

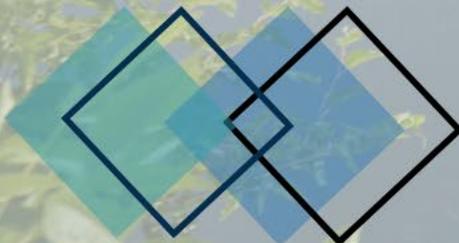


ANNUAL OPERATING BUDGET

AND CAPITAL IMPROVEMENT
PROGRAM

2025

**BUDGET WORKSHOP #3
NOVEMBER 12, 2024**



2025 BUDGET PROCESS & CONSIDERATIONS





2025 BUDGET GOALS

- **Primary:** support existing services
- **Secondary:** enhance services when financially feasible
- *Key concept: maintain flexibility as issues evolve & impacts become clearer*

MOVING INTO 2025

- As potential issues become more well-defined, flexibility may be needed to meet the budget's primary goal
 - That could look like moving away from planned enhancements & supporting existing services based on actual financial circumstances
 - The City's budget is a fluid document that can be amended as needed

More defined



Revenue
growth moderation



Asset
needs

Not as certain



Grocery tax
replacement



Compensation
study results



Global &
national
economy

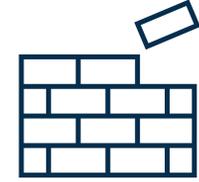
INTERNAL REVIEW



Personnel
reduced \$870k



Operating Expenses
reduced \$1.2M



Capital
reduced \$3.7M



STAFF REDUCED INITIAL BUDGET REQUESTS BY \$5.7M.

PROPERTY TAX LEVY



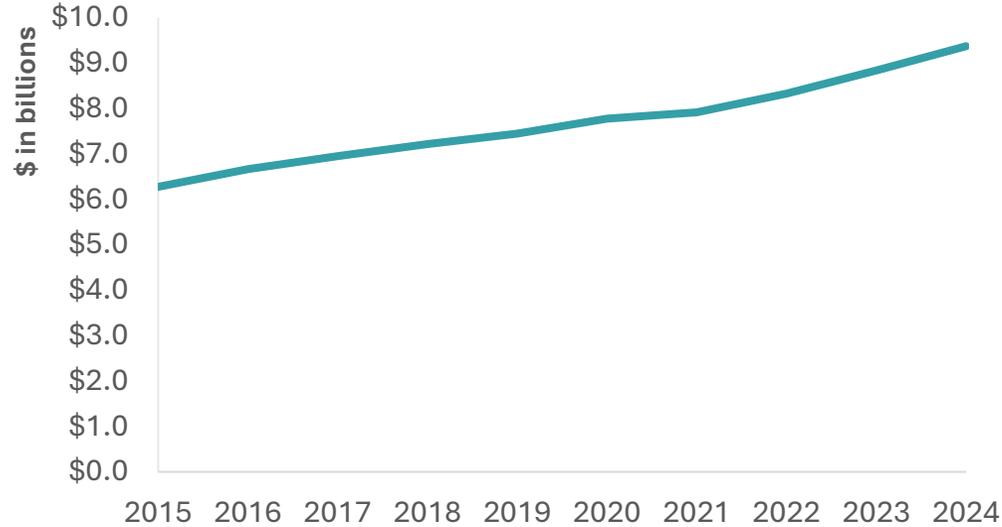
Total 2024 property tax levy: \$58.88M

- 3.3% increase over the 2023 levy request
- General Fund portion represents just 10% of public safety operating expenses
- Includes \$8.15 million in debt service abatements
 - Other funding sources include utility funds, TIF & SSA property tax, and food & beverage tax

