2026

CITY OF NAPERVILLE, ILLINOIS

ANNUAL OPERATING BUDGET

& CAPITAL IMPROVEMENT PROGRAM

WORKSHOP # 3- 11.10.2025

NAPERVILLE CITY COUNCIL

AGENDA

Our Efforts

Recap of 2026 budget theme
Budget-balancing measures
Brief overall CIP review

The Results

Major fund reviews

The Impacts

Property tax information
Brief overall budget review
Additional direction to staff

OUR MONEY HAS A MISSION.

Moderating or declining revenue streams

Property tax stability

Aging infrastructure

Investing in our professional staff

Impacts from national & global financial climate

In 2026, Every Dollar has a Job

- Solved Grocery Tax issue and General Fund deficit
- Reprogrammed capital and reduced expenses
- Dollars advance City mission & Priorities Plan

Ongoing Challenges

- Maintaining revenue diversification
- Prioritizing infrastructure improvements
- Investing in city staff and service delivery

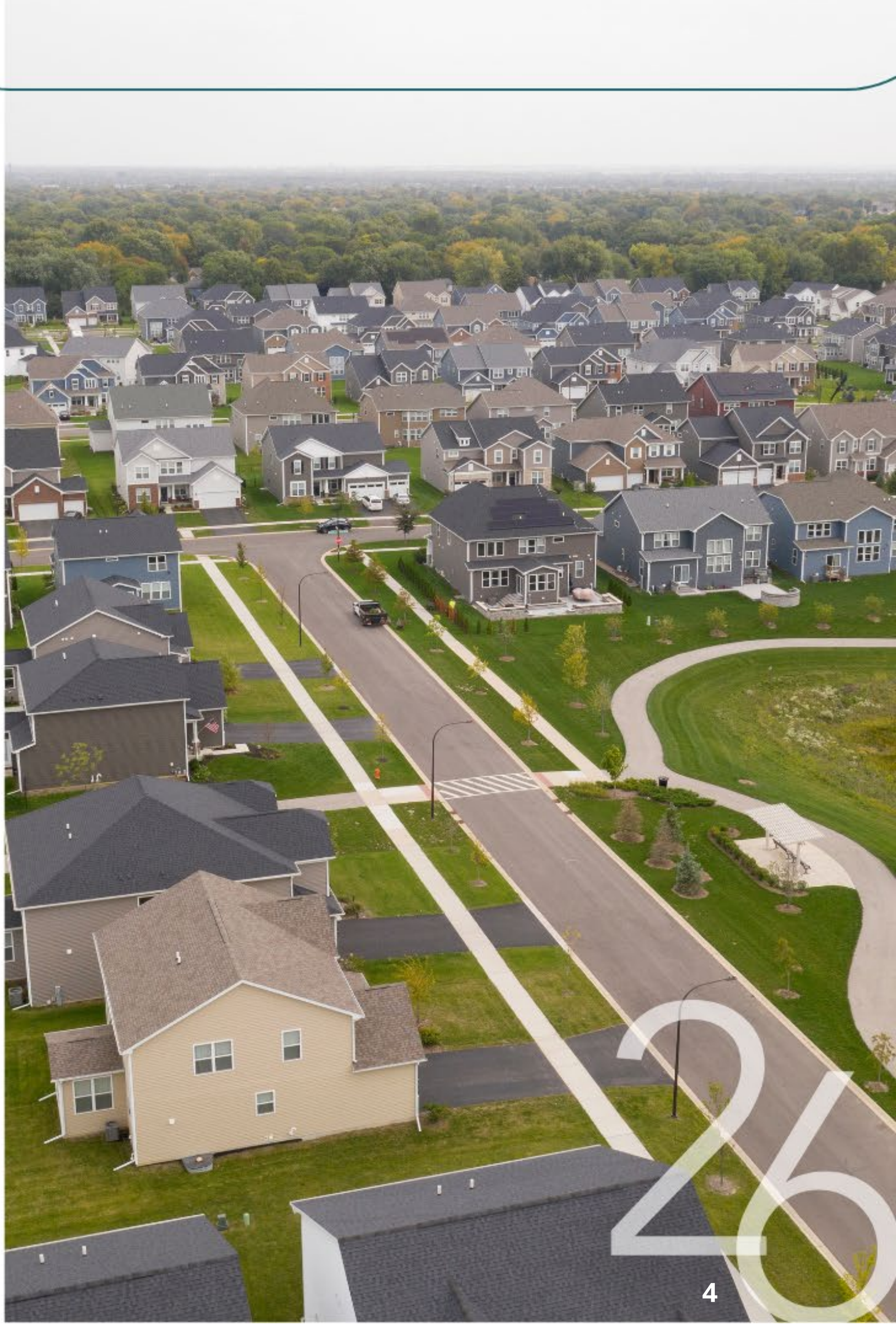
BALANCING THE BUDGET

BY PUTTING EVERY DOLLAR TO WORK

Staff reduced initial budget requests by $25.4M

Operating expenses reduced by $1.7M

Capital expenses reduced by $23.7M



2026 CIP SUMMARY

PRELIMINARY 2026 CIP: $190M

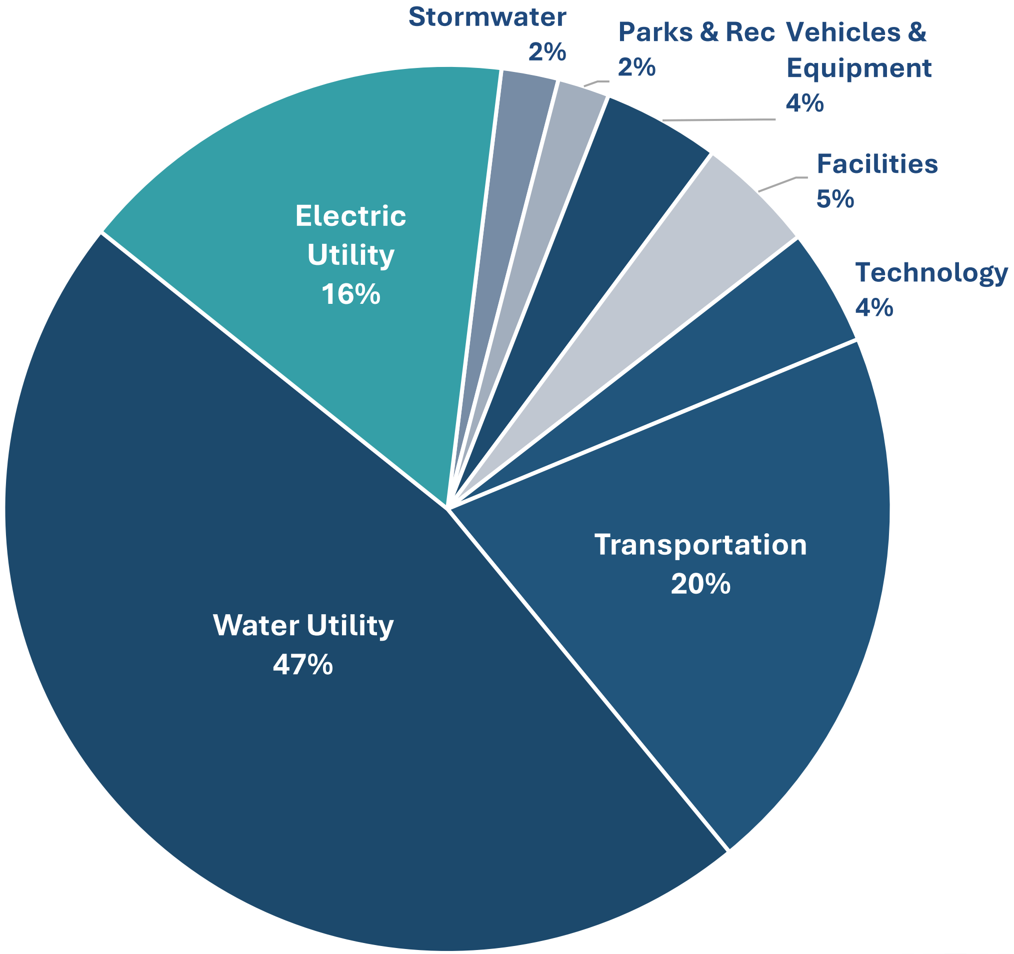
- 6% increase from 2025 CIP

63%: UTILITY IMPROVEMENTS

- 47%: Water - continuation of multi-year projects
