

2020 Budget Workshop #1

CITY OF NAPERVILLE – OCTOBER 28, 2019





Budget Workshop Overview

- Goals-oriented presentation
- Four ends policies
 - Metrics, key initiatives & expenses/revenues
- Summary of major funds and impacts
- Discussion of financial principle alignment

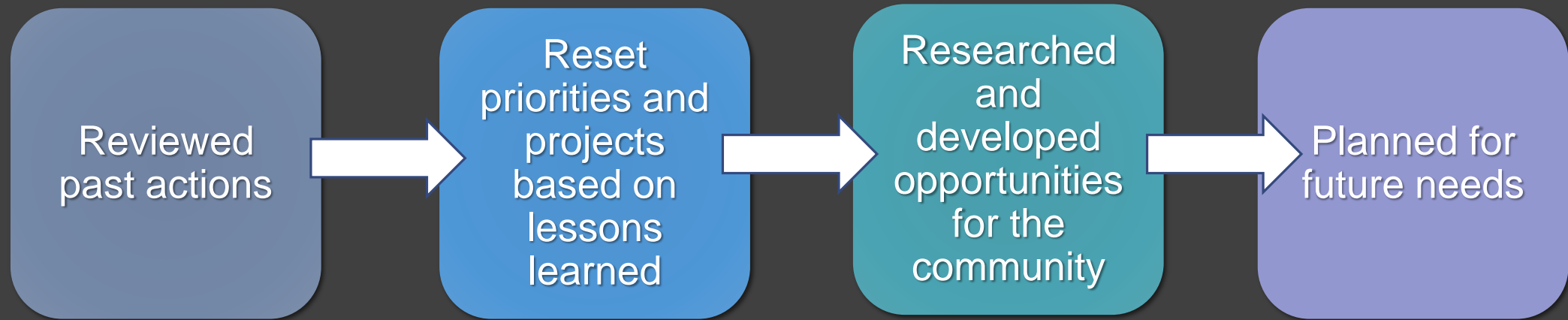


*To **provide services** that ensure a **high quality** of life for our residents and a **dynamic environment** for our business community through **collaboration, innovation,** and **sound fiscal management.***

CITY OF NAPERVILLE MISSION STATEMENT

Refocusing Our Efforts

How staff prepared the 2020 budget:



2019's budget provided necessary resources that highlighted areas to improve or adjust, resource allocation needs, and long-term organizational impacts of ongoing technology implementations.

2020 Proposed Budget



**\$0.7 MILLION
INCREASE**



**\$25.5 MILLION
INCREASE**



**\$4.6 MILLION
INCREASE**



**\$4.9 MILLION
INCREASE**



Economic
Development

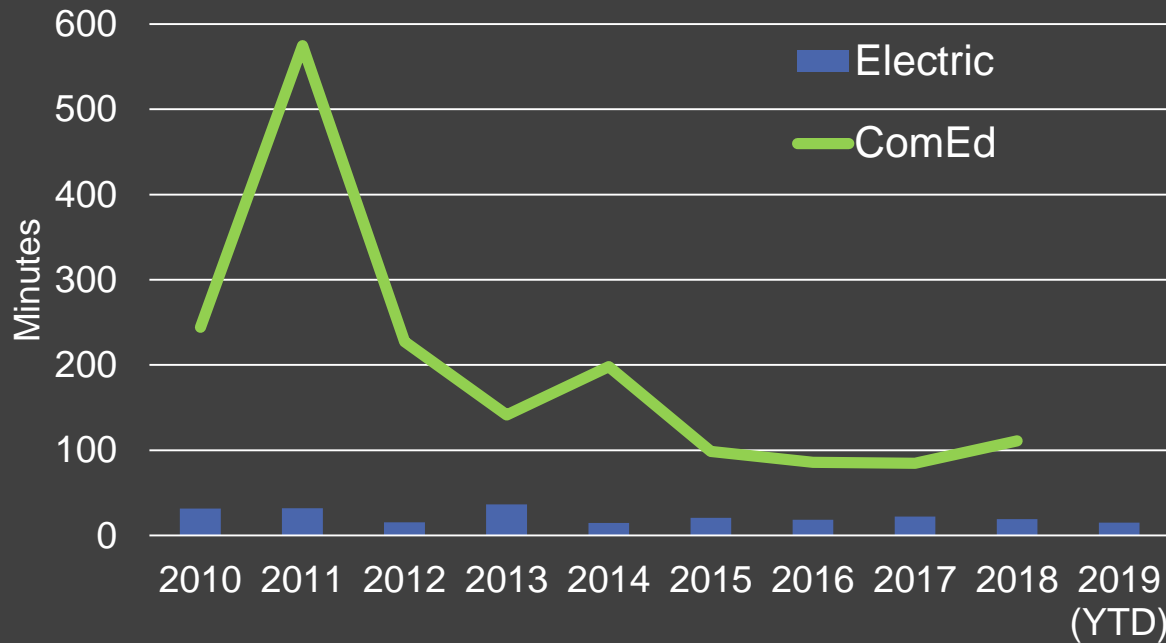
*Naperville will be the location of choice for
businesses*



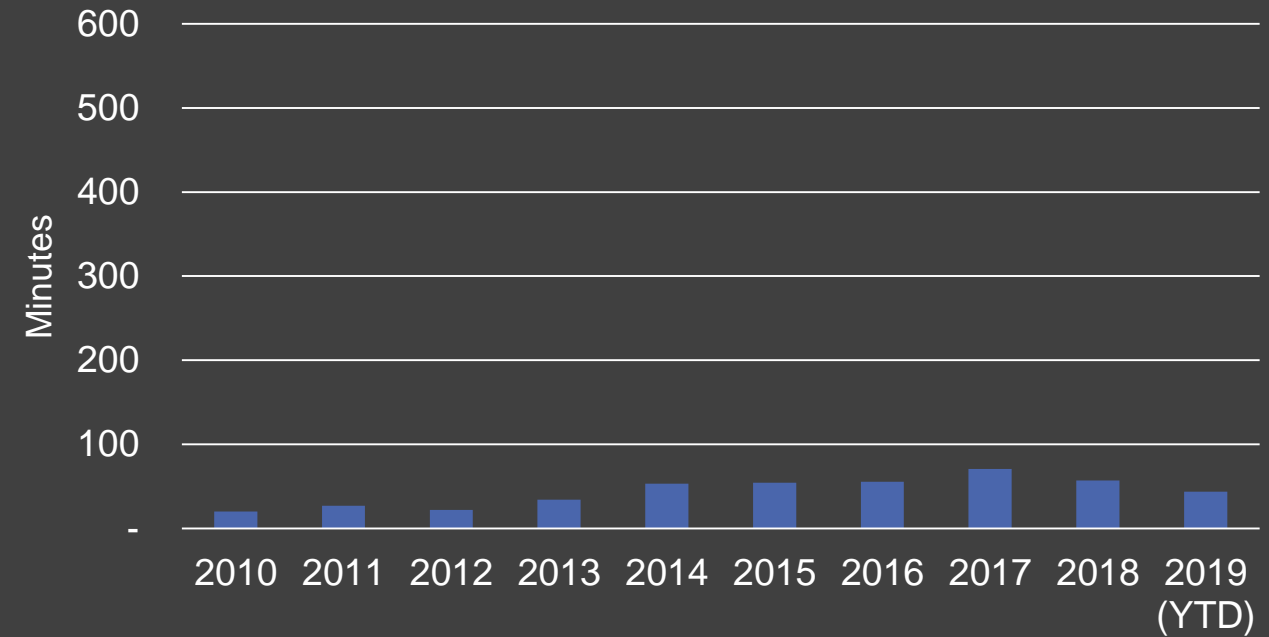
City Goals

- In order to improve the vibrancy and increase retail sales tax, the City will actively seek to fill vacant spaces at Ogden Mall, Iroquois Mall and the northwest corner of Ogden Avenue and Naper Boulevard.
- In order to improve the vibrancy and increase retail sales tax, the City will increase overall occupancies at Riverbrook Plaza and Wheatland Crossings by 10% through June 2021.

