



# 2020 Baseline Budget and 2020-2025 CIP

City Council Study Sessions  
September 9, 2019



# September 9 Agenda

Follow up items from previous meetings

Provide input on preliminary 2020 operating and 2020-2025 CIP budget

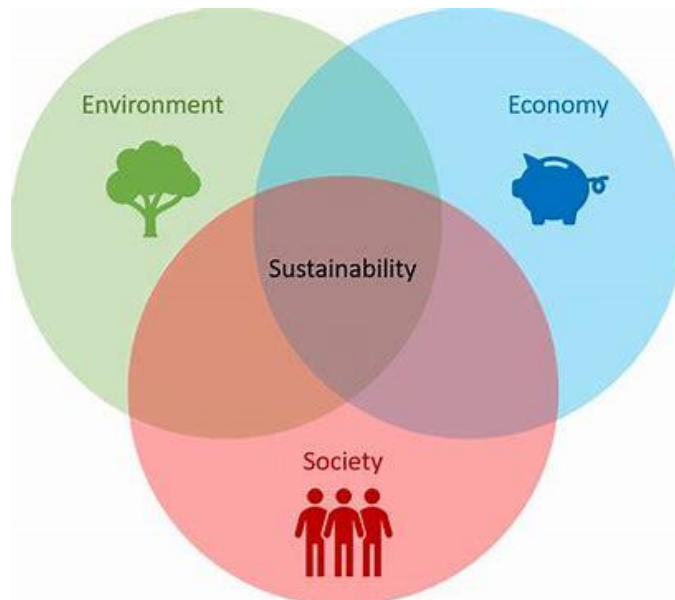
Provide input on maximum 2020 tax levy

Receive Council direction on next steps



## Organizational Vision

A vibrant, compassionate,  
innovative team



## Foundational Principles

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

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

# ROCHESTER CITY COUNCIL'S 2020 BUDGET ADOPTED PRIORITIES

<ul style="list-style-type: none"> <li>i. Park Safety – Community Service Officers or Seasonal Rangers</li> <li>ii. Trash management and recycling</li> <li>iii. Trail use, maintenance, year-round use, etc.</li> <li>iv. Park Programming</li> </ul>	Maintenance	Parks
<ul style="list-style-type: none"> <li>• Enhance downtown policing</li> </ul>	Operations/ Maintenance	PD
<ul style="list-style-type: none"> <li>• Mayor to prepare a funding request for specific 2020 initiatives for council consideration</li> </ul>	Operations/ Maintenance	Mayor
<ul style="list-style-type: none"> <li>• First priority is to maintain existing assets</li> </ul>	Project	Admin, Parks, PW, Lib
<ul style="list-style-type: none"> <li>• Fund fewer CIP projects with focus on completing projects annually</li> </ul>	Project	All
<ul style="list-style-type: none"> <li>• Focus on continuing to fund parks based on prioritized list</li> </ul>	Project	Parks
<ul style="list-style-type: none"> <li>• Increase street funding to reduce the unfunded liability</li> </ul>	Project	PW
<ul style="list-style-type: none"> <li>• Complete trail connection gaps</li> </ul>	Project	Parks, PW
<ul style="list-style-type: none"> <li>• Consider funding a new downtown library facility rather than spending funds to maintain/repair existing</li> </ul>	Project	Admin, Library
<ul style="list-style-type: none"> <li>• Consider funding to update the Bicycle Master Plan</li> </ul>	Policy	PW, CD

2019	Category	Responsible Party
<ul style="list-style-type: none"> <li>• Consider establishing Public Safety Master Plans</li> </ul>	Policy	FD
<ul style="list-style-type: none"> <li>• Continue proactive policing efforts vs citizen complaint particularly for parking</li> </ul>	Operations/ Maintenance	PD, PW
<ul style="list-style-type: none"> <li>• Assess the number of City golf courses</li> </ul>	Operations/ Maintenance	Parks
<ul style="list-style-type: none"> <li>• Review fee schedule to cover a higher percent of costs</li> </ul>	Policy	Admin
<ul style="list-style-type: none"> <li>• Review and assess current operating and funding practices for the Rec Center and 125Live</li> </ul>	Operations/ Maintenance	Parks
<ul style="list-style-type: none"> <li>• Evaluate clean, green and safe for downtown with the RDA</li> </ul>	Program	Admin, PW, Parks, PD

## ROCHESTER CITY COUNCIL'S 2020 BUDGET ADOPTED PRIORITIES

Ongoing	Category	Responsible Party
<ul style="list-style-type: none"> <li>Improve elections outreach and equity</li> </ul>	Program	Clerk
<ul style="list-style-type: none"> <li>Continuously improve community communication, education, and engagement</li> </ul>	Program	Clerk, All
<ul style="list-style-type: none"> <li>Evaluate a Community Services Officer program in other areas, specifically the fire department</li> </ul>	Program	FD
<ul style="list-style-type: none"> <li>Increase City's affordable housing opportunities, including work of the HRA, other partners, and potential reduction of development fees</li> </ul>	Policy	Admin, CD
<ul style="list-style-type: none"> <li>Focus on homelessness and social equity</li> </ul>	Policy	All
<ul style="list-style-type: none"> <li>Continue to enhance Transit and Para Transit services:                             <ul style="list-style-type: none"> <li>Reliability</li> <li>Timeliness</li> <li>Communication</li> <li>Schedules</li> <li>Align routes with plowing</li> </ul> </li> </ul>	Operations/ Maintenance	PW

2021 & Beyond	Category	Responsible Party
<ul style="list-style-type: none"> <li>Consider establishing Public Safety Master Plans</li> </ul>	Policy	PD
<ul style="list-style-type: none"> <li>Research an employee healthcare incentive program with wellness programs</li> </ul>	Program	HR



# **Recommended Budget Review**



# Budget Comparison





# Budget Formula



	Baseline Budget	Decision Packages/CIP	Recommended Budget
Tax Supported	\$76,687,278	\$2,290,493	\$78,977,771
Other	<u>\$302,368,936</u>	<u>\$6,229,418</u>	<u>\$308,598,354</u>
<b>Total</b>	<b>\$379,056,214</b>	<b>\$8,519,911</b>	<b>\$387,576,125</b>



# Property Tax Levy Increase

	<b>Baseline Budget</b>	<b>Decision Packages/ CIP</b>	<b>North Service Center Debt Payment</b>	<b>Recommended Budget</b>
Property Tax Levy Increase	<b>2.7%</b>	<b>1.06%</b>	<b>2.01%</b>	<b>5.77%</b>