  - Springbrook, water main replacements
- 16%: Electric
  - Tollway substation, cable replacements

37%: OTHER IMPROVEMENTS

- 20%: Transportation investments
  - North Aurora Road underpass, South 40 development & traffic improvements, municipal parking lot maintenance



QUESTIONS?

MAINTENANCE & OPERATING FUNDS

	Beginning Balance	Revenues	Expenses	Ending Balance
Commuter Parking Fund	1.80	1.29	2.93	0.16
Electric Utility Fund	10.96	177.84	177.31	11.49
General Fund	67.93	173.95	173.83	68.04
Self-Insurance Fund	1.48	34.50	34.06	1.92
Solid Waste Fund	0.65	8.42	8.51	0.55
Water/Wastewater Utility Fund	17.95	151.21	162.21	6.95
Maintenance & Operating Totals	**100.77**	**547.21**	**558.85**	**89.11**

$ in millions

ELECTRIC FUND REVENUES

	2025 Budget	2026 Budget	Change ($)	Change (%)
Electric Charges	154.62	162.42	7.81	5.0%
Other Revenues	4.31	5.42	1.11	25.7%
Bond Issuances	7.50*	10.00	2.50	33.3%
Revenue Totals	**166.43**	**177.84**	**11.41**	**6.9%**

$ in millions

**actual 2025 issuance totaled $10.00M*

Electric Charges increasing by $7.8M, or 5%

- Driven by an average approved rate increase of 5.1% across all customer classes

Other Revenues increasing by $1.1M, or just under 26%

- Largely attributed to a grant totaling $715K for the SCADA upgrades
- <u>This grant has been canceled</u>; however, it is being appealed

