CITY OF ROCHESTER  
COUNCIL AGENDA  
Council/Board Chambers  
151 4th Street SE

Study Session  
June 22, 2020  
03:30 PM

STUDY SESSION MEETING ITEMS

This meeting shall be conducted pursuant to Minnesota Statutes Section 13D.021 and members may appear electronically. Should any member appear electronically, all votes shall be taken by roll call and each member of the Board will be able to hear each other. Public access will be restricted to comply with State Health guidance during the pandemic.

VIEW MEETING: Citizens are encourage to view the meeting by either watching on Spectrum (Charter) channel 180 or 188 or via live streaming the meeting. The live stream can be found at the web address once the meeting starts: www.rochestermn.gov/agendas.

City of Rochester Vision, Principles, and Priorities

1 Trust for Public Land - Park Funding / Parks and Recreation - Estimated Time 45 Minutes

2 Rochester Heritage Preservation Program / Community Development - Estimated Time 45 Minutes

3 Study Session Schedule

4 Other Business
Community Vision 2040

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 learning;

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 & Sustainability
- Public Safety
- Social Equity

Strategic Priorities

Enhance quality of life

- Increase neighborhood connectivity.
- Increase affordable housing options.
- Maintain and increase neighborhood vitality and livability.
- Secure a funding stream for sustained parks and recreation improvements and community amenities.

Foster a team-oriented culture

- Use High Performance Organization practices to create operational efficiencies.
- Develop recruitment strategies to diversify and achieve a high-quality workforce.
- Create employee development plans.
- Use technology to share resources and communicate effectively.

Manage growth and development

- Balance downtown/DMC and community-wide development efforts.
- Incorporate P2S infrastructure planning into development decisions.
- Implement the recommendations of P2S, the Parks and Recreation Master Plan and the Library Strategic Plan.

Balance public infrastructure investment

- Improve transportation and related facilities.
- Develop an asset management plan and use life-cycle cost considerations during decision making.
- Develop a policy and practice of assessing new infrastructure investment based on current assets and maintenance costs.
STUDY SESSION ITEM

ITEM 1: Trust for Public Land – Park Funding

The Parks and Recreation System Plan approved by the Park Board and City Council in 2016 identified over $80 million in park improvements needed to bring Rochester’s park and recreation resources up to acceptable standards and address increased demand for facilities, amenities and services in a growing community.

For nearly a year, the Parks and Recreation Department has collaborated with the Trust for Public Land (TPL). TPL is providing technical services to evaluate the feasibility of public finance options for the Parks and Recreation System Plan. The Park Finance Feasibility Study was to be presented to City Council in March. This was to be followed by TPL conducting polling of registered voters in Rochester to gauge their support for public funding of the parks system. Recommendations would then be made to Council regarding funding options. This would include a review of the feasibility of a November 2020 ballot measure.

COVID-19 has altered these plans. Trust Public Land representatives will provide an overview of the feasibility study.

Attachments:
- Park Finance Feasibility Study
ROCHESTER, MINNESOTA
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**INTRODUCTION**

The Trust for Public Land (TPL) creates parks and protects land for people, ensuring healthy, livable communities for generations to come. Every park, playground, and public space created is an open invitation to explore, wonder, discover, and play - particularly in and near cities, where 80 percent of Americans live. TPL works with communities to conserve working farms, ranches, and forests; lands of historical and cultural importance; rivers, streams, coasts, and watersheds; and other special places where people can experience nature close at hand. Since 1972, the Trust for Public Land has protected more than 3.3 million acres and completed more than 5,400 park and conservation projects across the U.S.

The Trust for Public Land’s Conservation Finance program helps state and local governments design, pass, and implement legislation and ballot measures that create new public funds for parks and land conservation. We have helped pass 572 ballot measures - with 82 percent success - creating $79.6 billion in voter approved funding for parks, land conservation, and restoration.

In Minnesota, the Trust for Public Land has been involved in ten successful park and conservation funding ballot measures, generating more than $5.8 billion for land conservation. This includes the Clean Water, Land, and Heritage state constitutional amendment in 2008.

The City of Rochester has asked the Trust for Public Land to explore potential funding options for its continued investment in parks and recreation facilities within the city. Given the substantial investment of time and resources required for a successful park finance ballot measure, preliminary research is essential to determine the feasibility of such an effort. This feasibility study presents several viable local public options for funding parks and recreation in the city and provides analysis of which options and funding levels are feasible, economically prudent, and likely to be publicly acceptable. This research is not a needs assessment; it provides a stand-alone, fact-based reference document that can be used to evaluate financing mechanisms from an objective vantage point.¹

¹ This feasibility study is not a legal document and should not be relied upon for legal purposes or a legal opinion. The contents of this report are based on the best available information at the time of research and drafting, November-December 2019.
EXECUTIVE SUMMARY

The Trust for Public Land has undertaken feasibility analysis to explore the public funding options available to support parks and recreation facilities within the City of Rochester, Minnesota. In order to understand what would be an appropriate funding source or sources, this report first provides a brief overview of existing park and recreation programs and services, governance, and funding as well as some background information about the city. Next, the report analyzes possible alternatives for funding parks, including the authority for their use and revenue raising capacity. Finally, since several of the revenue options require approval by voters, this report provides pertinent election information, such as voter turnout history and election results for local finance measures.

To create new revenue for parks and recreation, local governments in Minnesota have the authority to issue general obligation bonds, increase property taxes, and in some cases, increase the local sales tax. These options are summarized below and in Appendix A.

- **General Obligation Bonds**: Rochester could issue general obligation bonds for parks and recreation capital projects. For example, a $40 million bond would add $2.4 million to the city’s annual debt service and cost the owner of a median-valued home in the city an average of $30 per year in property taxes for 30 years. Voter approval is required.

- **Property Tax**: Rochester could increase its property tax levy. The City Council could raise the levy through the standard budget process or by seeking voter approval. Revenue could be used for capital projects as well as operations and maintenance. For example, a levy increase (via the budget process) of $2 million annually would cost the median household an additional $25 per year in property taxes. Alternatively, a voter-approved levy increase of $2 million would cost the median homeowner an additional $33 per year in property taxes. In both cases, the tax could end after a certain number of years or continue in perpetuity.

- **Sales Tax**: Rochester could seek authority from the state Legislature to impose an additional local sales tax. For example, an additional local sales tax of 0.15 percent would generate more than $3.7 million annually and cost the typical household $26 per year. While nearly 31 percent of the revenue would be expected to come from resident spending, the remaining revenue would be generated by visitors and businesses. There is no limit on the number of years the tax can be in effect, however in most cases, the duration of the tax is determined by the time necessary to generate enough revenue to finance general obligation bonds for a project, and will terminate upon raising that amount. State legislative and voter approval is required.

Since most new funding options would require voter approval, Rochester should narrow the potential funding options to those that match the needs identified in the city’s planning processes. The Trust for Public Land recommends a professionally administered public opinion survey of Rochester voters that tests those options, including ballot language, tax tolerance, timing, and program priorities.

Other Options

There are many other potential funding sources, such as parkland dedication, which could be used to fund parks in Rochester. However, some of these sources will likely result in either targeted projects (e.g.,

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2 Budget levy increases are levied against net tax capacity, while voter-approved levy increases are levied against referendum market value, resulting in different costs per household.
grants) or limited in scope (e.g., park dedication for neighborhood parks). A parkland dedication ordinance has been enacted in Rochester with the premise that the land and any cash dedications provide approximately 50 percent of the development cost of neighborhood parks (parks which are focused in areas of housing development). These contributions do not provide funding for other community parks, regional parks, sports complexes, or trail networks which provide greater community-wide quality of life amenities. The city needs a sustainable source of funding for the other 50 percent needed for neighborhood park development not provided by parkland dedication. Parkland dedication should be further reviewed outside of this funding analysis to determine if adjustments to the 50/50 funding model should be made, as well as changes to the amounts of land dedication required. There are other parkland dedication models within Minnesota that may be more fitting for Rochester as a high growth city. Because parkland dedication and grants do not provide a consistent and significant revenue stream, they have not been included as part of this study. While these funds can provide enhancements to neighborhoods or specific projects, they are not best suited to meeting the larger goals identified in the approved Parks and Recreation System Plan.
BACKGROUND

Overview

The City of Rochester, incorporated on August 5, 1858, is located in the southeastern part of the State of Minnesota, which is considered to be one of the top growth areas in the state, and one of the top growth areas in the country. The city provides a full range of services including police and fire protection; construction and maintenance of streets and infrastructure; recreational facilities, library and cultural events; water, sewer, electric, storm water management, public parking, mass transit, and airport services.

The third largest City in Minnesota, Rochester is located 78 miles southeast of Minneapolis and St. Paul. Rochester’s strong economy is built around world-renowned health care, cutting-edge technology, agriculture, and agribusiness. As home to the Mayo Clinic and IBM Rochester, the city has developed into an economic growth center and the cultural hub of southeastern Minnesota. Its many recreational and cultural activities draw people from southeastern Minnesota and northern Iowa.

Governance

The City of Rochester is governed under a charter adopted August 22, 1904 and has a “weak mayor-council” form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor, the council president and six council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the city’s administrator and attorney. The Mayor has veto power. The City’s Administrator is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the city, and for appointing the heads of the various departments. The council is elected on a nonpartisan basis. Council members, the President and Mayor all serve four-year staggered terms, with four of these positions elected every two years. Six of the council members are elected by ward. The Mayor and Council president are elected at large.

<table>
<thead>
<tr>
<th>Rochester City Government</th>
<th>Name</th>
<th>Position</th>
<th>Next Election</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kim Norton</td>
<td>Mayor</td>
<td>2022</td>
<td></td>
</tr>
<tr>
<td>Randy Staver</td>
<td>City Council President</td>
<td>2020</td>
<td></td>
</tr>
<tr>
<td>Patrick Keane</td>
<td>1st Ward</td>
<td>2022</td>
<td></td>
</tr>
<tr>
<td>Michael Wojcik</td>
<td>2nd Ward</td>
<td>2020</td>
<td></td>
</tr>
<tr>
<td>Nick Campion</td>
<td>3rd Ward</td>
<td>2022</td>
<td></td>
</tr>
<tr>
<td>Mark Bilderback</td>
<td>4th Ward</td>
<td>2020</td>
<td></td>
</tr>
<tr>
<td>Shaun C. Palmer</td>
<td>5th Ward</td>
<td>2022</td>
<td></td>
</tr>
<tr>
<td>Annalissa Johnson</td>
<td>6th Ward</td>
<td>2020</td>
<td></td>
</tr>
</tbody>
</table>

Demographics

The table on the following page provides a summary of Rochester’s demographic information compared to Olmsted County and the State of Minnesota. The table includes data such as population, race, education, and income levels.

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3 Largely excerpted from City of Rochester 2018 Comprehensive Annual Financial Report
4 Largely excerpted from City of Rochester 2018 Comprehensive Annual Financial Report
Rochester, MN Demographics

<table>
<thead>
<tr>
<th>Population</th>
<th>Rochester</th>
<th>Olmsted County</th>
<th>Minnesota</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population estimates, July 1, 2018, (V2018)</td>
<td>116,961</td>
<td>156,277</td>
<td>5,611,179</td>
</tr>
<tr>
<td>Population, percent change - April 1, 2010 (estimates base) to July 1, 2018, (V2018)</td>
<td>9.50%</td>
<td>8.30%</td>
<td>5.80%</td>
</tr>
</tbody>
</table>

Race and Hispanic Origin

<table>
<thead>
<tr>
<th>Race and Hispanic Origin</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>White alone, percent</td>
<td>80.70%</td>
</tr>
<tr>
<td>Black or African American alone, percent (a)</td>
<td>7.40%</td>
</tr>
<tr>
<td>Hispanic or Latino, percent (b)</td>
<td>5.80%</td>
</tr>
<tr>
<td>Hispanic or Latino, percent (b)</td>
<td>5.80%</td>
</tr>
<tr>
<td>White alone, not Hispanic or Latino, percent</td>
<td>76.40%</td>
</tr>
</tbody>
</table>

Housing

<table>
<thead>
<tr>
<th>Housing</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Median value of owner-occupied housing units, 2013-2017</td>
<td>$176,100</td>
</tr>
<tr>
<td>Median gross rent, 2013-2017</td>
<td>$891</td>
</tr>
<tr>
<td>Households, 2013-2017</td>
<td>45,056</td>
</tr>
</tbody>
</table>

Language

<table>
<thead>
<tr>
<th>Language other than English spoken at home, percent of persons age 5 years+, 2013-2017</th>
<th>Percentage</th>
</tr>
</thead>
</table>

Education

<table>
<thead>
<tr>
<th>Education</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school graduate or higher, percent of persons age 25 years+, 2013-2017</td>
<td>94.00%</td>
</tr>
<tr>
<td>Bachelor's degree or higher, percent of persons age 25 years+, 2013-2017</td>
<td>44.70%</td>
</tr>
</tbody>
</table>

Income and Poverty

<table>
<thead>
<tr>
<th>Income and Poverty</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median household income (in 2017 dollars), 2013-2017</td>
<td>$68,574</td>
</tr>
<tr>
<td>Per capita income in past 12 months (in 2017 dollars), 2013-2017</td>
<td>$36,659</td>
</tr>
<tr>
<td>Persons in poverty, percent</td>
<td>10.40%</td>
</tr>
</tbody>
</table>

Source: US Census Quickfacts

Notes: (a) Includes persons reporting only one race
(b) Hispanics may be of any race, so also are included in applicable race categories

Budget

The tables on the following pages provide a summary of Rochester’s 2020 Recommended Budget. The first table shows the city’s revenue sources and which funds they are directed to. The second table is a summary of expenditures. The third table is a detailed look at the General Fund. The majority of the city’s operating revenue comes from property taxes. The largest operating expenditures are Police and Fire. The Municipal Recreation System Fund makes up 3.3 percent of the total budget.5

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5 City of Rochester 2020 Recommended Budget
<table>
<thead>
<tr>
<th>Description</th>
<th>Taxes Ad Valorem</th>
<th>Other Taxes</th>
<th>Special Assessments</th>
<th>Licenses and Permits</th>
<th>Fines, Forfeits, and Penalties</th>
<th>Intergovernmental Revenues</th>
<th>Charges for Services</th>
<th>Miscellaneous Revenue</th>
<th>Prior Year Revenue</th>
<th>Total Budget</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$74,214,466</td>
<td>$7,490,341</td>
<td>$4,508,841</td>
<td>$409,308</td>
<td>$11,215,543</td>
<td>$4,339,530</td>
<td>$14,112,991</td>
<td>$545,146</td>
<td>$96,836,172</td>
<td>$70,161,721</td>
<td>25.0%</td>
</tr>
<tr>
<td>Library</td>
<td>$7,158,871</td>
<td></td>
<td>$130,500</td>
<td>$1,075,842</td>
<td>$23,200</td>
<td>$55,000</td>
<td>$69,619</td>
<td>$9,533,032</td>
<td>$12,673,359</td>
<td>$96,836,172</td>
<td>2.2%</td>
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<tr>
<td>Municipal Recreation System</td>
<td>$8,230,477</td>
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<td></td>
<td>$52,862</td>
<td>$4,294,872</td>
<td>$55,878</td>
<td>$37,470</td>
<td></td>
<td>$12,673,359</td>
<td>$14,112,991</td>
<td>3.3%</td>
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<tr>
<td>Mayo Civic Center</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$230,959</td>
<td>0.1%</td>
</tr>
<tr>
<td>F.E. Williams</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>$230,959</td>
<td>0.1%</td>
</tr>
<tr>
<td>Rochester International</td>
<td>$557,907</td>
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<td>$230,959</td>
<td>0.1%</td>
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<tr>
<td>Airport</td>
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<td></td>
<td>$230,959</td>
<td>0.1%</td>
</tr>
<tr>
<td>Transit</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$11,844,660</td>
<td>2.2%</td>
</tr>
<tr>
<td>EDA Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$2,651,129</td>
<td>0.6%</td>
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<tr>
<td>Total Governmental Operating</td>
<td>$70,161,721</td>
<td>$7,721,300</td>
<td>$4,510,841</td>
<td>$539,808</td>
<td>$24,468,450</td>
<td>$12,666,183</td>
<td>$21,920,912</td>
<td>$909,808</td>
<td>$140,437,846</td>
<td>$70,161,721</td>
<td>25.0%</td>
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<tr>
<td>Parking Enterprise</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$42,000</td>
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<tr>
<td>Sanitary Sewer Utility</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>$9,219</td>
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<tr>
<td>Storm Water Utility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$8,576,900</td>
<td>1.2%</td>
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<tr>
<td>Total Enterprise Funds</td>
<td>$62,300</td>
<td>$370,000</td>
<td>$9,796</td>
<td>$46,338,156</td>
<td>$598,000</td>
<td>($3,502,677)</td>
<td></td>
<td></td>
<td></td>
<td>$43,875,575</td>
<td>11.3%</td>
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<tr>
<td>Total Operating Budget</td>
<td>$70,161,721</td>
<td>$7,721,300</td>
<td>$4,573,141</td>
<td>$909,808</td>
<td>$24,478,246</td>
<td>$59,004,339</td>
<td>$22,518,912</td>
<td>($5,054,046)</td>
<td>$184,313,421</td>
<td>$70,161,721</td>
<td>47.6%</td>
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<tr>
<td>Internal Service Funds</td>
<td>$385,597</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>$385,597</td>
<td>0.2%</td>
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<tr>
<td>Capital Improvement</td>
<td>$5,297,244</td>
<td>$300,000</td>
<td>$1,645,000</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>$182,361,404</td>
<td>47.1%</td>
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<tr>
<td>Debt Service</td>
<td>$3,133,209</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>$11,255,192</td>
<td>2.9%</td>
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<tr>
<td>Rochester EDA</td>
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<td></td>
<td></td>
<td>$943,320</td>
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<tr>
<td>Total Budget</td>
<td>$70,977,771</td>
<td>$8,021,300</td>
<td>$1,645,000</td>
<td>$4,573,141</td>
<td>$909,808</td>
<td>$106,943,970</td>
<td>$59,004,339</td>
<td>$114,833,384</td>
<td>$387,576,125</td>
<td>$78,977,771</td>
<td>100%</td>
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</tbody>
</table>

% of Total: 20.4% 2.1% 0.4% 1.2% 0.2% 27.6% 15.2% 2.9% 0.3% 100%
## Rochester, MN 2020 Expenditure Summary

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 Recommended Budget</th>
<th>% of Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor and City Council</td>
<td>$746,865</td>
<td>0.2%</td>
</tr>
<tr>
<td>City Administration</td>
<td>$1,343,993</td>
<td>0.3%</td>
</tr>
<tr>
<td>City Clerk's Office</td>
<td>$904,234</td>
<td>0.2%</td>
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<tr>
<td>Elections</td>
<td>$375,183</td>
<td>0.1%</td>
</tr>
<tr>
<td>Administrative Fines</td>
<td>$49,391</td>
<td>0.0%</td>
</tr>
<tr>
<td>Finance</td>
<td>$2,085,256</td>
<td>0.5%</td>
</tr>
<tr>
<td>City Attorney's Office</td>
<td>$2,100,449</td>
<td>0.5%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>$2,256,754</td>
<td>0.6%</td>
</tr>
<tr>
<td>Community Development</td>
<td>$1,867,750</td>
<td>0.5%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>$2,466,377</td>
<td>0.6%</td>
</tr>
<tr>
<td>City Hall Maintenance</td>
<td>$606,313</td>
<td>0.2%</td>
</tr>
<tr>
<td>Total General Government</td>
<td>$14,802,565</td>
<td>3.8%</td>
</tr>
<tr>
<td>Fire</td>
<td>$30,373,171</td>
<td>7.8%</td>
</tr>
<tr>
<td>Animal Control</td>
<td>$400,393</td>
<td>0.1%</td>
</tr>
<tr>
<td>Dispatch</td>
<td>$1,013,700</td>
<td>0.3%</td>
</tr>
<tr>
<td>Engineering</td>
<td>$18,932,803</td>
<td>4.9%</td>
</tr>
<tr>
<td>Street Infrastructure Mice</td>
<td>$4,205,091</td>
<td>1.1%</td>
</tr>
<tr>
<td>Fleet Mice &amp; PWTOC Bldg</td>
<td>$735,195</td>
<td>0.2%</td>
</tr>
<tr>
<td>City Lighting</td>
<td>$1,186,750</td>
<td>0.5%</td>
</tr>
<tr>
<td>Total Public Safety</td>
<td>$55,996,158</td>
<td>14.4%</td>
</tr>
<tr>
<td>Engineering</td>
<td>$2,373,171</td>
<td>7.8%</td>
</tr>
<tr>
<td>Street Infrastructure Mice</td>
<td>$400,393</td>
<td>0.1%</td>
</tr>
<tr>
<td>Fleet Mice &amp; PWTOC Bldg</td>
<td>$1,013,700</td>
<td>0.3%</td>
</tr>
<tr>
<td>City Lighting</td>
<td>$18,932,803</td>
<td>4.9%</td>
</tr>
<tr>
<td>Total Public Works</td>
<td>$16,491,151</td>
<td>4.3%</td>
</tr>
<tr>
<td>Music</td>
<td>$3,958,339</td>
<td>1.0%</td>
</tr>
<tr>
<td>Art Qt/Civic Theatre/125 Live</td>
<td>$3,958,339</td>
<td>1.0%</td>
</tr>
<tr>
<td>Community Reinvestment</td>
<td>$400,000</td>
<td>0.1%</td>
</tr>
<tr>
<td>Development Administration</td>
<td>$219,609</td>
<td>0.1%</td>
</tr>
<tr>
<td>Economic Development</td>
<td>$4,476,500</td>
<td>1.2%</td>
</tr>
<tr>
<td>OBO Maintenance</td>
<td>$309,918</td>
<td>0.1%</td>
</tr>
<tr>
<td>Unallocated</td>
<td>$105,117</td>
<td>0.0%</td>
</tr>
<tr>
<td>Contingency</td>
<td>$1,991,667</td>
<td>0.5%</td>
</tr>
<tr>
<td>Total General Fund</td>
<td>$96,836,172</td>
<td>25.0%</td>
</tr>
</tbody>
</table>
Municipal Recreation System Fund6

The total Municipal and Recreation System budget is $12,673,359. The individual funds are described below.

