



# 2025 Supplemental Budget Hearing

December 2, 2024

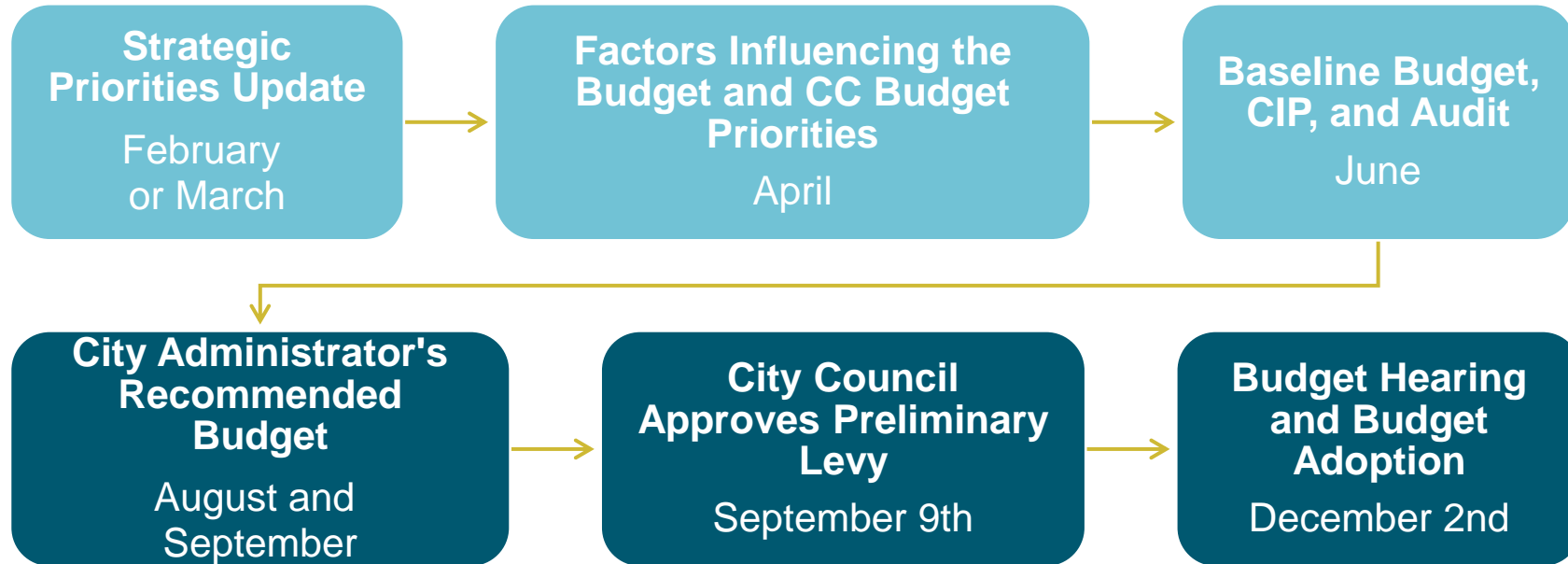


## SUPPLEMENTAL BUDGET

2025



# 2025 SUPPLEMENTAL BUDGET: KEY CITY COUNCIL ENGAGEMENT POINTS



[Link to 2025 Budget Documents](#)



# Budget Hearing and Adoption

1. We are here tonight to receive public feedback on the budget and property tax levy and for City Council to consider those items for adoption.
2. Increase in taxes owed are often a reflection of increased property valuations. You can contact the Olmsted County Assessor's office if you have questions regarding individual property valuations via phone 507-328-7635 or email [propertyweb@co.olmsted.mn.us](mailto:propertyweb@co.olmsted.mn.us)

# PROGRAMS THAT MAY REDUCE YOUR PROPERTY TAXES

## Homestead Exclusions Programs

- You may safely and securely apply for homestead online: [olmstedcounty.gov/post/homestead-applications](https://olmstedcounty.gov/post/homestead-applications)

### Requirements to Claim the Refund:

- **Regular**
  - You owned and lived in your home on January 2, 2024
  - Your household income for 2023 was less than \$135,410
- **Special**
  - You owned and lived in the same home on January 2, 2023, and on January 2, 2024
  - Your home's net property tax increased by more than 12% from 2023 to 2024
  - The net property tax increase was at least \$100
  - The increase was not because of improvements you made to the property



# PROGRAMS THAT MAY REDUCE YOUR PROPERTY TAXES

## Special Homestead Classification for Blind or Permanently and Totally Disabled Persons

[www.revenue.state.mn.us/special-homestead-classification](http://www.revenue.state.mn.us/special-homestead-classification)

- A special homestead classification that provides a reduced class rate for homestead property of any person who qualifies as blind or as permanently and totally disabled.
- Last Updated: September 13<sup>th</sup>, 2021

## Market Value Exclusion on Homestead Property of

### Disabled Veterans <https://www.revenue.state.mn.us/market-value-exclusion-veterans-disability>

- Are honorably discharged from the United States armed forces
- Have a service-connected disability rating of 70% or higher
- Own and occupy a homesteaded property on December 31

## Senior Citizen Property Tax Deferral <https://www.revenue.state.mn.us/property-tax-deferral-senior-citizens>

- You are 65 or older in the year you apply. If married, one of you is 65 or older and the other is at least 62.
- Your household income is \$96,000 or less.
- You have owned and lived in your home for the last 5 years.
- Your home has been homesteaded for 5 years.
- You do not have a reverse mortgage, a life estate, or any state or federal liens on your property.
- Other liens against your property are less than 75% of the estimated market value.