ELECTRIC UTILITY



WATER UTILITY

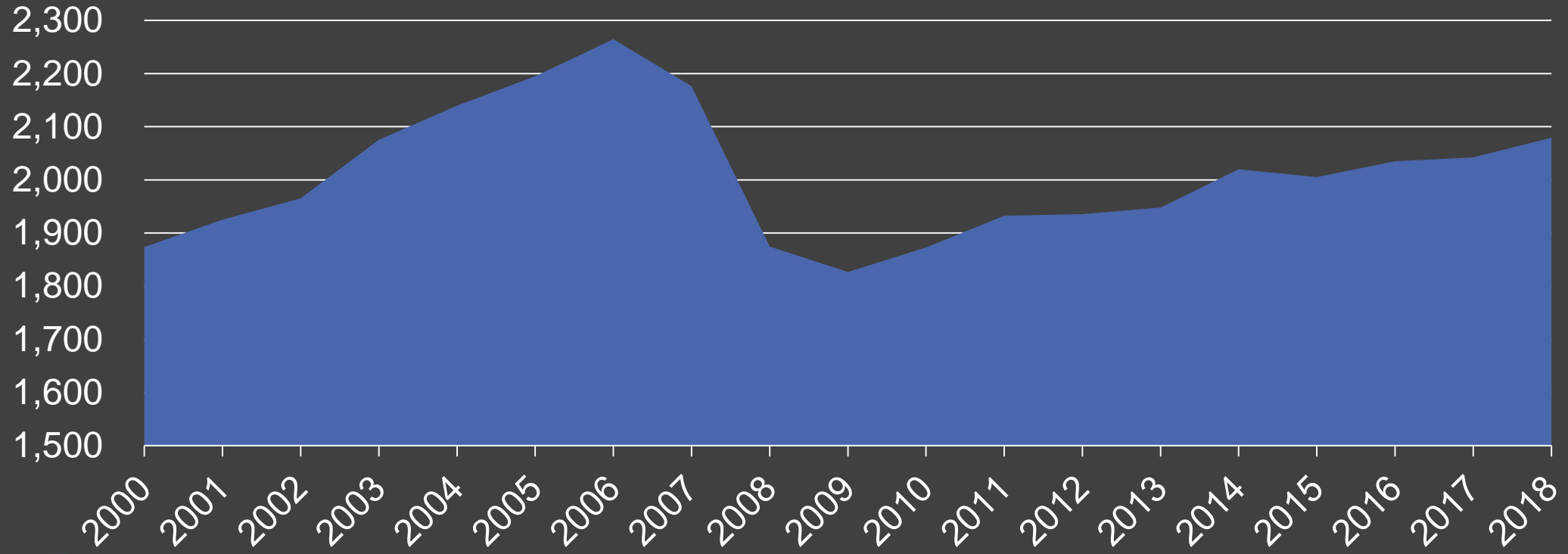


**Economic
Development**

Public Utilities' Reliability

- SAIDI Index used as measure of system reliability
- Average number of minutes that a customer is without service

Historical Trend



Economic Development

Number of Sales Tax Businesses

- Post-recession business growth began in 2010
 - Recovered 58% of businesses lost during recession
- Average of 1.2% growth over the last 3 years

Development Activity



Economic Development

Inspections, Licenses and Permits

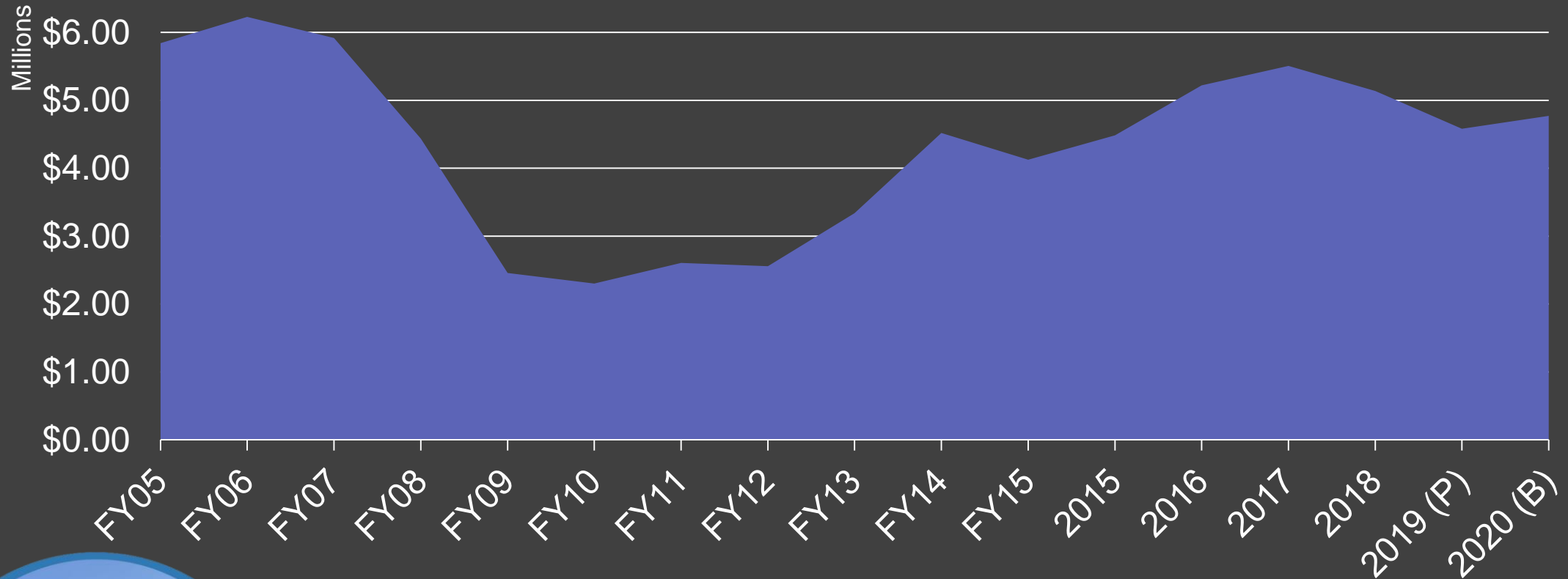
- Post-recession increase in activity began in 2010
 - Anticipated the decline; projection is for stable levels in the coming years
- 2019 budget: \$2.12M, 2019 projection: \$1.99M
- 2020 budget: \$1.92M



2020 Revenues

- **Local Use Tax**
 - \$528K increase in disbursement due to online sales
 - Result of South Dakota v. Wayfair Supreme Court decision
 - 7% growth per Illinois Municipal League
- **Sales Tax**
 - Excluding Chicago, Naperville is #1 in sales tax receipts
 - Projected \$725K increase
 - Stable 0.50% growth in standard sales
 - \$550K increase due to change in online sale disbursement from per capita to location based
- **Implementation of new Special Service Area**
 - Associated with downtown streetscape

Historical Trend

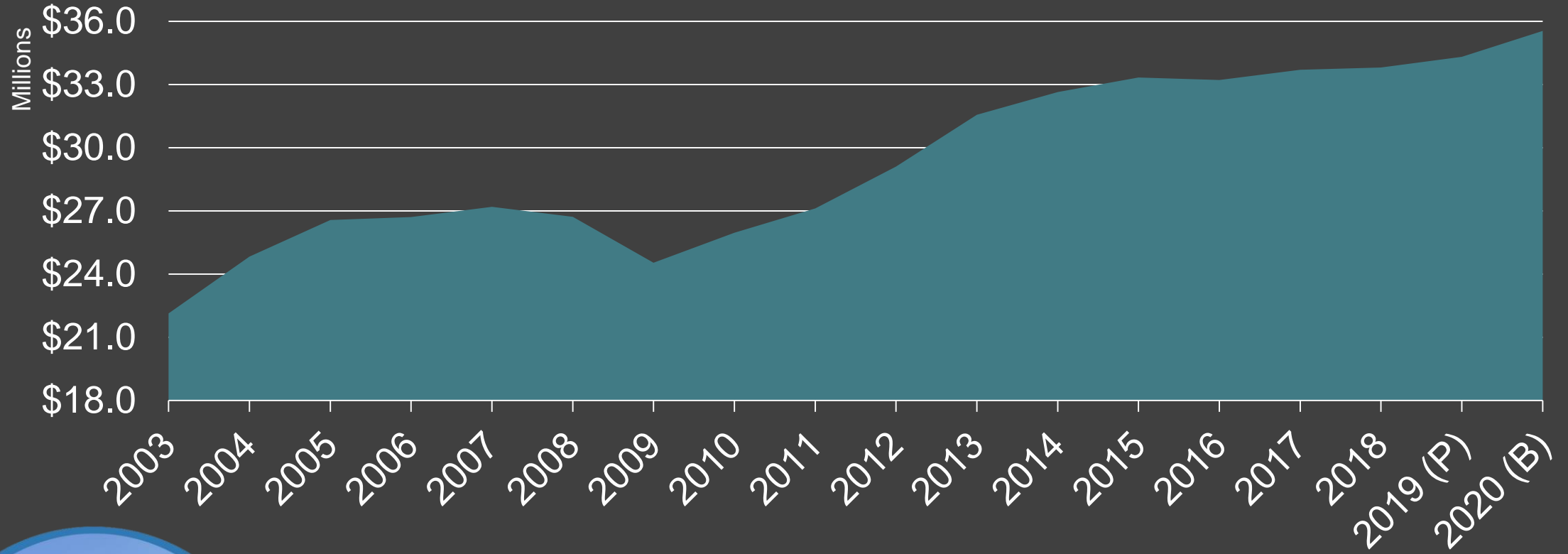


Economic Development

Real Estate Transfer Tax

- Consistent home values of \$409K with reduced volume
- 2019 projection: \$4.58M
- 2020 budget: \$4.77M; 8.6% decrease from 2019 budget
 - Decline in residential volume