\$ in millions

PROPERTY TAX - VALUATION & TAX RATE

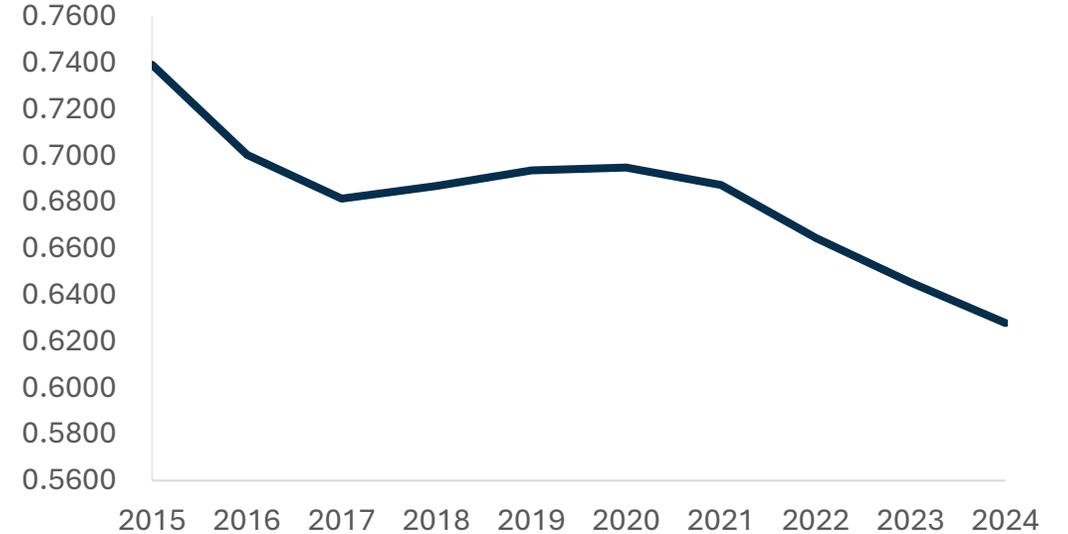
Equalized Assessed Value



\$9.38 billion (2024 estimate)

- Assumes 6% EAV growth over 2023 assessment
- Includes appreciation of existing property & new construction
- Property valuations determined by township assessor

Property Tax Rate



0.6279 tax rate (2024 estimate)

- Does **NOT** capture full EAV growth
- Levy constructed using a pre-pandemic growth rate
- Lowest tax rate since 1968

