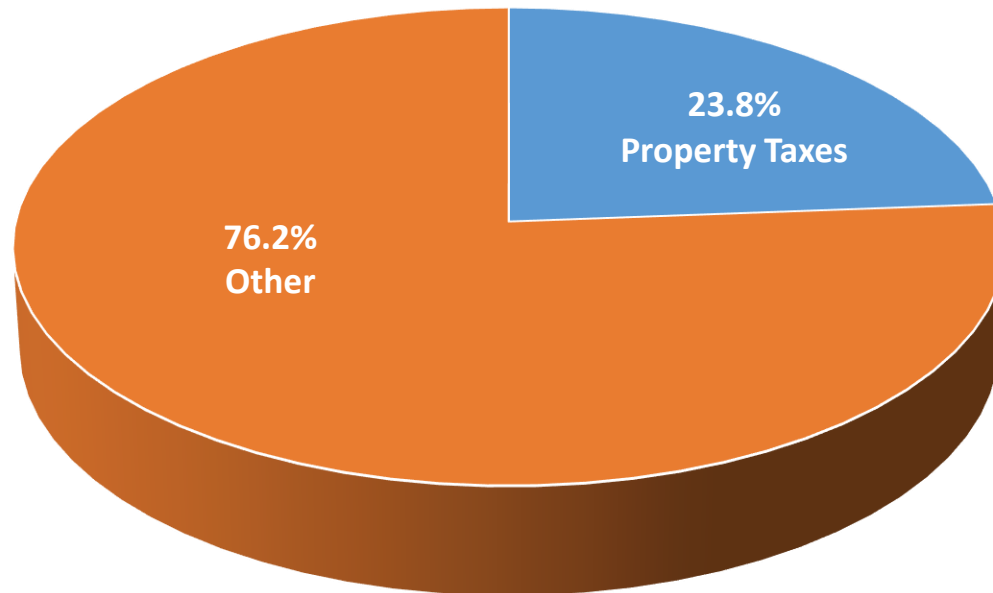
- Maintain existing services
- Enhance service levels within the limited resources
- Preserve financial sustainability

2018 Recommended Budget



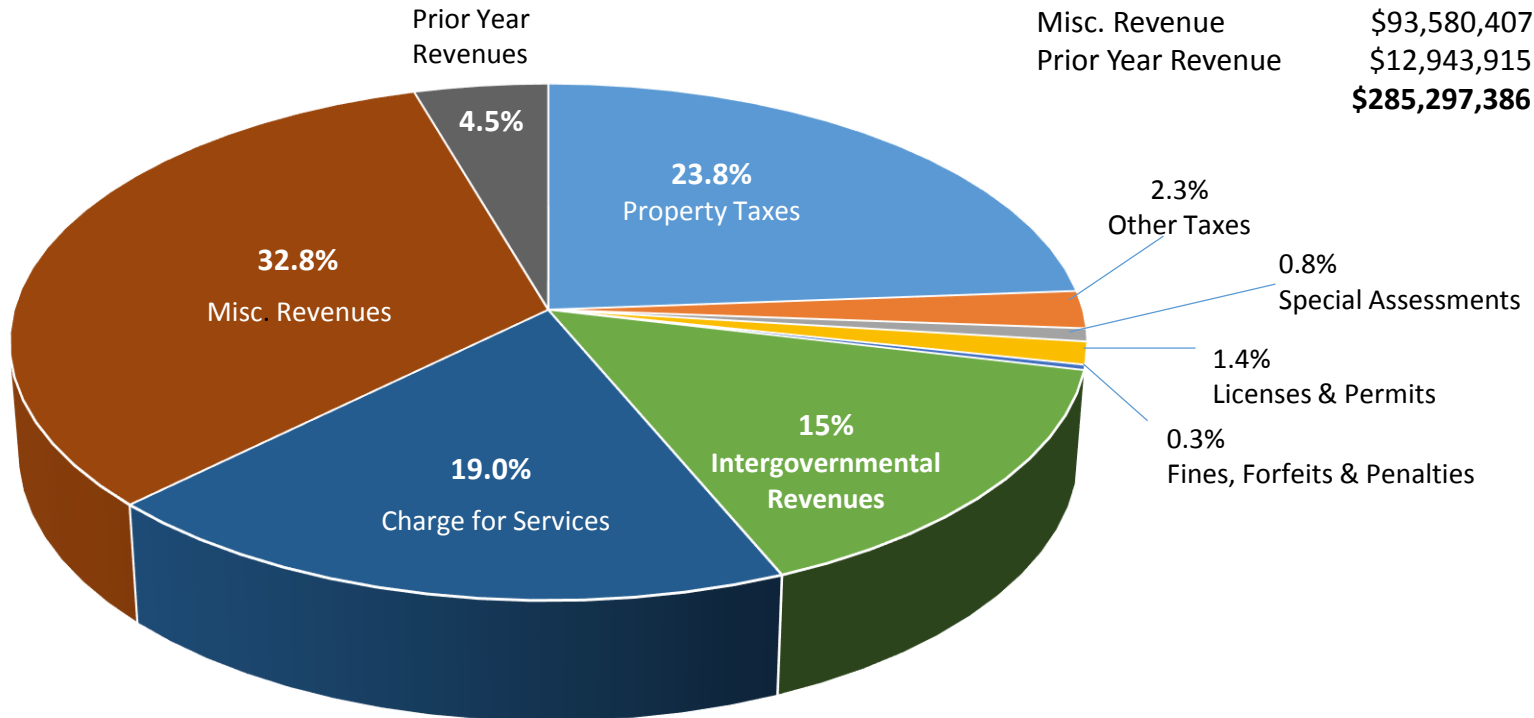
Revenues

REVENUE SOURCES 2018 RECOMMENDED BUDGET



REVENUE SOURCES BREAKDOWN

Property Taxes	\$67,937,892
Other Taxes	\$6,696,000
Special Assessments	\$2,305,000
Licenses & Permits	\$4,040,076
Fine, Forfeits & Penalties	\$917,600
Intergovernmental	\$42,728,432
Charges Services	\$54,148,064
Misc. Revenue	\$93,580,407
Prior Year Revenue	\$12,943,915
	\$285,297,386