Historical Trend

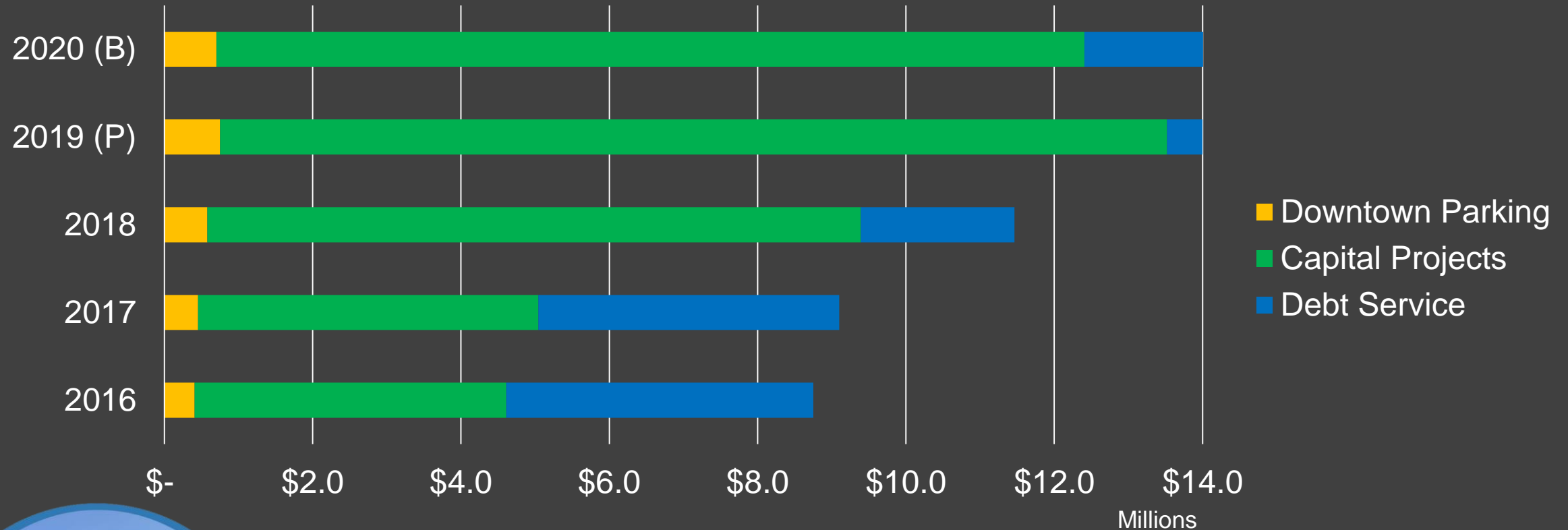


Economic Development

Retail Sales Tax

- 1.0% of statewide collection
- 2019 projection: \$34.31M; down slightly from budget
- 2020 budget: \$35.54M; 1.5% increase over 2019 budget
- Change in online sales distribution from per capita to location based – last 3 months of 2020

Revenue Distribution

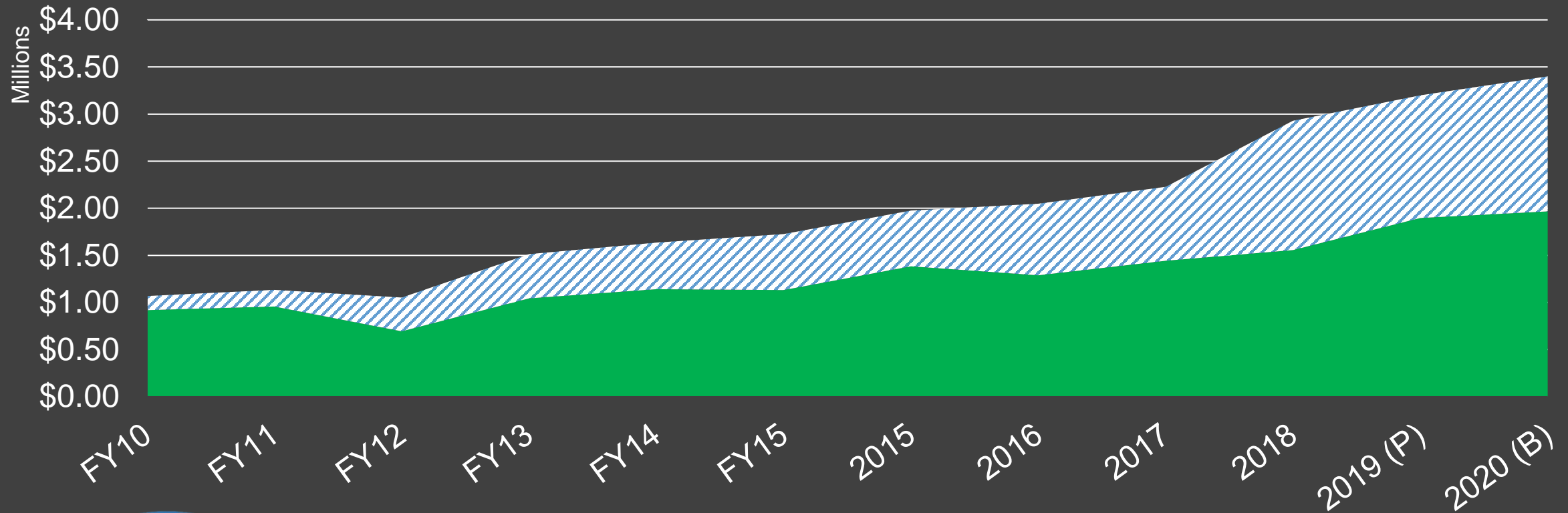


Economic Development

Home Rule Sales Tax

- Downtown F&B tax offset by HRST rate; make-whole payments are made
- 2015: 0.50% rate implemented
- 2018: Rate increased to 0.75%
- 2019: First full year of collections at current rate

Historical Trend

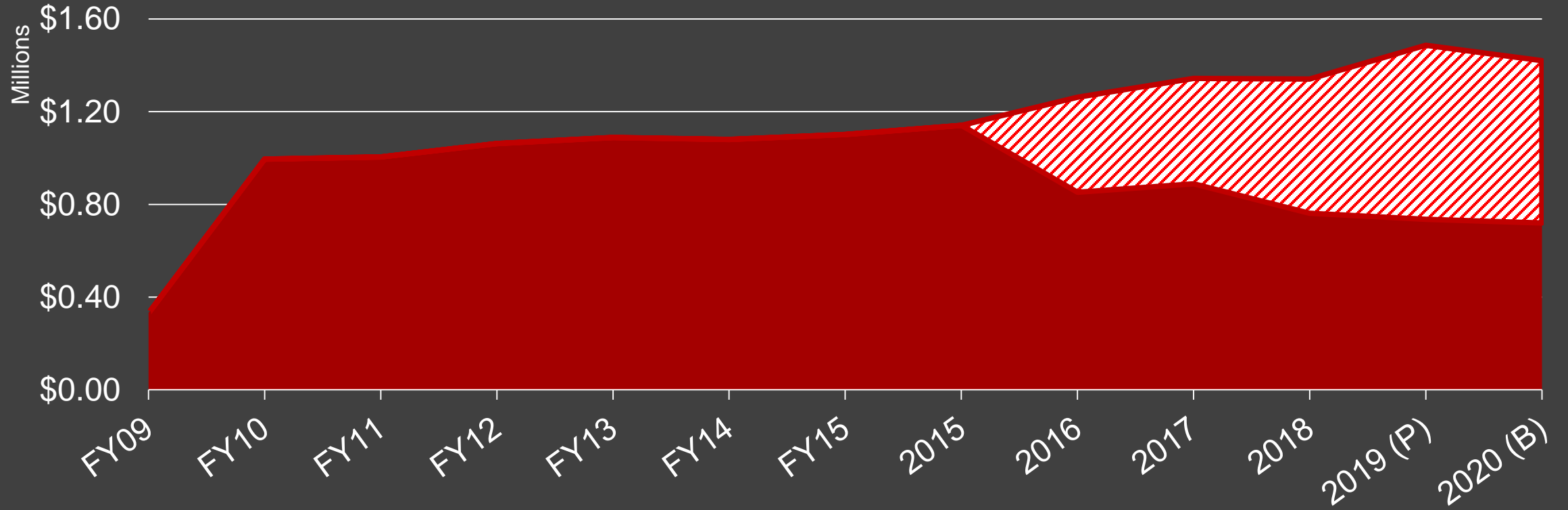


Economic Development

Hotel & Motel Tax

- 5.5% rate on hotels, motels, and vacation rentals; increased rate from 4.4% in April 2018
- Historically consistent number of hotels/motels at 20 to 25 locations
- 2019 projected: \$3.20M
- 2020 budget: \$3.40M

