



CITY COUNCIL MEETING
Monday, June 15, 2026 at 4:30 PM

At 4:30 p.m. Council will meet in a Study Session in Chambers, Charles S. Crandall Center at City Hall, 540 West Hills Circle.

1. INTRODUCTORY ACTIONS: Call to Order, Roll Call, and Pledge of Allegiance

1.1. Items of Discussion

1.1.1. Budget Discussion: 2027 Operating/Capital



2027 Budget Workshop

JUNE 15, 2026

2027 Budget Kickoff

- Guiding Principles
- 2027 Budget Process
- Tools & Policies
- 3 Focus Areas/What We Heard
- Council's Priorities for 2027
- Review 2027 Budget Calendar



Organization Purpose:

WE CREATE A BETTER TOMORROW

Organization Values:

BETTER TOGETHER

We are one team of diverse perspectives and talents working to create a better tomorrow for Owatonna. We support each other, listen to understand, and respectfully challenge each other - always recognizing and trusting that we will succeed more as a team than on our own.

COMMUNITY STEWARDSHIP

We are here to proactively care for, protect, and serve our community. We understand that our community trusts and empowers us to do our work responsibly, with integrity, and utilize resources effectively and efficiently.

PRIDE IN OUR WORK

We care, we show up prepared to work, and we strive for excellence in all that we do. We commit to continuously learn and improve each day. We believe if it's worth doing, it's worth doing well.

Civility Code



I PROMISE TO LISTEN WITH THE INTENT TO UNDERSTAND, NOT SIMPLY TO RESPOND. I WILL BE FULLY PRESENT—ENGAGED, ATTENTIVE, AND INTENTIONAL—MINIMIZING DISTRACTIONS SO OTHERS FEEL HEARD AND VALUED.



I PROMISE TO DO MY PART TO HELP US BE BETTER TOGETHER. I WILL COME PREPARED, COMMUNICATE WITH CLARITY AND PURPOSE, STAY FOCUSED ON WHAT MATTERS MOST, AND ALIGN MY CONTRIBUTIONS WITH OUR SHARED “WHY.”

