



CITY OF
ROCHESTER
MINNESOTA

Supplemental 2025 BUDGET

August 26, 2024





STRATEGIC PRIORITIES



Strategic Priority: Affordable Living

Areas of Focus

- Housing variety and affordability
- Transportation options and access
- Equitable regulatory landscape and creative incentives
- Access to opportunities and amenities
- Owner occupied affordable housing
- Increasing ownership opportunities for Black, Indigenous, People of Color, and Seniors

Strategic Priority: Economic Vibrancy and Growth Management

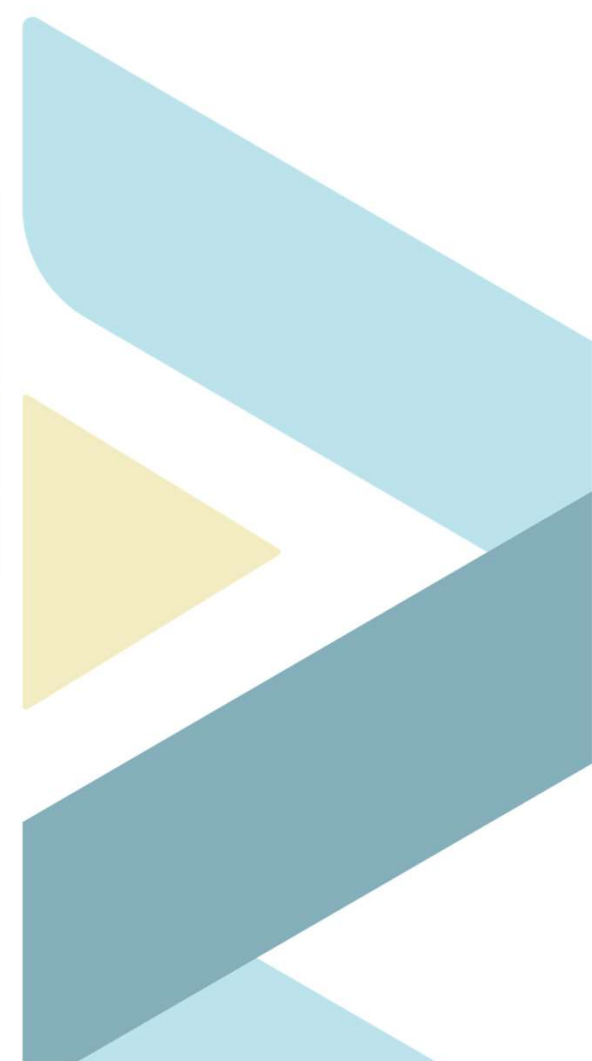
Areas of Focus

- Create clarity, alignment and unity with economic development partners in defining city leadership and community values
- Establish competitive and sustainable approach to effectively allocate DMC resources, Legislative allocations, and city revenue
- Develop implementation tools and strategies for Comprehensive Plan to ensure current decisions reflect future projections
- Adopt design guidelines that better reflect Council and community values

Strategic Priority: Quality Services

Areas of Focus

- Cultural and recreational opportunities that provide access and equity
- The organization and services reflect changing demographics and needs identified by the community
- Operations are sustainable, integrated, and easy to navigate
- Service delivery is optimized, cost effective, and reflect our Foundational Principles





2024 FOCUS AREAS

Strategic Priorities

Strategic Priority:
Affordable Living

Strategic Priority:
Economic Vibrancy and
Growth Management

Strategic Priority:
Quality Services

Key goals based on Council discussion

1

Construct market rate and affordable owner occupied housing.

2

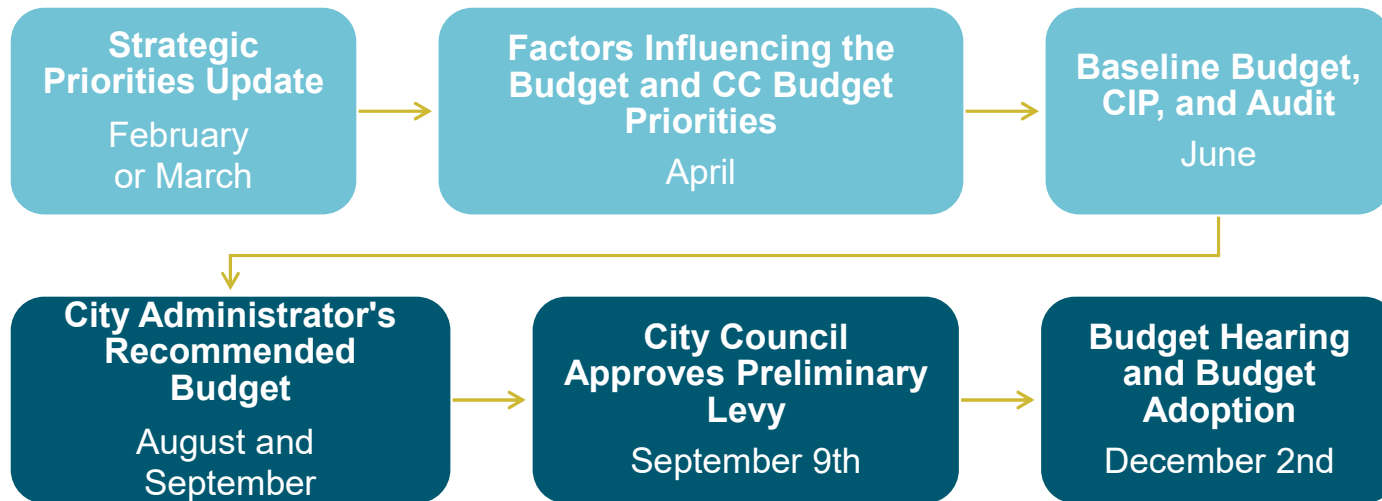
Invest in public realm to advance:

- Economic Vibrancy
- Resident Experience
- Visitor Experience
- Talent Attraction

3

Develop a transition plan for post 2030 power supply needs.

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>

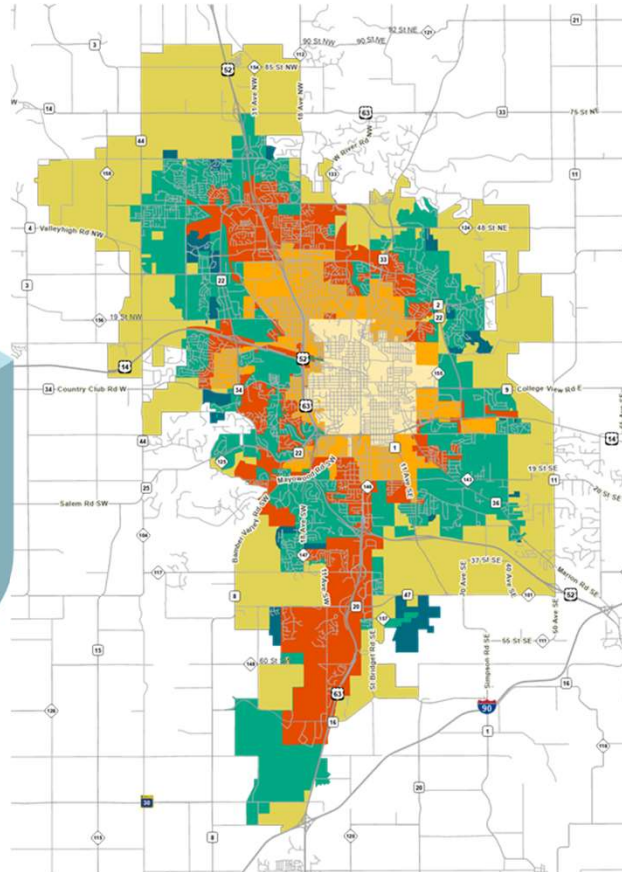


POLICY CONSIDERATIONS

1. Are there any questions or feedback on the 2025 Recommended Supplemental Operating Budget?
2. Is there feedback on the recommended budget regarding:
 - Sustaining our Core Services?
 - Investing in Strategic Growth?
3. Is the recommended 2025 preliminary tax levy for consideration September 9th, 2024 acceptable?
 - If not, what Decision Packages or service areas would you reduce or eliminate?



