



2026 Budget

City Council Study Session

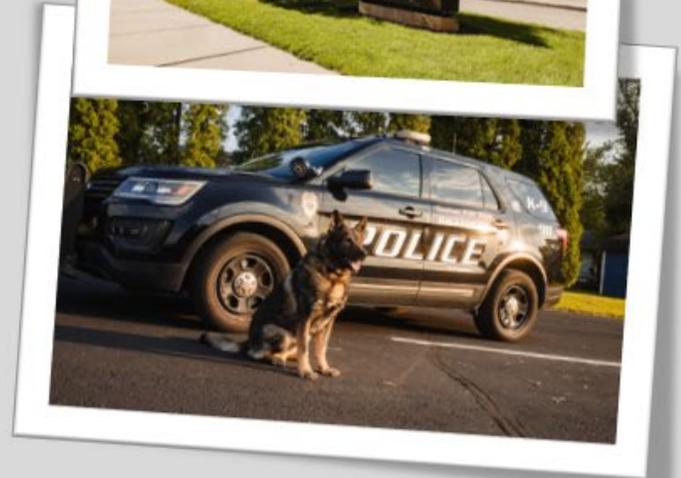
November 18, 2025



Services

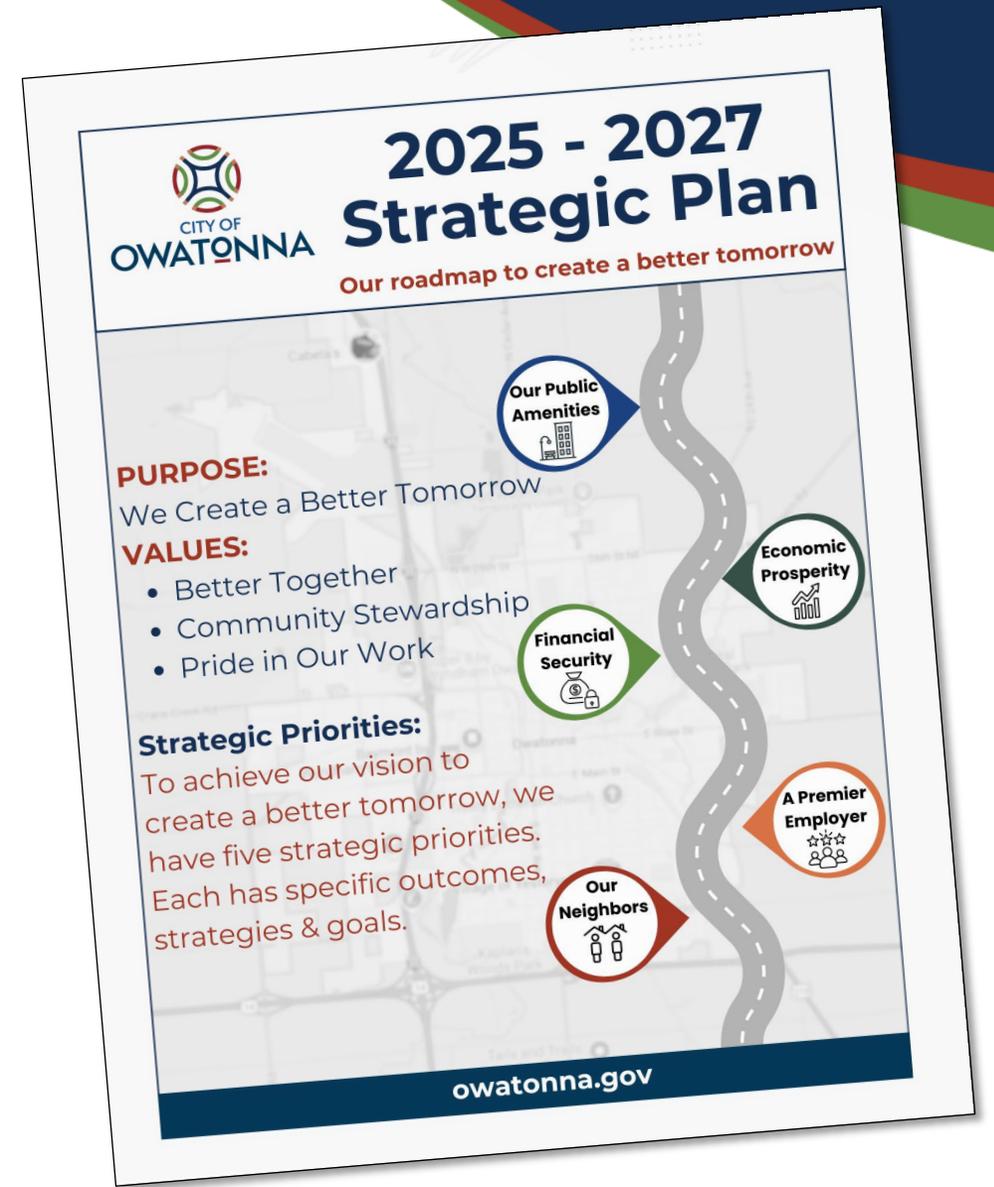