Historical Trend

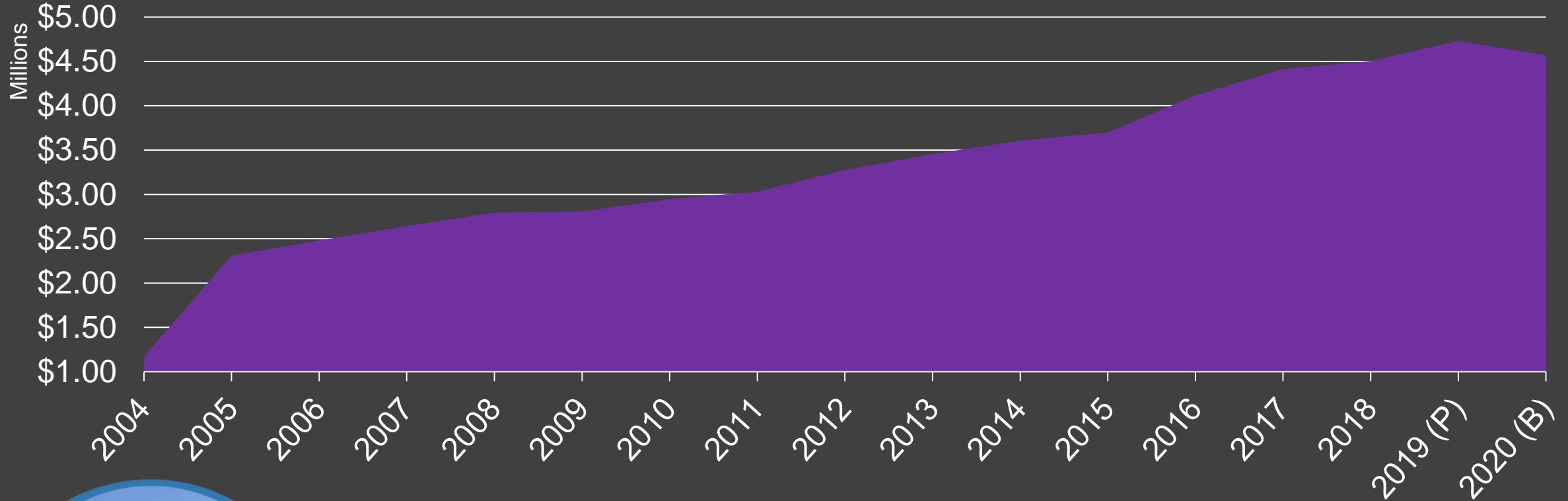


Economic Development

Downtown Food and Beverage Tax

- Rate adjusts with HRST – decreased to 1% in 2016 and to 0.75% in 2018
- 2019 budget: \$690K; 2019 projection: \$736K
- 2020 proposed: \$720K

Historical Trend



Economic Development

Citywide Food and Beverage Tax

- Revenues dedicated to new Food and Beverage Fund in 2017
- 1.0% citywide tax used to fund SECA, social service grants, debt service, and pensions
- 2020 proposed: \$4.57M; 4.9% increase over 2019 budget

2020 Key Initiatives



Economic Development

Facilitate construction and occupancy process for developments

COMMERCIAL

- Central Park Place
- Lincoln at CityGate
- Noon Whistle Brewing
- Shoppes on Washington
- Tru by Hilton

RESIDENTIAL

- Avenida
- Columbia Park Townhomes
- Wagner Farms



2020 Key Initiatives

TECHNOLOGY

- Expand Electronic Plan Submittal & Review
 - Launched October 2019 for limited submittals related to entitlements
 - Expanded review types will be rolled out in 2020
- Continue to build online permitting, development, and inspection tools
 - Modules to roll-out individually as completed
 - Code enforcement
 - Contractor licensing
 - Inspections
 - Firm to support roll-out communications to stakeholders: \$35K



2020 Key Initiatives

Commuter Parking

- Complete verification of over 2,600 commuter permit accounts (started in 2019)
- Analyze verification results and aggressively issue quarterly permits to reduce the waitlist lengths and increase occupancy rates in permit lots
- \$25K for parking expense and rate evaluation
- \$30K for online reservation pilot program



- Downtown Streetscape Project
 - Jefferson Ave. & Main St. near Main Place
 - \$2.6M funded through SSA

**2020
Expenditures**





2020 Expenditures

- Comprehensive Plan Update text amendments: \$75K
- Pole sign removal on Ogden corridor: \$30K
- Historic preservation structural analysis: \$30K
- Naperville Development Partnership agreement increase: \$24K (3.3%)



Naperville will provide reliable, efficient, and high-quality services



City Goals

- In order to increase customer convenience, the City will provide or enhance the following online services:
 - Electronic payment options
 - Building permits/inspections
 - Service requests
 - Registrations/licenses
- In order to increase citizen engagement and transparency, the City will increase the number of datasets released to the open data portal by 15 datasets annually.
- In order to maximize the value of the City's existing investment in communications infrastructure, the City will establish strategic policies for the use, potential lease, trade and sale of fiber assets.

Strategic Engagement Opportunities



2020

- \$85,000 budget
- Strategic visioning and community engagement



2020 Expenditures

TECHNOLOGY

ERP and Cityworks - \$810K

- Went live in Financials 2018 and HR/Payroll mid-2019

2020 Initiatives

- Transfers of 2 positions to the IT Team to manage implementation of technology initiatives
 - Position from CMO to manage Munis ERP
 - Position from Electric Utility to manage Cityworks



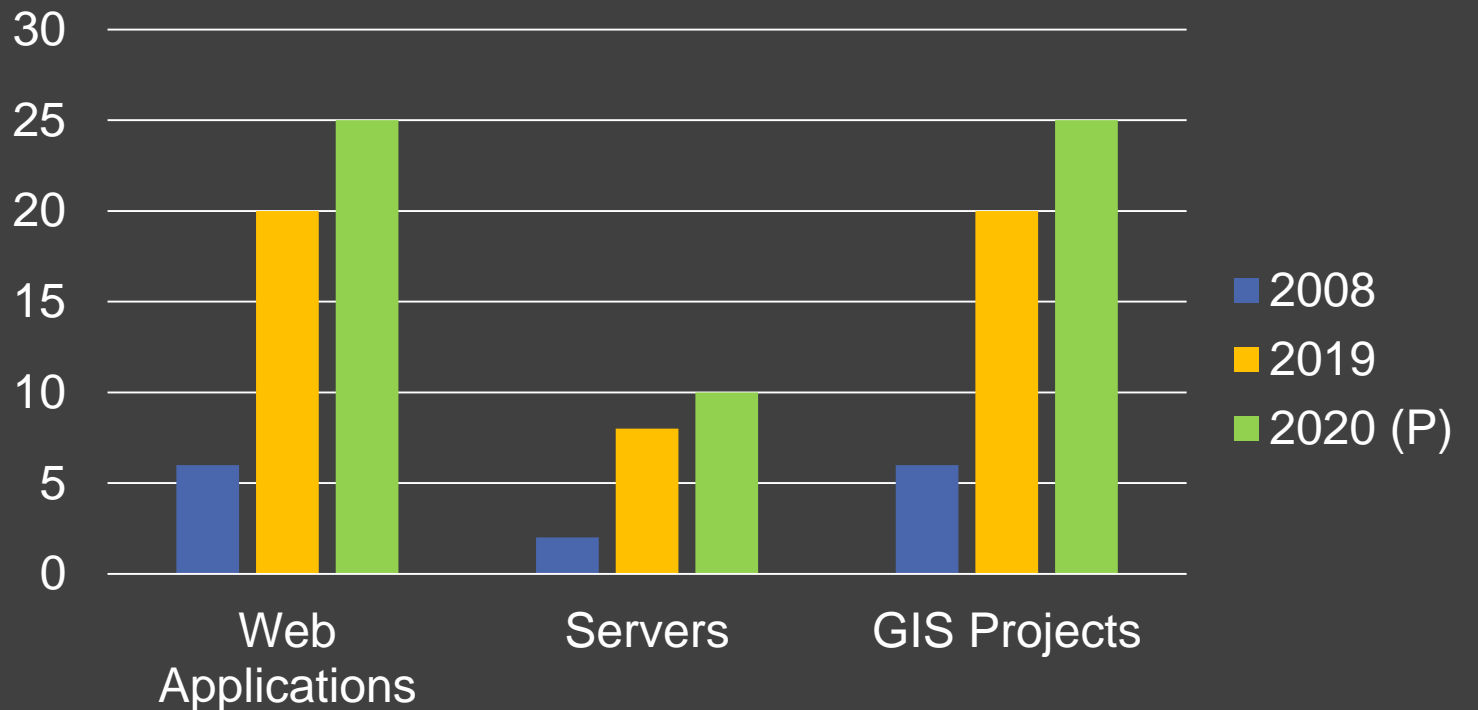
2020 Expenditures

TECHNOLOGY

GIS Developer: \$76K

- Provide technical support to GIS technicians, who create resident-facing applications
- Provides GIS development and support for citywide, public-facing technology projects like NextGen 911, Cityworks, and ERP

