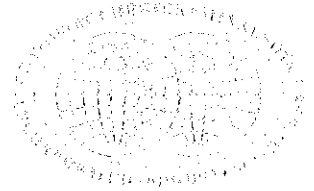




# ROCHESTER

*Minnesota*



January 7, 2010

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 2010. The adopted budget contains appropriations of \$171,516,891 and a property tax levy of \$44,272,624 was adopted to assist in the financing of the 2010 budget expenditures.

\$4,963,500 of the 2010 property tax levy is allocated to the Capital Improvements Program (CIP) to assist in financing 2010 CIP projects. \$1,300,000 of the CIP property tax is allocated to the Downtown Tax Abatement District to assist in funding downtown redevelopment activities.

During the review of the recommended 2010 budget, the City Council decided to add four additional police officer positions to the Police Department and one additional Prosecution Assistant position to the City Attorney's Office. The additional monies needed to finance these additional positions are expected to be raised by the establishment of a Street Light Utility effective in the fall of 2010.

All of the departments have done a very nice job in attempting to minimize their 2010 budget requests to accommodate the considerable loss in 2010 local government aid.

I also wish to express my appreciation for the valuable assistance provided to me by the Finance Department in the preparation of the 2010 budget.

Respectfully submitted,

Stevan E. Kvenvold  
City Administrator



# ROCHESTER

*Minnesota*



December 3, 2009

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 2010. The total expenditures contained in the recommended budget are \$171,495,059. These expenditures are funded in part by a recommended property tax of \$44,293,364.

The Minnesota State Legislature has imposed a property tax levy limitation for local governments for 2009, 2010, and 2011. The property tax levy limit for the City of Rochester for 2010 is \$47,001,588.

\$4,963,500 of the recommended property tax is assigned to fund the proposed capital improvement projects (CIP); \$1,300,000 of the CIP property taxes are designated to assist with the funding of projects within the Downtown Tax Abatement District.

## 2010 RECOMMENDED EXPENDITURES

The cost of employees is the largest single expenditure in the City's operating budget, representing 53% of the expenditures in the operating budget.

The recommended 2010 budget does not contain any recommended new positions. The recommended budget was prepared without including 16 previously authorized positions that will not be funded for 2010. The recommended budget appropriations for employee services assumes that there will not be any actual compensation increases granted for 2010.

The appropriation for temporary salaries decreases from 2009 due to a fewer number of temporary workers being hired and a decrease in their hourly wages.

The appropriation for overtime increases over 2009 to better reflect actual usage of the compensation.

The decrease in employee insurance is due to a combination of position vacancies and changes between single and family insurance coverage.

The majority of the departments, divisions or functions have recommended 2010 appropriations which are less than the revised 2009 appropriations.

Expenditures showing significant increases are utilities, contractual maintenance and expert and professional services. A portion of these increased expenditures are offset by additional revenues or expense billed to other business units.

The appropriations for the City's funding of outside agencies decreases by \$72,300 from 2009.

### 2010 MAJOR REVENUES

	2009 Budget	2010 Budget	Increase/(Decrease)
Tax Levy	41,487,000	44,300,000	2,806,364
Local Government Aid			Decrease of \$3.85 million proposed for 2010
-original	8,979,816	8,959,920	
-revised	<u>7,307,970</u>	<u>5,102,336</u>	
	(1,671,846)	(3,857,584)	
Hotel/Motel Tax	3,500,000	3,250,000	(250,000)
Cable TV Franchise Fee	1,250,000	1,300,000	50,000
Inspection Permits	2,135,000	1,885,000	(250,000)
In Lieu of Tax	10,933,336	10,755,268	(178,068)
Sewer Utility Charge	12,900,600	15,820,000	2,919,400
Storm Water Utility Fee	4,235,741	4,432,372	196,631
Library Fund			
-City Share	4,816,601	4,802,357	(14,064)
-County Share	941,464	874,937	(66,527)
Municipal Recreation Fund			
-Fee Revenues	6,201,850	7,124,995	923,145
-Non-Fee Revenues	6,248,575	5,787,986	(460,589)
Parking Fund			
-Parking Fines	548,000	525,000	(23,000)
-Parking Ramps	2,794,546	3,189,070	394,524
-Street Meters	678,100	790,000	111,900
-Parking Lots	346,126	342,019	(4,107)

The 2010 recommended property tax increases by \$2,806,364 over the 2009 adopted property tax. The average property tax increase for the past seven years is \$2,715,264.

Local government aid funds from the State of Minnesota decreases by \$3,857,584. This is the amount which the Governor unallotted from the funds which were to be provided by existing legislation.

Receipts from the hotel/motel tax are estimated to decline by \$250,000 while receipts from the Cable TV franchise fee are estimated to increase by \$50,000.

The revenues from inspection permits are estimated to further decline by \$178,068 due to the slowdown in the construction industry.

Sewer utility charges are estimated to increase due to a recent rate increase needed to the Sewer Fund's debt payment requirements.

The City and County funding for Library services both decrease due to a decrease in the Library budget.

In the Municipal Recreation Fund, fee revenues increase significantly causing the non-fee revenues needed to support the functions to decline significantly.

I wish to express my appreciation for the assistance of all of the individuals who have participated in the preparation of the recommended 2010 budget.

Respectfully submitted,

A handwritten signature in black ink that reads "Stevan E. Kvenvold". The signature is written in a cursive style with a large, stylized initial 'S'.

Stevan E. Kvenvold  
City Administrator