**City Levy
Provides**

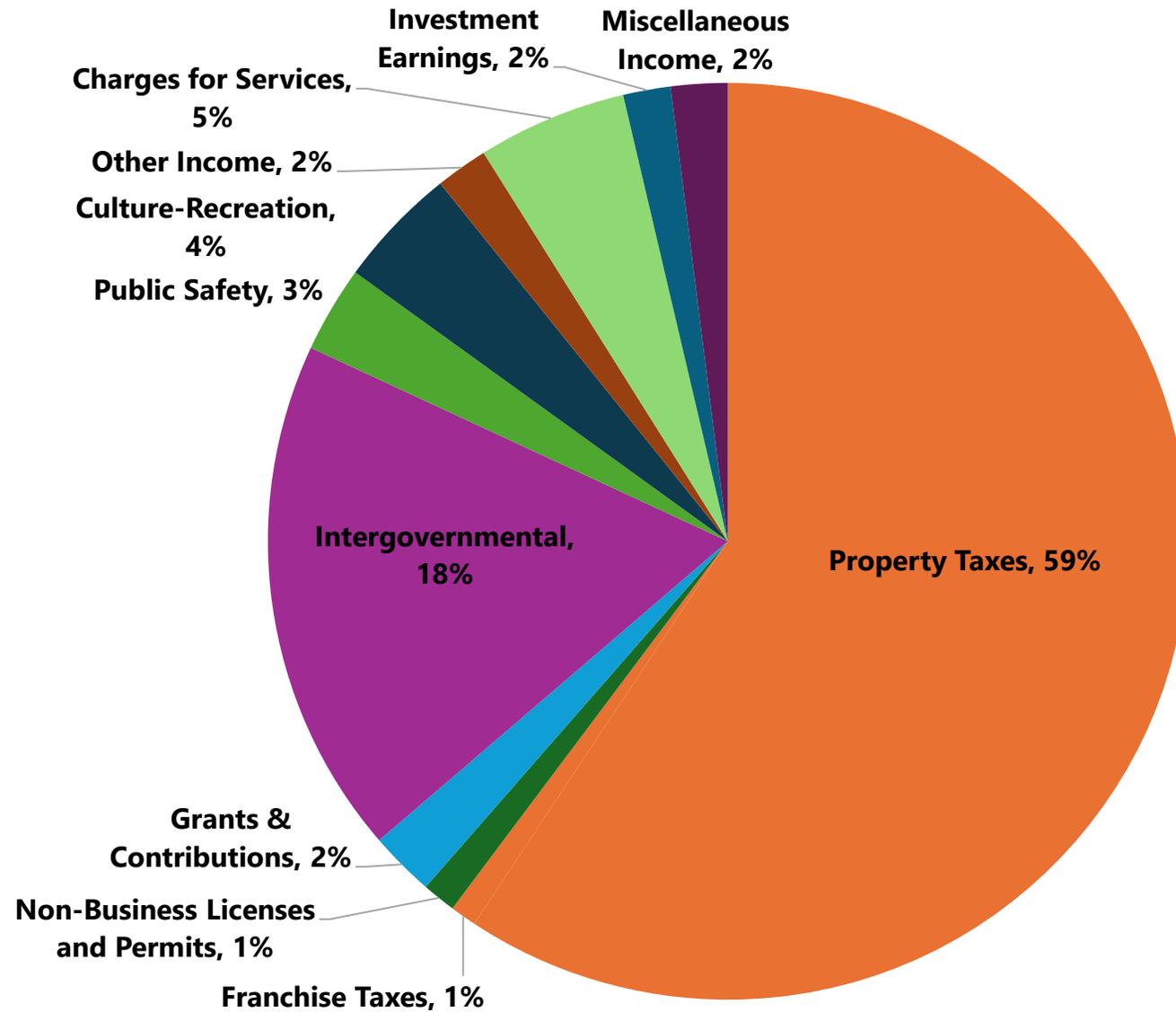


Budget Update

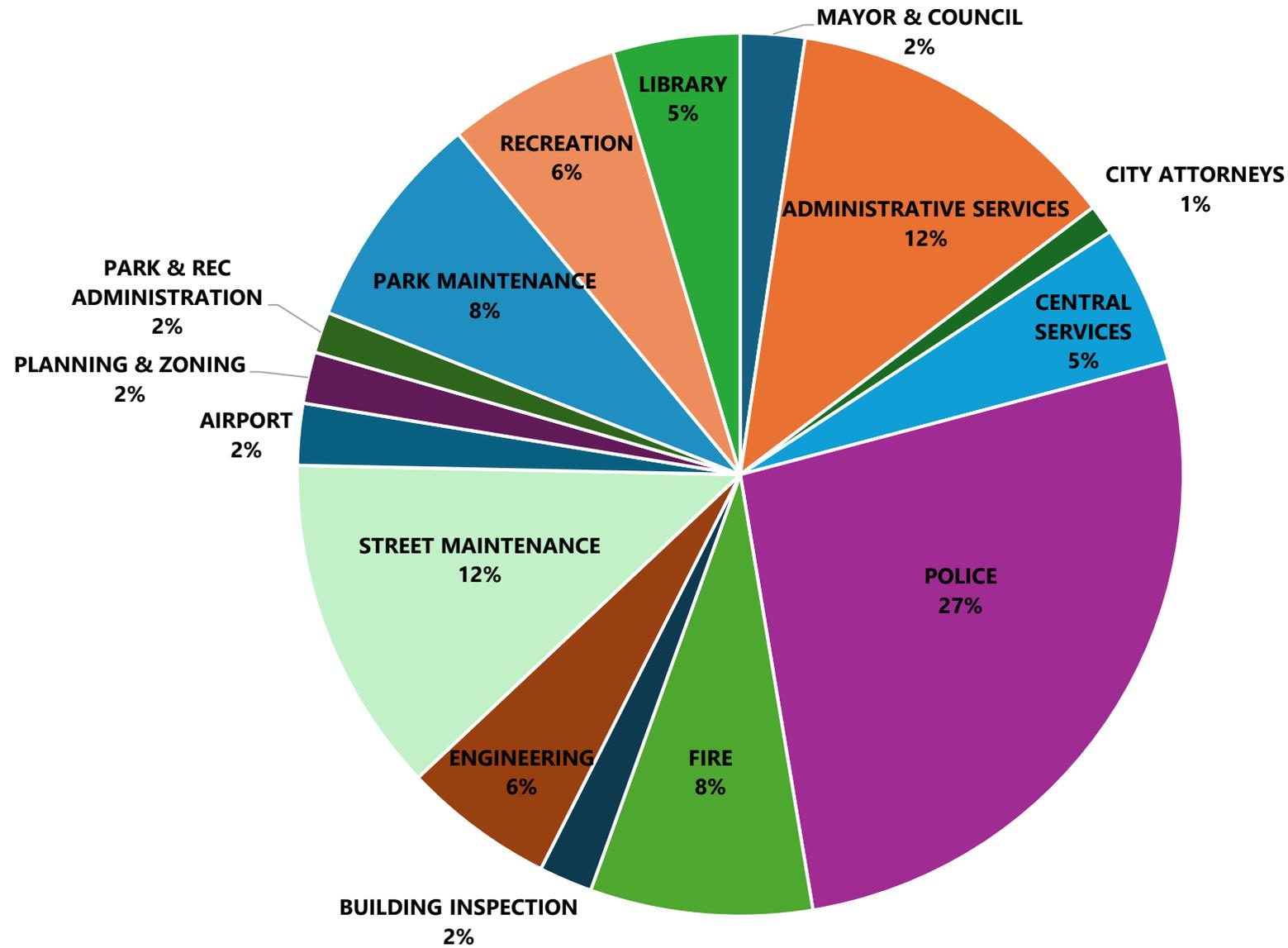
- Budget based on funding initiatives that support the five Strategic Priorities
- City policy requires a minimum unreserved fund balance of 45% of next year's budgeted General Fund expenditures