The property tax you pay will be 3% of your total household income based on your prior year income. The state pays the remainder as a loan. When you sell your home or voluntarily cancel the deferral, you must repay the loan plus interest. The interest rate varies but does not exceed 5%



# PROGRAMS THAT MAY REDUCE YOUR PROPERTY TAXES

## Additional State Refund Programs

### Homestead Credit Refund Program

- <https://www.house.mn.gov/hrd/pubs/ss/sshptrp.pdf.pdf>

### Renter's Property Tax Refund Program

<https://www.house.mn.gov/hrd/pubs/ss/ssrptrp.pdf.pdf>

### Targeting Property Tax Refund Program

- <https://www.house.mn.gov/hrd/pubs/ss/sstrgt.pdf.pdf>



# PROGRAMS THAT MAY REDUCE YOUR PROPERTY TAXES

## Learn More

- **Online:** [Property Tax Refund | Minnesota Department of Revenue](#)
- **Call:** 651-296-3781
- **Mail:**
  - Minnesota Department of Revenue
  - Mail Station 0020
  - 600 North Robert St.
  - St. Paul, MN 55145-0020





# 2025 Supplemental Operating Budget



# CHANGES FROM 2025 RECOMMENDED BUDGET DURING PRELIMINARY TAX LEVY

## 2025 Budgeted Tax Levy

Recommended Budget	<u>\$112,041,952</u>	10.35%
• Internal Auditor	(158,443)	
• Parks Snow Grooming Equipment	(213,333)	
• Website Toolkit Subscription	(10,000)	
• Council Travel	(15,034)	
Adopted Budget (tentative)	<u>111,645,142</u>	9.96%

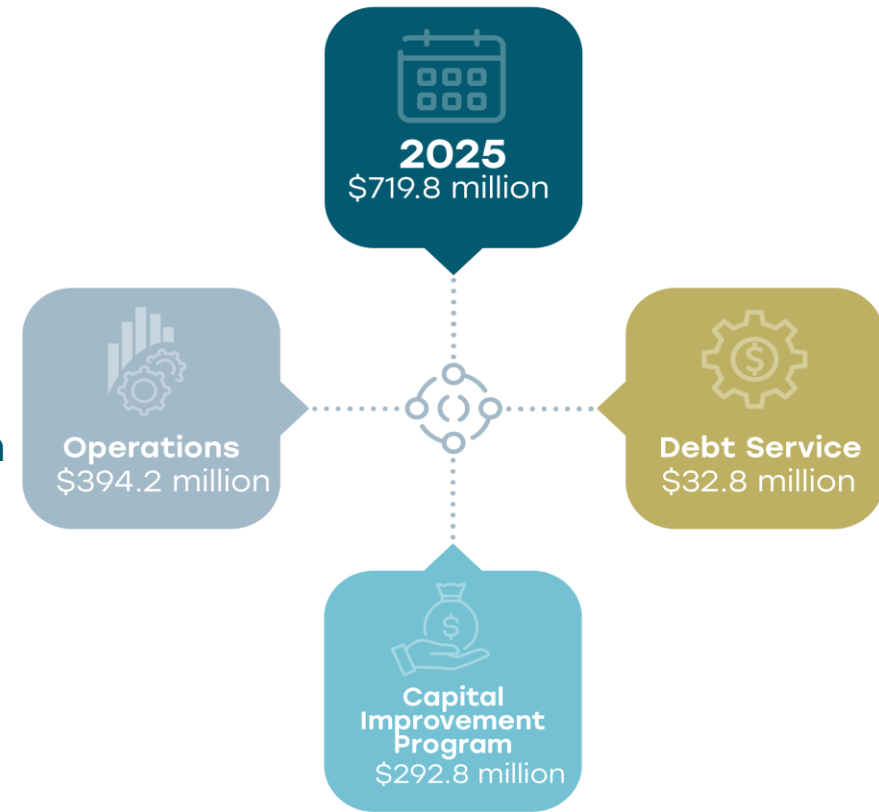


# 2025: \$719.8 MILLION BUDGET (INCLUSIVE OF RPU)

City of Rochester Budget 2025, Inclusive of RPU

## All Funds Combined

- **9.96%** tax levy increase (\$10.1 Million)
- **4%** general rate increase for Electric
- **5.5%** general rate increase for Water
  - Plus an additional \$1.32 per month related to the AMI implementation





# 2024 & 2025 Recommended Major Revenues

<b>Table 1</b>					
<b>2025 MAJOR REVENUES VERSUS 2024 &amp; 2023 INCLUSIVE OF RPU</b>					
	<b>2023 Adopted Budget</b>	<b>2024 Adopted Budget</b>	<b>2025 Recommended Budget</b>	<b>2024-2025 Increase/(Decrease)</b>	<b>2024-2025 Percent of Change</b>
Tax Levy & Tax Abatements	92,772,574	101,530,873	112,041,952	10,511,079	10.35%
<b>Local Government Aid</b>					
Local Government Aid (Operating)	3,958,994	3,958,994	3,958,994	0	0.00%
Local Government Aid (CIP)	0	800,000	1,067,000	267,000	33.38%
Hotel/Motel Tax	5,353,601	5,915,155	6,491,160	576,005	9.74%
Cable TV Franchise Fee	1,165,296	1,165,296	1,165,296	0	0.00%
Inspection Permits	3,653,217	3,930,322	6,518,099	2,587,777	65.84%
In Lieu of Tax	13,567,858	14,190,858	15,372,858	1,182,000	8.33%
Sewer Utility Charge	28,381,000	28,500,000	28,500,000	0	0.00%
Storm Water Utility Fee	8,821,603	8,934,050	8,934,050	0	0.00%
<b>Library Fund</b>					
City Share-Levy	7,816,734	8,330,636	8,644,679	314,043	3.77%
County Share	1,151,638	1,183,842	1,183,842	0	0.00%
<b>Municipal Recreation Fund</b>					
Fee Revenues	4,184,120	4,637,118	4,637,118	0	0.00%
Non-Fee Revenues	9,881,044	10,615,916	11,719,388	1,103,472	10.39%
<b>Parking Fund</b>					
Parking Fines	471,343	471,343	471,343	0	0.00%
Parking Ramps	4,664,458	5,897,234	5,897,234	0	0.00%
Street Meters	1,338,250	1,338,250	1,338,250	0	0.00%
Parking Lots	417,701	417,701	417,701	0	0.00%
<b>RPU</b>					
Charges for Services	187,924,000	205,271,000	215,314,000	10,043,000	4.89%
Private Funds	18,300,000	6,672,000	3,952,000	(2,720,000)	-40.77%