<table>
<thead>
<tr>
<th>Municipal Recreation System Fund Detail</th>
<th>2020 Recommended Budget</th>
<th>% of Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Park and Rec. Admin</td>
<td>$633,952</td>
<td>0.2%</td>
</tr>
<tr>
<td>Recreation</td>
<td>$821,990</td>
<td>0.2%</td>
</tr>
<tr>
<td>Tennis Center</td>
<td>$56,222</td>
<td>0.0%</td>
</tr>
<tr>
<td>Swimming Pools</td>
<td>$132,231</td>
<td>0.0%</td>
</tr>
<tr>
<td>Parks and Forestry</td>
<td>$5,893,763</td>
<td>1.5%</td>
</tr>
<tr>
<td>Parkway Landscape Maint</td>
<td>$634,100</td>
<td>0.2%</td>
</tr>
<tr>
<td>Plummer House</td>
<td>$96,579</td>
<td>0.0%</td>
</tr>
<tr>
<td>Golf</td>
<td>$1,714,958</td>
<td>0.4%</td>
</tr>
<tr>
<td>Graham Arena</td>
<td>$819,160</td>
<td>0.2%</td>
</tr>
<tr>
<td>National Volleyball Center</td>
<td>$384,924</td>
<td>0.1%</td>
</tr>
<tr>
<td>Recreation Center</td>
<td>$1,483,480</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Total Municipal Recreation System</strong></td>
<td><strong>$12,673,359</strong></td>
<td><strong>3.3%</strong></td>
</tr>
</tbody>
</table>

Park and Rec Administration

The Park and Recreation Department provides parks, trails, recreation facilities, and programs to the citizens of Rochester. This is accomplished through the maintenance and operation of the park system and planning and coordinating activities in cooperation with a number of other service organizations. The majority of recreation and sports activities are offered through partnerships. The Park and Recreation Administration is responsible for the overall operation, budget, planning, community relations and operation of the department. The administration works closely with the Park Board, City Council, City Administration, Park Foundation, other service providing organizations and city departments.

The Administrative section of the Parks and Recreation Department is the main point of public communication and customer service. Park reservations, activity registration, pass sales and complaint based ordinance communication is coordinated from the administrative offices.

The seven member Park Board, as defined by City Charter, oversees the Park and Recreation Department. The members represent each of the six city wards. A seventh at-large member serves as president of the Board. All members are appointed by the Mayor of Rochester and ratified by the Council. They serve four year terms and no more than two consecutive terms. Responsibilities include:

- exercise policy direction for the management of all the parks and parkways of the city;
- ensure recreational and leisure services are provided for residents and visitors;
- serve as liaison for residents in respective wards;
- make recommendations to City Council for the department annual budget;
- review and approve all direct expenditures, from the park funds, for the maintenance and improvement of parks and parkways.

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6 Largely excerpted from City of Rochester 2020 Recommended Budget
The Park and Recreation System Plan was implemented in 2016. The Park Board and Park and Recreation staff have aligned all work activity to support the goals and objectives of the System Plan.

2020 Budget: $633,952
Non-Tax Revenue: $23,370
Tax Funding: $610,582

Recreation
The Recreation Supervisor works with the Director of Indoor Facilities and Recreation to oversee the Recreation division of Rochester Parks and Recreation. The Recreation division works to create opportunities for participation by all Rochester residents regardless of age or ability. Examples of these recreational opportunities include adult sports leagues, Go! Play! Explore! Mobile Recreation programming, community special events, preschool indoor playground programming for the winter months, etc. The Recreation division also works with several community sports groups to help facilitate their programming in City of Rochester facilities and parks.

The Adaptive Recreation Business Unit (46012) is also part of the Recreation division. The Adaptive Recreation Manager oversees this programming for adult and youth with cognitive disabilities. Adaptive Rec offers a variety of programs to meet the recreation, social and educational needs of participants.

2020 Budget: $821,990
Non-Tax Revenue: $346,820
Tax Funding: $475,170

Tennis Center
The Tennis Center is open to members and the public from the first week of June until the end of August. It is a membership facility that can also be used by visitors on a limited basis. Memberships are sold to individuals and families and courts can be reserved on an hourly basis. Instructional play is offered for all ages and in-house leagues are offered. Invitational, high school, district and regional tournaments are also held at the Center. The Tennis Center also serves as the home facility for some of the Rochester high school teams during the spring and fall each year.

2020 Budget: $58,222
Non-Tax Revenue: $17,750
Tax Funding: $40,472

Pools Administration
The Recreation Supervisor works with Parks Operations to operate the outdoor pools and Foster Arends Beach. Soldiers Field and Silver Lake Pools are open from early June through late August. The two pools are host to swimming lessons, pool parties, lap and recreational swimming and Rochester Swim Club workouts. The pools also have many special events and programs. Foster Arends Beach is open Memorial Day weekend until Labor Day weekend. The beach is free of charge. It is unguarded but there is security during beach hours.
The City of Rochester continues the agreement with the Rochester Swim Club Orcas for programming at the outdoor pools. The Orcas retain the revenue from daily ticket sales and facility rental at the two outdoor pools. The Orcas will also pay the expenses of the part-time seasonal staff and the pools’ manager. The City of Rochester continues to oversee the maintenance of the pools. The intent of this agreement is to increase attendance and effectiveness of the outdoor pools for the community.

2020 Budget: $132,231
Non-Tax Revenue: $0
Tax Funding: $132,231

**Parks and Forestry**

The Parks and Forestry Division manages approximately 4,962 acres of public park land and public open space under five different business units. There is more than 1,700 acres of mowed turf, 250 acres of irrigated turf, and another 400 acres of grasses and vegetation that are rough mowed periodically throughout the year. This group also oversees approximately 2,000 acres of woods and natural areas and is involved in landscape maintenance across the city.

The Parks and Forestry Division provides environmentally sustainable management practices along with making the Rochester community more livable through the provision of public open spaces, providing improvements to parklands, and providing safety through management of the urban forest.

The Parks Section provides a variety of outdoor recreation services and supports facilities including picnic shelters, swimming pools and a beach, softball, baseball, volleyball, soccer, football, disc golf, cross country skiing, skating rinks, hiking and hard surface trails, playgrounds, pickle ball/tennis/basketball/gaga ball courts, rowing facilities, animal play/exercise areas and a skate park.

The Forestry Section is responsible for the management of Rochester's comprehensive urban tree and landscape program. The program is responsible for the control of shade tree diseases such as Dutch Elm Disease and Oak Wilt, Emerald Ash Borer, and other infestations that may arise, along with the reforestation of city parks and boulevards and routine maintenance of the city's 100,000 boulevard and parks trees. The section also administers the city's boulevard tree ordinance, tall grass and weed ordinance, and helps to construct and maintains an extensive recreational trail system, maintains most of the city's landscaped areas, and is charged with the maintenance of the CBD streetscapes and seasonal decorations.

2020 Budget: $5,893,763
Non-Tax Revenue: $306,180
Tax Funding: $5,587,583

**Parkway Landscape Maintenance**

This section is organized to maintain gardens, shrub beds, perennial plantings, turf areas, and irrigation systems throughout the city on the major roadway corridors; provides daily servicing of high profile landscapes; and coordinates the management of vegetation control contractors. This group enriches the visual character of the roadway network and adds to the livability of the community. The workload in this area is increasing yearly with the addition of new roadway locations with intensive landscaping. This Business Unit is operated by the Parks and Forestry Division.
Plummer House
The Historic Plummer House is one of the major assets of the Rochester Park system. The Plummer House helps meet the livability goals of the city. This facility is used on a daily basis for a variety of casual functions and formal events along with the enjoyment of the gardens by the community. The house and grounds are operated by the Park and Forestry Division in concert with the Park Administration team.

2020 Budget: $96,579
Non-Tax Revenue: $61,000
Tax Funding: $35,579

FE Williams
The FE Williams fund is derived from the rental property deeded to the city from the FE Williams estate and from interest on the fund balance. Any and all assets of this fund are utilized for the maintenance and purchase of recreation equipment for children under 15 years of age. The fund is under the general supervision of the Director of Parks and Recreation.

2020 Budget: $0
Non-Tax Revenue: $5,100
Tax Funding: ($5,100)

Golf Administration
The Golf Division of the Parks and Recreation Department is responsible for the operation of four municipal golf courses: Hadley Creek Golf and Learning Center, Eastwood, Northern Hills and Soldiers Field. The mission statement for the Golf Division is: provide affordable golf for the residents of Rochester. These facilities fulfill the demand for recreational play, practice, instruction, and golf merchandise sales.

2020 Budget: $1,714,958
Non-Tax Revenue: $1,469,288
Tax Funding: $245,670

Graham Arena
Following the completion of the Graham IV Arena and the lobby addition, which ties all four arenas together in late 2007, the Graham Arena Complex has become the second largest ice skating complex in the state. In all, the facility is over 100,000 square feet with four ice sheets, two of which have seating of over 1,000 for spectators and an expanded lobby and concession area. Graham I, II, III are multi-purpose buildings. From October until March, the three arenas are used for skating and hockey. During the rest of
the year, the three arenas play host to a variety of other events such as trade and exhibit shows, arts and craft fairs, dances and concerts, agricultural and livestock events, lawn and garden shows, rodeos, ultimate combat, car shows, weddings, and many more events that truly make this complex multi-purpose. The Olmsted County Fair has use of the facilities for four weeks during July and August.

2020 Budget: $819,160
Non-Tax Revenue: $779,352
Tax Funding: $39,808

**National Volleyball Center**

The National Volleyball Center - Rochester - opened on a year round basis in 1999 with eight volleyball courts. The Center was expanded to add three additional volleyball courts and opened in 2012. Local, state, regional, and national events are being sought for play at the Center. In addition, local league play will be offered for youth and adults. The Volleyball Center is designed as a world class training facility. The Center is available for summer camps and teaching sessions, as well as a tryout center for the elite teams. This Facility provides Rochester, the State of Minnesota and the upper Midwest with one of the finest volleyball centers in the country.

2020 Budget: $384,924
Non-Tax Revenue: $388,200
Tax Funding: ($3,276)

**Recreation Center**

The Recreation Center runs an effective and efficient operation while providing high quality facilities and services. The Center presents a safe and welcoming environment for the citizens and visitors of Rochester. The Center provides affordable recreational activities for all age groups by scheduling public skating, swimming, and gymnasium activities for both adults and youth. It also provides practice, show and game times for private clubs and high school athletic teams.

2020 Budget: $1,483,480
Non-Tax Revenue: $1,013,452
Tax Funding: $470,028

**Parks and Recreation System Plan**

The Rochester Parks and Recreation System Plan was adopted on August 9, 2016. Parks and recreation are vital and integral parts of the City of Rochester. For close to 150 years, parks have played an important part of the quality of life that residents and visitors enjoy. They contribute to neighborhood identity, environmental sustainability, resident health and well-being, and economic development. With more than 4,200 acres, 120 parks, and 85-miles of trail, Rochester’s Parks and Recreation System is accessible, highly-utilized, and an essential part of the city.

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7 Largely excerpted from Rochester Parks and Recreation System Plan
Community input gathered in the planning process indicated that residents are generally satisfied with the parks and recreation system, but that there are improvements that could be made to make it great. Participants in the fall 2015 questionnaire gave the system a 72 percent satisfaction rating. A majority of participants expressed satisfaction with the quality of parks, location of parks, and trail and sidewalk connections. Areas where the system fell short were in the condition of some trails and cleanliness, which is likely a reflection of the aging system.

Taking care of Rochester’s existing system is the number one priority identified by the community. The current parks and recreation system is quite extensive, and expanded marketing surrounding system offerings will increase community awareness and participation. Moving forward, significant investment will be needed to restore aging amenities. Additionally, anticipated population growth will require an increased distribution of amenities to meet future needs.

Achieving the vision set forth in the Parks and Recreation System Plan will take additional funding, not only for new facilities like a regional park or interactive water feature, but for neighborhood park revitalization, new programs, and outreach, etc. The city needs to ensure that adequate funding is available by identifying and regularly communicating system funding needs, expanding and diversifying funding sources, and maximizing the use of volunteers to support system development and operations. The System Plan identifies initiatives for the next twenty years in the areas of Facilities, Marketing, Programming and Events, and Operations. It is estimated that the priorities identified will cost $70 to $83 million to implement. Top priorities are listed below.

Facilities

- Development of Cascade and Gamehaven Regional Parks
- Completion of Quarry Hill Improvements
- Modernization of facilities/addition of user amenities

Marketing

- Improve department website and social media presence
- Improve system awareness and navigation through improved signage, wayfinding, and maps

Programming and Events

- Program and support partners’ events to draw residents to parks and recreation facilities
- Low-cost/low commitment trial programs

Operations

- Improve system maintenance and cleanliness
- Expand volunteerism
CHOOSING A LOCAL FUNDING STRATEGY

The financing options utilized by a community will depend on a variety of factors such as tax capacity, budgetary resources, voter preferences, and political will. While most local governments provide support for the operations and maintenance of recreation and parks programs and services through the budget process, these funds often fall short of what is needed to support long-term investment in parks and special use recreation facilities. As elected officials go through the process of making critical budgetary decisions, funding for parks often lags behind other public purposes and well behind what voters would support. It is often difficult to raise taxes without an indisputable public mandate for the intended purpose.

In the Trust for Public Land’s experience, local governments that create funding through voter-approved ballot measures create substantially more dedicated funds for parks and recreation. Ballot measures provide a tangible, dedicated means to implement a local government’s vision. With their own funding, local governments are better positioned to leverage grants from state or federal governments or private philanthropic partners, especially those that require matching funds. Having a predictable funding source empowers a city, county, or special district to establish long-term parks and recreation priorities that meet important community goals and values.

Nationwide, a range of public financing options has been utilized by local jurisdictions to fund parks and recreation, including general obligation bonds, the local sales tax, and the property tax. Other mechanisms have included special assessment districts, real estate transfer taxes, impact fees, and income taxes. The ability of local governments to establish dedicated funding sources depends upon state enabling authority and local laws.

In order to raise revenue for parks and recreation, local governments in Minnesota have the authority to use general obligation bonds, increase property taxes, require park dedication fees by developers, and in some cases, increase the local sales tax. General obligation bonds are the most common voter-approved tool used by Minnesota counties and municipalities to fund land conservation. This funding mechanism requires approval by the electorate and has enjoyed widespread support in communities throughout the state. All funding mechanisms for Rochester explored in this report, except the levy increase via the budget process, require voter approval.

Conservation Finance Ballot Measures in Minnesota

Local governments in Minnesota enjoy a high rate of passage of measures that include funding for parks, recreation, and land conservation. Voters in Minnesota have approved 25 of 30 (83 percent) of local conservation ballot measures since 1990. Bonds are the most popular mechanism for financing conservation and land acquisition. The table below summarizes these ballot measures.

<table>
<thead>
<tr>
<th>Finance Mechanism</th>
<th>Number of Measures</th>
<th>Number Passed</th>
<th>% Passed</th>
<th>Conservation Funds Approved</th>
<th>Total Funds Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond</td>
<td>28</td>
<td>23</td>
<td>82%</td>
<td>$106,522,183</td>
<td>$173,365,000</td>
</tr>
<tr>
<td>Sales tax</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>$5,000,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>25</td>
<td>83%</td>
<td>$111,522,183</td>
<td>$183,365,000</td>
</tr>
</tbody>
</table>

GENERAL OBLIGATION BONDS

The most common type of bonds issued by cities are “general obligations,” which are defined in Minnesota Statutes Chapter 475 as “obligations which pledge the full faith and credit of the municipality to their payment.” The pledge of “full faith and credit” means that the issuing city must use any assets it owns to pay the bonds—including use of its power of ad valorem tax levy. In effect, when a city issues a general obligation bond, it is promising to levy a tax in the amount needed to pay principal and interest on the bonds for their entire term. That tax levy is not limited by a statute, and is not affected by any other tax the city may already impose. Bonds must mature no later than 30 years after the date of issue. Bond proceeds are limited to capital projects and may not be used for operations and maintenance purposes.

The general rule is that cities may not incur “net debt” in excess of 3 percent of the estimated market value of all taxable property in the city. The legal debt limit for Cities of the First Class in Minnesota is 2 percent of the market value of taxable property. The City of Rochester became a City of the First Class in 2012. This limit applies only to the city's general obligation tax levy bonds and excludes improvement, revenue, tax increment, sales and lodging tax supported bonds. However, the definition of “net debt” excludes from this limit all bonds for which some revenue is pledged, and even bonds that simply finance any “public convenience from which a revenue is or may be derived,” whether or not that revenue is technically pledged to the bonds. Therefore, the vast majority of bonds that cities issue are not subject to the debt limit. This includes improvement bonds (secured in whole or in part by special assessments), utility general obligation revenue bonds (secured by utility revenues), and revenue bonds of all types.

The result is that only bonds secured solely by an ad valorem tax levy are subject to the three percent limit. In practice, these bonds are issued mostly for these purposes: to finance public buildings (either with voter approval, or using the capital improvement bond statute for cities of 2,500 or greater); park and recreation facilities (where no revenues are generated); and street reconstruction bonds.

Chapter 475 requires that, in the case of general obligations, the issuing city must levy by resolution an irrevocable ad valorem tax for each year of the term of the bonds, in an amount that, together with any pledged revenues, will produce 105 percent of the principal and interest due in each year. The purpose of this 5 percent “over levy” is to protect bondholders against the possibility of deficiencies in collection of taxes or pledged revenues. The resolution (incorporated into the bond sale resolution) must be filed with the county auditor, and the auditor is legally required to levy that tax (whether or not the city includes this debt levy in its annual tax levies). In practice, cities always incorporate the debt levies for all outstanding bonds in their annual certification of tax levies; but the language in Chapter 475 underscores the importance of the tax levy as security for the bonds.

There are two important caveats to this rule of mandatory tax levies. First, when calculating the levy, the city first deducts the amount of any pledged revenues. So, if a city expects special assessments to cover 105 percent of the cost of improvement bonds, no tax levy at all is required. If only 50 percent of the cost of an improvement project is specially assessed, the city must levy for the difference between 105 percent of the annual debt service and the expected annual assessments.

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8 League of Minnesota Cities, Handbook for Minnesota Cities
9 Federal government rules governing the issuance of tax-exempt bonds limit the use of proceeds to capital purposes such that only a small fraction of bond funds may be used for maintenance or operations of facilities. State and local laws may impose further limits.
10 Minnesota Statutes 475.53
11 City of Rochester 2018 Comprehensive Annual Financial Report
Second, the city may cancel the levy in any year by irrevocably appropriating an amount to the debt service funds prior to the deadline for certifying tax levies each year; the county auditor is then required to reduce debt levy for that year by the specified amount. A city might do this because the 5 percent over levy from the prior year was not used, or because of increases in available revenues (such as prepayments of special assessments), or because the city decides as a matter of policy to use other legally available funds to reduce the tax levy.\(^{12}\)

The tax that pays the principal and interest on general obligation bonds for local governments in Minnesota, including Rochester, is levied against net tax capacity. Referendum market value was used for general obligation bonds if they were approved before June 30, 2008.\(^{13}\) Any debt obligations approved after that date, other than school district referendums, must be levied against net tax capacity.\(^{14}\)

The City of Rochester’s Debt Policy restricts the use of long-term borrowing to planned capital improvements approved in the five-year Capital Improvements Plan and a limited use of short term debt for capital equipment outlay. The term of any bonds issued is limited to no more than the expected useful life of the asset being financed. The city strives to maintain a “pay-as-you-go” capital funding program, supporting capital spending without the use of debt whenever feasible. The city will not exceed a debt limit of 2 percent of taxable market value and will limit its tax levy for debt service to no more than 10 percent of the total tax levy plus annual state aids.

<table>
<thead>
<tr>
<th>Legal Debt Margin for FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value</td>
</tr>
<tr>
<td>Debt limit (2% of market value)</td>
</tr>
<tr>
<td>Total net debt applicable to limit</td>
</tr>
<tr>
<td>Legal debt margin</td>
</tr>
<tr>
<td>Total net debt applicable to the limit as a percentage of debt limit</td>
</tr>
</tbody>
</table>

Source: City of Rochester 2018 Comprehensive Annual Financial Report

There was one bond issuance by the city during 2018. A General Obligation Equipment Certificate of Indebtedness Bond was issued in the amount of $2,225,000 related to the acquisition of certain items of capital equipment which is expected to include multiple fire safety vehicles for the city’s Equipment Revolving Fund.

The City of Rochester maintains a AAA bond rating on its general obligation bonds from both Moody’s Investors Service and Standard and Poors. Rochester Public Utility has Aa3 bond rating from Moody’s Investors Service and an AA- rating from Fitch.\(^{15}\)

Issuing Debt for Parks and Recreation

The state authorizes cities to issue general obligation bonds for various purposes, including parks, playgrounds, and the acquisition of development rights in the form of conservation easements.\(^{16}\) When the use of proceeds is the acquisition or betterment of any land or easements, the proceeds may be used to pay all expenses that are reasonably necessary and incidental. This includes the cost of necessary professional planning studies to determine desirable locations, architectural, engineering, legal, financial advisory, and other professional services, printing and publication, and interest to accrue on obligations prior to the

\(^{12}\) League of Minnesota Cities, Handbook for Minnesota Cities

\(^{13}\) These terms are explained in more detail in the Property Tax section below.

\(^{14}\) Minnesota Statutes 275.61

\(^{15}\) City of Rochester 2018 Comprehensive Annual Financial Report

\(^{16}\) Minnesota Statutes 475.52
anticipated date of commencement of the collection of taxes or special assessments to be levied (or other funds pledged for the payment of the obligations and interest).17 Proceeds from a general obligation bond issuance may not be used for ongoing expenses, such as maintenance.

The table below illustrates the annual debt service and tax increase required for a range of bond amounts that could be issued by Rochester. For example, a $40 million bond would add $2.4 million to the city’s annual debt service and cost the owner of a median-valued home in the city an average of $30 per year in property taxes for 30 years.

