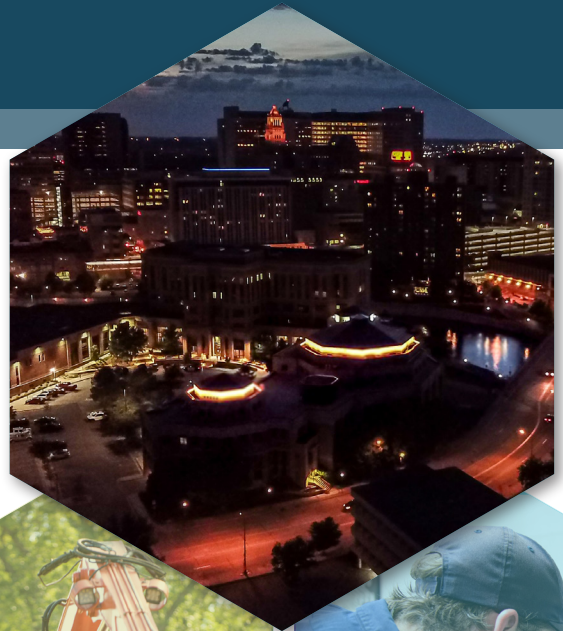


BUDGET IN BRIEF 2021



As a steward of taxpayer dollars, the City of Rochester, MN prides itself on providing transparency and accountability in its budget.

In an effort to ensure that the budget process is transparent, accessible and easily understood, the Budget in Brief was created for the first time in 2018. This document is intended to provide you with information about your City's budget process. Included in the Budget in Brief are totals for revenues and expenditures. Also included in the Budget in Brief are facts about the various departmental budgets.

It is important to note that the City of Rochester is able to maintain its positive financial condition and AAA credit rating due to the fiscally responsible actions taken in the prior years and by prudently investing in service level enhancements as resources allow.

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.

The Goals of the Process are:

- Ensure sufficient revenues exist to deliver existing and proposed services and projects
- Prioritize both operating and capital expenditure
- Advance the City's commitment to financial sustainability
- Align resources with City Council strategic priorities

BUDGET PROCESS

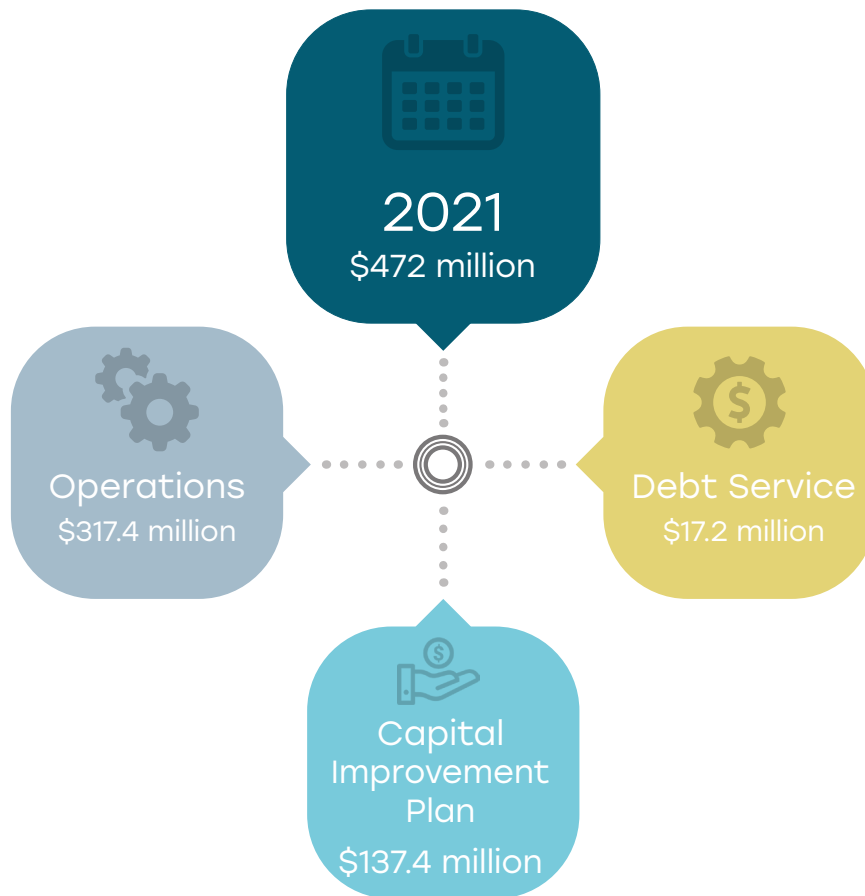


2021 ADOPTED BUDGET

The 2021 adopted budget is \$472,010,610 million. General Fund expenditures account for \$96.9 million of the \$472 million and the six-year CIP totals \$713.6 million.