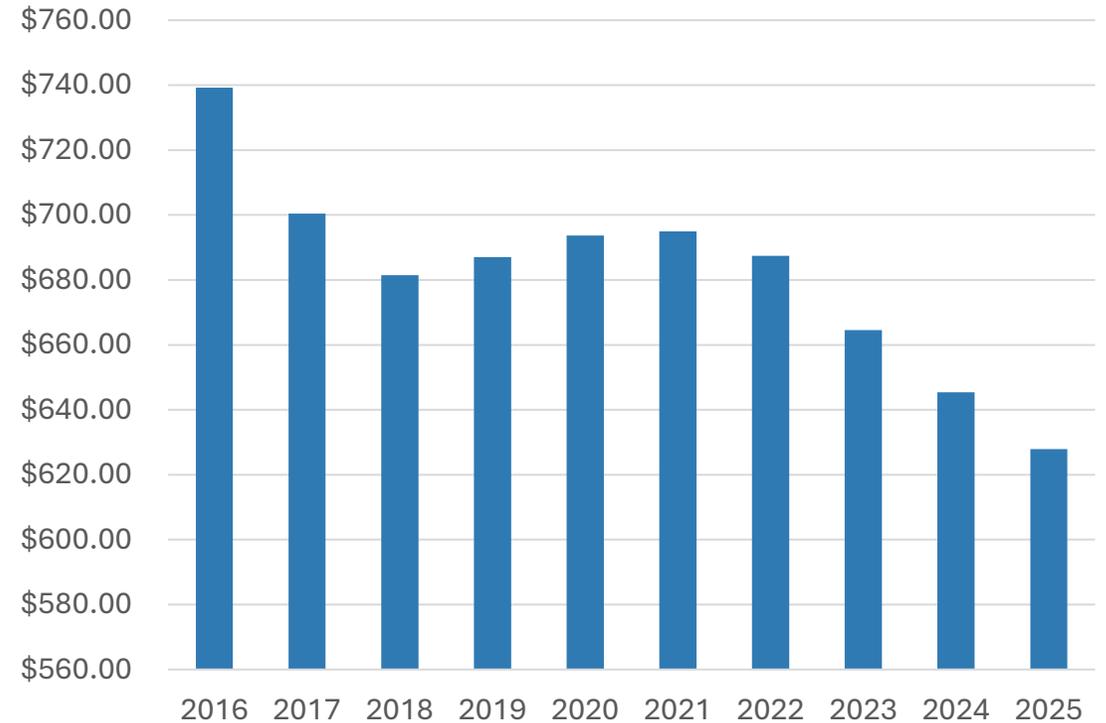
PROPERTY TAX BILL ESTIMATE



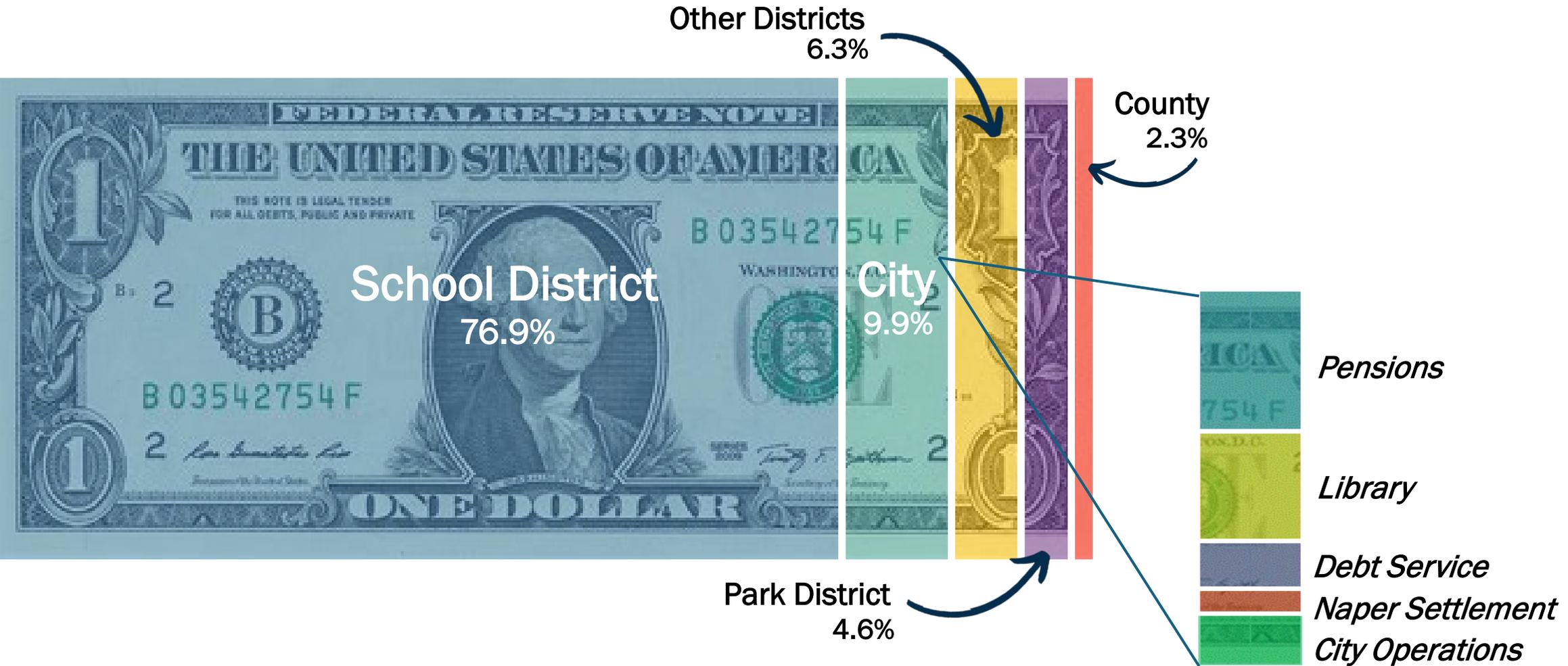
2025 CITY PORTION OF TAX BILL: \$1,118 (EST.)

- Based on current median home value of \$558,100
- \$31 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

Tax Paid per \$100k of Assessed Value



WHERE DOES YOUR PROPERTY TAX GO?