<table>
<thead>
<tr>
<th>Bond Issue</th>
<th>Interest Rate</th>
<th>Maturity (Years)</th>
<th>Annual Debt Service*</th>
<th>Total Tax Capacity**</th>
<th>Property Tax Rate Increase</th>
<th>Annual Cost for Median Home***</th>
</tr>
</thead>
<tbody>
<tr>
<td>$30,000,000</td>
<td>4%</td>
<td>30</td>
<td>$1,821,648</td>
<td>$144,532,545</td>
<td>1.260%</td>
<td>$23</td>
</tr>
<tr>
<td>$40,000,000</td>
<td>4%</td>
<td>30</td>
<td>$2,428,864</td>
<td>$144,532,545</td>
<td>1.680%</td>
<td>$30</td>
</tr>
<tr>
<td>$50,000,000</td>
<td>4%</td>
<td>30</td>
<td>$3,036,080</td>
<td>$144,532,545</td>
<td>2.101%</td>
<td>$38</td>
</tr>
<tr>
<td>$60,000,000</td>
<td>4%</td>
<td>30</td>
<td>$3,643,296</td>
<td>$144,532,545</td>
<td>2.521%</td>
<td>$45</td>
</tr>
<tr>
<td>$70,000,000</td>
<td>4%</td>
<td>30</td>
<td>$4,250,512</td>
<td>$144,532,545</td>
<td>2.941%</td>
<td>$53</td>
</tr>
<tr>
<td>$80,000,000</td>
<td>4%</td>
<td>30</td>
<td>$4,857,728</td>
<td>$144,532,545</td>
<td>3.361%</td>
<td>$60</td>
</tr>
<tr>
<td>$90,000,000</td>
<td>4%</td>
<td>30</td>
<td>$5,464,944</td>
<td>$144,532,545</td>
<td>3.781%</td>
<td>$68</td>
</tr>
<tr>
<td>$100,000,000</td>
<td>4%</td>
<td>30</td>
<td>$6,072,160</td>
<td>$144,532,545</td>
<td>4.201%</td>
<td>$75</td>
</tr>
</tbody>
</table>

*Collected at 105%  
**City of Rochester 2018 Comprehensive Annual Financial Report  
***Based on tax capacity of $1,786 for residential homestead with $198,000 estimated market value (2018 CAFR, median sale price)

The Trust for Public Land’s bond cost calculations provide a basic estimate of debt service, tax increase, and cost to the typical homeowner in the community of potential bond issuances for parks and recreation. Assumptions include the following:

1) The entire debt amount is issued in the first year and payments are equal until maturity;  
2) 30-year maturity and 4 percent interest rate; and  
3) The debt service levy is collected at 105 percent.

The property tax estimates assume that property taxes would be raised to pay the debt service on bonds. The cost per household represents the median annual impact of increased property taxes levied to pay the debt service. The estimates do not take into account growth in the tax base due to new construction, annexation over the life of the bonds, or the possibility that the city will sell bonds only as needed for specific projects, rather than all at once. The annual debt service and cost per household are the maximum tax impacts that could occur if the entire debt amount is issued at once. City officials, financial advisors, bond counsel and underwriters would establish the actual terms of any bond.

Implementation

In Minnesota, bonds must be approved by a majority of the voters of the city voting on the question at a special election called for that purpose, or at a general municipal election. The proceeds of obligations issued after approval of the electors may only be spent for the purposes stated in the ballot language.18

If the electors do not approve the issuing of obligations at an election, the question of authorizing the obligations for the same purpose and in the same amount may not be submitted to the electors within a

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17 Minnesota Statutes 475.65  
18 Minnesota Statutes 475.58
period of 180 days from the date the election was held. If the question of authorizing the obligations for the same purpose and in the same amount is not approved a second time it may not be submitted to the electors within a period of one year after the second election.\textsuperscript{19} The statute, read literally, would suggest that a change of $1 in the amount would permit an early resubmission, but common sense suggests that a more substantial change is required.

When the governing body of a municipality resolves to issue bonds for any purpose requiring the approval of the electors, it must provide for submission of the proposition of their issuance at a general or special election. Notice of such election or meeting must state the maximum amount and the purpose of the proposed issue. In any city, town, or county, the governing body may, according to its judgment and discretion, submit as a single ballot question or as two or more separate questions in the notice of election and ballots the proposition of their issuance, stated conjunctively or in the alternative, for the acquisition, construction, or improvement of any facilities at one or more locations.\textsuperscript{20} An election held by a municipality must be held on one of the following dates:

- Second Tuesday in February (February 11, 2020)
- Second Tuesday in April (April 14, 2020)
- Second Tuesday in May (May 12, 2020)
- Second Tuesday in August (August 11, 2020)
- First Tuesday after the first Monday in November (November 3, 2020)

A home rule charter city must not designate additional dates in its charter.\textsuperscript{21} Rochester is a home rule charter city.

In every municipality, the municipal clerk shall give two weeks' published notice, and may also give ten days' posted notice, of the election, stating the time of the election, the location of each polling place, the offices to be filled, and all propositions or questions to be voted upon at the election. The municipal clerk shall also post a copy of the notice in the clerk's office for public inspection.

For every municipal election, the municipal clerk shall, at least two weeks before the election, publish a sample ballot in the official newspaper of the municipality. The municipal clerk shall at least two weeks before the election prepare a sample ballot for the municipality, make them available for public inspection in the clerk's office, and post a sample ballot in each polling place on election day.

At least 74 days before every municipal election, (1) the municipal clerk shall provide a written notice to the county auditor, including the date of the election, the offices to be voted on at the election, and the title and language for each ballot question to be voted on at the election; and (2) the county auditor shall provide a notice of the election to the secretary of state, in a manner and including information prescribed by the secretary of state.\textsuperscript{22} Prior to the 74 day deadline, the city would need to refer a question on the ballot and call a special election, if necessary.

For the November 3, 2020 election, the 74 day deadline would be August 21, 2020.

Any question submitted to the voters by any local governmental subdivision at a general or special election after June 8, 1995, authorizing a property tax levy or tax rate increase, including the issuance of

\textsuperscript{19} Minnesota Statutes 475.58
\textsuperscript{20} Minnesota Statutes 475.59
\textsuperscript{21} Minnesota Statutes 205.10
\textsuperscript{22} Minnesota Statutes 205.16
debt obligations payable in whole or in part from property taxes, must include on the ballot the following notice in boldface type:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE."

This statement is in addition to any general or special laws or any charter provisions (Rochester’s charter does not appear to have any special provisions) that govern the contents of a ballot question and, in the case of a question on the issuance of debt obligations, may be supplemented by a description of revenues pledged to payment of the obligations that are intended as the primary source of payment. See Appendix B for examples of ballot language from other bond issue questions in Minnesota.

Ballots shall be prepared in a manner that enables the voters to understand which questions are to be voted upon and the identity and number of candidates to be voted for in each office and to designate their choices easily and accurately. When a question is to be submitted to a vote, a concise statement of the nature of the question shall be printed on the ballot.

If the city proposes improvement of multiple facilities at one or more location, the ballot may be stated as a single question, or as two or more separate questions stated conjunctively or in the alternative.

If the voters approve a bond issue, the city is not required to issue the bonds. But if it does issue the bonds, the issue may not exceed the amount authorized in the ballot question, and proceeds must be used for the purpose described in the ballot. There is no clear rule (in Chapter 475 or in court decisions) as to how long voter approval remains effective.

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23 Minnesota Statutes 275.60
24 Minnesota Statutes 204B.35
25 Minnesota Statutes 204B.36
26 League of Minnesota Cities, Handbook for Minnesota Cities, Chapter 23: Debt and Borrowing
The primary source of tax revenue for cities in Minnesota is the property tax. In order to determine the property tax rate, each local jurisdiction determines the revenue needed from property taxes. This amount – the levy – is calculated by subtracting all non-property tax revenue from the total proposed budget. The levy is then spread among all taxable properties according to their net tax capacity, which is the taxable market value of a property multiplied by its class rate.

Taxable property includes both real and personal property. A taxable property’s value is defined as the estimated total market value, which is determined by the local county assessor. Properties with the same market value are taxed differently depending on how they are classified. The state Legislature gives more weight to the value of commercial property than residential property.

Eligible homesteads pay property taxes on only a portion of the value of their homes under the Homestead Market Value Exclusion. The maximum exclusion, 40 percent of value, occurs at home value of $76,000 and phases out as home value grows. See the table below for an example of calculating tax capacity for residential homesteads with estimated market values of $100,000 and $198,000 (the median sale price during the first quarter in 2019 in Rochester).

<table>
<thead>
<tr>
<th>Calculating Tax Capacity for a Residential Homestead</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Determine the Estimated Market Value that the Assessors assign to the property.</strong></td>
</tr>
<tr>
<td><strong>2. Calculate the Market Value Homestead Exclusion</strong></td>
</tr>
<tr>
<td>A. Initial/Maximum Exclusion: Multiply the first $76,000 of Taxable Market Value by 40%</td>
</tr>
<tr>
<td>B. Value over $76,000: Taxable Market Value minus $76,000</td>
</tr>
<tr>
<td>C. Benefit Reduction Amount: B multiplied by 9%</td>
</tr>
<tr>
<td>D. Homestead Exclusion Amount: A minus C</td>
</tr>
<tr>
<td><strong>3. Calculate the Taxable Market Value</strong></td>
</tr>
<tr>
<td><strong>4. Calculate the Tax Capacity</strong></td>
</tr>
<tr>
<td>A. Multiply the first $500,000 of Taxable Market Value by 1.00%</td>
</tr>
<tr>
<td>B. Multiply the remainder of the Taxable Market Value by 1.25%</td>
</tr>
<tr>
<td>C. A plus B = Total Tax Capacity</td>
</tr>
</tbody>
</table>

*The 2011 legislature repealed the Homestead Market Value Credit, (the homestead credit), and replaced it with a new Homestead Market Value Exclusion. The last year of the credit is for property taxes paid in 2011 and the exclusion began for property taxes payable in 2012. Calculation of the homestead market value exclusion closely follows the calculation steps previously used to calculate the homestead market value credit.

For a homestead valued at $76,000 or less, the exclusion is 40% of market value, yielding a maximum exclusion of $30,400 at $76,000 of market value.

For a homestead valued between $76,000 and $413,800, the exclusion is $30,400 minus 9% of the valuation over $76,000.

For a homestead valued at $413,800 or more, there is no valuation exclusion.

Adapted from Washington County, MN Department of Property Records and Taxpayer Services (https://www.co.washington.mn.us/DocumentCenter/View/14538)

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28 Minnesota Revenue, Net Tax Capacities (http://www.revenue.state.mn.us/local_gov/prop_tax_admin/at_manual/04_12.pdf)
The final step is to calculate the local property tax rate by dividing the jurisdiction’s levy by the jurisdiction’s taxable net tax capacity. The total local tax rate for an individual property is the sum of the local tax rates of all taxing jurisdictions in which the property is located. The county auditor will also calculate and apply any credits, referendum levies, and the state general tax (for certain types of property). For taxes payable in 2018, residential homesteads accounted for 48 percent of the total market value in Minnesota and 42 percent of the property taxes collected.

### Statewide Shares of Market Value and Property Tax by Property Type (Taxes Payable 2018)

<table>
<thead>
<tr>
<th>Market Value</th>
<th>Property Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential homestead</td>
<td>48%</td>
</tr>
<tr>
<td>Agricultural</td>
<td>20%</td>
</tr>
<tr>
<td>Commercial-industrial</td>
<td>12%</td>
</tr>
<tr>
<td>Residential non-homestead</td>
<td>7%</td>
</tr>
<tr>
<td>Apartment</td>
<td>5%</td>
</tr>
<tr>
<td>Seasonal recreational</td>
<td>4%</td>
</tr>
<tr>
<td>Public utility</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$691,222,000,000</strong></td>
</tr>
</tbody>
</table>

Source: Minnesota House Research Department, Overview of Property Taxes, January 2019

Levy limits apply to cities with populations over 2,500, but only if the state Legislature imposes them. If limits are in place, the commissioner of revenue calculates the levy limit for each city and notifies cities of their levy limits by August 1. Each session, the Legislature may modify the calculation of levy limits and may determine what, if any, “special” levies are exempt from levy limits.

In Rochester, the primary means of funding general services (Police, Fire, Parks, Streets, Library, etc.) is through the city’s property tax levy, totaling nearly $79 million in the 2020 recommended budget, or 20 percent of total revenues. The city is forecasting levies will increase to $84.6 million in 2021 and $90.7 million in 2022. The tax rate for 2019 is 52.723 percent, an increase from 52.147 percent in 2018. The property tax paid by a median valued home in Rochester ($198,000) is approximately $942 for 2019.

### Using the Property Tax for Parks and Recreation

There are two methods by which the City of Rochester could increase its levy and corresponding property tax rate to dedicate additional funding to parks and recreation: a levy increase through the budget process and a voter-approved levy increase. Each is described in more detail below.

### Levy Increase through Budget Process

The City of Rochester could increase its levy through the budget process to increase funding for parks and recreation, both for future investment and for on-going operations. The increase would be levied against net tax capacity. The table on the following page demonstrates the estimated revenues and costs of various levels of levy increases. The property tax rate increase is calculated by dividing the levy amount by the total tax capacity. Then this tax rate is applied to the assessed value of a $198,000 home, the median value in Rochester. This gives the estimated tax impact of the levy amount for the median household. For example, a levy increase of $2 million would cost the median household an additional $25 per year in property taxes. The tax increase would need to be approved every year when setting the property tax levy for the next year. This process could continue in perpetuity or end when the city decides to stop including the increase in its budget.

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30 Minnesota House Research Department, Overview of Property Taxes, January 2019  
31 Minnesota Revenue, Understanding Property Taxes (http://www.revenue.state.mn.us/propertytax/factsheets/factsheet_12a.pdf)  
33 City of Rochester 2020 Recommended Budget  
34 City of Rochester 2018 Comprehensive Annual Financial Report
### Estimated Revenues & Costs of Property Tax Increase

<table>
<thead>
<tr>
<th>Levy Amount / Annual Revenue</th>
<th>Total Tax Capacity*</th>
<th>Property Tax Rate Increase</th>
<th>Annual Cost for Median Home**</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000,000</td>
<td>$144,532,545</td>
<td>0.69%</td>
<td>$12</td>
</tr>
<tr>
<td>$2,000,000</td>
<td>$144,532,545</td>
<td>1.38%</td>
<td>$25</td>
</tr>
<tr>
<td>$3,000,000</td>
<td>$144,532,545</td>
<td>2.08%</td>
<td>$37</td>
</tr>
<tr>
<td>$4,000,000</td>
<td>$144,532,545</td>
<td>2.77%</td>
<td>$49</td>
</tr>
<tr>
<td>$5,000,000</td>
<td>$144,532,545</td>
<td>3.46%</td>
<td>$62</td>
</tr>
</tbody>
</table>

*City of Rochester 2018 Comprehensive Annual Financial Report

**Based on tax capacity of $1,786 for residential homestead with $198,000 estimated market value (2018 CAFR, median sale price)

Such an increase would be subject to the local political climate. Historically, the budget process is not an avenue for large-scale infusions to parks and recreation programs across the country. However, it has been successful on a few occasions. For example, in 2016, the Minneapolis City Council approved an $800 million agreement to improve city streets and neighborhood parks. Each year beginning in 2017 the city will dedicate an additional $11 million to the repair of neighborhood parks owned and managed by the Minneapolis Park and Recreation Board and will dedicate an additional $22 million annually to street repairs. This historic agreement between the city and Park Board averted the possibility of a November 2016 referendum to generate dedicated funding for neighborhood park repair.

### Implementation

Such an increase would need to be approved every year when setting the property tax levy for the next year.

### Truth in Taxation

If the City of Rochester planned to raise property taxes for recreation and parks through the budget process, the issues raised by Truth in Taxation would apply - a process enacted by the state Legislature in 1988 to enhance public participation in Minnesota’s property tax system. Under Truth in Taxation, citizens would have an opportunity to voice their opinions on the proposed increase before a final budget is adopted. The Truth in Taxation process consists of these three components:

- Each local government is required to formally adopt a “proposed levy” in September for the upcoming year; the final levy, when ultimately adopted, may not exceed the proposed levy, except in the case of levies approved by voters in referendum elections.
- County auditors generate parcel-specific notices of proposed taxes for all parcels of property based on the proposed levies. The notice contains: valuation and classification information on the property owner’s property for the current and previous assessment years; the property owner’s current-year property tax amounts; and an estimate of how the property owner’s taxes may change based on the taxing district and local budget decisions for the following year.
- Each local government is required to hold a public meeting after the notices come out where budget and tax issues are discussed, and where public testimony must be allowed, prior to adopting its final levy.35,36

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35 Minnesota House Research Department (http://www.house.leg.state.mn.us/hrd/issinfo/TnT.aspx?src=21)

36 Minnesota Revenue, Understanding Property Taxes (http://www.revenue.state.mn.us/propertytax/factsheets/factsheet_12a.pdf)
Voter-Approved Levy Increase

Rochester could seek voter approval for an additional levy amount at a general or special election. The increase would be levied against referendum market value. Because a levy is a fixed amount of revenue, rather than a millage rate or percentage of assessed value, its relative value could decrease in future years due to increases in costs or budgets and inflation. Future growth in the tax base could reduce the tax burden per homeowner, but would not generate additional funding.

A property tax increase could be used for operations and maintenance, as well as capital improvements, and be levied either for a limited number of years or in perpetuity. Approval of the majority of voters voting on the question is required for passage. An additional levy approved at a general or special election held on or before the first Tuesday after the first Monday in November in any levy year may be levied in that same levy year and subsequent levy years. An additional levy approved at a general or special election held after the first Tuesday after the first Monday in November in any levy year shall not be levied in that same year but may be levied in subsequent levy years.

Such a voter-approved levy may have a larger impact on residential properties, due to the fact that it is levied against referendum market value. The homestead exemption does not apply when calculating a property’s referendum market value and thus the levy is assessed on the estimated market value. For example, the referendum market value for the medium valued home in Rochester would be $198,000, the same as the estimated market value.

The table below demonstrates the estimated revenues and costs of various levels of voter-approved levy increases. The property tax rate increase is calculated by dividing the levy amount by the referendum market value. Then this tax rate is applied to the value of a $198,000 home, the median value in Rochester. This gives the estimated tax impact of the levy amount for the median household. For example, a voter-approved levy increase of $2 million would cost the median homeowner an additional $33 per year in property taxes.

<table>
<thead>
<tr>
<th>Levy Amount / Annual Revenue</th>
<th>Referendum Market Value*</th>
<th>Property Tax Rate Increase</th>
<th>Annual Cost for Median Home**</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000,000</td>
<td>$11,916,889,221</td>
<td>0.0084%</td>
<td>$17</td>
</tr>
<tr>
<td>$2,000,000</td>
<td>$11,916,889,221</td>
<td>0.0168%</td>
<td>$33</td>
</tr>
<tr>
<td>$3,000,000</td>
<td>$11,916,889,221</td>
<td>0.0252%</td>
<td>$50</td>
</tr>
<tr>
<td>$4,000,000</td>
<td>$11,916,889,221</td>
<td>0.0336%</td>
<td>$66</td>
</tr>
<tr>
<td>$5,000,000</td>
<td>$11,916,889,221</td>
<td>0.0420%</td>
<td>$83</td>
</tr>
</tbody>
</table>

*Minnesota Department of Revenue, “Adjusted Net Tax Capacity by City/Township” Report
**Based on tax capacity of $1,786 for residential homestead with $198,000 estimated market value (2018 CAFR, median sale price)

Implementation

An election held by a municipality must be held on one of the following dates:

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37 Minnesota Statutes 275.73
38 Minnesota Statutes 275.61
39 Minnesota Statutes 275.73
• Second Tuesday in February (February 11, 2020)
• Second Tuesday in April (April 14, 2020)
• Second Tuesday in May (May 12, 2020)
• Second Tuesday in August (August 11, 2020)
• First Tuesday after the first Monday in November (November 3, 2020)

A home rule charter city must not designate additional dates in its charter.40 (Rochester is a home rule charter city.)

In every municipality, the municipal clerk shall give two weeks' published notice, and may also give ten days' posted notice, of the election, stating the time of the election, the location of each polling place, the offices to be filled, and all propositions or questions to be voted upon at the election. The municipal clerk shall also post a copy of the notice in the clerk's office for public inspection.

For every municipal election, the municipal clerk shall, at least two weeks before the election, publish a sample ballot in the official newspaper of the municipality. The municipal clerk shall at least two weeks before the election prepare a sample ballot for the municipality, make them available for public inspection in the clerk's office, and post a sample ballot in each polling place on election day.

At least 74 days before every municipal election, (1) the municipal clerk shall provide a written notice to the county auditor, including the date of the election, the offices to be voted on at the election, and the title and language for each ballot question to be voted on at the election; and (2) the county auditor shall provide a notice of the election to the secretary of state, in a manner and including information prescribed by the secretary of state.41 Prior to the 74 day deadline, the city would need to refer a question on the ballot and call a special election, if necessary.

For the November 3, 2020 election, the 74 day deadline would be August 21, 2020.

Ballots shall be prepared in a manner that enables the voters to understand which questions are to be voted upon and the identity and number of candidates to be voted for in each office and to designate their choices easily and accurately.42

When a question is to be submitted to a vote, a concise statement of the nature of the question shall be printed on the ballot. The words, "Yes" and "No" shall be printed to the left of this statement, with an oval or similar target shape to the left of each word so that the voter may indicate by a mark either a negative or affirmative vote.43

Notwithstanding any general or special law or any charter provisions, any question submitted to the voters by any local governmental subdivision at a general or special election after June 8, 1995, authorizing a property tax levy or tax rate increase must include on the ballot the following notice in boldface type:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE."