Bond Issuances increasing compared to 2025 budget, but are flat to 2025 actuals

- Issued an additional $2.5M more in debt than originally anticipated in 2025

ELECTRIC FUND EXPENSES

	2025 Budget	2026 Budget	Change ($)	Change (%)
Purchased Electricity	101.76	112.40	10.64	10.5%
Operating Expenses	33.43	35.79	2.36	7.1%
Capital Expenses	30.26	27.74	(2.52)	-8.3%
Interfund Transfers	1.39	1.38	(0.01)	-1.2%
Expenses Totals	**166.85**	**177.31**	**10.46**	**6.3%**

$ in millions

Purchased Electricity increasing by 10.5%, or roughly $10.6M

- Result of budgeting in line with actual costs over recent years

Operating Expenses increasing by 7.1%, or just under $2.4M

  - Salaries & Benefits increasing by 11.9%, or just over $2.4M
  - Purchased Services increasing by 3.8%, or just over $317K

Capital Expenses decrease by 8.3%, or just over $2.5M

- Capital work was deferred to future years to meet cash balance target

WATER & WASTEWATER FUND REVENUES

	2025 Budget	2026 Budget	Change ($)	Change (%)
Water Charges	56.82	61.88	5.06	8.9%
Wastewater Charges	30.59	33.16	2.57	8.4%
Other Revenues	4.42	8.17	3.75	84.8%
Bond Issuance	31.40*	48.00	16.60	52.9%
Revenues Totals	**123.24**	**151.21**	**27.97**	**22.7%**

$ in millions

**actual 2025 issuance totaled $20M*

Water Charges increasing by $5.06M, or 8.9%

- Due to rate increase & sales volume; based on the approved 12% rate increase for 2026
- Accounts for growth in water sales from new developments

Wastewater Charges increasing $2.57M, or 8.4%

- Due to rate increase & sales volume; aligns with approved 10% rate increase

Other Revenues increasing because of Phosphorous Fund interfund transfer

Bond issuance estimated at $48.0M

- Includes $3M interest-free IEPA loan for lead service line replacements

WATER & WASTEWATER FUND EXPENSES

	2025 Budget	2026 Budget	Change ($)	Change (%)
Purchased Water	31.33	32.09	0.76	2.4%
Operating Expenses	30.91	33.30	2.39	7.7%
Capital Expenses	74.72	95.01	20.29	27.2%
Interfund Transfers (Out)	1.94	1.83	(0.11)	-5.7%
Expenses Totals	**138.90**	**162.21**	**23.31**	**16.8%**

$ in millions

Purchased Water costs projected to rise by $0.76M, or 2.4%

- Based on forecasted sales volume & DWC rate increase

Operating expenses increasing by $2.39M, or 7.7%

- Salaries & Benefits increasing by $1.25M, or 8.6%
- Purchased Services increasing by $1.79M, or 16.3%

Capital program drives overall budget growth at increase of $20.29M, or 27.2%

- Significant increases in Springbrook projects

QUESTIONS?

CAPITAL & DEBT SERVICE FUNDS

	Beginning Balance	Revenues	Expenses	Ending Balance
Capital Projects Fund	30.95	42.06	55.14	17.88
Debt Service Fund	6.29	8.01	8.02	6.28
Downtown Parking Fund	13.76	2.59	0.26	16.09
Motor Fuel Tax Fund	7.72	7.92	6.50	9.14
Phosphorus Fund	22.28	2.77	6.54	18.51
Road & Bridge Fund	5.51	2.88	3.17	5.21
SSA Funds	0.11	0.43	0.34	0.11
Water Street TIF Fund	0.05	0.68	0.69	0.05
Capital & Debt Totals	**86.67**	**67.34**	**80.66**	**73.27**

$ in millions

CAPITAL PROJECTS FUND REVENUES

	2025 Budget	2026 Budget	Change ($)	Change (%)
Capital Revenues	37.24	42.06	4.83	12.9%
Bond Issuance	15.00	-	(15.00)	-100.0%
Revenue Totals	**52.24**	**42.06**	**(10.17)**	**-19.5%**

$ in millions

Capital project revenues increasing by $4.83M, or 12.9%

- Home Rule Sales Tax revenue totals $23.16M; rising by $4.02M, or 21.0%
- Capital grants & government contributions total $14.82M (e.g., North Aurora Underpass)
- One-time transfer from the E911 Fund of $1.92M for public safety radio upgrades

No bond issuance for 2026 for this fund

CAPITAL PROJECTS FUND EXPENSES

	2025 Budget	2026 Budget	Change ($)	Change (%)
Professional Services	5.16	4.27	(0.89)	-17.2%
Capital Outlay	55.51	50.56	(4.94)	-8.9%
Debt Service	0.31	0.31	-	0.0%
Expense Totals	**60.97**	**55.14**	**(5.83)**	**-9.6%**

$ in millions

Architect & Engineer Services decreasing by $0.89M, or 17.2%

- Design work: downtown streetscape future phases, 248th Ave. & 119th St. upgrades, various other roadway & area improvements

Capital Outlay budgeted at $50.56M; decreasing by $4.94M, or 8.9%

- Accounts for non-utility capital projects: transportation, public facilities, capital technology, equipment & vehicle purchases
- Completion of major work on Public Safety Land Mobile Radio Network; budget for 2026 reduced by $13.6M
- Further work on North Aurora Road Underpass requires increase of $8.75M

