



2020 Baseline Budget and Initial 6 year Forecast

City Council Study Session
July 15, 2019



Goals

Review baseline budget

Discuss factors influencing 2020 tax levy

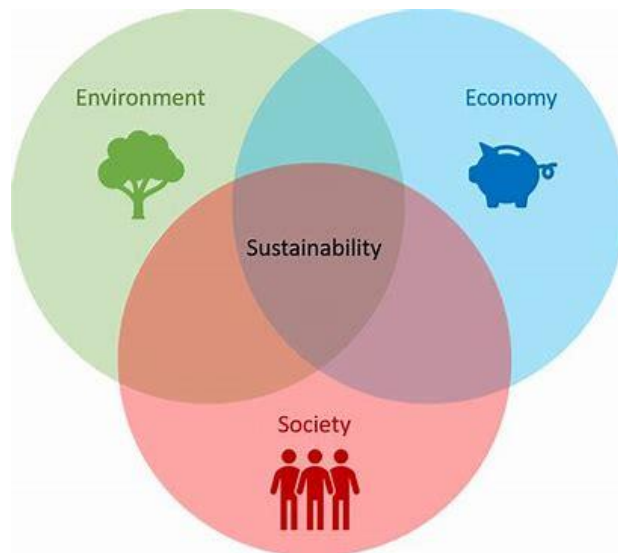
Preview *new* 6 year budget forecast tool

Receive Council input



Organizational Vision

A vibrant, compassionate,
innovative team



Foundational Principles

- Compassion
- Environmental Stewardship
- Fiscal Responsibility & Sustainability
- Public Safety
- Social Equity



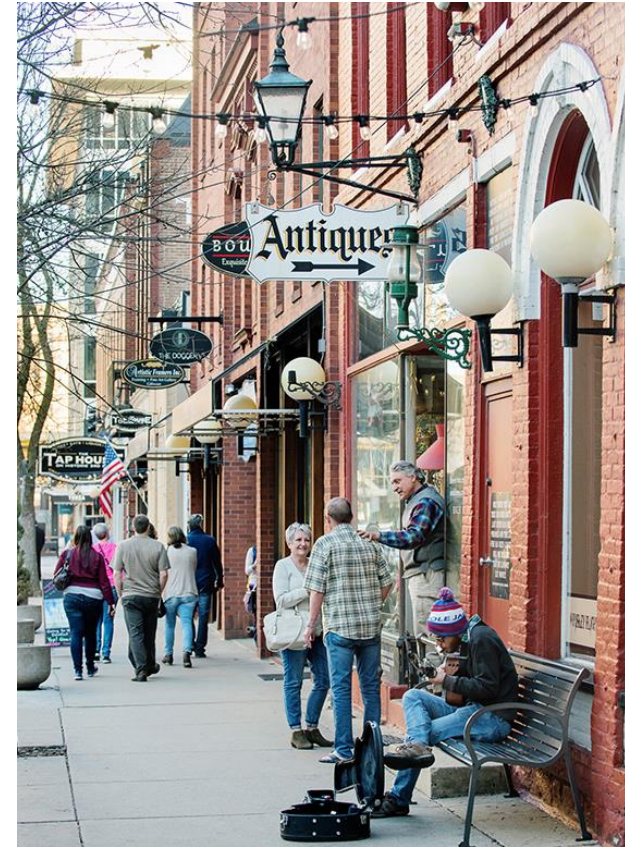
City of Financial Distinction

The City of Rochester has a AAA Rating

Rochester has received a Certificate of Achievement for Excellence in Financial Reporting for almost 50 years, the longest in the state of Minnesota.



