



City of Naperville

400 S. Eagle Street
Naperville, IL 60540

Meeting Minutes

City Council

Tuesday, August 29, 2023

6:00 PM

Council Chambers

Budget Workshop I

A. CALL TO ORDER:

Wehrli called the workshop to order at 6:00 p.m.

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

Also Present

City Manager, Doug Krieger; Community Services Director, Pam Gallahue; City Attorney, Mike DiSanto; Assistant to the City Manager, Marcie Schatz; Fire Chief, Mark Puknaitis; Police Chief, Jason Arres; Director of Finance, Rachel Mayer; Director of IT, Jacqueline Nguyen; Director of TED, Bill Novack; Director of Public Utilities - Electric, Brian Groth; Director of Public Utilities - Water, Darrell Blenniss, Jr.; Director of Human Resources, Blaine Wing; Director of Public Works, Dick Dublinski, Director of Communications, Linda LaCloche

Daily Herald, Naperville Sun, NCTV-17

B. INTRODUCTION:

Krieger opened the meeting and explained the purpose of the budget workshops, discussed the agenda, and stated the first workshop explains the City's financial strategies, the history of the CIP, the revenue streams that support the CIP, and 2024 projects and areas of focus.

C. PUBLIC FORUM:

Greg Hubert spoke in support of the Electric Utility CIP and requested changes to prioritize the community engagement plan and resources.

D. PRESENTATION:**1. [Annual Budget Workshop #1: 2024 - 2028 Capital Improvement Program](#)**

Mayer reviewed the City's financial strategies and noted that between 2015-2022 the financial strategies focused on reducing the general debt, rebuilding the general fund cash balance, and implementing balanced budgeting. She discussed upgrading utility infrastructure, keeping the community safe, and technological upgrades. She went on to explain the "building blocks" theme of the 2024 budget, that internal service departments make the required reinvestment possible, which in turn helps promote a high quality of life and drives economic development.

Mayer discussed the history of the CIP and growth of the City and noted that investment in capital assets is the largest driver in the growth of the City's budget. She said that although past CIP budgets have grown, the City was still under-investing and as a result fell behind on items like watermain replacements.

Council discussed budget versus actual CIP spending, debt issued in 2023, the impact of delaying projects, and asked for a history of debt versus cash on hand.

Mayer explained the primary difference between the budgeted and actual spending is related to the City's ability to implement projects, that the City borrows money on a reimbursement basis so if a project is delayed or not completed the money does not go anywhere, that no debt had been issued in 2023, that a large portion of the Electric Utility CIP was grant-dependent and that if that work was not done the money would not be spent, and that it will cost more the longer a project takes, however borrowing on a reimbursement basis is a mitigation strategy.

Munch detailed how the CIP is funded and explained the creation of the Home Rule Sales Tax (HRST), that the majority of the revenue is dedicated to the Capital Project Fund, that the current rate remains on the low end of comparable communities, and that it has shown growth in recent years by the inclusion of online and remote retailers.

Council asked about the HRST sunset, if there are plans to increase the tax, and inquired about using ARPA funds for transformative initiatives.

Munch discussed the Motor Fuel Tax (MFT), explained the state MFT is experiencing some increases, that the local tax is flat to declining as a result of decreases in fuel consumption decreasing, that the City could mirror the state's policy (once implemented) to gain revenue from electric vehicle registration/licensing.

Council discussed the upcoming lobbyist RFP and adding electric vehicle revenue as a legislative priority.

Munch explained the Food and Beverage Tax, that the Downtown Food and Beverage Tax is used to fund two-thirds of construction and maintenance of the downtown parking decks, that the 2023 revenues are estimated to be historically high due to strong business in the downtown.

Munch went on to discuss the revenues that fund Utility infrastructure, that the amount of energy used has declined, and that the Electric Utility must address the decline in the 2024 rate study. He also discussed the Phosphorus Fund which is dedicated to fund improvements at the Springbrook Water Reclamation Center, explained improvements are focused on Illinois EPA mandates to lower the amount of phosphorus in treated water that is discharged to the DuPage River, that the City's IEPA permit expires at the end of the year, and that the phosphorus surcharge will be reevaluated in the next rate study.

Mayer introduced the 2024 CIP and stated that the numbers will be finalized for the October workshop. She explained that the proposed CIP is \$155M, focuses on infrastructure and technology, and responds to studies that concluded the City fell significantly behind in watermain replacement.

Council discussed using ARPA funds for Springbrook, lead service line replacements, and capacity levels.

Blennis explained the lifespan of improvements that are planned for Springbrook, expected growth, and the capacity level.

Munch went on to discuss the revenues that fund Utility infrastructure, that the amount of energy used has declined, that the Electric Utility must address the decline in the 2024 rate study. He also discussed the Phosphorus Fund which is dedicated to fund improvements at the Springbrook Water Reclamation Center, explained improvements are focused on Illinois EPA mandates to lower the amount of phosphorus in treated water that is discharged to the DuPage River, that the City's IEPA permit expires at the end of the year, and that the phosphorus surcharge will be reevaluated in the next rate study.

Mayer outlined planned Electric Utility improvements in the area of resiliency and detailed the overhead to underground conversion project as well as the upgrade to the communications network. She stated that both projects are contingent on federal funding but if the funding is not received smaller improvements can still be made through the 2024 rate study.

Groth explained that the scope of work for the conversion project cannot be increased and that the five-year estimate of \$51.6M is appropriate. He also stated that the City should expect an IMEA contract offer in 2024.

Mayer discussed the the 248th Avenue capacity improvement, the 87th Street bridge replacement, and 119th Street capacity improvement as well as the North Aurora Road, the next phase of the Downtown Streetscape, and the Washington Street Bridge.

Novack discussed capacity improvement detailed and federal funding.

Mayer highlighted technology, vehicles, and public facility improvements such as radio network upgrades, CAD/RMS replacement, data center expansion, Naper Settlement fiber optics, GIS upgrades, HVAC system and windows/doors replacement, and Municipal Center flooring. She stated that the reinvestment is based on timing and that many of the listed assets are reaching end of life.

Krieger closed with the upcoming workshop schedule and fielded requests for vehicle lifespan and a report of net savings.

E. ADJOURNMENT:

Budget Workshop #1 adjourned at 7:54 p.m.