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



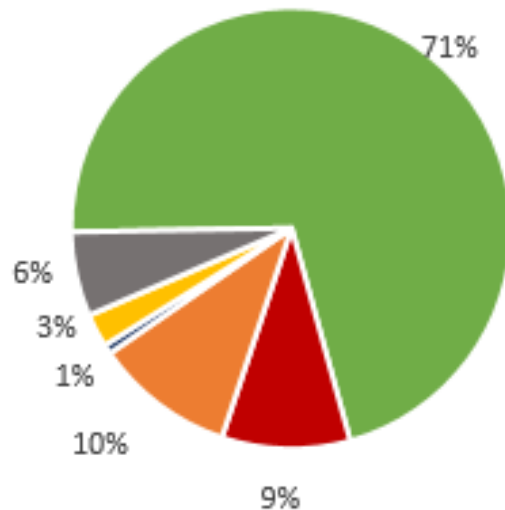
# General Fund Investment





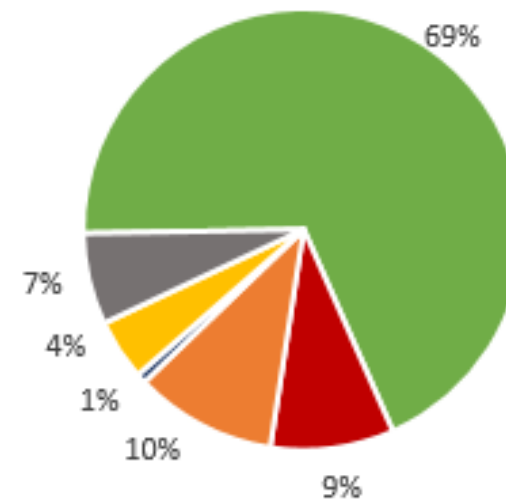
# Property Tax Levy Allocation

2019 Adopted Budget



■ General ■ Library ■ Municipal Rec System ■ Airport ■ Debt/Internal Service ■ CIP

2020 Recommended Budget



■ General ■ Library ■ Municipal Rec System ■ Airport ■ Debt/Internal Service ■ CIP



# Follow Up Items



- Provided tax assessment information from County
- Provided information from Civic Theater
- No funding in the recommended budget for:
  - 25 MPH signs
  - New entry signs
- Some funding to address trail gaps



# 2020 consolidated facility operations/maintenance plan

Q1: Hire Facility Supervisor position

Q2: Initiate facility replacement plan development

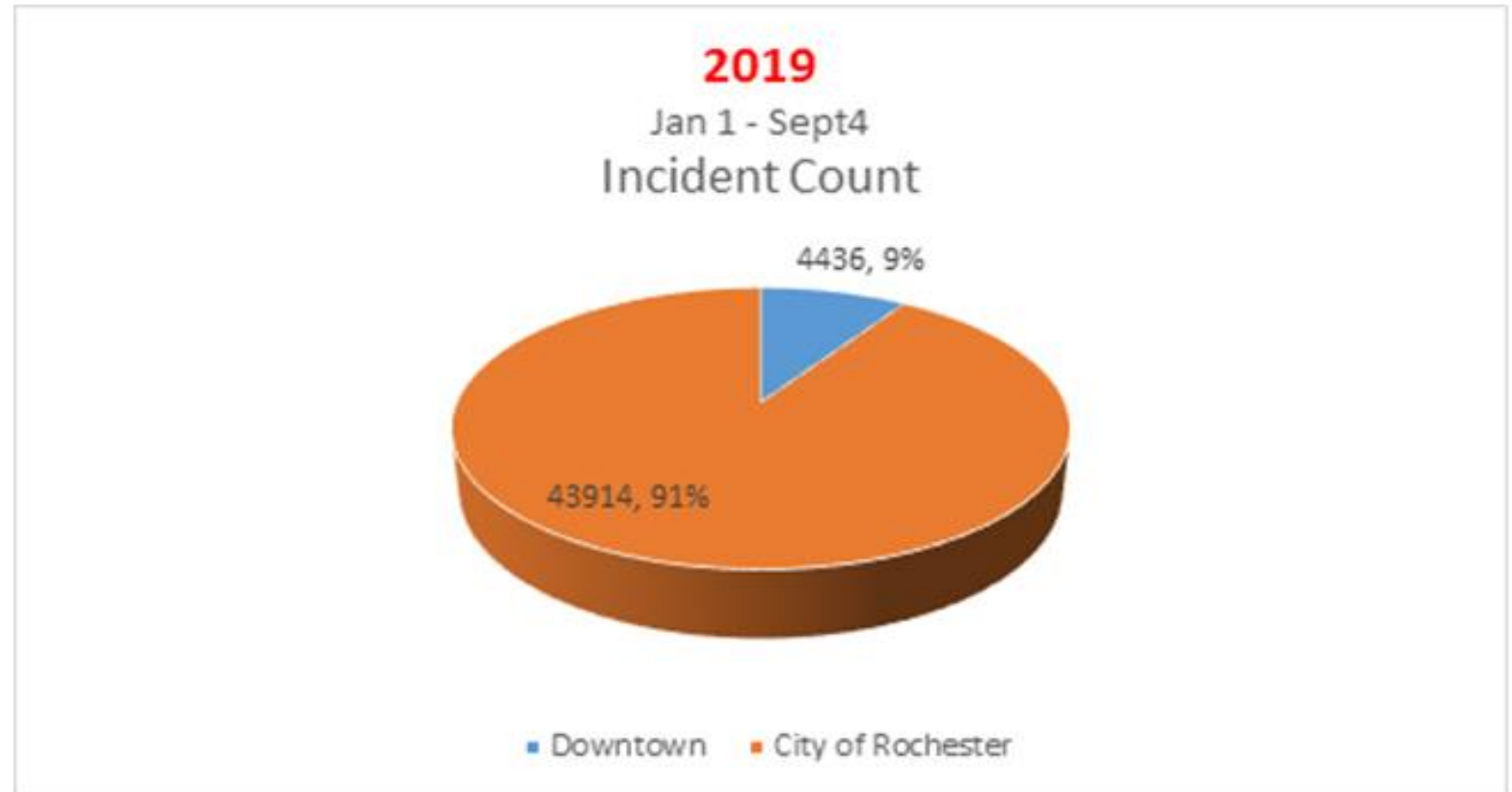
Q3: Commence funding discussions

Q4: Commence organization wide facility oversight (as appropriate)