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

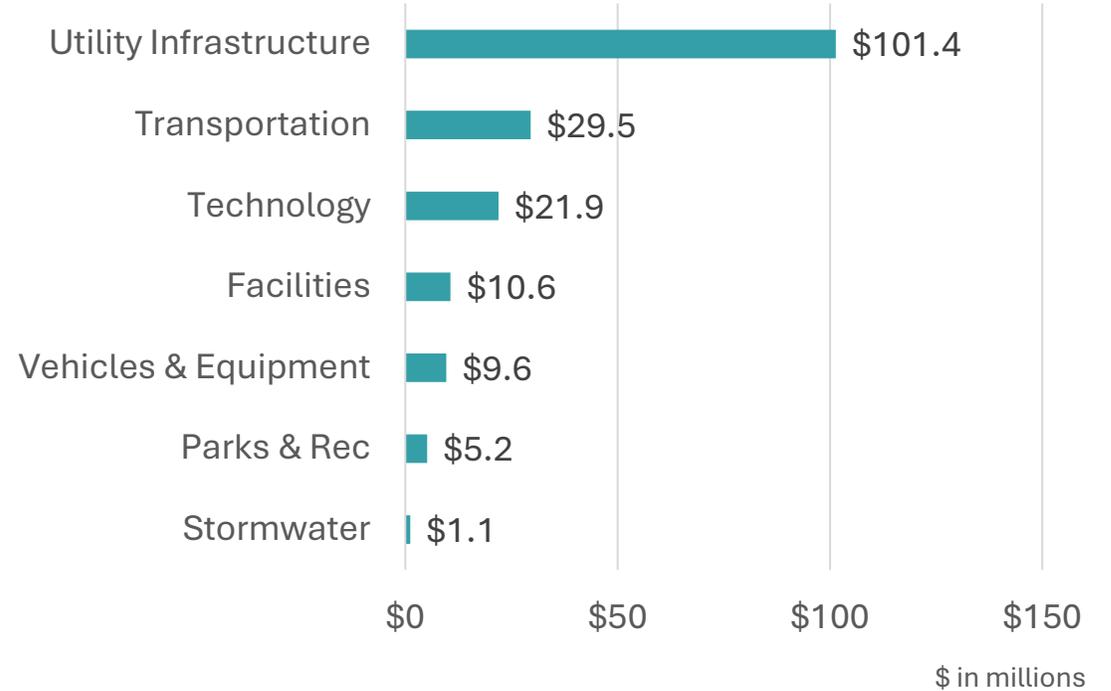
2025 CAPITAL IMPROVEMENT PROGRAM



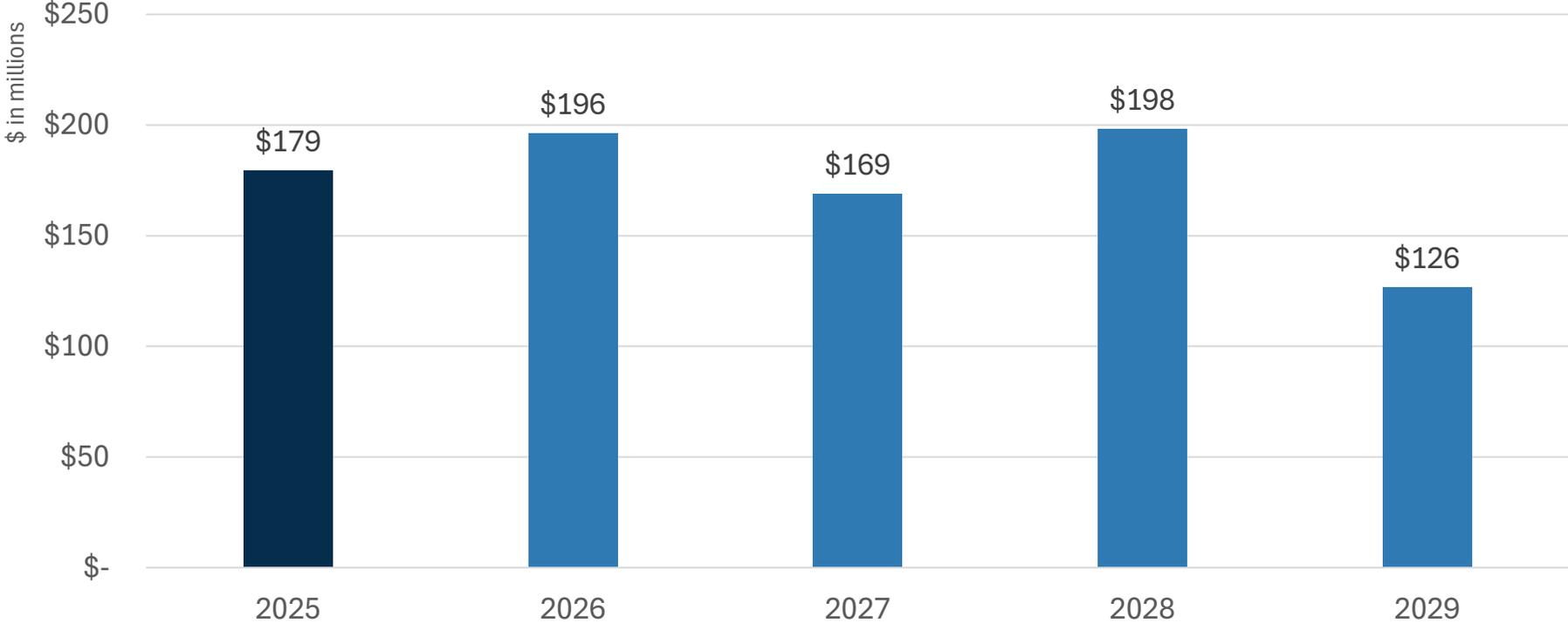
2025 CIP TOTALS \$179 MILLION

- Includes more than \$50M in carryforward projects from 2024

UTILITY INFRASTRUCTURE ACCOUNTS FOR MORE THAN 56% OF TOTAL CIP



2025-2029 CAPITAL IMPROVEMENT PROGRAM



2025 – 2029 CIP totals \$869.09M

The CIP is only approved one year at a time

- Projects budgeted in future years are not approved with the 2025 budget

2025 BUDGET SUMMARY



\$641.88M
2025 BUDGET

 **3.3%**
FROM
2024
BUDGET

\$166.43M
GENERAL FUND

\$179.38M
CAPITAL IMPROVEMENT
PROGRAM

HIGH QUALITY CITY
SERVICES IN THE
2025 BUDGET ARE
SUPPORTED BY

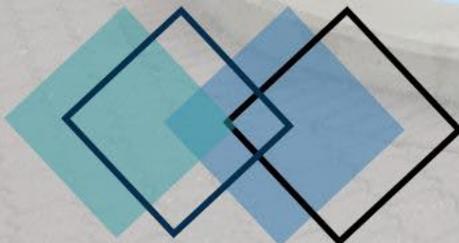
Increased utility rates
**3.3% increase in property
tax across all funds**

ANTICIPATED
0.6279
TAX RATE

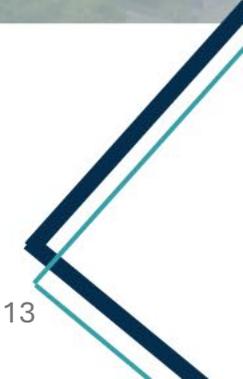
 FROM
CURRENT
0.6454
RATE



QUESTIONS ?