96% rate the quality of life in Rochester as excellent or good





87% believe
Rochester is
headed in the
right direction



84% consider the
general value of
city services as
excellent or good



Schedule and Process



Team Rochester

Budget, Capital Improvement, and Long Term Financial Management Plan Process

PHASE 1:
Preparation

February 19 through April 12

PHASE 2:
Prioritization

April 5 through May 27

PHASE 3:
Development

May 31 through July 15

PHASE 4:
Recommendation

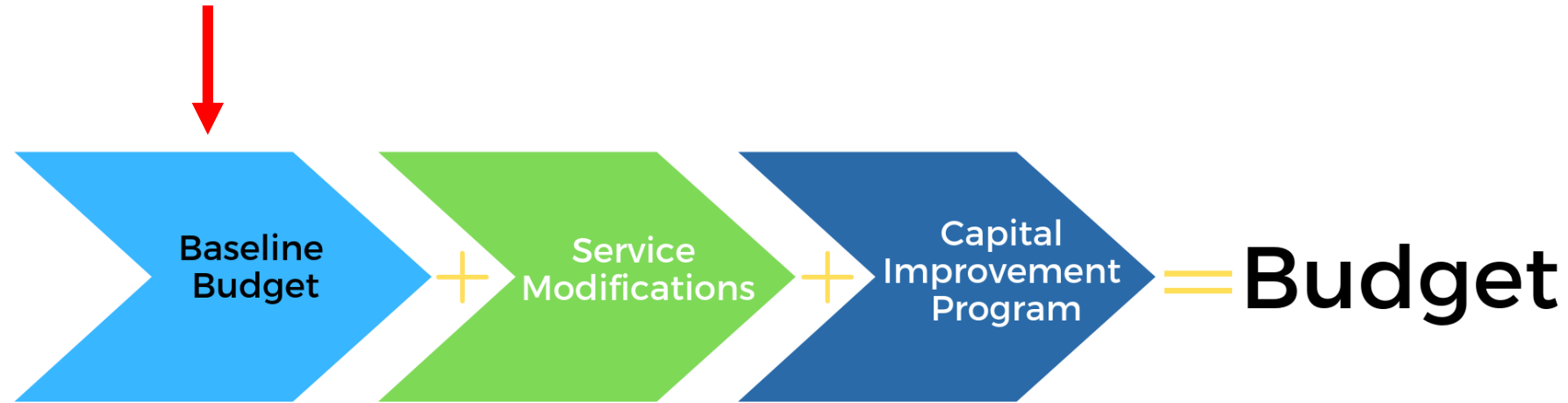
July 22 through September 9

PHASE 5:
Adoption

September 16 through December 16



Budget Formula





Public Safety

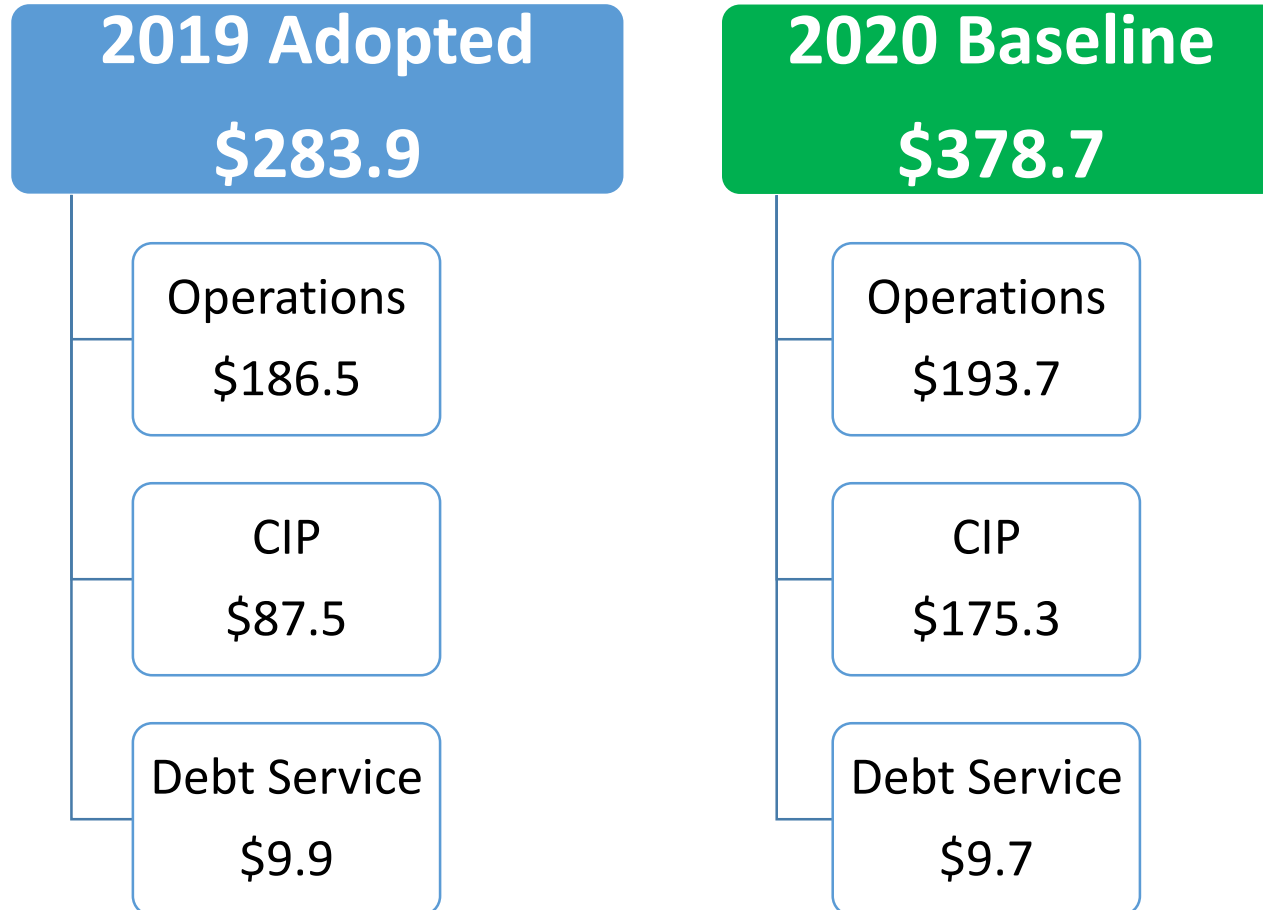
General Fund

Police

Description	2016	2017	2018	2019 Budget		
	Actuals	Actuals	Budget	Requested	Recommended	Adopted
42100 Police						
Contractual Services						
Rents and Leases	68,370	79,188	79,088	81,260	81,105	81,105
Adv, Publishing, & Printing	6,392	3,868	4,260	3,980	3,980	3,980
Contractual Mtce & Repair	525,281	556,660	759,113	696,832	970,074	970,074
Expert & Professional Servic	102,730	99,334	93,325	95,050	126,950	126,950
Communications	183,167	189,118	194,060	211,601	211,601	211,601
Travel/Training/Business Mea	163,350	180,439	220,278	199,920	200,080	200,080
Subscriptions/Bks/Membership	10,865	11,437	14,008	14,704	14,704	14,704
Utilities	106,513	219,872	224,431	229,408	229,408	229,408
Insurance and Bonds	104,319	83,465	111,075	81,640	81,640	100,257
Contractual Services	969,220	1,033,944	1,126,044	1,142,389	1,147,090	1,147,835
Contractual Services	2,240,207	2,457,325	2,825,679	2,756,784	3,067,240	3,085,994