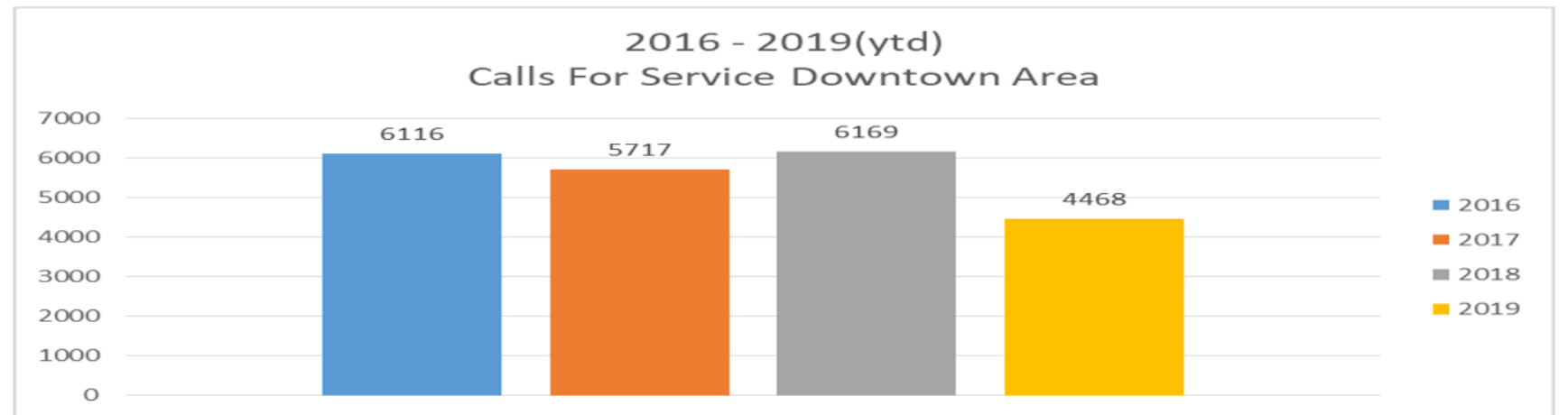
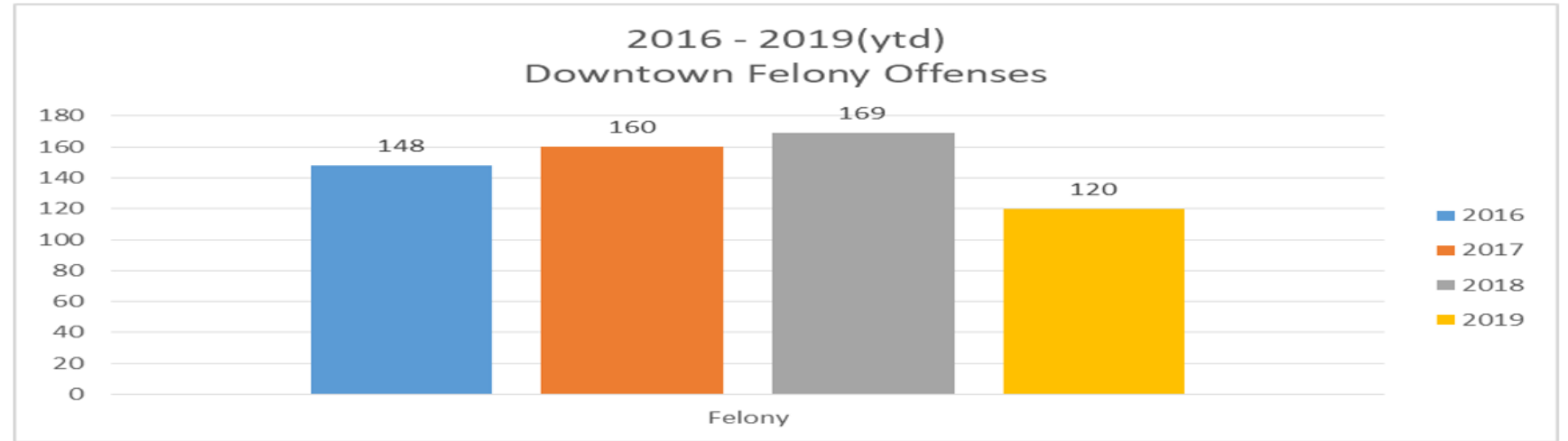
# Police Stats

2018		2019*	
Downtown	6131	Downtown	4436
City of Rochester	63803	City of Rochester	43914





# Police Stats





# Community Partner Organization Requests

- Leave funding as recommended for 2020
- Initiate a formal review process
  - Outside Agency Review Committee (2019 Q4)
  - January 13, 2020 Study Session
  - Goal to establish funding policy and process
  - Role of RAEDI in this process



# Community Partner Organization Requests

- Return to City Council with a formal funding recommendation for RDA's Clean and Safe
- Chamber of Commerce has generously recommended City reallocate the "Rochester Day at the Capitol" \$10K to RCTC's Small Business Development Request



# Community Partner Organization Requests

- Initiate formal evaluation of 125 Live and Recreation Center management and operations (commence 2019 Q4)
- Request MCC/Art Center/Civic Theater determine operational and financial efficiency opportunities (report back in 2020 Q1)



- Initiate a golf course assessment in (commence 2019 Q4)
- Move any remaining operational items out of the CIP (2021 budget process)
- Provide recommendation on paying off CIP negative balance



- Engage stakeholders on public safety fee discussion
  - Fire Marshal
  - Police services
- Provide comparison of Fire Department fees to other cities
- Continue work on a Sidewalk Improvement District



- Initiate work on a Natural Gas Franchise Fee
- Review opportunities for:
  - Street lighting utility
  - District hauling franchise fee



## City Council Discussion Items

- Are there any changes to the recommended budget?
  - Decision Packages
  - CIP
  - Other
- At what level does the City Council intend to set the 2020 maximum levy?



# September 16 City Council Meeting

- Adopt preliminary budget
- Set 2020 maximum property tax levy



# Appendix I

# Community Organization Requests



# Community Reinvestment



Company / Business Unit  
00101 44400

## Core Responsibilities

	2017 Actual	2018 Actual	2019 Estimated	2020 Projected
1. Diversity Council.	\$75,000	\$75,000	\$75,000	\$75,000
2. Intercultural City Initiative.	\$0	\$0	\$2,000	\$2,000
3. Greater Rochester Area University Center.	\$20,000	\$20,000	\$20,000	\$20,000
4. Human Rights Commission.*	\$0	\$0	\$6,000	\$6,000
5. Youth Commission.*	\$0	\$0	\$29,000	\$29,000
6. RNeighbors.	\$113,698	\$113,000	\$113,000	\$113,000
7. History Center of Olmsted County.	\$30,000	\$30,000	\$30,000	\$30,000
8. Celebration of a City.	\$25,000	\$25,000	\$25,000	\$25,000
9. SE MN Initiative Fund.	\$20,000	\$20,000	\$20,000	\$20,000
10. Rochester Downtown Alliance.	\$100,000	\$100,000	\$100,000	\$100,000
11. 4th of July.	\$0	\$0	\$40,000	\$40,000
12. Misc.	\$25,000	\$0	\$0	\$0
<b>Total</b>	<b>\$408,698</b>	<b>\$383,000</b>	<b>\$460,000</b>	<b>\$460,000</b>

\*These line items were moved from Mayor & City Council (41310).



