

City of Rochester Minnesota 2024 Budget in Brief

Budget in Brief

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

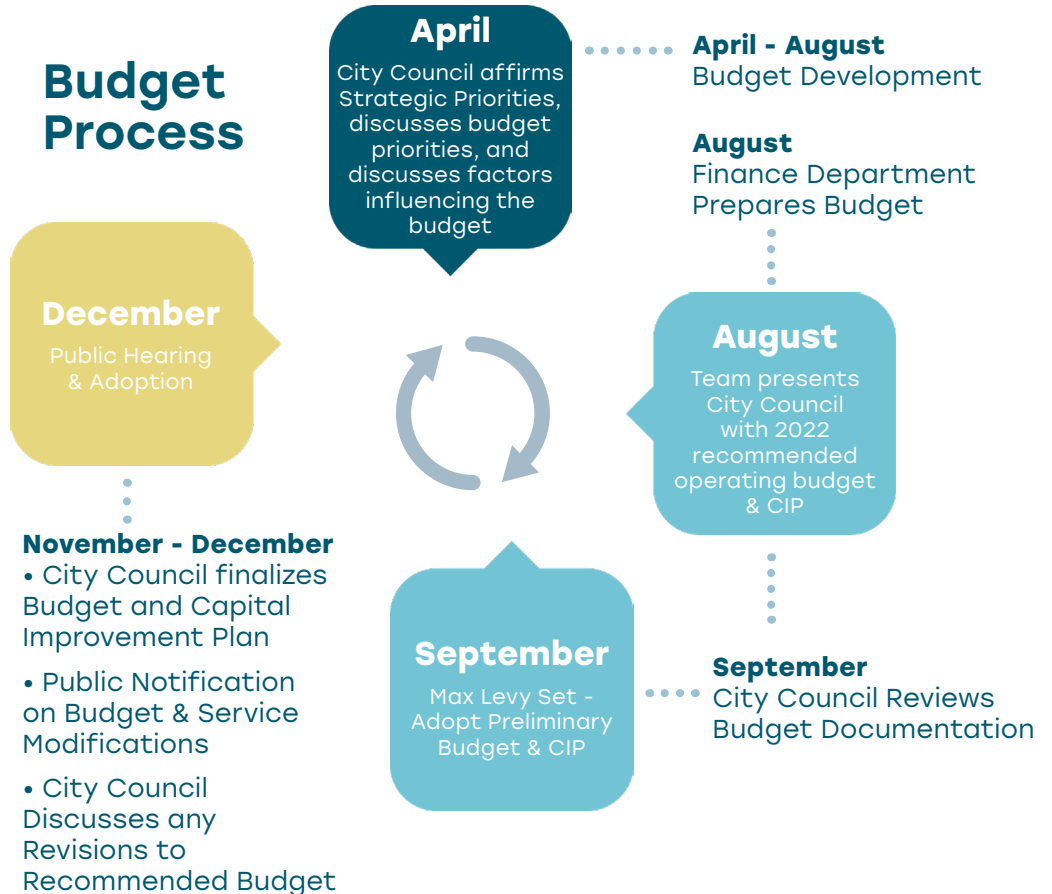
years and by prudently investing in service level enhancements as resources allow. The 2024 budget represents a financial commitment to the vital and necessary services that our residents and businesses depend on. It also continues some prior year cost reductions, while prioritizing necessary strategic investments for a growing city. This includes leveraging Federal Rescue Plan dollars made available to mitigate the ongoing economic challenges and other impacts that COVID-19 presents to the community.

The 2024 budget is a second attempt at a two year budget. It is where budget priorities and an initial budget for both years is set.

