CITY OF OWATONNA

CITY COUNCIL MEETING

Monday, August 17, 2026 at 4:30 PM

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

1. **ITEMS OF DISCUSSION :**
    1.1. 2027 Preliminary Budget Review

2027 Budget

COUNCIL BUDGET REVIEW
WORK SESSION #2

AUGUST 17, 2026

TRUE NORTH

Strategic Outcomes for the Next Three Years:

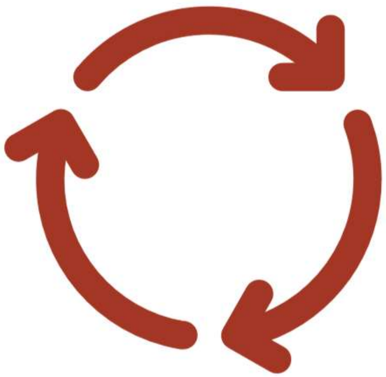
Public Safety Infrastructure
Our new Safety Center—serving both Police and Fire—is fully operational, staffed, and delivering enhanced service, safety, and readiness for our community.

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.

Follow up items from Work Session #1 …

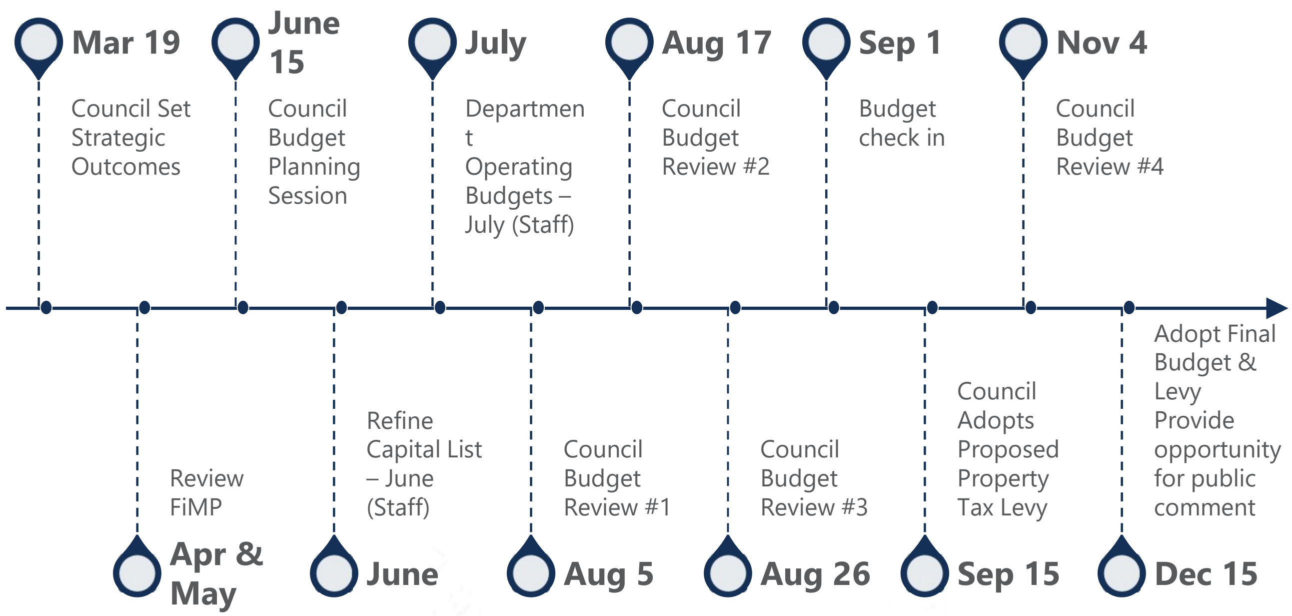
- What % of employees have steps remaining on the pay scale?
- What is the current fund balance?
- What % of the proposed 11.3% levy is the already approved salary/benefit increases?
- What is the budgeted vs actual YTD MN Paid Leave costs?
- Why does the City have to pay election workers?
- Summary of new positions requested in 2027 budget with costs.



2027 Staffing Requests

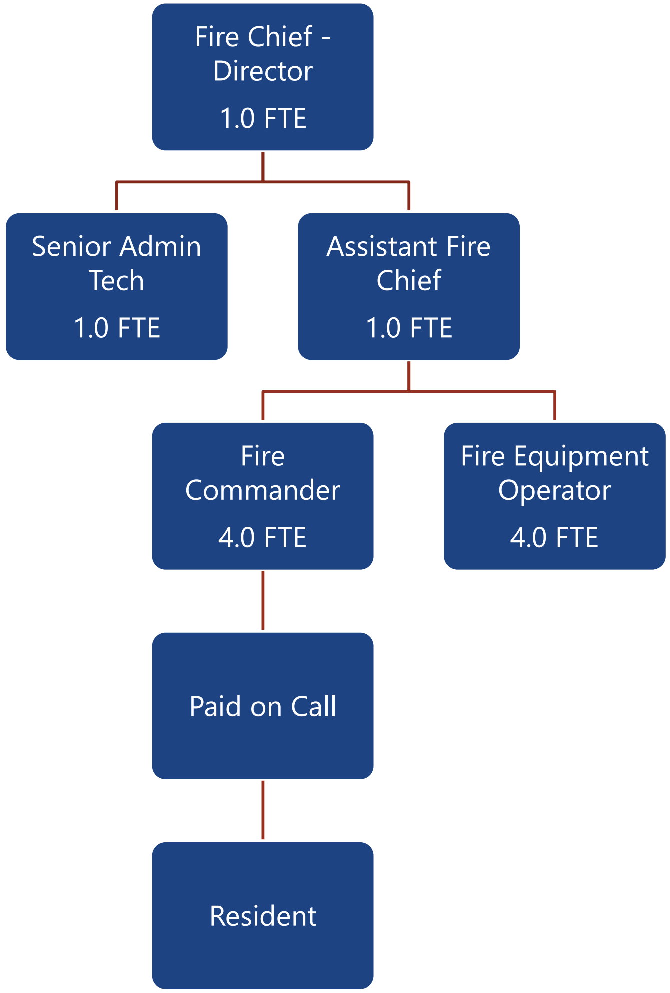
Position Title	FTE	Est. Cost
Firefighter	1.0	$135,921
Part-time Deputy Clerk	0.5	$42,086
Housing Specialist	0.3	$52,776
Engineering Tech	1.0	$116,770
IT Specialist	1.0	$110,224
Library Admin Tech	0.3	$49,900
Total	**4.1**	**$507,677**

UPDATED: 2027 Budget Process Calendar



Fire

Our Team


Fire Chief - Director
1.0 FTE
Senior Admin Tech
1.0 FTE
Assistant Fire Chief
1.0 FTE
Fire Commander
4.0 FTE
Fire Equipment Operator
4.0 FTE
Paid on Call
Resident

Department Purpose

We believe that our community thrives when there is a response and support in times of emergency. The Fire Department creates a better tomorrow by preserving life and property when our citizens need it most.