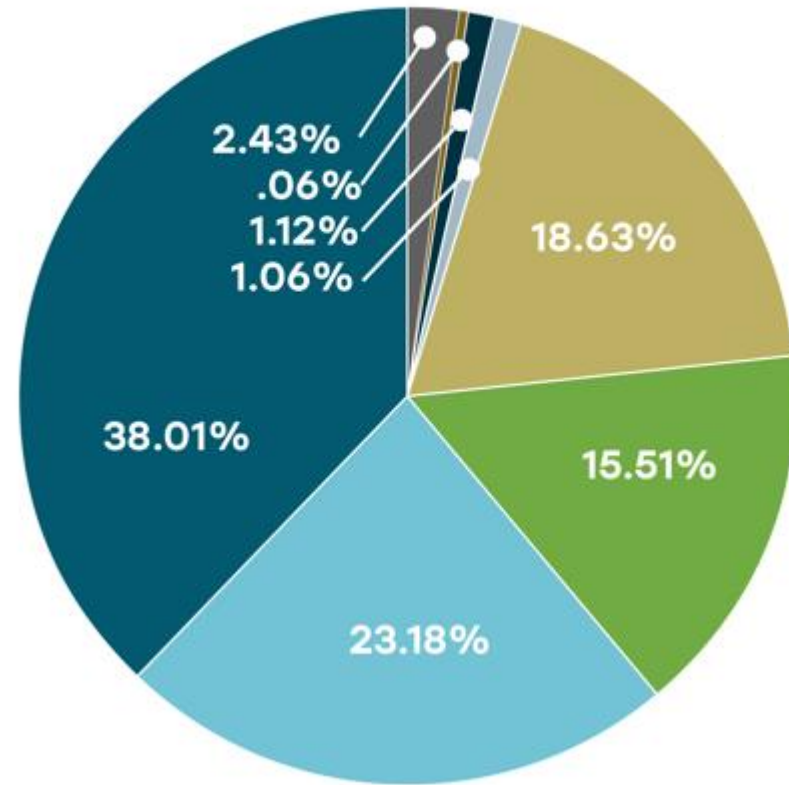




# Where does the Money Come From?

2025 Total Operating Revenue, inclusive of RPU

- Charges for Service 38.01%
- Miscellaneous Revenue 23.18%
- Taxes Ad Valorem 15.51%
- Intergovernmental Revenue 18.63%
- Other Taxes 1.06%
- Licenses and Permits 1.12%
- Special Assessments .06%
- Prior Year Revenues and Fund Balance 2.43%





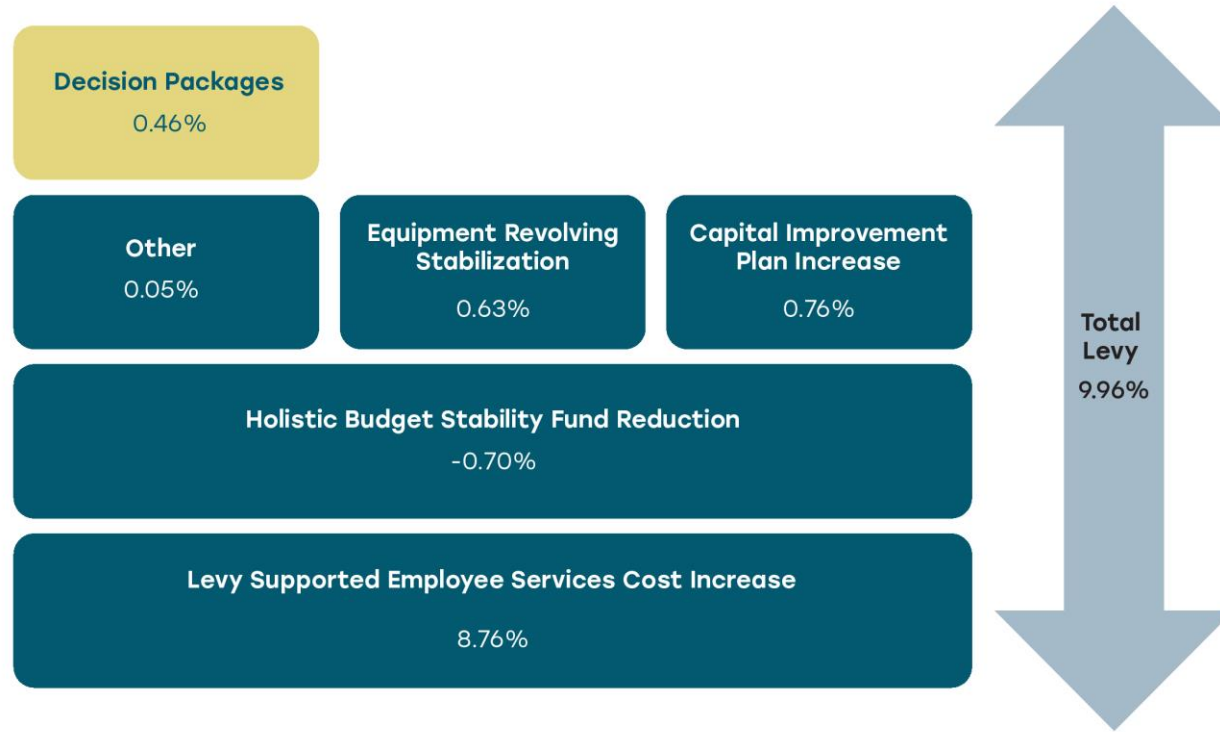
# Tax Levy & Tax Capacity

# 2025 Preliminary Tax Levy & Budget

- Preliminary Tax Levy \$111,645,142 (9.96% increase)
- Preliminary Total Budget \$719.8 million