40 Minnesota Statutes 205.10
41 Minnesota Statutes 205.16
42 Minnesota Statutes 204B.35
43 Minnesota Statutes 204B.36
This statement is in addition to any general or special laws or any charter provisions (Rochester’s charter does not appear to have any special provisions) that govern the contents of a ballot question.\textsuperscript{44} The ballot shall state the maximum amount of the increased levy as a percentage of market value and the amount that will be raised by the new referendum tax rate in the first year it is to be levied.\textsuperscript{45} The notice must state the purpose and the maximum yearly amount of the additional levy.\textsuperscript{46} Ballot language for previous levy increases is included in Appendix C.

\textsuperscript{44} Minnesota Statutes 275.60
\textsuperscript{45} Minnesota Statutes 275.61
\textsuperscript{46} Minnesota Statutes 275.73
SALES TAX

The state sales tax is 6.875 percent. In 2008, Minnesota voters approved a 25-year constitutional amendment for a sales tax increase of three-eighths of one percent (0.375%) dedicated to protecting water and natural resources, creating parks and trails, and preserving arts and cultural heritage. In addition to the 6.875 percent state tax, Olmsted County imposes a 0.5 percent transportation sales tax and 0.25 percent to fund the county’s match required to fund public transit for the Destination Medical Center project. Furthermore, the City of Rochester imposes a 0.75 percent sales tax, bringing the total sales tax in Rochester to 8.375 percent.

The city’s tax has been renewed or extended six times, in 1989, 1992, 1998, 2005, 2011, and 2013. Initially enacted at 1 percent to raise $16 million for a civic center and $16 million for flood control; the rate was lowered to 0.5 percent in 1992. The 1998 extension allowed the city to raise another $76 million for various higher education, transportation, and sewer capital projects. The tax extension in the 2005 special legislative session allowed another $40 million to be raised for a joint road project with Olmsted County. In 2011, the tax was extended again to fund an additional $139.5 million in projects if approved by the voters at the 2012 general election. However, $5 million of the new $139.5 million must be shared with small cities surrounding Rochester for economic development purposes in those communities. In 2013, the city was granted authority to extend the tax to 2049 and/or increase the existing rate by 0.25 percent without a referendum to generate additional revenue to pay the city’s required match to get state aid to fund the Destination Medical Center project. The city chose to increase the rate beginning January 1, 2016.47

The State Legislature has authorized Minnesota cities to levy and collect taxes on lodging. A city may impose a local lodging tax of up to three percent on the gross receipts of lodging in the city; 95 percent of the revenue raised must be used for tourism promotion.48 As such, the lodging tax is not included in this report.

In 1971, the legislature enacted a law that stated that no local government “…shall increase a present tax or impose a new tax on sales or income” as a tradeoff to the state providing significant general purpose aid to local governments. Despite this prohibition, the legislature has allowed a number of local sales taxes to be imposed via special legislation. Currently, 43 cities, one sanitary district, and four counties impose taxes under special law. Also beginning in 2008, counties were granted general authority to impose local sales taxes for transportation purposes. Currently 53 counties use this statutory authority.

In 1997 the legislature codified provisions to be followed in administering current or new local sales taxes imposed under special or general law. The statute also outlined the steps a local government should take before seeking local sales tax authority under a special law. Over the years these provisions have been recodified and amended, most recently in the 2019 legislative session. The steps a local government must take when seeking special legislation to impose a local sales tax are included in the Implementation section below.

47 Minnesota House Research Department, Local Sales Taxes in Minnesota, October 2019 (https://www.house.leg.state.mn.us/hrd/pubs/localsal.pdf)
48 Minnesota House Research Department, Local Lodging Taxes in Minnesota, August 2019 (https://www.house.leg.state.mn.us/hrd/pubs/lodgetax.pdf)
Using the Local Sales Tax for Parks and Recreation

New legislation passed in 2019 requires a local government to pass a more detailed resolution outlining and limiting the specific projects to be funded to no more than five and providing more project specific costs, and documentation of a project’s regional significance by the end of January in the year in which a local sales tax authority is sought. If Rochester can demonstrate that a park project is regionally significant, the city could seek authority for an additional local sales tax for parks and recreation. A complementary use tax is required in all jurisdictions with a local sales tax.

The table below demonstrates what various levels of sales tax would generate, as well as the cost to the median household in the city. For example, an additional local sales tax of 0.15 percent would generate more than $3.7 million annually and cost the typical household $26 per year. While nearly 31 percent of the revenue would be expected to come from resident spending, the remaining revenue would be generated by visitors and businesses.

While there is no limit on the number of years the tax can be in effect, in most cases, the duration of the sales tax is determined by the time necessary to generate enough revenue to finance general obligation bonds for a project, and will terminate upon raising that amount.

<table>
<thead>
<tr>
<th>Sales Tax Rate Increase</th>
<th>Annual Revenue*</th>
<th>Annual Cost for Median Household</th>
<th>Total Revenue Attributed to Resident Spending</th>
<th>% Revenue Attributed to Resident Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.05%</td>
<td>$1,248,150</td>
<td>$9</td>
<td>$386,209</td>
<td>30.9%</td>
</tr>
<tr>
<td>0.10%</td>
<td>$2,496,301</td>
<td>$17</td>
<td>$772,418</td>
<td>30.9%</td>
</tr>
<tr>
<td>0.15%</td>
<td>$3,744,451</td>
<td>$26</td>
<td>$1,158,626</td>
<td>30.9%</td>
</tr>
<tr>
<td>0.20%</td>
<td>$4,992,602</td>
<td>$34</td>
<td>$1,544,835</td>
<td>30.9%</td>
</tr>
<tr>
<td>0.25%</td>
<td>$6,240,752</td>
<td>$43</td>
<td>$1,931,044</td>
<td>30.9%</td>
</tr>
</tbody>
</table>

*Based on 2018 collections from 0.75% local sales and use tax (Minnesota Department of Revenue, Annual Statistics).

Implementation

Before a political subdivision seeks special legislation authorizing the imposition of the sales tax, its governing body must pass a resolution indicating its desire to impose the tax. The resolution must include information on the proposed tax rate, the amount of revenue to be raised and its intended use, and the anticipated date when the tax will expire. Information from the resolution is used in preparing the necessary special legislation.

For a November 2022 sales tax referendum, the city would need to provide the resolution and documentation on regional significance of the projects to the state by January 31, 2022. November 2021 is not an option because Rochester does not have a regularly scheduled election for local public officials in odd-numbered years.

Political subdivisions must hold a local referendum at a general election before imposing a local sales tax authorized by special law. Over the years, the timing of the referendum, whether it should be held before or after the enabling legislation had passed, has changed. Currently the sales tax must be authorized by the legislature before the voters can approve its imposition. If the enabling legislation

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50 A general election means either the state general election held on the first Tuesday after the first Monday in November of an even-numbered year, or a regularly scheduled election for local public officials for that political subdivision.
allows the tax to fund more than one project, a separate vote must be held for each project. Only the projects approved by voters may be funded by the sales tax and the authorized revenue to be raised and length the tax is imposed is reduced for any project that is not approved by the voters.

<table>
<thead>
<tr>
<th>General Steps for Seeking Local Sales Tax Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>In order to impose a local sales tax, a political subdivision must obtain enactment of a special law authorizing it to do so by taking the following steps (in the order listed):</td>
</tr>
<tr>
<td>1) The governing body of a local government must pass a resolution proposing the tax and including the following:</td>
</tr>
<tr>
<td>a. the proposed tax rate;</td>
</tr>
<tr>
<td>b. a detailed description of no more than five capital projects to be funded by the tax;</td>
</tr>
<tr>
<td>c. documentation of the regional significance of each project including the benefits to nonlocal persons and businesses;</td>
</tr>
<tr>
<td>d. the amount of revenue to be raised for each project and the estimated time to raise that amount; and</td>
</tr>
<tr>
<td>e. the total revenue to be raised and anticipated expiration date for the tax.</td>
</tr>
<tr>
<td>2) The local government must submit the resolution and documentation on regional significance of the project(s) to the chair and ranking minority member of the House and Senate tax committees by January 31 of the year that it is seeking the special law.</td>
</tr>
<tr>
<td>3) Working with a legislator, the local government must request and get enacted a special law authorizing imposition of the tax.</td>
</tr>
<tr>
<td>4) The local government must file local approval with the secretary of state before the start of the next regular legislative session after the session in which the enabling law is enacted.</td>
</tr>
<tr>
<td>5) The local government must receive voter approval at a general election within two years of receiving the local sales tax authority before it can impose the tax. A separate question must be held for each project and only the ones approved by voters may be funded by the sales tax. The authorized revenue to be raised and length of time that the tax is imposed is reduced for any project that is not approved by the voters.</td>
</tr>
<tr>
<td>6) The local government must pass an ordinance imposing the tax and notify the Commissioner of Revenue at least 90 days before the first day of the calendar quarter on which the tax is to be imposed.</td>
</tr>
</tbody>
</table>

The local tax rate is set in the legislation authorizing the tax. The local sales tax applies to the same tax base, with the same exemptions, as the state sales tax. To facilitate state administration of local taxes, the imposition of a tax may only begin on the first day of a calendar quarter. A local taxing jurisdiction must give the Department of Revenue at least 90 days’ notice before a tax is imposed.

Because of the notification and timing requirements, local taxes will usually terminate after the authorized amount is raised. The local government may keep any revenue in excess of the average quarterly revenue raised from the tax in the previous 12-month period and deposit it into the state general fund. The law also requires a political subdivision to wait one year after the expiration of a tax before imposing a new tax. Despite this requirement, the legislature has granted extensions of existing sales taxes without the required break (including Rochester).

Notwithstanding the requirement that sales tax revenues only fund the projects explicitly specified in the enabling legislation, cities of the first class (Minneapolis, St. Paul, Duluth, and Rochester) may also use the revenues to fund certain large capital projects of regional significance without additional voter approval. These cities may use revenues that exceed the amount needed to pay for the financing of the specified capital projects to help fund a sports facility, convention center, or civic center that has a construction cost of at least $40 million.

An election held by a municipality must be held on one of the following dates:

- Second Tuesday in February (February 11, 2020)
- Second Tuesday in April (April 14, 2020)
- Second Tuesday in May (May 12, 2020)
- Second Tuesday in August (August 11, 2020)
- First Tuesday after the first Monday in November (November 3, 2020)

A home rule charter city must not designate additional dates in its charter.\(^{51}\) (Rochester is a home rule charter city.)

In every municipality, the municipal clerk shall give two weeks' published notice, and may also give ten days' posted notice, of the election, stating the time of the election, the location of each polling place, the offices to be filled, and all propositions or questions to be voted upon at the election. The municipal clerk shall also post a copy of the notice in the clerk's office for public inspection.

For every municipal election, the municipal clerk shall, at least two weeks before the election, publish a sample ballot in the official newspaper of the municipality. The municipal clerk shall at least two weeks before the election prepare a sample ballot for the municipality, make them available for public inspection in the clerk's office, and post a sample ballot in each polling place on election day.

At least 74 days before every municipal election, (1) the municipal clerk shall provide a written notice to the county auditor, including the date of the election, the offices to be voted on at the election, and the title and language for each ballot question to be voted on at the election; and (2) the county auditor shall provide a notice of the election to the secretary of state, in a manner and including information prescribed by the secretary of state.\(^{52}\) Prior to the 74 day deadline, the city would need to refer a question on the ballot and call a special election, if necessary.

Ballots shall be prepared in a manner that enables the voters to understand which questions are to be voted upon and the identity and number of candidates to be voted for in each office and to designate their choices easily and accurately.\(^{53}\) When a question is to be submitted to a vote, a concise statement of the nature of the question shall be printed on the ballot. The words, "Yes" and "No" shall be printed to the left of this statement, with an oval or similar target shape to the left of each word so that the voter may indicate by a mark either a negative or affirmative vote. The ballot shall include instructions directing the voter to fill in the oval or similar mark if a different target shape is used, before the word "Yes" if the voter desires to vote for the question, or to fill in the oval or similar mark if a different target shape is used, before the word "No" if the voter desires to vote against the question.\(^{54}\)

Ballot language for previous local sales tax measures for parks or conservation purposes is included in Appendix D.

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\(^{51}\) Minnesota Statutes 205.10

\(^{52}\) Minnesota Statutes 205.16

\(^{53}\) Minnesota Statutes 204B.35

\(^{54}\) Minnesota Statutes 204B.36
**Election Analysis**

**Election History**

Election results can often be helpful in gauging voter support for capital projects and tolerance for public spending. With the exception of the property tax increase via the budget process, the financing options covered in this report require voter approval. As such, an examination of election history on similar fiscal questions can be instructive. Still, past election results are not necessarily indicative of current voter sentiment on public financing, nor on a particular proposal. The Trust for Public Land recommends engaging a professional pollster to conduct a public opinion survey that tests ballot language, tax tolerance, and program priorities of Rochester voters. The table below summarizes election results of various fiscal ballot questions placed before Rochester voters in the recent past. In 2008, Rochester voters approved the statewide Clean Water, Land and Heritage Amendment with 63 percent support.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Election</th>
<th>Ballot Language</th>
<th>Status</th>
<th>% Yes Rochester</th>
</tr>
</thead>
</table>
| School District 535 | 11/5/2019    | SCHOOL DISTRICT QUESTION 1 (ISD #535)
School District Question 1 Approval of School Building Bonds
Elementary/Middle Schools; Auditoriums; Security Shall the board of Independent School District No. 535 (Rochester), Minnesota be authorized to issue general obligation school building bonds in an amount not to exceed $171,400,000 for acquisition and betterment of school sites and facilities, including reconstruction of Bishop and Longfellow elementary schools, construction of a new elementary school and a new middle school, security upgrades at all school buildings, auditorium upgrades at all three high schools, and land acquisition? BY VOTING “YES” ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE | Pass   | 69.3%           |
| School District 535 | 11/5/2019    | SCHOOL DISTRICT QUESTION 2 (ISD #535)
Approval of School Building Bonds- Swimming Pool Construction and Upgrades If School District Question 1 is approved, shall the board of Independent School District No. 535 (Rochester), Minnesota be authorized to issue general obligation school building bonds in an amount not to exceed $9,500,000 for acquisition and betterment of school sites and facilities, including the construction of a swimming pool at Century High School and upgrades to the existing swimming pool at Mayo High School? BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE | Pass   | 59.7%           |
| School District 535 | 11/3/2015    | SCHOOL DISTRICT QUESTION 1 (ISD #535)
REVOKING EXISTING REFERENDUM REVENUE AUTHORIZATION;
APPROVING NEW AUTHORIZATION
The board of Independent School District No. 535 (Rochester), Minnesota has proposed to revoke the School District’s existing referendum revenue authorization of $578.38 per pupil that is scheduled to expire after taxes payable in 2016 and to replace that authorization with a new authorization of $836.82 per pupil, subject to an annual increase at the rate of inflation. The proposed referendum revenue authorization would be applicable for ten (10) years unless otherwise revoked or reduced as provided by law. Shall the existing referendum revenue authorization be revoked and the increase in the revenue proposed by the board of Independent School District No. 535 (Rochester), Minnesota be approved? BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE | Pass   | 50.6%           |
### Rochester, 11/6/2012

**CITY QUESTION 1 (Rochester)**

**CITY OF ROCHESTER SALES TAX AND BOND REFERENDUM QUESTION**

Shall the City of Rochester be authorized (a) to extend beyond December 31, 2012, the current City sales and use tax of one-half of one percent and an excise tax of $20 per retail sale of a motor vehicle and (b) to issue general obligation bonds in an aggregate amount not exceeding $139,500,000, plus the cost of issuing the bonds, to finance the cost of acquisition and betterment of the following projects: * $8,000,000 for the regional public safety and 911 dispatch center facilities. * $20,000,000 for a regional recreation/senior center. * $30,000,000 for City of Rochester transportation projects. * $17,000,000 for Olmsted County transportation infrastructure improvements. * $8,000,000 for downtown infrastructure improvements. * $14,000,000 for the University of Minnesota Rochester academic and complementary facilities. * $6,500,000 for the Rochester Community and Technical College/Winona State University career technical education and science and math facilities. * $6,000,000 for the Rochester Community and Technical College regional recreation facilities at University Center Rochester. * $20,000,000 for the Destination Medical Community Initiative. * $10,000,000 for an economic development fund.

**Pass** 65.0%

### School District 535, 11/2/2010

**SCHOOL DISTRICT QUESTION 1 (ISD #535)**

**REVOKING EXISTING REFERENDUM AUTHORIZATION; APPROVING NEW AUTHORIZATION**

The board of Independent School District No. 535 (Rochester), Minnesota has proposed to revoke the School District's existing referendum revenue authorization of $462.98 per pupil and to approve a new authorization of $805.98 per pupil, subject to an annual increase at the rate of inflation. The proposed referendum revenue authorization would be applicable for ten (10) years unless otherwise revoked or reduced as provided by law. Shall the existing referendum revenue authorization be revoked and the increase in the revenue proposed by the Board of Independent School District No. 535 (Rochester) be approved?

**Fail** 38.7%

### School District 535, 11/2/2010

**SCHOOL DISTRICT QUESTION 2 (ISD #535)**

**APPROVAL OF SCHOOL DISTRICT REFERENDUM REVENUE LEVY**

If Question 1 above is approved, the board of Independent School District No. 535 (Rochester), Minnesota has proposed to increase its general education revenue by $343.00 per pupil, subject to an annual increase at the rate of inflation. The proposed referendum revenue authorization would be applicable for nine (9) years beginning with taxes payable in 2012 unless otherwise revoked or reduced as provided by law. Shall the additional increase in the revenue proposed by the Board of Independent School District No. 535 (Rochester) be approved?

**Fail** 33.7%

### Minnesota, 11/4/2008

**Clean Water, Land and Heritage Amendment**

Shall the Minnesota Constitution be amended to dedicate funding to protect our drinking water sources; to protect, enhance, and restore our wetlands, prairies, forests, and fish, game, and wildlife habitat; to preserve our arts and cultural heritage; to support our parks and trails; and to protect, enhance, and restore our lakes, rivers, streams, and groundwater by increasing the sales and use tax rate beginning July 1, 2009, by three-eighths of one percent on taxable sales until the year 2034?

**Pass** 63.0%

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**Voter Registration and Turnout**

As of June 1, 2019, Rochester had 66,592 registered voters. Approximately 33 percent are registered Republicans and 30 percent are registered Democrats. The chart and table on the following page show voter turnout for every election in Rochester since November 2010. Voter turnout is highest for presidential elections and lowest for special and primary elections.

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Upcoming Elections

Special elections are used to fill vacant offices or decide ballot questions; they can be scheduled at various times during the year, and may be held in conjunction with a regularly scheduled election.\(^\text{57}\) An election held by a municipality must be held on one of the following dates:

- Second Tuesday in February (February 11, 2020)
- Second Tuesday in April (April 14, 2020)
- Second Tuesday in May (May 12, 2020)
- Second Tuesday in August (August 11, 2020)
- First Tuesday after the first Monday in November (November 3, 2020)\(^\text{58}\)

The next statewide general election will occur on November 3, 2020. The primary for this election will be on August 11, 2020. As of December 20, 2019, no statewide measures have been certified for the ballot. There will be four city council positions on the ballot in the November 2020 election.