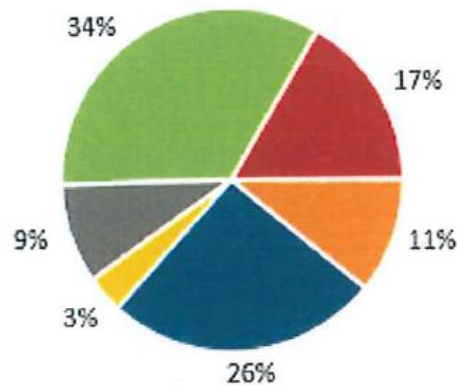
2018 RECOMMENDED BUDGET ANALYSIS OF MAJOR REVENUES

	2017 Adopted Budget	2018 Proposed Budget	Increase/(Decrease)	Percent of Change
Tax Levy & Tax Abatements	62,463,919	67,937,892	5,473,973	8.76%
Local Government Aid	7,215,571	7,497,955	282,384	3.91%
Hotel/Motel Tax	5,000,000	5,100,000	100,000	2.0%
Cable TV Franchise Fee	1,400,000	1,440,000	40,000	2.86%
Inspection Permits	3,542,005	3,400,000	(142,005)	-4.01%
In Lieu of Tax	11,862,031	11,962,882	100,851	0.85%
Sewer Utility Charge	24,000,000	25,000,000	1,000,000	4.17%
Storm Water Utility Fee	6,000,000	6,645,000	645,000	10.75%
Library Fund				
City Share-Levy	6,238,060	6,605,691	367,631	5.89%
County Share	937,394	969,820	32,426	3.46%
Municipal Recreation Fund				
Fee Revenues	4,018,100	4,227,750	208,780	5.19%
Non-Fee Revenues	6,941,573	7,051,416	109,843	1.58%
Mayo Civic Center				
Fee Revenues	3,281,100	3,811,300	530,200	16.16%
Non-Fee Revenues	1,786,102	1,850,237	64,135	3.59%
Parking Fund				
Parking Fines	310,000	346,000	36,000	11.61%
Parking Ramps	5,247,263	5,148,949	(98,314)	-1.87%
Street Meters	1,030,000	970,000	(60,000)	-5.83%
Parking Lots	550,695	551,769	1,074	0.20%

Expenditures

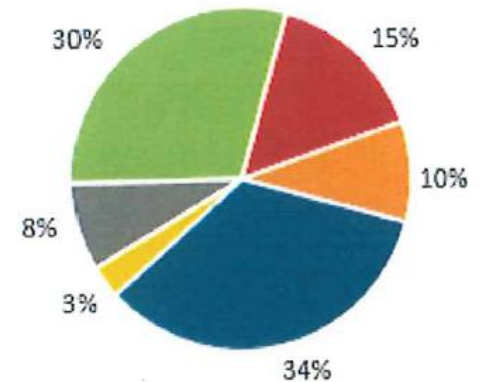
2018 Recommended Budget Major Expenditures (Compared to 2017)

2017 Approved Budget



■ Employee Services ■ Contractual Services ■ Other Charges
■ CIP ■ Debt Service ■ Miscellaneous

2018 Recommended Budget

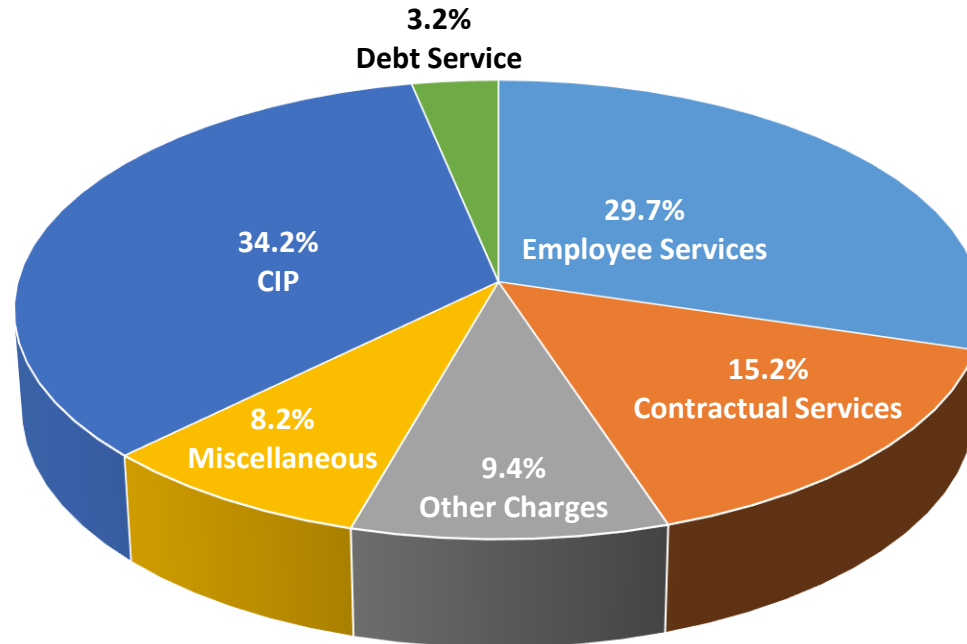


■ Employee Services ■ Contractual Services ■ Other Charges
■ CIP ■ Debt Service ■ Miscellaneous