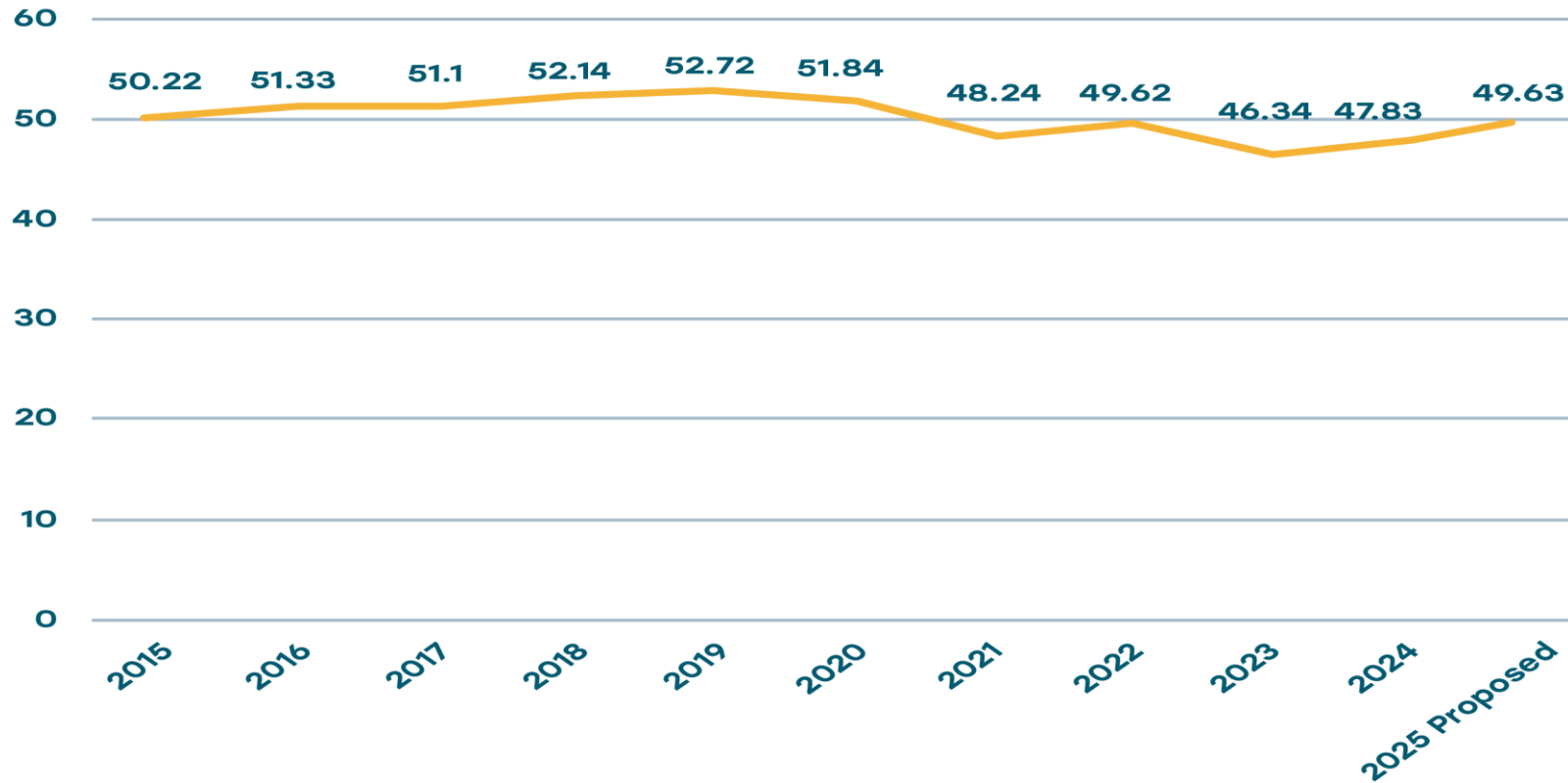
# BREAKING DOWN THE LEVY INCREASE



**Note: "Other" includes increases in Utilities and Software Maintenance. In addition, the projected increases above total more than 9.44% with the additional expenses offset by additional non-levy revenue.**