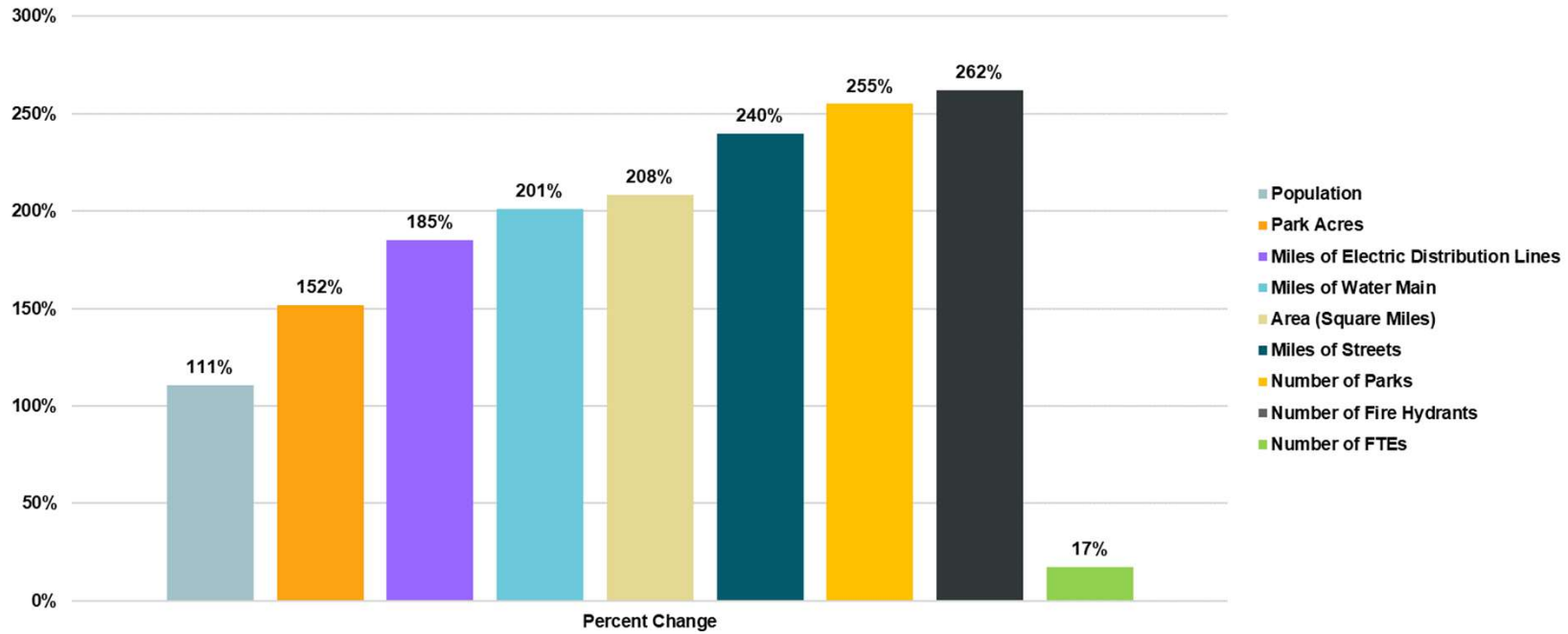
MUNICIPAL LIMITS AND POPULATION GROWTH IN THE CITY OF ROCHESTER: 1950-PRESENT



- 1950: 29,885
- 1970: 53,766
- 1990: 70,745
- 2010: 106,769
- 2024: 125,055 (2022 estimate)
- Rochester Urban Service Area



PERCENT CHANGE OF OPERATING INDICATORS: 1980 - 2022



PROPERTY VALUATION GROWTH – PAY 2024

Estimated Taxable Market Valuation Increase

New Construction + 1.27 %

Existing base appreciation + 2.18 %

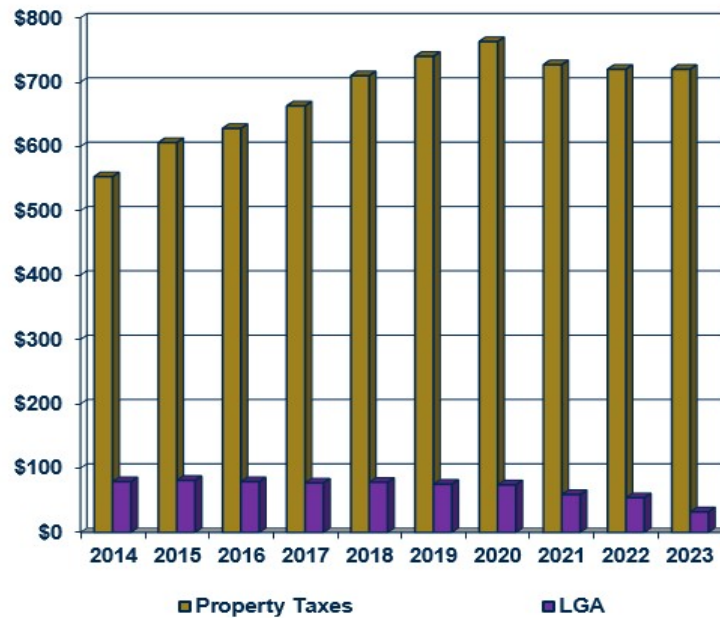
Estimate + 3.45 %*

*Updated estimate as of 07/24/2024 via Olmsted County



PROPERTY TAXES & LOCAL GOVERNMENT AID (LGA)

(PER CAPITA, INFLATION ADJUSTED, EXCLUDES PARK AND REC REFERENDUM LEVY)



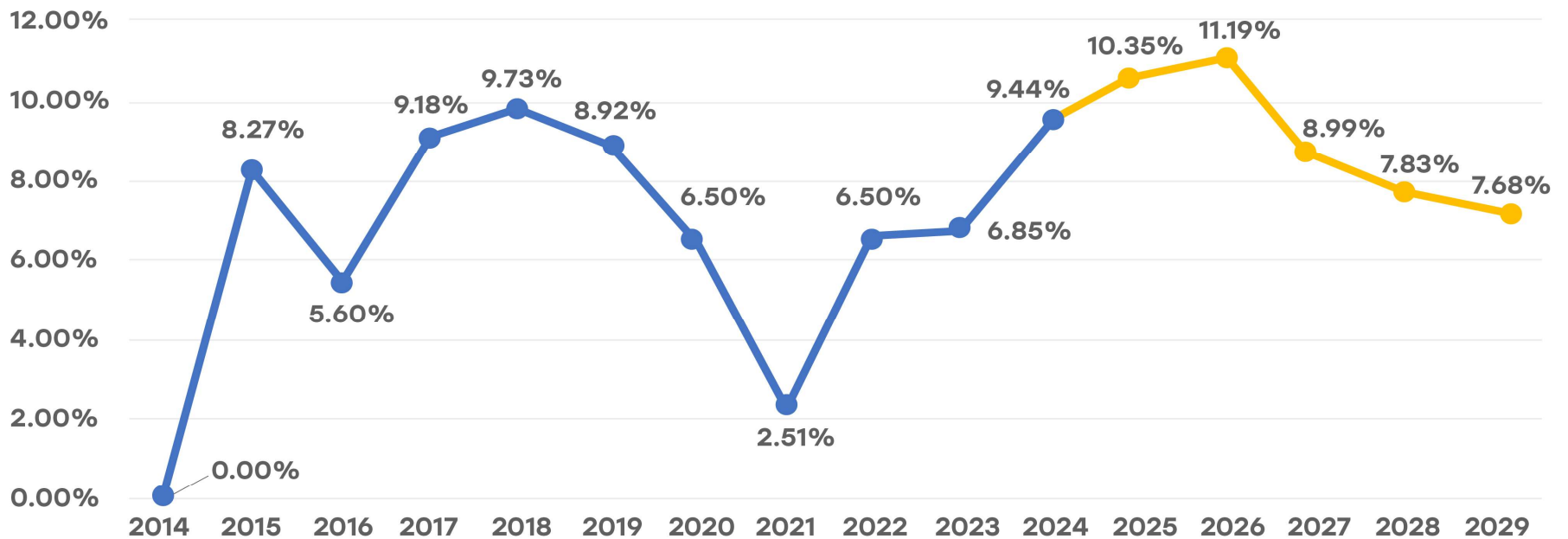
- **Per Capita Property Taxes**
 - 2014 \$553
 - 2018 710
 - 2023 720
- **Per Capita LGA**
 - 2014 \$79
 - 2018 78
 - 2023 32
- **Per Capita Total of Property Taxes & LGA**
 - 2014 \$632
 - 2018 788
 - 2023 752
- **Population**
 - 2014 111,187
 - 2018 116,145
 - 2023 125,055





HISTORIC AND PROJECTED TAX LEVY CHANGES (2014-2029)

Tax Levy Percent Change from Prior Year



Note: chart depicts changes in budgeted amounts year over year; additionally, the 2021 change reflects the park referendum amount in an otherwise 0% tax levy change.



2025 RECOMMENDED DECISION PACKAGES- LEVY SUPPORTED

Foundational Principals

Strategic Priorities

Fiscal Responsibility & Sustainability

- City Website Tool Subscription - Developer Toolkit
- Internal Auditor Position
- IT & IT Security Training
- Community Development Specialist

Public Safety

- Continue Incident Response Retainer & Vendor Security Monitoring
- New Equipment - Mastic Trailer
- New Position - Equipment Operator Streets

Environmental Stewardship

- CDD Professional Services
- Snow Grooming Equipment
- Mowing Equipment

Quality Services for Quality Living

- Vehicle AC Recycling Machine
- Big Truck Diagnostic Tool
- GIS Professional Services
- New Aquatics at Silver Lake in 2025
- Library Safety & Security Specialist

Multiple

- Diversify the Rochester Fire Department Steps 1 & 2 of 8
- Fire Marshal & Fire Inspector Vehicles
- 2 Public Safety Community Dispatchers





ANNUAL DEBT SERVICE SUMMARY

	2024	2025	2026	2027	2028	2029
GO Debt Supported by Tax Levy (Includes the PWTOC and DSIC/North Station, and Equipment Certificates; DBET and Park Maintenance fully added in 2026)	4,213,050	4,367,619	5,819,373	5,822,999	5,489,203	5,505,412
GO Debt Not Supported by Tax Levy (Includes Sales Tax, Tax Increment, Wastewater, and Lodging Tax Supported Debt; Planned WW debt issuance post-2026 not reflected)	16,230,080	26,259,189	14,390,764	6,624,930	6,648,289	6,640,245
RPU Revenue Supported 2030 Power Resource Plan Grid North Partners (Transmission)	13,672,384	13,686,868	13,691,368 1,169,000	13,687,768 14,419,000 2,354,862	13,688,968 19,585,000 2,354,862	13,689,668 22,890,000 2,354,862
Total Annual Debt Service	\$34,115,514	\$44,313,676	\$35,070,505	\$42,909,559	\$47,766,322	\$51,080,187