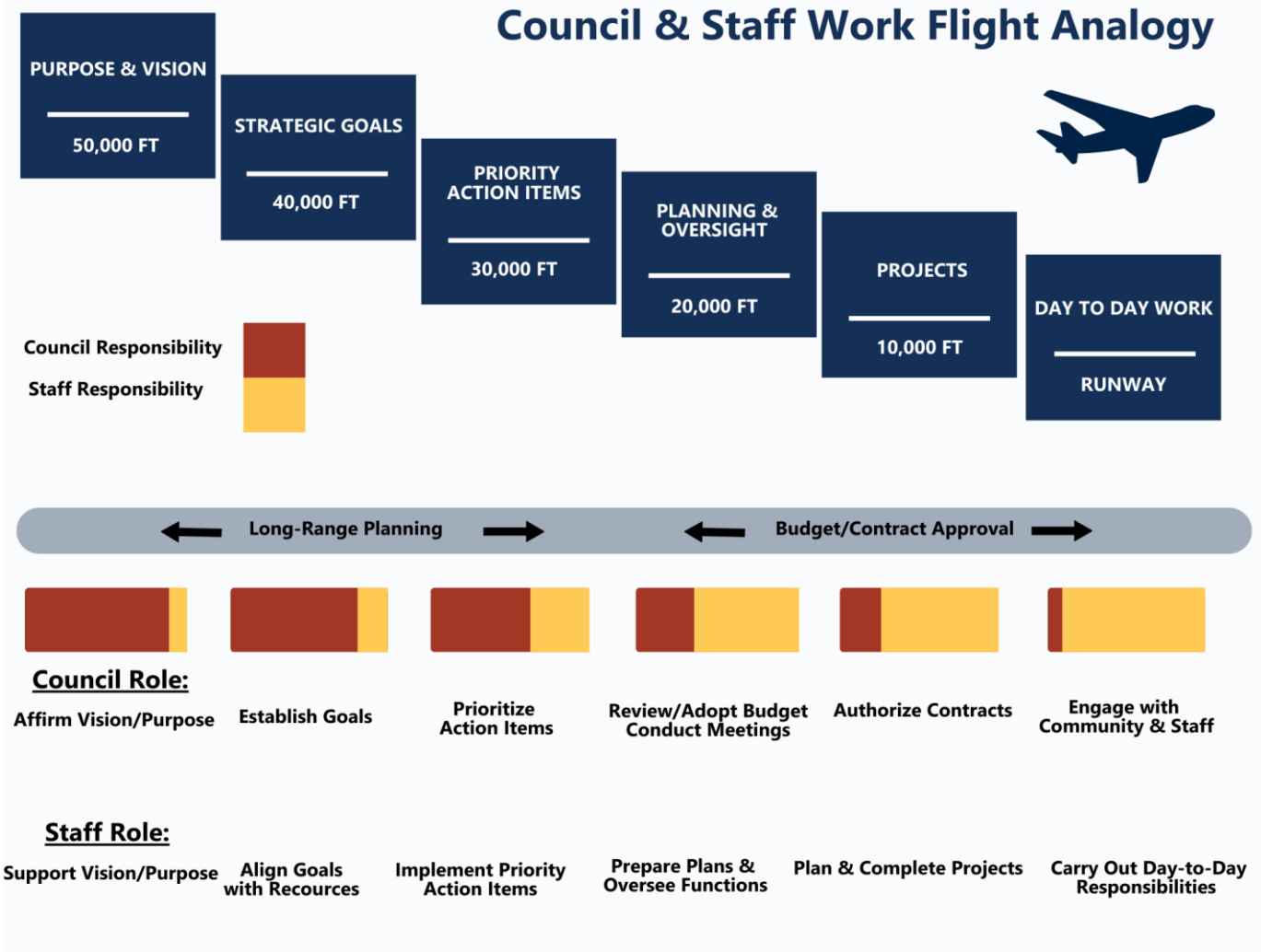


I PROMISE TO REMAIN OPEN-MINDED. I WILL SEEK TO UNDERSTAND PERSPECTIVES BEYOND MY OWN, LEAD WITH EMPATHY, AND CONSIDER THE NEEDS OF OTHERS BEFORE MY OWN.



I PROMISE TO STAND IN UNITY. WHEN DECISIONS ARE MADE, I WILL SUPPORT THE TEAM—RESPECTING AND HONORING THE OUTCOME, EVEN WHEN IT DIFFERS FROM MY PERSONAL PERSPECTIVE. WE MOVE FORWARD AS ONE

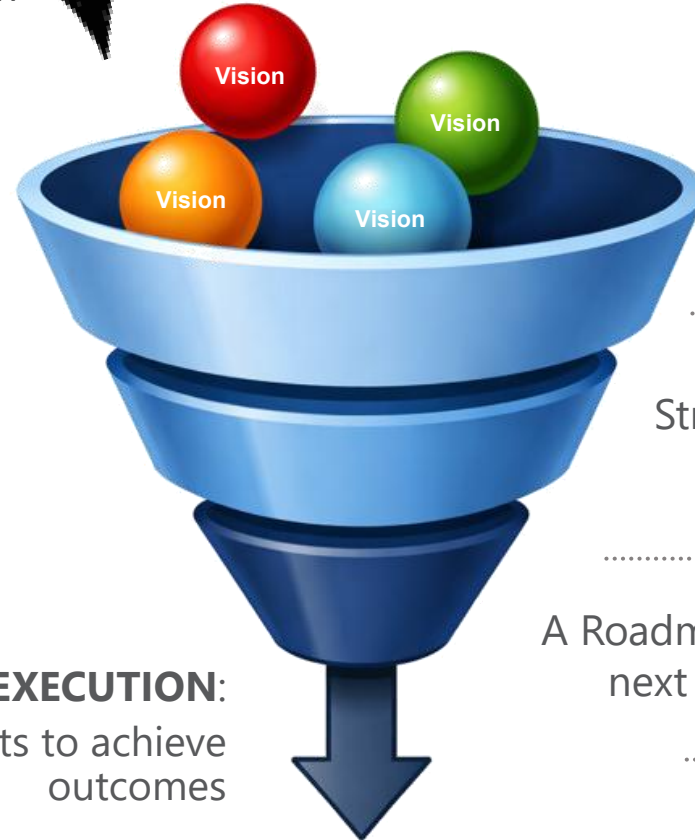
Council & Staff Work Flight Analogy



Our Approach

Working Through The Funnel

The further we go in the funnel, the greater the detail



.....
Vision or **PICTURE OF THE FUTURE**
set in a 5+ year out timeframe
.....

