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CITY OF NAPERVILLE, ILLINOIS



ANNUAL OPERATING BUDGET

& CAPITAL IMPROVEMENT PROGRAM



WORKSHOP #1- 09.29.2025



NAPERVILLE CITY COUNCIL

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AGENDA



5-Year Capital Improvement Plan Overview

2026 CIP Overview

Electric and Water Utilities
Transportation
Riverwalk
Commuter Parking
Sidewalk Replacement Program
Facilities
Vehicles

CIP Funding

MONEY WITH A MISSION



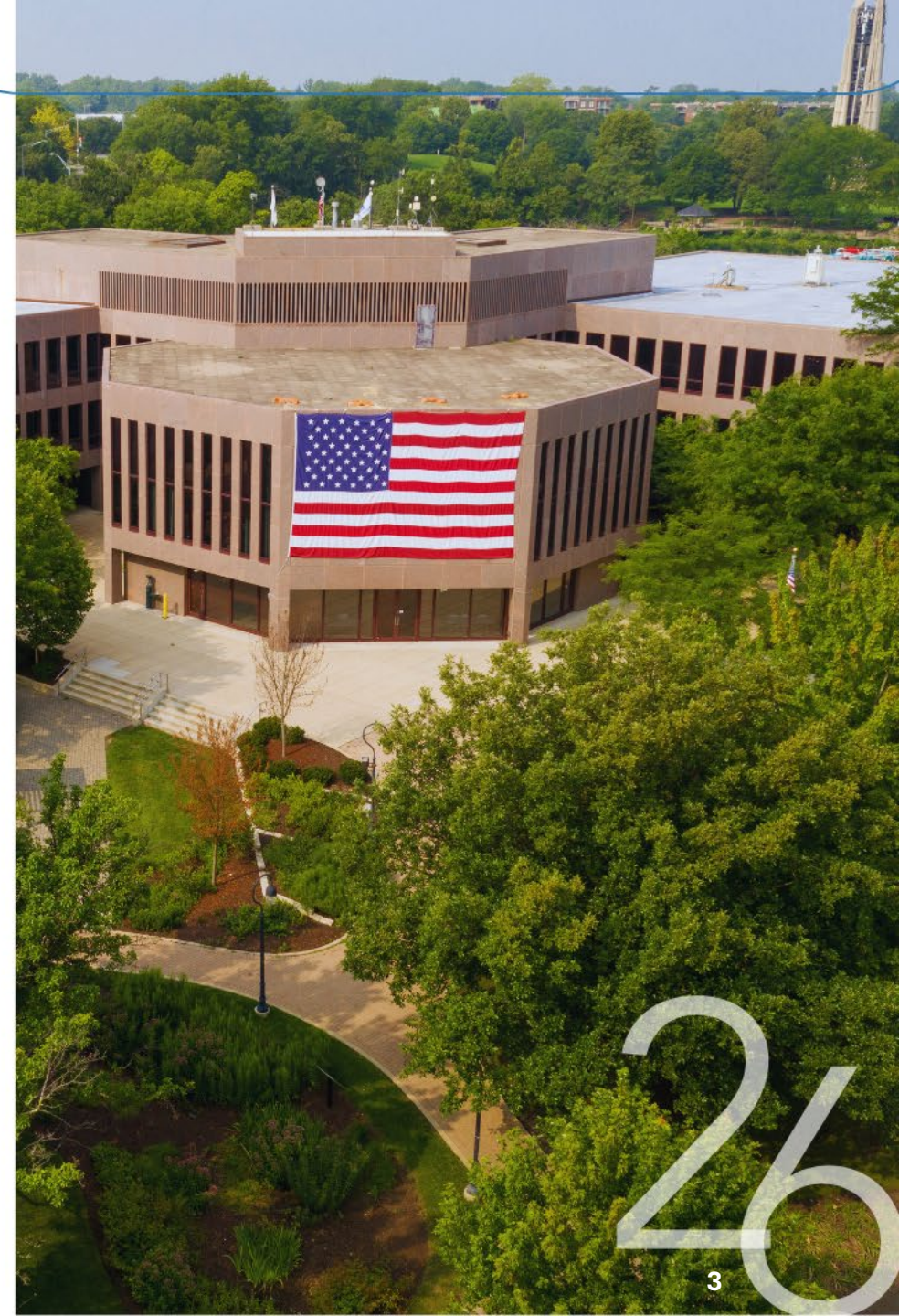
MINDSET: "EVERY DOLLAR HAS A JOB"

- Dollars advance City mission & Priorities Plan
- Staff budgets to resource constraints
 - Do we have the financial resources and staff capacity?
 - If not, dollars not programmed or pushed out to future years