CAPITAL IMPROVEMENT PLAN - BUDGET VS. EXPENDITURES

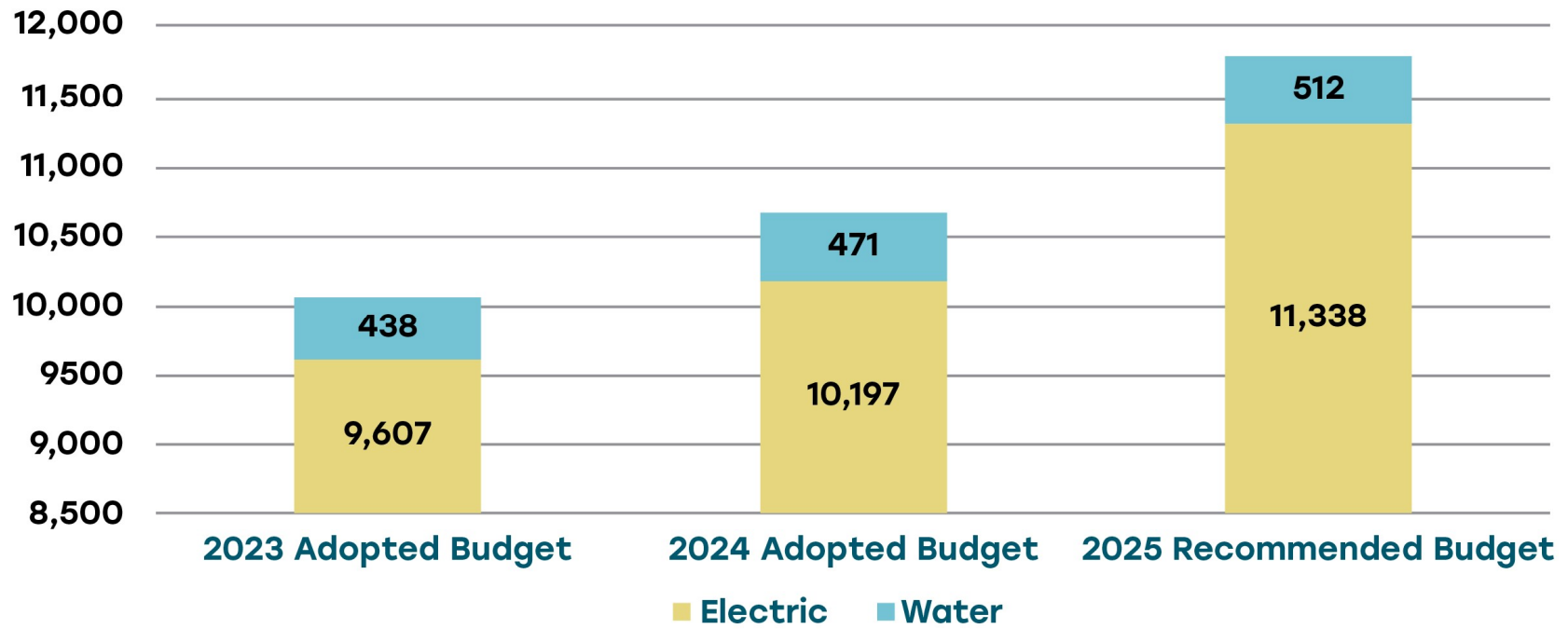
- Amounts expended rarely match amounts budgeted in the given year
 - Projects budgeted for one year may carry over into year two
 - Projects budgeted for in a year are delayed to a later year
- If additional funds are needed, the request goes before Council
- If a project is under budget, the unused funds go back to the original funding source for current or future use
 - Example 1: A project is 100% funded by tax levy and it is under budget. Those remaining tax levy funds are not expended and they remain or are returned to the General Fund for other potential uses.
 - Example 2: A project is funded by multiple sources, one source is an operating transfer from the Sewer Utility. If the project is under budget, remaining funds are proportionately left with or transferred back to the original source; in this case a portion of the funds would not be transferred from the Sewer Utility annual operations and those funds therefore remain with the utility and are available for other expenditures or end up in retained earnings of the utility at the end of the year.





PAYMENT IN LIEU OF TAXES (PILOT)

RPU PILOT Amounts



Note Accrual Basis - in Thousands



Future Policy Items and Discussion

- Supplemental CIP for Park Maintenance Facility Project and Sales
- Destination Medical Center Capital Improvement Plan and Supporting Transformation
- Public Safety Aid Funding Revisions





**City Administrator
Recommended
2025
Operating Budget**

2025 RECOMMENDED TAX LEVY AND BUDGET

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



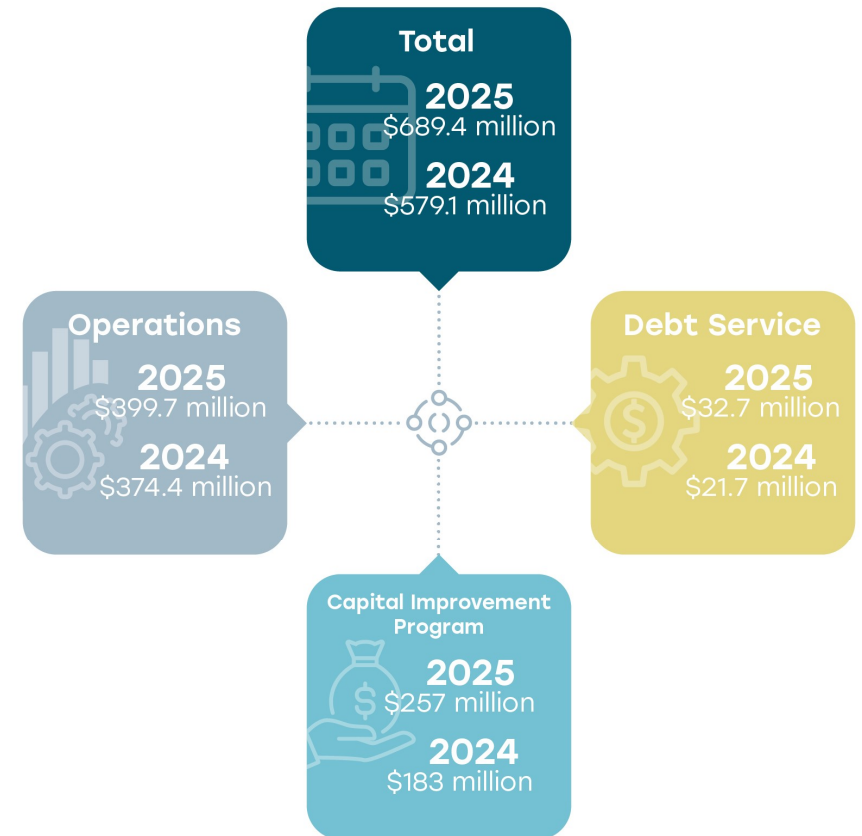


2025: \$689.4 MILLION BUDGET (INCLUSIVE OF RPU)

All Funds Combined

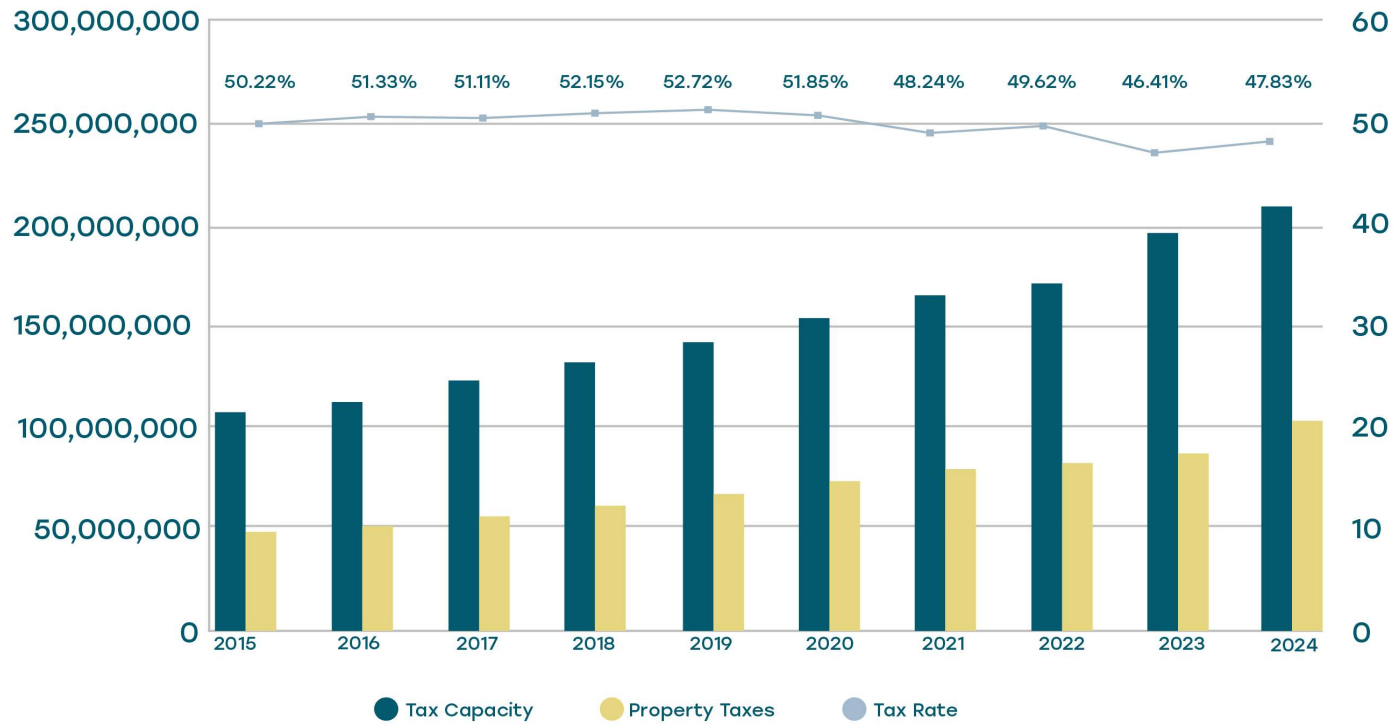
- **10.35% or \$10.511 M** Total Levy Increase (not a tax rate)
- **Sewer:** 2024 and 2025 – approximately 1%
 - Rate increases are informed by the 2022-2027 rate study adopted in 2021
 - Wastewater connection fees increase at approximately 3.5% annually and are related to project inflation and the increased 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)



