

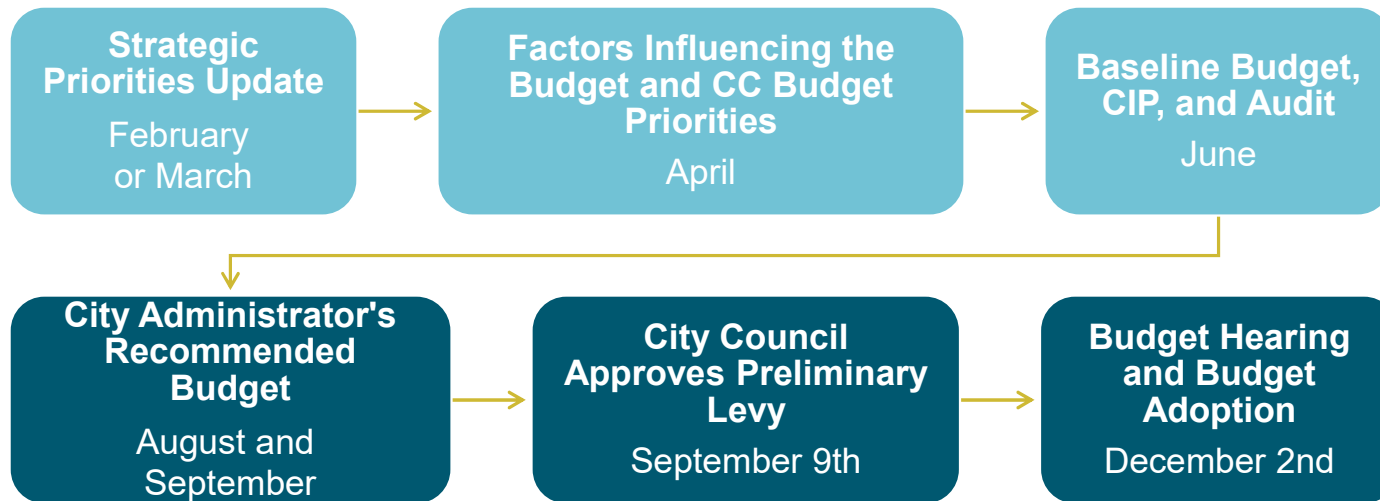


Preliminary Levy and Budget

September 9th, 2024



2025 RECOMMENDED BUDGET: KEY CITY COUNCIL ENGAGEMENT POINTS



Budget Documents:

<https://www.rochestermn.gov/departments/finance/reports/current-budget-summary-cip/2024-2025-budget-summary>





**City Administrator
Recommended
2025
Operating Budget**

2025 RECOMMENDED TAX LEVY AND BUDGET

- Recommended Tax Levy \$112 million
- Recommended Total Budget \$689.4 million



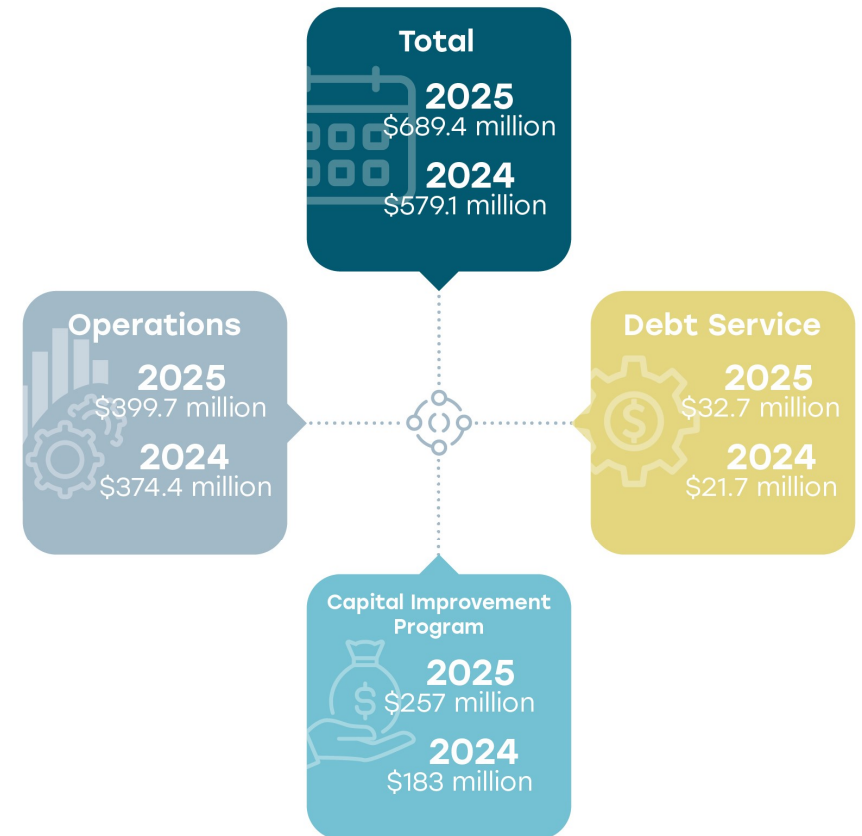


2025: \$689.4 MILLION BUDGET (INCLUSIVE OF RPU)