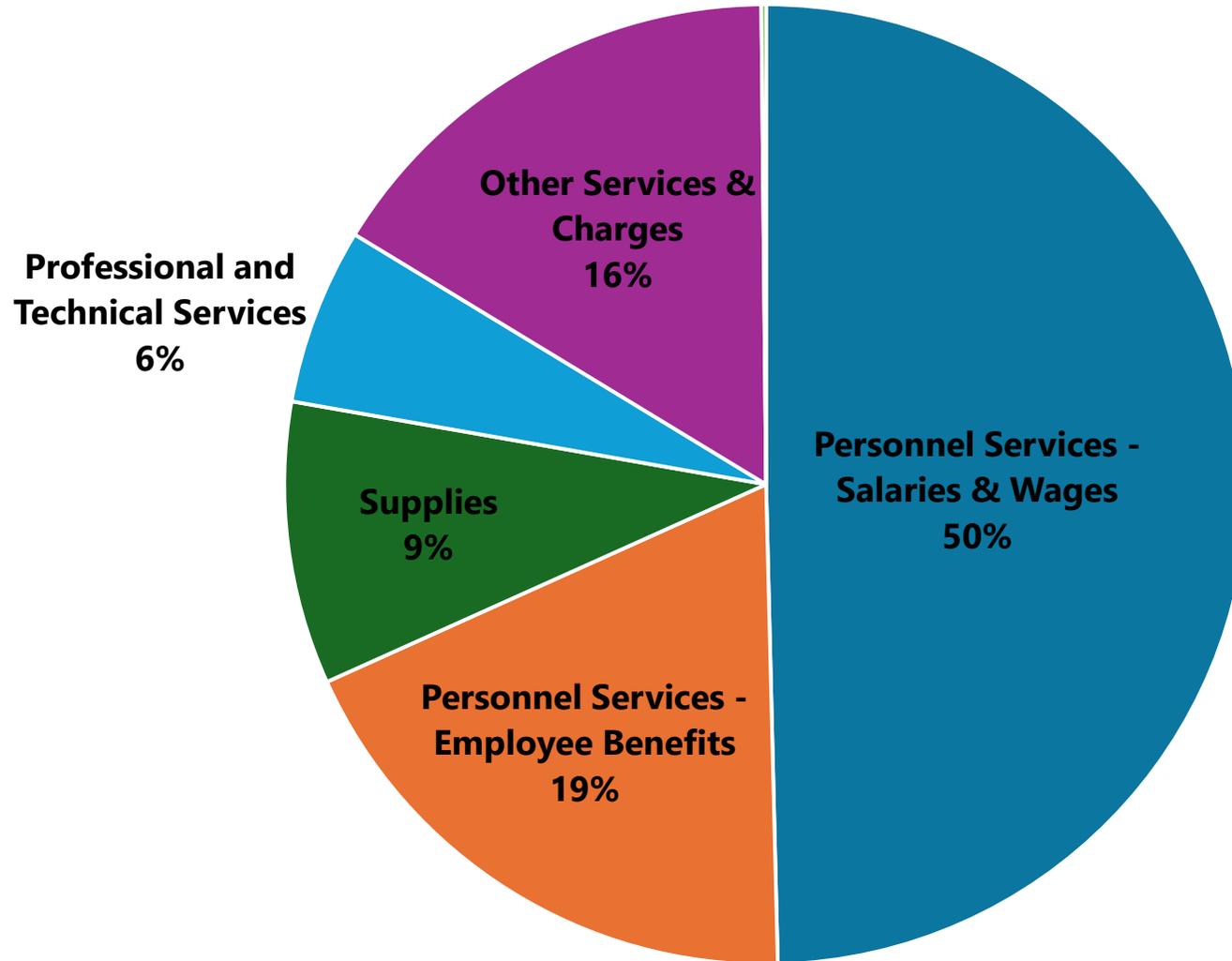
General Fund Revenues by Source



General Fund Expenditures by Department



General Fund Expenditures by Type



2026 Items of Significance

- 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

Tax Levy Detailed Comparison

	2025	2026
General Fund operating levy	\$15,686,595	\$18,694,620
Infrastructure:		
Pay-as-you-go capital projects	\$820,000	\$469,000
Debt Service Levy	\$2,404,025	\$2,537,000
Subtotal – Infrastructure	\$3,224,025	\$3,006,000
Economic Development Authority	\$200,000	\$240,000
Housing & Redevelopment Authority	\$215,000	\$230,000
Total	\$19,625,620	\$22,170,620

2026 Tax Levy

13% Increase = \$2,545,000

2026 Levy includes:

- General Fund Operations
- Capital Projects
- Debt Service
- Economic Development Authority
- Housing & Redevelopment Authority

Impact on Owatonna Homeowners

Property tax impact on proposed 13% levy increase

The tax impacts presented do not account for adjustments related to increases in market value. These figures solely reflect the impact from the City, assuming there is no change in property value. It is important to note that increases in market value will lead to a higher tax impact.

Market Value	Increase from 2025	Monthly Increase
\$100,000.00	\$23.10	\$1.93
\$125,000.00	\$33.18	\$2.77
\$150,000.00	\$43.26	\$3.61
\$175,000.00	\$53.34	\$4.45