GIS Responsibilities



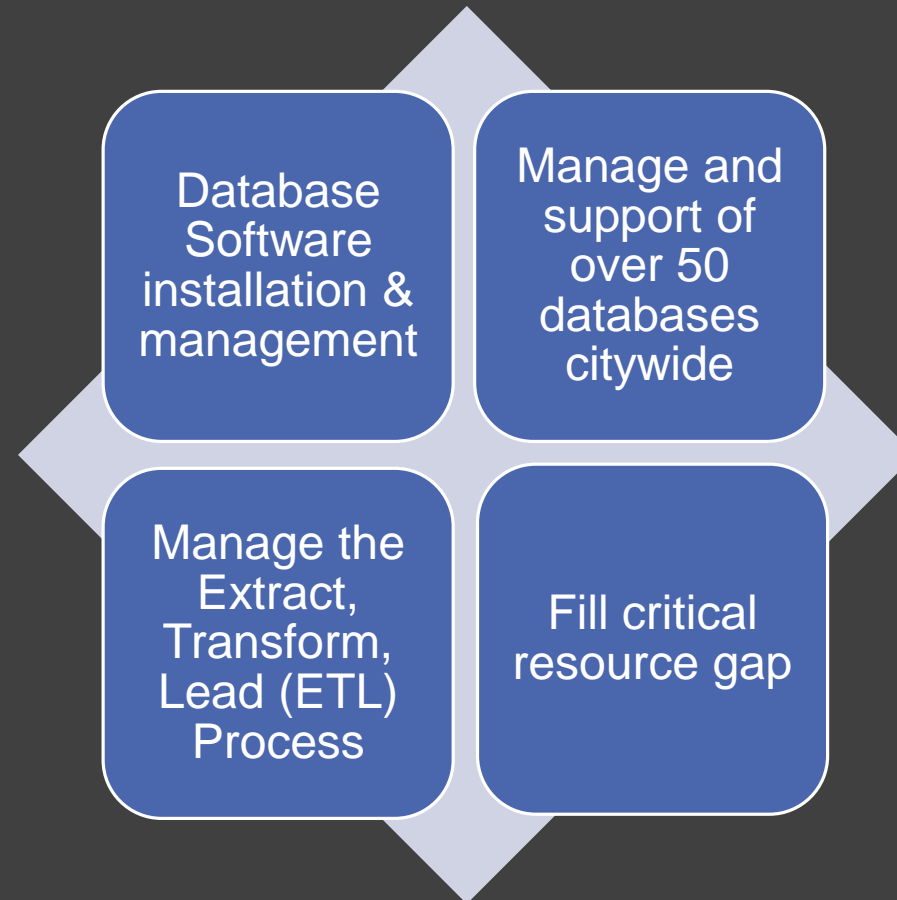


2020 Expenditures

TECHNOLOGY

Database Administrator: \$110K

- Manages critical network infrastructure that powers public-facing applications, including server upgrades and maintenance
- Will provide support for major projects, including Cityworks and Water AMI





2020 Expenditures

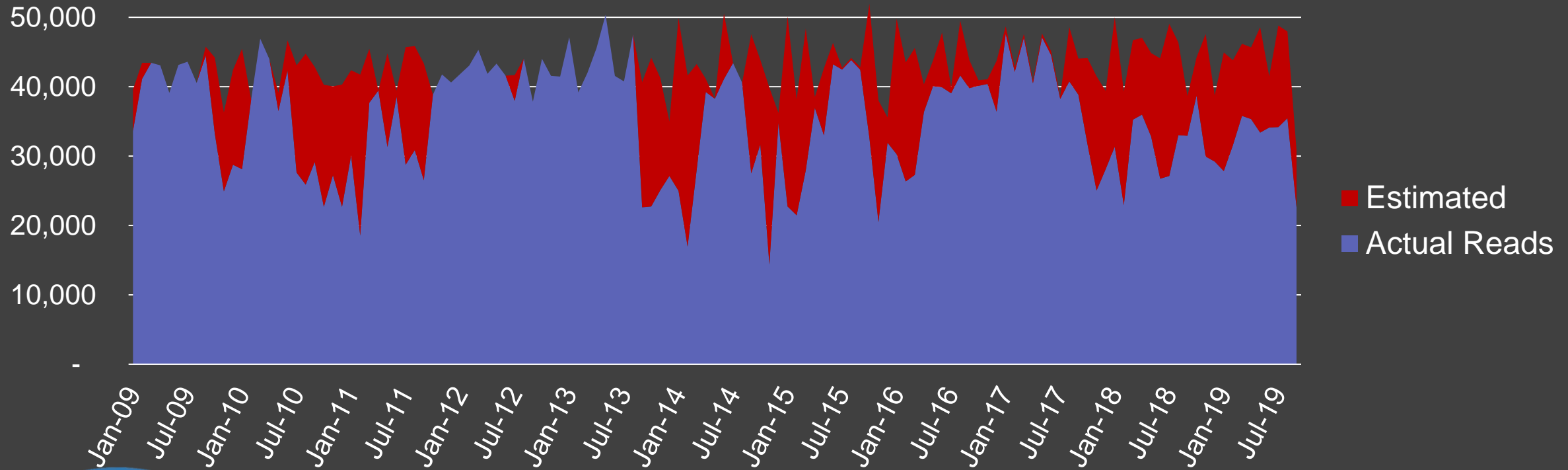
TECHNOLOGY

PC Technician: \$53K

- Support Operations of Public Safety Group
- Ongoing inventory and management of over 900+ hardware devices for 450 employees in public safety
- Improve responsiveness and support coverage to provide critical tools to police and fire

Level 1 PC Support		
	Ratio	
Average Public Sector	70	1
Naperville	225	1

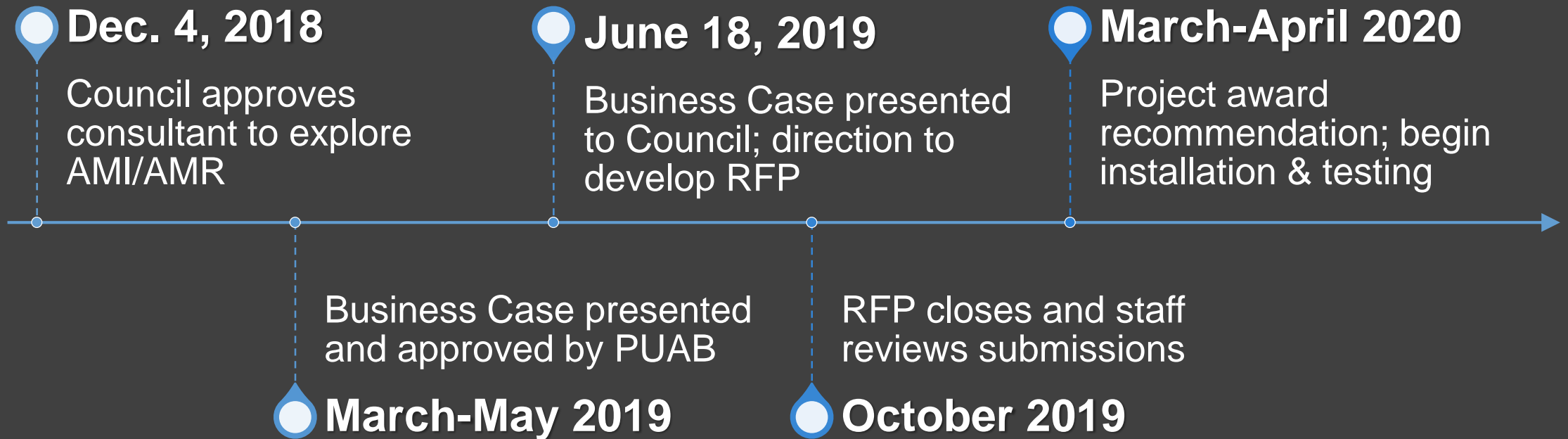
Water Meter Reading Coverage



Meter Reading Performance

- City contractor reading 72% of meters over the past two years
- Manual reading vendors limited; history shows most begin contracts with coverage of near 90% before slipping between 70% and 80%
- Estimated reads create difficulty in understanding system efficiency and are frustrating for customers

