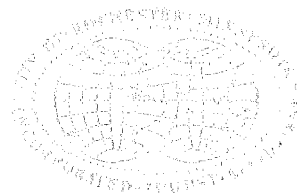




# ROCHESTER

*Minnesota*



December 22, 2015

STEVAN E. KVENVOLD  
City Administrator  
City Administrator's Office  
201 4th Street SE, Room 266  
Rochester, MN 55904-3781  
(507) 328-2000  
FAX (507) 328-2727

The Honorable Mayor and City Council:

Submitted herein is the adopted budget for 2016. The adopted budget contains expenditures of \$258,719,529 and is partially funded by property tax revenues in the amount of \$57,222,383. \$4,470,246 of the property tax revenues are appropriated to fund 2016 Capital Improvement projects.

Some details of the 2016 adopted budget are contained in the attached November 24, 2015, recommended budget letter of transmittal.

I wish to thank all of the individuals in the City organization that have participated in the formulation of the 2016 budget. I especially wish to thank Cary McNallan and Rachel Houdek from the Finance Department for their valuable assistance in the formulation of the City budget.

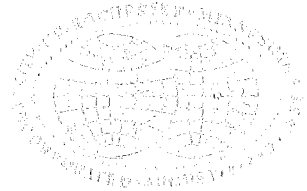
Respectfully submitted,

Stevan E. Kvenvold  
City Administrator



# ROCHESTER

*Minnesota*



November 24, 2015

STEVAN E. KVENVOLD  
City Administrator  
City Administrator's Office  
201 4th Street SE, Room 266  
Rochester, MN 55904-3781  
(507) 328-2000  
FAX (507) 328-2727

The Honorable Mayor and City Council:

Submitted herein for your consideration is the recommended budget for 2016. The total expenditures in the recommended budget are \$258,739,529 and are funded in part by a recommended property tax of \$57,242,383. The preliminary property tax adopted by the Mayor and City Council on September 28, 2015, was \$57,780,000 which is the maximum property tax that can be adopted for 2016.

The total recommended 2016 budget amount of \$258,739,529 is an increase of \$36,011,159 over the adopted 2015 budget. The most significant increases are listed in the following budget functions:

Public Safety	\$2,085,965
Public Works	\$1,791,097
Parking Enterprise	\$11,238,307
Capital Improvement Program	\$13,765,527

The recommended budget contains 22 additional positions, as follows:

<u>Position</u>	<u>Start Date</u>	<u>Wages / Benefits</u>	<u>Other Costs*</u>	<u>Total Costs</u>	<u>Funding Source</u>
Safety Manager	4/1/16	\$90,911	\$6,330	\$97,241	Tax Levy
Internal Auditor	4/1/16	73,298	6,330	79,628	Tax Levy
Investigation	4/1/16	66,445	22,047	88,492	Tax Levy
Patrol Officer	4/1/16	66,445	42,580**	109,025	Tax Levy
Patrol Officer	4/1/16	66,445	14,060	80,505	Tax Levy
Patrol Officer	4/1/16	66,445	14,060	80,505	Tax Levy
Dispatcher	4/1/16	55,403***	1,577	56,980	Tax Levy
Dispatcher	4/1/16	55,403***	1,577	56,980	Tax Levy
Police Radio Specialist	4/1/16	72,862	830	73,692	Tax Levy

Fire Fighter	7/1/16	42,543	4,500	47,043	Tax Levy
Fire Fighter	7/1/16	42,543	4,500	47,043	Tax Levy
MCC Custodial Crew Chief	7/1/16	43,765	1,132	44,897	Tax Levy
MCC Custodian	7/1/16	38,812	1,132	39,944	Tax Levy
MCC Tech Operations Supervisor	10/1/16	21,882	830	22,712	Tax Levy
MCC Event Coordinator	10/1/16	21,312	830	22,142	Tax Levy
Adm. Asst./Public Works	4/1/16	56,251	6,330	62,581	Fee Support
Sewer Collection Operator	4/1/16	59,282	550	59,832	Fee Support
Sewer Collection Operator	4/1/16	59,282	550	59,832	Fee Support
F.O.G. Coordinator	4/1/16	74,500	6,330	80,830	Fee Support
Transit Operations Manager	4/1/16	77,771	3,180	80,951	Grant
Transit Marking Coordinator	4/1/16	69,623	3,180	72,803	Grant
Transit Grants Specialist	4/1/16	73,298	3,180	76,478	Grant

\*Other costs include expenses for computer equipment and office supplies.

\*\*the cost of an additional vehicle for the additional police officers is included in this item.

\*\*\*1/3 of the salary paid by Olmsted County.

The total property taxes needed to fund the recommended positions are \$946,829.

### 2016 MAJOR REVENUES vs 2015

	2015 Adopted Budget	2016 Proposed Budget	Increase/ (Decrease)
Tax Levy & Tax Abatements	53,500,000	57,242,383	3,742,383
Local Government Aid	7,148,299	7,190,914	42,615
Hotel/Motel Tax	4,400,000	4,650,000	250,000
Cable TV Franchise Fee	1,400,000	1,400,000	0
Inspection Permits	2,751,608	3,380,000	628,392
In Lieu of Tax	11,468,410	11,700,718	232,308
Sewer Utility Charge	21,000,000	23,000,000	2,000,000
Storm Water Utility Fee	5,018,685	5,530,000	511,315

Library Fund			
-City Share-Levy	5,740,271	5,930,094	189,823
-County Share	861,399	906,895	45,496
Municipal Recreation Fund			
-Fee Revenues	3,855,920	3,928,350	72,430
-Non-Fee Revenues	6,319,450	6,626,936	307,486
Mayo Civic Center			
-Fee Revenues	2,724,030	2,632,089	(91,941)
-Non-Fee Revenues	1,168,381	1,476,696	308,315
Parking Fund			
-Parking Fines	291,100	318,000	26,900
-Parking Ramps	4,411,007	4,650,000	238,993
-Street Meters	992,000	999,000	7,000
-Parking Lots	418,262	421,200	2,938

The 2016 recommended property taxes increase by \$3,742,383 as compared to the 2015 property tax increase of \$3,451,882

The anticipated local government aid to be received from the State increases by \$42,615.

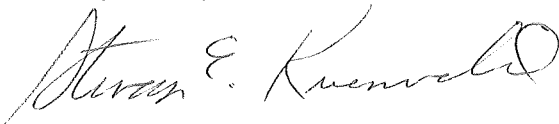
The 4% hotel/motel tax revenues that are used to fund the General Fund, the Rochester Convention and Visitors Bureau (RCVB) and the Mayo Civic Center are estimated to increase by \$250,000. The RCVB receives 50% of this revenue. The 3% hotel/motel tax revenues assigned to assist in the funding of the Mayo Civic Center expansion are included in the Capital Improvements Program.

The increased revenues in the Sewer Utility and Storm Water Utility are the results of rate increases.

The fee revenues associated with the Mayo Civic Center are estimated to decrease due to the current expansion project that is underway.

I wish to express my appreciation to all of the individuals that have participated in the preparation of the 2016 recommended budget, with special thanks to Cary McNallan and Rachel Houdek who have provided invaluable assistance to me in the formulation of the recommended budget.

Respectfully submitted,



Stevan E. Kvenvold  
City Administrator