CITY OF ROCHESTER PROPERTY TAX RATES SINCE 2015

Levy Capacity and Tax Levy Over Time Graph

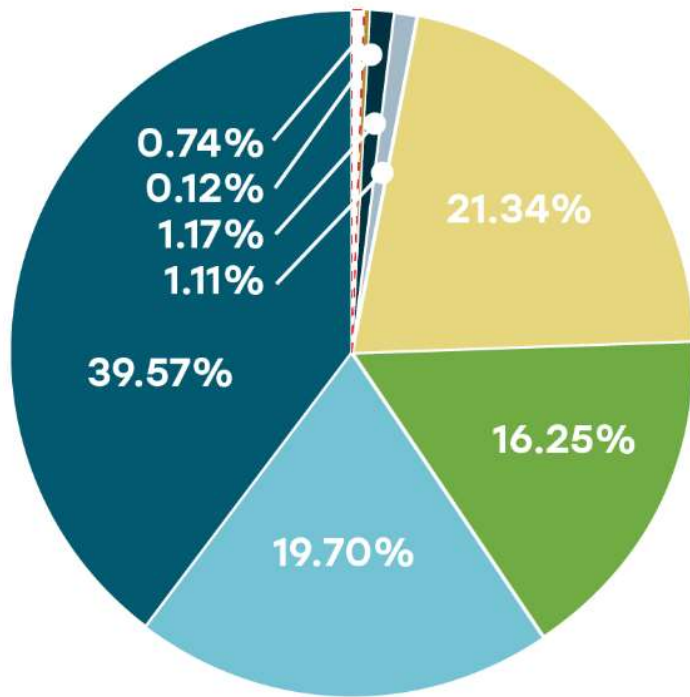


$$\text{Local Tax Rate} = \frac{\text{Property Tax Revenue Needed (Levy)}}{\text{Total Tax Capacity (For All Properties)}}$$



WHERE DOES THE MONEY COME FROM?

2025 Total Operating Revenue, inclusive of RPU



- Charges for Service 39.57%
- Miscellaneous Revenue 19.70%
- Taxes Ad Valorem 16.25%
- Intergovernmental Revenue 21.34%
- Other Taxes 1.11%
- Licenses and Permits 1.17%
- Special Assessments 0.12%
- Prior Year Revenues and Fund Balance 0.74%

2024 BUDGET OVERVIEW AND CONTEXT

Baseline Budget

- 9.5% levy increase to support current services
- Addressing deferred liabilities including Equipment Revolving and facilities
- Employee services is a significant portion of this
- Holistic budget stability funding reduction

Decision Packages

- 1.51% increase to address deferred maintenance, service enhancements, equipment and organizational sustainability.
- (.66%) reduction for one-time 2024 decision pack expenses
- Process improvement to move toward long term budget stability

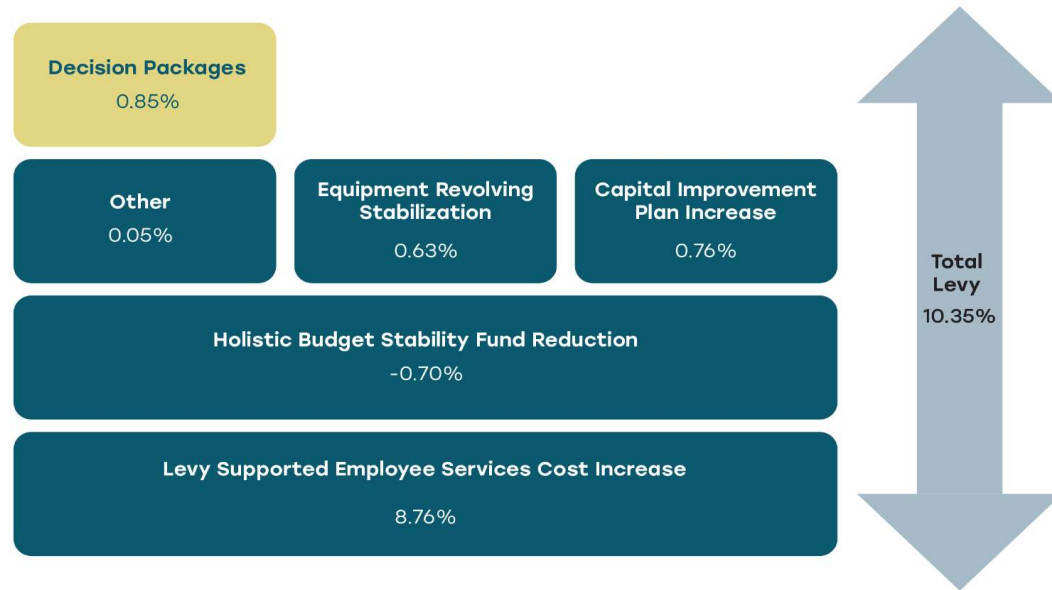
Other Considerations

- **Outside Agency Requests are 22% higher from 2023 and stable from 2024.**

BUILDING THE BUDGET – INVESTING IN PRIORITIES



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.





HOLISTIC BUDGET STABILITY FUND SUPPORT

This is one-time funding that moderates levy increases allowing us to catch up from a:

- 0% levy in 2021
- \$721,000 in 2021 fund balance reserve utilization

This reestablishes essential expenditures that were part of \$3.5 million in unsustainable expenditure reductions.



Budget Stability Funding (\$6.2M)

- 2022 - \$1,467,446
- 2023 - \$2,368,028
- 2024 - \$1,427,500
- 2025 - \$ 713,750
- 2026 - \$ 285,500
- 2027 - \$ 0

\$713,750 Less than Prior Year



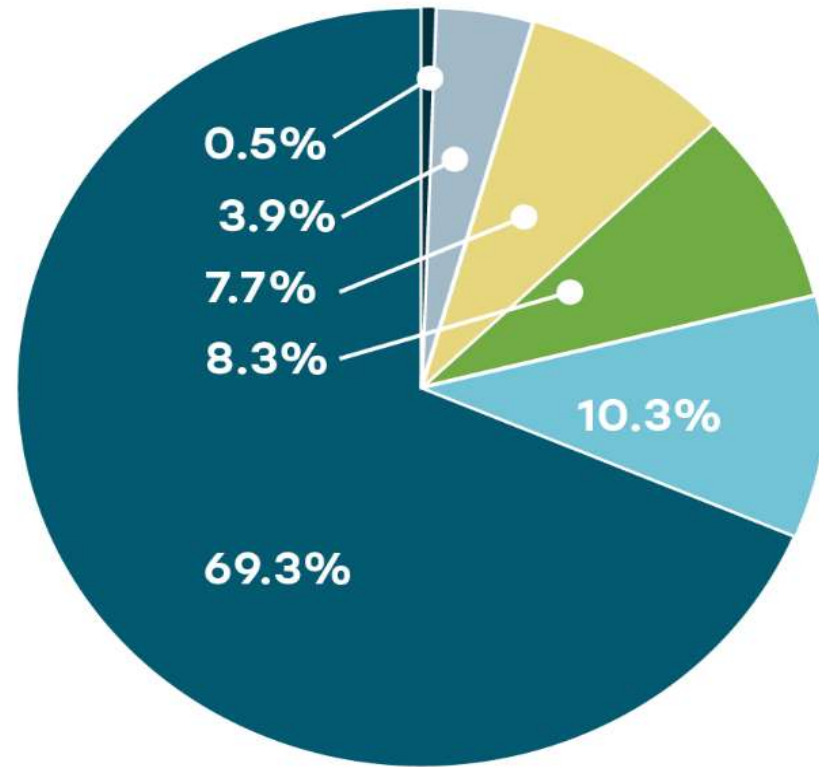
WHERE DOES THE MONEY GO?

2025 General Fund expenses are \$12.1 million more than 2024



2025 PROPERTY TAX DISTRIBUTION

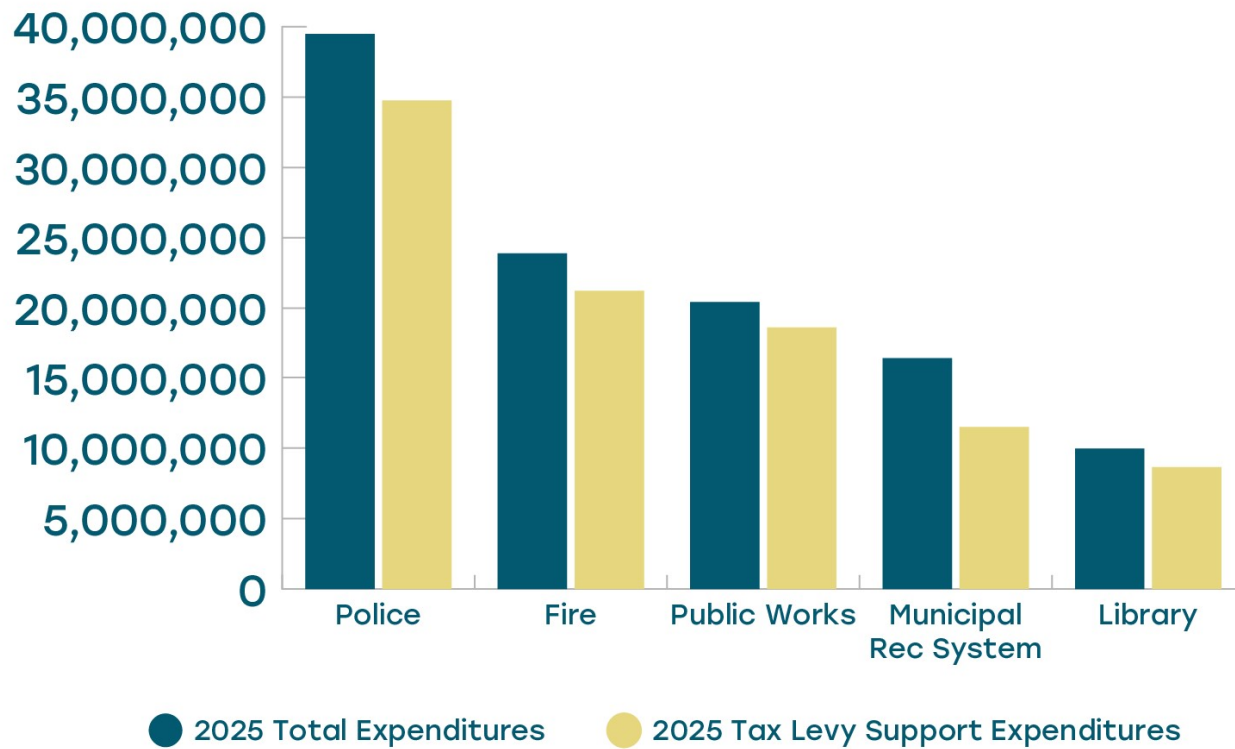
- General Fund
- Municipal Recreation
- CIP
- Library
- Debt/Internal Service
- Airport