EXPENDITURE BY CATEGORY

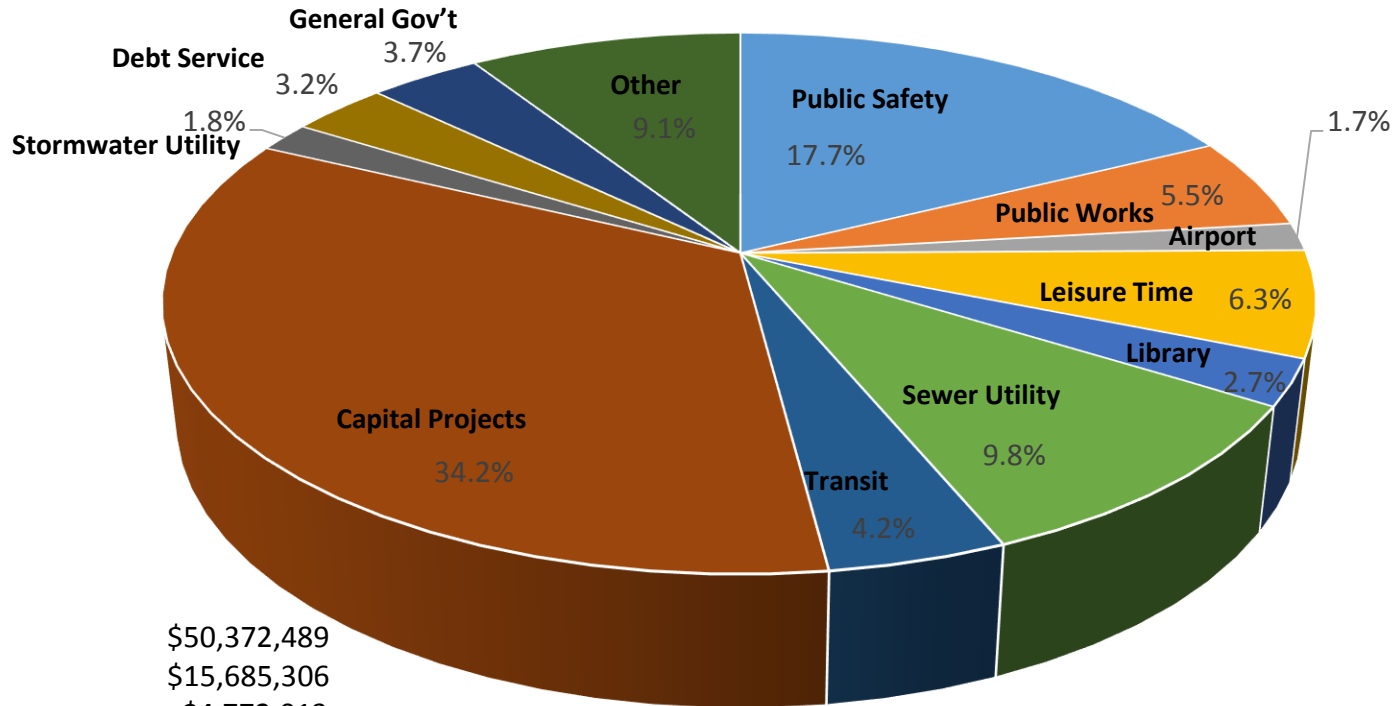
Total Budget

RECOMMENDED 2018



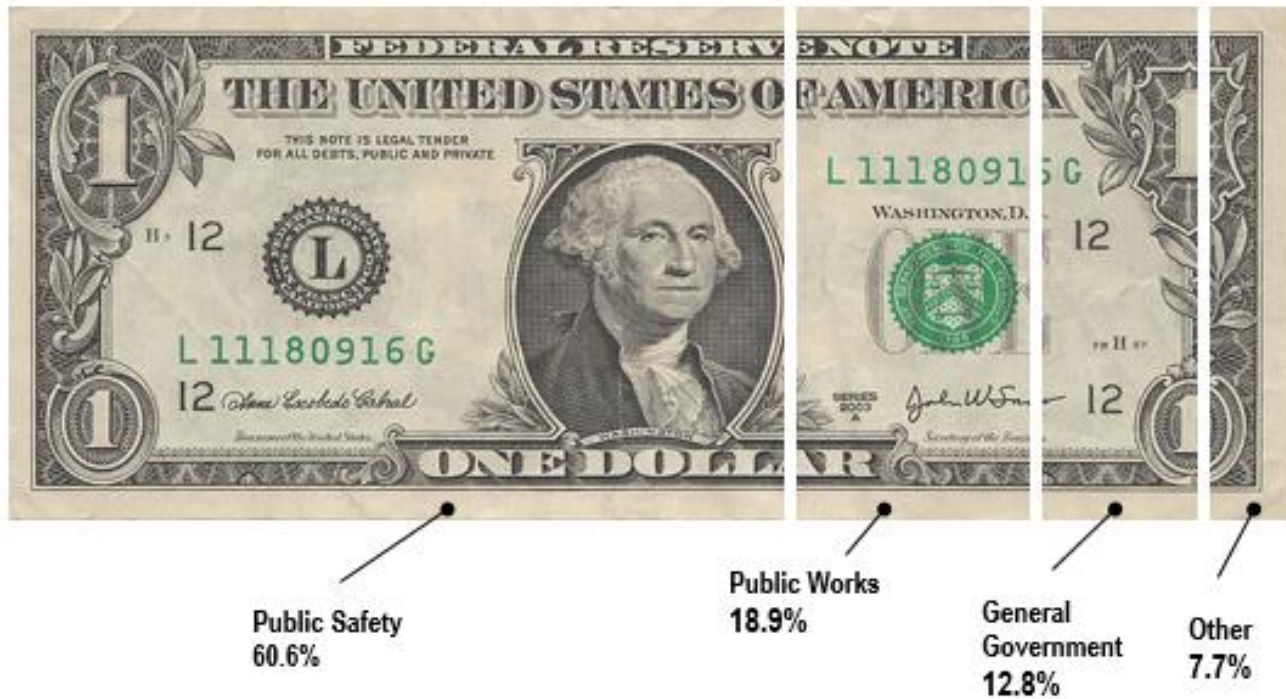
CIP	\$97,479,084
Employee Services	\$84,724,544
Contractual Services	\$43,499,518
Other Charges	\$26,895,073
Miscellaneous	\$23,449,330
Debt Service	<u>\$9,249,837</u>
	\$285,297,386

APPLICATION BY FUNCTION WITHOUT CIP PROJECTS ALLOCATED RECOMMENDED 2018



Public Safety	\$50,372,489
Public Works	\$15,685,306
Airport	\$4,772,013
Leisure Time	\$18,035,788
Library	\$7,840,205
Sewer Utility	\$28,094,435
Transit	\$12,060,192
Capital Projects	\$97,479,084
Stormwater Utility	\$5,116,962
Debt Service	\$9,249,837
General Gov't	10,630,555
Other	<u>\$25,960,519</u>
	\$285,297,385

General Fund Property Tax Allocation



Allocation of \$8,925,000 in 2018 Hotel/Motel Tax

ALLOCATION OF HOTEL MOTEL TAX (CURRENT TAX RATE 7%)