All Funds Combined

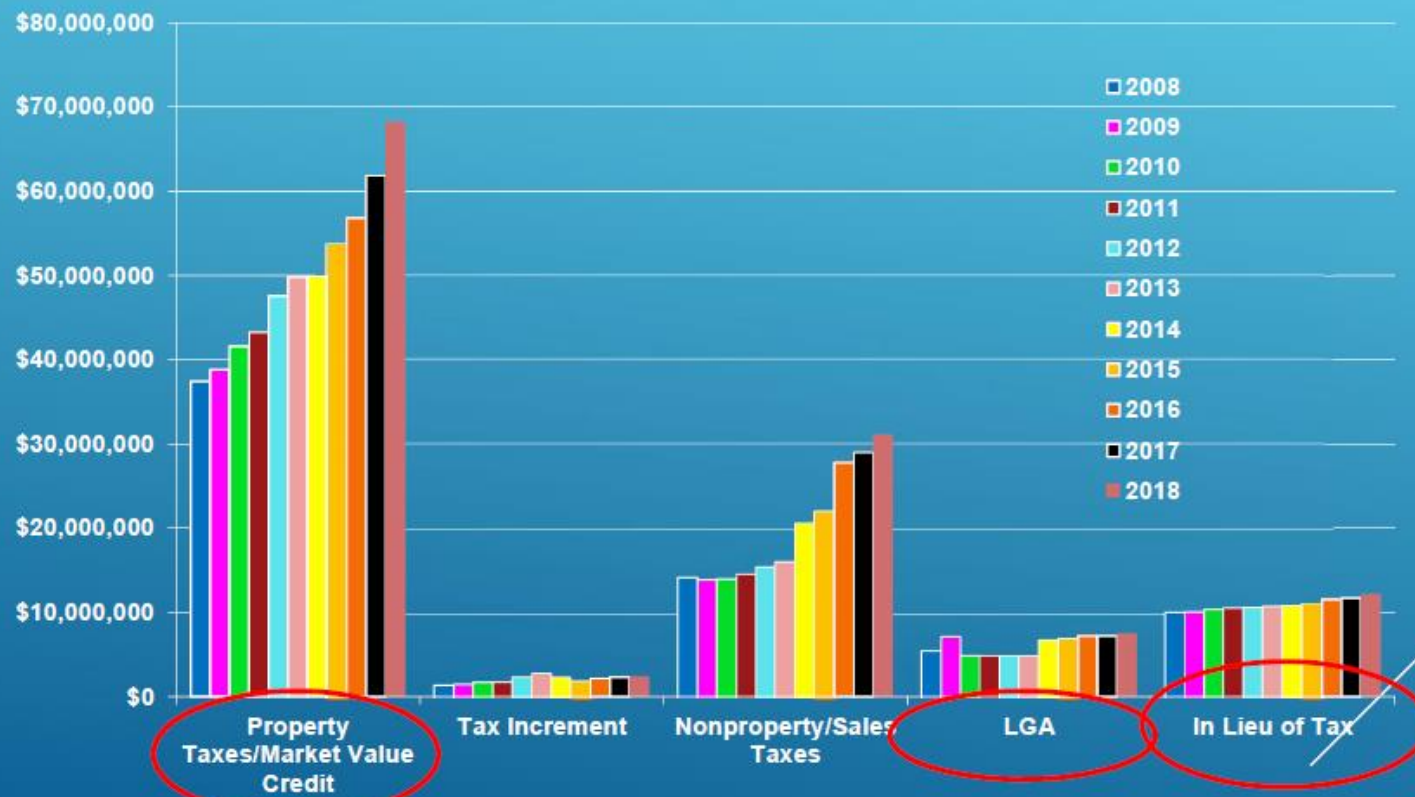




2020 Tax Levy Supported Baseline Budget



GOVERNMENTAL FUNDS – ALL REVENUES





1% Increase in Tax Levy = \$747,000

2020 baseline budget increase =
\$1,575,000 (2.1%)



Teammate Expense Increases

- Salaries \$600,000
- Health and Dental \$650,000
- Police/Fire PERA \$140,000



Rochester @ Work

Fall 2018

City Employees Reaching Milestones



45 Years
Shery Wood, Library

41 Years
Cynthia Crom, RPU

40 Years
Marvel Benson, IT
Calvin Felne, Public Works

39 Years
James Daley, Police
Faith Evers, Police
Bradd Heusinkveld, Public Works
Michael Senjem, Park & Recreation

38 Years
Alvin Horstmann, Public Works
Timothy Klein, Public Works

37 Years
Kevin Fogarty, RPU
Mark Kolschevar, RPU
Danny Sturm, RPU

36 Years
Samuel Blackburn, RPU
Ann Heydon, IT
Danny Gulimby, RPU

35 Years
Timothy Butorac, Park & Recreation
Glenn Retter, RPU

34 Years
Karen Dunlay, Human Resources
Susan Hansen, Library
Keith Hanson, WRP
Kim Hanson, Park & Recreation
Lisa Mullenbach, City Administration
Deanna Outcait, Police

33 Years
Bradley Erickson, RPU
Judy Goldsmith, Library
Cary Johnson, RPU
Wayne Johnson, Park & Recreation
Anthony Mueller, RPU
Charles Olufson, RPU

33 Years (continued)
Gregory Roeder, Public Works
Timothy Stewart, Park & Recreation

32 Years
Ruth Clark, Finance
Donna Drews-Boespflug, MCC
Mary Engen, Police
Samuel Gordon, RPU
Danny Heimbrecht, RPU
Jeffrey Kranz, RPU

31 Years
Scott Berg, RPU
Linda Bly, RPU
Kenneth Gallion, Police
David Goslee, City Atty's Office
Sandra Schulz, Police
Bruce Sherden, Police
Timothy Spratte, Public Works

30 Years
Brenda Burke, Park & Recreation
Steven Franks, Police
Lori Gartner, RPU
Shawn Kelly, RPU
Denise Miller, RPU
Gerald Reich, IT
Troy Robertson, Public Works
Thomas StMarie, RPU
John Sturgis, RPU

29 Years
Christopher DeMarino, RPU
Lori Paukert, WRP
James Preston, RPU
Charles Roberson, Fire
Keith Ruona, Public Works
Gina Westra, Library

28 Years
Ruth Baier, Bidg Safety
Elizabeth Befort, Library
Marge Brumm, Library
Marlyn Campbell, Library
James Evenson, Police
Michael Glienzinski, Public Works

28 Years (continued)
Randy Johnson, Bidg Safety
William Majerus, RPU
Donn Richardson, RPU
Steven Schmidt, Music
John Tazueli, RPU
William Wels, Park & Recreation

27 Years
Susan Legare-Guiden, Bidg Safety
Bruce Bratager, Public Works
Douglas Brnoks, Fire
Terri Engle, RPU
Kelly Evans, Park & Recreation
Rhonda Fay, Police
David Lane, WRP
William McKay, Public Works
Todd Osman, Park & Recreation

26 Years
Bryan Blom, RPU
Sarah Clayton, Police
Thomas Ellingson, RPU
Hwat Lou, Police
Michael Magruder, Fire
Karen Meyer, Park & Recreation
Gary Sohick, Bidg Safety
Neil Stillier, RPU
Deanna Tompkins, Police
Sarah Waletzki, Library
Michael Wilde, RPU