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\(^{57}\) Minnesota Secretary of State (https://www.sos.state.mn.us/election-administration-campaigns/elections-calendar/special-elections/)

\(^{58}\) Minnesota Statutes 205.10
APPENDICES
## Appendix A: Revenue Options Summary

<table>
<thead>
<tr>
<th>Option</th>
<th>Description &amp; Revenue Generating Potential</th>
<th>Process</th>
<th>Comments &amp; Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Obligation Bond</strong></td>
<td>The City of Rochester could issue general obligation bonds to support capital projects. For example, a $40 million bond would add $2.4 million to the city’s annual debt service and cost the owner of a median-valued home in the city an average of $30 per year in property taxes for 30 years.</td>
<td>Voter approval required.</td>
<td>Bonds raise substantial amounts of money, enabling the city to make important acquisitions now while land is available. Costs would be spread out over a long time horizon, and therefore are borne by both current and future residents. Bond funds may not be used for operations and maintenance.</td>
</tr>
<tr>
<td><strong>Property Tax (Budget)</strong></td>
<td>The city council could levy a local property tax for parks and/or recreation purposes. For example, a levy increase of $2 million would cost the median household $25 per year.</td>
<td>Annual process of setting property tax levy.</td>
<td>A property tax levy would create funding for parks and conservation that could be used for operations and maintenance purposes. The levy would have to be approved every year when setting the city’s property tax levy for the following year.</td>
</tr>
<tr>
<td><strong>Property Tax (Voter-Approved)</strong></td>
<td>The City of Rochester could raise property taxes through a voter-approved levy. For example, a levy of $2 million would cost the median household $33 per year.</td>
<td>Voter approval required.</td>
<td>A property tax levy would create funding for parks and conservation that could be used for operations and maintenance purposes. Voter-approved levy increases are levied against referendum market value, resulting in a larger impact on residential property (the homestead exemption does not apply). Voter-approved levies are not common (six measures since 2000).</td>
</tr>
<tr>
<td><strong>Sales Tax</strong></td>
<td>The City of Rochester could seek authority from the state legislature to impose a local sales tax. For example, a sales tax of 0.15 percent would generate more than $3.7 million annually and cost the typical household $26 per year.</td>
<td>Voter approval required.</td>
<td>A sales tax would allow the city to collect revenues from visitors. Generally used for capital projects.</td>
</tr>
</tbody>
</table>
# Appendix B: Bond Ballot Language Examples

<table>
<thead>
<tr>
<th>Jurisdiction Name</th>
<th>Year</th>
<th>Status</th>
<th>Ballot Language</th>
</tr>
</thead>
</table>
| Andover           | 2006 | Pass   | PRESERVATION OF WATER, WILDLIFE AND NATURAL HABITAT AREAS  
“Shall the City of Andover, Minnesota, be authorized to issue its general obligation bonds in an amount not to exceed $2,000,000 to finance the acquisition of land from willing sellers for the preservation of natural areas, water and air quality and wildlife habitat? Spending would be subject to an annual audit.”  
BY VOTING “YES” ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.  
This proposal would cost approximately $8 per year for each $100,000 in property value on most property types. The maximum amount of increased levy as a percentage of market value is .0078% and the maximum amount that would be raised by the new referendum tax rate in the first year if it were to be levied is $195,539. |
| Brooklyn Park     | 2018 | Pass   | City Question  
Natural Resource Protection and Park Improvement Bonds  
Shall the City of Brooklyn Park be authorized to issue its general obligation bonds in an amount not to exceed $26,000,000 to provide funds to improve and develop recreational trails, reinvest in neighborhood and community parks, preserve and protect natural resource areas, and construct new and improve existing parks, recreational facilities and special use facilities, including but not limited to senior facilities? Use of bond proceeds would be subject to an annual audit.  
BY VOTING “YES” ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE |
| Eden Prairie      | 2005 | Pass   | Question 3  
PARK LAND ACQUISITION AND IMPROVEMENTS  
Shall the City of Eden Prairie, Minnesota, be authorized to issue general obligation bonds in an amount not to exceed $4,695,000, for the acquisition of additional park land and improvements to existing parks?  
BY VOTING “YES” ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.  
The maximum amount of the increased tax levy as a percentage of the market value is 0.0035% and the amount that will be raised by the new tax rate in the year to be levied (2005) is $267,789. The bonds are general obligations of the City, which pledges its full faith and credit to pay principal and interest on the bonds. |
| Mendota Heights   | 2007 | Pass   | Shall the City of Mendota Heights, Minnesota, be authorized to issue its general obligation bonds in an amount not to exceed $2,790,000 to defray the expense of the acquisition and betterment of an existing par 3 golf course for use as park or other recreational facilities?  
NOTICE: BY VOTING “YES” ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.  
The maximum amount of increased levy as a percentage of market value is .014327%. The amount that will be raised by the new referendum tax rate in the first year it is to be levied is $267,750. |
| Plymouth          | 2006 | Pass   | Shall the City Council of the City of Plymouth, Minnesota be authorized to issue its general obligation bonds in an amount not to exceed $9,000,000 for the purpose of acquiring land for open space, greenways, and parks.  
NOTICE: BY VOTING “YES” ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE  
The maximum amount of increased levy as a percentage of market value is .010376%. The amount that will be raised by the new referendum tax rate in the first year it is levied is $892,000. |
Appendix C: Property Tax Ballot Language Examples

<table>
<thead>
<tr>
<th>Jurisdiction Name</th>
<th>Year</th>
<th>Status</th>
<th>Ballot Language</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlton</td>
<td>2004</td>
<td>Pass</td>
<td>CITY QUESTION 1 (City of Carlton) SHALL THE CITY OF CARLTON CONTINUE TO OPERATE A PUBLIC LIBRARY? THE COUNCIL OF THE CITY OF CARLTON HAS PROPOSED TO INCREASE ITS TAX LEVY FOR GENERAL CITY PURPOSES BY $13,443; AND HAS PROPOSED AN ADDITIONAL TAX LEVY INCREASE OF $20,115 FOR CONTINUANCE OF PUBLIC LIBRARY SERVICES. BY VOTING &quot;YES&quot; ON THIS BALLOT QUESTION, YOU ARE VOTING FOR AN ADDITIONAL PROPERTY TAX INCREASE.</td>
</tr>
<tr>
<td>Duluth</td>
<td>2011</td>
<td>Pass</td>
<td>CITY QUESTION 1 (Duluth) PROPOSITION Should Chapter 2 of the Duluth City Code, 1959, as amended, be amended to create a fund denominated as the &quot;Parks Fund&quot; and should the city levy a special levy in the amount of $2,600,000 on the referendum market value of all real property in the city, said levy being 0.0472654% of said referendum market value, for the purpose of providing a dedicated funding source for parks and recreation facilities, recreation activities, and for implementation of the concepts addressed in the Duluth Parks and Recreation Master Plan dated December 2010, in accordance with the authority contained in Laws of Minnesota, 1953, Chapter 560, Section 17? A &quot;YES&quot; vote is in favor of creating the Parks Fund and authorizing a special levy for the purpose of providing a dedicated funding source for parks and recreation facilities, recreation activities, and for implementation of the concepts addressed in the Duluth Parks and Recreation Master Plan dated December 2010. BY VOTING &quot;YES&quot; ON THIS BALLOT QUESTION YOU ARE VOTING FOR A PROPERTY TAX INCREASE. A &quot;NO&quot; vote is a vote against creating the Parks Fund and against a special levy to support it.</td>
</tr>
<tr>
<td>Hutchinson</td>
<td>2008</td>
<td>Pass</td>
<td>City Question 1 (City of Hutchinson-055) QUESTION ON LEVY OF AN ADDITIONAL TAX LEVY FOR MOSQUITO ABATEMENT Shall the City of Hutchinson be authorized to levy an additional tax levy under Minnesota Statutes, Section 275.73 for mosquito abatement purposes in the levy years 2009, 2010, 2011, and 2012 in a maximum yearly amount of $35,000.00? BY VOTING &quot;YES&quot; ON THIS BALLOT QUESTION YOU ARE VOTING FOR A PROPERTY TAX INCREASE.</td>
</tr>
<tr>
<td>Rockville</td>
<td>2008</td>
<td>Pass</td>
<td>City Question 1 (City of Rockville-208) PROPERTY TAX LEVY FOR ROAD IMPROVEMENT PROJECTS Shall the City of Rockville, Minnesota, be authorized to levy property taxes in the amount of $100,000 per year in each of the years 2009 and 2010 to defray the expense of the acquisition and betterment of road improvement projects? The maximum amount of increased levy as a percentage of market value is 0.03213%. The maximum amount that would be raised by the new referendum tax rate in the first year if it were to be levied is $100,000. BY VOTING &quot;YES&quot; ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.</td>
</tr>
</tbody>
</table>
Appendix D: Sales Tax Ballot Language Examples

<table>
<thead>
<tr>
<th>Jurisdiction Name</th>
<th>Year</th>
<th>Status</th>
<th>Ballot Language</th>
</tr>
</thead>
</table>
| Bemidji           | 2002 | Pass   | PARK AND TRAIL IMPROVEMENTS OPTION  
Shall the Bemidji City Council seek special legislative authorization to impose by Ordinance a sales and use tax of ½ of 1 percent for the purpose of paying all or part of the capital and administrative costs of acquiring, upgrading, improving and developing parkland and trails in the City of Bemidji as outlined in the City's Parks, Open Space, and Trail System Plan of November, 2001? (If authorized, the City will issue General Obligation bonds in the approximate principal amount of $9,826,050 for the purpose of paying such capital and administrative costs. Sales tax revenues will be pledged to the payment of the bonds, with bond payments also guaranteed by the City's property taxes.) |
| Cloquet           | 2012 | Pass   | LOCAL OPTION SALES TAX  
Shall the City of Cloquet, Minnesota, (the "City") be authorized to impose a sales and use tax of one-half percent (0.5%) to finance the costs of improvements to City parks, trails and recreation areas and street and utility infrastructure? |
| Proctor           | 2014 | Pass   | SALES TAX REFERENDUM  
Shall the City Council of the City of Proctor perform necessary maintenance and make improvements to City facilities and infrastructure by increasing the existing one-half (1/2) percent sales and use tax to one (1) percent on all taxable transactions occurring within the City of Proctor? |
| Rochester         | 2012 | Pass   | CITY OF ROCHESTER SALES TAX AND BOND REFERENDUM QUESTION  
Shall the City of Rochester be authorized (a) to extend beyond December 31, 2012, the current City sales and use tax of one-half of one percent and an excise tax of $20 per retail sale of a motor vehicle and (b) to issue general obligation bonds in an aggregate amount not exceeding $139,500,000, plus the cost of issuing the bonds, to finance the cost of acquisition and betterment of the following projects: * $8,000,000 for the regional public safety and 911 dispatch center facilities. * $20,000,000 for a regional recreation/senior center. * $30,000,000 for City of Rochester transportation projects. * $17,000,000 for Olmsted County transportation infrastructure improvements. * $8,000,000 for downtown infrastructure improvements. * $14,000,000 for the University of Minnesota Rochester academic and complementary facilities. * $6,500,000 for the Rochester Community and Technical College/Winona State University career technical education and science and math facilities. * $6,000,000 for the Rochester Community and Technical College regional recreation facilities at University Center Rochester. * $20,000,000 for the Destination Medical Community Initiative. * $10,000,000 for an economic development fund. |
| St. Cloud         | 2004 | Pass   | In the City of St. Cloud, shall the proceeds of the one-half percent sales and use tax be collected for a period of up to 17 years to pay all or part of the costs of the following regional projects:  
Park and land purchase, trail development, install facilities in Neenah Creek and Plum Creek Regional Parks, improvements to Riverside Park/Munsinger Gardens, and replace and upgrade older regional park facilities in an amount not to exceed $10 million. |
With any questions or for more information please contact:

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Jessica.Welch@tpl.org

www.tpl.org
ITEM 2: Rochester Heritage Preservation Program

In September 2019, city team members informed the City Council of the need for a Heritage Preservation Program to provide strategies and to help prioritize efforts for the city within this realm. The Rochester Heritage Preservation Program Strategic Plan has been drafted. The purpose of this plan is to move the City of Rochester’s Heritage Preservation Program forward in an intentional manner by:

- Balancing city resources and the work of the HPC and city team members across the varied purposes of the Heritage Preservation Ordinance and adopted City Council strategic priorities;
- Implementing the Heritage Preservation Ordinance in a manner consistent with the adopted Foundational Principals of the City of Rochester, which include Compassion, Environmental Stewardship, Fiscal Responsibility & Sustainability, Public Safety, and Social Equity; and
- Utilizing best practices and professional standards of heritage preservation organizations including federal and state governments and non-profit institutions.

Attachments:

- Rochester Heritage Preservation Program – Strategic Plan Executive Summary
- Rochester Heritage Preservation Program – Strategic Plan 2020-2021
- Letter Dated April 19, 2019 from the State Historic Preservation Office
- Draft Minutes of the June 9, 2020 Heritage Preservation Commission Meeting
- Presentation: Rochester Heritage Preservation Program
Rochester Heritage Preservation Program

STRATEGIC PLAN

Executive Summary
June 22, 2020
THE PLAN

OBJECTIVES

Historic District

Design Review Process

Property Inventory

Education & Outreach

Encourage and promote the heritage of the many individuals and groups that have, and continue to contribute to the development of the community.

P2S

City Priorities

DMC Plan & Guidelines

City Vision

Community Development Mission

HERITAGE

Tangible

Physical Places

Intangible

Education (Stories)

PRESERVATION STRATEGIES

Promotion of Rochester

Promote

Environmental Benefits

Promote

Social Benefits

Promote

Economic Vitality
HISTORIC DISTRICT

Issue: Within the downtown core remains over 30 properties that have historic significance related to the development of early commercial business and institutional endeavors in the City, particularly in the period of 1870-1962. A Historic Designation Study, completed in early 2019 shows these clustered along the 300 block of Broadway Avenue South, Third Street and First Avenue crossing to the north side of Second Street. The area was determined historically significant and intact enough to consider it for a local landmark district. A local landmark district does not have the support of all of the impacted property owners who are concerned about how a designation may impact them and their property.

ACTIONS:
• Continuation of the façade improvement program (in partnership with RDA) throughout the Downtown with a focus on preservation work.
• Riverfront activation and eventual redevelopment that does not overshadow, but instead supports the historic environment in the district.
• Incentives and non-monetary forms of assistance to support small businesses in the district.

Recommendation: Instigate planning that would consider connectivity between Third Street to the riverfront, including the Riverfront Reimagine site. To affirm this area is an important part of the riverfront and downtown development strategy, and connect important locations in the downtown to other development sites along the river.

DESIGN REVIEW PROCESS

Issue: An undefined review process causes confusion and consternation of property owners, contractors, the HPC and City Team members. A more clearly defined process will help to support the preservation of unique and important places in the City.

ACTIONS:
• Create Type I and II review process
• Provide flexibility to address different situations such as review of areas not visible from the public right of way

Recommendation: Amendments to the Preservation Code (in 2020) and development of additional guidelines (ongoing).
PROPERTY INVENTORY

Issue: The City currently has a list of 99 Potential Landmarks and 13 “challenged” properties awaiting consideration of local designation. Our program is fragmented and inconsistent with State and Federal processes which disallows our participation in funding and program opportunities.

ACTIONS:
• Reconcile list of 13 “challenged properties” for potential landmark listing by the end of 2020
• Reconcile list of 99 Potential Landmarks for possible designation by end of 2021
• Covert the ongoing process for consistency with federal standards of: Identification, Evaluation, Registration/Designation and Treatment.

Recommendation: A systematic review of previously identified properties over the next year and a half with the goal of eliminating the challenged property and potential property lists replaced with an inventory and designation process.

EDUCATION & OUTREACH

Issue: The City currently lacks public engagement which identifies priorities of the community and develops appreciation of local resources. HPC education encourages new ideas and ongoing improvements.

ACTIONS:
• Collaboration with cultural partners and engagement at public events.
• CLG status brings education and funding for engagement.

Recommendation: Amendments to the Preservation Code are required prior to CLG application. A commitment to collaboration with community partners to engage the public in ongoing discovery, understanding and appreciation of important cultural resources.

YOU CAN ACCESS THE ENTIRE STRATEGIC PLAN AT
https://www.rochestermn.gov/departments/community-development/heritage-preservation
ACKNOWLEDGEMENTS

2020 City of Rochester Common Council

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Council President, Randy Staver
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Michael Wojcik, City Council Ward (2)
Nick Campion, City Council Ward (3)
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The HPC would like to Thank: past HPC members, advocates for preservation in the community, owners of historic properties, Blue Planet for assistance with training and the State Historic Preservation Office for continued guidance.
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1. INTRODUCTION

Background of Preservation Efforts in Rochester

In 2013, the City Council created the Heritage Preservation Commission (HPC). This was not the first effort to preserve heritage in Rochester. Prior to the creation of the commission, a committee had worked for years bringing issues of historic preservation to city decision-makers. These steps taken by the city of Rochester ("the city") would not have occurred without tireless efforts of individuals and groups of concerned residents and stakeholders who have advocated for decades in the preservation of places and remnants of tangible past and the collective historical memories, which are a part of the Rochester community. The current and ongoing work of the HPC and city team builds upon the determined efforts of those who came before us. Rochester's Heritage Preservation Program is relatively young when compared to many other programs around the state, which began in earnest after the U.S. bicentennial celebration in 1976.

The process for this planning document began when the Rochester City Council established a Community Development Department, which took shape in 2019 with a team dedicated to a mission that integrates the efforts of heritage preservation with other aspects of development in the Community. With the creation of this new department, the work of heritage preservation is conducted along with Planning & Zoning, Sustainability, and Public Engagement with the Rochester community. In this shift, the mission of the Community Development Department now guides the work of heritage preservation within a broad holistic realm of growing and strengthening the community.

In September 2019, city team members informed the City Council of the need for a Heritage Preservation Program to provide strategies and to help prioritize efforts for the city within this realm. With the help of a facilitating consultant, the following was accomplished over a six-month period.

- Seven HPC Purpose Statements were created from the legislative intent of the Ordinance (see page 5);
- “Best Practices” for Historic Project Plan Review were developed; and
- Many good discussions took place between Commissioners and City team members on the purpose of HPC’s existence and the heritage preservation as a program within the Rochester community.
PURPOSE

Much has been accomplished in the seven years since the formation of the HPC, including the adoption of a Heritage Preservation Ordinance, the surveying and identification of many historic properties in the city, and the development of historic contexts specific to Rochester. These efforts continue to build a strong foundation on which historic preservation in the city exists and are hereby referenced as resources for use in continuing the Heritage Preservation Program (see Appendix A).

The purpose of this plan is to move the City of Rochester’s Heritage Preservation Program forward in an intentional manner by:

- Balancing city resources and the work of the HPC and city team members across the varied purposes of the Heritage Preservation Ordinance and adopted City Council strategic priorities;
- Implementing the Heritage Preservation Ordinance in a manner consistent with the adopted Foundational Principals of the City of Rochester, which include Compassion, Environmental Stewardship, Fiscal Responsibility & Sustainability, Public Safety, and Social Equity; and
- Utilizing best practices and professional standards of heritage preservation organizations including federal and state governments and non-profit institutions.

No program conducted by a body of the city should occur in a vacuum removed from other efforts and priorities established by the City Council. The Rochester Heritage Preservation Program must be carried out in a manner that is consistent with other City endeavors.
Plans and programs supporting the Heritage Preservation Program:

“Planning to Succeed, Rochester Comprehensive Plan 2040” (P2S) was adopted by the City in 2018. The plan provides a baseline set of policy directions with which future City development will conform. It provides for the integration of physical, social, and economic development issues as the city grows and changes over time. P2S calls out heritage preservation as part of the policy framework that informs the overall development vision for the community. It identifies the role of heritage preservation as a strategy in the creation of vibrant public spaces and the fostering of civic pride, conservation of resources, and the attraction of economic growth - the “triple bottom line” approach to development of which heritage preservation is a part.

The Rochester City Council has adopted a vision and strategic priorities with which the Heritage Preservation Program must be consistent. This vision states that all people will be treated with dignity and respect within a welcoming and diverse community. It further supports both physical and social efforts related to innovation, commitment to recreational and cultural opportunities, health and wellness, sustainability, and connectivity within the community. (See Appendix B) for complete City Vision Statement). The four Strategic Priorities adopted by the City Council include:

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

Heritage preservation is specifically supported by the priorities regarding quality of life and management of growth and development. (See Appendix C for complete Strategic Priorities).

Destination Medical Center (DMC), with its purpose to secure Rochester’s and Minnesota’s status as a global medical destination, is anticipated to result in $5.6 billion in private investments in downtown Rochester and $585 million in public funding for public infrastructure and transportation projects. The employment base in Rochester is expected to grow by 35,000– 45,000 jobs and more than double visits from Mayo Clinic patients and companions, as well as business travelers, convention and event-goers, and other visitors to the City. The focus of the DMC initiative is the center of the community, and it is changing the face of Rochester particularly in the downtown, where many historic assets are located. While DMC facilitates physical alteration of the community, there is also a recognition that the preservation of significant landmarks and districts is important in creating the places that support the initiative.
The DMC District Guidelines (2017) cover several individual sites and sub-districts within downtown that continue to have historic integrity (including the proposed Downtown Commercial District under consideration for designations by City Council at the time of the creation of this document). With reference to the Downtown Master Plan (2010), one of the principals cited in the guidelines is to build upon historic buildings and landmarks that contribute to Rochester’s history and culture.

The reuse and restoration of existing buildings is one of the adopted guidelines for the DMC district. The guidelines identify that this will help “to create a vibrant public realm by preserving the historic character of the neighborhood and contributing to the district integrity.” The guidelines further indicate that the reuse of older buildings provides character, houses local businesses, and promotes sustainability.

Based on the legislative intent identified in the Preservation Ordinance, the following purpose statements were created by the HPC:

- Encourage & promote the preservation and continued use of historic properties.
- Protect and promote the city’s history and heritage to maintain and increase the city’s appeal and attraction.
- Promote the heritage preservation benefits for the city’s economic viability.
- Foster civic pride in the beauty and notable accomplishments of the past.
- Promote the environmental, social and economic benefits of adapting and reusing properties.
- Provide educational opportunities and serve as a resource to facilitate heritage preservation.
- Include the history of the many groups that make up the city’s rich heritage.
APPROACH

Consistent with adopted policies of the City of Rochester, the Heritage Preservation Program will be innovative and open to new methods and ways of achieving results. We will also continue to utilize accepted and standard professional practices in our work. The Preservation Ordinance indicates that the HPC shall follow the Secretary of Interior Standards, which are preservation principals for the treatment of historic properties used by many HPCs, for the treatment of historic properties in their efforts to preserve and maintain the historic character of designated properties and districts in the City. They promote historic preservation best practices to help protect irreplaceable cultural resources. More information on these standards and the HPC’s use of them locally is detailed in Section IV.

The Department of the Interior and the National Park Service are federal agencies tasked with overseeing historic preservation programs throughout the United States, including The National Register of Historic Places, Certified Local Government Program, and Technical Preservation Services. The City has adopted the use of the Secretary of Interior Standards in review of projects for designated properties, which otherwise would only be required when state or federal funding is used on a project. Even when not specifically required to do so, many locally operating Heritage Preservation Programs adopt these from the Department of the Interior as they are accepted as standard professional practice.

Much of the work of heritage preservation focuses on the physical environment often termed “tangible” history. But, reflected in the legislative intent of the Preservation Ordinance is also preservation of a broader history of the community. UNESCO (United Nations Educational, Scientific, and Cultural Organization) was among the first groups to bring “intangible” historic preservation into standard practice. They define intangible history as cultural heritage expressions, practices, knowledge, and skills that are continually recreated, transmitted between the generations, which contribute to a sense of identity.” Intangible history provides a meaning to tangible elements being preserved.

“IN TODAY’S INTERCONNECTED WORLD, CULTURE’S POWER TO TRANSFORM SOCIETIES IN CLEAR. HERITAGE CONSTITUTES A SOURCE OF IDENTITY AND COHESION FOR COMMUNITIES DISRUPTED BY BEWILDERING CHANGE AND ECONOMIS INSTABILITY. CREATIVITY CONTRIBUTES TO BUILDING OPEN, INCLUSIVE AND PLURALISTIC SOCIETIES. BOTH HERITAGE AND CREATIVITY LAY THE FOUNDATIONS FOR VIBRANT, INNOVATIVE AND PROSPEROUS KNOWLEDGE SOCIETIES.”

UNESCO
Collaborative Partnerships

The Heritage Preservation Program, as an integrated part of a broader community development effort, is interconnected with many different programs and projects within the city. Its relationships with economic development, the progression towards a sustainable and healthy environment, and its role in nurturing arts and cultural opportunities require a collaborative approach. While the multi-faceted nature of heritage preservation requires collaboration, this also provides a strength to the program helping to achieve the efforts towards which many other organizations in the community are working.