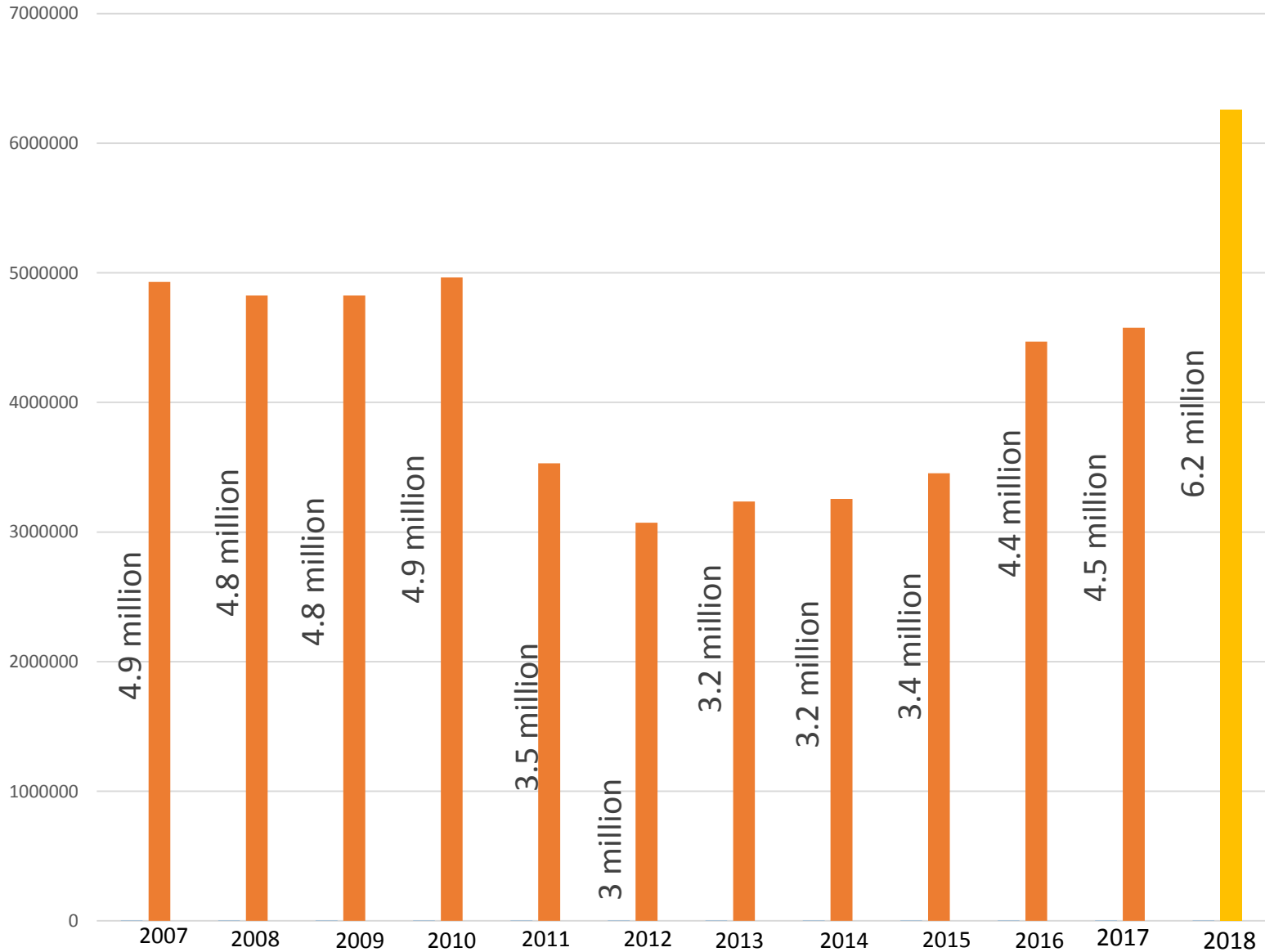
**Convention and
Tourism, 2%**
1% by Agreement
1% by Law



**MCC and
General Fund,
2%**

**MCC
Expansion
2015-2017, 3%**

Amount of Property Tax Levy (including abatement) attributable to Capital Improvement Project Budget from 2007 - 2018



Tax Levy

Pay 2018 Proposed (TNT) Total Tax Impact – All Taxing Jurisdictions

Property Type/Value	2018 Total Combined Tax Levy Change
\$131,500 Home	+ 2.5%
\$217,700 Home	-1.5%
\$419,700 Home	-1.5%
\$200,000 Business	-12.6%
\$6,800,700 Business	-1.5%
\$3,716,000 Apartment Complex	-1.2%

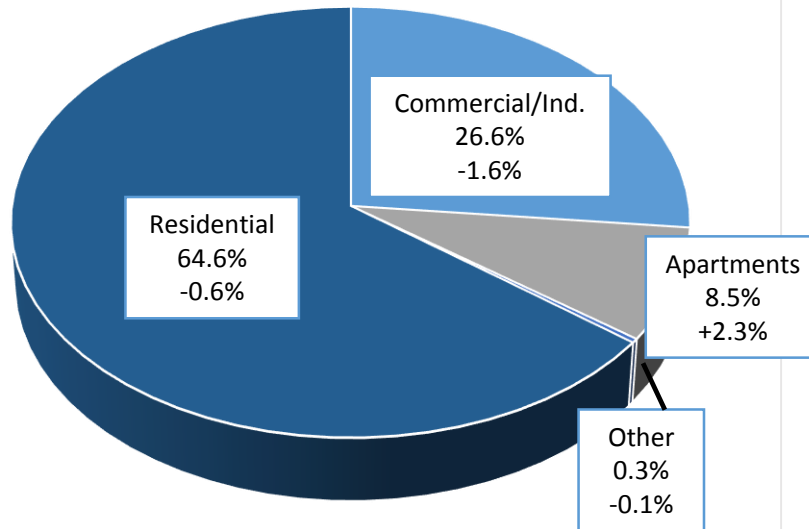
Changes **do not** factor in a change on valuation from 2017 to 2018

Factors for pay 2018 that impacted these total rate changes and offset levy increases for 2018 include:

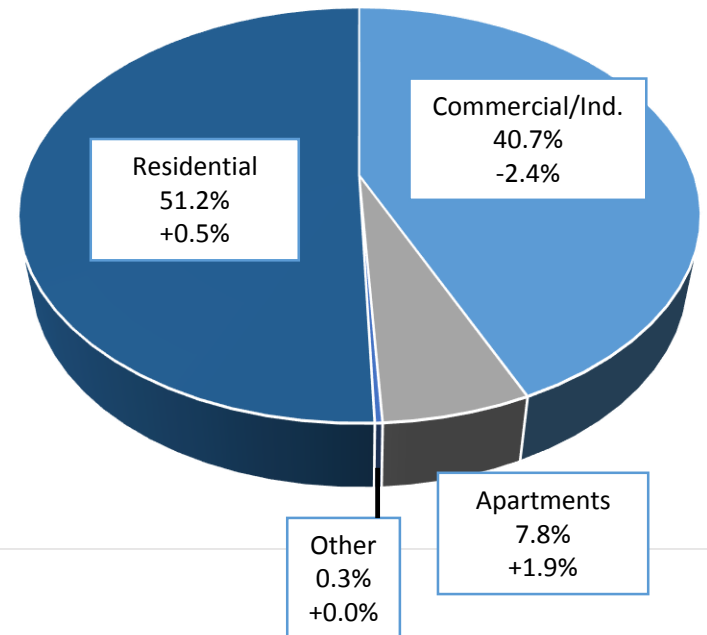
- New construction valuation increased market value by nearly \$260 million or 2.5%.
- Total estimated market valuation increased by \$790 million or 7.7%.
- Much of the growth came in new apartments, total tax capacity increased by 8.2%.
- School district tax capacity rate and market value rate both decreased for proposed pay 2018.
- Proposed State proposed rate on commercial properties decreased slightly for pay 2018.
- New exclusion for pay 2018 on the first \$100,000 of market value of commercial properties. Applies only to the State property tax on commercial property.

