

# BUDGET IN BRIEF

2019



**As a steward of tax payer 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 accessible and easily understood, the Budget in Brief was created. 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.

**City of Financial Distinction**

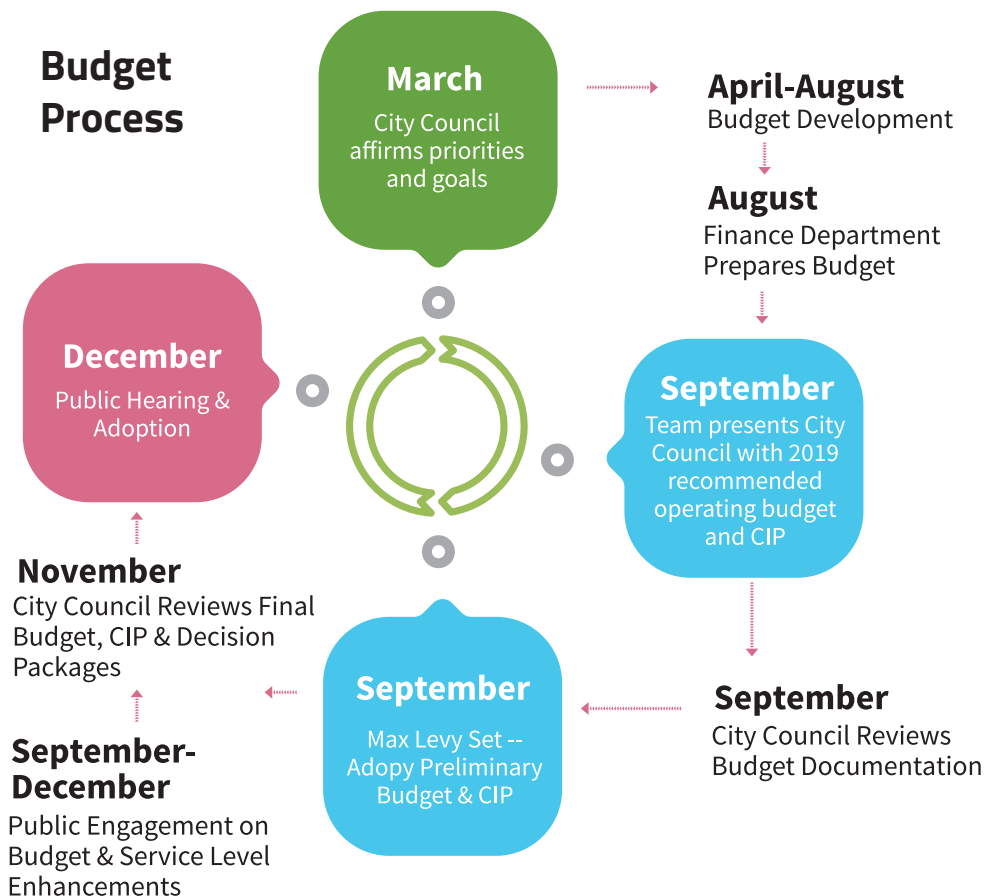
**The City of Rochester has a AAA Rating**

Rochester has received a Certificate of Achievement for Excellence in Financial Reporting for almost 50 years, the longest in the state of Minnesota.