New in 2021 is the inclusion of Rochester Public Utilities' (RPU) budgets with all other City budgets. This step is to ensure a comprehensive financial picture is included in the same document for the benefit of the Mayor, City Council, community, and Rochester team.

City of Rochester Budget 2021, inclusive of RPU



BUDGET FORMULA



General Fund \$96.9 million

Tax dollars are accounted for in the General Fund, along with license fees, permit fees, state shared revenues, interest income, miscellaneous revenues, and prior year revenue. This portion of the budget is comprised largely of discretionary funds, since the Mayor and City Council can allocate the funds to programs and services in any area. There are few restrictions on how these resources may be allocated. The City cannot use fees collected from services for discretionary use.

General fund dollars are used to support such City services as police and fire, as well as streets, community development and administrative support services.

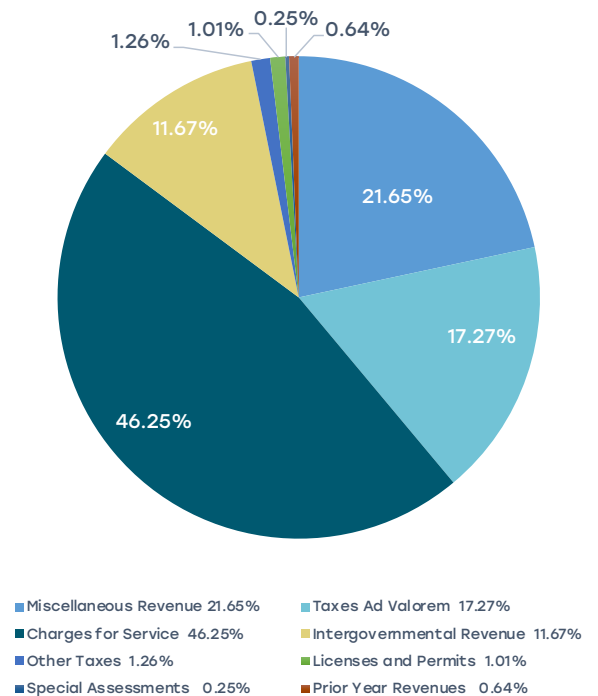
Enterprise, Special Revenue, and Capital Improvement Plan Funds \$348,066,041

The City of Rochester has a few different enterprise and special revenue funds. Enterprise funds are entirely funded through customer charges and do not require tax support. These include electric utility, water utility, sewer utility, storm water utility, and the parking fund. Special revenue funds are a combination of customer charges and taxes. These include: municipal recreation, library, and transit.

2020 Total Operating Revenue Inclusive of RPU

As shown in the chart, the majority of funding for the City of Rochester budget comes from sources other than property taxes. Those taxes fund 17.27% of the total revenues. Items like charges for services, which are items like electricity, water, parking, and sewer fund the total budget by 46.25%.

2021 Total Operating Revenue
Inclusive of RPU



* Miscellaneous Revenues include:

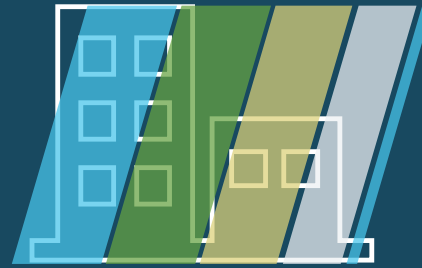
- Non Property Tax Debt Payment Revenue
- Capital Improvement Program Revenues
- In Lieu of Tax Enterprise Funds
- Private Funds