2018 TAX BASE BY PROPERTY CLASS CITY OF ROCHESTER

Percentage of Market Value



Percentage of Tax Capacity (Share of Tax Levy)

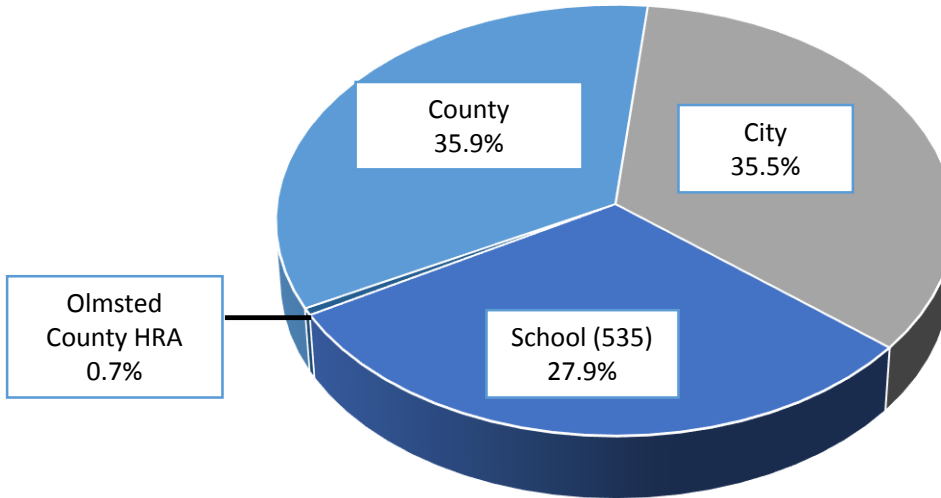




PROPOSED 2018 COMBINED TAX LEVY CITY OF ROCHESTER HOME

Average
Residential
Home

Share of Total Property Tax Bill

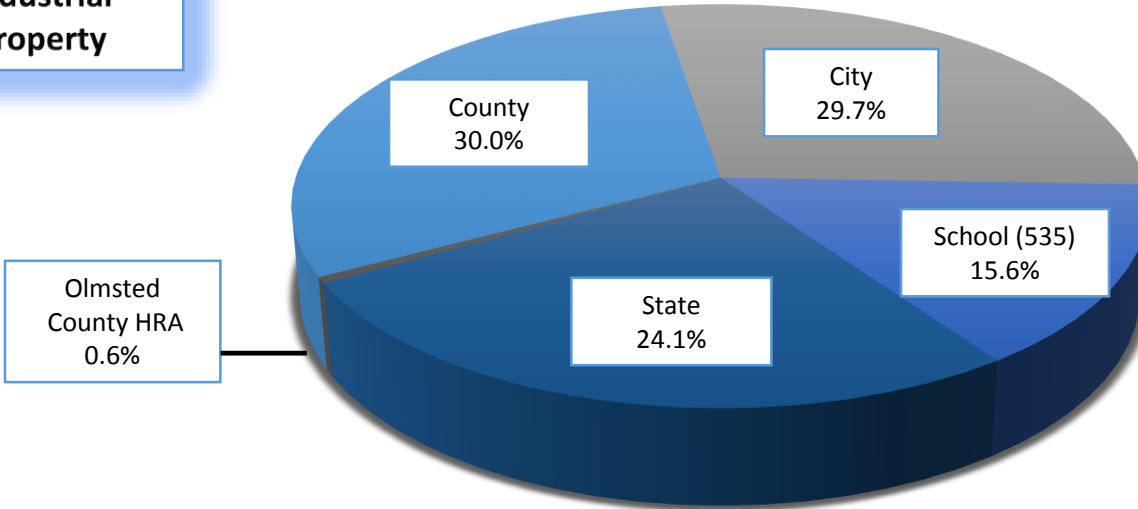