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

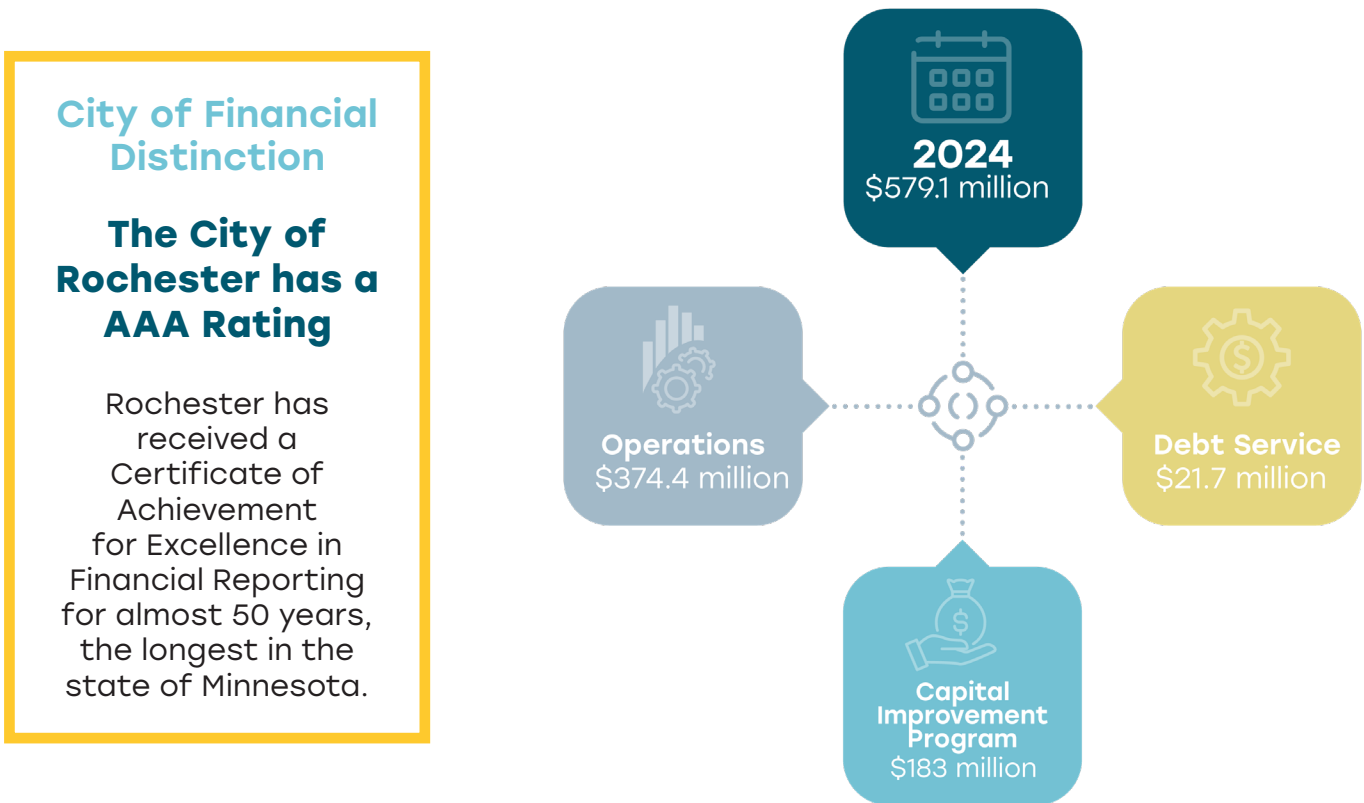


2024 Adopted Budget

The 2024 adopted budget is \$579,056,567 million. General Fund expenditures account for \$114,414,692 million of the \$579.1 million and the CIP totals \$182,999,175 million. The six-year CIP totals \$1.1 billion.

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

City of Rochester Budget 2024, Inclusive of RPU



Budget Formula



Where the Money Comes From

General Fund

\$114,414,692

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, Capital Improvement Plan, Airport, Debt, and Internal Service Fund