Average Residential Home



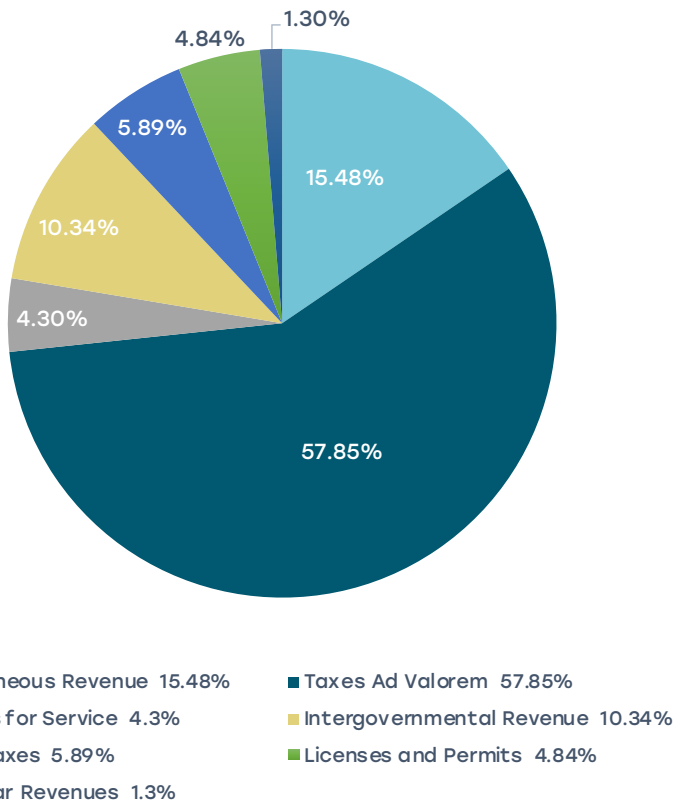
35.8%	37.3%	25.7%	1.2%
Olmsted County	City of Rochester	School District (535)	Olmsted County HRA

Commercial/Industrial Property



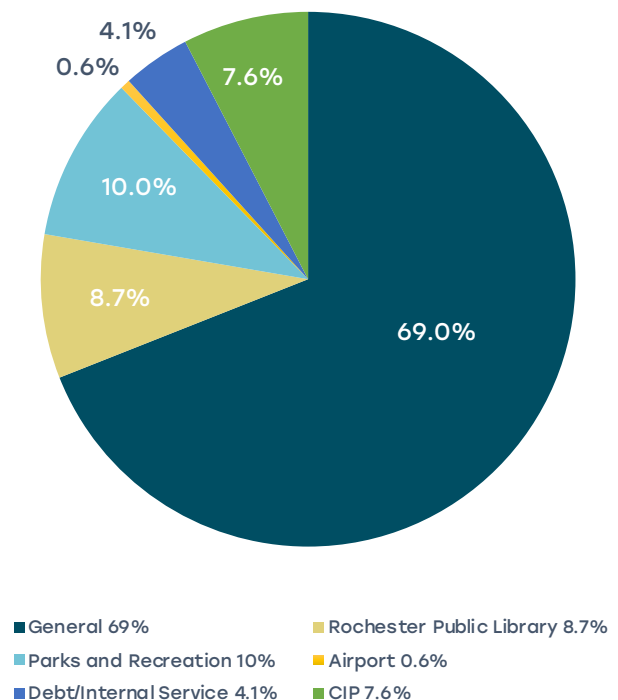
30.3%	31.6%	22.4%	14.7%	1.0%
Olmsted County	City of Rochester	State of MN	School District (535)	Olmsted County HRA

General Fund Revenue \$96.9 million



In total, the City of Rochester receives \$81.5 million from residential and commercial property tax. This reflects the 37.3% of residential and 31.6% of commercial property tax of the total portion paid by Rochester property taxpayers. Of the \$81.5 million, 69% supports the General Fund, while 10% supports the Parks & Recreation department and 8.7% supports the Rochester Public Library.

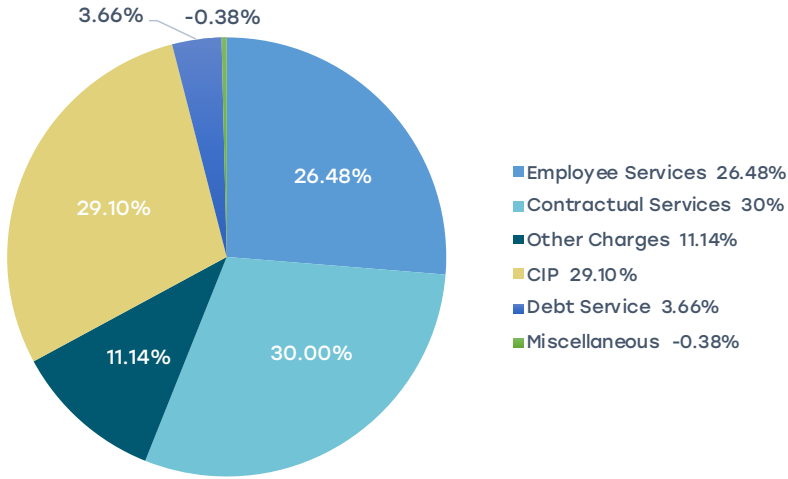
2021 Property Tax \$81.5 million



WHERE DOES THE MONEY GO?