2025 BUDGET BY FUND



2025 PROPOSED BUDGET BY FUND CATEGORY

	Revenues	Expenditures	Margin
Maintenance & Operating Funds	499.31	512.53	(13.23)
Capital & Debt Service Funds	78.81	85.89	(7.09)
Special Funds	41.37	43.46	(2.09)
Totals	619.48	641.88	(22.41)

\$ in millions

- ◆ GENERAL FUND STRUCTURALLY BALANCED FOR 2025
- ◆ STRATEGIC USE OF CASH BALANCES & DEBT ISSUANCE IN CERTAIN FUNDS
- ◆ FUND-BY-FUND REVIEW PRESENTED IN UPCOMING SLIDES

MAINTENANCE & OPERATING FUNDS

	Beginning Balance	Revenues	Expenses	Ending Balance
Commuter Parking Fund	1.76	1.21	1.88	1.08
Electric Utility Fund	17.34	166.43	166.85	16.93
General Fund	73.06	166.56	166.43	73.19
Self-Insurance Fund	3.16	32.19	29.17	6.19
Solid Waste Fund	0.87	7.99	8.07	-
Water/Wastewater Utility Fund	19.19	124.93	140.13	3.99
Total Maintenance & Operating	114.62	499.31	512.53	101.39

\$ in millions

GENERAL FUND REVENUES

	2024 Budget	2025 Budget	Change (\$)	Change (%)
Operating Revenues	151.57	160.74	9.17	6.1%
Interfund Transfers (In)	5.60	5.81	0.22	3.8%
Revenues Total	157.17	166.56	9.39	6.0%

\$ in millions

General Fund revenue remains highly diversified

- Balance between economically sensitive (sales tax) & stable revenues (property tax) is key

Largest revenue increases are in state-shared taxes

- State sales tax projected to increase by \$5.2M (offset by a \$2.5M decline in Use Tax)
 - Result of new legislation on taxing out-of-state purchases

Some revenues experiencing multi-year declines

- Local use tax, telecom taxes, cable franchise/PEG fees

GENERAL FUND EXPENSES

	2024 Budget	2025 Budget	Change (\$)	Change (%)
Operating Expenses	151.14	161.73	10.59	7.0%
Interfund Transfers (Out)	5.21	4.70	(0.52)	-9.9%
Expenses Total	156.35	166.43	10.07	6.4%

\$ in millions

General Fund supports core public services delivered to the community

- Public safety, maintenance of public spaces, planning & development, and support services

Increase in 2025 budgeted expenses primarily driven by personnel costs

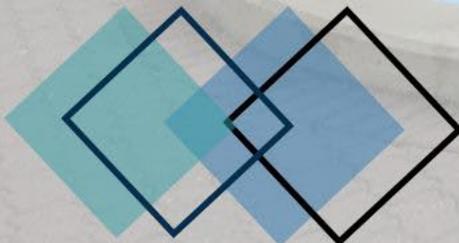
- Wages, healthcare benefits & pensions account for 94% of budget increase

Interfund transfers decrease due to lower costs within the Self-Insurance Fund

- Primarily due to reduced outside legal expenses



QUESTIONS ?



ELECTRIC FUND REVENUES

	2024 Budget	2025 Budget	Change (\$)	Change (%)
Electric Charges	142.36	154.62	12.26	8.6%
Other Revenues	4.28	4.31	0.03	0.8%
Bond Issuance	9.96*	7.50	(2.46)	-24.7%
Revenues Total	156.59	166.43	9.84	6.3%

\$ in millions

**no bonds issued in 2024*

Electric Charges are increasing by 8.6% for 2025

- Driven by the recommended rate increase of 6.1% on average across customer classes
- Also assumes some customer growth (e.g., Polo Club, new commercial developments)

Capital program supported by customer rates, installation fees & bond issuance

- Rate increases stabilize capital funding
- New service installation fees total \$3.07M
- Bond issuance of up to \$7.5M will support Tollway Substation improvements

ELECTRIC FUND EXPENSES

	2024 Budget	2025 Budget	Change (\$)	Change (%)
Purchased Electricity	103.52	101.76	(1.75)	-1.7%
Operating Expenses	33.24	33.40	0.16	0.6%
Capital Expenses	17.88	30.26	12.38	69.3
Interfund Transfers (Out)	1.45	1.39	(0.05)	-3.5%
Expenses Total	156.07	166.85	10.77	6.9%

\$ in millions

Purchased Electricity costs decrease by 1.7%

- Assumes a continued decline in energy sales & power costs in line with three-year average

Operating expenses increase by just 0.6%

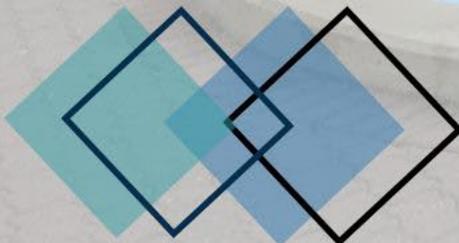
- Increasing personnel costs offset by reductions in professional services & debt payments

Capital expenses represent the most significant increase

- Includes infrastructure improvements & vehicle replacements outlined in CIP



QUESTIONS ?