25 Years
Renee Clappier, Public Works
Joseph Fischer, Park & Recreation
Brennan Kelly, Fire
Gary Kittelson, Fire
Steven Laugen, RPU
Robbie Redmann, Park & Recreation
Blaine Schacht, Public Works
Michael Walsh, Police

24 Years
Patricia Alfredson, City Atty's Office
Kathleen Bey, Police
Michael Bums, Public Works
Deana Carr, Music
Bradley Funke, Fire
Bradley Gerads, WRP

24 Years (continued)
Paul Graff, Public Works
Bradley Gunderson, RPU
Mitchell Haase, RPU
Dean Hofschulte, Fire
Eric Kerska, Fire
Jennifer King, Finance
Joseph Klavetter, WRP
Ronald Kruger, RPU
James Lacey, RPU
Mark Larson, RPU
Dale Martinson, Finance
Kevin Meyers, RPU
Jerel Mookenhaupt, Police

Gregory Neumann, Fire
Mark Nunemacher, Police
Bjorn Olson, RPU
Kent Perlich, Police
David Priebe, Public Works
Todd Pyfferoen, RPU
Michael Sadauskis, Police
Michelle Smiley, Library
Max Smith, Public Works
Janet Staloch, Public Works
Jeffrey Stiwell, Police
Christopher Vaili, RPU

23 Years
Douglas Buck, Public Works
David Drees, Police
David Komgable, Police
Christopher Lee, Police
Robert Molanen, Police
Steve Mosing, Library
Lawrence Mueller, Fire
Michael Nigbur, Park & Recreation
Douglas Remling, Police
Mark Sparks, Bidg Safety
Gregory Vanmoer, Fire

22 Years
Audrey Betcher, Library
Keith Bidwell, Police
Sandra Fenton, City Clerk
Sven Fleischaker, RPU
Ronald Hansen, Fire
Patricia Hanson, RPU
David Holtorf, RPU

22 Years (continued)
Jean Mulholland, Fire
Kevin Nelson, Public Works
Gretchen O'Neil, Police
Richard Rain, RPU
Jess Rudow, City Hall Maint
Timothy White, Public Works
Jason Whitney, Fire

21 Years
Julie Claymon, Police
Michael Drees, Police
John Fishbaugh, Police
Edward Fritz, Police
Sean Grethen, Fire
Carrie Hartley, Police
Sean Hemker, Public Works
Todd Keach, RPU
Andrew Krogstad, MCC
Jon Lenn, RPU
David Metz, Police
Daniel Monnet, Police
Dwight Parker, Police
Scott Rendler, RPU
Gary Rul, Public Works
David Silker, MCC
Charles Soiseth, Fire
Eric Strop, Police
Anthony Teal, Police
Steven Thompson, Police
David Tradup, Park & Recreation
Jeffrey Wagenaar, RPU
Jon Turk, Police
Terry Spaeth,

20 Years
Craig Anderson, Police
Heidi Andrist, RPU
Christopher Bailey, Fire
Matthew Behrens, RPU
Jodel Benson, Police
Jeffrey Beming, Fire
Michael Bjorker, Fire
Michael Born, MCC
Jacob Brown, WRP
Ronald Cobb, RPU
Jeffrey Darrall, MCC
Charles Floeter, RPU

20 Years (continued)
Darrin Giesler, Fire
Joseph Gossman, RPU
Toni Heard, Police
Steven Johnson, RPU
Russell Keim, Public Works
Denise Kollasch, Fire
Bert Otto, Police
Jeffrey Peterson, Public Works
James Pettis, RPU
Robert Poblocki, City Atty's Office
Jared Quandt, RPU
Paul Wilson, Police
David Worstman, Fire

15 Years
Michael Amberg, Public Works
Ardell Brede, Mayor and Council
Chad Clark, RPU
David Fitzgerald, Fire
Jeffrey Gorman, Park & Recreation
Brian Grudem, Bidg Safety
Purna Gurung, Library
James Lafflam, RPU
Ricky Luckadoo, RPU
David Richardson, Park & Recreation
Janet Scofield, Police
Brandon Stahl, Public Works
Katherine Stecher, Library
Michael Strom, Fire
Jamie Ward, RPU

10 Years
Benjamin Anderson, Park & Recreation
Bradley Bennett, WRP
Thomas Berg, Public Works
Randy Blake, MCC
William Cottrell, Police
Tracy Doffing, Public Works
Ryan Edge, Police
John Folkert, RPU
Jayne Frann, Bidg Safety
Charles Geamart, Police
Timothy Hagen, Police
Brett Hampel, WRP
Mark Hanson, Public Works
Joy Harris, Finance
Kylie Jacobson, Public Works