## The Goals of the New Budget 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

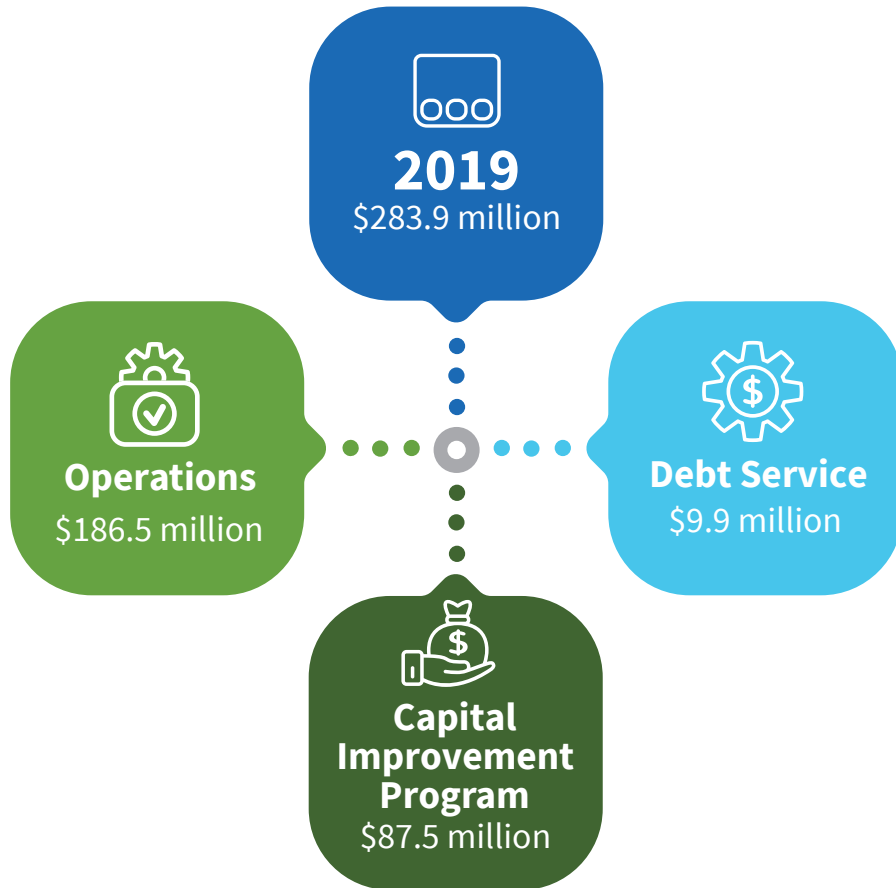
### Budget Process



# 2019 ADOPTED BUDGET

The development of the budget is guided by the City of Rochester's strategic priorities, budget policies, long-range fiscal sustainability, legal mandates, and service level prioritization.

The adopted budget is \$283,969,459. This includes Operating and Capital Improvement expenditures. It does not include the Rochester Public Utilities budget, which is a separate budget.



## BUDGET FORMULA



## General Fund \$90.3 million

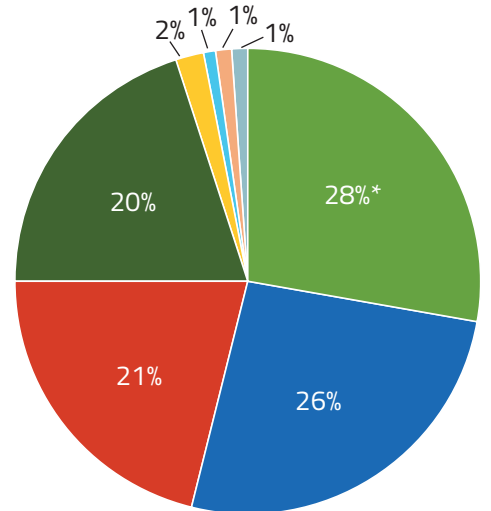
Taxpayer dollars are accounted for in the General Fund, along with license fees, permit fees, state shared revenues, interest income, miscellaneous revenues, and prior year revenue. This portion of the budget is comprised largely of discretionary funds, since the Mayor and City Council can allocate the 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, fire and parks, as well as streets, community development and administrative support services.

## Enterprise, Special Revenue, and Capital Improvement Program Funds \$193.6 million

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: sewer utility, storm water utility, and the parking fund. Special revenue funds are include a combination of customer charges and taxes. These include: municipal recreation, library, transit, and Mayo Civic Center.

## 2019 Total Operating Revenue



- Miscellaneous Revenue 28%\*
- Taxes Ad Valorem 26%
- Charges for Service 21%
- Intergovernmental Revenue 20%
- Other Taxes 2%
- Licenses 1%
- Special Assessments 1%
- Prior Year Revenues 1%

\* Miscellaneous Revenues include:

- Non Property Tax Debt Payment Revenue
- Capital Improvement Program Revenues
- In Lieu of Tax Enterprise Funds

## 2019 Total Operating Revenue

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 26% of the total revenues. Items like charges for services, which are items like parking, sewer utility, and water utility help fund the total budget by 21%.

Average Residential Home



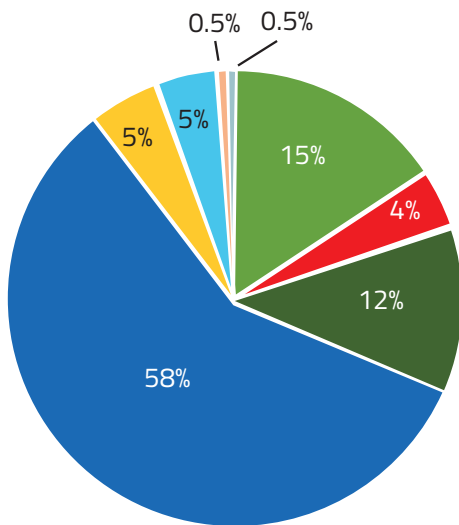
35.9%	36.9%	26.3%	0.9%
Olmsted County	City of Rochester	School District (535)	Olmsted County HRA