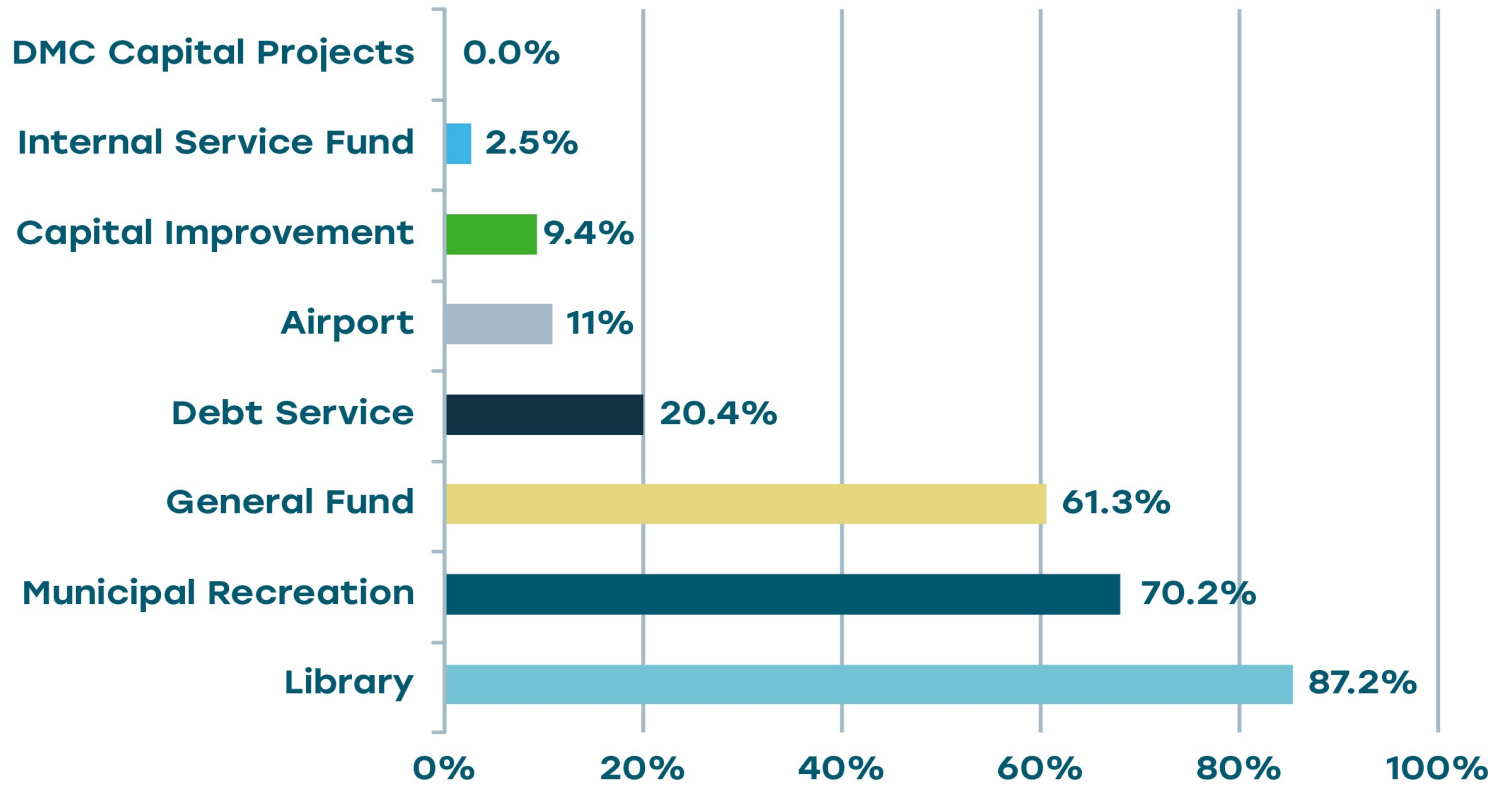
2025 TOTAL EXPENDITURES AND TAX LEVY SUPPORT

Total Expenditures and Tax Levy Support





FUND RELIANCE ON TAX LEVY



LONG RANGE FINANCIAL MANAGEMENT PLAN-RECOMMENDED BUDGET

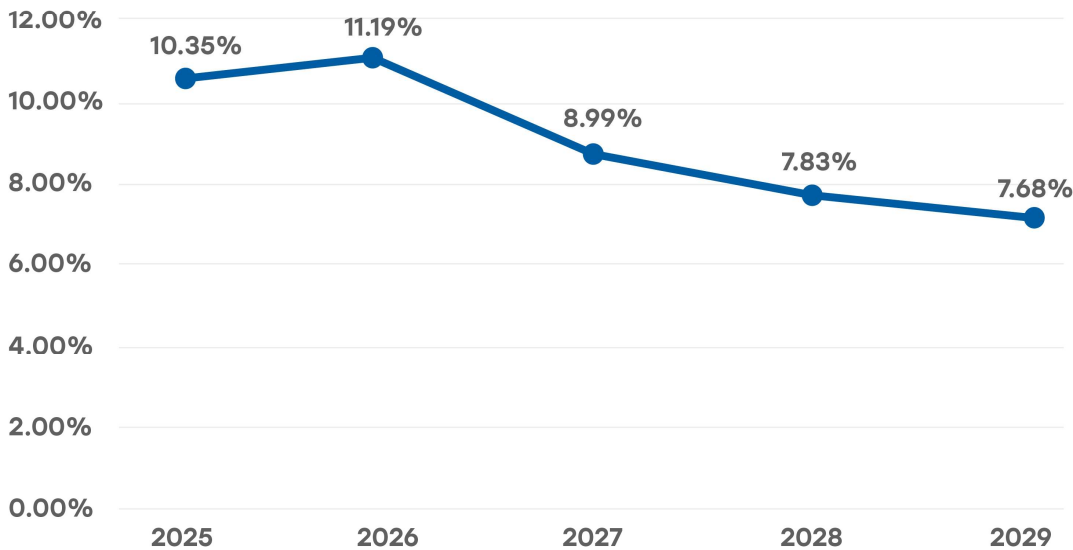
Taxes Levied on Tax Capacity	2024	2025	2026	2027	2028	2029
Projected Levy for General Fund	(69,422,973)	(77,607,591)	(86,912,048)	(96,345,046)	(105,544,423)	(115,052,231)
Projected Levy for Library Fund	(8,330,636)	(8,644,679)	(9,242,463)	(9,819,604)	(10,399,280)	(10,998,862)
Projected Levy for Muni Rec System Fund	(10,438,170)	(11,507,464)	(12,420,890)	(13,323,037)	(14,178,216)	(15,034,302)
Projected Levy for Mayo Civic Center Fund	-	-	-	-	-	-
Projected Levy for F.E. Williams	-	-	-	-	-	-
Projected Levy for Airport Operations Fund	(586,352)	(602,845)	(620,930)	(639,558)	(658,745)	(678,507)
Projected Levy for Transit Fund	-	-	-	-	-	-
Projected Levy for EDA Administration	-	-	-	-	-	-
Projected Levy for Equipment Revolving Fund	-	-	-	-	-	-
Projected Levy for Info Technology Fund	-	-	-	-	-	-
Projected Levy for City Facilities Internal Service Fund	-	-	-	-	-	-
Projected Levy for Self Insurance Fund	-	-	-	-	-	-
Projected Levy for Construction Improvement Fund	(8,539,692)	(9,311,754)	(9,566,754)	(9,829,654)	(10,135,354)	(10,379,154)
Projected Levy for Debt Service*	(4,213,050)	(4,367,619)	(5,819,373)	(5,822,999)	(5,489,203)	(5,505,412)
Projected Levy - Other	-	-	-	-	-	-
Total Projected Taxes Levied on Tax Capacity	(101,530,873)	(112,041,952)	(124,582,457)	(135,779,898)	(146,405,221)	(157,648,468)
% Change from Prior year	9.44%	10.35%	11.19%	8.99%	7.83%	7.68%





LONG-RANGE FINANCIAL MANAGEMENT PLAN

Tax Levy Percent Increase



- Percent increases through 2026 include the use of holistic budget stability funds and **would be higher if not for those funds.**
- The projected levy amounts do reflect annual contingency for items that are difficult to anticipate in the forecast.
- Assumes Regular Personnel Costs (total compensation) require approximately 5.50% levy adjustment from 2026-2029
- The reduction in 2028 and 2029 partially reflects a reduction in debt service costs.
- 2026 also reflects the addition of debt service for the Parks Maintenance Facility.