10 Years (continued)
Garrett Johnson, Police
Tom Keller Jr, RPU
Lesley Kenyon, Police
Matthew Mueller, RPU
Thuan Nguyen, Library
Kurt Oelkers, Police
Jeffrey Peterson, Police
Kristopher Putzier, RPU
Robert Rickard, MCC
William Schmltz, RPU
Larry Schriever, RPU
Angela Schumacher, Police
Jacob Shones, RPU
Daniel Stensgard, Police
Jean Valere, Police
Collin Webb, RPU
Jeffrey Welik, Police

5 Years
Mathew Baker, WRP
Jason Bargtrede, Public Works
Corey Bjornberg, WRP
Kristina Bush, City Atty's Office
Dylan Christopherson, WRP
Jon Feind, Public Works
Zachary Gappa, RPU
Adrian Gontea, Park & Recreation
Matthew Hanchulak, Park & Recreation
Nicole Henry, Library
Paul Hill, Police
Karl Kaus, Human Resources
Colton Koster, RPU
Jordan Kuzma, Park & Recreation
Dru Larson, RPU
Brandon MacLeod, Police
Michael Manahan, Park & Recreation
Kelly McMillin, Police
Monty Meyer, Public Works
Erin Okins, MCC
Terry Pretzloff, Police
Jaime Putzier, RPU
Shawn Schreiber, Public Works
Derek Schroeder, Public Works
Jennifer Simpson, Human Resources
Jess Smith, Public Works
William Watson, Park & Recreation
Jason Wesley, Police
Tanner Winter, RPU



- 800+ years of service retirements
- New Teammates
 - Lower salaries
 - Less expensive health/dental insurance choices
- All teammates pay additional 1.25% of health/dental...thank you!





Hotel Tax

\$2,000,000 net gain

- MCC model savings
- Revenue increase





Other Factors

- Outside agency investments same as 2019
- CIP investment at \$5,100,000
- Downtown abatement revenue now part of tax levy



Financial Sustainability

- Established employee retirement fund
 - Based on 5 year history
 - \$1,100,000
- Additional \$178,000 contribution to equipment replacement fund
- Need to establish a public facility fund
 - Estimated need is \$2,100,000 annually





2020 Estimated Market Value



Property Tax

Average Residential Home



35.9%	36.9%	26.3%	0.9%
Olmsted County	City of Rochester	School District (535)	Olmsted County HRA

Commercial/Industrial Property



30.0%	30.9%	22.6%	15.8%	0.8%
Olmsted County	City of Rochester	State of MN	School District (535)	County HRA



Estimated Market Value

New construction +2.4%

Existing base appreciation +6.8%

Estimate +9.2%





Moving Forward



ROCHESTER CITY COUNCIL'S 2020 BUDGET ADOPTED PRIORITIES

Organizational Vision: A vibrant, compassionate, innovative team

Foundational Principles:

Compassion
 Environmental Stewardship
 Fiscal Responsibility & Sustainability
 Public Safety
 Social Equity

Strategic Priorities:

Enhance quality of life
 Foster a team-oriented culture
 Manage growth and development
 Balance public infrastructure investment

2020 Budget Process	Category	Responsible Party
<ul style="list-style-type: none"> Assess DMC EDA obligations, partnerships and funding expectations 	Policy	Admin, Attorney, Fin
<ul style="list-style-type: none"> Revise the Land Development Manual to better reflect Comprehensive Plan 	Policy	CD
<ul style="list-style-type: none"> Review allocation options for Lodging Tax to better support organizations involved in visitor experience 	Policy	Admin
<ul style="list-style-type: none"> Consider establishing "caps" on how much funding will be provided to outside agencies/organizations 	Policy	Admin
<ul style="list-style-type: none"> Review Payment in Lieu of Taxes (Pilot) calculations 	Policy	Admin, Fin, RPU, PW
<ul style="list-style-type: none"> Consider funding a legislative and government liaison position; evaluate current memberships as one funding source 	Policy	Admin
<ul style="list-style-type: none"> Consider North Station and Service Center Construction with other requests 	Project	Admin, Police
<ul style="list-style-type: none"> Consider funding all GARE team recommendations and increase ICI commitment as part of social equity principle 	Program	Clerk, HR, All
<ul style="list-style-type: none"> Review Soldier's Field Master Plan 	Operation/ Maintenance	Parks
<ul style="list-style-type: none"> Improve parks and public spaces: 	Operations/	



- Align budget recommendation with City Council 2020 budget priorities
 - Operations
 - Capital Improvement Program
- City Council scheduled to review on August 26, September 4, and September 9
- City Council scheduled to adopt preliminary budget and set maximum levy on September 16
- Budget adoption scheduled for December 2 (and December 16 if necessary)





