



City of Naperville

400 S. Eagle Street
Naperville, IL 60540

Meeting Minutes - Draft

City Council

Tuesday, November 12, 2024

6:00 PM

Council Chambers

Budget Workshop III

A. CALL TO ORDER:

Wehri called the meeting to order at 6:00 p.m.

Present: 9 - Mayor Scott Wehri
Councilwoman Jennifer Bruzan Taylor
Councilman Ian Holzhauser
Councilman Patrick Kelly
Councilman Paul Leong
Councilwoman Allison Longenbaugh
Councilman Josh McBroom
Councilman Benjamin White
Councilman Nathan Wilson

Also Present

City Manager, Doug Krieger; Deputy City Manager, Pam Gallahue; City Attorney, Mike DiSanto; Assistant to the City Manager, Marcie Schatz; Fire Chief Mark Puknaitis; Police Chief, Jason Arres; Director of Finance, Raymond Munch; Director of IT, Jacqueline Nguyen; Director of TED, Bill Novack; Director of Public Works, Dick Dublinski; Director of Public Utilities - Electric, Brian Groth; Director of Public Utilities - Water, Darrell Blenniss; Director of Community Services, Melanie Marcordes; Director of Human Resources, Blaine Wing, Director of Communications Linda LaClouche; Deputy Director of Finance, Brent Strumpf, Budget Analyst Sherrian Kelly; Budget Analyst Nick Krueger

Daily Herald, Naperville Sun, NCTV-17

B. INTRODUCTION:

City Manager, Doug Krieger, began the presentation by providing an overview of the agenda.

C. PUBLIC FORUM:

No speakers for Public Forum.

D. PRESENTATION:

1. Annual Budget Workshop #3: 2025 Annual Operating Budget & Capital Improvement Program Overview

Krieger then turned the presentation over to Finance Director, Ray Munch. Munch began by outlining the major considerations that went into developing the 2025 budget and the theme associated with the budget. It was explained that through the process staff was able to find net budget reductions of \$5.7 million and where these reductions were found. Next, Munch outlined the property tax levy. It was noted the 2024 property tax levy totals \$58.88 million and will be used to support the 2025 budget. Munch continued by outlining the different components of the property tax levy and provided detailed information about how the property tax levy could mean for the average taxpayer in Naperville. Council inquired about the impact to the property tax levy if full values for proposed Police positions were included in the budget. Munch noted that you would be putting those dollars against the levy, and as a result the rate would increase. Council also inquired about what City operations means in terms of the property tax. It was noted this represents about 10% total cost to operate public safety, but these dollars are not earmarked.

Next a summary of the capital plan was outlined. It was noted that the 2025 capital plan totals \$179 million; from there high-level components of the capital budget were outlined. Munch touched on carry forward projects, and the areas that require a high level of investment. The next portion of the presentation provided an overview of the five-year CIP. It was explained that staff develops the CIP on five-year basis and projects in future years change as the City's needs change. Staff communicated that the five-year CIP is presented with the budget but only one year is approved at a time. Munch concluded this section of the presentation by outing the total budget number, how it compares to previous years, and the implications of the property tax levy. Council inquired about funding associated with the potential Nichols Parking Deck project. Staff explained this project is budgeted in future years, but there are not specific funds set aside for this project. This would be largely funded by the Downtown Parking Fund and if the project does not move forward that Fund would continue to support repairs and maintenance of existing parking decks.

Munch started the next section of the presentation by providing a refresher on the budget structure. Then an overview of the Maintenance and Operating Funds was presented. The information presented included estimated cash balances, revenue and expense summaries of the General Fund, and details on some potential challenges ahead.

Munch then outlined the 2025 budget for the Electric Utility Fund. Details on what is creating changes in revenue and expenses for 2025 was provided. Council then pause and discussion on the underground work Electric Proposed in their CIP ensued. A number of questions were asked about the reliability metrics associated with the Electric Utility and how these may change if underground work is approved. Electric Director, Brian Groth provided information about outages, how quickly these outages are fixed when they happen underground versus above ground, and the overall impact of overhead lines on reliability. A series of questions was asked about funding this work. Staff noted it would not recommended to use excess cash from the General

Fund. It was also noted that if this project did not move forward these dollars would be reallocated to other capital projects. Some members of Council expressed concern over the project given the dollar value and required increase headcount. As a result of this discussion a show of hands was asked for to determine if the underground project should remain in the 2025 budget; 5 members of Council were in favor of keeping this in the budget.

Next the Water Utility Fund was outlined. In this section Munch outlined both 2025 revenues and expenses across the Water Utility Fund. Staff highlighted key components driving budgetary changes in the Water Utility Fund. There was no additional questions, and the presentation shifted to Capital and Debt Service Funds.

The purpose of Capital and Debt Services Fund was outlined. The information presented included estimated cash balances of these Funds, and a more in-depth overview on the Capital Projects Fund. Munch highlighted the major changes anticipated in the Capital Projects Fund in 2025.

The next section of the presentation looked at Special Funds. It was explained the Special Funds exist for specific purposes and generally do not have reserve requirements so the City will intentionally spend these Funds down in some situations. Munch specifically outlined some key changes in both the Food and Beverage Fund and the Downtown Maintenance Fund. This section of the presentation concluded with a brief history of the Downtown Maintenance Fund. The current SSA that makes up the Downtown Maintenance Fund is set to expire in 2025, and the City will need to be renewed. As a result, Munch gave a high-level overview of what this renewal process will look like. Munch then turned the presentation back over to City Manager Krieger.

Krieger concluded the presentation by recapping the main takeaways from the night and outlined the next steps which includes voting on the budget and passing the property tax levy. The floor was then opened up for final questions and discussion.

Council initially inquired about how guaranteeing MCIT stays in the budget will affect the property tax levy. City Manager Krieger noted the positions are in the budget but will be dependent on a revenue replacement for the grocery tax being identified in 2025. Council asked for a way to keep the positions regardless of if a revenue replacement was identified. Staff noted the property tax is the only revenue source we have complete control over, and keeping these positions if a revenue replacement was not identified for the grocery tax would require an increase in the tax levy. Council continued this discussion by asking about the timeline of revenue replacement for the grocery tax, what some of the replacement options may look like, and if the MCIT has always been dependent on a revenue replacement for the grocery tax. Staff explained the reason MCIT, and other General Fund FTE requests are dependent on a revenue replacement, and what could potentially happen if a replacement revenue is not implemented including budget cuts. Council expressed some concerns over this. A show of hands took place to identify who supported changing the 2024 property tax levy, only one member was in support for this.

Council then began having some discussion on the City's DEI funding. Some members of Council spoke in support of DEI while others thought this was an area to explore budgetary cuts. No action or official request came from this discussion. No additional discussion took place, and the meeting concluded.

E. ADJOURNMENT:

Budget Workshop #3 adjourned at 7:52 p.m.