The following have been identified by the HPC as organizational partners in continuing the efforts of the Heritage Preservation Program:

- City Building Safety Department
- City Community Development Department
- City Council & City Administration
- City Parks & Recreation Department
- Cultural Heritage Groups
- DMC & DMC Economic Development Agency
- Historic Property Owners
- History Center of Olmsted County (HCOC)
- Mayo Clinic
- MN State Historic Preservation Office (SHPO)
- Olmsted County Government
- RNeighbors organization, RNRC- Rochester Neighbors, and Resource Center
- RAEDI (Rochester Area Economic Development, Inc.)
- RDA (Rochester Downtown Alliance)
- Rethos (Preservation Alliance of MN)
- Rochester Area Chamber of Commerce

Some of the above-mentioned partners already work closely together and are even within the same organization, namely all of the City Departments. As a program of the City of Rochester, the City Council has already deemed that heritage preservation is a part of the ongoing work of the city. This plan identifies these "internal partners" to highlight and strengthen the existing relationships between them and continue to share with those who have less familiarity with heritage preservation the role their department plays in the program.
As a locally established Heritage Preservation Program, the local ordinance provides the primary guidance for the work conducted. The Federal Government provides a multitude of resources available to the city through the Department of the Interior and the National Park Service. The State of Minnesota, through the State Historic Preservation Office and the State Historical Society, also provide resources to the local endeavor. The city has an opportunity to work in greater partnership with both the state and federal governments through the Certified Local Government (CLG) program which is further detailed on the following page.

Many of the organizations and institutions listed above are “anchor institutions” within the City of Rochester. These institutions enhance the economic, social, and cultural well-being of the community. With their multiple stakeholders, they have networks of knowledge that extend both within and outside of the community and region. As individual institutions, these are economic engines for the community. The strength that these institutions bring in working together improves the capacity of all.

Iterative Process

This plan is reflective of a particular time in the Heritage Preservation Program. It is neither the beginning nor the end of the efforts to preserve the history of the City of Rochester. This document provides a strategy for undertaking a citywide program that considers methods and existing supporting policy to achieve the purposes stated in the Preservation Ordinance legislative Intent. One important approach to the Heritage Preservation Program is understanding that achieving the goals outlined herein will be an ongoing process and changes to strategy will occur as needs arise.
II. CERTIFIED LOCAL GOVERNMENT

The Certified Local Government (CLG) Program is a preservation partnership between local, state, and the federal government (through the National Park Service). It is focused on promoting historic preservation at the local level, encouraging the integration of historic preservation into local government policy, supported by the upper levels of government. The program is jointly administered by the National Park Service (NPS) and the State Historic Preservation Offices (SHPOs) in each state, with each local community working through a certification process to become recognized as a CLG. CLGs become an active partner in the Federal Historic Preservation Program and the opportunities it provides include the availability of federal grants for the local community.

The National Park Service provides many tools and programs at the Federal level, to its partners in tribal, state, and local governments to augment the more localized programs. It acknowledges that preservation will not happen unless private citizens and organizations use these resources and much of what is available is understandable to those who are outside the professional realm. Within the CLG program, the federal government provides the funding to designated CLG’s which are local governments, municipalities or other local governments, with programs similar to those of Rochester’s. The federal funds are administered by the Minnesota State Historic Preservation Office (MnSHPO).

Now housed within the MN Department of Administration, The State Historic Preservation office (SHPO) previously was within the MN Historical Society. The State Preservation Office program was created with the National Historic Preservation Act of 1966 which provided for a network of historic preservation offices in every state to spearhead state preservation initiatives and help carry out the nation’s historic preservation program. Minnesota’s SHPO was created by state statute in 1969 to provide statewide leadership. The SHPO provides ongoing assistance to local government and other organizations pursuing preservation efforts. They oversee the National Register of Historic Places program with the State of Minnesota and required environment reviews for publicly funded projects as required under Section 106 of the National Historic Preservation Act, including its application to Federal Tax Investment Tax Credit program.

The SHPO oversees the federal funding provided to CLG’s in the state. The “pass through” grants are federal matching grants for local preservation projects which come from the Historic Preservation Fund, appropriated annually by the U.S. Congress; federal regulations require that the SHPO distribute to CLGs at least 10 percent of its allocation each year. Projects may include:

- Historic resource surveys.
- Preparation of local/national designation forms.
- Historic preservation plans.
- Building reuse studies.
- Cultural landscape inventories.
- Design guidelines for property owners.
- Public education.
- Opportunities for Ongoing education.
Actions Needed to Make Rochester CLG Ready

As a subdivision of the state, the City of Rochester is eligible to apply for CLG designation. The Minnesota CLG Procedures Manual identifies five broad federal standards, all of which must be met by a local government seeking certification. The following provides those five standards along with a notation as to action needed by the City of Rochester to meet each standard.

1. The local government must enforce appropriate state or local legislation for the designation and protection of historic properties.
   The local ordinance must clearly define a process for the survey, designation and protection of individual properties and/or districts of historic, architectural or archaeological significance. The process must include forwarding all proposed designations to the Minnesota SHPO for comment before final local designation is made. The ordinance must also contain and clearly define a process for the review of all proposed alterations, relocations, demolition, or new construction within the boundaries of locally designated properties and/or districts.

   Recommended: more clearly distinguish between the Landmark Designation process and the survey process, which has established a list of Potential Landmark properties. These “potential landmarks” are, per the ordinance, required to undergo a review process for alterations similar to those designated as Landmarks, in affect making them designated properties without having gone through the designation process required for communities seeking CLG designation.

   One specific change that has been identified by the SHPO is the removal of the automatic local landmark designation for properties listed on the National Register of Historic Places. Further changes to the ordinance should establish a more clearly defined process for the review of alterations to properties (protection) once they have been designated to meet the intent of the CLG standards.

2. The local government must establish an adequate and qualified historic preservation commission by State or local legislation.
   The CLG manual requires that commission members be individuals with demonstrated interest, competence or knowledge in historic preservation and provides a list of specific professions from which to draw candidates.

   Recommended: The existing Preservation Ordinance requires this demonstrated interest and expertise of commission members but provides a shorter less inclusive list from which to seek members. Recommended changes to the existing ordinance would expand the list of demonstrated interest, competence or knowledge and professions to be consistent with that of the CLG manual.
Actions Continued

3. **The local government must maintain a system for the survey and inventory of historic properties.**
The local government must maintain an ongoing process to survey and inventory all buildings, structures, sites and districts within the local jurisdiction. This survey information must be clearly organized and accessible to the public (excluding restrictions on locations of archaeological sites). Local survey information must be provided to the state with annual updates of changes.

   **Recommended:** Along with changes to clearly distinguish between the survey process and the designation process, the annual reporting process to meet CLG standards should be added to the existing ordinance.

4. **The local government shall provide for adequate public participation in local historic preservation programs, including the process of recommending properties for nomination to the National Register.**
Both the local designation process and the process for the review of alterations to properties must contain a provision for public comment on proposed actions.

   **Recommended:** As mentioned in item 1, regarding designation and protection of historic properties, changes to the ordinance should establish a more clearly defined process for the review of alterations to properties once they have been designated to meet the intent of the CLG standards.

5. **The local government shall satisfactorily perform the responsibilities listed in points 1-5 above and those specifically delegated to it under the Act by the Minnesota SHPO.**

   **Recommended:** Changes to the ordinance should be made prior to the request for CLG status.
III. HPC REVIEW PROCESS - HISTORIC DESIGNATION

The Secretary of Interior provides a process for preservation planning that organizes preservation activities in a logical sequence. Identification, followed by Evaluation, and then Registration/Designation occurs, with finally a determination of Treatment for the property. Throughout this process, historic context studies are used to provide the relative significance properties and a framework for making management decisions about the resources. Guidance is also provided for this process from the SHPO though the MN Historic and Architectural Survey Manual.

Historic Surveys

Prior to designation, historic properties are identified through a survey. Identification activities are undertaken to gather information about historic properties in a particular locale. The scope of these activities depends on existing knowledge about properties; goals for survey activities developed in the planning process; and current management needs.

The survey process includes archival research and field survey, the physical search for and recording of historic resources on the ground. Surveys identify and analyze those properties that support, represent, and illustrate the historic contexts within the community. Within the survey process, applicable historic contexts are identified (both existing and those needed) to inform the determination of historic significance.

Surveys are completed at the reconnaissance (Phase I) or intensive (Phase II) levels depending on the purpose of the survey. For intensive level surveys all properties within a survey boundary must be inventoried. For reconnaissance level surveys, the focus is on:

- Properties that are forty-five (45) years old or older.
- Properties that are known to meet National Register Criteria or local designation criteria.
- Properties that assist in establishing an architectural or historical context for those buildings that are likely to meet these criteria.
- Properties that assist in supporting one or more historical context set forth in the survey scope of work, methodology, or research design.
Evaluation

Evaluation is the process of determining whether identified properties meet defined criteria of significance. Section 4-7-8 b and c of the Preservation Ordinance identify the criteria for local designation. Along with significance, historic integrity is reviewed during evaluation. Integrity is the ability of a property to convey its historical associations or attributes. It is based on an understanding of a property’s physical features. The seven aspects or qualities of integrity are location, design, setting, materials, workmanship, feeling, and association. (See also Appendix D). Local, state or national historic themes are considered within the analysis of the property to help explain the property's relationship to other properties. This will help to determine the relative merit of the significance of the property compared to other similar nominated properties at local state or national level.

Registration/Designation

Registration is the formal recognition of properties evaluated as significant. The Preservation Ordinance provides for the designation of Landmark properties and districts as a form of local registration. The designation process is contained within Sections 4-7-7 and 4-7-8 of the Preservation Ordinance. It provides for SHPO review and public participation as required for CLGs.

Process for designation as detailed in the Preservation Ordinance

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<td>4-7-8 (g)</td>
<td>2. Determination of Completeness</td>
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<td>4-7-8 (e)</td>
<td>3. State Review (60 day period)</td>
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<td>5. City Council Review &amp; Decision</td>
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<td>• Review Criteria</td>
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<td>• Designation Decision</td>
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<td>4-7-7 (b) &amp; 4-7-8</td>
<td>4.7-7 (b) &amp; 4-7-8 (a)</td>
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Additional Opportunities

Because the Preservation Ordinance provides not only for the official designation of historic properties, but also for the general recognition and promotion of local heritage, there is an opportunity to establish programs that are less formal than that for designation defined above. The Preservation Ordinance includes a section on the “Identification of Historic Properties” in Section 4-7-5. This section does not have a direct role to the official designation process (covered in Sections 4-7-7 & 4-7-8). It could be used to create a program that simply encourages and promotes preservation and continued use of historic properties and fosters civic pride without formal designation. Programs or events which engage the public to identify places that are important will help to establish topics for intangible heritage as well as properties that have not previously been identified.
IV. HPC REVIEW PROCESS - ALTERATIONS TO DESIGNATED PROPERTIES

As identified within the CLG Section, the process for review of proposed alterations, relocations, demolition, or new construction within the boundaries of locally designated properties and/or districts must be defined if the City wishes to apply for CLG designation. This clearly defined process must be included in the Preservation Ordinance, but additional details may be provided in adopted Guidelines. It is typical for Cities to establish more detailed guidelines which help to address issues specific to their community, different designated districts and individual properties and to provide illustration which help explain the standards for review.

Currently, the Preservation Ordinance provides for a review process in a paragraph labeled “Development involving landmark property or landmark district” (Sec -7-12). While this section does not specify the use of the Secretary of Interior Standards in review of projects, this requirement is indicated as in a different Section. Section 4-7-10, indicates, “The commission shall follow the standards to preserve and maintain the historic and architectural character of a designated property and landmark district.” The definition section (Section 4-7-4) identifies that “standards means the Secretary of the Interior's Standards for Treatment of Historic Properties“.

To meet the requirements for CLG designation, amendment to the Preservation Ordinance should more clearly provide the process for review of proposed alteration in one section. The following provides an outline of the process as it current exists within the ordinance.

Review of Alterations to or Development Involving Designated Landmarks
“Preserve & Maintain” - Secretary of Interior Standards 4-7-10 (also 4-7-4 definition of “Standards”)

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<td>1. Application or Alteration Proposal</td>
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<td>2. Acceptance of Application</td>
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<td>3. Review and Recommendation</td>
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<td>6. Exemptions</td>
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<td>7. Emergency Repairs</td>
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In addition to the section above, there is a section on the review of requests for demolition of designated Landmarks (Sec. 4-7-13) as well as consideration for certification of Economic Hardship (Sec. 4-7-14).

Recommended: Consideration should be given to amend the Preservation Ordinance, combining these with the consideration for economic hardship as one of the criteria considered for approval of demolition.
Historic Preservation Projects - Design Review Best Practices

The HPC may consider the creation of a separate document, which provides additional details for the review of projects proposed for designated Landmarks or Landmark Districts. This should not occur until after changes are made to the Preservation Ordinance to more clearly define the review process. The following provides both an outline which may be used to create such guidelines and “best practices” to use until those are completed:

- Secretary of Interior Standards for treatment of historic properties are utilized for review.
- Additional guidelines, briefs and technology notes from the Secretary of Interior are also utilized in reviews.
- The HPC may adopt additional guidelines that are more specific to Rochester history and City policies and practices.

The standards & guidelines do not dictate solutions; instead, they define a range of appropriate responses to a variety of specific design issues. Guidelines provide the City a basis for making consistent decisions about the treatment of historic resources. The four approaches provided for within the Secretary of Interior Standards are:

  o Preservation
  o Rehabilitation
  o Restoration
  o Reconstruction

(https://www.nps.gov/tps/standards/four-treatments.htm)

For most projects a “rehabilitation” approach will be the appropriate overall strategy for Heritage Preservation Design Review. Within rehabilitation, additional treatments are appropriate as they relate to specific building components. For example, a surviving element may be preserved, where an altered feature may be restored, and something that is missing from the property may be reconstructed.

Guidelines may be used by the layperson to plan improvements. Depending on the significance of the property and its features, owners may be required to enlist the assistance of qualified design and planning professionals, including architects and preservation consultants.

An overall strategy for improvement of the property is encouraged. Preservation projects may include a range of activities, such as maintenance of existing historic elements, repair of deteriorated materials, replacement of missing features and construction of new additions. An example of a strategy is:

- Determine historic significance of property.
- Identify any character-defining features and materials of the structure and site.
- Assess integrity of the features and site.
- Determine program requirements prior to proceeding with an approach.
- Outline an appropriate treatment strategy that will inform the overall project scope.
Appropriate/Preferred sequence of actions is a method that requires the least intervention to maintain the highest degree of integrity for a character-defining feature. The following treatment options appear in order of preference:

- First: Preserve - If a feature is intact and in good condition, maintain it as such
- Second: Repair - If the feature is deteriorated or damaged, repair it to its original condition
- Third: Replace - If it is not feasible to repair the feature, then replace it in kind
- Fourth: Reconstruct - If the feature is missing entirely, reconstruct it from appropriate evidence.
- Fifth: Compatible Alterations - If a new feature (one that did not exist previously) or an addition is necessary, design it in such a way as to minimize the impact on original features.

Location of work will further inform appropriate treatment. For most historic resources, the following will guide design review decisions:

- The front façade contains the historically significant and character defining features and is therefore the most important to preserve intact.
- Many sidewalls are also important to preserve where they are highly visible from the street, such as on corner lot properties.
- Portions of side walls not as visible may be less sensitive to change.
- The rear wall is usually the least significant (in commercial areas, excepting freestanding, individual landmarks or certain civic and industrial buildings), and alterations can occur more easily without causing negative effects to the historic significance of the property.

The City will work with an applicant to phase a project as part of an appropriate overall Preservation Strategy.

- Interim improvements that are a foundation for future improvements to further assure continued use of the property and retain its historic significance will be supported.
- Interim improvements that retain opportunities for future rehabilitation work that will enhance the integrity of a historic property are supported.
- The preservation of key character-defining features should be a priority while making interim improvements.
- Interim improvements that would foreclose opportunities for more extensive rehabilitation in the future will not be supported.

Incorporate the concept of different levels of review:

- Type I Review Process: Employee level determination with appeals to HPC & City Council
- Type II Review Process: HPC determination with appeal to City Council
- Type III Review Process: City Council decision (typically with recommendation of HPC)
V. CITY OWNED HISTORIC PROPERTIES

The city is owner to two of the properties designated as Historic Landmarks and eight properties that are designated as potential landmarks. Requirements from the Preservation Ordinance apply to these in the same way they apply to any privately-owned site designated in the City. In addition, the Silver Lake Power Plant, a Rochester Public Utilities property has been identified for review of its historic significance (is on the “contested list”) but has not been designated.

**Designated Landmarks**
- Chateau Dodge Theatre
- Plummer House & Gardens /Quarry Gardens
- St. Mary’s Hill Park (Contributing to the Pill Hill Historic District)

**Address**
- 15 1st St NW
- 1091 Plummer Lane
- 901 4th Street SW

**Potential Local Landmarks**
- Bridge #4481
- Bridge #89188
- Central Fire Station Clock
- Central Park
- Indian Heights Park
- Rochester State Hospital Cemetery
- Silver Lake Park
- Soldiers Memorial Field
- William W. Mayo Statue
- Quarry Hill Park
- 7th St. over the Zumbro River
- Location Not Final
- 225 1st Ave NW
- 1800 Terracewood Dr NW
- Quarry Hill Park/ 8th St NE
- W. Silver Lake Dr NE
- 7th St SW
- 1 St SW between 3rd & 4th Aves SW

**Survey & Designation**
Review of City owned properties should be completed using the process detailed in Section III, “HPC Review Process - Historic Designation”. This includes starting with a survey and then analysis of the historic significance of the property (based on criteria from the Preservation Ordinance and any known historical context).

**Existing Information**
Both designated Landmarks are also on the National Register of Historic Places and their designations (application forms), provide documentation on the criteria used to determine their historic significance as well as historic integrity. The City has undertaken additional planning for both properties which has been approved by the SHPO (though a “section 106" review process) to verify that ongoing projects meet the Secretary of Interior Standards.

**Treatment of Properties**
A proactive review of city-owned historic properties will provide an opportunity to identify significant elements within each site and develop a stewardship approach for their treatment. In addition to considering the historic significance and historic integrity, the proposed use of the property should also inform the treatment program. Treatment programs for properties determined to be historically significant should be consistent with the Secretary of Interior Standards.
Designated Landmarks

Chateau Dodge Theater
City owned, this property is designated as both a local Historic Landmark and listed on the National Register of Historic Places. Due to the uniqueness of the property and a high level of historic integrity in both the interior and exterior, treatment of the site will incorporate the approach for historic restoration where and when feasible.

Plummer House
As a property listed on the National Register of Historic Places, all work that has been completed or is contemplated for the future is reviewed by the SHPO to verify that Secretary of Interior Standards are being met. Plummer House and grounds have a long list of asset preservation, repairs and replacements and reconstruction projects that are needed at the park. The Parks and Forestry has retained an architect which performed a Facility Master Plan that outlines the contemplated work needed at the site. The Parks and Forestry Division is currently pursuing grants for water tower preservation and restoration. Additional work will be needed in the near term for preservation of the garage roof and roofing on the main house.

St. Mary’s Hill Park
Contributing the Pill Hill National Register district, St. Mary's Park is located at 901, 4th Street SW, in the district's Northwest corner. Located on Block 41 and part of Block 42 of Head & McMahon's Additions, the 1923/24 reinforces concrete water tower is a prominent feature of the park. Land for the park was donated in 1906 by Mayo Family.

Potential Landmarks - City Properties

Park Properties include The Plummer House & Gardens, Bridge #4481 & Rochester State Hospital Cemetery (located in Quarry Hill Park), Central Park, Indian Heights Park, Silver Lake Park and Soldiers Memorial Field. It is the mission of the Board of Park Commissioners and the Park Department to provide quality activities, programs, and facilities for citizens of Rochester and for visitors.

In 2016, a Park “Systems Plan” was adopted, providing a 20-year program of guidance for improvements for City of Rochester parks, which was done concurrent to and was coordinated with P2S. Key findings pertaining to cultural resources within the parks include the desire to make parks more distinctive and to identify the need for upgrading of facilities with an increased mix of recreational opportunities.
Soldiers Memorial Field Park
A Master Plan was completed for the Soldiers Field Park in 2014, with final documentation and project prioritization completed in 2016. The identified vision for the park is to allow it to evolve for the current and next generation of users and visitors to the park, with a purpose of preserving green space and promoting healthy lifestyles and a sense of community. The design incorporates elements historically found in the park and recognizes the evolution of the landscape. The park exists to provide recreational and leisure enjoyment and is intended to be of benefit to the health and well-being of the Rochester community.

The plan considered four different concepts. The preferred concept would keep many of the sports facilities including tennis courts the west ball field, the east play area. The veteran's memorial and the existing roadway access into the park. The following elements will be retained with some modifications: the pool/splash area, locker room facilities, running track and a phased reduction of the golf course. Based on the planning several changes have already occurred including removal of the west ball field, track reconstruction, modifications to 6th Avenue intersection, repaving the parking lot and east drive, along with addition of several art pieces and planned soon development of the Law Enforcement Memorial. New elements proposed include: volleyball and basketball courts by the YMCA, new trails along park and river edges, open meadow areas north of the river, new shelters, pergolas, seating areas, public art, and sculptures. Other proposed changes include: maintaining and improving existing parking areas, improved pedestrian crossings and the relocation of the park maintenance building. A planned review of the Master Plan is contemplated for 2021.

Silver Lake Park
A planning process for Silver Lake was proposed to occur in 2020 but has been postponed due to the Covid-19 pandemic. This planning effort is now contemplated for 2021. When it does occur, the features of the property will be reviewed and determined for historic significance. Structures of interest within the park include a picnic shelter and foot bridges dating from the WPA era. Additional park amenities are anticipated in the park including conversion of the pool to a splash pad, expansion of the skate park, installation of a north trail segment along the north shore to Broadway, potential Dam removal and construction of a series of cascades to create a more natural outflow of the river.
**Quarry Hill Park & Central Park**
As part of a survey and analysis of these properties, contributing elements to their historic significance will be determined. This park has gone through a master planning effort in 2014 which resulted in several projects being implemented and several additional improvements contemplated. Additional work is contemplated for erosion management to preserve the integrity of the cave.