2026 Achievements

- Mental health initiative approved
- Fire engine ordering approved

Opportunities & Challenges

- Staffing to ensure community needs are met
- Ongoing facility maintenance needs
- Training and professional development

Expenses - Fire

	2025 Actual	2026 Budget	2027 Request
Total	$2,389,594	$2,572,690	$2,973,360

Notable Changes in Expenses

- Addition of full-time Firefighter
- Increasing budgeted contributions to mental health program
- Uniforms for Paid-on-Call Firefighters for events

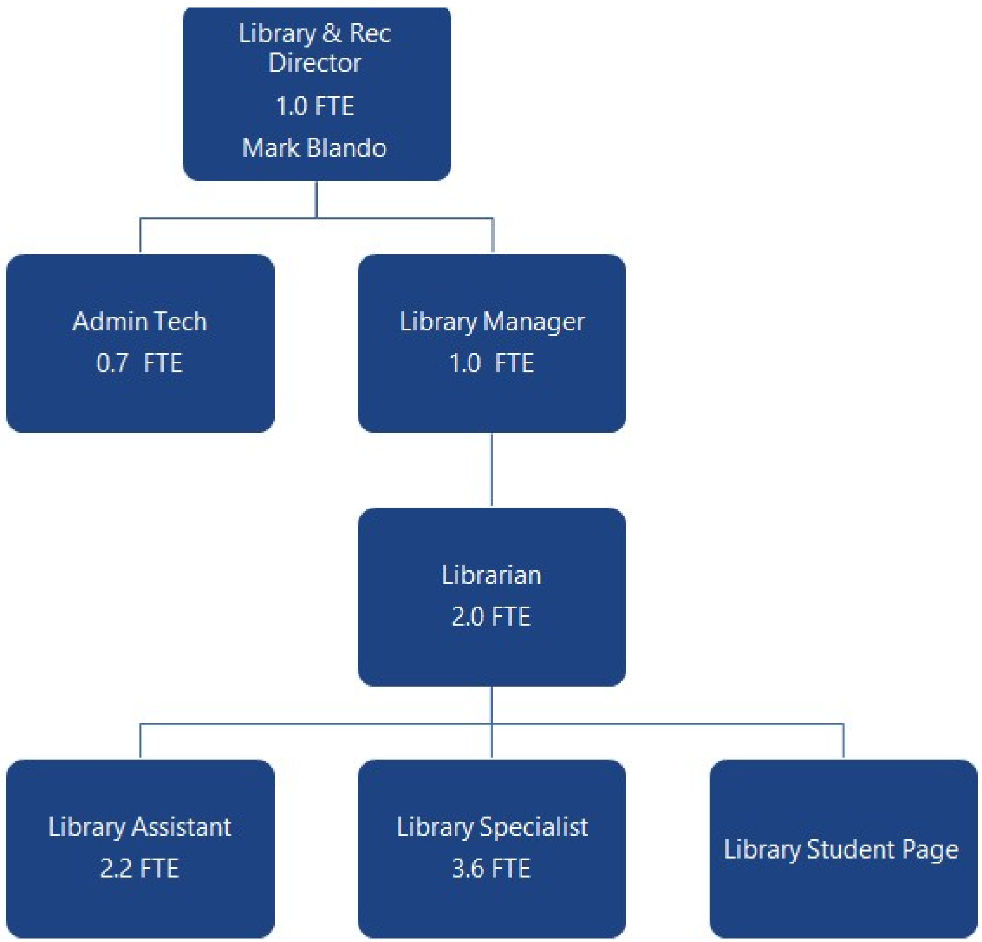
Revenues - Fire

	2025 Actual	2026 Budget	2027 Request
Total	$436,870	$449,057	$451,774

Library & Recreation

Library

Our Team


Library & Rec Director
1.0 FTE
Mark Blando
Admin Tech
0.7 FTE
Library Manager
1.0 FTE
Librarian
2.0 FTE
Library Assistant
2.2 FTE
Library Specialist
3.6 FTE
Library Student Page

Department Purpose

We believe that libraries are an essential hub in any community. The Library Department creates a better tomorrow by providing a welcoming space supporting the access to diverse educational resources to enhance the quality of life in our community.

2026 Achievements

- Instituted departmental re-organization
  - Library Director oversees new Library/Recreation Department
  - Hiring of Library Manager
- 3D Printing made available to the public
- Started a new book club at Mineral Springs Brewery
- Repair of the north chimney
- Began new library newsletter, *One Page Left*

Opportunities & Challenges

- Begin implementation of library renovation plan
  - New circulation desks, new shelving, and new study rooms
- Expand programming to locations outside the library
- Make podcast studio and equipment available to the public

Expenses - Library

	2025 Actual	2026 Budget	2027 Request
Total	$1,421,253	$1,584,583	$1,562,817

Notable Changes in Expenses

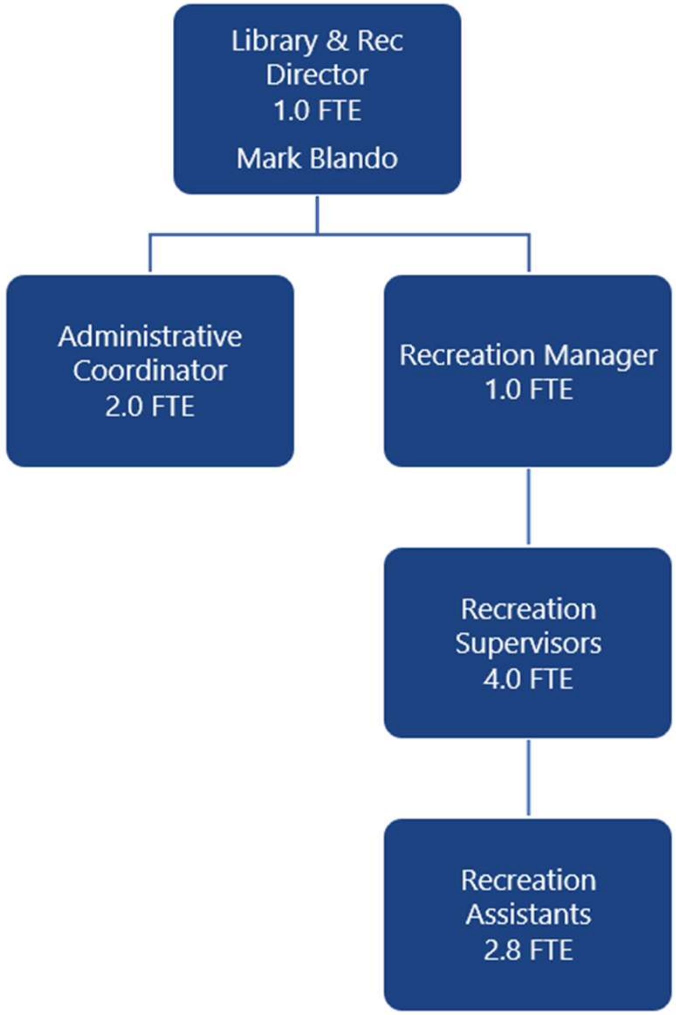
- No significant increases or decreases

Revenues - Library

	2025 Actual	2026 Budget	2027 Request
Total	$358,200	$338,200	$357,200

Recreation

Our Team



Library & Rec Director
1.0 FTE
Mark Blando
Administrative Coordinator
2.0 FTE
Recreation Manager
1.0 FTE
Recreation Supervisors
4.0 FTE
Recreation Assistants
2.8 FTE

Department Purpose

We believe that recreation brings vibrance to any community. The Recreation department creates a better tomorrow by supporting the divisions that enrich the quality of life for our community and visitors.