# Economic Development



Company / Business Unit  
00101 44520

## Core Responsibilities

	2017	2018	2019	2020
	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Projected</u>
Rochester Area Economic Development Incorporated (In Dollars)	75,000	75,000	75,000	75,000
Convention & Tourism (In Dollars)*	2,683,214	3,000,329	2,628,570	N/A
Rochester Sports Commission**	N/A	N/A	N/A	600,000
Experience Rochester**	N/A	N/A	N/A	3,800,000
<b>Total (In Dollars)</b>	<b>2,758,214</b>	<b>3,075,329</b>	<b>2,703,570</b>	<b>4,475,000</b>

\*Due to change in the operating model for the Mayo Civic Center this line is no longer applicable beyond 2019

\*\*Due to change in the operating model for the Mayo Civic Center these lines are new in 2019 and will first be budgeted for 2020



## Art Center/Civic Theater/125 Live



Company / Business Unit  
00101 44200

### Core Responsibilities

The expenditures accounted for in this function are City appropriations in the following agencies:

	2017 <u>Actual</u>	2018 <u>Actual</u>	2019 <u>Estimated</u>	2020 <u>Projected</u>
<b>Civic Theater</b>				
1. Contribution.	\$280,000	\$120,000*	\$200,000	\$200,000
2. Insurance.	\$260	\$252	\$702	\$300
3. Energy Improvement Debt Service Payment.	\$28,240	\$28,240	\$0	\$0
<b>Total</b>	<b>\$308,500</b>	<b>\$148,492</b>	<b>\$200,702</b>	<b>\$200,300</b>
<b>Art Center</b>				
1. Contribution.	\$325,000	\$193,100	\$347,000	\$347,000
2. Mayo Civic Center Building Contract.	\$6,800	\$154,541	\$0	\$0
3. Insurance.	\$2,127	\$15,704	\$6,649	\$2,015
4. Energy Improvement Debt Service Payment.	\$2,896	\$2,896	\$0	\$0
<b>Total</b>	<b>\$336,823</b>	<b>\$366,241</b>	<b>\$353,649</b>	<b>\$349,015</b>
<b>125 Live</b>				
1. Contribution.	\$0	\$120,000	\$120,000	\$120,000
2. Appraisals.	\$0	\$0	\$0	\$0
3. Contractual Maintenance & Repair.	\$2,576	\$9,507	\$10,000	\$10,000
4. Communications/Utilities/Insurance.	\$153,578	\$178,498	\$173,939	\$185,364
5. Equipment, Tools, & Misc. Parts.	\$90,957	\$226	\$0	\$0
<b>Total</b>	<b>\$247,111</b>	<b>\$308,231</b>	<b>\$303,939</b>	<b>\$315,364</b>

\*Per 10/16/17 Council discussion, \$80,000 was paid from 2017 Contingency fund.



# What is a Clean and Safe Ambassador Program?

- Provide cleaning, hospitality, and safety services to downtown Rochester's 44-block special service district (SSD)
- Common tool of SSDs to enhance the district
- Minneapolis, Saint Paul, and Duluth, as well as numerous other U.S. cities, have similar programs



CLEAN AND SAFE AMBASSADOR PROGRAM



ROCHESTER'S NEED FOR A CLEAN AND SAFE AMBASSADOR PROGRAM



## A Clean and Safe Ambassador Program in Downtown Rochester

### POTENTIAL PARTNERS

- City of Rochester
- Destination Medical Center
- Downtown Neighborhood Association
- Downtown's SSD stakeholders
- Experience Rochester
- Mayo Clinic
- Rochester Area Chamber of Commerce
- Olmsted County
- University of Minnesota – Rochester
- Winona State University

### PROGRAM COST

The program is estimated to cost approximately \$600,000 in its first year

RDA seeking up to \$150,000 annually from the City

- First three years of the program
- Goal to reduce City's funding commitment over time as SSD revenue grows



April 12, 2019

Mayor Kim Norton  
City Administrator Steven Rymer  
City of Rochester  
201 4<sup>th</sup> Street SE  
Rochester, MN 55904

RE: Small Business Development Center

Dear Mayor Norton and Mr. Rymer:

On behalf of Rochester Community and Technical College (RCTC), please accept this letter as a formal request for financial support of the entrepreneurial services provided through the Small Business Development Center (SBDC). The College is requesting \$20,000 from the City to support the cash match requirements of the Small Business Administration and Minnesota Department of Employment and Economic Development grant for continuation of educational business consulting services through the SBDC located at the RCTC campus.

As denoted at our initial meeting, the SBDC offers consulting services at no charge to the entrepreneur providing significant economic impact to the city of Rochester and surrounding communities. In 2017, small businesses served through the SBDC accessed over \$24 million dollars in capital, created and retained 503 jobs. These services are provided through a network of community and economic development organizations to help grow and sustain the backbone of our communities.

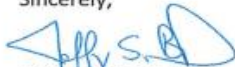
The SBDC is funded by the Small Business Administration, Minnesota Department of Economic Development and cash match provided by regional partners. The SBDC plays a unique role in economic development by leveraging federal, state and local resources to provide consulting in business planning, loan packaging, financial management, market development and legal compliance assistance.

The value SBDC and our business development consultants bring to our community is priceless; however, we understand that there will be many needs with the future advances to our city. As a partner, the Small Business Development Center is prepared to provide services to current and future small businesses impacted by this growth to ensure continuity and success.

Our request proposes a significant way the City can capitalize on a partnership that already exist within our region and fulfills the continued need to advance our economy by strengthening our tax base. We appreciate your consideration and look forward to continuing a very impactful service to the small business community of Rochester.

Thank you for your consideration of our request.