Advanced Metering Infrastructure (AMI) Timeline





2020 Expenditures

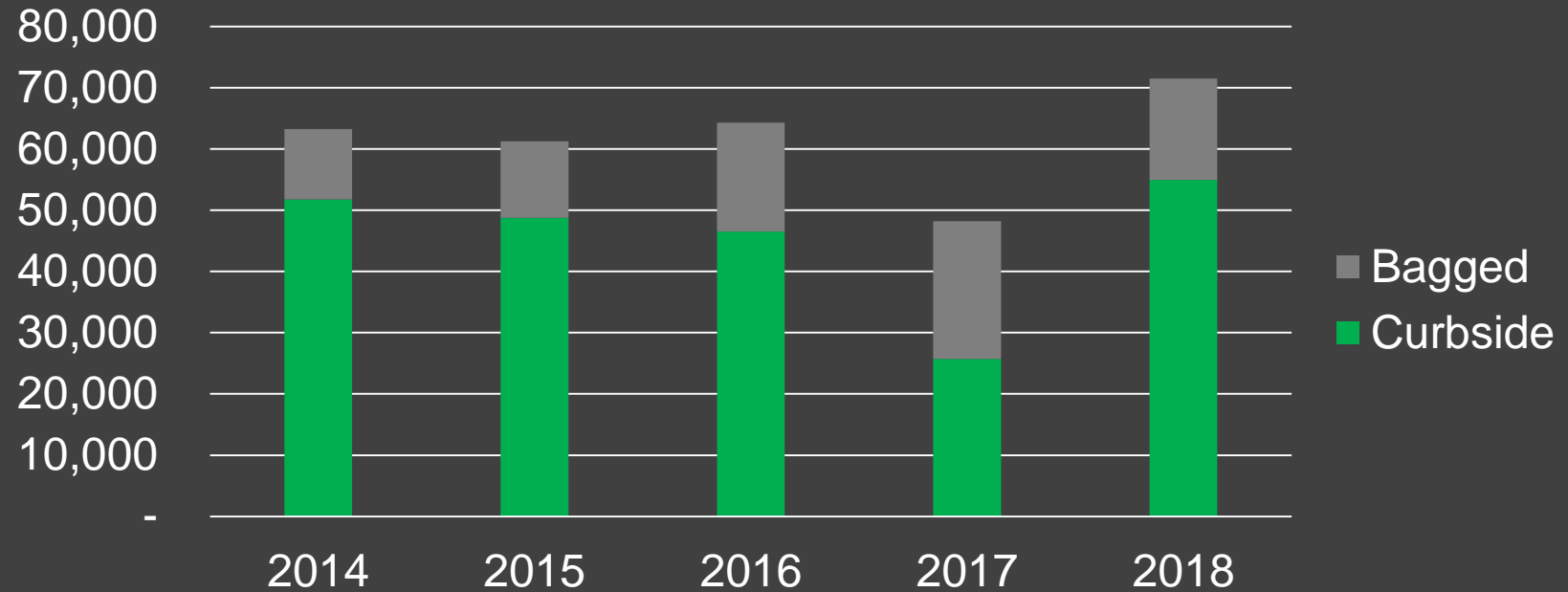
AUTOMATED METERED INFRASTRUCTURE (AMI): \$10M

- Installation of meter modules on existing water meters for all customers
- Integration of meter information into data and billing systems
- Benefits include:
 - Reduction in estimated reads
 - Customers will have access to their usage information via Empower dashboard
 - Will provide better information to utility to support operations, capital planning
- Water Utilities Project Manager: \$113K
 - Will manage AMI deployment/post-deployment process, including coordination and testing of applications
 - Oversee department data analytics, including development and implementations of Cityworks



Leaf Collection

Leaves Collected (Cubic Yards)



Leaf Collection Program Cost

- 2019 budget = \$905K
- 2019 amendment = \$274K
 - Disposal, contractor, and rental costs
- 2020 incremental request = \$346K
 - Overtime and equipment costs
- 2020 total program cost = \$1.53 million

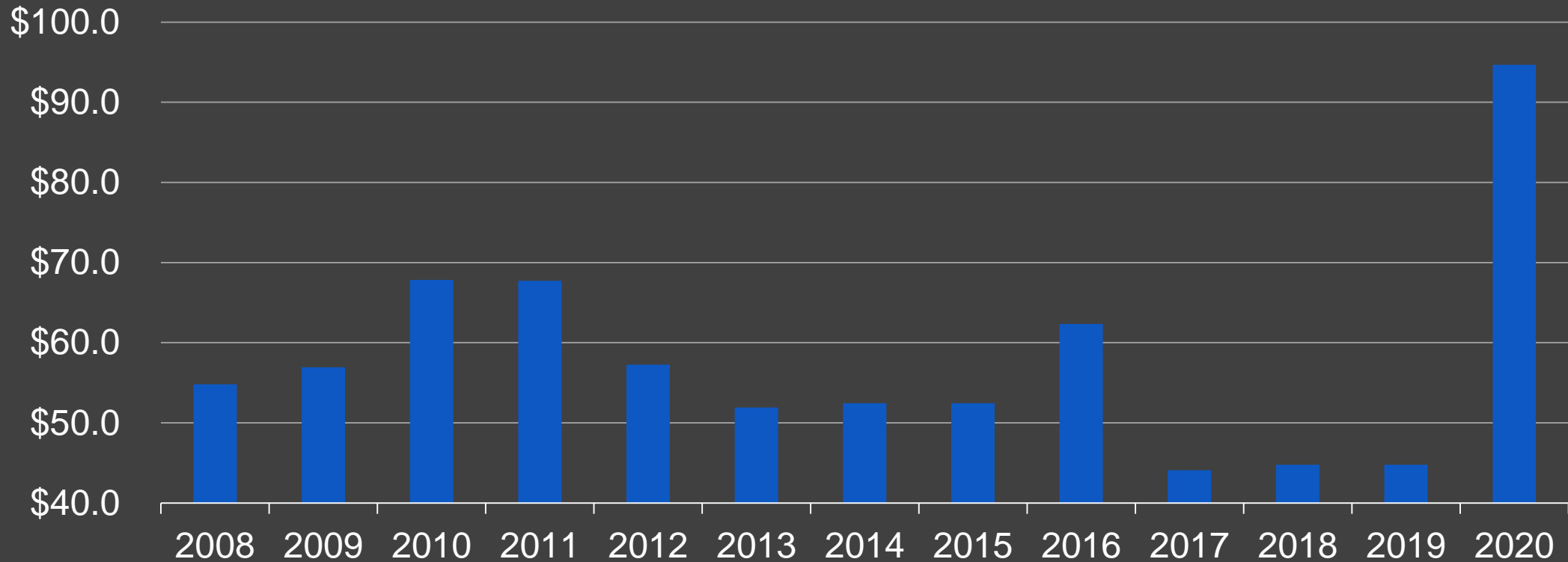
	Winter 16-17	Winter 17-18	Winter 18-19	10-Year Average
Plow Events	9	18	8	9
De-Icing Events	12	21	25	22
Snowfall (Inches)	24.90	37.34	36.35	39
Tons of Salt	8,572	14,134	14,223	13,465



Winter Operations

- 2020 budget request has \$599K increase
 - New salt controllers & increased contractor dollars for downtown and train station
 - Salt price increase

Historical Salt Price per Ton



Salt Pricing

- Price per ton increased 111%: \$44.77 to \$94.67
- Decrease in quantity purchased in response
 - Original request of 16,000 tons down to 12,800





2020 Expenditures

BUILDING MAINTENANCE

- 1.6 million sq. ft. of facilities at avg. age of 20 years

Annual Service Requests

2015	2016	2017	2018	2019 (Proj.)
804	920	1,000	1,050	950

- Maintenance Projects: \$1.64M increase
 - Roof replacement at six municipal facilities
 - Parking deck repairs
 - Train station platform, walkway, and stairwell repair
 - Rooftop air handler unit replacements
 - Municipal Center front plaza
- Custodial Services: \$95K increase
 - Restoration of service levels
- Improvements
 - Council Chambers audio/visual equipment: \$200K
 - Upgrade to conference rooms: \$120K
 - Electric lunchroom atrium window replacement: \$50K