2026 Achievements

- Centralizing Recreation Team
- Reopening River Springs Water Park after significant infrastructure issues and attaining record participation in numbers
- Year to Date increase in Brooktree rounds played
- Reopening the West Hills Pool

Opportunities & Challenges

- Attracting and retaining quality seasonal staff
- Long-term viability of West Hills Fitness Center Pool
- Inter-departmental collaboration
- Expanding RSWP opening tasks to inhouse pressure testing filtration lines for more efficient management systems

Expenses - Recreation

	2025 Actual	2026 Budget	2027 Request
Total	$1,704,912	$2,014,551	$2,236,035

Expenses - Park & Rec Administration

	2025 Actual	2026 Budget	2027 Request
Total	$388,424	$144,788	$211,520

Notable Changes in Expenses

- Addition of Recreation Intern & increased seasonal staff
- Discontinued Lake Kohlmier boat rental & concessions operation
- Shifting marketing and activity guide budget
- Adjusting trip-related revenues and expenses to better align with realistic projections and historical trends

Revenues - Recreation

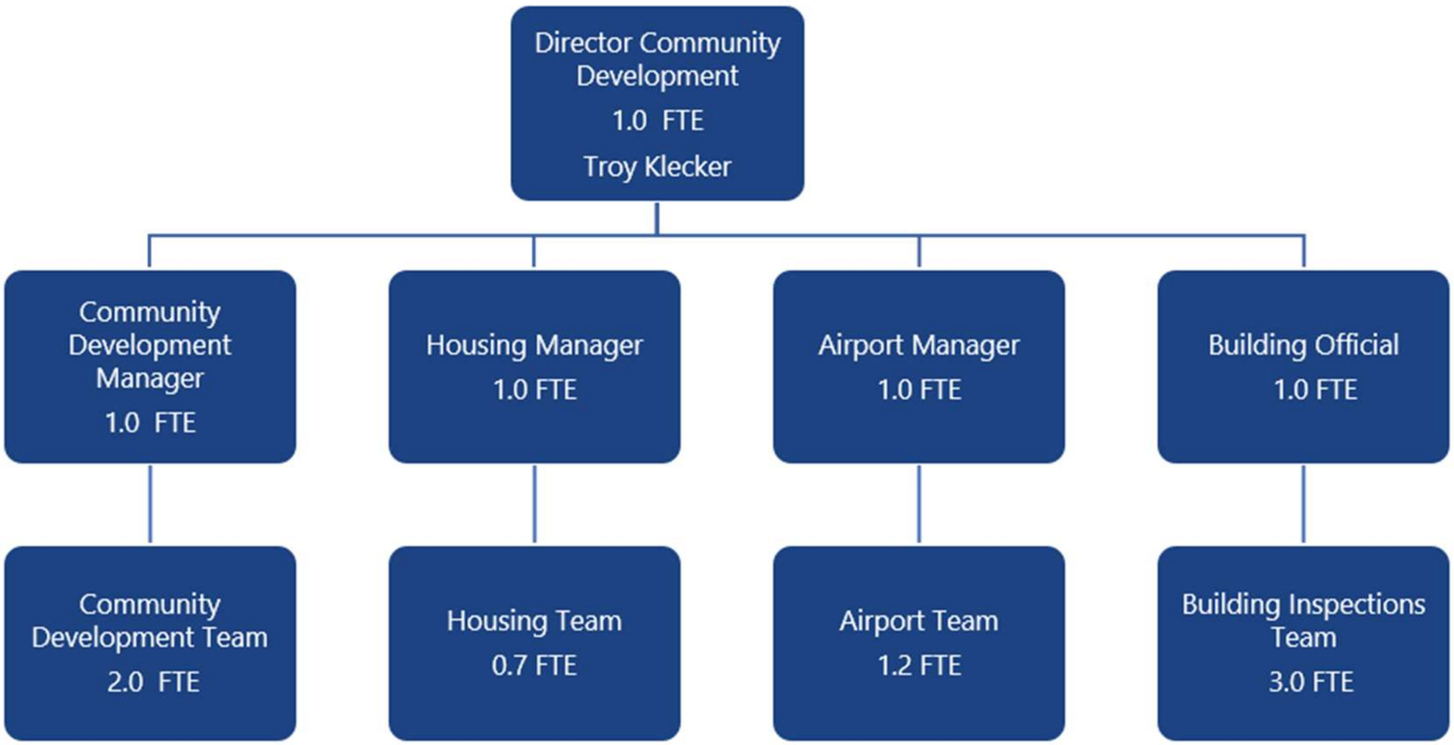
	2025 Actual	2026 Budget	2027 Request
Total	$1,500,190	$1,620,570	$1,627,463

Revenues - Park & Rec Administration

	2025 Actual	2026 Budget	2027 Request
Total	$2,310	$0	

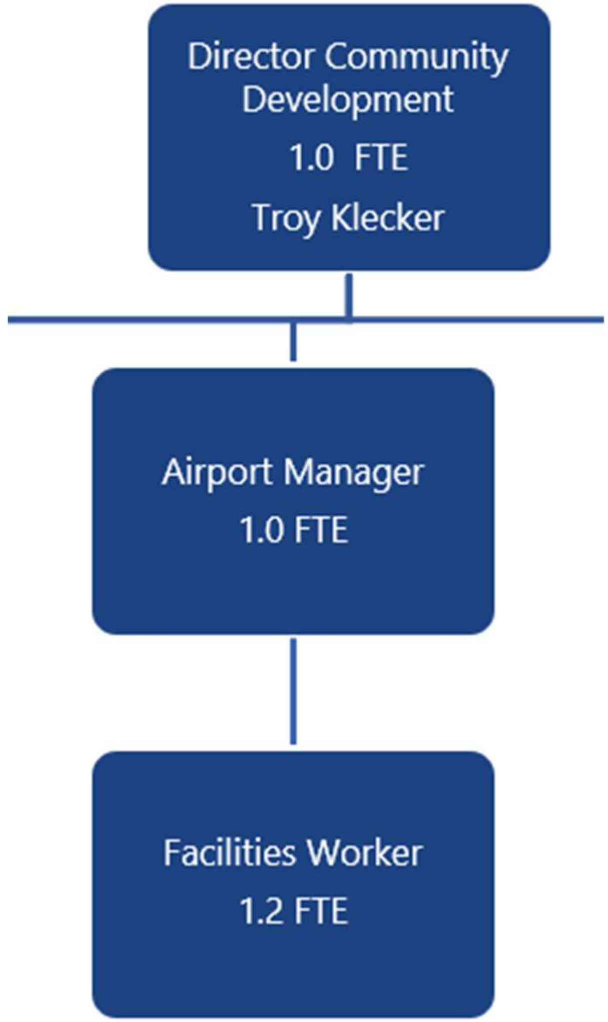
Community Development

Our Team


Director Community Development
1.0 FTE
Troy Klecker
Community Development Manager
1.0 FTE
Housing Manager
1.0 FTE
Airport Manager
1.0 FTE
Building Official
1.0 FTE
Community Development Team
2.0 FTE
Housing Team
0.7 FTE
Airport Team
1.2 FTE
Building Inspections Team
3.0 FTE