6 Year Forecast Demonstration



Expenditure Summary

	2020	2021	2022	2023	2024	2025
	Budget	Budget	Budget	Budget	Budget	Budget
Mayor and Council	844,797	880,442	916,157	953,350	992,087	1,061,774
City Administration	1,034,477	1,082,589	1,131,344	1,182,352	1,235,719	1,291,541
City Clerk's Office	820,809	877,592	934,054	993,461	1,055,962	1,200,506
Elections	375,183	387,589	400,339	413,444	426,912	440,699
Administrative Fines	49,391	51,017	52,688	54,405	56,169	57,975
Finance	2,084,282	2,188,365	2,291,973	2,479,506	2,597,395	2,721,064
City Attorney's Office	2,099,651	2,195,718	2,292,709	2,394,089	2,580,499	2,695,095
Human Resources	2,126,923	2,223,922	2,321,587	2,423,668	2,610,274	2,725,607
Planning and Zoning	1,866,900	1,959,076	2,050,614	2,218,712	2,322,944	2,432,239
Information Technology	2,339,154	2,456,250	2,573,397	2,777,298	2,910,178	3,138,665
City Hall Maintenance	606,273	630,649	655,137	680,567	706,980	734,362
Total General Government	14,247,840	14,933,209	15,620,000	16,570,853	17,495,120	18,499,526
Police	30,020,742	31,777,881	33,638,388	35,607,379	37,605,448	39,806,203
Animal Control	400,333	419,727	438,778	458,744	479,673	501,599
Dispatch	1,013,498	1,134,273	1,311,101	1,500,403	1,641,791	1,855,616
Fire	18,893,068	19,926,103	21,052,819	22,243,941	23,503,237	24,834,194
Building Safety	4,201,918	4,405,411	4,680,518	4,972,271	5,281,670	5,527,698
Flood Control	724,869	751,416	778,222	805,971	834,702	864,382
Emergency Management	318,596	330,869	343,545	356,703	370,360	384,517
Total Public Safety	55,573,024	58,745,680	62,243,371	65,945,413	69,716,881	73,774,210
Engineering	3,954,132	4,277,873	4,607,967	4,958,578	5,330,909	5,726,394
Infrastructure Maintenance Management	8,793,006	9,212,417	9,639,680	10,087,213	10,556,080	11,046,716
Fleet Maintenance and PWOTC Bldg	715,052	790,953	866,872	946,818	1,100,878	1,192,984
Traffic	1,671,997	1,740,474	1,809,799	1,881,929	1,956,990	2,105,617
City Lighting	1,381,228	1,426,938	1,473,920	1,522,205	1,571,826	1,622,621
Total Public Works	16,515,415	17,448,655	18,398,237	19,396,742	20,516,684	21,694,331
Music	1,118,509	1,164,695	1,211,495	1,260,182	1,310,839	1,363,472
Art Center/Civic Theater/125 Live	864,679	886,631	909,005	931,810	955,052	978,621
Community Reinvestment	460,000	470,627	481,419	492,379	503,510	514,749
Economic Development	4,775,367	4,911,993	5,050,928	5,193,408	5,339,548	5,488,908
CBD Maintenance	309,898	321,472	333,144	345,243	357,788	370,771
Unallocated	105,117	108,271	111,519	114,864	118,310	121,859
Contingency	2,291,667	2,291,667	2,291,667	2,291,667	2,291,667	2,291,667
Total General Fund	96,261,516	101,282,899	106,650,784	112,542,561	118,605,399	125,098,115



Projected Tax Levy

Taxes Levied on Tax Capacity	2020	2021	2022	2023	2024	2025
Projected Levy for General Fund	(53,765,343)	(58,047,463)	(62,748,404)	(67,864,176)	(73,222,890)	(78,906,204)
Projected Levy for Library Fund	(7,346,524)	(7,775,467)	(8,211,039)	(8,737,222)	(9,223,343)	(9,811,979)
Projected Levy for Muni Rec System Fund	(7,976,689)	(8,466,337)	(9,000,831)	(9,600,253)	(10,241,638)	(10,958,381)
Projected Levy for Mayo Civic Center Fund	-	-	-	-	-	-
Projected Levy for F.E. Williams	-	-	-	-	-	-
Projected Levy for Airport Operations Fund	-	-	-	-	-	-
Projected Levy for Transit Fund	-	-	-	-	-	-
Projected Levy for EDA Administration	-	-	-	-	-	-
Projected Levy for Equipment Revolving Fund	(385,597)	(397,165)	(409,080)	(421,352)	(433,993)	(447,013)
Projected Levy for Info Technology Fund	-	-	-	-	-	-
Projected Levy for City Facilities Internal Service Fund	-	-	-	-	-	-
Projected Levy for Self Insurance Fund	-	-	-	-	-	-
Projected Levy for Construction Improvement Fund	(5,163,291)	(5,501,200)	(5,546,460)	(6,046,315)	(6,131,336)	(6,200,000)
Projected Levy for Debt Service	(1,944,580)	(1,960,263)	(1,965,279)	(1,969,397)	(1,972,112)	(1,974,094)
Projected Levy - Other	-	-	-	-	-	-
Projected Taxes Levied on Tax Capacity	(76,582,024)	(82,147,896)	(87,881,093)	(94,638,715)	(101,225,311)	(108,297,671)
% Change from Prior year	2.14%	7.27%	6.98%	7.69%	6.96%	6.99%