2024 AND 2025 MAJOR REVENUES

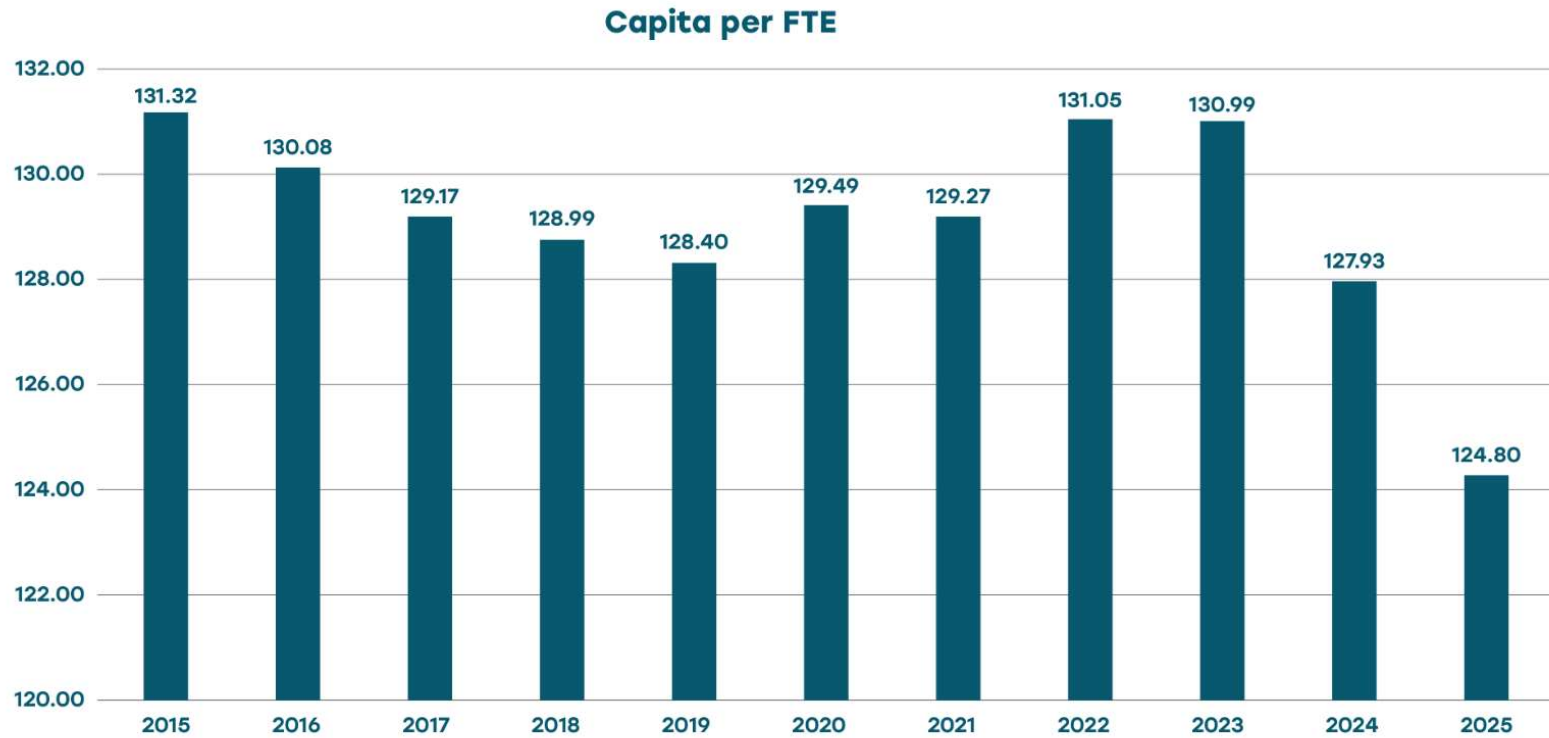
Table 1

2025 MAJOR REVENUES VERSUS 2024 & 2023 INCLUSIVE OF RPU

	2023 Adopted Budget	2024 Adopted Budget	2025 Recommended Budget	2024-2025 Increase/(Decrease)	2024-2025 Percent of Change
Tax Levy & Tax Abatements	92,772,574	101,530,873	112,041,952	10,511,079	10.35%
Local Government Aid					
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%
Library Fund					
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%
Municipal Recreation Fund					
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%
Parking Fund					
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%
RPU					
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%



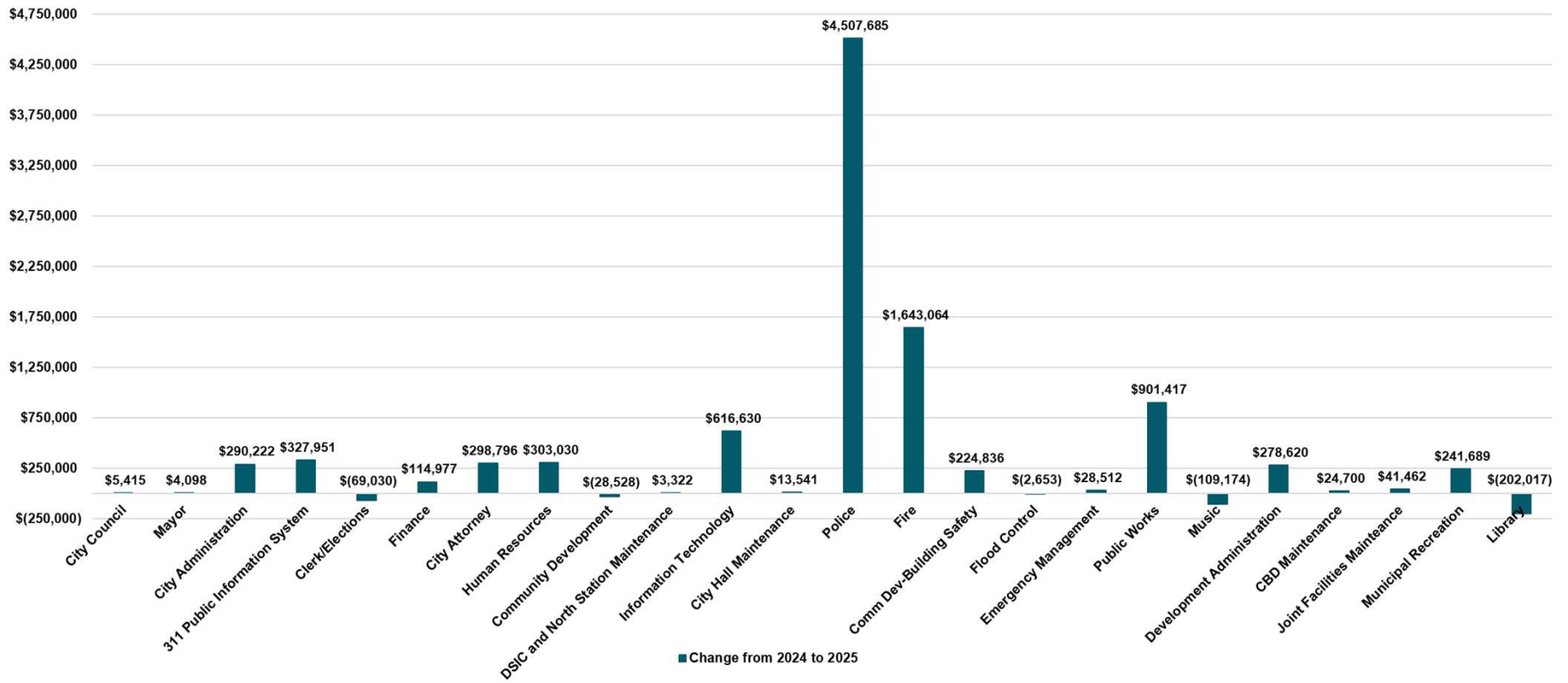
POPULATION CHANGE & FULL TIME EQUIVALENT (FTE) CHANGES





EMPLOYEE SERVICES COSTS

Levy Funded Employee Services Changes by Department



TEAMMATE EXPENSES

- \$14.4 million increase for all funds (includes RPU)
 - General Fund: \$11.2 million
 - Police: \$4.5 million
 - Fire: \$1.6 million
 - Library: \$(0.2) million (Due to IT consolidation)
 - Municipal Recreation: \$0.2 million
 - RPU \$2.7 million
 - Other funds: \$0.5 million
- Salaries net increase: 10%
 - 19 bargaining units
 - 11 bargaining units to renegotiate for 2025
- Health & dental: 5% and 3.4% for 2025
 - 0.5% shift to employees