All Funds Combined

- **10.35% or \$10.511 M** Total Levy Increase (not a tax rate)
- **Sewer:** 2024 and 2025 – approximately 1%
 - Rate increases are informed by the 2022-2027 rate study adopted in 2021
 - Wastewater connection fees increase at approximately 3.5% annually and are related to project inflation and the increased cost of wastewater treatment plant infrastructure due to new construction
- **Electric:** 2025 – 4.0% General Rate Adjustment
Average Residential Impact \$4.30/Mo
- **Water:** 2025 – 5.5% General Rate Adjustment, plus \$1.32 per month customer charge (AMI)
Average Residential Impact \$1.67/Mo
 - Water Utility cost of service study will be conducted during 2025

2024 vs 2025 Operating Expense
(Inclusive of RPU)



Tax Levy Impact on Median Value Home

City of Rochester Property Tax Calculation	Actual	
	2024	2025
Estimated Market Value (median)	\$ 278,800	\$ 288,200
Homestead MV Exclusion*	\$ 12,148	\$ 20,612
Taxable Market Value	\$ 266,652	\$ 267,588
City Levy	\$ 101,530,873	\$ 112,041,952
City's Net Tax Capacity	\$ 212,274,457	\$ 224,941,156
Local Tax Rate	\$ 47.83%	\$ 49.81%
Net Tax Impact	\$1,275.40	\$1,332.84

*For taxes payable in 2024, the maximum exclusion amount is \$30,400 for properties valued at \$76,000, with no exclusion for properties valued over \$413,800. For taxes payable in 2025, the maximum exclusion amount was increased to \$38,000 for properties valued at \$95,000, with no exclusion for properties valued over \$517,200.

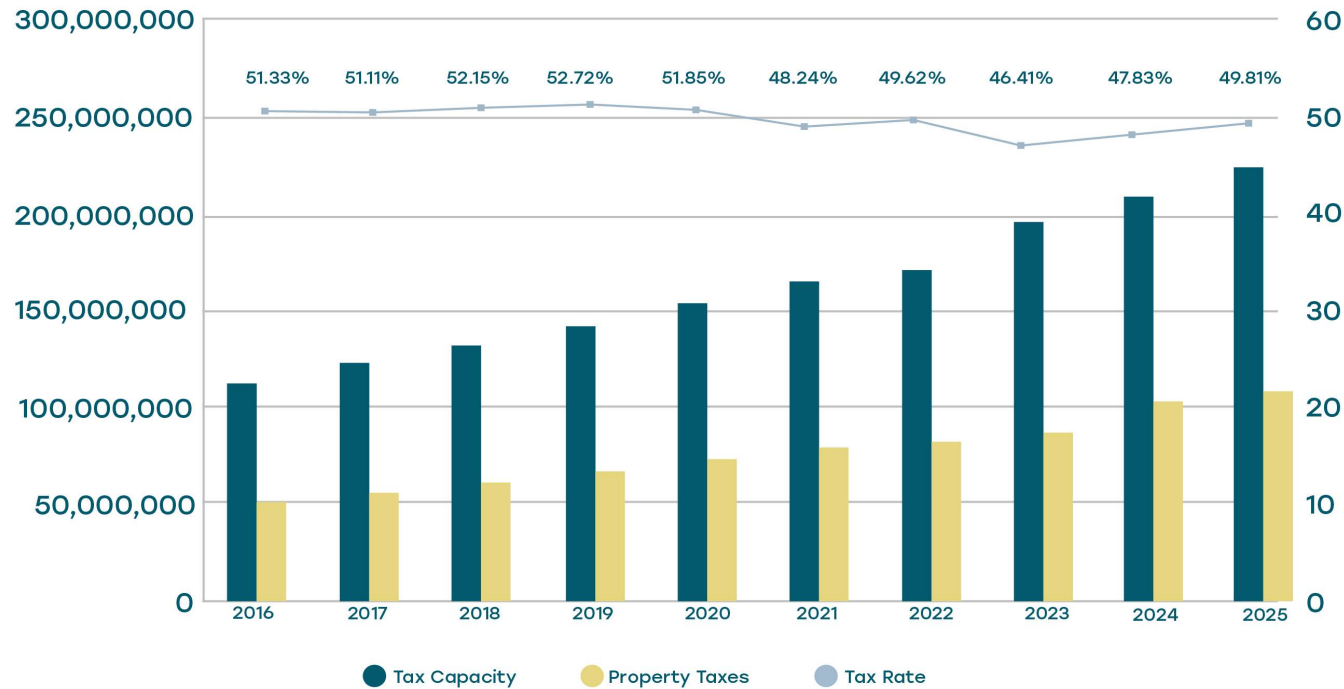
Key Points:

- The net tax change on a Median Value Home for 2025 is \$57.44 or 4.5% more than 2024.
- State law has adjusted the homestead market value exclusion reducing the tax impact on moderately valued homes.
- Our local tax rate remains relatively consistent when compared to prior years and remains lower than pre 2020 rates.
- If the levy were reduced to 9.9% the Median Value Home would see a decrease of \$4.27 from the proposed levy.



CITY OF ROCHESTER PROPERTY TAX RATES SINCE 2016

Levy Capacity and Tax Levy Over Time Graph



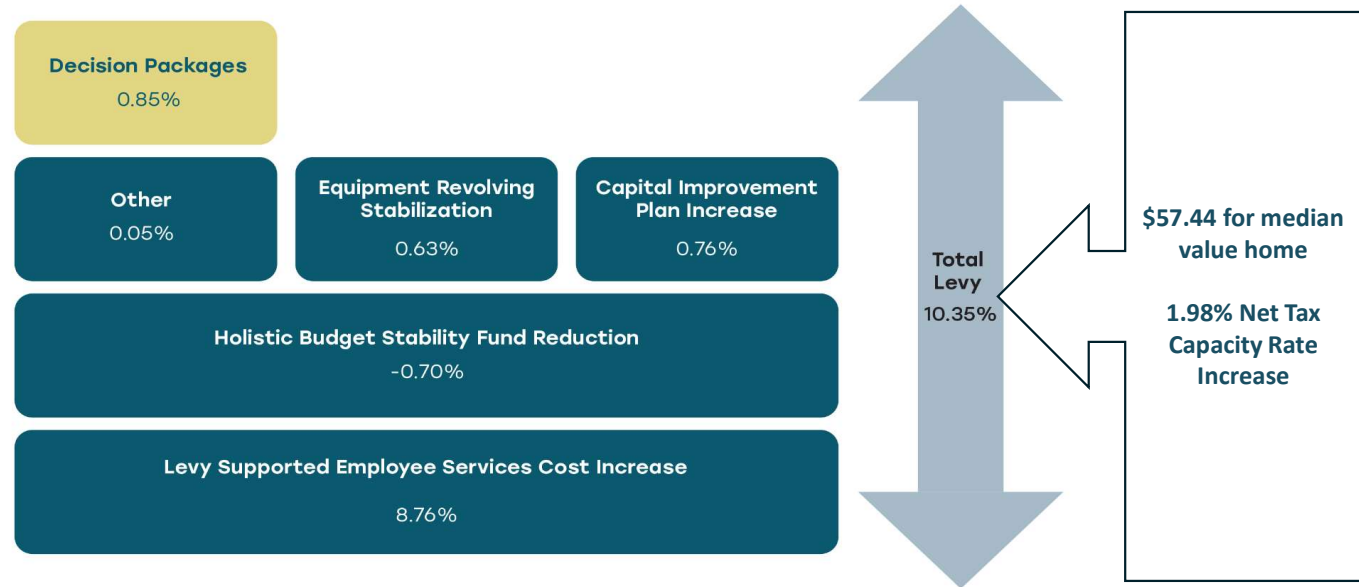
Key Points:

- Our local tax rate remains relatively consistent when compared to prior years and remains lower than pre 2020 rates.
- The Local Tax Rate increase from 2024 to 2025 is 1.98% and below our historical 10 year average.

$$\text{Local Tax Rate} = \frac{\text{Property Tax Revenue Needed (Levy)}}{\text{Total Tax Capacity (For All Properties)}}$$



BREAKING DOWN THE LEVY INCREASE



Note: "Other" includes increases in Utilities and Software Maintenance. In addition, the projected increases above total more than 10.35% with the additional expenses offset by additional non-levy revenue.



Requested Action

- Adopt the resolution in the City Council packet approving the preliminary levy and preliminary budget.