MOTOR FUEL TAX & ROAD AND BRIDGE FUND REVENUES

	2025 Budget	2026 Budget	Change ($)	Change (%)
State Shared Taxes (MFT)	7.14	7.32	0.18	2.5%
Local Gas Tax	2.46	2.40	(0.06)	-2.3%
Local Shared Taxes	0.30	0.22	(0.08)	-27.7%
Other Revenues	0.84	0.87	0.03	3.2%
Revenue Totals	**10.73**	**10.80**	**0.07**	**0.6%**

$ in millions

Total state-shared taxes show slight growth

- Transportation Renewal Fund portion increasing $219K, or 6.5%
- MFT decreasing by $8K, or 0.2%
- PPRT decreasing $33K, or 40.3%

Local Gas Tax revenue continues to decline

Staff monitoring recently passed transit legislation to determine potential impacts on MFT revenues

MOTOR FUEL TAX & ROAD AND BRIDGE FUND EXPENSES

	2025 Budget	2026 Budget	Change ($)	Change (%)
Personnel	0.91	0.96	0.05	5.9%
Purchased Services	0.04	0.01	(0.03)	-63.1%
Capital Outlay	10.50	8.70	(1.80)	-27.7%
Revenue Totals	**11.45**	**9.67**	**(1.77)**	**-15.5%**

$ in millions

Capital accounts for 90% of all expenses

- Acts as the main funding source for the Street Maintenance Improvement Program: $8.7M of the $12M program in 2026

Final MFT Fund budget will increase by $1M with an offset reduction in the Capital Projects Fund

- Allows for the use of Rebuild Illinois Funds towards a portion of the North Aurora Road Underpass

QUESTIONS?

SPECIAL FUNDS

	Beginning Balance	Revenues	Expenses	Ending Balance
Business District Funds	0.50	-	0.50	-
CDBG Fund	0.13	0.54	0.54	0.13
E-911/ ESTB Surcharge Funds	4.10	5.64	7.55	2.19
Drug Forfeiture Funds (Federal/State)	1.52	0.29	0.83	0.98
Food & Beverage Fund	1.25	7.09	7.09	1.25
Foreign Fire Insurance Fund	-	0.53	0.53	-
Library Funds	4.03	18.48	18.90	3.61
Naper Settlement Fund	1.20	5.65	5.80	1.04
Renewable Energy Fund	0.31	0.29	0.29	0.32
Downtown Maintenance Fund	3.82	2.95	3.54	3.23
Test Track Fund	0.02	0.06	0.06	0.02
Special Funds Totals	**16.88**	**41.52**	**45.63**	**12.77**

$ in millions

FOOD & BEVERAGE FUND REVENUES

	2025 Budget	2026 Budget	Change ($)	Change (%)
Food & Beverage Tax	6.88	6.99	0.11	1.6%
Other Revenues	0.11	0.10	(0.01)	-9.1%
Revenue Totals	**6.99**	**7.09**	**0.10**	**1.4%**

$ in millions

Food & beverage tax revenue projected to grow by $0.11M, or 1.6%, over 2025 budget

- Based on estimated tax collected in 2025, plus growth for new business and inflation
- Includes the 1% citywide food & beverage tax only – downtown tax included in Downtown Parking Fund

Other revenue includes late payment fees & interest on investments

FOOD & BEVERAGE FUND EXPENSES AND ALLOCATIONS

	2025 Budget	2026 Budget	Change ($)	Change (%)
Expense	4.69	5.03	0.34	7.2%
Interfund Transfers	2.24	2.06	(0.18)	-8.0%
Expense Totals	**6.93**	**7.09**	**0.16**	**2.3%**