# City of Rochester Property Tax Rates since 2015



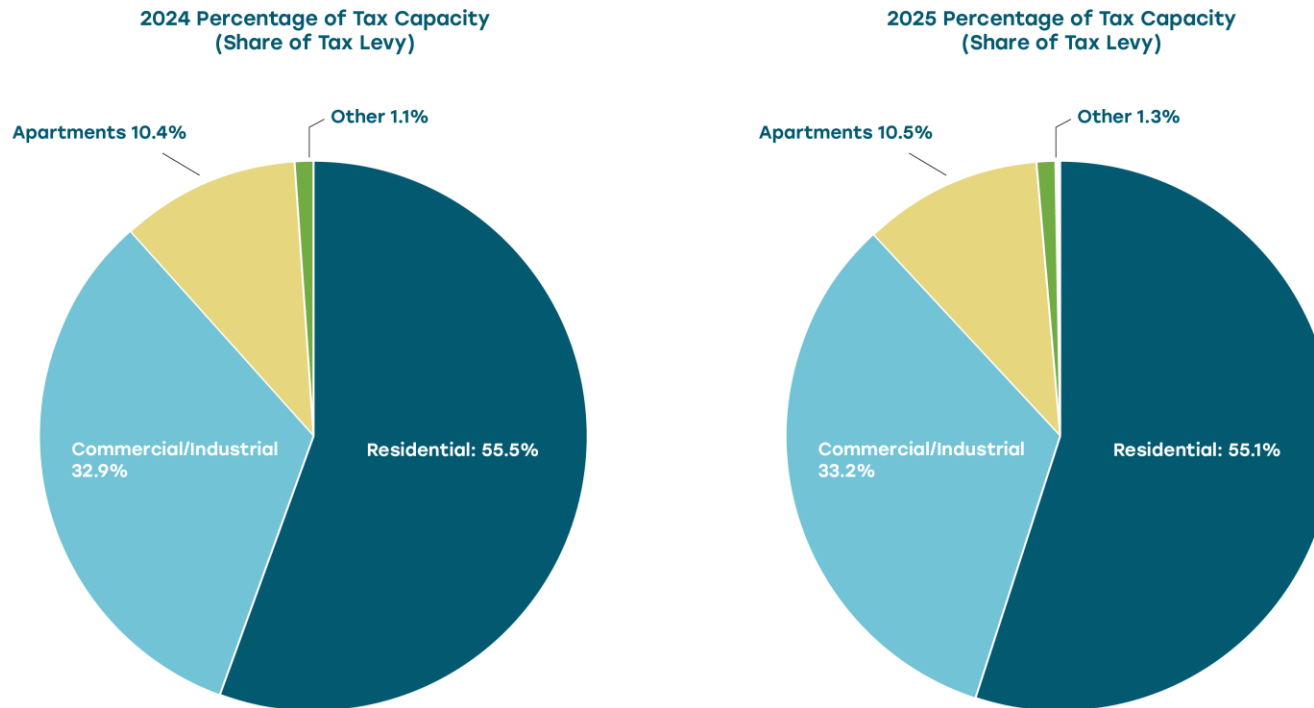
# Tax Impact – Median Value Home

		No Valuation Change			Valuation Increase		
	Pay 2024	Pay 2025			Pay 2025		
	Median Value Home	No Value Change	Amount Change	Percent Change	Median Value Home	Amount Change	Percent Change
<b>Valuation</b>							
Median Home Value	\$278,800	\$278,800	\$-	0%	\$288,200	\$9,400	3.4%
Taxable Market Value	\$2,667	\$2,753	\$ (94)		\$2,676	\$9	0.3%
<b>Property taxes</b>							
City	1,275	1,277	2	0.2%	1,385	110	8.6%
County	1,150	1,178	28	-3.3%	1,225	75	6.5%
School	459	379	(24)	-5.2%	394	(65)	0.9%
HRA	45	48	-	-0.0%	49	2	5.1%
<b>Total Combined Tax</b>	2,929	2,881	6	-1.6%	3,054	122	4.3%

\*Excludes levies & assessments



# Pay 2024-2025 Tax Base by Property Class – City of Rochester

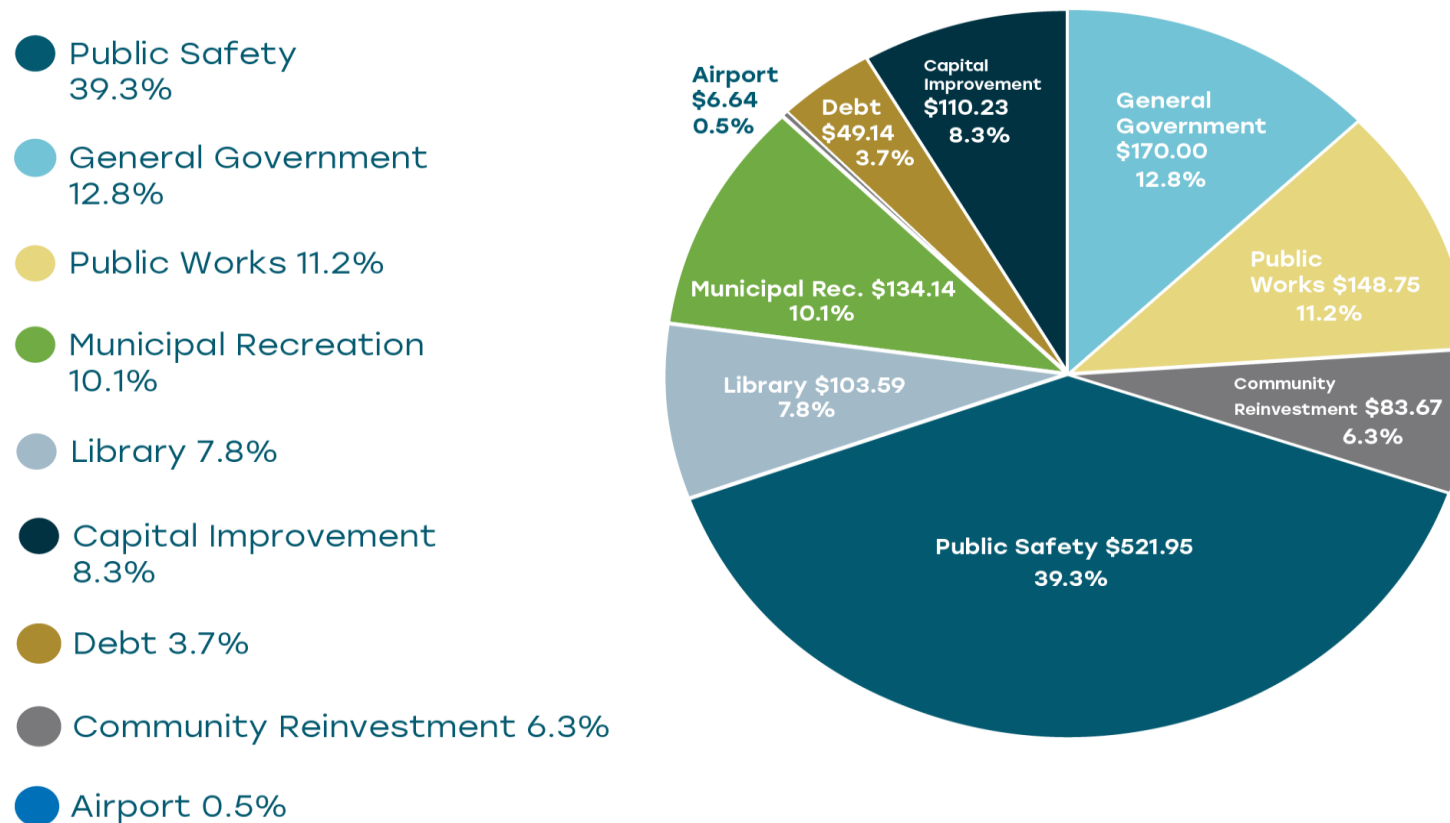


	Pay 2024	Pay 2025	Increase	Percent Change
Taxable Market Value	\$17.7 Billion	\$18.3 Billion	\$0.6 Billion	3.4%
Taxable Tax Capacity	\$218 Million	\$225 Million	\$7 Million	3.2%