WATER & WASTEWATER UTILITIES FUND REVENUES

	2024 Budget	2025 Budget	Change (\$)	Change (%)
Water Charges	49.42	58.52	9.03	18.4%
Wastewater Charges	28.58	30.59	2.01	7.0%
Other Revenues	26.21	4.42	(21.79)	-83.1%
Bond Issuance	23.40	31.40	8.00	34.2%
Revenues Total	127.61	124.93	(2.67)	-2.1%

\$ in millions

Water Charges increase by 18.4% due to rate increase & sales volume

- Based on the recommended 12% rate increase for 2025
- Accounts for growth in water sales from new developments

Wastewater Charges increase 7.0%; in alignment w/10% rate increase recommendation

Other Revenues decline because of Water Capital & Water Utilities Fund consolidation

Bond issuance estimated at \$31.4M

- Aligned with rate study assumptions; actual amount based on project completion

WATER & WASTEWATER UTILITIES FUND EXPENSES

	2024 Budget	2025 Budget	Change (\$)	Change (%)
Purchased Water	30.10	32.56	2.46	8.2%
Operating Expenses	27.87	30.91	3.04	10.9%
Capital Expenses	49.18	74.72	25.54	51.9%
Interfund Transfers (Out)	20.42	1.94	(18.48)	-90.5%
Expenses Total	127.57	140.13	12.56	9.8%

\$ in millions

Purchased Water costs projected to increase by 8.2%

- Based on forecasted sales volume & DWC rate increase

Operating expenses increase 10.9%

- Primarily driven by personnel costs & increasing debt service payments

Capital program accounts for majority of budget increase

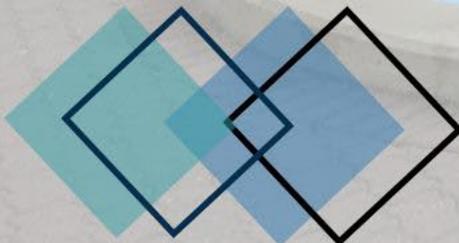
- Significant increases in Springbrook projects

Interfund Transfer decreases by \$18.48M

- Result of consolidation of the Water Capital & Water Utilities Fund



QUESTIONS ?



CAPITAL & DEBT SERVICE FUNDS

	Beginning Balance	Revenues	Expenses	Ending Balance
Capital Projects Fund	27.90	52.24	61.21	18.93
Debt Service Fund	5.37	9.68	8.81	6.25
Downtown Parking Fund	11.62	2.68	0.46	13.83
Motor Fuel Tax Fund	8.45	7.76	7.00	9.21
Phosphorus Fund	17.83	2.28	2.86	17.24
Road & Bridge Fund	5.56	2.98	4.45	4.09
SSA Funds	0.11	0.43	0.34	0.11
Water Street TIF Fund	0.05	0.77	0.76	0.05
Total Capital & Debt	76.68	78.82	85.89	69.71

\$ in millions

CAPITAL PROJECTS FUND REVENUES

	2024 Budget	2025 Budget	Change (\$)	Change (%)
Capital Revenues	35.08	37.24	2.15	6.1%
Bond Issuance	11.02*	15.00	3.99	36.2%
Revenues Total	46.10	52.24	6.14	13.3%

\$ in millions

**no bonds issued in 2024*

Capital project revenues increase by 6.1%

- Home Rule Sales Tax revenue totals \$19.14M
- Capital grants & government contributions total \$15.5M (e.g., North Aurora Underpass)
- One-time transfer from the E911 Fund of \$1.07M for public safety radio upgrades

Estimated bond issuance of \$15.0M

- Supports public safety radio upgrades, Riverwalk Eagle Street Gateway & PD building improvements
- Actual debt issuance will be based on project completion

CAPITAL PROJECTS FUND EXPENSES

	2024 Budget	2025 Budget	Change (\$)	Change (%)
Professional Services	4.41	5.53	1.12	25.4%
Capital Outlay	59.44	55.38	(4.06)	-6.8%
Capital Leases	0.31	0.31	-	0.0%
Expenses Total	64.16	61.21	(2.95)	-4.6%