**Indian Heights Park**
The Indian Heights Park Steering Committee in 2010-11 drafted a list of directives for the park which was adopted by the Rochester Park Board. These included, re-establishing and marking the boundaries and entry point(s) of the park and refocusing the use away from bike trail riding, which had a negative impact on the sensitive topography and ecological systems. Other forms of outdoor recreation such as hiking, birding, snowshoeing were promoted along with a long term goal to restore the oak savannas and pre-European contact time period environmental qualities. The 2001 directives also recognized historical presence the Dakota/Native American in Southeast MN and identified opportunities for informing the community of both the Native American and European history and “best practice” models for sacred site management. The goal of completing a professional ethnographic review of the property to inform further programing within the park was established.

A master plan for the park was completed with assistance of the National Park Service and adopted by the Rochester Park Commission in 2017. The plan provides policies and strategies to achieve the 2001 directives as well as further defining goals and opportunities consistent with these. A primary strategy is to work collaboratively with several groups including: The Friends of Indian Heights neighborhood association and RNeighbors, Greater Rochester Area Dakota Supporters (GRADS), Prairie Smoke, Zumbro Valley Audubon Society, Native American Center of Southeast Minnesota (NACSM), and Rivers, Trails and Conservation Assistance Program of the National Park Service (RTCA).

**Other Properties**
Reconnaissance level surveys have been completed on: Bridge #4481, Central Park, Mayo Field, the William W. Mayo Statue and Rochester State Hospital Cemetery, and Silver Lake Power Generating Plant. An initial review of these surveys should be completed to determine which properties should undergo additional analysis to consider for landmark designation. While not designated on the National Register, work completed on Bridge No. 89188 utilized funding that required an approval by the SHPO (through a “section 106” process). Documentation from that process provides information as to the historic significance and integrity of that property. There are no survey documentation is in the files for Central Fire Station Clock.
VI. ASSISTANCE & INCENTIVES

As with other aspects of this plan, developing a program of incentives and assistance to historic property owners will be an iterative effort. The City Council will need to determine any new (or continuation of existing) local programs and the source of funding for these, which is done as part of their annual budgeting process. The outside sources to finance such programs is central to the development of them. State, federal and private financing programs that support affordable housing, small business development, district and site planning and redevelopment should all be considered in the formation of these local programs. Along with financial assistance, other forms of assistance may provide an incentive to historic property owners depending on the location and different types of use of the property.

Non-financial assistance

• Parking assistance – spaces within City owned lots and ramps for designated properties (for employees, for customers or the possibility of parking voucher program). *
• Planning and Implementation of street and public place improvements to benefit the historic property owner.*
• Relief from certain requirements such as minimum parking standards or other zoning regulations. These should be developed with the design standards consistent with the Secretary of Interior Standards for Rehabilitation and incorporated into the City Code.
• Transfer of Development Rights (TDR), is a market based program that allows a property owner to gain monetary benefit from their property and still protect the site as a historic resource. The development right, such as additional building height, may be sold to a property that is not designated as historic and provides the buyer (receiver) to develop their property more intensely than otherwise allowed. This will require changes to City Code (the Land Development Manual or future Unified Development Code).
• Educational and self-help programs – aimed primarily at owner occupied residential properties, a program focused on do-it-yourself repair education (this could be modeled on the programs offered by Rethos in the Twin Cities and might also include the development of a tool lending library)
• Technical assistance to historic property owners in the designation of property (either local or National Register) to prepare for request for financial assistance.

* The downtown area is a unique situation where these types of assistance programs are most likely to provide a benefit to the property owners to offset or incentivize continued investment in their historic property.
Existing programs providing assistance:

State and Federal Historic Tax Credits
- Provide tax credits equal to 20% of qualified rehabilitation expenses made to building
- Eligible on properties designated on the National Register of Historic Places (or contributing to a National Register District).
- Require that all work meet Secretary of Interior Standards for Rehabilitation overseen by the SHPO with final approval by the National Park Service.
- Require that the completed project be income producing (including office, industrial, retail, hospitality, and rental residential).
- Application is through the SHPO which must be completed prior to construction

State Historic Tax Credit
- Also offers project investors an option of a grant in lieu of a credit, whichever option best suits a developer's tax situation, in order to maximize the efficiency of the public dollars assisting the project.
- Due to “sunset” June of 2021 unless action is taken by state legislators

Housing Tax Credits
- A federal program to assist in the construction or rehabilitation of low to moderate income rental housing,
- Administered on the State level by Minnesota Housing Finance Agency. The City of Rochester is a sub-allocator of housing tax credits.
- The scoring criteria provides additional points for projects that rehab an existing structures,
- Housing tax credit projects require sophisticated developers.
- Due to high transactional costs, this is only suitable for large-scale projects.

Potential New Programs:
- Renewal of the Downtown Façade Improvement Program – this could be reworked to incentivize projects for designated land properties only
  - Up to 50% of the cost of improvements, not to exceed $20,000.
  - Up to $2,000 additional for Design assistance from a licensed design professional/architect
- Subsidy to support small business entrepreneurialism – within a designated historic district or single structures as an incubator to grow small local businesses.
- A Revolving Loan Fund (RLF) is a pool of capital from which loans are made and to which the loan repayments are returned and lent out again. RLFs are frequently created to serve a specific mission. For example, some cities in Minnesota have created RLF's to assist property owners with building rehabilitation of structural items like roofs and foundations. The fund revolves in the sense that the loans initially lent out come back to be used again for similar projects, and the same capital is circulated again and again.
Potential Source of Funds

DMC sales tax funding
A portion of the improvement funds could be used for historic preservation projects in the DMC District area. If the intent were to make loans or grants to private individuals, the program would probably need to operate through the City's Economic Development Agency.

The DMC Design Guidelines indicate a need to establish new programs to retrofit older structures, to continue to develop programs for facade improvements to stabilize older buildings and improve their value and desirability, and to provide economic incentives for business and landowners to invest in adapting older building stock to new uses.

Tax Increment Financing (TIF)
TIF can be used for historic preservation in limited circumstances. The Minnesota Statutes indicate TIF can be provided to projects that address blight (as defined in the statute), provide housing for low and moderate income families and individuals or to assist manufacturing and related projects (not retail or office projects). Only tax producing properties are eligible and the funded project will need to create a substantial increase between the before and after value of the building in order to generate the “increment”. Maintenance items such as window replacement, siding, doors, roof replacement, etc., generally do not provide any substantial increase in taxable value. The use of TIF is only a feasible option in large-scale redevelopment projects and projects are set up on a “Pay as You Go (PAYGO) basis. Typically, there is at least a two-year lag before the first increment is paid.

Tax Abatement
The city would be limited to abating only the city's share of the owner's property tax bill - roughly 30% of the total (unless the school district and County also agreed to abate their taxes). The abatement process is governed by state statute – the city would need to make a finding that the abatement would: increase or preserve tax base, provide employment opportunities, help construct public facilities or redevelop or renew blighted areas. Each abatement project would require a public hearing with the dollar amount abated showing up as a levy increase. The maximum abatement term is 15 years.

Community Development Block Grant (CDBG)
CDBG funds may be used for the preservation, rehabilitation or restoration of historic properties. Both publicly and privately owned properties are eligible, as are both commercial and residential properties, which meet a national objective, such as removal of slum / blight (commercial), and the low to moderate income eligibility (residential).

(see Appendix E for additional information on Incentive Options)

Identified Additional Assistance Desired
Historic property owners have identified the need for assistance in the following areas.
- Building code Permit Review – existing building code
- Programs that assist with structural building issues
- Tax relief
VII. COMMUNITY EDUCATIONAL & ENGAGEMENT PROGRAM

Both the Preservation Ordinance and the Strategic Goals of the City identify the need to create educational and engagement components within the Heritage Preservation Program. As this plan seeks to balance City resources and the work of the HPC and City team members across the varied purposes of the Heritage Preservation Ordinance and adopted City Council strategic priorities, the formation of such a program is identified within the planning cycle of 2020-2021. The programs will depend on the availability of resources including team member and volunteer time and coordination with strategic partners. This is an area of the Heritage Preservation Program that has an opportunity to grow in the future!

Initial goals of the educational and engagement program include:

- Building an ethos of heritage preservation in the community
- Identify and start to engage with the different groups that make up the city’s rich heritage.
- Identify places and aspects of intangible heritage that are important to community members
- Share the idea that heritage preservation is about environmental, social and economic benefits of adapting and reusing properties.

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THE DEMOLITION OF JUST ONE BUILDING WILL OFFSET THE COLLECTIVE RECYCLING EFFORTS OF AN ENTIRE COMMUNITY FOR A SUBSTANTIAL PERIOD OF TIME. DEMOLISHING A SINGLE 2,000 SQUARE FOOT HOUSE WOULD RESULT IN APPROXIMATELY...72,000 POUNDS OF DEBRIS. IT WOULD TAKE RECYCLING 2.3 MILLION PLASTIC WATER BOTTLES TO BALANCE THAT SCALE.

Rethos
VIII. ROCHESTER HERITAGE PRESERVATION ORDINANCE

Changes are recommended to the ordinance to meet the objectives and priorities as identified in this plan. The following provides additional detail on areas of the ordinance where changes are needed.

1. To meet CLG requirements:
   - A statutory reference to statement of legislative intent, Section 4-7-1, *This Ordinance is adopted under the provisions of Minnesota Statutes 471.193 and the National Preservation Act.*
   - More clearly define designation process.
     - Amend Sec. 4-7-7 & 4-4-8 following Secretary of Interior defined process for Identification, Evaluation, Registration/Designation and then Treatment for a property.
     - Remove automatic local designation of National Register properties (Section 4-7-8).
     - Streamline and simplify (where possible).
     - Clarify that a public hearing is required for designation in Sec. 4-7-16.

2. To more clearly support strategies that align with legislative intent/goals:
   - Complete HPC duties to Sec. 4-7-3 which do not currently include review of alterations which is a primary role of the HPC, no do they align completely with CLG requirements.
   - Change definition of “Inventory” to remove inconsistencies with Federal standard procedures.

3. To more clearly Define designation and property alteration processes:
   - Modifications to definitions including some additions (e.g. Designation) and minor alterations (e.g. Restoration –make it consistent with Secretary of Interior Standards).
   - Modification to 4-7-9 Removal of landmark designation.
     - Define who may appeal.
     - Define waiver process or remove it as an option.
   - Modify property alteration review process, Sec. 4-7-12 for Type I and II review.
   - Modify Sec. 4-7-16 to more clearly define requirements for when a review must occur and process for review of alterations to a potential landmark property.
   - Modify Sec. 4-7-18 to clearly indicate the same public hearing process for all required public hearings.
4. To remove internal inconsistencies and update:
   - Clarification process inconsistencies between 4-7-7 b and 4-7-45 (City Council should determine designations).
   - Amend 4-7-9 (a) for inconsistency on who is making final decision on removal of landmark designation (more clearly define process).
   - Remove references to MNHS in conjunction to SHPO (they are no longer part of the MNHS).
   - Sequence 4-7-5 “Identification of Historic Properties” and Sec. 4-7-11 “Inventory of Designated Property” and follow Secretary of Interior defined process for Identification, Evaluation, Registration/Designation and then Treatment.
   - Simplify review of demolition of landmark property, Sec. 4-7-13. Clarify appeal process. Add certificate of economic hardship as a criteria for permitting demolition.

IX. WORK PLAN 2020-2021

The Heritage Preservation Program, per the Preservation Ordinance, includes setting near-term and long-term priorities for the program. The primary purpose of target timeline in following table is to create a prioritization of work and should be considered flexible as opposed to strict deadlines. In order to stay on task, the work plan (this section of the larger document) should be reviewed and updated on an annual basis.

In order to meet the objectives contained within the work plan, collaboration will be required with preservation partners (see page 7). Much of the work and the coordination will fall to Community Development team members. The HPC will support the endeavors of the work plan with policy direction and advocacy.

The following purpose statements were created from the “legislative intent” of the Preservation Ordinance. The strategies which follow were created to accomplish the purpose statement.

Purpose Statements

1. Encourage & promote the preservation and continued use of historic properties.
2. Protect and promote the city's history and heritage to maintain and increase the city's appeal and attraction.
3. Promote the heritage preservation benefits for the city's economic viability.
4. Foster civic pride in the beauty and notable accomplishments of the past.
5. Promote the environmental, social and economic benefits of adapting and reusing properties.
6. Provide educational opportunities and serve as a resource to facilitate heritage preservation.
7. Include the history of the many groups that make up the city's rich heritage.
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<th>Purpose</th>
<th>Actions</th>
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<td><strong>Encourage &amp; promote the preservation and continued use of historic properties.</strong></td>
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| 1 | a. Create a community engagement program to gather knowledge from residents and stakeholders and share the stories. Identify partners (start with OCHS) in the effort. | • Winter/spring 2021 Planning  
• Summer 2021 Events |
| 1 | b. Provide some aspect/information of heritage preservation for display or distribution at the Rochester Area Builders (RAB) home show. | • January 2021 (start November 2020) |
| **Protect and promote the city’s history and heritage to maintain and increase the city’s appeal and attraction.** | | |
| 2 | a. Downtown Landmark District Designation  
   I. Discussions with property owners  
   II. City Council Consideration | • Though June 2020  
• Summer 2020 |
| 2 | b. Work with SHPO on modifications needed to the Heritage Preservation Ordinance to acquire CLG status. Make amendments necessary to clearly explain the processes for both designation as well as review of alterations to designated properties. | • Dec 2019- Summer 2020 Discussions with SHPO  
• Summer 2020 HPC review  
• Late Summer - City Council review of proposed  
• October - Public Hearing  
• November - City Council Decision |
| 2 | c. Development of guidelines for HPC review of designated properties. Consider expanding best practices or the creation of a full “design guidelines” document. | • Jan. 2020 initial HPC discussion  
• July - October 2020 review different approaches  
• November 2020-February 2021 drafting of guidelines |
| 2 | d. Continue to refine and add to benefits packages available to assist property owners with Historic Preservation projects. | • Summer 2020 – Goals Setting and draft decision packet to City Council |
| 2 | e. Review and “move” “challenged properties” on to potential list or remove them from consideration.  
   I. Determine what we have for documentation for each property.  
   II. Complete a ranking of the properties and start with the highest ranking.  
   III. Add to meeting agendas (set public hearings?) and notify property owners. | • July 2020  
• August 2020  
• September – December 2020 |
| 2 | f. Review and consider landmark status of properties on the potential landmark list  
   I. Complete a ranking of the properties on the potential list and start with the highest ranking (most historically significant)  
   II. Add to meeting agendas (set public hearings) and notify property owners. | • July 2020 Grant application (Legacy Funds) for consultant to assist in process October 2020 – July 2021 |
<p>| <strong>Promote the heritage preservation benefits for the city’s economic viability.</strong> | | |
| 3 | a. Open a discussion with Economic Development partners (City Administration, DMC, RAEDI, RDA, Chamber) to begin identifying on how heritage preservation might be used as part of economic development efforts in the community | • 2021 |
| 3 | b. Discuss potential for transfer of development rights (air rights or other) as a tool to incentivize preservation projects. (Note: this will also require changes to zoning requirements to eliminate current allowances for extra height). | • Late 2020/Early 2021– (talk to Clarion, Consultant on the LDM about timing) |</p>
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<th>Purpose</th>
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<tr>
<td>Foster civic pride in the beauty and notable accomplishments of the past.</td>
<td>4</td>
<td>a. Reach out to the community to identify “important places” in the city that warrant preservation. (meeting in a box questions on POLCO)</td>
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| | 4 | b. Create special event(s) to recognize preservation rehabilitation projects  
• Utilize existing City resources/programs for community engagement.  
• Consider a springtime event to celebrate 9th Ave SW Brick Street project. | Spring/Summer 2021 |
| | 4 | c. Silver Lake Park Plan | 2021 |
| Promote the environmental, social and economic benefits of adapting and reusing properties. | 5 | a. Open discussion with City Building & Safety Department on the use of code for existing/historic buildings. Identify options, challenges and processes to help property owners achieve preservation while also maintaining safety standards.  
I. Consider phased approach to allow stabilization and improvements over period of time (does this apply also to application of preservation standards?) | Late 2020 |
| Provide educational opportunities and serve as a resource to facilitate heritage preservation. | 6 | a. Organize a catalogue of City/HPC created publications and its availability to the public through web site or other means. | 2022 |
| | 6 | b. Explore development of an education program for residential rehabilitation. Reach out to Rethos (Preservation Alliance of MN) to learn about their existing program and tool lending library. | 2021 |
| Include the history of the many groups that make up the city’s rich heritage. | 7 | a. Build a coalition and program to uncover the lesser known history of the Community.  
I. Reach out to the History Center of Olmsted County to collaborate  
II. Consider utilizing Scott Counties “speak easy” trailer (https://scottcountyhistory.org/the-speak-easy/) or a similar set up at local events (i.e. Rochester Fest, County Fair, Days of Yesteryear) and at the public library.  
III. Reach out to public library staff to consider collaboration with them (utilizing their audio booth?)  
IV. Look for other partners (local historians, Rochester Diversity Council, others?) | Fall/Winter 2021 (and ongoing) |
Sec. 4-7-5 (c) Indicates that for the identification of historic properties, and an updated catalogue of all known publications, articles, books, pamphlets, policies, or other materials having a direct bearing on the heritage preservation program shall be kept and made available to the public. The follow is the beginning of said catalogue.

- Pill Hill National Register of Historic Places Nomination Form (1990)
- Stark List (William Stark 2012)
- Phase I Survey (106 Group 2014)
- Context Study (106 Group 2014)
- Indian Heights Master Plan (2017)
- Rochester DMC District Design Guidelines (June 2017)
- Designation study for downtown historic district (PVN 2019)
- Chateau Theater studies
- Plummer House studies
APPENDIX B

CITY OF ROCHESTER VISION, PRINCIPLES, AND PRIORITIES

Community Vision 2040

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 learning.

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.
APPENDIX C

Organizational Vision
A vibrant, compassionate, innovative team

Foundational Principles
- Compassion
- Environmental Stewardship
- Fiscal Responsibility & Sustainability
- Public Safety
- Social Equity

Strategic Priorities
Enhance quality of life
- Increase neighborhood connectivity.
- Increase affordable housing options.
- Maintain and increase neighborhood vitality and livability.
- Secure a funding stream for sustained parks and recreation improvements and community amenities.

Foster a team-oriented culture
- Use High Performance Organization practices to create operational efficiencies.
- Develop recruitment strategies to diversify and achieve a high-quality workforce.
- Create employee development plans.
- Use technology to share resources and communicate effectively.

Manage growth and development
- Balance downtown/DMC and community-wide development efforts.
- Incorporate P2S infrastructure planning into development decisions.
- Implement the recommendations of P2S, the Parks and Recreation Master Plan and the Library Strategic Plan.

Balance public infrastructure investment
- Improve transportation and related facilities.
- Develop an asset management plan and use life-cycle cost considerations during decision making.
- Develop a policy and practice of assessing new infrastructure investment based on current assets and maintenance costs.
Seven Aspects or qualities of Historic Integrity

1. Location is the place where the historic property was constructed or the place where the historic event occurred. The actual location of a historic property, complemented by its setting, is particularly important in recapturing the sense of historic events and persons.

2. Design is the combination of elements that create the historic form, plan, space, structure, and style of a property. This includes such elements as organization of space, proportion, scale, technology, ornamentation, and materials. Design can also apply to districts and to the historic way in which the buildings, sites, or structures are related. Examples include spatial relationships between major features; visual rhythms in a streetscape or landscape plantings; the layout and materials of walkways and roads; and the relationship of other features, such as statues, water fountains, and archeological sites.

3. Setting is the physical environment of a historic property. It refers to the historic character of the place in which the property played its historical role. It involves how, not just where, the property is situated and its historical relationship to surrounding features and open space. The physical features that constitute the historic setting of a historic property can be either natural or manmade and include such elements as topographic features, vegetation, simple manmade paths or fences and the relationships between buildings and other features or open spaces.

4. Materials are the physical elements that were combined or deposited during a particular period of time and in a particular pattern or configuration to form a historic property. If the property has been rehabilitated, the historic materials and significant features must have been preserved. The property must also be an actual historic resource, not a recreation.

5. Workmanship is the physical evidence of the crafts of a particular culture or people during any given period in history. It is the evidence of artisans' labor and skill in constructing or altering a building, structure, object, or site. It may be expressed in vernacular methods of construction and plain finishes or in highly sophisticated configurations and ornamental detailing. Examples of workmanship in historic buildings include tooling, carving, painting, graining, turning, and joinery.

6. Feeling is a property's expression of the aesthetic or historic sense of a particular period of time. It results from the presence of physical features that, taken together, convey the property's historic character. For example, a rural historic district which retains its original design, materials, workmanship, and setting will relate the feeling of agricultural life.

7. Association is the direct link between an important historic event or person and a historic property. A property retains association if it is the place where the event or activity occurred and is sufficiently intact to convey that relationship to an observer. Therefore, a property where a nationally significant person carried out the action or work for which they are nationally significant is preferable to the place where they returned to only sleep, eat or spend their leisure time. Like feeling, association requires the presence of physical features that convey a property's historic character.

(National Historic Landmark and National Register of Historic Places)
APPENDIX E

Memo

To: Mayor & Common Council
From: Terry Spaeth & Doug Knott
CC: Steve Kvenvold, Gary Neumann, Terry Adkins, Mitzi Baker, John Harford, Randy Johnson
Date: 7/2/2019
Re: Heritage Preservation financial incentives review

In response to the discussion at the April 7, 2014 Council meeting regarding the Chardonnay, we wanted to update information previously provided to you on financing options for historic preservation. Below is a brief description of the primary programs that can be used for preservation.