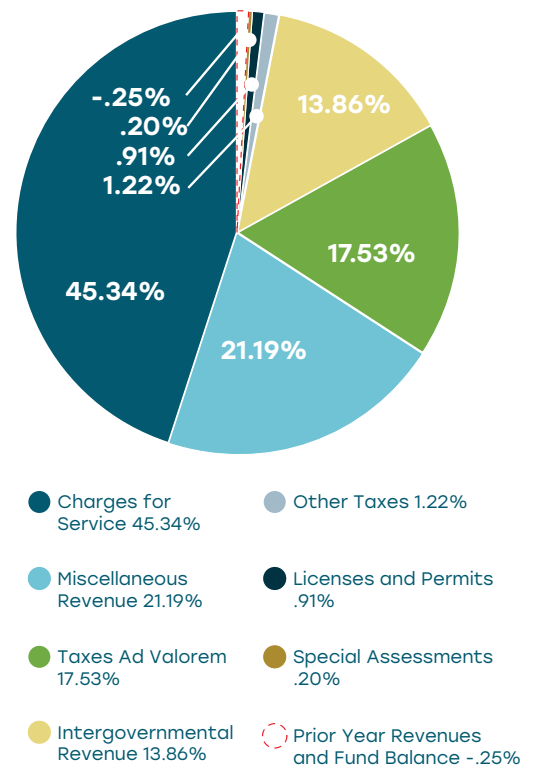
\$464,641,875

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.

2024 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 17.53% of the total revenues. Items like charges for services, which are items like electricity, water, parking, and sewer fund the total budget by 45.34%.

2024 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
- Fines, forfeits, and penalties

Property Tax

Average Residential Home



39.3% 43.5% 15.7% 1.5%
 Olmsted County 535 School District (535) HRA City of Rochester

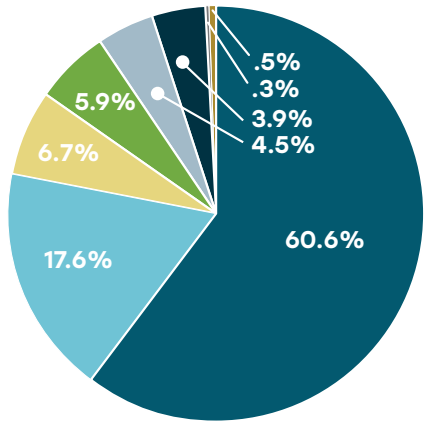
Commercial/Industrial Property



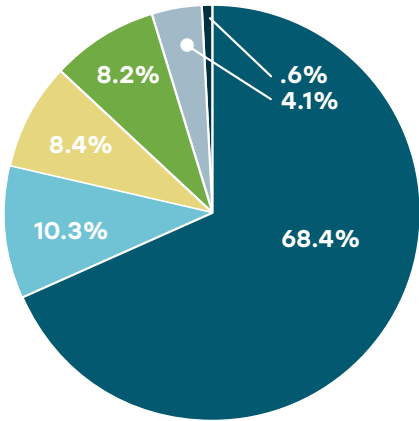
20.6% 22.8% 47.7% 8.2% 8.0%
 Olmsted County 535 State of MN School District (535) HRA City of Rochester

In total, the City of Rochester receives \$101.5 million from residential and commercial property tax. Residential property owners pay approximately 55.9% of that total while commercial property owners pay 33.2%. Of the \$101.5 million, 68.4% supports the General Fund, while 10.3% supports the Parks & Recreation department and 8.2% supports the Rochester Public Library.

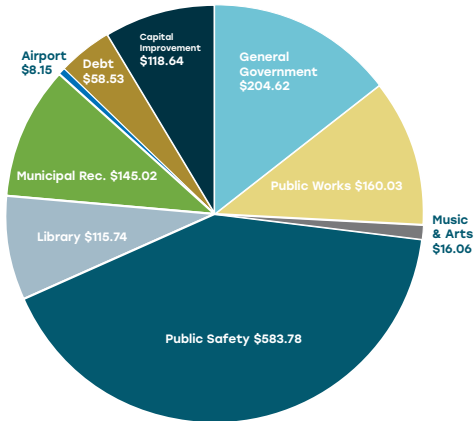
General Fund Revenue \$114,414,692



2024 Property Tax \$101,530,873



Property Tax Allocation for Median Home Value of \$289,600



- Taxes Ad Valorem 60.6%
- Misc Revenue 17.6%
- Intergovernmental 6.7%
- Other Taxes (such as Hotel/Motel tax, Cable Franchise Fee, and People Coop Franchise) 5.9%
- License & Permits 4.5%
- Charges for Govt Services 3.9%
- Prior Year Revenue .5%
- Fines, Forfeits, and Penalties .3%