Airport

Our Team


Director Community Development
1.0 FTE
Troy Klecker
Airport Manager
1.0 FTE
Facilities Worker
1.2 FTE

Department Purpose

We believe that airports are points of connection. The Airport creates a better tomorrow by providing safe, welcoming, and efficient airport facilities that enhance the quality of life and economic impact for the community.

2026 Achievements

- Completed infrastructure improvements using grant funding participation for projects, including pavement maintenance and fueling pedestal
- Updating Airport Zoning Ordinance to protect land use and obstruction zoning for future runway extension and building area development

Opportunities & Challenges

- Leveraging facility assets and strategic initiatives to promote sustainable growth and enhance economic impact.
- Maintaining operational budget self-sufficiency

Expenses - Airport

	2025 Actual	2026 Budget	2027 Request
Total	$671,048	$718,115	$706,649

Notable Changes in Expenses

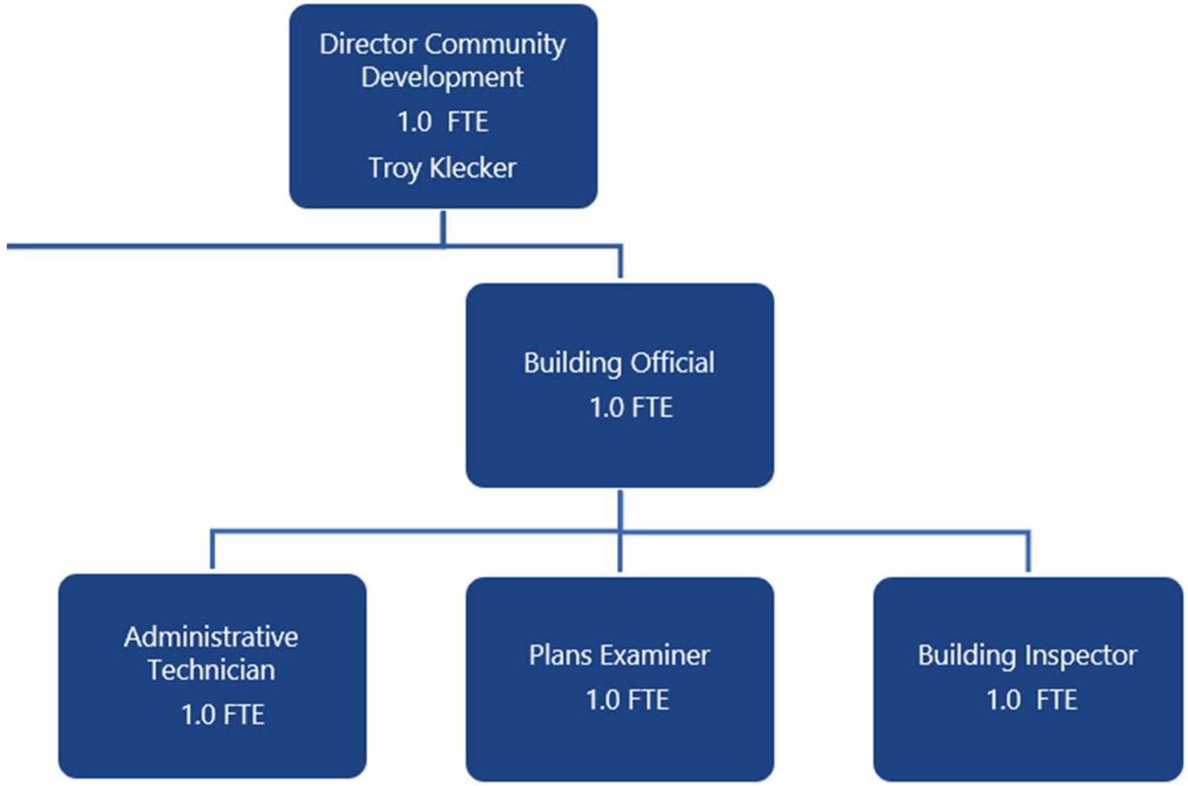
- None

Revenues - Airport

	2025 Actual	2026 Budget	2027 Request
Total	$636,186	$717,313	$695,513

Building Inspections

Our Team


Director Community Development
1.0 FTE
Troy Klecker
Building Official
1.0 FTE
Administrative Technician
1.0 FTE
Plans Examiner
1.0 FTE
Building Inspector
1.0 FTE

Department Purpose

We believe that strong communities depend on strong buildings where they can live, work, and connect. The Building Inspection division creates a better tomorrow by ensuring buildings meet the required standards to protect the lives and safety of the public.

2026 Achievements

- Successfully transitioned most residential plan reviews to electronic plan review format, improving efficiency and accessibility
- Expanded the use of permitting software to include all project inspections and reporting, increasing consistency
- Streamlined the department webpage by removing redundant information, making it clearer and easier for users to navigate

Opportunities & Challenges

- Provide training for the new building inspector, ensuring that they become proficient in residential inspections
- Strengthen skills and knowledge in electronic plan review for commercial construction projects
- Develop additional electronic check lists to enhance customer interaction and improve overall permitting and inspection experience

Expenses – Building Inspections

	2025 Actual	2026 Budget	2027 Request
Total	$547,453	$618,585	$638,810

Notable Changes in Expenses

- None

Revenues - Building Inspections

	2025 Actual	2026 Budget	2027 Request
Total	$531,478	$451,500	$491,500

Economic Development Authority

2026 Achievements

- Ascend South was approved and started
- Rose Street Center opened
- Continued EDA Forgivable Loan program