.....
Strategic Objectives or **FOCUS AREAS**
are based on the next three-year
timeframe
.....

.....
A Roadmap details the **OUTCOMES** of the
next three years, by year by objective
.....

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TRUE NORTH

Strategic Outcomes for the Next Three Years:

Public Safety Infrastructure

Our new Safety Center—serving both Police and Fire—is fully operational, staffed, and delivering enhanced service, safety, and readiness for our community.

Organizational Effectiveness

We have implemented an optimized staffing and organizational structure that aligns resources with priorities, improves efficiency and supports sustainable service delivery.

Managed Community Growth

We have achieved our targeted population growth goals (30 by 30), ensuring growth is intentional, balanced and supported by infrastructure, services and community needs.

Themes:

We want a proactive approach

"Don't kick the can."

"Good enough" is not Owatonna

Forward-looking planning

Keep the levy livable

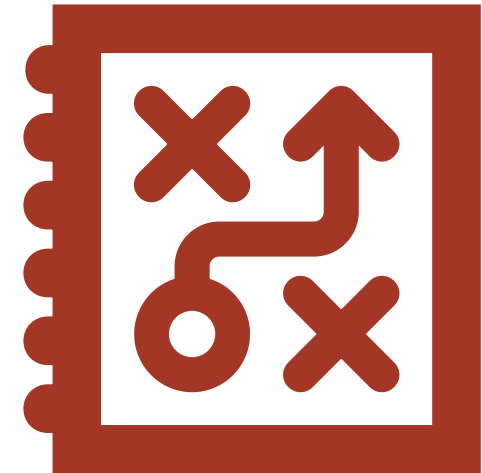
Take care of Police and Fire Facilities

We have too many buildings

Organizational culture is important

We listened ...

- Took a proactive approach to meet needs
- Developed a 10-year Financial Management Plan (FMP)
- We assessed building conditions, equipment, pavement, and reviewed financials and policies
- Reviewed operations and staffing levels