\$ in millions

Architect & Engineer Services increases by \$1.2M

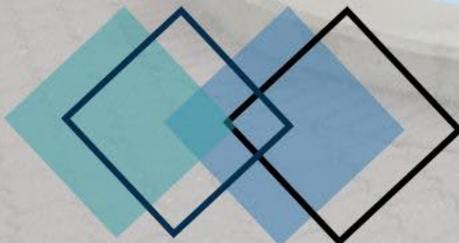
- Design work: downtown streetscape future phases, 248th Ave. upgrades & East Highland improvements (construction in future years)

Includes several major projects delayed in 2024 & budgeted again in 2025

- North Aurora Road Underpass – \$4.73M
- Eagle Street Gateway – \$3.30M
- Washington Street Bridge – \$2.27M



QUESTIONS ?



SPECIAL FUNDS

	Beginning Balance	Revenues	Expenses	Ending Balance
Business District Funds	0.42	0.29	0.50	0.21
CDBG Fund	0.01	0.54	0.54	0.01
E-911/ ESTB Surcharge Funds	2.89	5.93	6.97	1.85
Drug Forfeiture Funds (Federal/State)	1.55	0.31	0.83	1.02
Food & Beverage Fund	1.56	6.99	6.93	1.62
Foreign Fire Tax Fund	0.15	0.46	0.47	0.14
Library Funds	3.62	17.94	18.02	3.55
Naper Settlement Fund	1.34	5.51	5.51	1.34
Renewable Energy Fund	0.34	0.29	0.29	0.35
Test Track Fund	0.03	0.03	0.06	-
SSA 33 – Downtown Maintenance Fund	3.20	3.07	3.34	2.92
Total Special Funds	15.11	41.36	43.45	13.02

\$ in millions

FOOD & BEVERAGE FUND REVENUES

	2024 Budget	2025 Budget	Change (\$)	Change (%)
Food & Beverage Tax	6.31	6.88	0.57	9.0%
Other Revenues	0.08	0.11	0.04	45.5%
Revenues Total	6.38	6.99	0.61	9.5%

\$ in millions

Food & beverage tax revenue projected to grow 9% over 2024 budget

- Based on actual tax collected in 2024 & assuming growth from new business
- Includes the 1% citywide food & beverage tax

Other revenue includes late payment fees & interest on investments

FOOD & BEVERAGE FUND EXPENSES

	2024 Budget	2025 Budget	Change (\$)	Change (%)
Expense	4.74	4.69	-0.05	-1.0%
Interfund Transfers	1.89	2.24	0.34	17.9%
Expenses Total	6.64	6.93	0.29	4.4%

\$ in millions

Proposed 2025 Food & Beverage allocations:

- SECA funding – \$2.06M
- Public safety pension contributions – \$859k per fund
- Social Service Grant funding – \$750k (includes \$250k for mental health initiatives)
- Transfers include:
 - Naper Settlement operating support at \$1.02M
 - Transfer to debt service of \$1.22M

SSA #33 – DOWNTOWN MAINTENANCE FUND REVENUES

	2024 Budget	2025 Budget	Change (\$)	Change (%)
Revenues	1.33	1.41	0.09	6.5%
Interfund Transfers	1.65	1.65	-	0.0%
Revenues Total	2.98	3.07	0.09	2.9%

\$ in millions

Property tax levy for SSA 33 is unchanged from last year

- 2024 levy estimate is \$1.25M – supports 2025 budget
- Using fund balance accumulated from light winter operations in 2022, 2023 & 2024

Other revenues increase by 6.5% in 2025

- Includes anticipated increases for parking fines & interest/investment income

SSA #33 – DOWNTOWN MAINTENANCE FUND EXPENSES

	2024 Budget	2025 Budget	Change (\$)	Change (%)
Operating Expenses	2.90	3.13	0.24	8.2%
Capital Expenses	0.50	0.13	(0.37)	-73.9%
Interfund Transfers	0.08	0.07	(0.004)	-4.5%
Expenses Total	3.47	3.34	(0.14)	-3.9%

\$ in millions

Operating Expenses increase by \$240k, or 8.2%

- Minor reductions in DPW personnel-related expenses
- Offset by higher costs related to landscaping & holiday lighting in new streetscape areas

Capital improvement costs lower in 2025

- Municipal Parking Lot Maintenance Program on a two-year cycle – 2025 is an off-year

DOWNTOWN SSA – RENEWAL

◆ Downtown Maintenance & Marketing SSA first created in 2006

- Historically established for five years – followed by successor SSA
- Allows for SSA footprint to be reviewed as downtown area changes

◆ Establishing a successor SSA for SSA 33 begins in early 2025

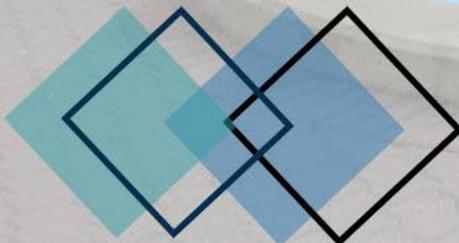
- Staff will begin reviewing properties for inclusion in Q1
- Spring 2025: Staff will request Council pass an ordinance proposing a replacement SSA
 - A series of public hearings would follow

◆ Final action to establish successor SSA occurs in fall 2025

- City Council would pass an establishing ordinance
- Tax levy for the new SSA included in the 2026 budget



QUESTIONS ?