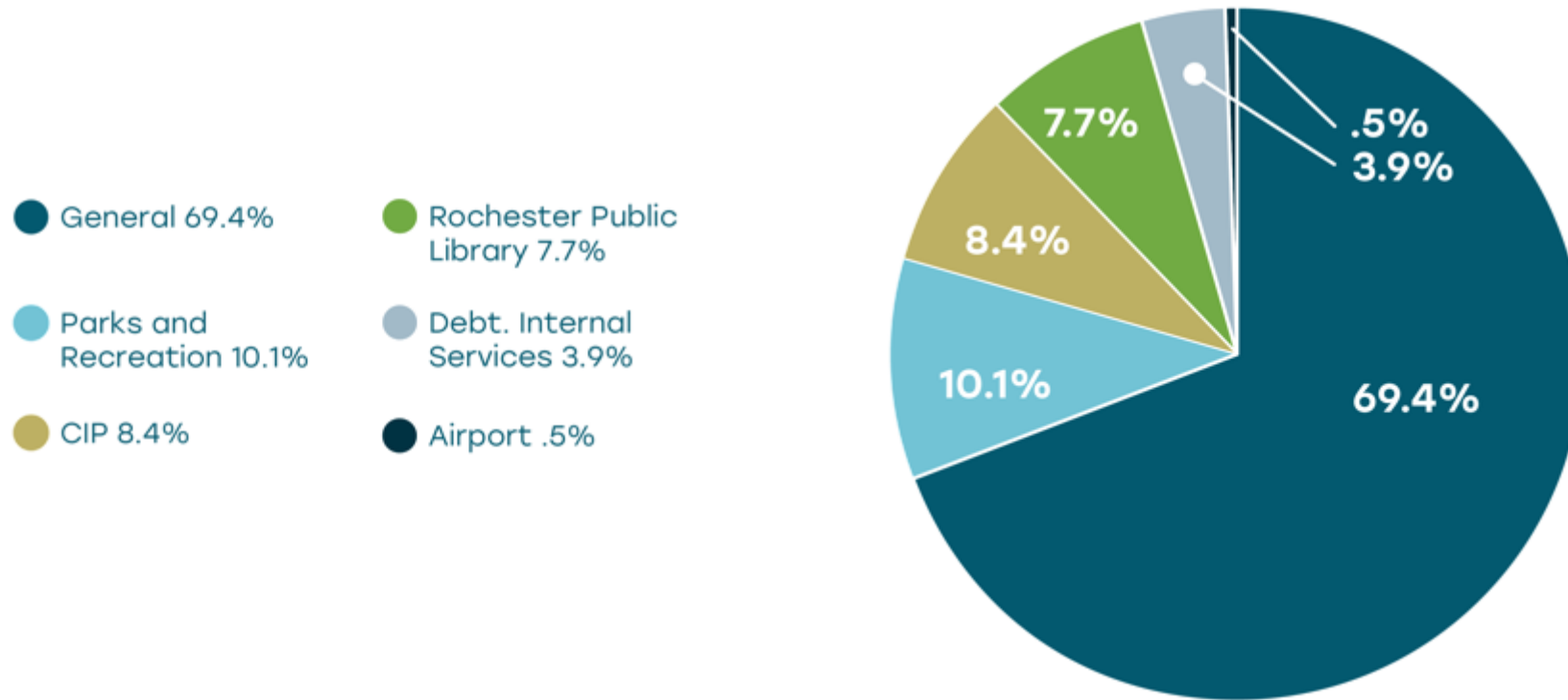


# Property Tax Allocation for Median Value Home of \$288,200

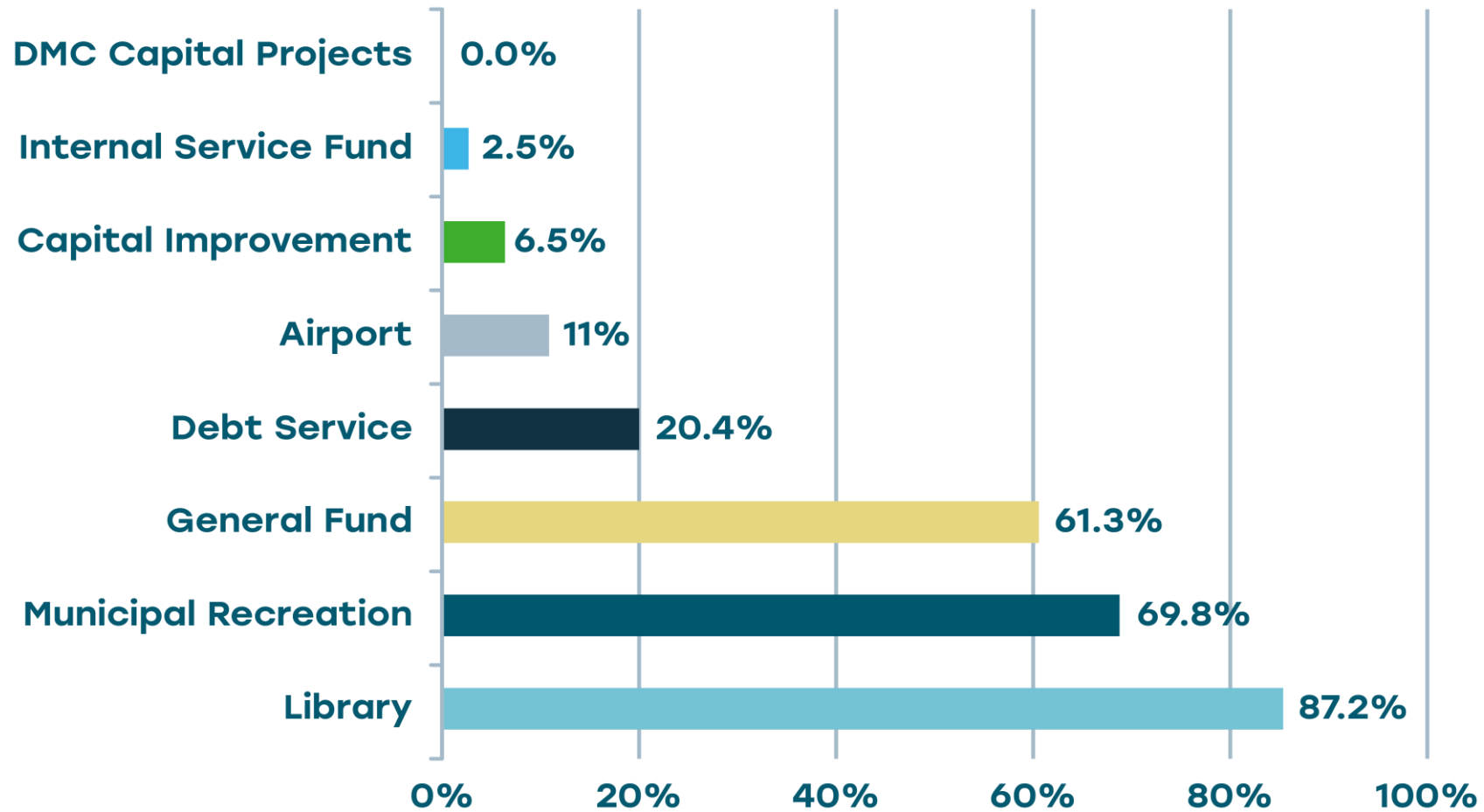