Opportunities & Challenges

- Slowing economy
- Develop City owned properties

Expenses - EDA

	2025 Actual	2026 Budget	2027 Request
Total	$595,737	$656,499	$693,518

Notable Changes in Expenses

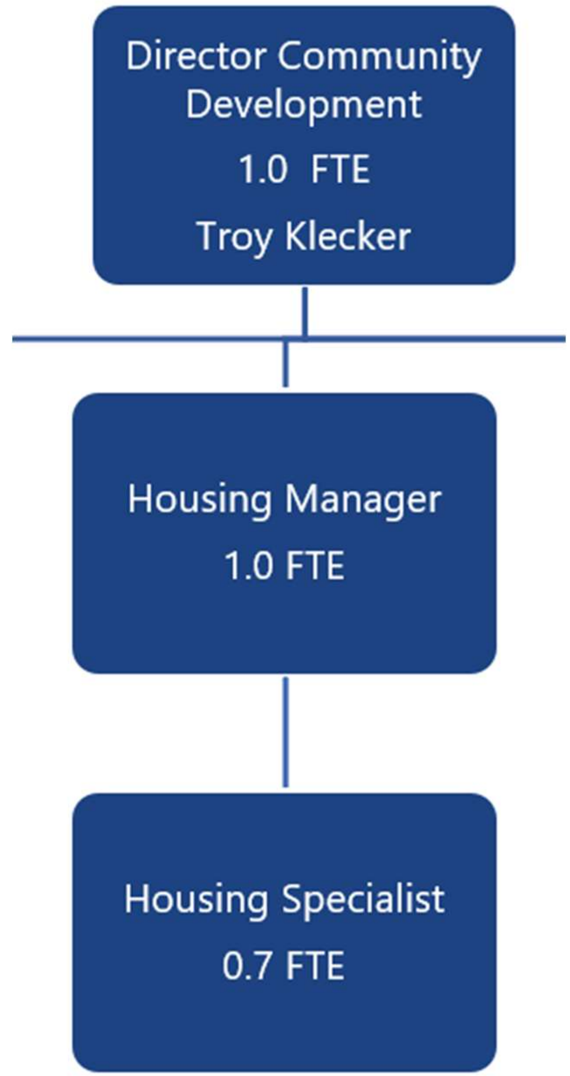
- None

Revenues - EDA

	2025 Actual	2026 Budget	2027 Request
Total	$1,183,366	$693,370	$703,769

Housing & Redevelopment Authority

Our Team


Director Community Development
1.0 FTE
Troy Klecker
Housing Manager
1.0 FTE
Housing Specialist
0.7 FTE

Department Purpose

We believe that thriving communities are always growing. The HRA/Planning/Zoning division creates a better tomorrow by cultivating economic development, diverse housing options, and workforce opportunities that lead to a vibrant healthy community.

2026 Achievements

- Aire Apartments opened
- Started "Bring It Home" Voucher Program
- Year to date, added 12 new landlords
- Fully trained Housing Specialist in all aspects of the HRA operations

Opportunities & Challenges

- Start Partridge Avenue housing project
- Begin and complete paperless filing
- Update and implement HRA's housing software

Expenses - Housing

	2025 Actual	2026 Budget	2027 Request
Total	$1,805,671	$2,052,489	$2,214,131

Notable Changes in Expenses

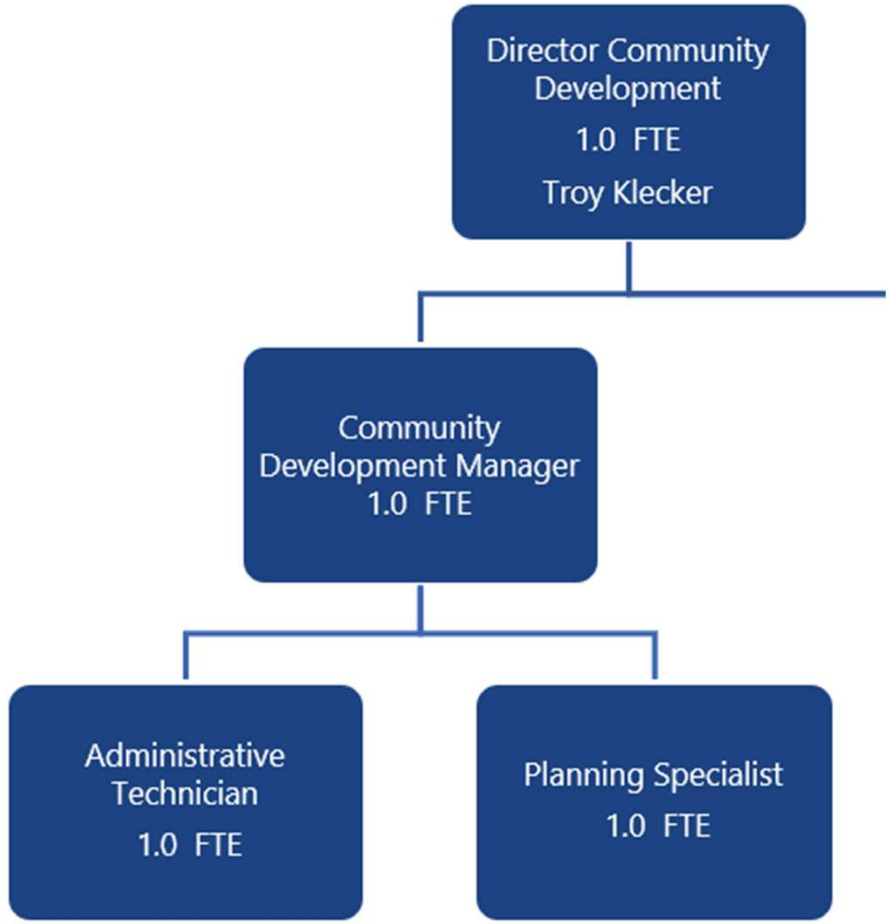
- None

Revenues - Housing

	2025 Actual	2026 Budget	2027 Request
Total	$1,789,991	$2,025,734	$2,236,887

Planning & Zoning

Our Team


Director Community Development
1.0 FTE
Troy Klecker
Community Development Manager
1.0 FTE
Administrative Technician
1.0 FTE
Planning Specialist
1.0 FTE

Department Purpose

We believe that thriving communities are always growing. The HRA/Planning/Zoning division creates a better tomorrow by cultivating economic development, diverse housing options, and workforce opportunities that lead to a vibrant healthy community.

2026 Achievements

- Adoption of a new Zoning & Subdivision Ordinance
- Replacement of the Limestone along Cedar Avenue
- Construction of Ascend South and the associated redevelopment along the river

Opportunities & Challenges

- Hope development to follow adoption of the new ordinance
- Redraft of the Sign Ordinance
- Housing, Housing, Housing
- Rising costs of Development and Construction