Overall, the adopted 2021 budget includes expenditures in six major categories for all funds. The largest being the Contractual Services at \$141.6 million dollars. Approximately 26% of the City’s total budget is invested in Employee Services, with a total of \$125 million dollars. This expense is for the City’s full-time and part-time employees, which allows the City of Rochester to deliver high quality services. Approximately 71% is related to salaries, while 29% is related to benefits.

2021 Adopted Budget of \$472,010,610
Inclusive of RPU



General Fund Expense \$96,955,994



Notable Capital Improvement Projects

- Heart of the City & Discovery Walk
- Runway 2/20 Reconstruction
- Marion Road Substation
- Water Reclamation Plant Upgrades
- Steam Replacement Project
- Rapid Transit

ROCHESTER AT A GLANCE

BUDGET IN BRIEF

Incorporated in

1854

55 square miles

Population  119,000+

OVER 3.3 Million Annual Visitors

Public Works

Maintained nearly 500 miles of street



Milled and paved 25 miles of street, plowed 7,400 miles of roadway



Completion of the Development Services & Infrastructure Center and North Station

CITY CLERK

Administered 3 election events for 77,890 registered voters.

Answered over 11,200 phone calls to the City's main line.

CITY ATTORNEY

Teammates made 2,096 victim & witness contacts.

Opened a total of 1,740 cases.

Library

Over 46,000 people borrowed items using the library's Curbside Pickup system

Over 357,000 digital audiobooks and ebooks were borrowed

A record, **3174** trees planted



139 Park Sites

with 100 miles of trails and 5,075 acres of parkland ⁶

2020 Awards & Recognition

Rochester Public Utilities (RPU)

▷ GOLD LEVEL PEAK PERFORMANCE AWARD

National Association of Clean Water Agencies

▷ GOLD AWARD FOR EXCEPTIONAL UTILITY PERFORMANCE

Association of Municipal Water Agencies

▷ PRESIDENTS AWARD

Minnesota Municipal Utilities Association

#1

MOST LIVABLE MID-SIZED CITY

SmartAsset

#5

'TOP 100 BEST PLACES TO LIVE' 2020

livability.com

2020

TRANSIT SYSTEM OF THE YEAR

Minnesota Public Transit Association



Over 56,000 calls for service for Rochester Police Department – over 9,700 for Rochester Fire Department

City of Rochester Vision, Principles, and Priorities

Community Vision 2040

Rochester is a city that cares. Where all people are treated with dignity and respect. Where residents, employees, and visitors enjoy high quality of life. Where business and industry thrive, and where the land and environment are renewed and sustained for the benefit of all. It is a welcome and diverse community.

Renowned for its reputation as a center for growth and innovation, its robust economy, and programs and institutions that support life-long learning.

Characterized by its safe and friendly neighborhoods, diverse and affordable housing options for people of all ages and backgrounds, thriving downtown, vibrant public spaces, and easy access to parks and recreation amenities.

Committed to health and wellness for its people, and also of the air, water, and land they depend on for sustenance.

Connected both physically and socially, offering balanced transportation options, well-planned streets, sidewalks, trails, and neighborhoods - and hospitable cultural atmosphere.

Dedicated to the sustainable and responsible use of public resources and provision of quality public services, supporting livability and long-term fiscal health.

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

- Increase neighborhood connectivity.
- Increase affordable housing options.
- Maintain and increase neighborhood vitality and livability.
- Secure a funding stream for sustained parks and recreation improvements and community amenities.

Manage growth and development

- Balance downtown/DMC and community-wide development efforts.
- Incorporate P2S infrastructure planning into development decisions.
- Implement the recommendations of P2S, the Parks and Recreation Master Plan, and the Library Strategic Plan.

Foster a team oriented culture

- Use High Performance Organization practices to create operational efficiencies.
- Develop recruitment strategies to diversify and achieve a high-quality workforce.
- Create employee development plans.
- Use technology to share and communicate effectively.

Balance public infrastructure investment

- Improve transportation and related facilities.
- Develop an asset management plan and use life-cycle cost considerations during decision making.
- Develop a policy and practice of assessing new infrastructure investment based on current assets and maintenance costs.