# Owatonna 2025 Truth-in-Taxation Meeting Minutes

Council President Raney called the annual Truth-in-Taxation Meeting to order on Tuesday, December 2, 2025, at 6:00 p.m. in Chambers at the Charles S. Crandall Center. Present were Council Members Boeke, Raney, Voss, Dotson, Svenby, Burbank, and Raney; Mayor Jessop; City Attorney Walbran; City Administrator Tuma; Assistant City Administrator Tuma; and Administrative Coordinator Clawson.

Council President Raney welcomed everyone and explained this meeting is to hear comments about the Proposed 2026 City Budget and Levies. Questions regarding proposed property tax statements, property valuations, and property tax relief options should be directed to the Steele County Assessor's Office.

City Administrator Tuma thanked everyone for attending and commented that staff have worked very hard in preparing the City's 2026 Budget. After a summary of the agenda, she gave a quick overview of what the city levy provides to 27,000+ residents:

- 90+ buildings owned & maintained
- 139+ miles of roads maintained
- 43,488 calls for service responded to by police officers in 2024
- 600 calls for service responded to by firefighters
- 900+ acres of parkland owned & maintained
- 31+ miles of paved and natural trails maintained
- 2,000+ building permits expected to be issued in 2025 • 199,296 items circulated last year by the library (digital and physical) to more than 19,000 library card holders
- 97,925 visits and 12,931 program attendees at the library in 2024
- 33,345 guests served in 2025 at River Springs Water Park + swimming lesson participants
- 23,961 golfing rounds in 2025 at Brooktree Golf Course (increased 11.84% from 2024.

Staff have a lot of pride in Owatonna and our community. We take a lot of pride in our work.

Each November, property owners receive a statement showing preliminary taxes for next year from the County Treasurer's Office. Their proposed property taxes are calculated based on the preliminary tax levies adopted by each governing body (County, City, and School District) in September. The final levy may be less than the proposed but cannot be more.

The annual budget process spans over a 9-to-10-month period. Beginning in February or March, Strategic Planning Sessions are held for Council to determine the City's priorities and goals. Staff then prepare their department budget that aligns with those priorities.

A slide presentation began with display of the city's five current Strategic Priorities:

- Our Public Amenities
- Economic Vitality
- Infrastructure
- Financial Security
- Premier Employer and Our Neighbors.

The City's 2026 Budget request is $21,568,556 a proposed 9.0% levy increase than the current 2025 Budget. When the budget process began, the initial Proposed Budget and Levy amount were higher at $22,170,620 a 13% increase. Staff and management worked hard to decrease the requested amount, five main reasons for this increase include:

- Increased costs for supplies/materials (bituminous, concrete, road oils, chloride, chemicals, fuel, etc.)
- Replace and upgrade portable recording systems for Police Department
- Support for information technology transition from hybrid environment to cloud solutions for increased efficiency and security
- Comply with State-mandated Minnesota Paid Leave
- Implement City Council-approved 2025-2027 employee compensation

Assistant City Administrator Thamert commented the main components of the 2026 General Fund Expenditures are:

- Personnel Costs = 69%
- Other Services and Charges = 16.4%
- Supplies = 8.7%
- Profession and Technical Services = 5.7%
- Supplies and Transfers = 8.9%.

Costs to maintain and enhance City services are:

$11.3 million: Public Safety (Police, Fire & Building Inspections)
$ 7.2 million: General (Council, Administration, Finance, Human Resources and Technology)
$ 6.4 million: Public Works (Engineering, Streets, and Airport)
$ 5.0 million: Parks & Recreation
$ 1.5 million: Library

The 2026 Capital Improvement Projects Fund Levy at $249,000 includes:

- City-Wide LED lighting updating
- Maintenance Facility tube heat replacement
- Key Cutter and Setup
- Brooktree GC Pergola replacement
- Airport and Parks pavement replacement
- Annual technology replacements

