

2025 Budget Workshop # 1 Q&A

Infrastructure Growth

1. What is the population estimate based on? Does the estimate take into account future birth rates? (Holzhauer)

The population estimate is based on data from the Chicago Metropolitan Agency for Planning (CMAP). The information was collected from the report that concluded the study for the Springbrook Wastewater Reclamation Center upgrades. The projections included population estimates for the cities of Naperville and Warrenville through 2050. Unincorporated areas within Naperville were also evaluated using the CMAP's local allocation zones and adjusted for zones that crossed the Naperville boundary. The projections estimate a 30-year growth of approximately 12 %.

Electric Utility

1. Please provide data regarding the undergrounding of the electric lines. Are there any cost savings associated with that? Less outages? (Holzhauer)

Please provide data that compares outages in the City and how long they last in areas with underground lines versus areas with overhead lines.

Over the past five years, the Electric Utility has had 274 overhead outages and 333 underground outages, respectively. On average, this means that as a City, the overhead portion of the system is 13 times more likely to have an outage versus the underground portion because the City is 94% underground. An overhead outage is generally resolved in 135 minutes compared with 125 minutes for an underground outage.

The longest overhead outage over the past five years was 18.9 hours and impacted 172 customers, while the longest underground outage over the past five years was 490 minutes and impacted 10 customers, respectively. From a financial perspective, utilizing Department of Energy outage cost calculators, customers in downtown Naperville (where services are primarily overhead) incur about five times as much cost for outages when compared with underground service areas.

2. Please provide data from communities that have primary overhead lines buried. (Wehrli)

Utility	Percent Underground	Percent Overhead
City of Naperville	94	6
City of Geneva	70	30
City of St. Charles	65	35
City of Batavia	55	45
ComEd	31	69
Ameren	15	85

3. Can you provide a map that shows where easements would be needed for undergrounding electric lines in residential areas? (Kelly)

Staff has researched a large cross-section of overhead residential areas in the City and found that, in general, where electric service lines are overhead, there are no defined easements. Therefore, staff assumes that they will need to obtain easements from all areas for lines to be undergrounded.

Water Debt

1. How would the debt issuance change if we chose to keep the water rate increase at 11% but increase water main replacements to 7 or 10 per year? (Kelly/Longenbaugh)

Generally, each additional mile of water main would result in \$5 million in additional debt, assuming that is the recommended financing mechanism. That said, staff is not prepared to recommend any significant increase in water main replacement over the next three years. Staff identified two additional projects that would be ready for construction in 2026 and 2027, bringing us close to the six-mile target. This aligns with the goal of gradually moving from three miles to six miles and then to 10 miles after the Springbrook projects are substantially completed. Adding significant additional miles of water main in the rate study period would require additional engineering design that has yet to be started and could impact other departments, primarily TED, as the road resurfacing schedule may be affected.

The rate study was structured so that debt would support the significant work at Springbrook with the rates supporting the future debt payments as well as the increased water main replacements. Keeping the rate at an 11% increase with the additional water main miles would reduce our cash balance reserve below policy requirements. Adjusting the rate increase to 12% would allow the City to accommodate the additional two miles of water main, keep the debt issuance the same as outlined in the 11% scenario, and maintain cash reserve targets.

2. Where does Naperville's debt ratio rank among other AAA bond-rated municipalities? (Wehrli)

The City uses Standard & Poor's and Moody's for credit rating services. Each has a slightly different rating methodology. Staff obtained the last methodology for rating water and sewer systems. S&P assigns its highest score to utilities with a debt coverage ratio above 1.6x. Moody's assigns its highest rating to utilities with debt coverage of 2.0x or higher. A 2022 report from S&P shows that the median debt coverage ratio for AAA-rated utilities was 2.6x. The estimated debt coverage ratio of 3.0x under the proposed rates for water and sewer exceeds the requirements for both rating agencies.

Transportation

1. Is the Washington Street streetscape on track to be completed within the next 45 days? (Kelly/Longenbaugh)

We are on track for substantial completion by November 1. There will be punch list items that will take a few additional weeks.

2. Is there another streetscape project planned for 2025? (Kelly/Longenbaugh)

Design work will be started on two new streetscape projects in 2025; however, no construction is planned for next year. The subsequent phases of the streetscape include Jefferson from Van Buren to Washington and Chicago from Main to Ellsworth.

Technology Upgrades

1. How long will the process take for the consultant to return with information on the camera upgrades? Are there areas of greater need? (Wilson)

The consultant is working with City departments to evaluate facilities. That work will be completed before the end of the year. This will help solidify budget estimates for this project. Due to the scale and cost of this project, we anticipate it will be implemented over several years. Using the consultant's evaluation, we will determine priorities.