Sincerely,

  
Jeffery S. Boyd, Ed.D.  
President



# **Appendix II**

## **Decision Packages**



## Diversity, Equity, and Inclusion

- All teammate training - \$150,000 (50% tax levy supported)
- Continued Government Alliance for Racial Equity participation - \$23,000
- Emergency Management foreign language intern - \$17,100
- Mayor's initiatives - \$30,000



## High Performing Team

- Information Technology Analyst - \$126,000
- Human Resources learning management system support- \$54,000
- Grant writing and financial resource development - \$50,000
- Legislative services - \$133,000 (reallocation of existing resources)
- Mayor's intern - \$4,900



## Downtown Safety

- Downtown Police Officers (2) - \$254,000

## Communications and Engagement

- Organization branding initiative - \$60,000



## Master Plan Updates

- Land Development Manual - \$300,000 (50% tax levy)
- Bicycle Master Plan - \$100,000 (50% tax levy...in CIP)

## Infrastructure Maintenance and Operations

- Landscape Technician (with trail maintenance equipment) - \$243,000
- Facility Supervisor - \$126,000



## Transit Service

- Increased park & ride service to Fairgrounds and RCTC - \$700,000  
(80% state funded, 20% fares)
- Bus shelter enhanced snow removal - \$57,000 (80% state funded)



## **Airport** (no tax levy support)

- Terminal carpet - \$200,000
- Economic impact study - \$44,000
- Fuel farm pump - \$40,000
- Terminal front doors - \$36,000
- Sand storage cover - \$30,000



## Water Reclamation Plant (no tax levy support)

- Lead operator position - \$105,000
- Roll off dumpster - \$69,500
- Skid steer trailer - \$10,500



# Appendix III

## Potential Revenue Supported Positions

(funds not included in recommended budget)



# Fire Marshal Services

- Highest Fire Department priority to mitigate community risk
- Team same size since 1866
- Currently have 3 positions
- Need for 5 positions due to growth and demand





# Fire Marshal Services

- \$280,000 expense
- Funding Strategy
  - Increase of existing fees: \$175,000
  - New fire protection equipment fee: \$50,000
  - Anticipated inspection volume increase: \$30,000
  - Tax levy: \$25,000





# Downtown Vibrancy and Safety

- Increased Police Officer presence
  - Special events
  - Evening and weekends
- New License examiner
- \$335,000 expense





License Classification	Number of Current Licenses	Total Current Fees	Total Proposed Fees	Fee Difference
<b>ON-SALE INTOXICATING</b>				
Hotels	7	\$34,000	\$61,500	\$27,500
Restaurants	72	\$252,400	\$409,450	\$157,050
Bowling Centers	2	\$8,400	\$14,800	\$6,400
Clubs	4	\$4,450	\$11,850	\$7,400
Exclusive Liquor Stores	17	\$59,500	\$132,600	\$73,100
Cooking School	1	\$200	\$200	\$0
<b>TOTAL ON-SALE INTOXICATING LICENSES</b>	<b>102</b>	<b>\$358,950</b>	<b>\$630,400</b>	<b>\$271,450</b>
<b>ON-SALE WINE (WITH BEER)</b>				
Restaurants	31	\$21,000	\$42,000	\$21,000
Non-Profit Theaters	1	\$700	\$700	\$0
<b>TOTAL ON-SALE WINE LICENSES</b>	<b>32</b>	<b>\$21,700</b>	<b>\$42,700</b>	<b>\$21,000</b>
<b>ON-SALE 3.2 BEER ONLY</b>	<b>5</b>	<b>\$1,350</b>	<b>\$1,800</b>	<b>\$450</b>
<b>TAPROOMS AND SMALL BREWERS</b>				
Taproom On-Sale w/ Off Sale	4	\$1,344	\$3,800	\$2,456
Small Brewer Off-Sale Only	2	\$72	\$400	\$328
<b>TOTAL TAPROOM/BREWER</b>	<b>6</b>	<b>\$1,416</b>	<b>\$4,200</b>	<b>\$2,784</b>
<b>OFF-SALE LICENSES</b>				
Off-Sale Intoxicating	26	\$10,400	\$36,400	\$26,000
Off-Sale 3.2	13	\$468	\$2,600	\$2,132
<b>TOTAL OFF-SALE LICENSES</b>	<b>39</b>	<b>\$10,868</b>	<b>\$39,000</b>	<b>\$28,132</b>
<b>TOTAL LICENSE CHANGES</b>	<b>184</b>	<b>\$394,284</b>	<b>\$718,100</b>	<b>\$323,816</b>



# Licensing Support

- Licensing program spans 8 major areas:
  - Trades/contractors, alcohol & gambling, transportation, businesses, animals, peddlers, and special events
  - Purpose is to ensure public safety and welfare
- Core administrative team of 4 same size since 2002
- Myriad of other responsibilities including covering City Hall's front desk and phone lines



# Licensing Support

- \$78,000 expenditure
- Funding strategy
  - Fee adjustments in categories other than liquor
  - Fees for these licenses have not been adjusted since initial adoption



# **Appendix IV**

## **Capital Improvement Program 2020-2025**



# Capital Improvement Program - CIP

What is a Capital Improvement Program (CIP)?

The City of Rochester's Capital Improvement Program is a mid-range plan, which spans 6 years. The CIP identifies capital projects, provides a planning schedule and identifies funding sources.



## 2020-2025 CIP Projects



223 Projects



9 Departments



\$592,275,213 Million  
Total Investment



## 2020-2025 CIP Projects

### Top 5 Funding Sources

There are 32 types of funding sources that can be used to fund a CIP project.



Federal

\$104,015,000



State DMC

\$56,612,000



GO Bonds &  
Revenue Bonds

\$160,800,000



Sales Tax DMC

\$44,544,000



Retained Earnings

\$39,166,000



## 2020 CIP Projects



136 Projects



9 Departments



\$188,052,404 Million  
Total Investment



## 2020 CIP Projects

### Top 5 Funding Sources

There are 32 types of funding sources that can be used to fund a CIP project.