The 2026 Building Maintenance Fund Levy at $300,000 includes:

- Roof Projects
- Library Architectural Services to plan replacement of the clay tile roof
- City Hall Tuckpointing
- Multiple garage Door Replacements

Included in the 2026 Vehicle Replacement Fund:

- Police Vehicles
- Facilities Truck
- IT SUV
- Specialty Equipment: Sprayer, Kromer, Ventrac, Others
- Mowers: Facilities and Golf
- Asphalt zipper
- Skid Steer

Main components of the 2026 General Fund Revenues include:

- Tax Levy = $18,427,728 = 58.6%
- LGA = $7,343,084 = 23.4%
- Charges for Services = $3,601,127.11= 11.5%
- Miscellaneous = $633,159 = 2%
- Interest Earnings = $525,000 = 1.6%
- Licenses & Permits = $466,650 = 1.5%
- Other Taxes = $300,000 = 1.0%
- Fines & Forfeitures = $136,500 = 0.4%

Every tax dollar is spent on:

$0.854 – General Government
$0.112– Debt
$0.012 – Capital
$0.011 - Economic Development
<u>$0.011</u> - Housing & Redevelopment
$0.992

Components of Tax Capacity Changes are:

- New Construction
- Existing Homes & Businesses
- Changes in Valuation

The annual tax on an average home (valued at $275,000) with the 2026 Market Value Exclusion Limits will increase $51 or $4.26 per month for city taxes.

2025 - $1,472 City Taxes on a $275,000 home
2026 - $1,523 City Taxes on a $275,000 home

Minnesota Statue requires the Council hold a meeting for public comments about the proposed annual budget between November 25th and December 28th. The Council will hear comments tonight on the City's Proposed Budget and Levies and then consider the Final 2025 Budget during their meeting in two weeks on December 16, 2025.

Council President Raney thanked City Administrator Tuma and Assistant City Administrator Thamert for their presentation. At 6:17 p.m., the meeting opened the meeting for public comments.

**Virgil Vavra, 1411 N Cedar Avenue** commented he moved to Owatonna 18 years ago. He just received a proposed tax statement showing his property taxes would be increased 9%. Now, your slide presentation shows a 9.9% tax rate. Why is it different? City Administrator Tuma explained the value used preparing the proposed tax statements used the approved proposed levy amount of 13% for the city. The city levy is just one portion, there are three components to consider in the levy request, school, city, and county. He commented per his calculation, his city property taxes will increase 14% and just under 6% for county taxes. City Administrator Tuma asked if his property value adjusted, which would also contribute to why his tax statement has increased. He then commented one slide was displaying the number of rounds of golf completed this year, was Brooktree Operations profitable? City Administrator Tuma offered to meet with him at another time to answer his questions. Vavra responded his question involves the budget and asked if any funds remained from the $1.8 million settlement the city received from Dow Chemical for Imprelis herbicide several years ago, are any of those funds available to use towards Brooktree expenses? City Administrator Tuma commented she could meet with him another time to answer those questions. His then questioned the number of current city staff and how many new staff would be added during 2026. He is unsure where the large, proposed increases are coming from? Assistant City Administrator Thamert commented this meeting is to hear comments on the proposed budget and not the city's operation process. He commented thanks for nothing, I have wasted my time, and I want to add that the process you value property is poor, I have a better way which I would like to share with you. Council President commented that property valuation is done by the County Assessor's Office and not by the city, and asked Mr. Vavra to move on and allow others to speak, he has spoken longer than the allowed two-minute period for a public comment. Mr. Varva left upset saying this was a waste of his time as none of his questions were answered.

Council President Raney reminded everyone comments will be limited to two minutes, Council Member Voss will be timing speakers and raise his hand when fifteen seconds remain so try to wrap up your statement so others can have opportunity to speak, we want to hear from as many as we can.