\$200,000.00	\$63.42	\$5.29
\$225,000.00	\$73.50	\$6.13
\$250,000.00	\$83.58	\$6.97
\$275,000.00	\$93.66	\$7.81
\$300,000.00	\$103.74	\$8.65
\$325,000.00	\$113.82	\$9.49
\$350,000.00	\$123.90	\$10.33
\$375,000.00	\$133.98	\$11.17
\$400,000.00	\$144.06	\$12.01
\$425,000.00	\$154.14	\$12.85
\$450,000.00	\$164.22	\$13.69
\$475,000.00	\$174.30	\$14.53
\$500,000.00	\$184.38	\$15.37
\$525,000.00	\$194.20	\$16.18
\$550,000.00	\$203.45	\$16.95
\$575,000.00	\$212.70	\$17.72
\$600,000.00	\$221.95	\$18.50
\$625,000.00	\$231.19	\$19.27
\$650,000.00	\$240.44	\$20.04
\$675,000.00	\$249.69	\$20.81
\$700,000.00	\$258.94	\$21.58

2026 Budget Development Timeline

Key Remaining Dates:

November

- **November 18:** Budget Update Presentation - City Council Study Session

December

- **December 2:** Truth-in-Taxation Hearing - City Council Meeting
- **December 16:** Final Adoption of 2026 Budget & Levy - City Council Meeting

Final Steps for 2026 Budget Completion

- Outstanding items remain before finalizing the budget
- Adopted levy can equal or fall below the proposed levy but cannot exceed it.
- The City Council needs to determine the preferred levy increase for staff to implement.

For reference, a reduction of:

1% levy = \$196,256

½% levy = \$98,128

Questions?

**For additional information, visit
[Owatonna.gov/finance](https://www.owatonna.gov/finance)**