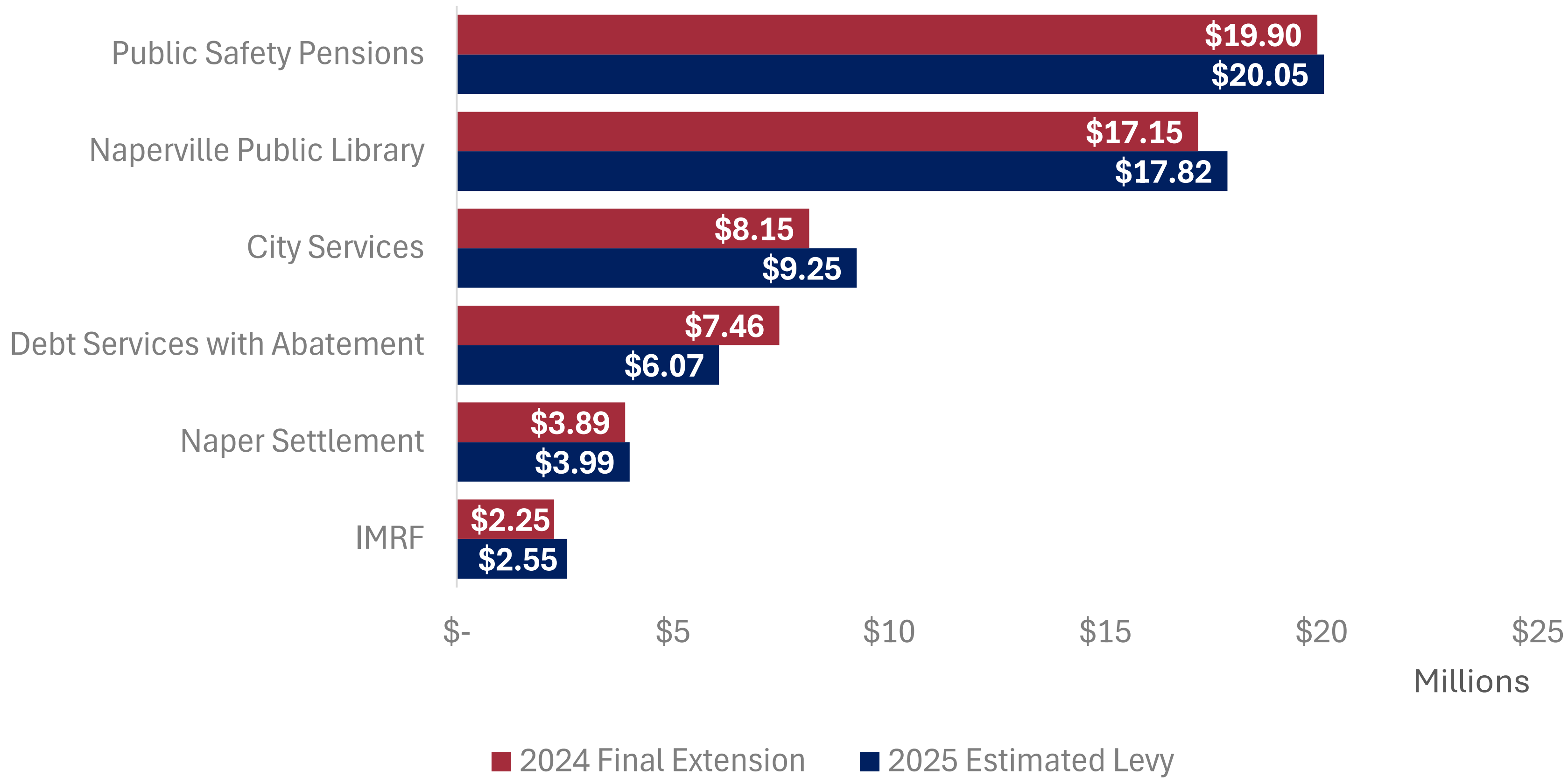
$ in millions

Funding Allocation*	2026 Budget
Program Administration	$24,961
SECA – Grant Program	$1,200,737
SECA – City Obligations	$1,309,198
Police Pension	$874,038
Fire Pension	$874,038
Naper Settlement	$1,040,400
Social Services Grant Program	$750,000
Debt Service	$1,018,179
Expense Total	**$7,091,551**

** Listed in distribution order specified in Municipal Code*

QUESTIONS?