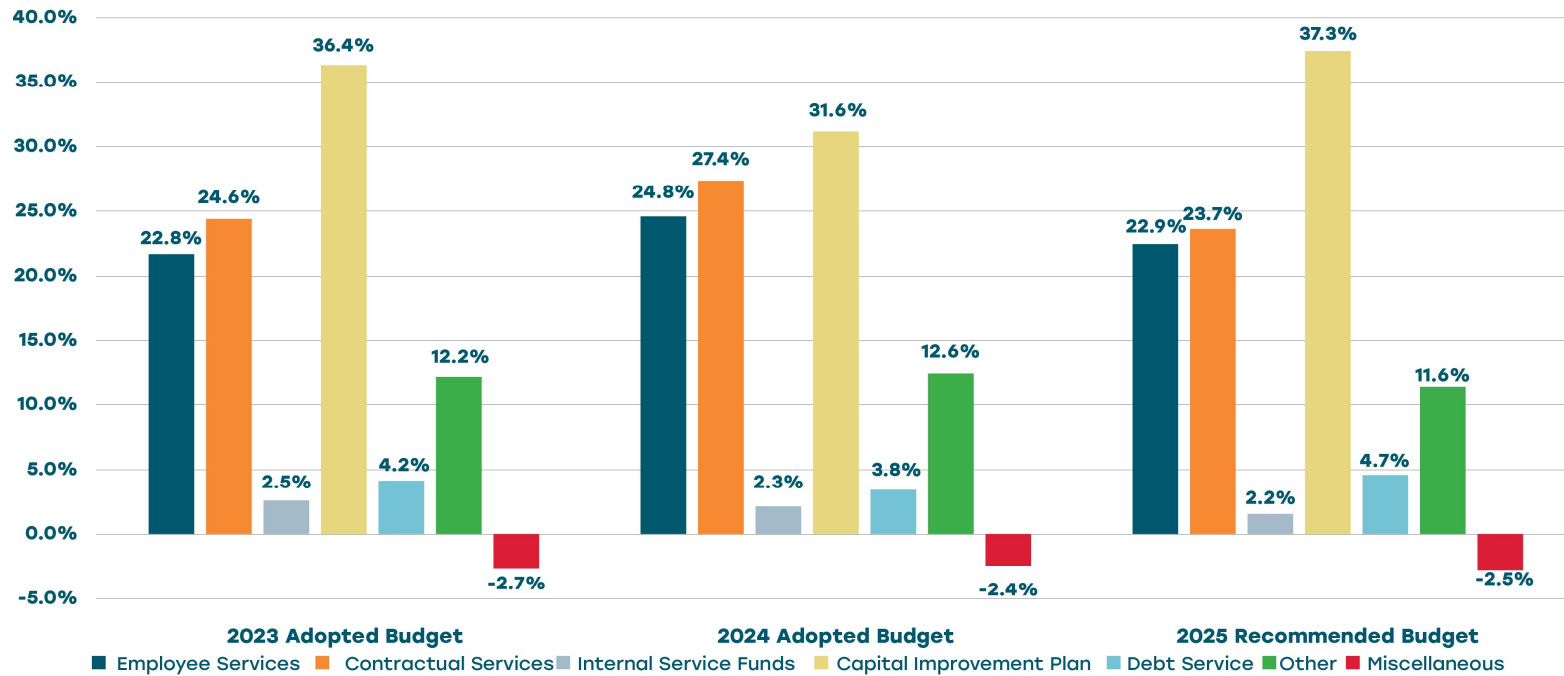


COMMUNITY REINVESTMENT FUNDING AND ECONOMIC DEVELOPMENT RECOMMENDATIONS

	2023 Adopted	2024 Adopted	2025 Recommended
Economic Initiatives			
RAEDI	\$ 67,500	\$ 75,000	\$ 75,000
SBDC***	\$ -	\$ 15,000	\$ 15,000
Total	\$ 67,500	\$ 90,000	\$ 90,000
Community Reinvestment			
Diversity Council**	\$ 70,200		
Community Building Funds	\$ -	\$ 50,000	\$ 50,000
History Center of Olmsted County	\$ 28,080	\$ 37,500	\$ 37,500
Human Rights Commission	\$ 5,400	\$ 5,400	\$ 5,400
RNeighbors	\$ 92,015	\$ 92,015	\$ 92,015
Rochester Downtown Alliance	\$ 125,000	\$ 125,000	\$ 125,000
SE MN Initiative Fund	\$ 15,000	\$ 15,000	\$ 15,000
Youth Commission	\$ 10,000	\$ 10,000	\$ 10,000
Total	\$ 345,695	\$ 334,915	\$ 334,915
125LIVE/Art Center/Civic Theatre			
125Live*	\$ 108,000	\$ 110,160	\$ 110,160
125Live* Event Parking	\$ 10,500	\$ 10,500	\$ 10,500
Rochester Art Center	\$ 170,000	\$ 178,500	\$ 178,500
Rochester Civic Theatre	\$ 75,000	\$ 100,000	\$ 100,000
Total	\$ 363,500	\$ 399,160	\$ 399,160
Grand Total	\$ 776,695	\$ 824,075	\$ 824,075



Expenditure Categories (inclusive of RPU)

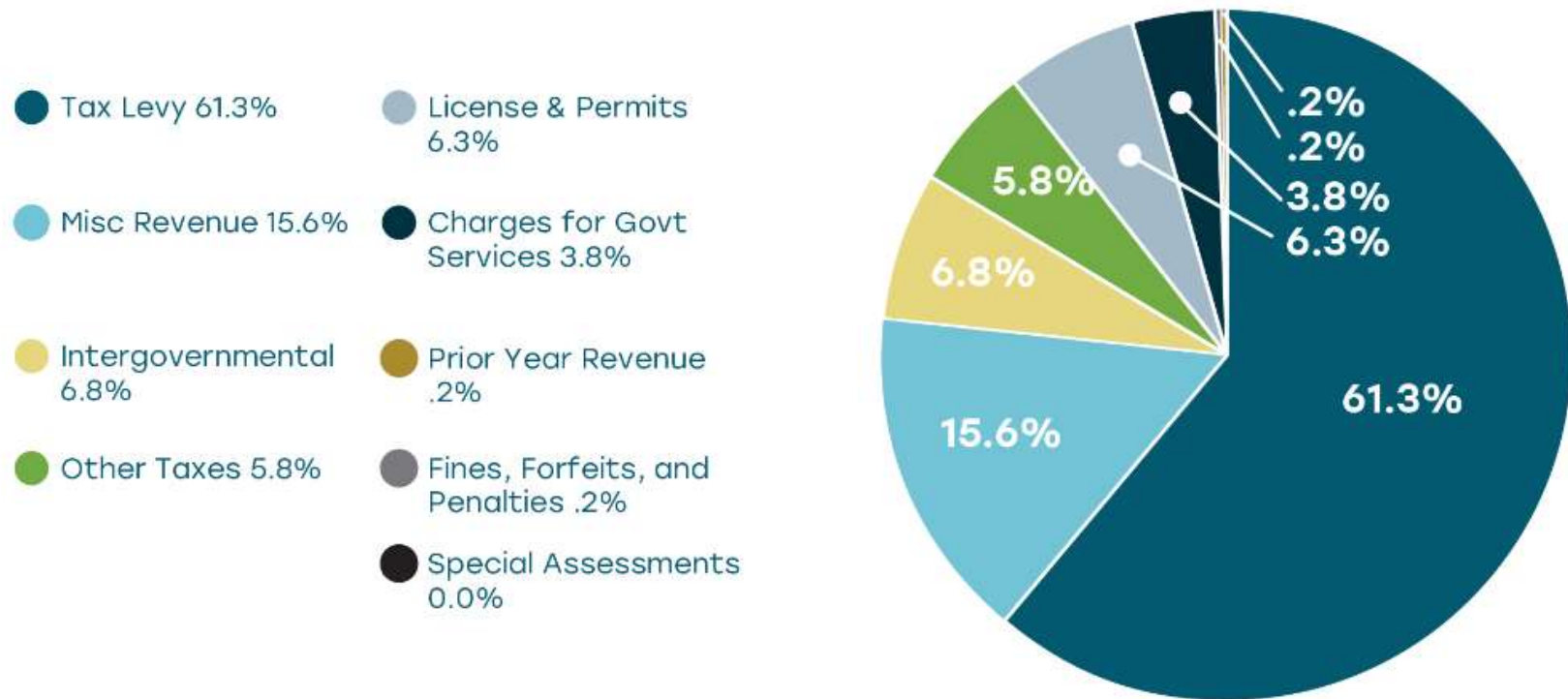


General Fund

The primary fund used by a government entity. This fund is used to record all resource inflows and outflows that are not associated with special-purpose funds.

WHERE DOES THE MONEY COME FROM?

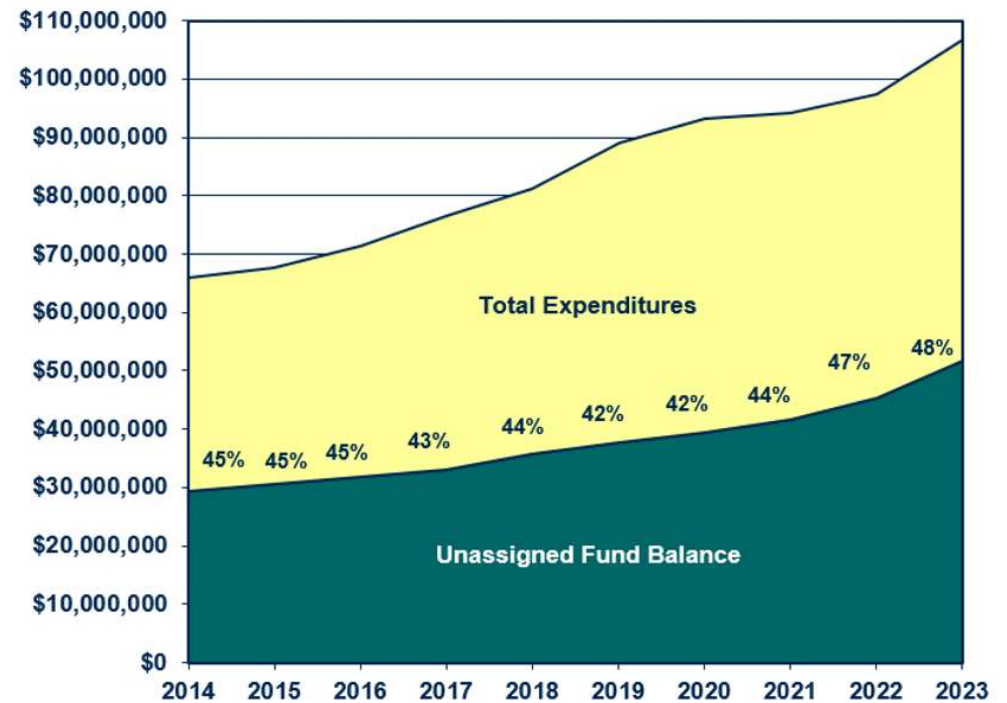
- 2025 General Fund Revenue: \$126.5 million



GENERAL FUND BALANCE

General fund was unassigned fund balance was \$51,673,746 at 12/31/2023

State Auditor recommendation and adopted city policy is no less than 5 months of expenditures (42%)



Special Revenue Funds

A government account that collects money to be used for a specific purpose. It's a type of governmental fund used in accounting to record revenue sources that are restricted or committed for a specific purpose.