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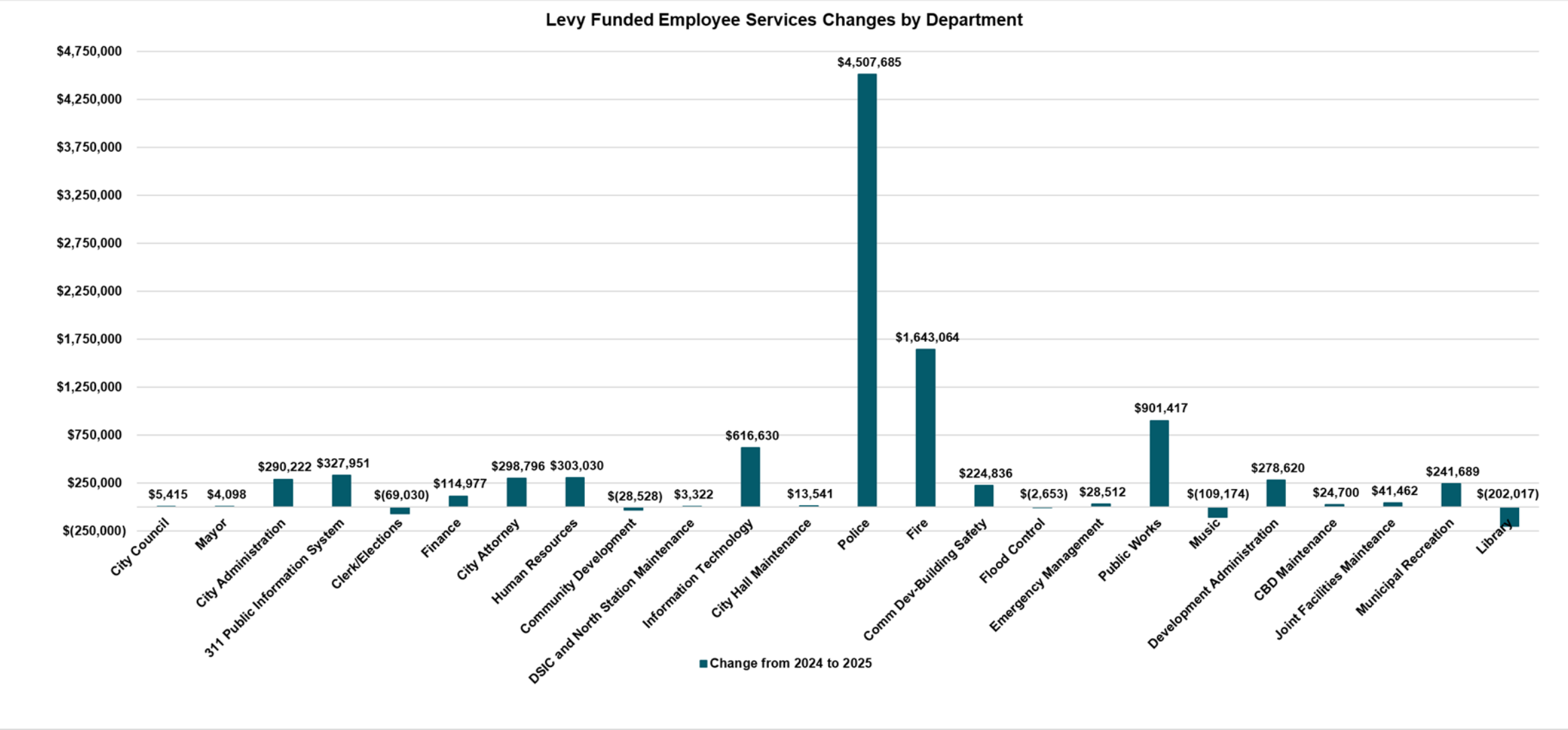
# 2025 Property Tax Distribution