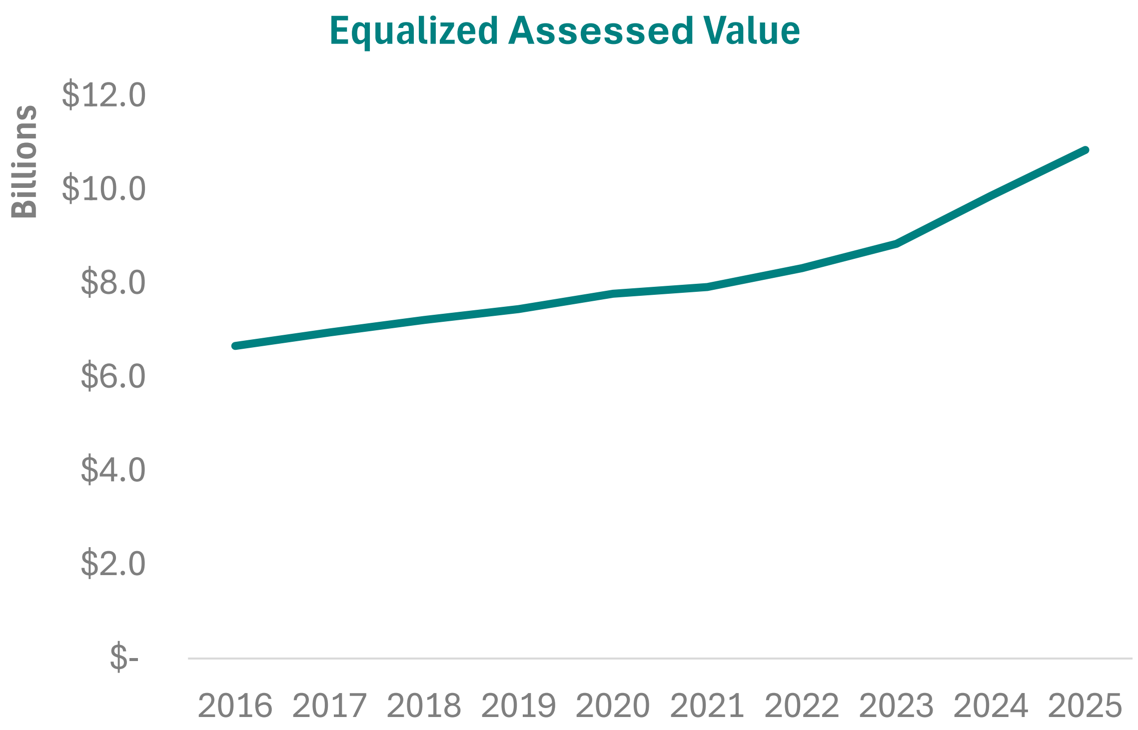
PROPERTY TAX LEVY

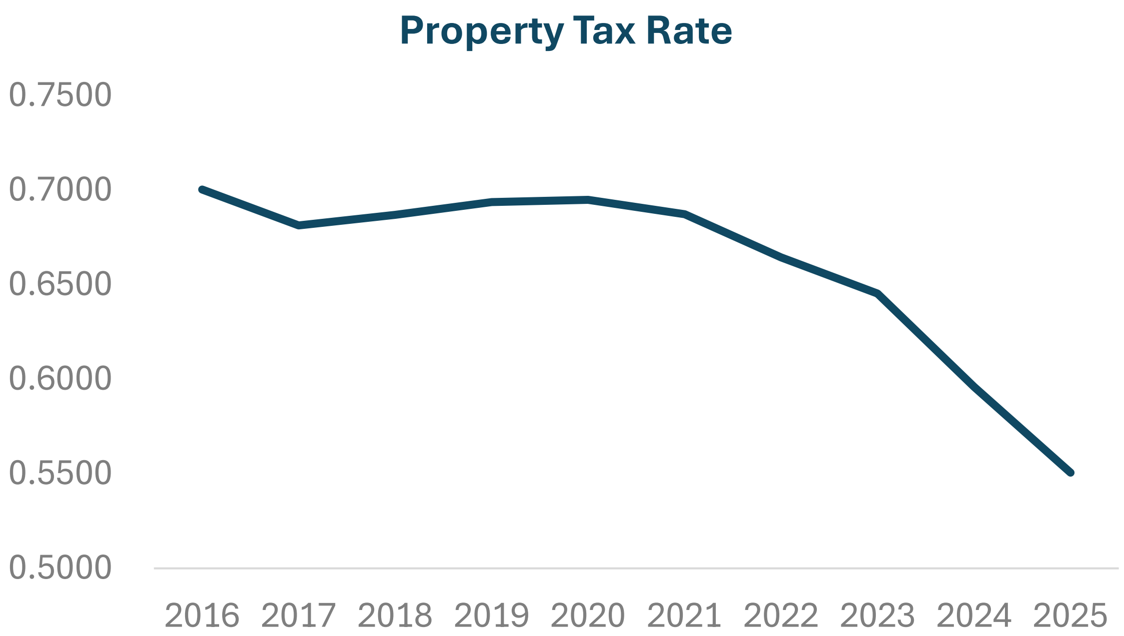


2025 PROPERTY TAX LEVY ESTIMATE TOTALS $59.73M

- **2025 levy supports 2026 budget**
  - The estimated levy is 1.5% higher than the 2024 final levy
- **Includes $8.5M in debt service abatement**
  - Other funding sources include utility funds, TIF & SSA property tax, and food & beverage tax

PROPERTY TAX – VALUATION AND RATE





$10.85 billion (2025 Estimate)

- Assumes 10% EAV growth over 2024 assessment
- Includes appreciation of existing properties & continued new constructions
- Property valuations are determined by township assessor

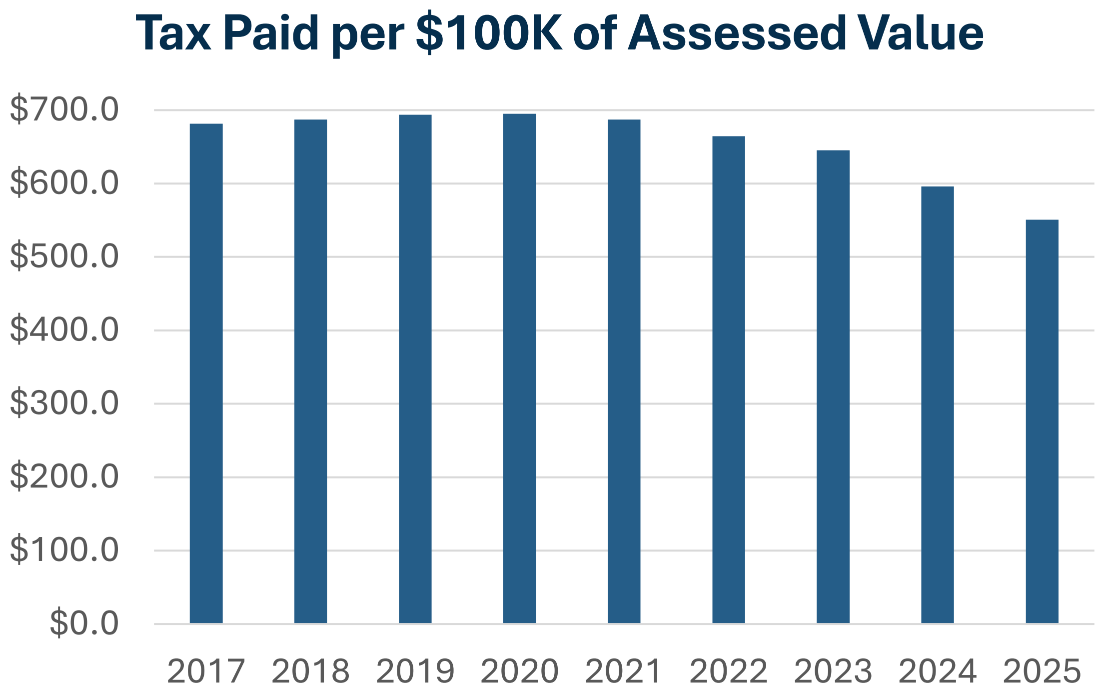
0.5506 tax rate (2025 estimate)