Federal  
Government  
\$66,186,000



State Destination Medical  
Center Funding  
\$24,942,000



General Obligation  
Revenue Bonds  
\$22,000,000



Retained  
Earnings  
\$17,022,000



State  
Government  
\$10,810,000



**3% of CIP is supported by tax levy**

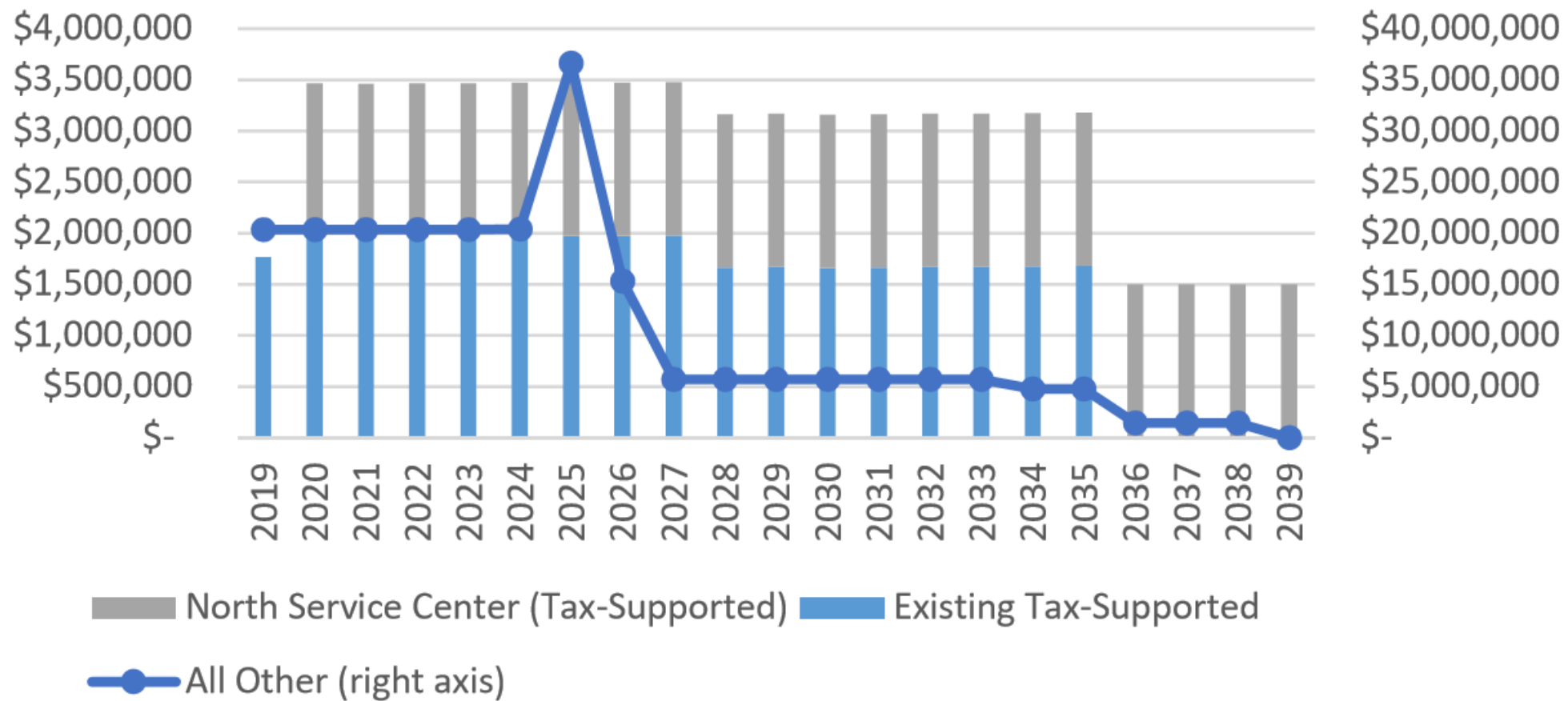
	CIP Tax Levy					
	2020	2021	2022	2023	2024	2025
Airport	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parks	\$ 895,000	\$ 775,000	\$ 1,025,000	\$ 2,050,000	\$ 2,150,000	\$ 450,000
Golf	\$ 30,000	\$ 69,000	\$ 54,000	\$ 44,000	\$ 15,000	\$ 15,000
Rec Center	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ -
Graham Arena	\$ 130,861	\$ 130,910	\$ 125,230	\$ -	\$ -	\$ -
Mayo Civic Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Streets	\$ 1,400,000	\$ 1,550,000	\$ 1,800,000	\$ 2,050,000	\$ 2,300,000	\$ 3,000,000
Traffic	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Pedestrian	\$ 365,000	\$ 440,000	\$ 340,000	\$ 600,000	\$ 840,000	\$ 1,740,000
Mass Transit	\$ -	\$ 600,000	\$ 507,500	\$ 515,113	\$ 418,271	\$ 530,682
Parking	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Storm Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Rec Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Flood Control	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DMC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Abatement District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fire	\$ 308,150	\$ 233,000	\$ 239,000	\$ 230,000	\$ 230,000	\$ 230,000
Police Department	\$ 1,116,733	\$ 1,317,742	\$ 1,182,250	\$ 259,061	\$ 24,000	\$ 24,000
Library	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration	\$ 551,500	\$ 345,000	\$ 192,500	\$ 172,500	\$ 142,500	\$ 142,500
	<b>\$ 5,297,244</b>	<b>\$ 5,510,652</b>	<b>\$ 5,515,480</b>	<b>\$ 5,970,674</b>	<b>\$ 6,169,771</b>	<b>\$ 6,182,182</b>



	CIP Tax Levy					
	2020	2021	2022	2023	2024	2025
Parks	\$ 895,000	\$ 775,000	\$ 1,025,000	\$ 2,050,000	\$ 2,150,000	\$ 450,000
Golf	\$ 30,000	\$ 69,000	\$ 54,000	\$ 44,000	\$ 15,000	\$ 15,000
Rec Center	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ -
Graham Arena	\$ 130,861	\$ 130,910	\$ 125,230	\$ -	\$ -	\$ -
Streets	\$ 1,400,000	\$ 1,550,000	\$ 1,800,000	\$ 2,050,000	\$ 2,300,000	\$ 3,000,000
Traffic	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Pedestrian	\$ 365,000	\$ 440,000	\$ 340,000	\$ 600,000	\$ 840,000	\$ 1,740,000
Mass Transit	\$ -	\$ 600,000	\$ 507,500	\$ 515,113	\$ 418,271	\$ 530,682
Fire	\$ 308,150	\$ 233,000	\$ 239,000	\$ 230,000	\$ 230,000	\$ 230,000
Police Department	\$ 1,116,733	\$ 1,317,742	\$ 1,182,250	\$ 259,061	\$ 24,000	\$ 24,000
Administration	\$ 551,500	\$ 345,000	\$ 192,500	\$ 172,500	\$ 142,500	\$ 142,500
	<b>\$ 5,297,244</b>	<b>\$ 5,510,652</b>	<b>\$ 5,515,480</b>	<b>\$ 5,970,674</b>	<b>\$ 6,169,771</b>	<b>\$ 6,182,182</b>



## City of Rochester Future Annual Debt Service





## PCI-Driven Scenarios

50-Year Budget Scenario	Average Annual Budget Required		
	AC	PCC	Total
Maintain 85 PCI	\$16.8 mil	\$0.8 mil	\$17.6 mil
Maintain 80 PCI	\$15.4 mil	\$0.8 mil	\$16.2 mil
Maintain 75 PCI	\$14.1 mil	\$0.8 mil	\$14.9 mil
Maintain 70 PCI	\$12.6 mil	\$0.6 mil	\$13.2 mil
Maintain 65 PCI	\$11.7 mil	\$0.6 mil	\$12.3 mil



# Annual Street Funding Shortfall

	2020	2021	2022	2023	2024	2025
<b>Streets</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
Capital Improvement Plan	\$ 1,400,000	\$ 2,750,000	\$ 3,500,000	\$17,850,000	\$10,000,000	\$ 3,000,000
Infrastructure Maintenance Managemen	\$ 2,395,000	\$ 2,442,900	\$ 2,491,758	\$ 2,541,593	\$ 2,592,425	\$ 2,644,274
<b>Total</b>	<b>\$ 3,795,000</b>	<b>\$ 5,192,900</b>	<b>\$ 5,991,758</b>	<b>\$20,391,593</b>	<b>\$12,592,425</b>	<b>\$ 5,644,274</b>
Annual Shortfall	\$ (12,405,000)	\$ (11,007,100)	\$ (10,208,242)	\$ 4,191,593	\$ (3,607,575)	\$ (10,555,726)