Expenses - Planning and Zoning

	2025 Actual	2026 Budget	2027 Request
Total	$484,300	$562,602	$551,728

Notable Changes in Expenses

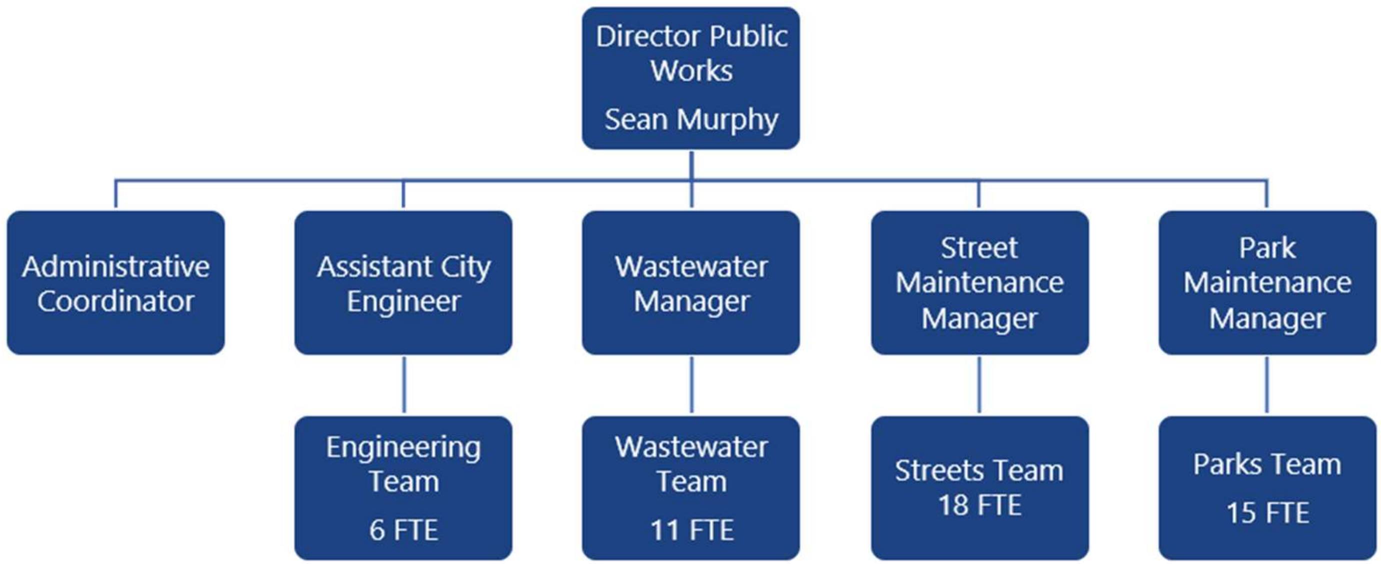
- Requesting $25k for a consultant to lead the redraft of the sign ordinance
- Consultant Services reduced $16k

Revenues - Planning and Zoning

	2025 Actual	2026 Budget	2027 Request
Total	$100,885	$105,670	$109,355

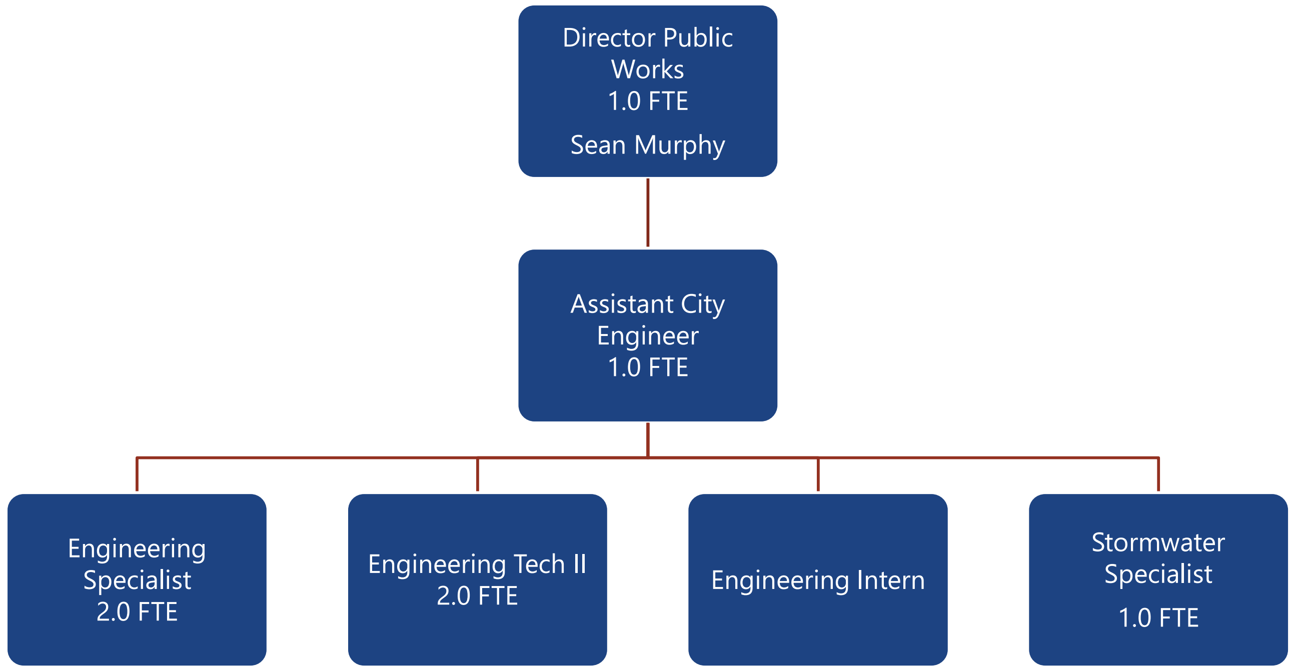
Public Works

Our Team


Director Public Works
Sean Murphy
Administrative Coordinator
Assistant City Engineer
Wastewater Manager
Street Maintenance Manager
Park Maintenance Manager
Engineering Team
6 FTE
Wastewater Team
11 FTE
Streets Team
18 FTE
Parks Team
15 FTE

Engineering

Our Team


Director Public Works
1.0 FTE
Sean Murphy
Assistant City Engineer
1.0 FTE
Engineering Specialist
2.0 FTE
Engineering Tech II
2.0 FTE
Engineering Intern
Stormwater Specialist
1.0 FTE

Department Purpose

We believe that thriving communities depend on the quality of their streets and utilities. The Engineering department creates a better tomorrow by designing and maintaining safe and lasting critical City infrastructure.

2026 Achievements

- Incorporated the Streets portion of the Pavement Management Plan into the OpenGov Asset Management System
- Continued to develop our Pavement Management Plan by incorporating sidewalks, trails, parking lots, and alleys into the system
- Created Standard Operating Procedures for many in-house processes

Opportunities & Challenges

- Fully integrate the Pavement Management Plan into our Financial Management Plan, including all pavement infrastructure: Streets, Parking Lots, Alleys, Trails, Sidewalks
- Finalize an investment strategy to help with year-to-year planning and determine level of funding for each pavement type
- Continue to develop Comprehensive Plans for all of our infrastructure types beyond Pavement: Traffic Signals, Retaining Walls, Bridges, Utilities
- Understaffed

Expenses - Engineering

	2025 Actual	2026 Budget	2027 Request
Total	$1,090,352	$1,760,707	$1,954,323

Notable Changes in Expenses

- Request for additional Engineering Tech - $116,770
  - Reduced salary expense by reallocating to Sewer and Stormwater Utility Funds - $73,510
- Increase in Overlay and Seal Coat Projects – Total $21,000

Revenues - Engineering

	2025 Actual	2026 Budget	2027 Request
Total	$1,031,690	$1,199,500	$1,557,500

Notable Changes in Revenues

- Contribution from Enterprise Funds - $132,800
- Construction Engineering - $190,000