Commercial/Industrial Property



30.0%	30.9%	22.6%	15.8%	0.8%
Olmsted County	City of Rochester	State of MN	School District (535)	County HRA

## General Fund Revenue \$90.3 million



- Taxes Ad Valorem 58%
- Other Taxes (such as Hotel/Motel Tax, Cable Franchise Fee, and People Coop Franchise) 5%
- Licenses and Permits 5%
- Miscellaneous Revenue 15%
- Charges for Service 4%
- Intergovernmental Revenue 12%
- Fines, Forfeits, and Penalties 0.5%
- Prior Year Revenue 0.5%

## Hotel/Motel Tax

The Hotel/Motel tax is imposed on persons staying 30 days or less in a hotel, inn, motel, or other lodging facility. In 2019 it is expected that the tax revenue will be \$9,200,000. The 7% tax is broken into three categories. These include: Convention and Tourism, which receives 2%, Mayo Civic Center (MCC) Expansion, which receives 3%, and the Mayo Civic Center and City of Rochester General Fund, which receives 2% in total.

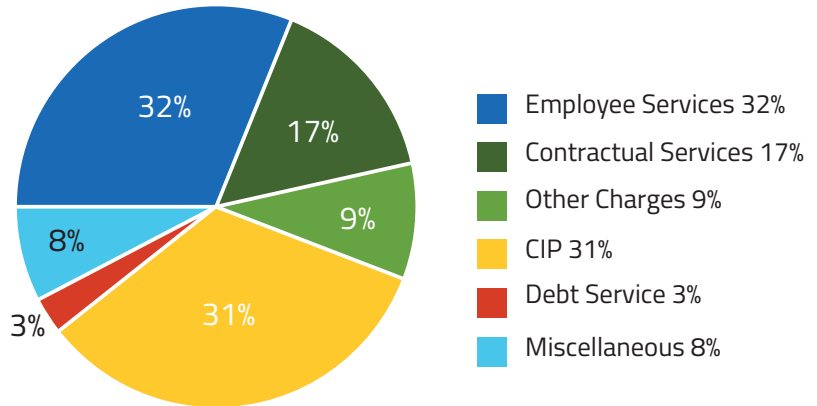
### Allocation of Hotel Motel Tax (Current Tax Rate 7%)



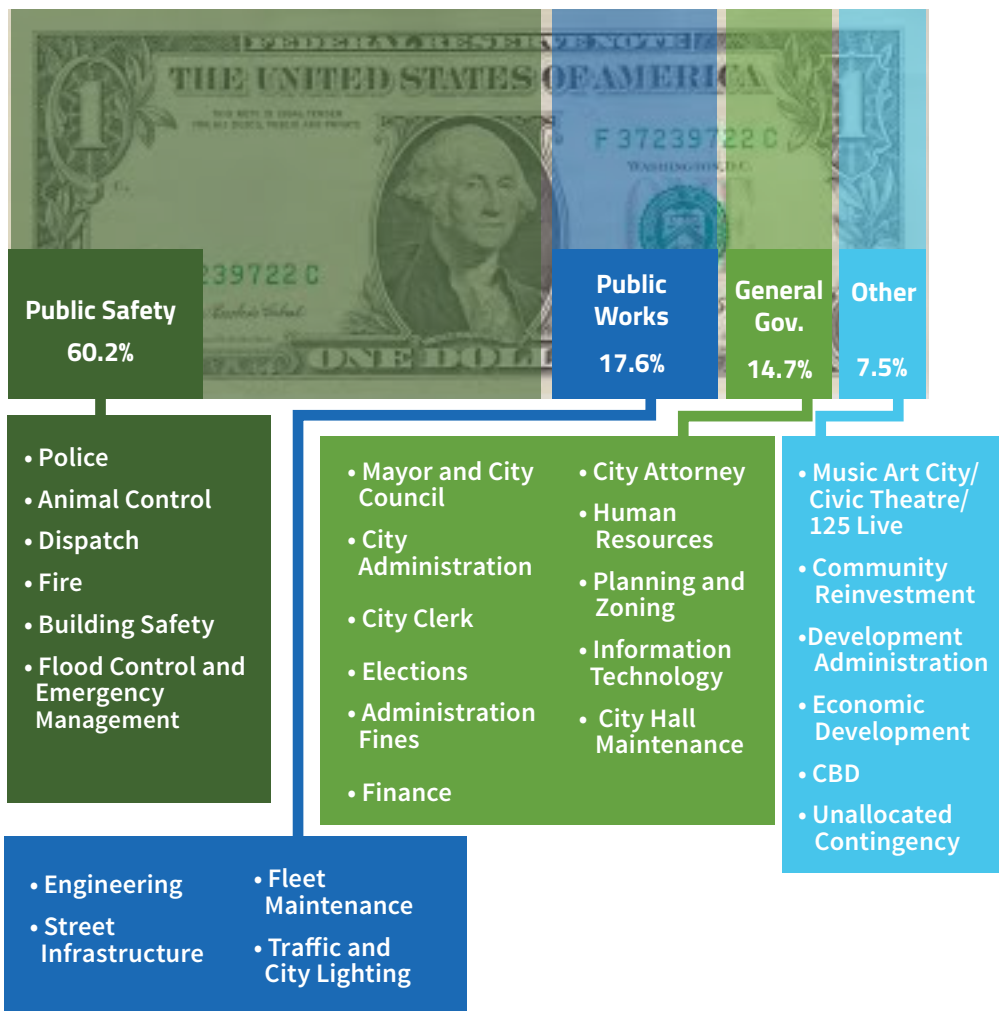
# WHERE DOES THE MONEY GO?