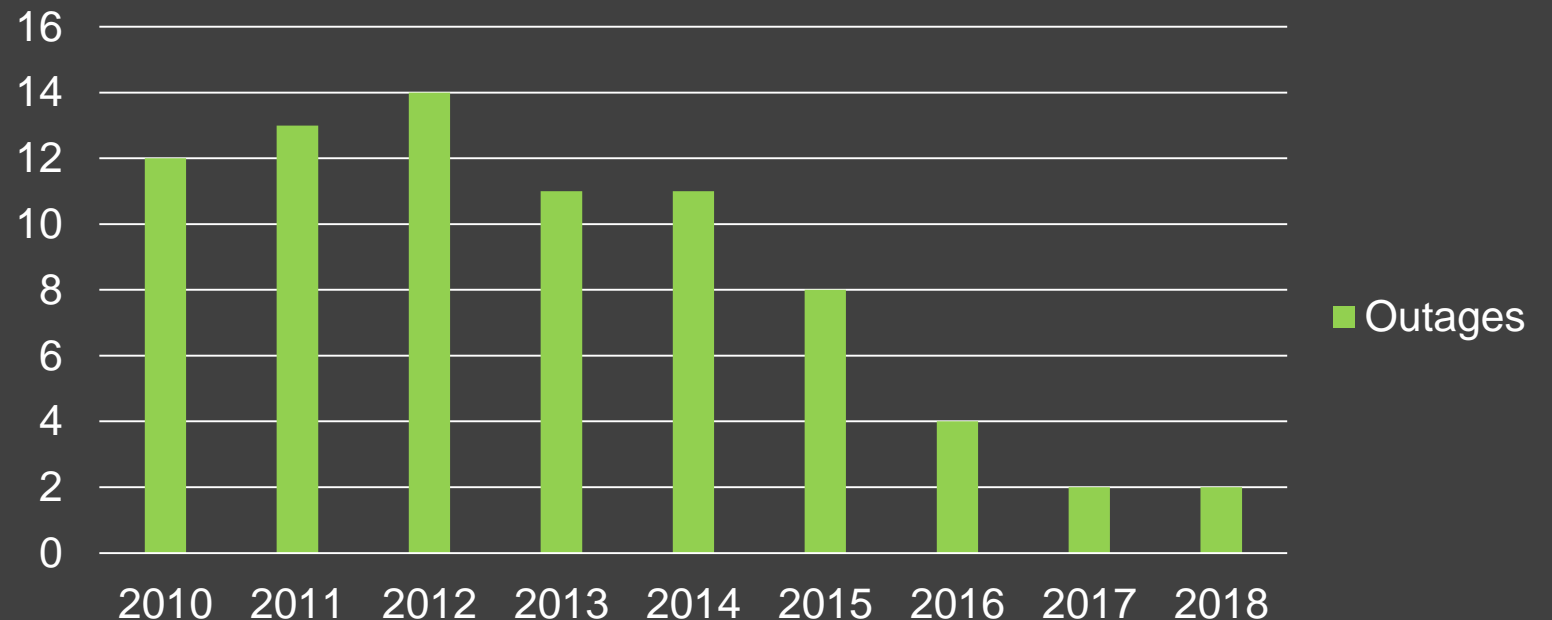


2020 Expenditures

INFRASTRUCTURE INVESTMENT

- Electric Utility maintains spending at \$14M
 - Distribution Automation switches reduce related outage time by 40.4%
 - Cable repair and replacement reduce related outages by 78%
 - Cable injection: 150K feet in 2020; 73% savings compared to traditional cable replacement

Outages Caused by Cable Faults



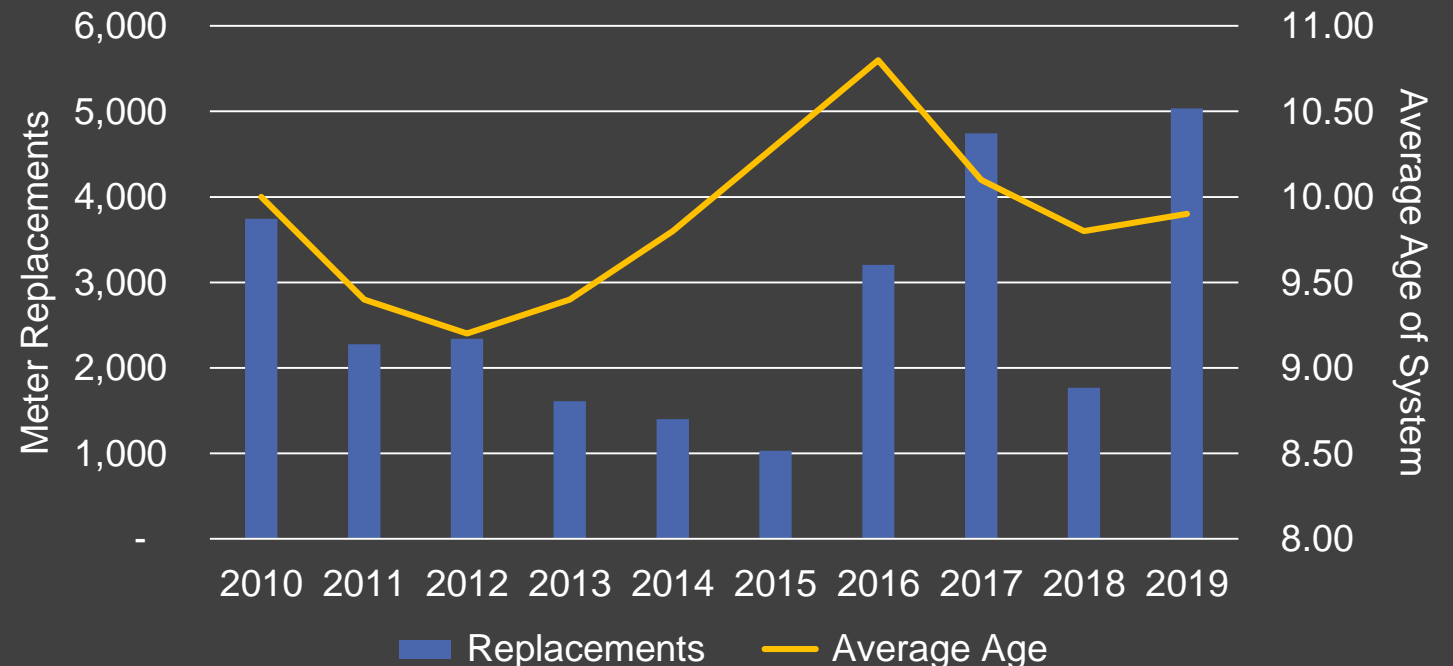


INFRASTRUCTURE INVESTMENT

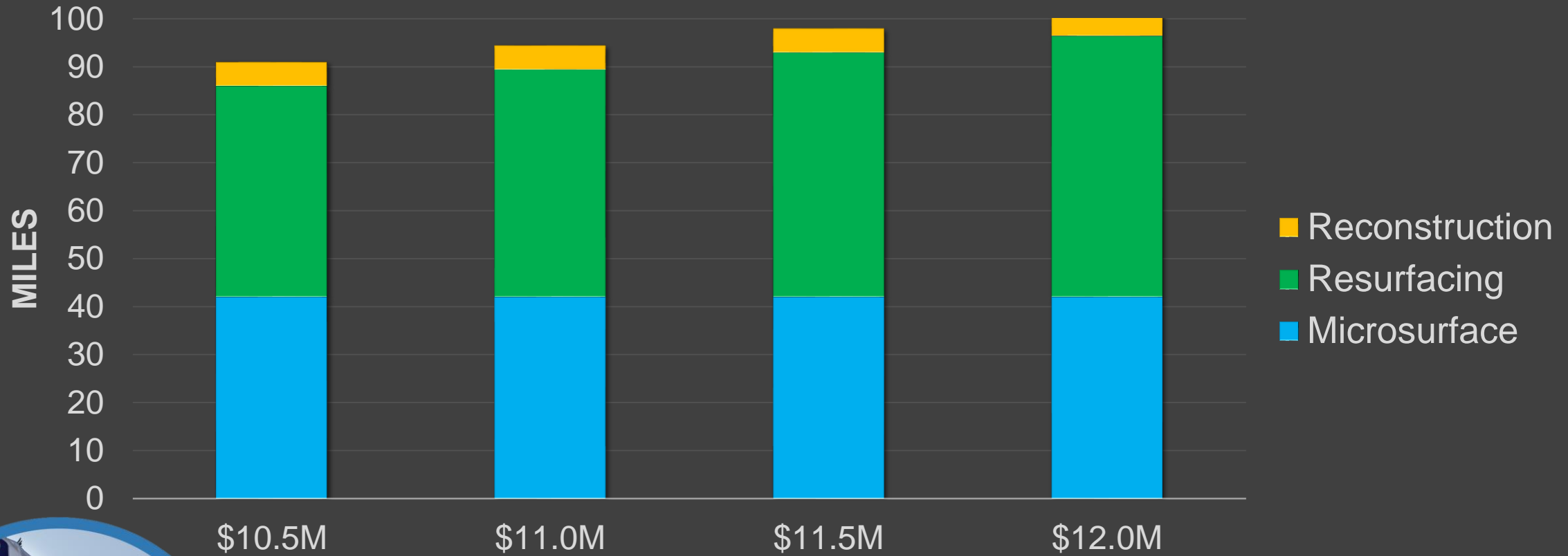
- \$2.3M for water meter replacement
 - 7,000 water meters; consistent with 2019
 - 15% of meters; average life of 20 years
 - Improve billing accuracy and reduces meter error
 - Ensures compatibility with AMI

**2020
Expenditures**

Water Meter System Overview



Estimated Roadway Mileage by Funding Levels



MIP Funding Level

- Annual \$0.5M increase phased in over 4 years: \$11.5M in 2020
 - Annual mileage may vary based upon specific project demands
 - Long-term savings: extends roadway life span at lower cost
- 2019 reconstruction/resurfacing = 51 miles; microsurfacing = 30 miles



Upcoming Major Projects

North Aurora Rd. from Frontenac Rd. to Fairway Dr.