# Streets CIP

- 2020 Streets CIP Total = \$6,900,000
- 2020-2025 Streets CIP Total = \$54,650,000

	2020	2021	2022	2023	2024	2025
Annual Bituminous Rehab, Resurfacing & Preservation	\$900,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Annual Bituminous Reconstruction	\$500,000	\$550,000	\$800,000	\$1,050,000	\$1,300,000	\$2,000,000
Construct Members Parkway	\$3,200,000					
Rehab Elton Hills Drive		\$2,300,000				
Reconstruct 10 <sup>th</sup> St. SW			\$6,000,000			
Elton Hills Drive Bridge Improvements			\$2,000,000			



# Streets CIP - Continued

- 2020 Streets CIP Total = \$6,900,000
- 2020-2025 Streets CIP Total = \$54,650,000

	2020	2021	2022	2023	2024	2025
Reconstruct 7 <sup>th</sup> St. NW				\$4,450,000		
Rehab 20 <sup>th</sup> St. SW				\$6,000,000		
Reconstruct 11 <sup>th</sup> Ave E				\$7,000,000		
Reconstruct 65 <sup>th</sup> St. NW					\$7,900,000	
Clearwater Rd NW/55 <sup>th</sup> St. NW Intersection Safety Improvements						\$1,200,000
Reconstruct Broadway/14 <sup>th</sup> St. NE Intersection						\$2,000,000



# Parks CIP

- 2020 Parks CIP Total = \$3,261,000
- 2020-2025 Parks CIP Total = \$14,436,000

	2020	2021	2022	2023	2024	2025
Emerald Ash Borer Management	\$325,000	\$300,000	\$300,000	\$275,000	\$275,000	\$275,000
Game Haven Active Nature Sports Park	\$1,741,000	\$365,000	\$15,000	\$15,000	\$15,000	\$15,000
Neighborhood Playground Replacement	\$50,000	\$50,000	\$50,000	\$75,000	\$75,000	\$75,000
Silver Lake - Master Plan, Park Improvements, Renovate Old Fire Station #2	\$200,000	\$200,000	\$200,000			



# Parks CIP - Continued

- 2020 Parks CIP Total = \$3,261,000
- 2020-2025 Parks CIP Total = \$14,436,000

	2020	2021	2022	2023	2024	2025
Soldier's Field Park – Master Plan and Aquatics & Tennis Courts Improvements	\$70,000			\$600,000		
Cascade Lake Park Master Plan Improvements	\$500,000		\$3,350,000	\$1,300,000	\$1,100,000	
McQuillan Field Improvements					\$600,000	



# Recreation Center, Graham Arena & Mayo Civic Center CIP

- 2020 Recreation Center, Graham Arena & Mayo Civic Center CIP Total = \$721,000
- 2020-2025 Recreation Center, Graham Arena & Mayo Civic Center CIP Total = \$1,302,000

	2020	2021	2022	2023	2024	2025
Air Handling System Replacement (Rec Center)	\$450,000					
Graham Arena Improvements	\$131,000	\$131,000	\$125,000			
Telescopic Seating Repairs & Maintenance (Mayo Civic)	\$140,000					



# Police Department CIP

- 2020 Police Department CIP Total = \$23,117,000
- 2020-2025 Police Department CIP Total = \$25,924,000

	2020	2021	2022	2023	2024	2025
Public Safety Camera System	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
North Station & Service Center	\$23,040,000	\$1,040,000	\$1,040,000			



# Fire Department CIP

- 2020 Fire Department CIP Total = \$349,000
- 2020-2025 Fire Department CIP Total = \$1,534,000

	2020	2021	2022	2023	2024	2025
Fire Station Infrastructure Improvements	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Emergency Management	\$25,000	\$3,000	\$1,500			
Mesonet Weather Station	\$30,000		\$30,000			
Move Siren to New Location	\$64,400					



# Library CIP

- 2020 Library CIP Total = \$303,600
- 2020-2025 Library CIP Total = \$5,336,000

	2020	2021	2022	2023	2024	2025
Computer Hardware/Software Purchase	\$245,000	\$131,000	\$277,000	\$89,000	\$352,000	\$89,000
Building Improvements	\$59,000	\$59,000	\$59,000	\$59,000	\$59,000	\$59,000
Roof & Major Equipment Replacement & Building Envelope Repair		\$3,800,000				



# Administration CIP

- 2020 Administration CIP Total = \$806,500
- 2020-2025 Administration CIP Total = \$1,861,500

	2020	2021	2022	2023	2024	2025
Rewrite of Land Development Manual	\$300,000					
Rochester Civic Theatre Improvements	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Rochester Art Center Improvements	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
City Wide IT Integration	\$200,000	\$75,000				



# Traffic CIP

- 2020 Traffic CIP Total = \$600,000
- 2020-2025 Traffic CIP Total = \$3,950,000

	2020	2021	2022	2023	2024	2025
Traffic Calming Program	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
4 <sup>th</sup> St. SE & 19 <sup>th</sup> Ave SE Intersection Improvements	\$150,000	\$1,000,000				
Replace signal at 19 <sup>th</sup> St. NW & 19 <sup>th</sup> Ave NW	\$100,000	\$500,000				
East Center & West Center Intersection Improvements at 11 <sup>th</sup> Ave	\$300,000		\$300,000			
55 <sup>th</sup> St. NW & 50 <sup>th</sup> Ave NW Intersection Improvements				\$150,000	\$750,000	



# Pedestrian CIP

- 2020 Pedestrian CIP Total = \$660,000
- 2020-2025 Pedestrian CIP Total = \$8,585,000

	2020	2021	2022	2023	2024	2025
Annual Sidewalk Program	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Update Bicycle Master Plan	\$100,000					
Construct Trail along Highway 14		\$700,000				
Construct Trail along CP Railroad from 16 <sup>th</sup> St. SE to 20 <sup>th</sup> St. SE				\$500,000		



# Pedestrian CIP - Continued

- 2020 Pedestrian CIP Total = \$660,000
- 2020-2025 Pedestrian CIP Total = \$8,585,000

	2020	2021	2022	2023	2024	2025
Construct Pedestrian Facilities on 11 <sup>th</sup> Ave NE					\$500,000	
South Zumbro Trail Gap					\$300,000	
Construct Trail from CSAH 8 to Mayowood Lake Park					\$100,000	\$900,000
Construct Pedestrian Facilities West of Marion Rd.						\$500,000