Stormwater

2026 Achievements

- Integrated new Stormwater Specialist
- Developed routine and preventative maintenance schedule for all City owned underground Stormwater BMPs
- Revised grading permit checklists and resources to help simplify development process
- Successfully closed out many long-outstanding permits

Opportunities & Challenges

- Stormwater Ordinance updates to reflect upcoming issuance of the MPCA's MS4 General Permit
- Finalize Surface Water Management Framework
- Implementation of Pond Maintenance Schedule
- Education and Enforcement of permit close-out requirements

Expenses - Stormwater

	2025 Actual	2026 Budget	2027 Request
Total	$831,684	$1,382,733	$1,290,608

Notable Changes in Expenses

- Increase in repair maintenance $30,000
- Transfer to other Funds - $18,000

Revenues - Stormwater

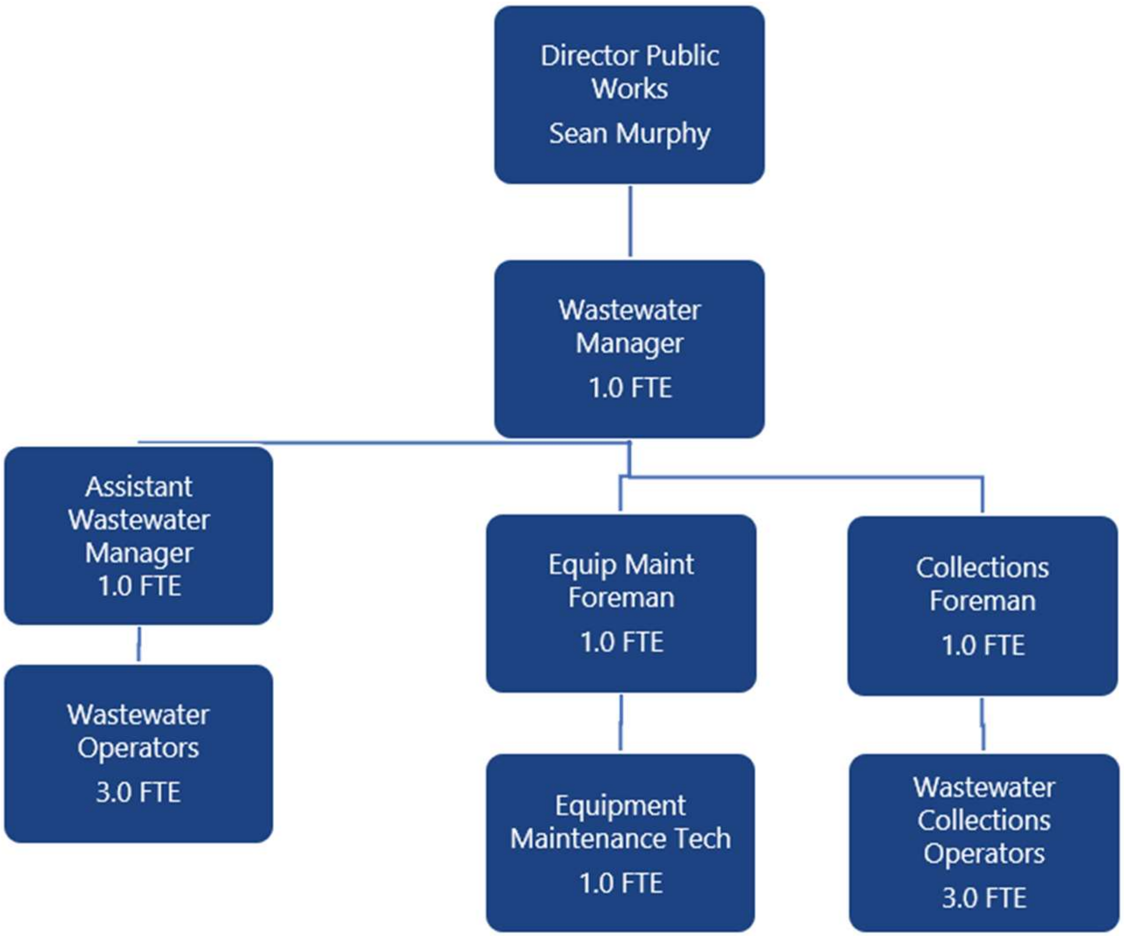
	2025 Actual	2026 Budget	2027 Request
Total	$1,824,634	$2,113,752	$2,042,860

Notable Changes in Revenues

- Stormwater Utility Fee increase of 10.4%

Wastewater

Our Team


Director Public Works
Sean Murphy
Wastewater Manager
1.0 FTE
Assistant Wastewater Manager
1.0 FTE
Wastewater Operators
3.0 FTE
Equip Maint Foreman
1.0 FTE
Equipment Maintenance Tech
1.0 FTE
Collections Foreman
1.0 FTE
Wastewater Collections Operators
3.0 FTE

Department Purpose

We believe that what you don't see often matters a lot to the health and well-being of a community. The Wastewater Treatment facility creates a better tomorrow by maintaining reliable facilities and infrastructure to serve the community and protect the environment.

2026 Achievements

- Successfully cleaned 20% of the Sanitary Sewer System
- Replaced three lift station control panels
- Updated Chapter 50 (Wastewater) and 51 (Wastewater Pretreatment Ordinance)
- Finalized completion our WWTF Expansion Project
  - Connecting the City of Medford

Opportunities & Challenges

- Investment in critical infrastructure, 2027 CIPP and Sewer Replacements
- Asset Management Implementation
  - Improve preventative maintenance, asset tracking, work order management, and long-term capital planning
- Maintain Regulatory Compliance
  - Meeting MPCA and EPA's regulatory requirements while protecting public health and the environment