Financial Management Plan

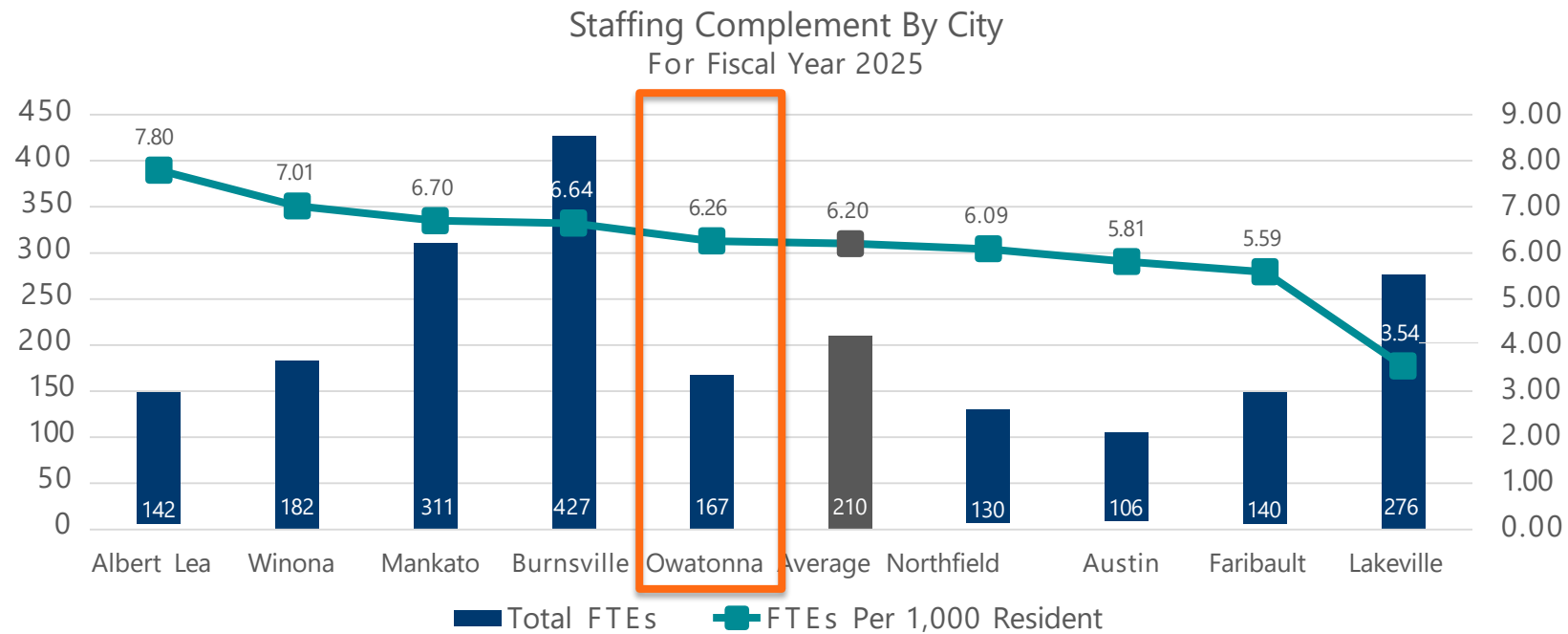
Maintain an unrestricted General Fund Balance 45%

- **10-Year Plan Includes**

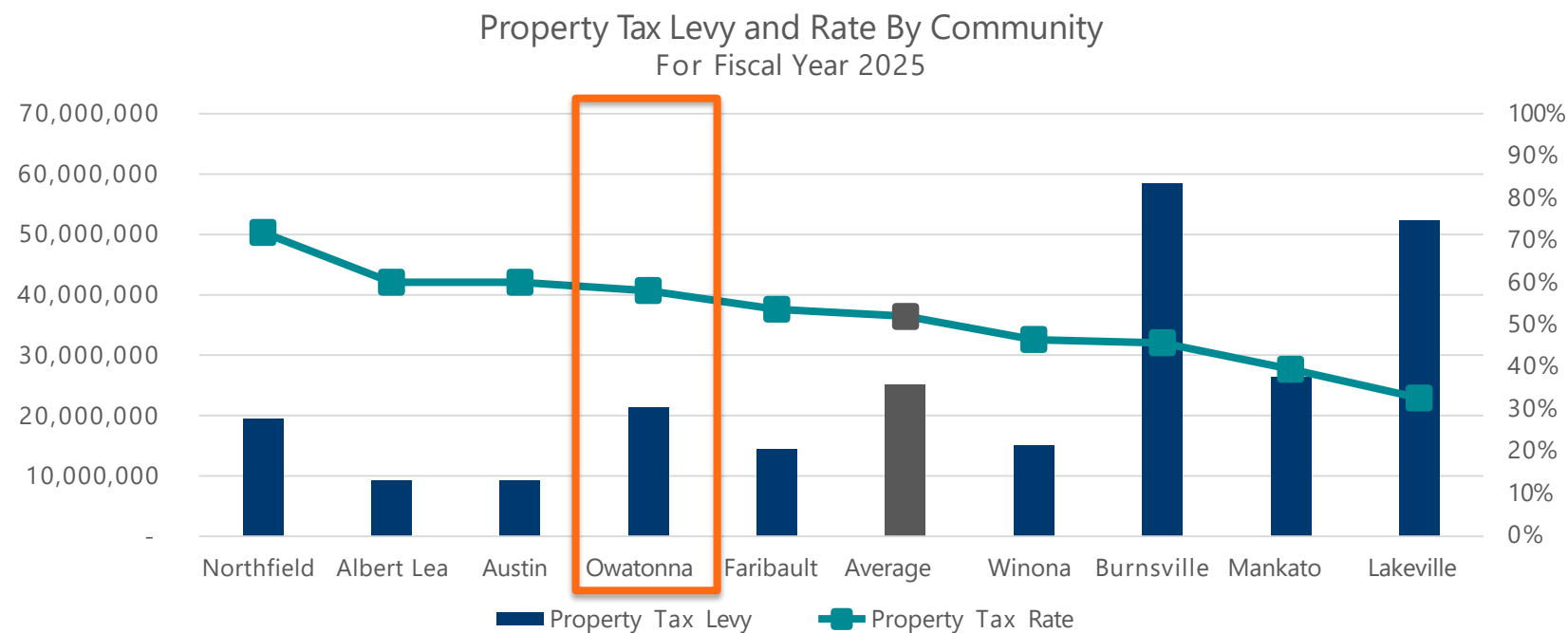
- Capital Project Funds - \$186m
- Street/Pavement – increase replacement
- Building Maintenance Fund: \$10.3m projects
- Vehicle Replacement: \$23.6m
- Staffing Plans: 16.7 (6.70) FTE