- Does not capture full EAV growth
- While the rate decreases, the total property tax levy increases
- Lowest tax rate since 1968

PROPERTY TAX BILL ESTIMATE

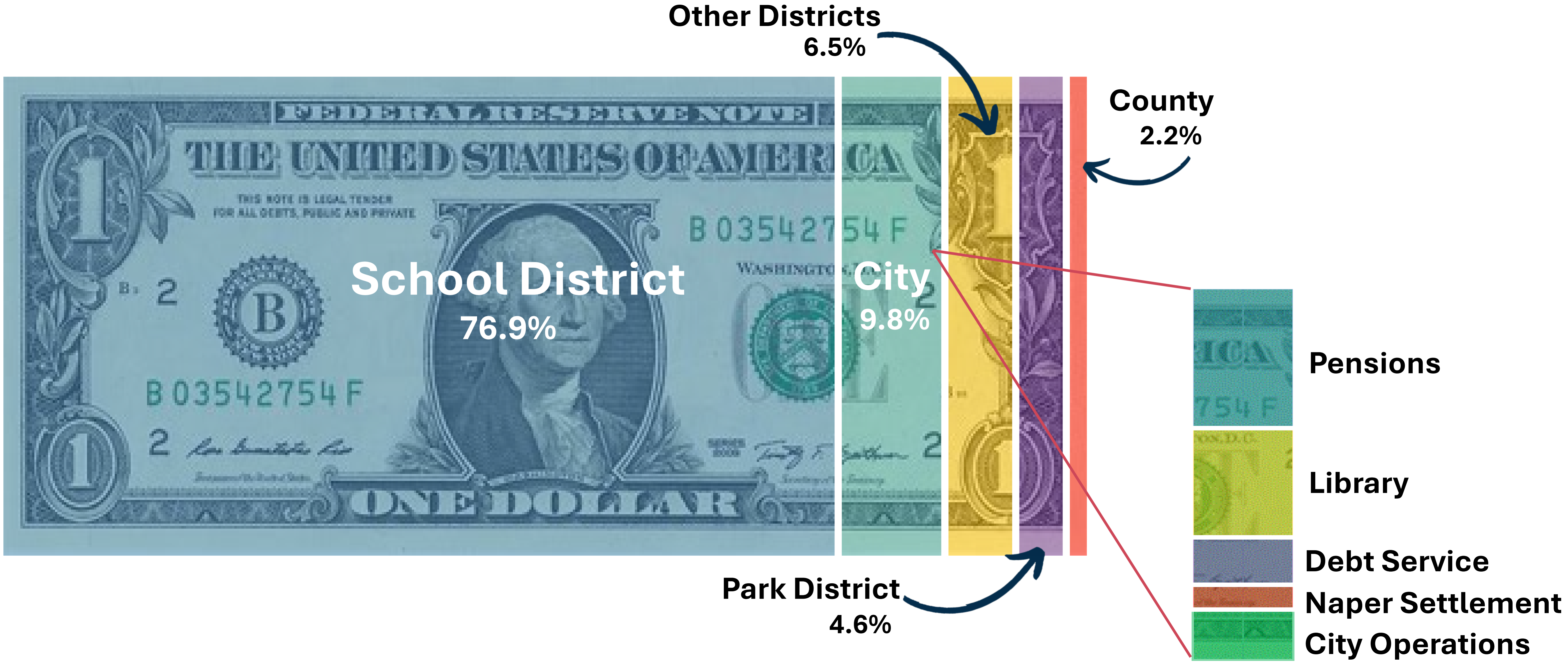
2026 City portion of tax bill: $1,019 (est)

- Based on current median home value of $579,200
- $84 less than the prior year *assuming all other factors are equal*
- City establishes the tax levy only
- Actual tax due based on individual property value



WHERE DOES YOUR PROPERTY TAX GO?

