



# ROCHESTER

*Minnesota*



December 27, 2011

STEVAN E. KVENVOLD  
City Administrator  
City Administrator's Office  
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The Honorable Mayor and City Council:

Submitted herein is the adopted budget for 2012. The adopted budget contains appropriations of \$162, 411,666 and a property tax of \$47,934,440 was adopted to assist in the financing of the 2012 budget expenditures.

\$3, 072,046 of the 2012 property taxes are appropriated to the 2012 Capital Improvements budget to assist in funding the 2012 CIP projects. \$1,000,000 of the CIP tax levy monies are 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 budget reduction efforts and to the Finance Department staff for their valuable assistance in the preparation of the 2012 budgets.

Respectfully submitted,

Stevan E. Kvenvold  
City Administrator



# ROCHESTER

— *Minnesota* —



November 22, 2011

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

Submitted herein for your consideration is the recommended budget for 2012. The total expenditures contained in the recommended budget are \$161,718,779. These expenditures are funded in part by a recommended property tax of \$47,950,000.

The 2012 recommended property tax of \$47,950,000 is an increase of \$2,117,700 over the adopted 2011 property tax. The average property tax increase for the City organization was \$2,663,313 over the past seven years.

The past nine years have presented difficult budgeting decisions for the City organization due, in most part, to the State Legislature's decisions about the amount of local government aid appropriated to the City of Rochester and other local governments. During the majority of the past nine years, the State Legislature has certified an amount of local government aid that the City has used to formulate their next year's budget and the Legislature then reduces the amount in mid-year resulting in a need to modify the budgets and reduce expenditures.

The recommended 2012 budget is formulated to maintain the level of services that were provided to the community citizens in 2011.

The "new" areas of expenditures are the operating and debt services expenses related to the new Public Works Operations Center facility and increased landscape maintenance expense associated with the reconstruction of a segment of T.H. 14 commonly referred to as the beltline.

The recommended budget proposes 3 additional positions and the filling of 2 previously authorized but unfunded positions. The positions are:

- An Accounting Technician position for the Finance Department whose primary responsibility would be accounting activities relating to Public Works projects and agreements.
- A Systems Administrator position for the Information Technology Department.
- A HR Aide position for the Human Resources Department.
- A previously authorized by unfunded GIS Specialist position in the Public Works Department.
- A previously authorized but unfunded Librarian I position in the Public Library.

The debt service requirements for the new Public Works Operations Center facility increase from \$590,000 in 2011 to \$1,598,657 in 2012, an increase of \$1,008,657.

2012 MAJOR REVENUES vs. 2011

	2011 Adopted Budget	2012 Proposed Budget	Increase/(Decrease)
Tax Levy & Tax Abatements	45,832,300	47,950,000	2,117,700
Local Government Aid	5,101,571	5,101,571	-0-
Hotel/Motel Tax	3,500,000	3,575,000	75,000
Cable TV Franchise Fee	1,275,000	1,325,000	50,000
Inspection Permits	2,020,000	2,050,000	30,000
In Lieu of Tax	10,845,623	10,917,423	72,800
Sewer Utility Charge	17,261,577	18,669,888	1,408,311
Storm Water Utility Fee	5,014,143	5,441,783	427,640
Library Fund			
-City Share-Levy	4,893,321	5,164,406	271,085
-County Share	948,696	855,752	(92,944)
Municipal Recreation Fund			
-Fee Revenues	7,376,732	7,218,556	(158,176)
-Non-Fee Revenues	6,247,228	6,251,298	4,070
Parking Fund			
-Parking Fines	525,000	377,988	(147,012)
-Parking Ramps	3,469,696	3,491,024	21,328
-Street Meters	853,682	749,476	(104,206)
-Parking Lots	394,323	384,354	(9,969)

The local government aid (LGA) revenue from the State of Minnesota has been a very unreliable source for the City organization. The \$5,101,571 in LGA programmed for 2012 has been certified by the State Legislature and is the exact amount received in 2011.

The revenues from the hotel/motel tax, the cable TV franchise fee, inspection permit revenues and in lieu of tax revenues all are estimated to increase in 2012.

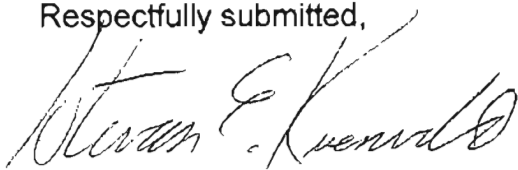
Sewer Utility charges reflect a significant increase due to previously adopted Sewer Utility rates for 2012. The rate increase was necessary to pay for increased debt service payments associated with the Water Reclamation Plant expansion that was recently implemented.

There is an increase in Storm Water Utility revenues, this is not a recommended increase as of this writing. The Public Works Department has recommended an increase in this fee and the City Council has not yet reviewed the fee increase recommendation but will do so before the budget is adopted.

Olmsted County does provide some funds designated to cover the costs associated with the Olmsted County residents' use of the Rochester Public Library. The cost sharing formula was changed in 2011 which has resulted in a reduced share of Library expenses paid by Olmsted County.

I wish to express my appreciation to all of the individuals who participated in the preparation of the recommended 2012 budget.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stevan E. Kvenvold". The signature is fluid and cursive, with the first name being the most prominent.

Stevan E. Kvenvold  
City Administrator