PROPOSED 2018 COMBINED TAX LEVY CITY OF ROCHESTER COMMERCIAL PROPERTY

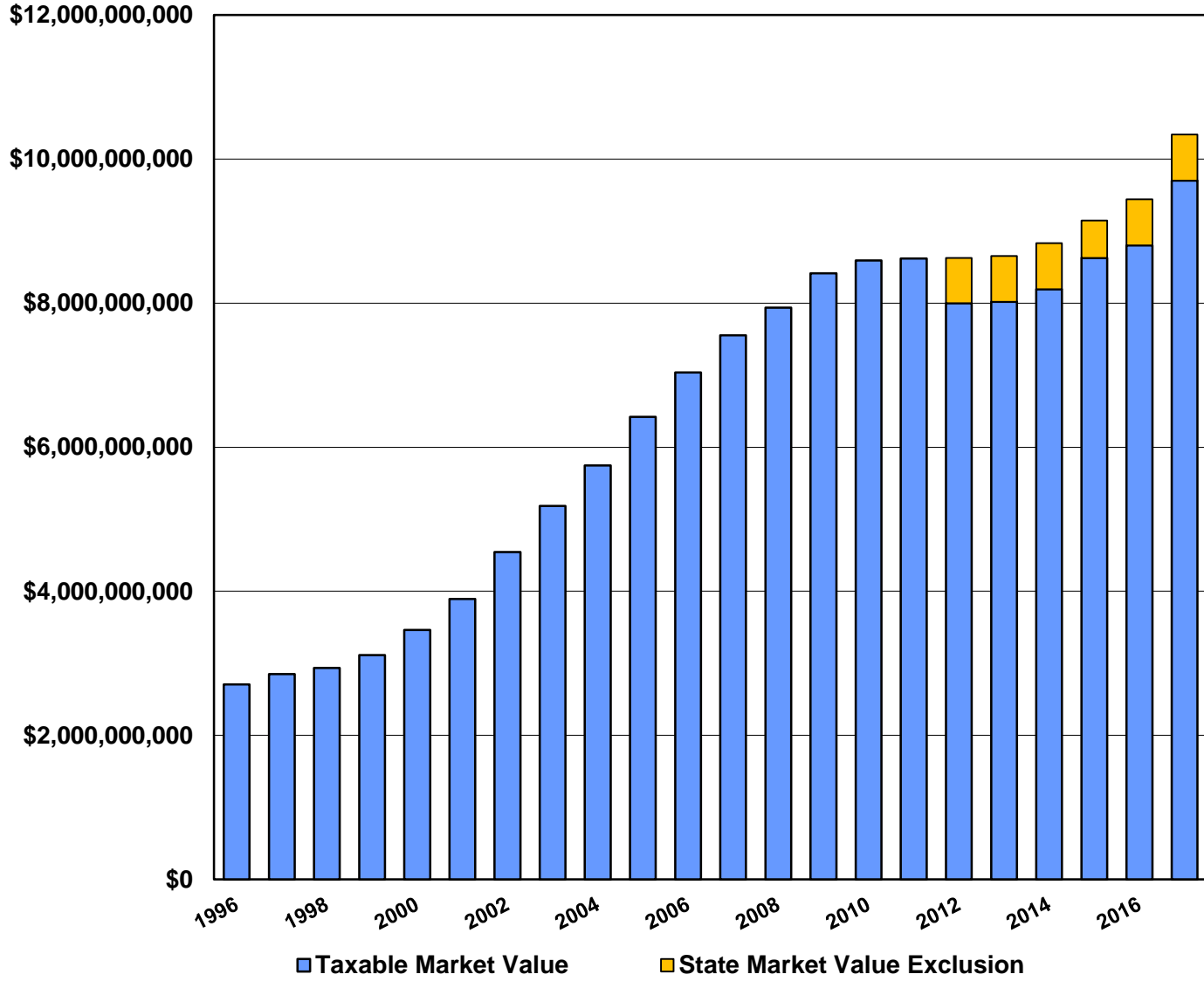


Share of Total Property Tax Bill

**Commercial /
Industrial
Property**

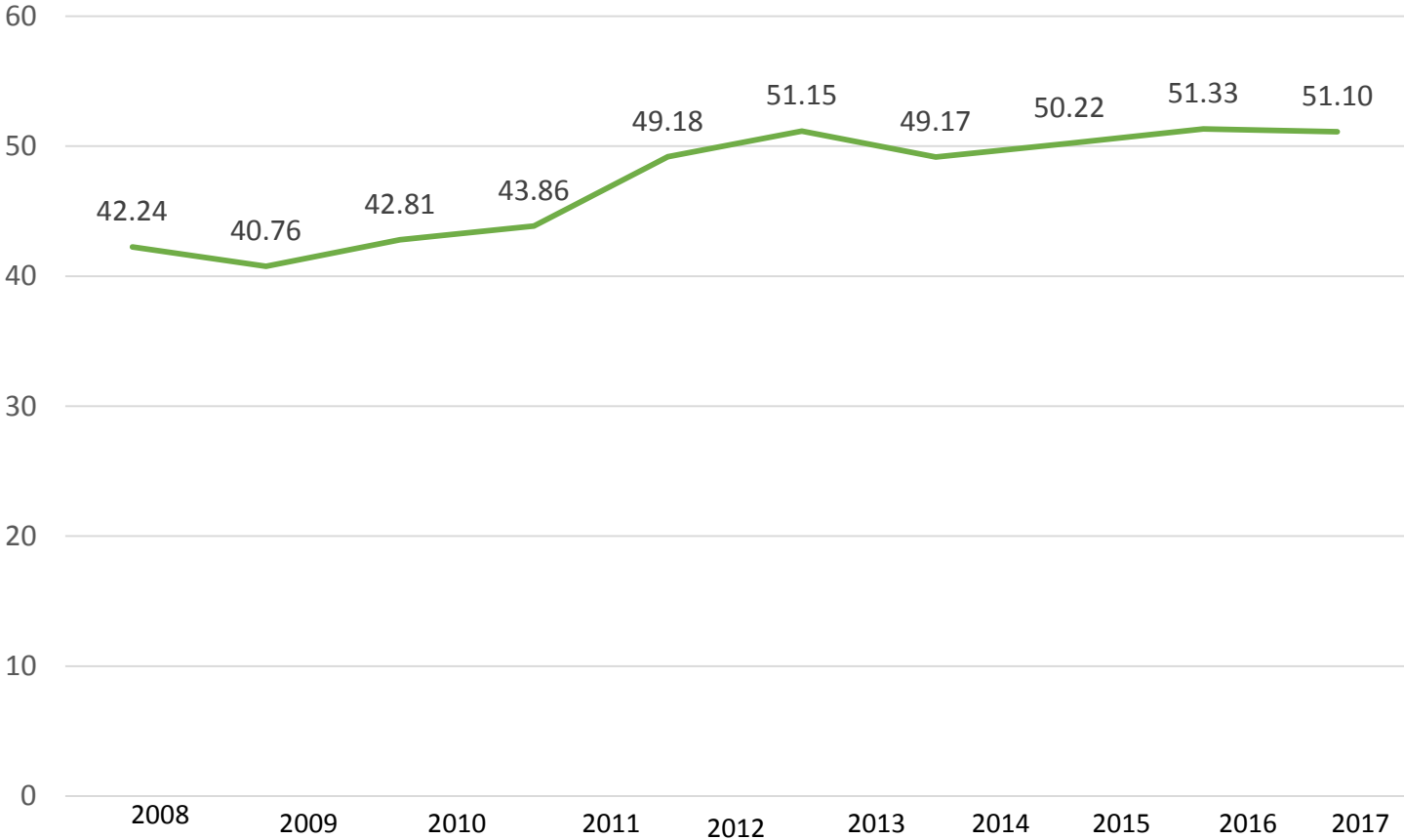


Estimated Market Value



- Taxable Market Value for 2017 is \$9.7 Billion, up \$900 Million or 9.2% from 2016
- Includes both real property and personal property