Overall, the adopted 2019 budget includes expenditures in six major categories for all funds. The largest being Employee Services at \$91.5 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 70% of that is related to salaries, where 30% is related to benefits. The second largest expense is Capital Improvement Program with a total of \$87.5 million dollars.

2019 Adopted Budget of \$283.9 million



## General Fund Expense \$90,362,262



## Notable Capital Improvement Program - Funded by Tax Levy

- Bituminous street rehabilitation - resurfacing local street
- Acquisition and repairs of the North Police Station
- IT investments including security improvements, network upgrades, and IT integration
- Emerald Ash Borer funding
- Repairs to the National Volleyball Center parking lot
- Annual construction and reconstruction of the sidewalk

# ROCHESTER AT A GLANCE

BUDGET IN BRIEF

Incorporated in

1854

55 square miles

Population 114,000+



OVER 3 MILLION Annual Visitors

## Public Works

Nearly 500 miles of street

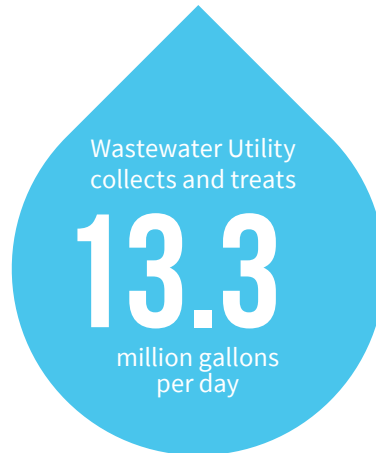



**BUILDING SAFETY**

2,600 Building Permits Issued

**OVER HALF BILLION DOLLARS IN PROJECTS**

-- highest in Rochester history



Wastewater Utility collects and treats

**13.3** million gallons per day



## Library

Medal Recipient

520,000 visits and 1.89 million titles borrowed



**130**

Park Sites with 100 miles of trails



**Fire**

Over 10,000 calls for service and five fire stations



## Police

1. Call for Service: Over 25,000 Calls
2. Average Response Time for Priority Calls: 6 min 35 sec

## Community Vision

The following Community Vision statement was developed via the comprehensive planning process and is a key piece of the Planning 2 Success Comprehensive Plan 2040 document.

**Rochester** is a city that cares: where all people are treated with dignity and respect; where residents, employees, and visitors enjoy a high quality of life; where business and industry thrive; and where the land and environment are renewed and sustained for the benefit of all. It is a welcome and diverse community:

**Renowned** for its reputation as a center for growth and innovation, its robust economy, and programs and institutions that support life-long learnings;

**Characterized** by its safe and friendly neighborhoods, diverse and affordable housing options for people of all ages and backgrounds, thriving downtown, vibrant public spaces, and easy access to parks and recreation amenities;

**Committed** to health and wellness for its people, and also of the air, water, and land they depend on for sustenance;

**Connected** both physically and socially – offering balanced transportation options; well-planned streets, sidewalks, trails, and neighborhoods; and hospitable cultural atmosphere; and

**Dedicated** to the sustainable and responsible use of public resources and provision of quality public services, supporting livability and long-term fiscal health.

### Organizational Vision

A vibrant, compassionate, innovative team.

### Foundational Principles

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

### Strategic Priorities

- Enhance quality of life
- Foster a team-oriented culture
- Manage growth and development
- Balance public infrastructure investment

## Community Survey Results

Between May 22 and June 20, 2018, 400 City of Rochester residents were randomly selected for telephone interviews to collect data for the City of Rochester Community Survey.