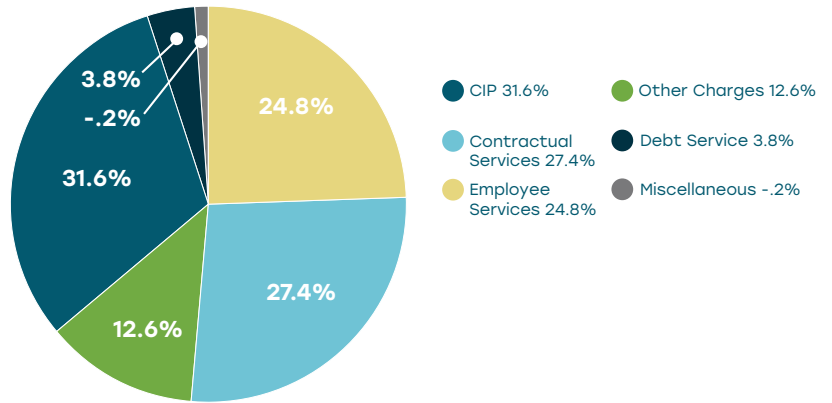
- General 68.4%
- Parks and Recreation 10.3%
- CIP 8.4%
- Rochester Public Library 8.2%
- Debt. Internal Services 4.1%
- Airport .6%

- Public Safety \$583.78
- General Government \$204.62
- Public Works \$160.03
- Municipal Recreation \$145.02
- Library \$115.74
- Capital Improvement \$118.64
- Debt \$58.53
- Music & Arts \$16.06
- Airport \$8.15

Where Does the Money Go?

Overall, the adopted 2024 budget includes expenditures in six major categories for all funds. The largest being the CIP at \$183 million dollars. Approximately 25% of the City's total budget is invested in Employee Services, with a total of \$143.5 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.

2024 Adopted Budget of \$579,056,567



General Fund Expense \$114,414,692

- Police
- Animal Control
- Dispatch
- Fire
- Building Safety
- Flood Control and Emergency Management

- Engineering
- Street Infrastructure
- Fleet Maintenance
- Traffic and City Lighting

- Mayor and City Council
- City Administration
- City Clerk
- Elections
- Administration Fines
- Finance
- City Attorney
- Human Resources
- Planning and Zoning
- Information Technology
- City Hall Maintenance

- Music Art City/ Civic Theatre/ 125 Live
- Community Reinvestment
- Development Administration
- Economic Development
- CBD
- Unallocated Contingency

Top 5 CIP Projects



Rapid Transit Implementation
(Total Project Cost \$143.4 million)



Liquid and Solids Upgrade
(Total Project Cost \$84 million)



Broadway Avenue North Regional Park & Ride
(Total Project Cost \$12.2 million)



Strategic Redevelopment
(Total Project Cost \$38 million)



Planning/Design for Terminal Building Energy Sustainability Improvements
(Total Project Cost \$15 million)

Vision, Principles, Priorities



2022 Community Survey Results

A representative sample of 828 residents of the Rochester were collected between March 9 to April 27, 2022. The margin of error around any reported percentage is 3% for all respondents and the response rate for the 2020 Community Survey was 16%. Survey results were weighted so that the demographic profile of respondents was representative of the demographic profile of adults in Rochester.



