

**CITY OF NAPERVILLE
MEMORANDUM**

DATE: August 29, 2018
TO: Mayor and Council
FROM: Doug Krieger, City Manager
Rachel Mayer, Finance Director
SUBJECT: Service Level Data and Service Impact of 2018 Budget Reductions

PURPOSE:

The purpose of this memorandum is to provide City Council with service level data from City departments, both on a longer-term trend level and as a result of the 2018 budget reductions.

BACKGROUND:

As a data-driven organization, the City uses the data it gathers about its services to enhance decision making and identify issues before they arise. This proactive approach to continuous improvement is highlighted by the City's continued efforts to monitor service levels and ensure service delivery to the community at a level that furthers the organization's ends policies and goals. Through these efforts, staff has identified areas that, when examined year-over-year, show trends beginning to emerge that are worthy of discussion at the policy-maker level.

More recently, during the budget review process in 2017, City staff was challenged by Council to reduce an additional \$1.2 million from the 2018 budget. Staff addressed this directive by bringing forward citywide service-level reductions towards the end of the budget cycle; due to the need to pass a budget by the end of the calendar year, the scope and impact of these reductions could not be fully realized at that time. However, with 2018 more than half over, staff can now evaluate short-term impacts of these cuts and anticipate longer duration ones.

DISCUSSION:

The City can identify potential issues by looking at four major indicators. These include:

- Decrease in service levels;
- Increase in wait times for service;
- Training and future performance implications; and
- Risk of increased future year expenditures.

Attachment #1 - Detailed Impacts of 2018 Budget Reductions features a chart of the 2018 budget reductions, the category from above that the reduction falls into, and a summary of the impact since the reduction went into effect. **Attachment #2 –Citywide Service Level Data** looks at longer-term trends in service and the impact on the ability of the organization to serve the community and meet the City's ends policies and goals.

Rescinded Budget Reductions

In certain instances, the impact of the budget reductions could not be realized and staff had to take additional action. In the case of the CSO position, staff returned to City Council to request reinstatement of the cut. In the other three examples, staff has managed the additional costs through incremental changes in other services. In many instances, this creates a domino effect on future budgets and service levels. In all instances, staff continues to monitor whether these costs will require a budget amendment.

- **Community Service Officer (CSO) Position** – Police CSOs respond to 8,200 calls for service which are normally handled by a patrol beat officer. Examples of these duties include parking enforcement, private property crash reports, traffic direction, lock outs, motorist assists, and transports. The elimination of the CSO caused work to be shifted back to patrol and traffic officers. Staff requested the position to be reinstated to allow officers to be more efficient with the use of their time handling emergency calls, proactive enforcement and crime prevention.
- **Fuel Prices** – Staff reduced the budget based upon the assumption that there would be minimal fluctuations in fuel prices and consumption in 2018. However, fuel prices have increased above expectations. The budgeted cost for unleaded fuel was \$2.20/gal, with the actual cost averaging \$2.32. Likewise, the cost of diesel fuel was budgeted at \$2.10, with an actual average cost now at \$2.49. These changes result in an increased cost of approximately \$100,000.
- **Municipal Center Security Contract** – Staff reduced the expense for the security contract at the Municipal Center with the expectation that security improvements would be made in 2018. However, the cost of these improvements and timing to complete the improvements prohibited the elimination of the contract, with those services needing to be extended into 2019.
- **Winter Operations** - One of the major financial pressures experienced by the City was winter operations. When comparing the winter seasons of 2017-18 and 2016-17, there was an increase of 17 events. In 2016-17, when there was 24.9 inches of recorded snow, the City had 21 winter events. Through March of 2018, there was 37.3 inches of accumulation over 38 winter events.

CONCLUSION:

In examining existing service levels, and considering the desire to achieve the City's four ends policies and associated performance management goals in a timely fashion, data shows that there are some areas of concern beginning to emerge. Staff is requesting Council's feedback about service levels and the tolerance for funding the appropriate service level prior to budget preparation for 2019 to ensure a budget is brought forth that matches Council's priorities for the community.

ATTACHMENTS

Attachment #1 - Detailed Impacts of 2018 Budget Reductions

Attachment #2 – Citywide Service Level Data