- FMP 5/19/2026

Staffing Analysis, Comparative & Area Peers



Property Tax Levy Comparison



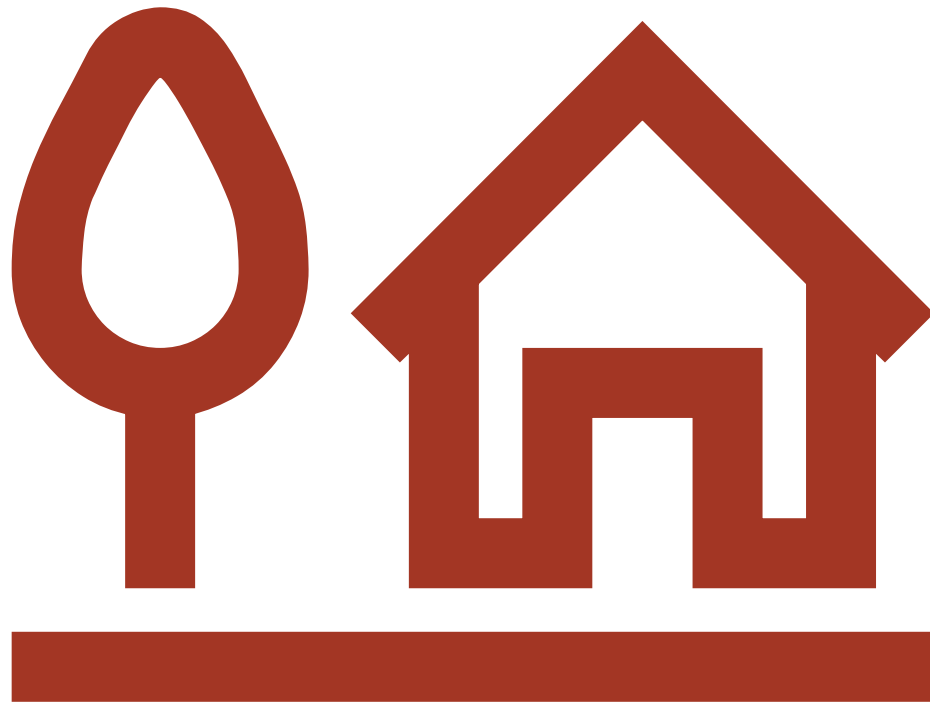
Assumptions & Other Factors

1. Inflationary & Other Adjustments
 - ✓ 3% non-property tax revenue
 - ✓ 4% expenditures
 - ✓ 5%-7% for capital projects
 - ✓ 3% interest earnings
2. Growth: 255 single-family homes, 18 multi-family homes, 9 apartment, 9 commercial & 9 industrial buildings
 - ✓ 50% of commercial & industrial incentivized by tax increment financing (TIF)
 - ✓ \$685M in new market value (non-TIF)
 - ✓ \$11.6M in additional tax capacity
3. Existing tax base increases 2% annually



Assumptions & Other Factors, continued...