Demonstrate accountability - Show transparency when tracking cash inflows and outflows for special purposes

Ensure taxpayer accountability - Give taxpayers confidence that their tax dollars are being used for their intended purpose

SPECIAL REVENUE FUND-MUNICIPAL RECREATION

	2024 Adopted	2025 Recommended	Difference
Revenue	\$15,282,442	\$16,385,914	\$1,103,472

- Soldiers Field Aquatics opened June 10, 2024
- Phase I improvements at Silver Lake Park will begin Fall 2024. Silver Lake Pool will be closed for the 2025 season.
- Park Levy supported Accelerated Investment and Annual Funding continues. This includes capital investments and operational adjustments
- Higher PT staffing costs, due to move to City Wide Wage grid for part-time employees and additional seasonal funding.
- 2 FTE's hired for downtown public space maintenance & roadway landscaping funded by CBD.



SPECIAL REVENUE FUND-LIBRARY

	2024 Adopted	2025 Recommended	Difference
Revenue	\$9,722,168	\$9,916,430	\$194,262

- Higher PT staffing costs, due to move to City Wide Wage grid for part-time employees
- Contractual costs for technology and software continue to rise
- Includes added amount due to a DP for Library Safety & Security position (grant-funded in 2024, tax levy 2025)



SPECIAL REVENUE FUND – AIRPORT

	2024 Adopted	2025 Recommended	Difference
Revenue	\$5,418,563	\$5,457,153	\$38,590

- Modest baseline increases due to operational service capacity needs (utilities, contractual services, etc.)
- Anticipated increase in airport parking revenue through fee schedule change
- Capital Projects: Parking Lot Reconstruction/Upgrades (Design), Apron Improvements, Terminal Sustainability Improvements



SPECIAL REVENUE FUND – TRANSIT

	2024 Adopted	2025 Recommended	Difference
Revenue	\$14,468,623	\$14,972,845	\$504,222

- LINK Rapid Transit implementation continues with the first phase of staffing beginning within the 2024-2025 Budget
- Evaluation of our paratransit program is ongoing
- Capital Projects: Pilot Micro transit, Procure Buses, Ongoing Bus Stop Improvements, North Broadway Park and Ride



Enterprise Funds

A self-supporting government fund that sells goods and services to the public for a fee. These funds are a good way to assure the long-term sustainability of a variety of government-owned infrastructure systems, since they do not require allocations of tax proceeds from the general fund.

ENTERPRISE FUND - PARKING

	2024 Adopted	2025 Recommended	Difference
Revenue	\$6,581,244	\$6,649,982	\$68,738

- Parking System Evaluation and Rate Study
 - Went before City Council on 8/19/24
- Second Street Ramp
 - Restoration project planned for 2025
 - Still part of Riverfront Redevelopment plan
- Center Street Ramp
 - Restoration project planned for 2025
- Ramp Equipment & Technology Upgrades
 - DESMAN & parking team working on specifications & Request for Proposals
 - Plan to award vendor contract fall 2024
 - Complete installation in 2025
- Ramp Six Debt Service



ENTERPRISE FUND - WASTEWATER

	2024 Adopted	2025 Recommended	Difference
Revenue	\$23,275,740	\$22,150,829	(\$1,124,911)

- Significant upgrade to the Water Reclamation Plant anticipated from August 2024 through 2026.
- Sewer system expansion projects occurring to serve additional areas and upsize existing infrastructure.
- Current debt scheduled to be paid off in 2026 to align with start of new loan payment in 2026. New debt payment will be approximately half of current debt payment.
- 1% increase in wastewater use rates and fees as recommended by rate study. Trunk Sewer Rate increase based on inflation calculation in alignment with similar development fees.



ENTERPRISE FUND - STORMWATER

	2024 Adopted	2025 Recommended	Difference
Revenue	\$7,697,987	\$8,821,499	\$1,123,512

- Completion of Phase 2 of the Comprehensive Surface Water Management Plan (CSWMP) planned for 2024 with implementation in 2025.
- Anticipating increased operating costs associated with maintaining existing infrastructure and implementing CWSMP.
- Stormwater Utility Rate Study planned for 2025 to incorporate recommendations from CSWMP and stormwater asset management plan strategies.
- No change to Stormwater Rates.



ENTERPRISE FUND– RPU (WATER & ELECTRIC)

	2024 Adopted	2025 Recommended	Difference
Revenue (excludes Fund Transfer)	\$ 214,942,000	\$ 223,581,000	\$ 8,638,000

RPU Financial Strategy

Rates

- Based on cost of providing service per Board policy (Home Rule Charter)
- Reasonable, Compensatory and Uniform within same Class (Home Rule Charter)
- Reduce cross subsidies with rate classes (Match fixed charge with fixed costs and commodity charge with variable costs)
- No cross subsidies between rate classes (Home Rule Charter)
- Regionally and nationally competitive without compromising safety or reliability

Bond Rating

- Target Change in Net Assets (Net Income)
- Debt Coverage Ratio
- Minimum Cash Reserves & Capital Replacement Funds
- Equity Percentage

*Based on the recommended budget going forward to the RPU Board in August 2024



ENTERPRISE FUND – RPU WATER UTILITY

	2024 Adopted	2025 Recommended	Difference
Revenue	\$ 19,496,000	\$ 19,475,000	(\$ 21,000)
Water Supply Cost	\$ 2,182,000	\$ 2,465,000	\$ 283,000
Gross Margin	\$ 17,314,000	\$ 17,010,000	(\$ 304,000)

- 5.5% general rate increase, plus \$1.32 added to customer charge (AMI)
 - Cost impact to the average residential customer is \$1.67 per month
- 0.8% Customer Growth
- 2.3% Consumption Increase
- 2025 Revenue includes \$3.0M Water Accessibility Charge (WAC) Funds
- 2025 Revenue includes \$1.1M Private Funds (Contributed Assets)
- Advanced Metering Infrastructure - \$15.6M over 2024 – 2029
- 2025 PILOT (Assumes 2%CPI) \$514,000

*Based on the recommended budget going forward to the RPU Board in August 2024



ENTERPRISE FUND – RPU WATER UTILITY

	2024 Adopted	2025 Recommended	Difference
Change in Net Position	\$ 6,961,000	\$ 5,863,000	(\$ 1,098,000)
Depr & Amortization	\$ 3,233,000	\$ 3,571,000	\$ 338,000
Capital Additions	(\$ 10,800,000)	(\$ 9,980,000)	\$ 820,000
Debt Principal Payments	\$ -	\$ -	\$ -
Non-Cash Accruals	(\$ 430,000)	(\$ 410,000)	\$ 20,000
Net Change in Cash	(\$ 1,036,000)	(\$ 956,000)	\$ 80,000
Fund Balance, Beginning	\$ 13,194,000	\$ 11,115,000	(\$ 2,079,000)
Fund Balance, Ending	\$ 12,158,000	\$ 10,159,000	(\$ 1,999,000)

*Based on the recommended budget going forward to the RPU Board in August 2024



ENTERPRISE FUND – RPU ELECTRIC UTILITY

	2024 Adopted	2025 Recommended	Difference
Revenue	\$ 195,446,000	\$ 204,106,000	\$ 8,660,000
Cost of Power	\$ 106,861,000	\$ 106,041,000	(\$ 820,000)
Gross Margin	\$ 88,585,000	\$ 98,065,000	\$ 9,480,000

- 4.0% general rate increase
 - Cost impact to the average customer is \$4.30 per month
- 1.0% Customer Growth
- 0.7% Consumption Growth
- 2025 Revenue includes Private Funds of \$3.4M
- 2025 Power purchases through SMMPA contract \$98.2M
- Advanced Metering Infrastructure - \$16.8M over 2024 – 2029
- 2025 PILOT (Assumes 2%CPI) \$11,337,000

*Based on the recommended budget going forward to the RPU Board in August 2024



ENTERPRISE FUND – RPU ELECTRIC UTILITY

	2024 Adopted	2025 Recommended	Difference
Baseline Expenses	\$ 66,128,000	\$ 72,592,000	\$ 6,464,000

- Labor & Benefits Increase \$2,867,000
 - 2 Incremental FTE's, 2 Conversions
- Operating and Major Maintenance \$2,574,000
- Investment Earnings Increase (\$ 458,000)
- Increased Capitalized Labor (reduces Expense) (\$ 729,000)
- Depreciation Increase \$ 1,696,000
- Payment in Lieu of Tax Increase \$ 578,000

*Based on the recommended budget going forward to the RPU Board in August 2024



ENTERPRISE FUND – RPU ELECTRIC UTILITY

	2024 Adopted	2025 Recommended	Difference
Change in Net Position	\$ 22,457,000	\$ 25,473,000	\$ 3,016,000
Depr & Amortization	\$ 16,707,000	\$ 18,403,000	\$ 1,696,000
Capital Additions	(\$ 28,299,000)	(\$ 40,620,000)	(\$ 12,321,000)
Debt Principal Payments	(\$ 7,730,000)	(\$ 8,005,000)	(\$ 275,000)
Non-Cash Accruals	(\$ 806,000)	(\$ 380,000)	\$ 426,000
Net Changes in Cash	\$ 2,329,000	(\$ 5,129,000)	(\$ 7,458,000)
Fund Balance, Beginning	\$ 90,699,000	\$ 110,413,000	\$ 19,714,000
Fund Balance, Ending	\$ 93,028,000	\$ 105,284,000	\$ 12,256,000

*Based on the recommended budget going forward to the RPU Board in August 2024



POLICY CONSIDERATIONS

1. Are there any questions or feedback on the 2025 Recommended Supplemental Operating Budget?
2. Is there feedback on the recommended budget regarding:
 - Sustaining our Core Services?
 - Investing in Strategic Growth?
3. Is the recommended 2025 preliminary tax levy for consideration September 9th, 2024 acceptable?
 - If not, what Decision Packages or service areas would you reduce or eliminate?

THANK YOU