# Mass Transit CIP

- 2020 Mass Transit CIP Total = \$4,924,000
- 2020-2025 Mass Transit CIP Total = \$20,360,000

	2020	2021	2022	2023	2024	2025
Expansion Buses for Regular Route Operations	\$500,000	\$500,000	\$508,000	\$515,000	\$523,000	\$531,000
Replacement Buses for Regular Route Operations	\$4,200,000	\$3,000,000	\$2,538,000	\$2,628,000	\$2,091,000	\$2,123,000
Purchase Paratransit Buses for ZIPS		\$360,000				



# Airport CIP

- 2020 Airport CIP Total = \$67,120,000
- 2020-2025 Airport CIP Total = \$91,670,000

	2020	2021	2022	2023	2024	2025
Runway Reconstruction	\$67,120,000					
Parking Lot Reconstruction		\$500,000	\$5,000,000			
General Aviation Apron Rehab/Expansion			\$225,000	\$2,225,000		
Snow Removal Equipment Building Improvements				\$5,000,000		
Runway 13/31 Rehab & Taxiway Redesign					\$750,000	
Covered Premium Parking						\$5,000,000



# Parking CIP

- 2020 Parking CIP Total = \$1,848,000
- 2020-2025 Parking CIP Total = \$63,396,000

	2020	2021	2022	2023	2024	2025
Signage & Way Finding	\$200,000	\$300,000				
New Meter Technology	\$500,000					
Revenue Control Equipment Updates	\$800,000					
Ramp Restorations	\$300,000	\$400,000	\$700,000	\$700,000		\$400,000
Charging Stations Installation	\$48,000		\$48,000			
Construct New Ramps				\$38,000,000		\$20,000,000
Government Center Lot Redesign & Landscaping					\$1,000,000	



# Stormwater CIP

- 2020 Stormwater CIP Total = \$3,623,000
- 2020-2025 Stormwater CIP Total = \$14,533,000

	2020	2021	2022	2023	2024	2025
Folwell Ridge Channel Stabilization	\$150,000					
Century Hills 8 <sup>th</sup> & 9 <sup>th</sup> Ravine Stabilization	\$225,000					
40 <sup>th</sup> St. NW Flood Mitigation	\$800,000					
Stabilization of Cascade Creek along Douglas Trail	\$630,000					
Cascade Township Regional Stormwater/Flood Control Facilities	\$1,100,000	\$800,000				



# Flood Control CIP

- 2020 Flood Control CIP Total = \$2,645,000
- 2020-2025 Flood Control CIP Total = \$20,855,000

	2020	2021	2022	2023	2024	2025
Cascade Creek Stabilization	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Zumbro River Stabilization	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Remove Sediment from Lakes & Reservoirs	\$1,000,000	\$4,000,000	\$1,000,000			
Modify Silver Lake Dam & North Trail Extension	\$800,000	\$9,000,000	\$200,000			



# Water Reclamation Plant CIP

- 2020 Water Reclamation Plan CIP Total = \$7,600,000
- 2020-2025 Water Reclamation Plant CIP Total = \$85,100,000

	2020	2021	2022	2023	2024	2025
Equipment Replacement	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Phase 1 Remodel & Effluent Upgrades	\$7,500,000					
Phase 2 Liquid Treatment Upgrade		\$3,000,000	\$25,000,000	\$29,000,000	\$5,000,000	
Phase 3 Solid Treatment Upgrade						\$15,000,000



# **Appendix V**

## **Revenue/Funding Possibilities**



# Parks & Recreation System Plan



- The Parks & Recreation System Plan approved 2016
  - Identifies \$80 million needed to address decaying infrastructure and provide additional park amenities to keep pace with population growth
- The Park Board has taken on the task of prioritizing projects in the Plan this October
- The Park Board has partnered with the Trust for Public Land (TPL):
  - Conduct feasibility research that will explore funding and ballot measure
  - Poll registered voters in Rochester to determine support for public funding of Plan
- The first phases of the TPL research will be complete this fall
- The Park Board will provide the TPL recommendations to City Council



## Rochester Public Library Alternatives (2023 Estimate)

<b>Alternative #1:</b> <i>Asset Preservation in Existing Facility</i>	<b>Alternative #2:</b> <i>Expansion of Existing Building</i>
<ul style="list-style-type: none"><li>• <b>Cost Estimate: \$3,800,000</b></li><li>• <b>Debt Service Impact:</b><ul style="list-style-type: none"><li>○ \$485,000 per year</li><li>○ 10 years</li><li>○ .62 percent increase in the levy.</li></ul></li></ul>	<ul style="list-style-type: none"><li>• <b>Cost Estimate: \$83,500,000</b> (Remodel + 80,000 sf expansion)</li><li>• <b>Debt Service Impact:</b><ul style="list-style-type: none"><li>○ \$6.4M per year</li><li>○ 20 years</li><li>○ 8.6 percent increase in the levy.</li></ul></li></ul>
<b>Alternative #3:</b> <i>Build New - Bond for New Building</i>	<b>Alternative #4:</b> <i>Build New - P3 Model</i>
<ul style="list-style-type: none"><li>• <b>Cost Estimate: \$91,800,000</b> (Does not include land acquisition)</li><li>• <b>Debt Service Impact:</b><ul style="list-style-type: none"><li>○ \$7.1M per year</li><li>○ 20 years</li><li>○ 9.5 percent increase in the levy.</li></ul></li></ul>	<ul style="list-style-type: none"><li>• <b>Annual Lease Expense Estimate: TBD</b></li><li>• <b>Debt Service Impact: TBD</b></li></ul>



# Sidewalk Improvement District

- Allowed by MN State Statute 435.44
- Public Works team is beginning to strategize around the adoption of Sidewalk Improvement District(s) (SID)
- The work that will go into this evaluation includes:
  - Research of the statute and consultation with the League of MN Cities and a financial consultant
  - Review of current ordinance language and necessary revisions to the sidewalk program
  - Evaluation of the different sidewalk types (safety defects, ADA repairs, gap fill) to be included in such a program
- Preparation of detailed cost estimates and options to generate revenue



# Natural Gas Franchise Fee

- Authorized by Minnesota State Statute 216B.36
- Allowed within the terms of our existing agreement with MN Energy
- MN Energy adds the fee to customer's monthly gas bill and revenue remitted to the City
- **Three main types of fee structures (or combinations)**
  - Flat fee per customer account or billing address
  - Fee per therms used
  - Percent of gross revenue received from each customer
- **Estimated** revenue from a 5% fee is approx. **\$2+/- million**



# Two CIP Deficit Fund Balances

- \$3.7 million
  - Construction fund: \$2 million
  - 55<sup>th</sup> Street: \$1.7
- Council guidance on repayment schedule
- Return with funding sources