**Barb Bandel, 622 Prospect Street** commented that she had heard a buzz that some of our current city council members said that a property tax increase will not be a hardship for senior citizens. I'm here to tell you that I live on a limited income, I can't even consider buying a pet knowing that I would not be able to cover any unexpected expenses. If you must live on a fixed income, it is tough. This year, two months of my social security benefits were used to pay my property taxes. I can't afford any tax increase. We don't need a new combined police and fire facility. Council Member Raney commented that the levy is not used towards major construction projects. She then suggested that the city get rid of the water park, the expenses to run the waterpark could be removed from the budget. She believes that most people prefer to swim in the lake, so a water park is not needed.

**Daniel Pridie, 1015 Havana Road** commented he understood that more than 50% of the proposed levy increase is for city employee wages. Is that increased wages for the city workers but what happens to others who do not receive increased wages each year? The city should look at this and bring this down to the medium of what other employers are doing? Also, what about your level of debt? Where do those debts come from, are those costs incurred over a 10-year period or recent expenditures? In a capital project, you can spend up to $500,00 and then you must bond. What is within that $500,000 cap, what are you doing with all your buildings? Have you done surveys to show how your buildings could be renovated? I submitted a request for this information but haven't received a response yet.

**Sarah Sanchez, 211 Riverside Avenue** commented she wanted to come up to give respect to each of the council members, many will not step up to do what you do. You do not manage dollars; you represent the people. You must be good stewards; you must show that you have maximized the resources that you have. I request a state audit be completed, I don't know when the last was done but all citizens should push for state audit. Before we spend more, we must show we are stewards of what we have. There must be more transparency, information is on the city's website, but most people do not know how to navigate to find this. We need more public-private partnerships and need to be more authentic in our community engagements.

**Melissa Zimmerman, 2525 Stoney Creek Drive** thanked council for bringing the 2026 budget down. I am here tonight because I care about the community and how decisions made within this room affect everyone in Owatonna. Right now, many families are tight on money, and the city has 53% of its general budget in reserves. That is more than the range recommended by the state. It is good, as it tells me that the city has been cautious but also tells me that we can offer residents relief. The city could fund six months of operations without raising the levy and this would offer residents some much needed relief at this difficult time within the economy. The proposed levy rate was reduced from 13% to 9.9%, but an increase of almost 10% is unaffordable for most families. Your slide presentation tonight showed over $3.2 million in levy funded capital and debt service costs, so the levy does pay for infrastructure. The pie slide listed new construction as part of the tax equation so new construction is also a part of the levy calculation. The city is not immune to inflation, neither are residents. The difference is that residents don't have half a year of reserves to fall back on, but the city does. New police and fire stations might be good long-term goals, but they are not urgent and affordable right now. We should not commit to multi-million-dollar projects when families cannot afford them. This year the priority should be on the people; we should lower the level of our reserves and limit spending. Owatonna families have done their part, tonight I am asking the city to do the same.

**Mark Mott, 1005 Havana Road** commented he would never want to serve in a council member's position. Nobody wants to pay taxes, it feels like theft. The public can absorb a 2-3% increase and you came done 3.1% on the proposed levy but that is not enough. I understand inflation, I farm and question what are you planning for as inflation? Fuel costs for my farming operation have come down a bit so why is inflation continuing to increase for the city? It is the wages, people are overpaid, you cannot continue to give your employees raises when people are struggling. You present a proposed levy at 13% and then decrease that to 9.9%, that looks bad. Most people want transparency; we can absorb small amounts but not big levy amount increases. You may not see it, but you are taxing the middle class out of this town.

City Council President Raney thanked everyone for attending council appreciates your comments made during this meeting. They will be considered prior to voting on the final budget and levy during the next City Council Meeting on Dec 16th.

City Administrator Tuma commented the slides presented during this meeting will be available on the city's website as will video of this meeting.

At 6:49 p.m., Council President Raney called for a short recess prior to the Council Meeting which will begin at 7:00 pm.

Respectfully Submitted,

Jeanette Clawson, Administrative Coordinator