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2025 BUDGET SUMMARY



\$641.88M

2025 BUDGET



3.3%

FROM
2024
BUDGET

\$166.43M

GENERAL FUND

\$179.38M

CAPITAL IMPROVEMENT
PROGRAM

HIGH QUALITY CITY
SERVICES IN THE
2025 BUDGET ARE
SUPPORTED BY

Increased utility rates

**3.3% increase in property
tax across all funds**

ANTICIPATED

0.6279

TAX RATE

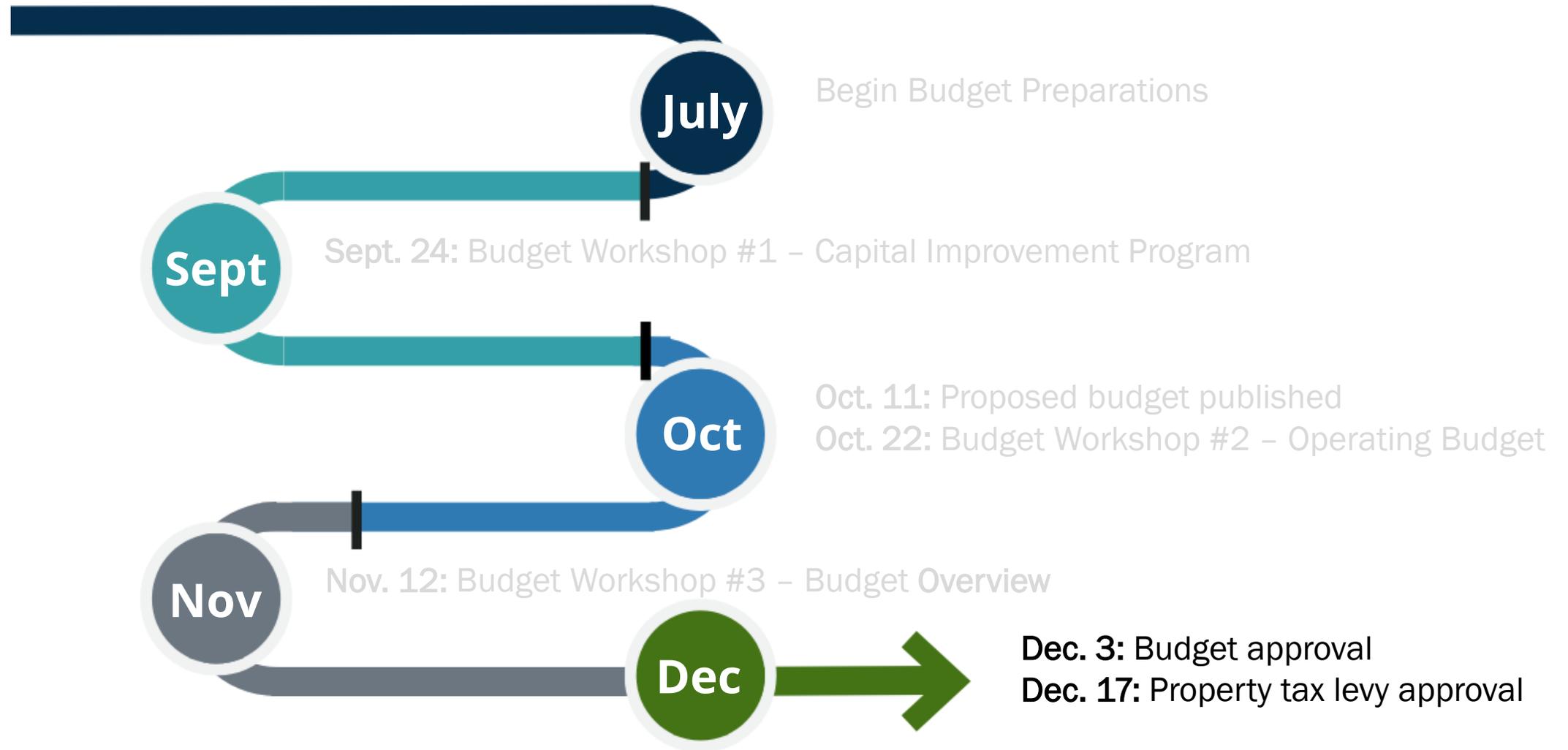


FROM
CURRENT

0.6454

RATE

BUDGET TIMELINE





FINAL QUESTIONS