City of Rochester Property Tax Rates since 2008

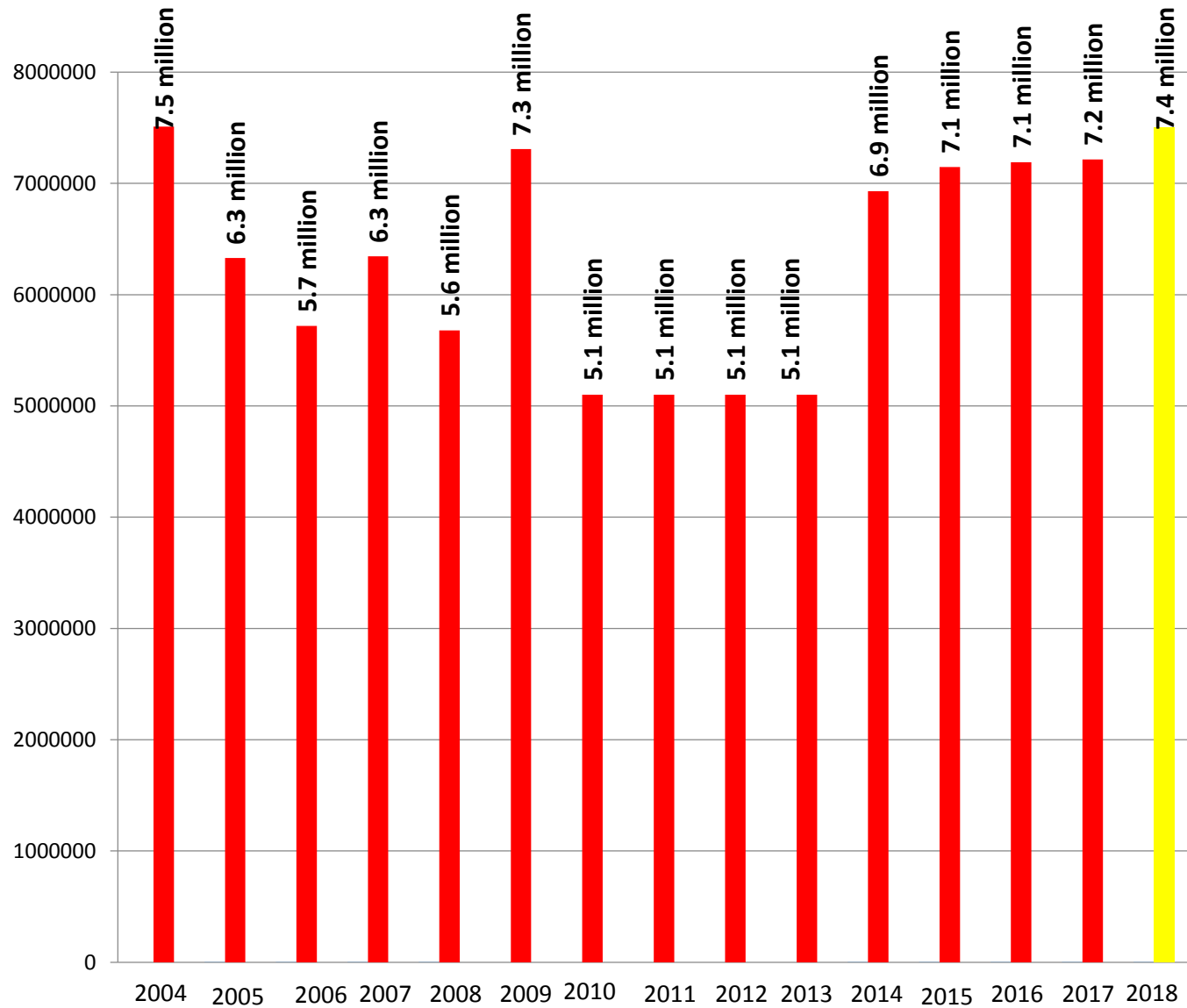


Top 10 Taxpayers – City of Rochester

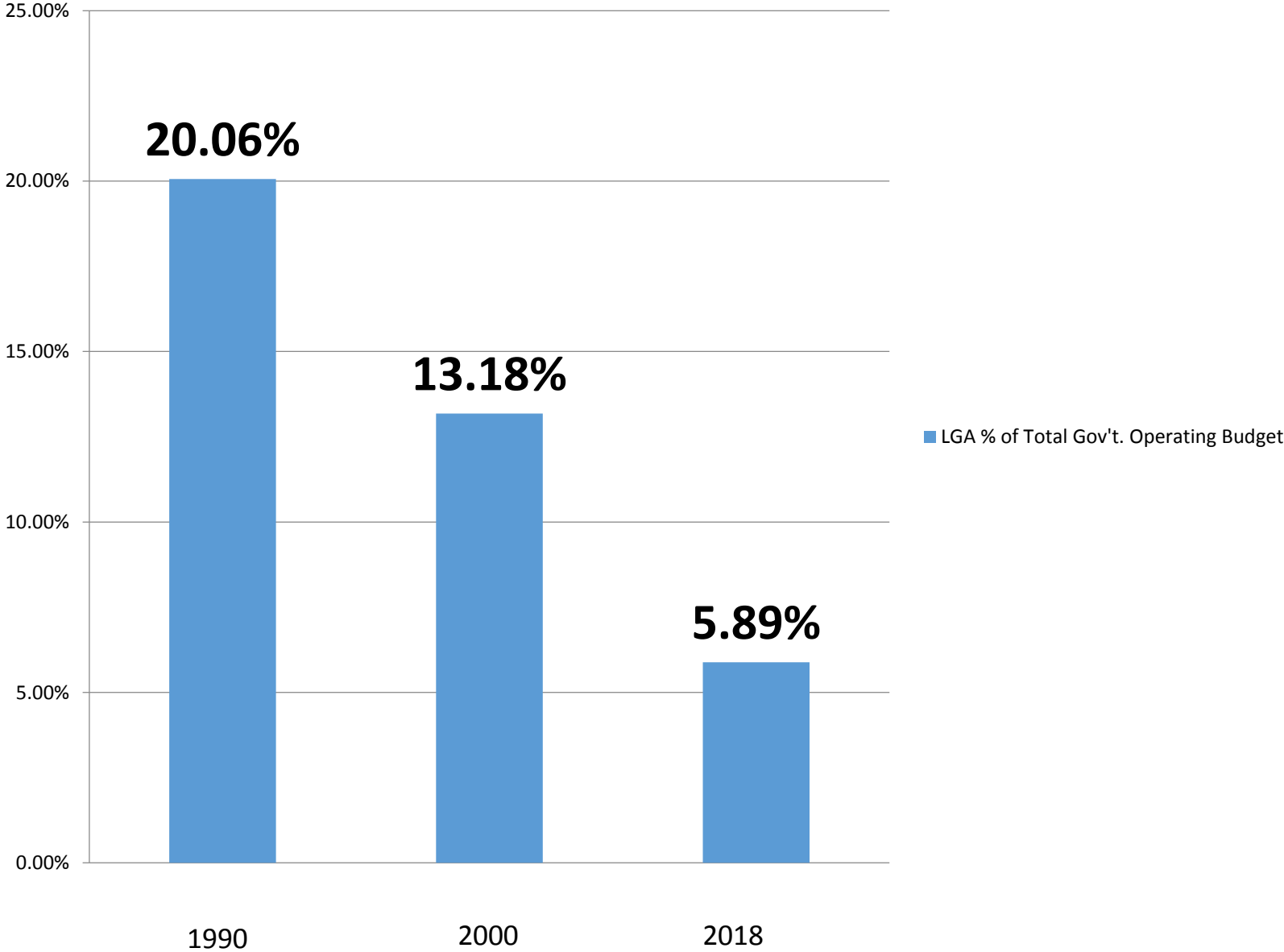
Taxpayer	Taxable Market Value	Tax Capacity	% Total City Net Tax Capacity
Mayo	\$560,230,800	\$11,128,506	9.06%
MEPC / Apache Properties	\$59,444,300	\$1,188,136	0.97%
IBM	\$55,319,000	\$1,097,963	0.89%
Rochester Development Inc.	\$27,694,500	\$771,881	0.63%
MN Energy Resources	\$35,725,800	\$714,486	0.58%
KAH 20 2nd Avenue LLC	\$34,600,400	\$691,258	0.56%
GH Holdings LLC	\$17,853,000	\$538,552	0.44%
Carpenter & Torgerson SSMR LLC	\$26,729,000	\$530,080	0.43%
City of Rochester (MN BioBusiness Building)	\$26,813,800	\$492,739	0.40%
Maine Land LLC	\$24,253,200	\$479,814	0.39%