One of the incentives mentioned was Historic Preservation Tax Credits, which is an incentive provided by the federal government. The City has no direct role in the program. A 20% income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior, through the National Park Service, to be “certified historic structures.” The State Historic Preservation Offices and the National Park Service review the rehabilitation work to ensure that it complies with the Secretary’s Standards for Rehabilitation. The Internal Revenue Service defines qualified rehabilitation expenses on which the credit may be taken. Owner-occupied residential properties do not qualify for the federal rehabilitation tax credit.

A 10% federal tax credit is available for the rehabilitation of non-historic buildings placed in service before 1936. The building must be rehabilitated for non-residential use. In order to qualify for the tax credit, the rehabilitation must meet three criteria: at least 50% of the existing external walls must remain in place as external walls, at least 75% of the existing external walls must remain in place as either external or internal walls, and at least 75% of the internal structural framework must remain in place. There is no formal review process for rehabilitations of non-historic buildings.
The Minnesota Historic Structure Rehabilitation Tax Credit offers a 20% state tax credit for qualified historic rehabilitations, and parallels the existing federal rehabilitation tax credit. It also offers project investors an option of a grant in lieu of a credit, whichever option best suits a developer’s tax situation, in order to maximize the efficiency of the public dollars assisting the project. The program requires an application with the State Historic Preservation Office before project work begins. The current sunset date for the program is 2021.

Another incentive mentioned was Housing Tax Credits. This is a federal program to assist in the construction or rehabilitation of low to moderate income rental housing, administered on the State level by Minnesota Housing Finance Agency. The City of Rochester is a sub-allocator of housing tax credits. Under a joint powers agreement with Minnesota Housing, the City turns over its allocation of tax credits to Minnesota Housing and projects are awarded housing tax credits on a competitive basis. The scoring criteria do provide additional points for projects that rehab an existing structure, and tax credit projects generally fare well here in Rochester because we are considered a high growth community. It is conceivable that the rehab of a historic building could be awarded housing tax credits if utilized for low to moderate income housing. Housing tax credit projects require sophisticated developers. Due to high transactional costs, they are only suitable for large scale projects.

Tax Increment Financing (TIF) can be used for historic preservation in limited circumstances. The Minnesota Statutes indicate TIF can be provided to projects that address blight (as defined in the statute), provide housing for low and moderate income families and individuals or assist manufacturing and related projects (not retail or office projects). Historic preservation projects would typically have to fall into the blight category to be eligible for TIF. (The blight test and other statutory requirements will go away for projects within the DMC project area and Plan.) In order to generate increment, there needs to be a substantial increase in the before and after value of the building. Maintenance items such as window replacement, siding, doors, roof replacement, etc., generally do not tend to provide any substantial increase in taxable value. Another consideration to bear in mind is the costs associated with establishing TIF Districts. The need for outside consultants to determine if a building meets the “blight test”, and the need for outside legal counsel to assist in the preparation of TIF Plans and Redevelopment Assistance Agreements can result in high transaction costs. TIF is only a feasible option in large scale redevelopment projects. Finally, unless the Council is willing to issue bonds to support the project, TIF projects are set up on a “Pay as You Go (PAYGO) basis. The increment is paid to the developer over a number of years. Typically, there is at least a two year lag before the first increment is paid.

Tax Abatement can be used as an incentive. The city would be limited to abating only the city’s share of the owner’s property tax bill - roughly 30% of the total (unless the school district and County also agreed to abate their taxes). The abatement process is governed by state statute – the city would need to make a finding that the abatement would: increase or preserve tax base, provide employment opportunities, help construct public facilities or redevelop or renew blighted areas. Each abatement project would require a public hearing with the dollar amount abated showing up as a levy increase. The maximum abatement term is 15 years.
The city created an “abatement district” in the downtown several years ago when the pre-1979 TIF district terminated. A portion of the abatement funds the city collects are used to assist building owners with façade grants. The program is administered by the RDA under contract with the City. A volunteer group of architects reviews project plans to see that they adhere to the Urban Village Design Guidelines. This program could be modified to put a greater emphasis on preservation. It would only be applicable to the downtown area.

Both Tax Increment Financing and Abatement are based on the assumption that the subject property is tax producing. These programs are generally not suitable for projects that will be owned and used by non-profit entities.

The Council could choose to use a portion of the $20 million of DMC sales tax funding for historic preservation in the DMC Medical District area. If the intent were to make loans or grants to private individuals, the program would probably need to operate through the City’s Economic Development Agency.

Community Development Block Grant (CDBG) funds may be used for the preservation, rehabilitation or restoration of historic properties. Both publicly and privately owned properties are eligible, as are both commercial and residential properties.

Historic properties are those sites or structures which are:

- Listed or eligible to be listed in the National Register of Historic Places;
- Listed in a State or local inventory of historic places; or
- Designated as a State or local landmark or historic district by appropriate law or ordinance.

In order to use CDBG funds, a national objective, such as slum/blight removal or the low to moderate income eligibility must be met and documented as well. The local issue related to use of CDBG funding is the limited amount of funds available to the City. The annual allocation is a little over $500K presently. Of that amount, presently $250K is appropriated for the single family rehab program. A single family home that may be designated as a historic building or have local historical significance, and meet a national objective mentioned above, could utilize that funding. Several things that could be considered to make it more feasible to use CDBG funds for that purpose is to appropriate additional $ to the home rehab loan program, and allow a higher cap (say $50K, instead of the present $30K cap) per home rehab project involving a historic home and to prioritize any project involving historic preservation.

CDBG funds may be used for commercial buildings renovation. An example of a project that utilized CDBG funding to remove blighting conditions and renovate a historic building is the property at 318 South Broadway (former Ace Hardware). The owners requested the Council to provide CDBG funds to assist with removal of the aluminum clad siding on the building façade, replacing upper level windows with original building style windows, and renovating the masonry façade of the building. Again, the issue is the limited amount of CDBG funds available.
Another program that is not specifically for historic preservation projects, but could potentially be used by income eligible owners to remodel or make repairs on SFD’s, duplexes, triplexes or 4plexes is the MHFA’s “Fix Up Fund” loan program. It provides lower than market rate loans for improvements such as windows and doors, porches and decks, siding, roofing and other interior items.

The New Market Tax Credit program has the potential to tie in with a project seeking Historic Preservation tax Credits. A project must be in a qualifying census tract, and must have a commercial component to it, so projects within the downtown or urban core neighborhoods could potentially access New Market Tax Credits as an incentive to assist with historic preservation. New Market Tax Credit projects have very high transaction costs and are only suitable for very large scale projects.

In summary, there are a number of federal, state and local programs that can assist in the preservation of an historic structure. Each program has its own very specific guidelines on program eligibility.
# APPENDIX F

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<tr>
<th>GLOSSARY OF HISTORIC PRESERVATION RESOURCES &amp; PROGRAMS</th>
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<td><strong>Certified Local Government Program</strong></td>
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<td><strong>Secretary of Interior Standards (for the treatment of historic properties)</strong></td>
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<td><strong>SHPO (State Historic Preservation Office – MN)</strong></td>
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April 19, 2019

Brent Svenby
City of Rochester
201 4th Street SE, Room 266
Rochester, MN 55904-3781

RE: Local designation of the Rochester Downtown Commercial Historic District, roughly bounded by Broadway Avenue S., 1st Avenue S., 2nd Street SW, and 4th Street SW, SHPO Reerral Number 2018-2381

Dear Mr. Svenby,

Thank you for the opportunity to comment on the above referenced local designation. It has been reviewed pursuant to Minnesota Statutes §471.193, subd. 6., and the City of Rochester Heritage Preservation Ordinance 19B.08, Subd. 5.

The Rochester Downtown Commercial Historic District includes 32 buildings located along a three-block stretch of Broadway Avenue South and 1st Avenue South. Twenty-eight of the 32 buildings are contributing resources while four are noncontributing resources. The majority of contributing buildings were constructed during a 50-year span between the 1870s and the early 1900s; the earliest building dates from ca.1858 and the two most recent buildings were built in the 1950s.

The Rochester Downtown Commercial Historic District is historically significant at the local level for its representation as part of Rochester’s original central business district and for its association with the business of trading goods, services and commodities within Rochester and the larger geographic region that the city historically served. As such, we concur that it is a good candidate for local designation.

Please contact me at 651.201.3291 or michael.koop@state.mn.us if you have questions regarding our assessment of this district.

Sincerely,

Michael Koop
State Historic Preservation Office

cc: Christine Schultze, HPC Chair
The Heritage Preservation Commission special meeting was called to order by Chair Schultze at 5:05pm on Tuesday June 09, 2020.

NO PUBLIC COMMENTS WERE RECEIVED BY THE CITY OF ROCHESTER COMMUNITY DEVELOPMENT DEPARTMENT.

PURSUANT TO MINNESOTA STATUTES, SECTION 13D.021 THIS MEETING OCCURRED ELECTRONICALLY, ALL VOTES TAKEN BY ROLL CALL. PUBLIC ACCESS RESTRICTED TO COMPLY WITH STATE HEALTH GUIDANCE DURING THE PANDEMIC.

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<td>Barbara Hudson</td>
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<tr>
<td>Barry Skolnick</td>
<td>Present</td>
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<tr>
<td>E. Christine Schultze</td>
<td>Present (joined at 5.15pm)</td>
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<td>Daniel Groteboer</td>
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<td>Gail Eadie</td>
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<td>Jeff Fague</td>
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<td>Mark Carlson</td>
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<td>Thomas Meilander</td>
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<td>Teresa McCormack</td>
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Staff Present: Ms. Cindy Steinhauser, Community Development Department Director; Ms. Molly Patterson-Lundgren, Heritage Preservation and Urban Design Coordinator; Ms. Lauren Jensen, Sustainability Coordinator; Mr. Chris White, Assistant City Attorney, Mr. Aaron Parish, Assistant City Administrator

SET AGENDA:

Motion to approve agenda as presented by Commissioner Hudson second by Commissioner Carlson. Motion carried 6-0.

APPROVE MINUTES:

Commissioner Hudson noted initial abbreviations and two missed discussion points in the March minutes.

Motion by Commissioner Hudson to approve February 25, 2020 (continued March 10, 2020) meeting minutes, seconded by Commissioner Carlson. Motion carried 6-0. Chair Schultze abstained.

PUBLIC COMMENT OPPORTUNITY: No public comments submitted to review.

PUBLIC HEARINGS: None

NEW BUSINESS: Mayowood Road - Conditional Use Permit

Patterson-Lundgren presented to the commission the proposal requiring the land use permit (CUP) review by the City. The proposal is for multi-family housing at 1025 Mayowood Road, Dr. Conrad W. Baars House, listed as a potential landmark. Per Section 4-7-16 of the Heritage Preservation
Ordinance, a period of protection allows for HPC review the proposal prior to demolition or alteration of the property.

The project is proposed in two phases. The first phase is construction of a multi-family structure, located on a vacant portion of the site. Construction is planned to begin fall of 2020 and continue into 2021. The second phase would require demolition of the existing residential structure and timing on this is not yet determined. Planning Commission recommended and the City Council approved the preliminary CUP for phase I only. As a condition of approval, The HPC will review the proposal and prior to approval of the second phase and/or issuance of a demolition permit, consider whether the property should be designated as a landmark or if a demolition permit (not yet requested) should be allowed to proceed.

Patterson-Lundgren proposed that research on the property should begin for HPC to consider if historic landmark designation is warranted.

Commissioner Carlson made a motion to allow Phase I construction and staff to investigate the property further. Seconded by Commissioner Fague. Motion passed 7-0.

OLD BUSINESS:

- **Heritage Preservation Program / Review and Discuss Second Draft Plan**

  Patterson-Lundgren presented the second draft of the plan which showed where changes were made from the previous meeting. She started with an update on timeline for review of the document by the HPC and City Council. Prior to suspension of some city business due to the Covid-19 pandemic, the plan was for HPC review of the second draft and initial City Council review before the end of March. This would have allowed City Council to consideration adoption of the plan in April. The plan now is to bring the plan (along with the downtown historic district proposal) to the City Council at a June 22nd City Council Study Session.

  Along with changes suggested by the Commission at their February meeting, changes have been made to the timeline and prioritization of strategies and tasks, due to the delay from the Covid-19 pandemic. Patterson-Lundgren explained that the original timeline allowed for the City Council to review the plan and consider potential budget implications of proposed actions including the proposal for incentives to property owners in the proposed downtown historic district. With the delay in review and the need to reassess priorities in the 2021 budget due to impact of Covid-19, this will not be presented as a budget package item this year.

  The commission reviewed the updated document. Chairperson Schultze provided the following recommendations:

  - Add a footer to each page with subsection included.
  - Expand upon the summary regarding work which has taken place at the Plummer House (p. 19)
  - Add information on St. Mary’s Park as a City property that is designated as part of the Pill Hill National Register Historic District (p. 19/20)
  - Further define Transfer of Development Rights (p. 21)
  - Add information about the potential for a revolving loan fund (Section VI)
Commissioner Hudson commended staff efficiency for organizing strategic plan. Commissioner Skolnick shared his dissent with budgetary process and Downtown Historic District.

**Commissioner Carlson made a motion to recommend HPC report to City Council with amendments, seconded by Commissioner Meilander. Motion carried 7-0.**

Discussion ensued regarding funding, incentives, Council study session process and communication, 2021 advance budget reservation. Commissioner Skolnick suggested a friendly amendment to recommend council for HPC funding.

- **Downtown Historic Landmark District Discussion and City Council Review**

Ms. Patterson-Lundgren referred to attachments provided in the HPC packet from the June 22 2019 City Council study session and HPC recommendations regarding downtown commercial district designation in 2019. She indicated discussions between City teammates from City Administration and Community Development regarding ideal scenario for designation of the proposed district and current realities including the impact of the COVID-19 pandemic on City and State resources limiting funding available for incentive programs and the stalemate with downtown property owners on the value and importance of Historic Preservation. The City team is recommending that the Historic District not be designated at this time, but the Commission may make a motion as it deems appropriate.

Commissioner Skolnick commented on consultant study, roadblocks and Council decision. Commissioner Eadie noted agreement with sending this to the City council. Ms. Steinhauser stated the item has been tabled at the Council since last June. Ms. Patterson-Lundgren clarified that the HPC may reiterate last year’s recommendation or differ from staff recommendations. Commissioner Meilander commented on lack of support from property owners. Attorney White clarified tabled items are indefinitely suspended.

Commissioner Skolnick commented on staff recommendations and indicated that the 2nd SHPO letter should be forwarded to the City Council. Chair Schultze inquired about River front project proposal, historic designation negotiations and financial implication of small business owners, DMC-EDA and support for Heritage District. Ms. Steinhauser explained how the riverfront project development could impact the historic district. Chair Schultze noted ordinance revision and HPP review process as detailed in the strategic plan will move the City in the direction needed.

**Commissioner Hudson made a motion to recommend landmark district designation to be taken off the table and HPP draft be considered for review at the City Council with only the new letter from SHPO. Seconded by Commissioner Skolnick.**

Commissioner Carlson noted HPC perspective, deficit incentives and design standards, staff analysis; proposed a friendly amendment to the motion: "Commission acknowledges staff recommendations, findings and facts"

**Motion failed with 3-4. Commissioner Eddie, Commissioner Fague and Commissioner Skolnick voting yes and Commissioner Schultze, Commissioner Carlson, Commissioner Hudson and Commissioner Meilander voted no.**

**Motion by Commissioner Hudson, based on Planning staff recommendations and latest SHPO letter, to approve landmark district that has been tabled and be considered for review at the City Council. Seconded by Commissioner Skolnick.**
Motion passed 6-1. Commissioner Meilander voted nay.

**OTHER BUSINESS/ANNOUNCEMENTS:**

- Ms. Lauren Jensen, City Sustainability Coordinator introduced herself to the Commission as the individual assisting with managing the Teams virtual meeting for the evening.

- *Downtown Riverfront Small Area Plan Update*

Ms. Patterson-Lundgren informed Commission of small area plan now getting underway. She showed map with project focus area including old Kmart, AMPI and Mayo owned Parking Properties as well as the larger area influence. Selected consultant will lead the project with consideration of natural and cultural amenities, public art, the potential reuse of historic structures and objects, and design concepts to appreciate the history of redevelopment area. Public engagement will allow HPC member participation and include webpage for the project. Chair Schultze noted nearby Graham Barn/Chic

**FUTURE AGENDA ITEMS:**

- Review of past façade grant recipients and projects
- Roberts Rules Cheat Sheet
- Review of challenged property list
- Dr. Baaras property research discussion.

**ADJOURNMENT:**

Commissioner Hudson made the motion to adjourn and seconded by Commissioner Carlson, Motion passed unanimously. Meeting adjourned at 7:48pm.
Heritage Preservation Program (HPP)

“... a plan established by the city that contemplates a vision for the city's historic preservation program, setting near-term and long-term priorities for the program, and identifies proactive and innovative strategies for achieving the identified goals and objectives.”

Section 4-7-4 Heritage Preservation Ordinance
Emerging Priorities: Strengthen Historic Preservation Ordinance

Policy 4.2: Support preservation of structures and sites that represent our community's heritage
Moving Forward

Built on Foundation - Moving Forward in Intentional Manner

- Balancing city resources in the work of the HPC and city team mates
- Implementing the Heritage Preservation Ordinance in a manner consistent with the adopted Foundational Principles of the City
- Utilizing best practices and professional standards (state and federal)
Vision & Purpose

1. Encourage & promote the preservation and continued use of historic properties.

1. Protect and promote the city’s history and heritage to maintain and increase the city’s appeal and attraction.

1. Promote the heritage preservation benefits for the city’s economic viability.

1. Foster civic pride in the beauty and notable accomplishments of the past.
Vision & Purpose

5. Promote the environmental, social and economic benefits of adapting and reusing properties.

6. Provide educational opportunities and serve as a resource to facilitate heritage preservation.

7. Include the history of the many groups that make up the city's rich heritage.
Priorities

- Property Inventory
- Design Review Process
- Historic District
- Education & Outreach
Strategies -2020

- Downtown Historic Landmark District
  - City Council Consideration, June 22nd Study Session
  - Discussions/engagement with property owners – ongoing
- Grant Application – Small Grant from MNHS (July 10th deadline)
- Heritage Preservation Ordinance amendments
- Development of guidelines for HPC Design Review
- “Challenged properties” Review & Determine
- Community Engagement - identify “important places”
- Discussion with Building & Safety Department on the use of existing/historic code
- RAB home show - information of heritage preservation for display or distribution at the January event.
Strategies - 2021

- Collaborate - create community engagement programs
- Refine Incentive & benefits packages for designated properties
- Potential Landmark list - review and determine
- Discuss potential zoning changes (e.g. TDR) as tool to encourage & incentivize preservation projects
- Community Engagement Events – Goal of at least 2 events
- Create special event(s) to recognize preservation rehabilitation projects
- Explore development of an education program for residential rehabilitation
- Build a coalition and program to uncover the lesser known history of the Community.
Proposed Historic District

Ideal scenario Rochester is a community that:

- Inventory that aligns with State and Federal processes & systems
- Smooth design review process
- Engaged and supportive property owners & stakeholders
- Financial incentives in place to assist property owners
- Improved public realms that contributes to the vitality of a historic district
Proposed Historic District

Current Realities:

- Fledgling design review process
- Fragmented designation process
- Limited City and State resources for incentive programs due to COVID-19 pandemic
- Opposing sides that are at a stalemate on the value and importance of Historic Preservation
- Need plan for Third Street redesign, Broadway Avenue and their relationship to the river and Riverfront Reimagined site
Proposed Historic District

Accomplishments & Ongoing work 2019/2020

- A draft Historic Preservation Strategy to lay a path forward
- Improved dialog with historic property owners and other stakeholders
- Resources from City Council to fund Heritage Preservation position
- Talented city teammates able to implement a strategy
- Relationship with SHPO
Proposed Historic District

- Recommendation from HPC
- Recommendation from State Historic Preservation Office
- Recommendation from City Team mates
Next Steps:

- Adopt HPC Strategic Plan
- Provide direction on Historic District Nomination (currently tabled)
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<tr>
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<tr>
<td>Trust for Public Land - Park Funding</td>
<td>Park and Rec</td>
<td>Discussion</td>
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</table>
## City of Rochester - Rochester City Council
### Council Study Session Items

<table>
<thead>
<tr>
<th>Discussion Item</th>
<th>Responsible Dept.</th>
<th>Impact</th>
<th>Estimated Time</th>
<th>Review Date</th>
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<tbody>
<tr>
<td>DATES TBD</td>
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<td></td>
<td>12/14/2020</td>
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<tr>
<td>Public Art Strategy</td>
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<tr>
<td>Transportation Network Company (TNC) Review</td>
<td>City Clerk</td>
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<td>Bury Power Lines; policy</td>
<td>RPU</td>
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<tr>
<td>Rental Property Inspection Ordinance</td>
<td>Bldg. Safety</td>
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<td>12/14/2020</td>
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<tr>
<td>Bicycle Master Plan</td>
<td>Community Developmnet</td>
<td>April/May</td>
<td></td>
<td>12/14/2020</td>
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<tr>
<td>LUPA Market Study/Annexation</td>
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<td>Clock Tower Update</td>
<td>Fire Department</td>
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<td>Infrastructure Liabilities and Financial Planning</td>
<td>Administration/Public Works</td>
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<tr>
<td>CIA- Policy Establishing Community Broadband Goal for the City</td>
<td>Administration</td>
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<td>Construction Delivery Method</td>
<td>Administration/Public Works</td>
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<td>RST Airport Master Plan Update</td>
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<tr>
<td>Community for Health Update</td>
<td>Kevin Bright</td>
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<td>30 Minutes</td>
<td>12/14/2020</td>
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<tr>
<td>Age-Friendly City</td>
<td>Mayor;s Office</td>
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<td>30 Minutes</td>
<td>12/14/2020</td>
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<td><strong>Postponed Items - COVID-19</strong></td>
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<td>Towards Zero Deaths</td>
<td>Abby Tricker - Olmsted CO</td>
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<td>Riverfront Re-imagined</td>
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<td>Corporation for Supportive Housing</td>
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<td>Collaborative/Cooperative Performing Arts Model Update</td>
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<td>Single Family Rehab Program Update</td>
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<td>Proposed Stormwater Ordinance Revisions</td>
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