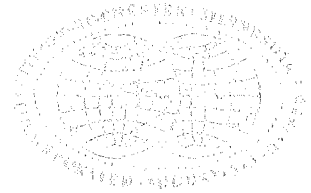




ROCHESTER

Minnesota



January 18, 2013

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 2013. The adopted budget contains appropriations of \$191,784,683 and a property tax of \$50,048,118 was adopted to assist in the financing of the 2013 budget expenditures.

\$3,234,914 of the 2013 property taxes are appropriated to the Capital Improvement budget to assist in funding 2013 capital improvement projects. \$1,000,000 of the property taxes allocated to the capital improvement budget is allocated to the Downtown Tax Abatement District to assist in the funding of downtown development projects.

I wish to express my appreciation to all of the departments for their cooperation in the budget formulation efforts and to the Finance Department staff for their valuable assistance in the preparation of the 2013 budget.

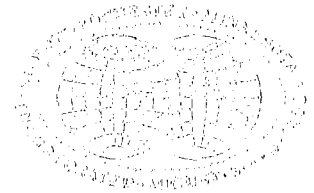
Respectfully submitted,

Stevan E. Kvenvold
City Administrator



ROCHESTER

Minnesota



November 20, 2012

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 2013. The total expenditures contained in the recommended budget are \$191,782,683. These expenditures are funded in part by a recommended property tax of \$50,046,118.

The Mayor and City Council previously established a 2013 maximum property tax levy of \$50,334,000. The recommended 2013 property tax of \$50,046,118 is an increase of \$2,111,678 over the adopted 2012 property tax.

The property tax increases for the past several years are:

2012	\$2,102,140
2011	1,559,676
2010	2,785,624
2009	1,521,596
2008	2,526,904
2007	2,278,995
2006	2,788,889
2005	5,181,504

The average increase in property taxes for the past nine years, including 2013, is \$2,539,667.

The departments requested the reclassifications of nine existing positions, the authorization of twenty new positions and the filling of three authorized, but vacant firefighter positions. The recommended budget only contains one additional position

and that is the Planning and Program Management position in the Police Department that is involved in the department's intelligence led policing initiative. This is a one year temporary position with funding allocated in the capital improvements budget.

The total government operating budget decreases by \$885,112 while the total budget increases by \$29,371,017. The increase in the total budget is largely due to proposed 2013 capital improvement projects and the inclusion of depreciation charges involving the organization's vehicles and computer equipment. Additional details will be provided during the budget review sessions.

2013 MAJOR REVENUES vs 2012

	2012 Adopted Budget	2013 Proposed Budget	Increase/(Decrease)
Tax Levy & Tax Abatements	47,934,440	50,046,118	2,111,678
Local Government Aid	5,101,571	5,101,571	-0-
Hotel/Motel Tax	3,575,000	3,575,000	-0-
Cable TV Franchise Fee	1,325,000	1,337,000	12,000
Inspection Permits	2,050,000	2,293,400	243,400
In Lieu of Tax	10,887,591	11,019,075	131,484
Sewer Utility Charge	18,669,888	18,400,624	(269,264)
Storm Water Utility Fee	5,068,886	5,068,886	-0-
Library Fund			
-City Share-Levy	5,164,406	5,374,326	209,920
-County Share	855,752	809,694	(46,058)
Municipal Recreation Fund			
-Fee Revenues	7,218,556	7,068,748	(149,808)
-Non-Fee Revenues	6,249,338	6,503,912	254,574
Parking Fund			
-Parking Fines	377,988	297,700	(80,288)
-Parking Ramps	3,491,024	3,707,621	216,597
-Street Meters	834,476	909,357	74,881
-Parking Lots	384,354	394,354	10,000

The property tax is the main revenue source to fund the community's service needs and it is the only revenue that experiences any significant growth.

Local Government Aid (LGA) provided by the State of Minnesota has declined significantly since 2003 and has leveled off at \$5,101,571 for the past three years.

The revenue from inspection permits is estimated to increase by \$243,400 due to anticipated increased construction activity in the City during 2013.

The in lieu of tax revenue paid to the General Fund by the organization's enterprise funds is estimated to increase by \$131,484 while sewer utility charges are estimated to decrease by \$269,264.

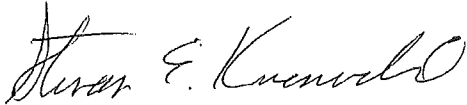
The Olmsted County share of the Library expenses continues to decline as a result of the amended cost sharing formula approved in 2010.

In the Municipal Recreation Fund, the revenues from fees decrease with an increase in non-fee revenues.

In the Parking Fund, there is an estimated decrease in parking fines and an estimated increase in the revenues from the parking ramps, parking lots and street meters.

I wish to express my appreciation to all of the individuals who participated in the preparation of the recommended 2013 budget. I especially wish to thank Cary McNallan and Rachel Houdek whose assistance in the preparation of the budget data has been invaluable.

Respectfully submitted,

A handwritten signature in cursive script, reading "Stevan E. Kvenvold".

Stevan E. Kvenvold
City Administrator