Expenses - Wastewater

	2025 Actual	2026 Budget	2027 Request
Total	$4,394,757	$6,464,521	$6,788,686

Notable Changes in Expenses

- CIPPs project, every other year $250,000
- Transfer to General Fund - $133,400

Revenues - Wastewater

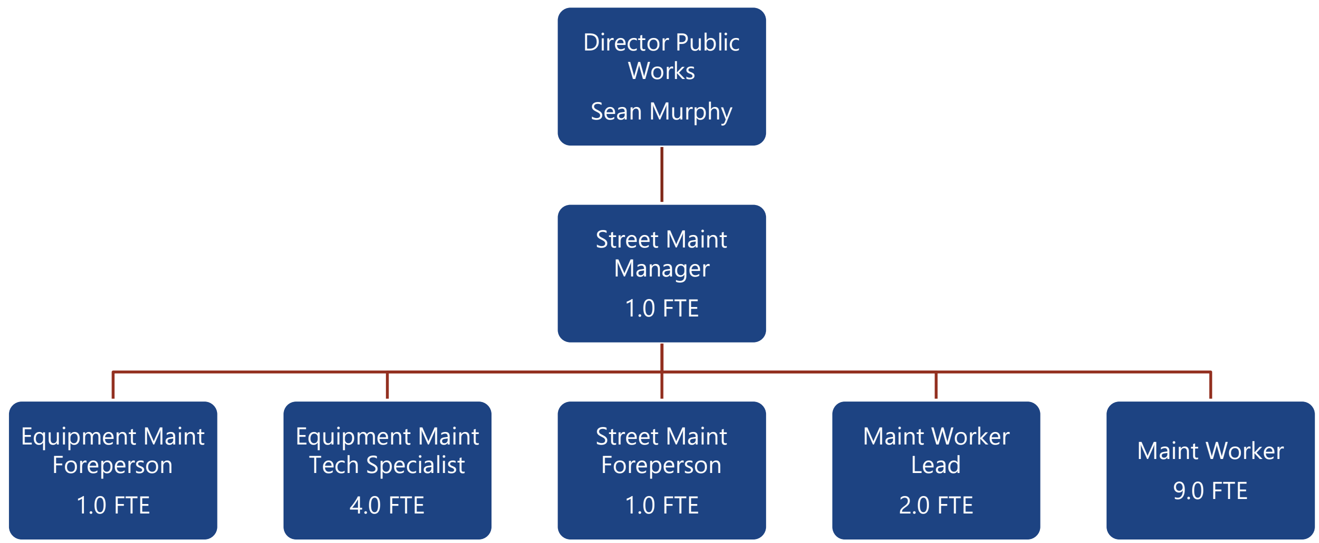
	2025 Actual	2026 Budget	2027 Request
Total	$6,750,032	$7,000,032	$8,224,032

Notable Changes in Revenues

- 8% projected increase in sewer rates - $524,000
- Interest- $500,000
- Sale of Capital Assets - $190,000

Streets

Our Team


Director Public Works
Sean Murphy
Street Maint Manager
1.0 FTE
Equipment Maint Foreperson
1.0 FTE
Equipment Maint Tech Specialist
4.0 FTE
Street Maint Foreperson
1.0 FTE
Maint Worker Lead
2.0 FTE
Maint Worker
9.0 FTE

Department Purpose

We believe that our streets are vital connections in our community. The Streets department creates a better tomorrow by building and maintaining safe and lasting City roads and equipment.

2026 Achievements

- Implemented additional pond maintenance
- Continued cross Division/Department collaboration on maintenance activities
- Projected to remove 100+ dead trees from the City, focusing on Ash

Opportunities & Challenges

- Cross training opportunities with Parks Maintenance
- Rising costs of equipment and maintaining a reliable fleet
- Competing demands of all maintenance needs with resource shortfall (funding and staff)

Expenses - Streets

	2025 Actual	2026 Budget	2027 Request
Total	$3,878,017	$3,898,780	$4,080,338

Notable Changes in Expenses

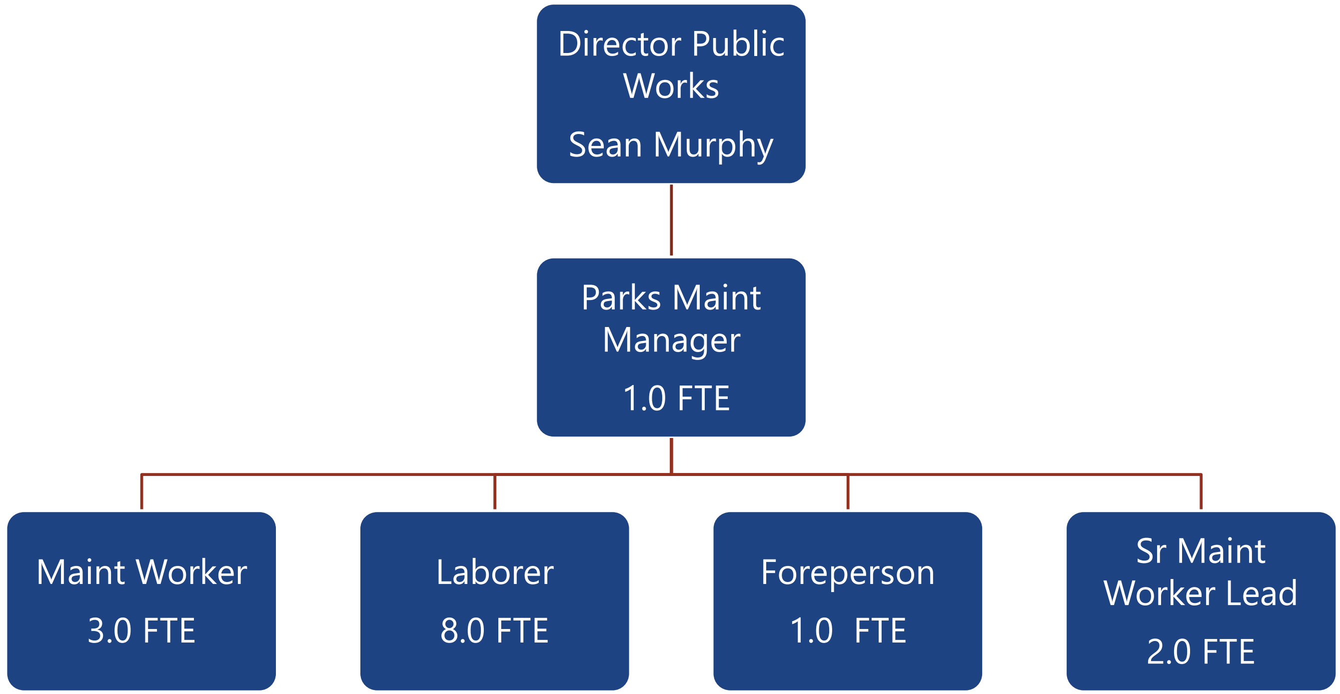
- Snow hauling contracts - $15,000

Revenues - Streets

	2025 Actual	2026 Budget	2027 Request
Total	$426,709	$403,500	$420,300

Park Maintenance

Our Team


Director Public Works
Sean Murphy
Parks Maint Manager
1.0 FTE
Maint Worker
3.0 FTE
Laborer
8.0 FTE
Foreperson
1.0 FTE
Sr Maint Worker Lead
2.0 FTE

Department Purpose

We believe a great community needs great spaces and places to connect and enjoy. The Park Maintenance Department creates a better tomorrow by maintain safe and accessible parks and trails to enhance the quality of life in our community.

2026 Achievements

- Implemented and improved OpenGov Asset Management work order management and documentation
- Completed approved Capital Improvement Projects
- Promoted and enhanced culture through City-wide initiatives and team collaboration

Opportunities & Challenges

- Keeping outdated park resources and infrastructure safe without a viable funding plan for replacement
- Tree Management
- Drainage projects within Brooktree Golf Course

Expenses - Park Maintenance

	2025 Actual	2026 Budget	2027 Request
Total	$2,370,654	$2,552,791	$2,808,160

Notable Changes in Expenses

- None

Revenues - Park Maintenance

	2025 Actual	2026 Budget	2027 Request
Total	$65,977	$500	$500

THANK YOU

For additional information,
visit owatonna.gov/finance