



# ROCHESTER

*Minnesota*



December 23, 2010

STEVAN E. KVENVOLD  
City Administrator  
City Administrator's Office  
201 4th Street SE, Room 266  
Rochester, MN 55904-3781  
(507) 328-2000  
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The Honorable Mayor and City Council:

Submitted herein is the adopted budget for 2011. The adopted 2011 budget contains appropriations of \$175,148,862, and a property tax of \$45,832,300 was adopted to assist in the financing of the 2011 budget expenditures.

The 2011 property tax levy increase of \$1,559,676 is the smallest yearly property tax increase that has occurred in many years.

\$1,000,000 of the property taxes is allocated to the Downtown Tax Abatement district in the Capital Improvement Program to assist in the funding of downtown development projects. \$2,529,914 of anticipated local government aid revenues has also been allocated to the Capital Improvement Program to assist in project funding.

I wish to express my appreciation to the departments for their budget reduction efforts and to the staff of the Finance Department for their valuable assistance in the preparation of the 2011 budgets.

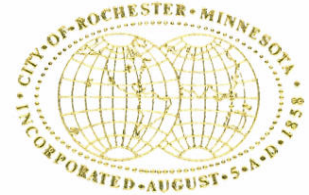
Respectfully submitted,

Stevan E. Kvenvold  
City Administrator



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November 22, 2010

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201 4th Street SE, Room 266  
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The Honorable Mayor and City Council:

Submitted herein for your consideration is the recommended budget for 2011. The total expenditures contained in the recommended budget are \$175,602,262. These expenditures are funded in part by a recommended property tax of \$46,245,035.

The 2011 recommended property tax of \$46,245,035 is an increase of \$1,972,411 over the adopted 2010 property tax amount. While this increase may be viewed by some as quite large, the increase in property taxes is not sufficient to cover the increase in costs of just the Police and Fire Departments, which are two of the City supplied services that receive considerable public support. The 2011 increase of the Police, Fire and associated Dispatch functions total \$2,159,552.

A comparison of the property tax increases for the past several years is as follows:

2011 proposed	\$1,972,411
2010	2,785,624
2009	1,521,596
2008	2,526,904
2007	2,278,995
2006	2,788,889

The State Legislature has certified Rochester's 2011 local government aid (LGA) at \$8,659,155. Based upon the mid-year reductions in LGA by the Legislature or unallotments of LGA by the Governor, it is very unlikely that the 2011 certified LGA will be received by the City of Rochester. The recommended 2011 budget anticipates the

receipt of \$5,101,571 in LGA in 2011. This is the amount of LGA received by the City in 2010. \$2,529,914 of the anticipated 2011 LGA is recommended to fund 2011 capital improvement projects.

\$1,000,000 of the proposed 2011 property taxes is designated to assist with the funding of projects within the Downtown Tax Abatement District, compared to \$1,300,000 in 2010.

### 2011 Recommended Expenditures

The recommended budget proposes 4 additional positions, the filling of one previously authorized but unfunded position and the switching of one authorized vacant position to a different job classification. The additional positions are:

- A Crime Intelligence Analyst position in the Police Department;
- Two EO1 positions in Parks and Recreation for Parkway Landscape duties. One of these positions would start 4/1/11 and the other starting 5/1/11.
- One EO1 position in Sewer Collection

Positions also recommended are:

- The filling of a previously authorized but unfunded equipment operator position in Sewer Collection.
- The switching of an authorized but vacant Assistant Mechanic position at the Water Reclamation Plant to an Electronic Maintenance Supervisor position.

20 previously authorized positions remain vacant and unfunded in the 2011 budget, four of these positions are half time positions.

There is a significant increase in the appropriation for street lights caused by the removal of \$334,000 from the 2010 street light budget to fund 4 additional police officer positions and 1 additional prosecution assistant position in the City Attorney's Office. These funds were not replaced in the 2010 budget. In addition, the street light costs for 2010 were underestimated causing a street light budget increase of \$419,434 from the reduced 2010 budget to the recommended 2011 budget.

2011 MAJOR REVENUES vs. 2010

	2011 Budget	2010 Budget	Increase/(Decrease)
Tax Levy & Tax Abatements	46,245,035	44,272,624	1,972,411
Local Government Aid	5,101,571	5,101,571	-0-
Hotel/Motel Tax	3,500,000	3,250,000	250,000
Cable TV Franchise Fee	1,275,000	1,300,000	(25,000)
Inspection Permits	2,020,000	1,885,000	135,000
In Lieu of Tax	10,806,328	10,755,268	51,060
Sewer Utility Charge	17,261,577	15,820,000	1,441,577
Storm Water Utility Fee	5,014,143	4,432,372	581,771
Library Fund			
-City Share	4,893,321	4,802,357	90,964
-County Share	948,696	894,168	54,528
Municipal Recreation Fund			
-Fee Revenues	7,376,732	7,124,995	251,737
-Non-Fee Revenues	6,330,899	5,787,986	542,913
Parking Fund			
-Parking Fines	377,002	525,000	(147,998)
-Parking Ramps	3,469,696	3,189,070	280,626
-Street Meters	768,000	790,000	(22,000)
-Parking Lots	332,608	342,019	(9,411)

The 2011 recommended property tax increases by \$1,972,411 over the 2010 adopted property tax. The average property tax increase for the past seven years is \$2,722,274.

The local government aid (LGA) revenue from the State of Minnesota continues to be a very unreliable revenue source. The \$5,101,571 in LGA programmed for 2011 is only a best guess of what LGA may be allocated to the City as a result of the 2011 state legislative session deliberations.

Hotel/Motel tax receipts are estimated to increase by \$250,000 in 2011 while the fees from the cable TV franchise fee are expected to decline by \$25,000.

The revenues associated with building inspection permits are estimated to increase by \$135,000, but are still well below the revenues received during Rochester's high growth years.

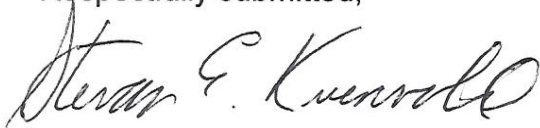
Sewer utility charges are estimated to increase due to rate increases needed to fund the Sewer Fund's debt payment obligations.

In the Municipal Recreation Fund, the increases in fee revenues are not sufficient to cover increased expenses.

In the Parking Fund, fines are expected to decline, revenue in the ramps increase due in part to a recent rate increase and revenue from street meters and parking lots are estimated to decline slightly.

I wish to express my appreciation for the assistance of all the individuals who have participated in the preparation of the recommended 2011 budget.

Respectfully submitted,

A handwritten signature in black ink, reading "Stevan E. Kvenvold". The signature is written in a cursive style with a large initial 'S' and 'K'.

Stevan E. Kvenvold  
City Administrator