- March 2020; total estimated construction cost = \$11.6 million
 - Federal STP Fund = \$6 million
 - Naperville Township Road District = \$470K
 - City of Naperville = \$5.3 million

North Aurora Road Underpass

- January 2022; total estimated construction cost = \$27.7 million
 - ICC Crossing Improvement Program = \$12 million
 - CN Railroad = \$1 million
 - Other Federal/State/Local = \$12.2 million
 - City of Naperville = \$2.2 million



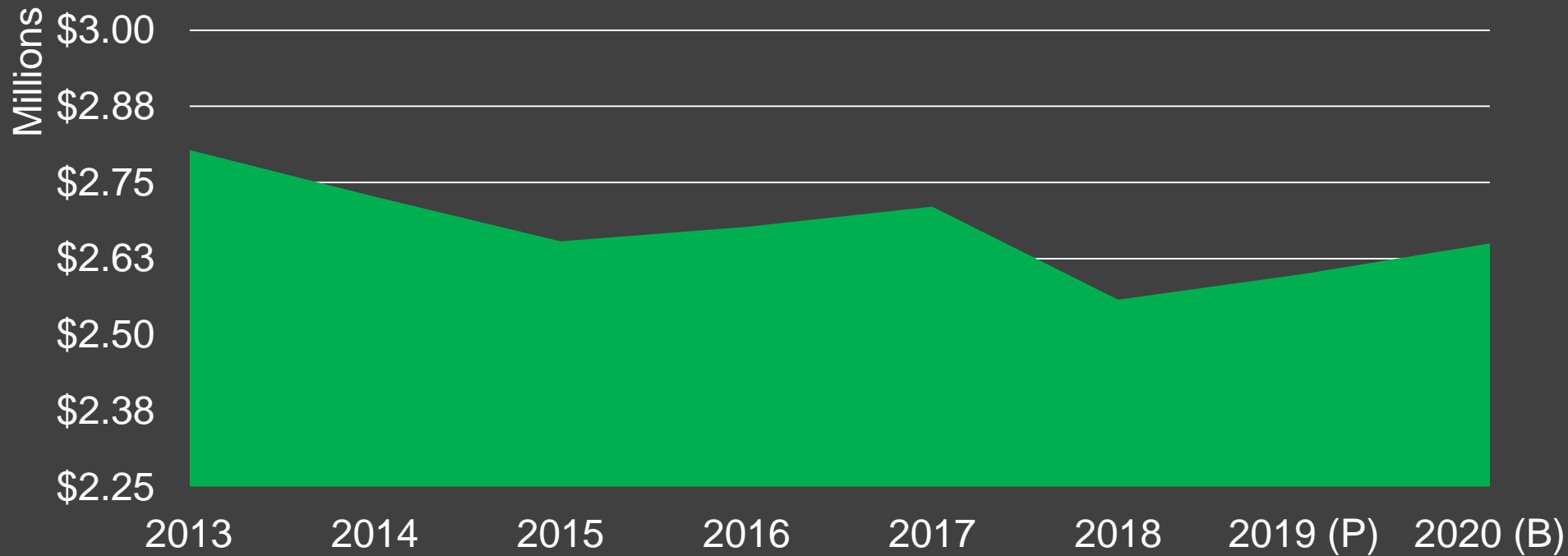


Upcoming Major Projects

Downtown Washington Street Bridge

- **2020 project costs**
 - Land acquisition: \$1.2 million
 - Construction engineering costs
 - Federal government: \$464K
 - City of Naperville: \$78K
- **2021 project costs**
 - Construction costs
 - Federal government: \$3.8 million
 - City of Naperville: \$2 million

Historical Revenues



Gallonage

2017: 67.76 Million

2018: 63.95 Million

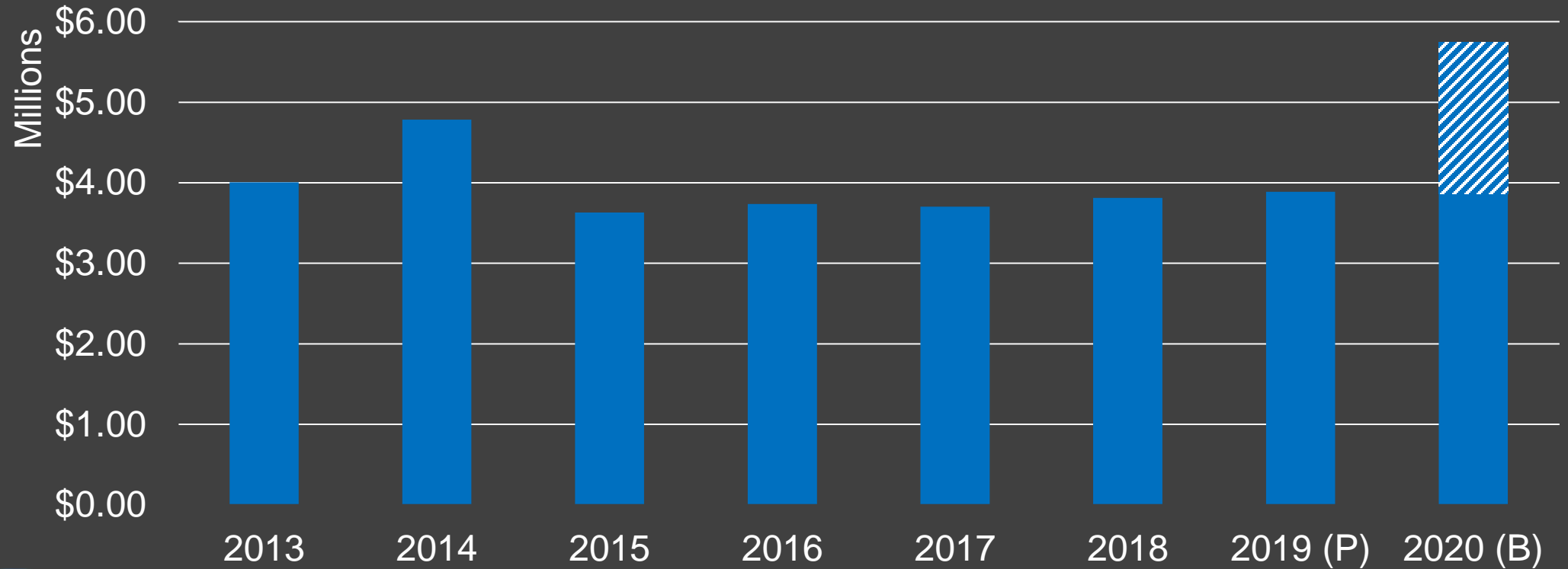
2019: 65 Million (P)



Local Gasoline Tax

- \$0.04 per gallon revenue dedicated to road projects
- 2019 budget: \$2.53M; 2019 projection: \$2.6M
- 2020 proposed: \$2.65M

Historical Revenues



State Motor Fuel Tax

- Used to fund eligible MIP components; distributed on per capita basis
- 2019 budget: \$3.85M; 2019 projection: \$3.89M
- 2020 proposed: \$5.75M; 51% increase due to Rebuild Illinois Capital Plan



2020 Key Initiatives

CUSTOMER SERVICE

- Investigate Citywide customer service center
- Preparation for new utility billing system and modification of existing billing procedures

INFRASTRUCTURE INVESTMENT

- Asset evaluation and capital planning for Water and Electric utilities
- Analysis of technology system architecture
 - Map system interdependencies and design future system needs

OPERATIONAL

- Citywide safety education, training, and reporting
- Research and plan for new e-procurement software

Next Workshop

Budget Workshop 2 – Nov. 18

- Naper Settlement and Library presentations
- Remaining ends policies: Public Safety and Financial Stability

Overall summary of major funds and impacts

2020 Budget Process



Questions?