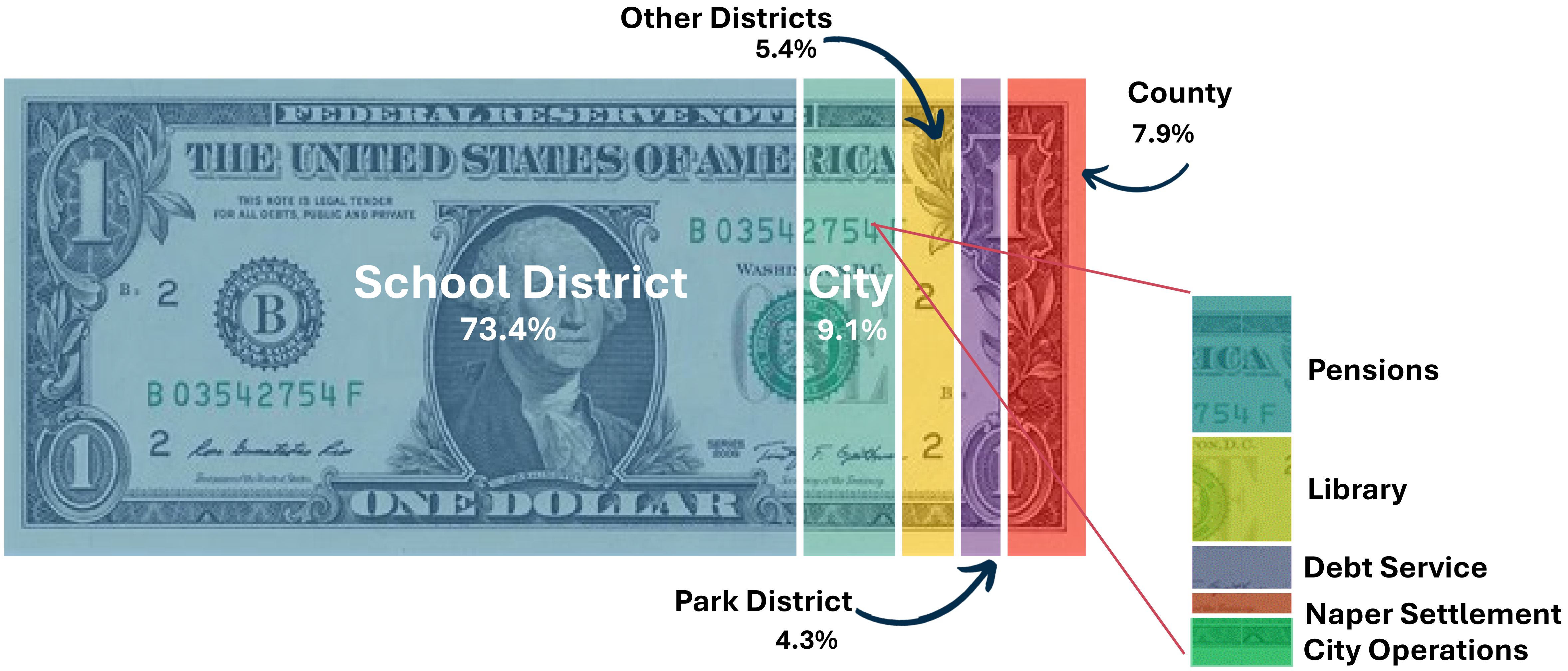
DuPage County resident



Bill based on a property in D203, DuPage County, Lisle Township

WHERE DOES YOUR PROPERTY TAX GO?

WILL COUNTY RESIDENT



Bill based on a property in D204, Will County, Wheatland Township

QUESTIONS?

RECAP OF STAFF DIRECTION TO DATE

Workshop 1

Topic	Direction Provided
Level of financial support for electrical undergrounding	Tier One: $18M to fund projects along major roadways and electrical equipment
Reinstatement of Sidewalk Replacement Cost Share Program	Do not reinstate program

Workshop 2

Item	Direction Provided
Revise SECA cap to allow for increase in NCTV17’s city obligation funding	Supportive of NCTV17 funding with further discussion on cap calculation

2026 SECA FUNDING CAP REVISION

	2025 Budget	2026 Budget (Proposed Revision)	Alternative Option
City Obligations	$1,041,307	$1,309,198	$1,309,198
City Services – SECA	$683,304	$652,190	$652,190
Grant Awards – SECA	$414,458	$548,547	$420,462
Totals	**$2,139,069**	**$2,509,935**	**$2,381,851**

Proposed Revision

Cap calculation revised to catch up with actual inflation

2026 calculation based on the prior 5 years of actual inflation

Alternative Option

Keeps current cap calculation per Municipal Code

Adds $200K for NCTV17 ongoing support

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Additional Staff Direction Requested

Items brought up by Council during budget workshop process

- ☐ **SECA Funding Cap**

  Do you support the proposed revision or alternative option?

- ☐ **Drones as First Responders**

  Do you support including this request in the 2026 budget?

- ☐ **Special Area Study**

  Do you support staff initiating **one** special area study in 2026, with a decision on which study or other project to proceed with taking place at a later date?

- ☐ **Any Remaining Discussion Points**

BUDGET OVERVIEW

PROPOSED BUDGET & CIP: **$685.13M**

↑ **6.8%** FROM 2025 BUDGET

$173.83M GENERAL FUND

CAPITAL PROGRAM **$190.25M**

0.5506 ANTICIPATED TAX RATE

↓ FROM CURRENT RATE OF **0.5960**

LARGELY FOCUSES ON EXISTING SERVICES & PROGRAMS

CONTINUES ONGOING CAPITAL UPGRADES


26
Do you support the 2026 budget as proposed?

BUDGET TIMELINE

NOVEMBER

RECEIVE ESTIMATED PROPERTY TAX LEVY & SCHEDULE PUBLIC BUDGET HEARING

Tuesday, Nov. 18

DECEMBER

BUDGET APPROVAL

Tuesday, Dec. 2

PROPERTY TAX LEVY APPROVAL

Tuesday, Dec. 16