81%
rate Rochester as an excellent or good place to raise children



81%
rate the quality of life in Rochester as excellent or good



75%
rate the overall feeling of safety in Rochester as excellent or good



80%
plan to remain in Rochester for the next 5 years



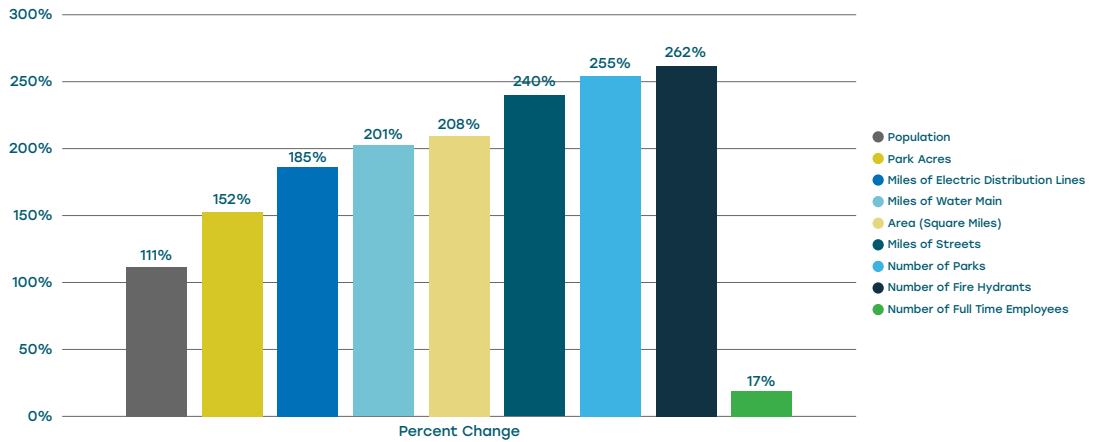
78%
would recommend living in Rochester to others

Incorporated
1854

55
Square miles

Population
125,000*

Percent Change of Operating Indicators 1980 - 2022



Library

360,000 visits (12.83% increase) and 2.19 million collection use (9% increase)



Community Development Department

30,000+ Construction Inspections
230+ Planning Applications Reviewed
800+ New Housing Units
12,000+ Construction Permits Issued
3,000+ Housing Inspections
\$600M+ in Construction

Rochester Fire Department
Over 12,000 calls for service
Moved from an Insurance Services Office (ISO) rating of 3 to a 2 (best rating is 1)

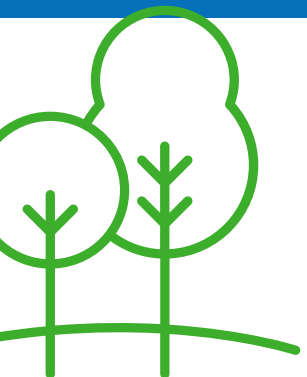


Rochester Police Department
Sworn strength of 150
Approx. 60,000 incidents
Approx. 350 DUI arrests



Parks & Recreation is responsible for (2022)

2,978 acres of parkland
1,550 acres of flood control lands
600 acres of parkway lands
100+ miles of paved trails to explore
142 individual park areas to visit



Wastewater Utility collects and treats **4.3 billion** gallons annually and beneficially reuse **10 million** gallons of biosolids as a natural soil amendment in 2023

*Based on most recent demographers estimate



Awards and Accolades

- Gold LEED City
- AAA Bonding Rating
- Certificate of Achievement for Excellence in Financial Reporting for almost 50 years
- Top 3 Best Places to Live in the U.S.
 - Livability
- Top 7 Most Beautiful Cities in MN
 - World Atlas
- Top 25 Best Place to Retire
 - Forbes
- Top 4 Best Cities to Buy a House in America
 - Martha Stewart
- Top 6 Best Small College Areas
 - University Business
- First American City to become an Intercultural City (ICC)
- Inclusive Workforce Employer (I-WE) Designation from Workforce Development Board of Southeast Minnesota

Budget in Brief



City Attorney (2022)

Prosecuted 1,615 misdemeanor cases

Prosecuted 430 gross misdemeanor cases.

City Clerk (2022)

Assisted over 25,000 people in person or through the City's main phone line



Rochester Public Utility

- 844 miles of distribution lines and 42.4 miles of transmission lines maintained and serviced
- 618.3 miles water distribution pipe maintained and serviced
- 65,500 customer calls (est.)
- 14,500 walk ins (est.)
- 4,400+ safety training assignments completed
- Projected to meet annual energy savings goal of 1.5% of average retail sales (17,621,930 kWh)



Rochester Public Music

22,038 people served across the community during summer 2023 with 13 consecutive weeks of programming!

Public Works (2022)

- Maintained nearly 500 miles of street
- Annual mill & overlay project 28,469 tons of blacktop
- Chip sealed 74.8 lane miles
- Crack sealed 112 lane miles
- Blacktop patched 5,500 tons
- Poured 720 yards of concrete
- 730,000 projected RPT riders in 2023
- 2.75 miles of full complete street construction



ROCHESTERMN.GOV