# Fund Reliance on Tax Levy



# EMPLOYEE SERVICES COSTS (RECOMMENDED)



# Comparison Community Benchmarking

City	Population*	2023 LGA	2023 LGA per Capita	2024 LGA	2024 LGA per Capita
Rochester	125,055	\$3,958,994	\$31.66	\$5,026,033	\$40.19
Minneapolis	436,934	\$74,542,064	\$170.60	\$81,469,158	\$186.46
St. Cloud	71,122	\$14,198,354	\$199.63	\$15,855,712	\$222.94
St. Paul	310,992	\$72,817,360	\$234.15	\$81,648,670	\$262.54
Duluth	86,924	\$30,807,820	\$354.42	\$35,175,072	\$404.66
Woodbury	77,224	\$-	\$-	\$-	\$-
Bloomington	91,330	\$-	\$-	\$56,616	\$0.62





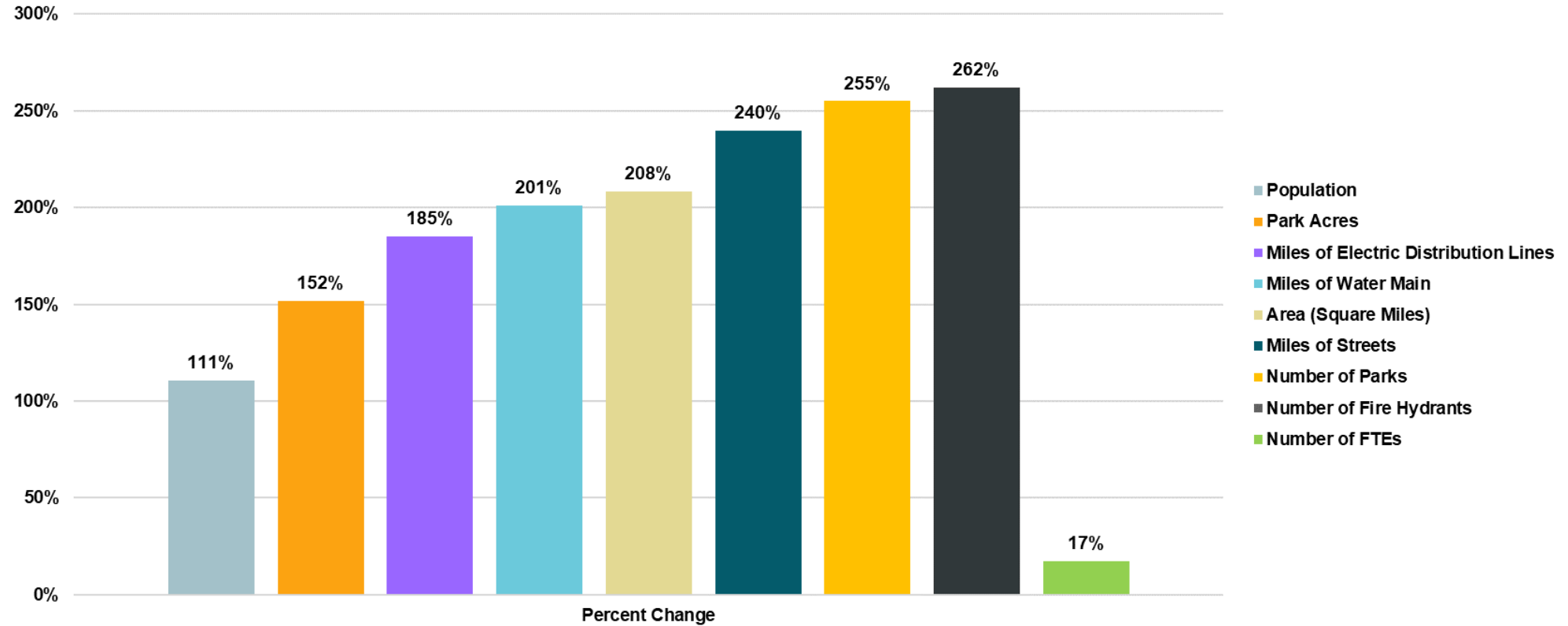
# Where Does the Money Go?

2025 General Fund expenses are \$11.9 million more than 2024





# PERCENT CHANGE OF OPERATING INDICATORS: 1980 - 2022



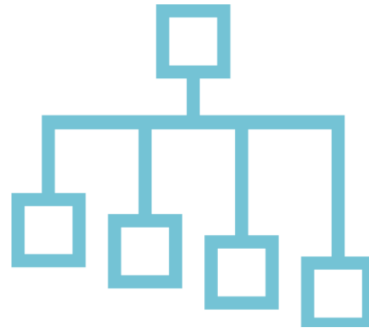


**2025-2029  
Supplemental Capital  
Improvement Plan**

# 2025 CIP Projects as Revised



**220 Projects**



**21 Categories**



**\$303.9 Million  
Total Investment\***

\*CIP Total Investment is now inclusive of RPU total project costs including other funding sources such as private investment, bonds, grants, internal labor, etc.)

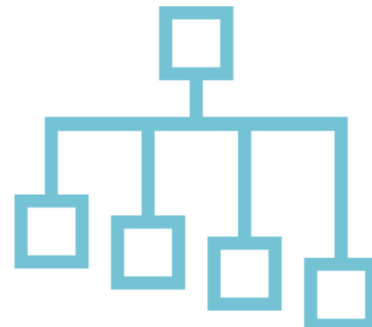




# 2025-2029 CIP Projects & 2025-2029 RPU CIP Projects as Revised



**343 Projects**



**21 Categories**



**\$1.2 Billion Total  
Investment\***

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3. Requested Action: Adoption of the final levy and final budget

# **Public Hearing and Feedback on the Budget**