4. Maintain an unrestricted General Fund balance at or above 45% of expenditures
5. Includes an updated Capital Improvement Plan (CIP)
 - ✓ City costs only, excluded external funding & associated expenses
 - ✓ \$244M in projects over next 10 years
 - ✓ Street projects assessed according to existing City policy
 - ✓ \$181M in bonding needed to fund the projects
 - ✓ Future bonds issued at 10- and 20-year terms & 4.0% to 4.5% rate
6. Uses 2025 budget until audited actuals become available



Spring City Tour

June 9, 2026

- Pavement, parking lots and alleys
- Retaining wall needs/replacement
- Housing Projects
- Ø Affordable housing project – Partridge lots
- Ø New Housing Development – Mineral Springs
- Parks and courts conditions
- Ash Trees – removal
- EDA and future growth – infrastructure/lift station

2027 Priorities Recap

- Police and Fire Facilities
- Pavement Management – transition to 50 yr.
- Take care of what we own
- Capital Projects
 - Building Maintenance
 - Recreation Amenities
- Staffing – level of service
- Vehicle Replacement Fund
- Organizational Effectiveness
- Tree Management

Mayor/Council Parameters

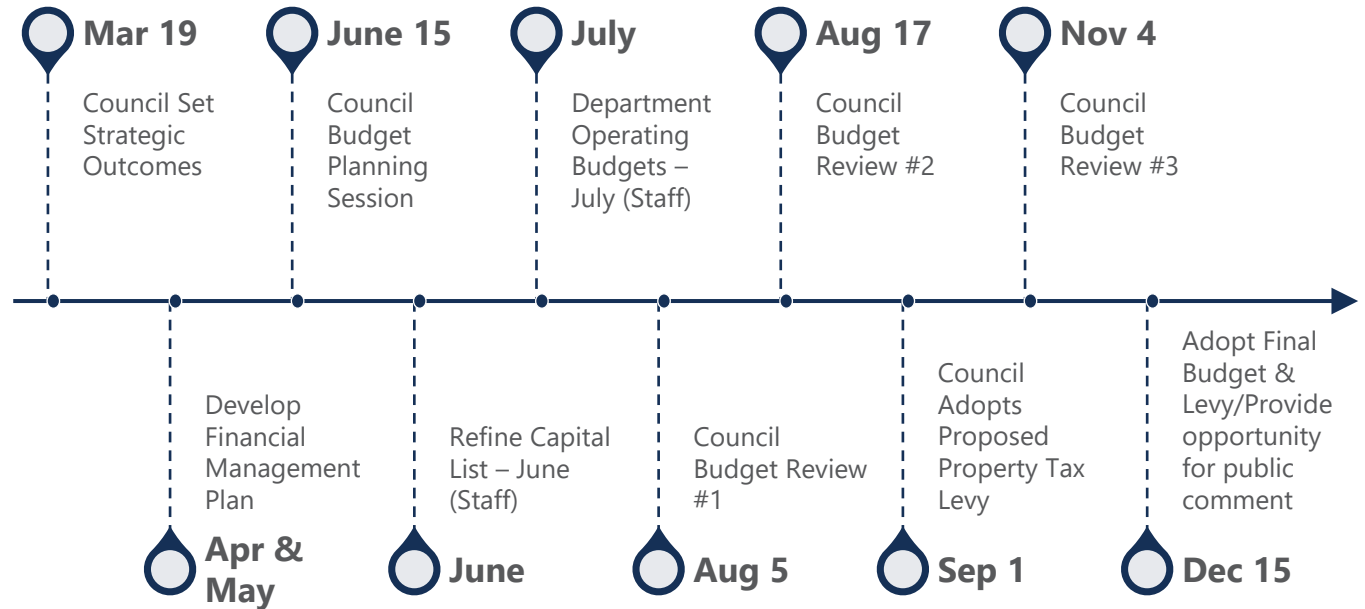
LET'S CONFIRM WHAT WE HEARD ...

Why does a Financial Management Plan matter?

THE FINANCIAL PLANNING FLOW



2027 Budget Process Calendar





THANK YOU

For additional information,
visit Owatonna.gov/finance