Department Example

Police General Fund						
Increment for Adding Personnel	0.5					
Project Personnel Increases						
	2020	2021	2022	2023	2024	2025
Beginning Personnel - F.T.E.	174.00	174.00	176.00	178.50	180.50	183.00
Population Predicted Increased F.T.E.		2.28	2.28	2.28	2.28	2.26
User Adjustments to F.T.E.						
Ending F.T.E.	174.00	176.00	178.50	180.50	183.00	185.00
Projected Population	120,600	122,180	123,760	125,340	126,920	128,484
F.T.E./1,000 population	1.44	1.44	1.44	1.44	1.44	1.44
Population Impact Factor Override <i>(applies to Non-Personnel Expenditures)</i>						
Revenues	2020 Budget	2021 Projection	2022 Projection	2023 Projection	2024 Projection	2025 Projection
Non-Property Taxes	-	-	-	-	-	-
Licenses & Permits	(71,567)	(72,998)	(73,728)	(75,203)	(76,707)	(79,008)
Fines & Forfeits	(191,500)	(191,500)	(191,500)	(193,415)	(195,349)	(195,349)
Intergovernmental	(1,250,876)	(1,275,894)	(1,301,411)	(1,327,440)	(1,353,988)	(1,381,068)
LGA	-	-	-	-	-	-
Charges for Services	(633,048)	(645,709)	(652,166)	(665,209)	(665,209)	(671,861)
Interest Earnings	-	-	-	-	-	-
Miscellaneous	(15,040)	(15,341)	(15,648)	(15,961)	(16,280)	(16,605)
Prior Year (unencumbered funds)	-	-	-	-	-	-
Other operating revenues	-	-	-	-	-	-
Other operating revenues	-	-	-	-	-	-
Total Police Non-Tax Revenues	(\$2,162,031)	(\$2,201,442)	(\$2,234,453)	(\$2,277,227)	(\$2,307,534)	(\$2,343,892)

Expenditures	2020 Budget	2021 Projection	2022 Projection	2023 Projection	2024 Projection	2025 Projection
Employee Services						
Regular Salaries	\$16,385,095	17,312,673	18,340,257	19,425,264	20,516,507	21,723,344
Temporary Salaries	\$3,360	3,499	3,654	3,814	3,971	4,144
Overtime	\$769,158	812,701	860,938	911,871	963,097	1,019,749
Other Pay	\$107,799	112,267	117,223	122,376	127,395	132,953
Employee Benefits - Pension	\$3,198,290	3,379,349	3,579,928	3,791,716	4,004,721	4,240,290
Employee Benefits - Insurance	\$4,966,918	5,423,874	5,855,773	6,320,902	6,803,758	7,341,849
Other Employee Benefits	\$23,466	23,727	24,053	24,379	24,639	24,965
Other Employee Benefits	-	-	-	-	-	-
Total Personnel Related Costs	\$25,454,086	\$27,068,090	\$28,781,825	\$30,600,322	\$32,444,089	\$34,487,294
Contractual Services	\$3,178,289	3,283,494	3,391,625	3,502,757	3,616,967	3,733,878
Materials & Supplies	\$1,049,544	1,073,790	1,098,414	1,123,421	1,148,816	1,174,461
Other Charges	\$924,492	945,849	967,539	989,566	1,011,936	1,034,525
Other operating expenditures	(585,669)	(593,342)	(601,015)	(608,688)	(616,361)	(623,956)
Other operating expenditures	-	-	-	-	-	-
Capital Outlay						
Total Police Expenditures	\$30,020,742	\$31,777,881	\$33,638,388	\$35,607,379	\$37,605,448	\$39,806,203
Tax Funding	\$27,858,711	\$29,576,439	\$31,403,934	\$33,330,152	\$35,297,914	\$37,462,310
Total Personnel Related Costs	\$25,454,086	\$27,068,090	\$28,781,825	\$30,600,322	\$32,444,089	\$34,487,294
Percentage of Department Expenditures	84.79%	85.18%	85.56%	85.94%	86.27%	86.64%
Police Cost/Capita	248.93	260.09	271.80	284.09	296.29	309.81