Local Government Aid

City of Rochester LGA History Since 2004

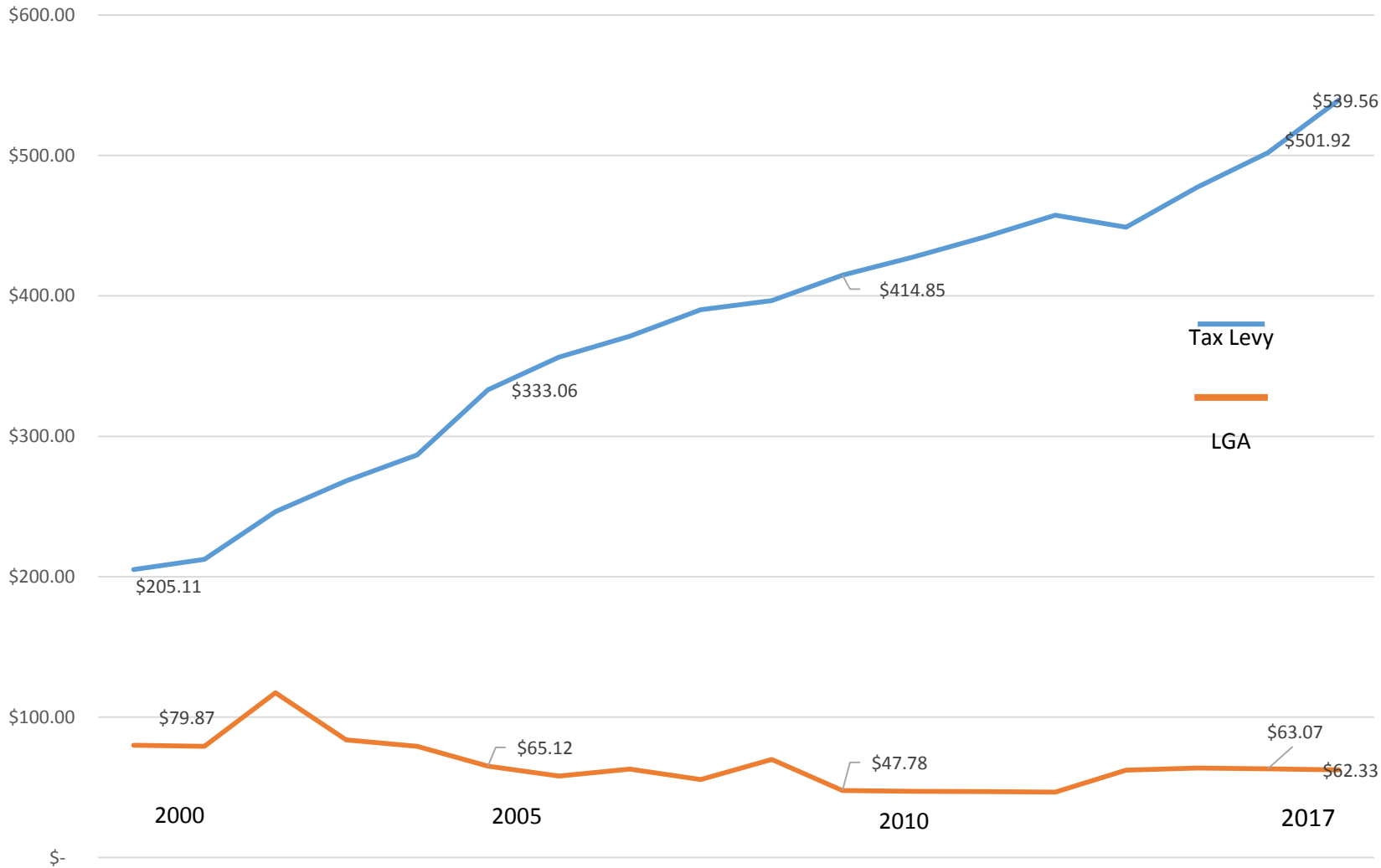


LGA % of Total Gov't. Operating Budget



2000-2017 comparison of Property Tax levy vs. LGA / person

Chart Title



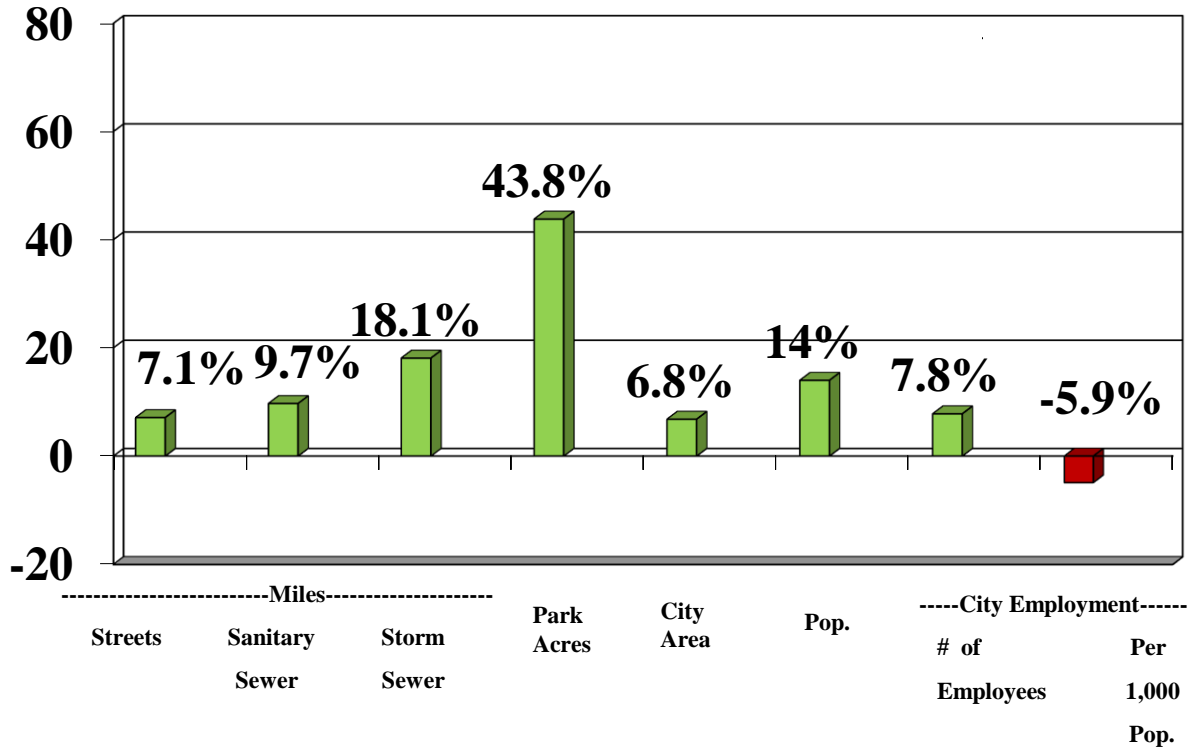
Trends

Ten Year Trend

2007 Actual compared to 2016 Actual

CITY OF ROCHESTER

Physical Trend Data



City Employee / Thousand Population Data Comparison

(Full-time, Not Including RPU)

YEAR	NO. CITY EMPLOYEES	ESTIMATED CITY POPULATION	CITY EMPLOYEES / 1000 POPULATION
1980	450.25	57,890	7.77
1990	501	70,745	7.08
2000	570.7	85,806	6.64
2010	646.93	106,769	6.06
2017	660	115,769	5.70

Next Steps

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