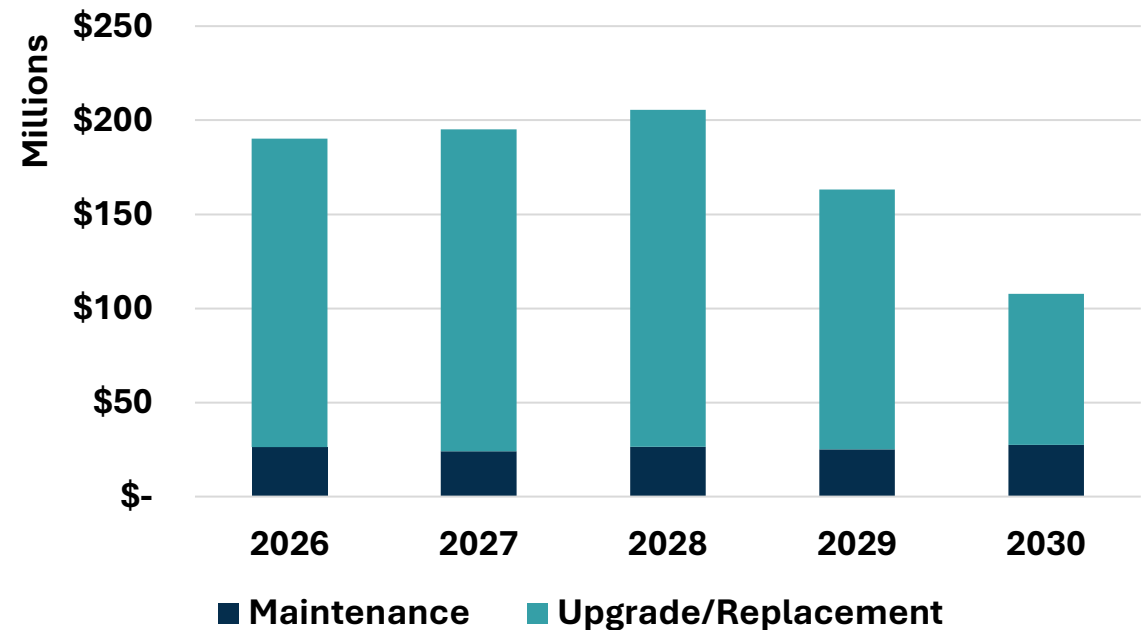
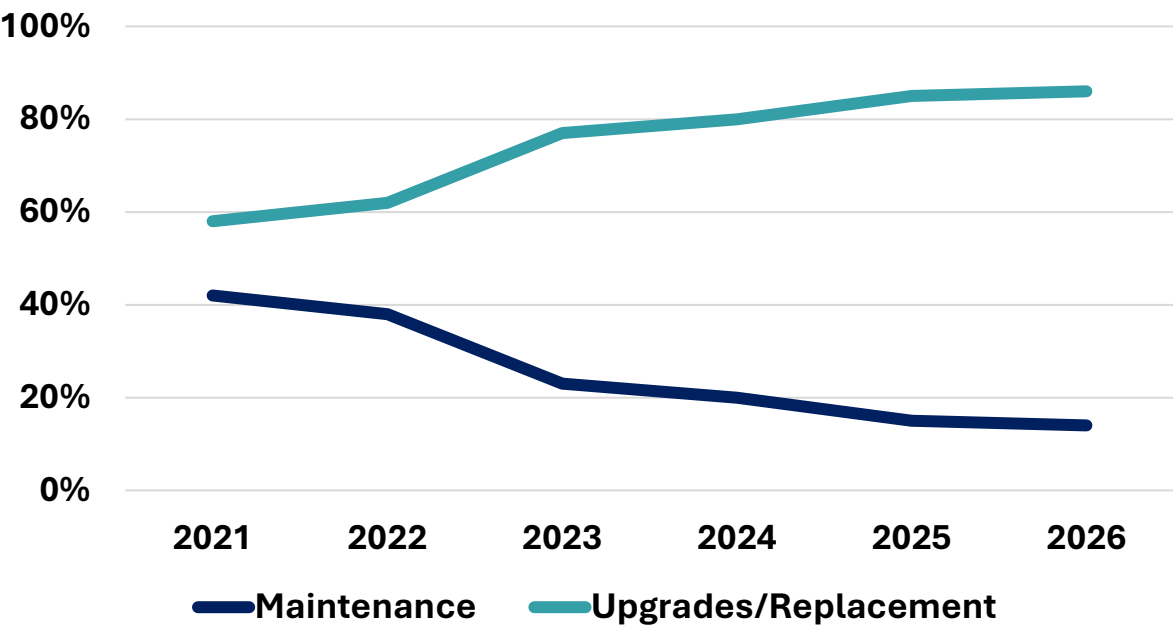
RESULT: LESS BUDGETARY CAPACITY FOR UNANTICIPATED OR HIGHER EXPENSES

- Last year's workshops: several financial unknowns
 - 2025 budget goal: support existing services first
 - 2025 mid-year financial report: redirection of General Fund dollars to offset increases realized in the first half of the year

Key takeaway: 2026 CIP prioritizes multi-year projects that are underway & maintaining existing assets.



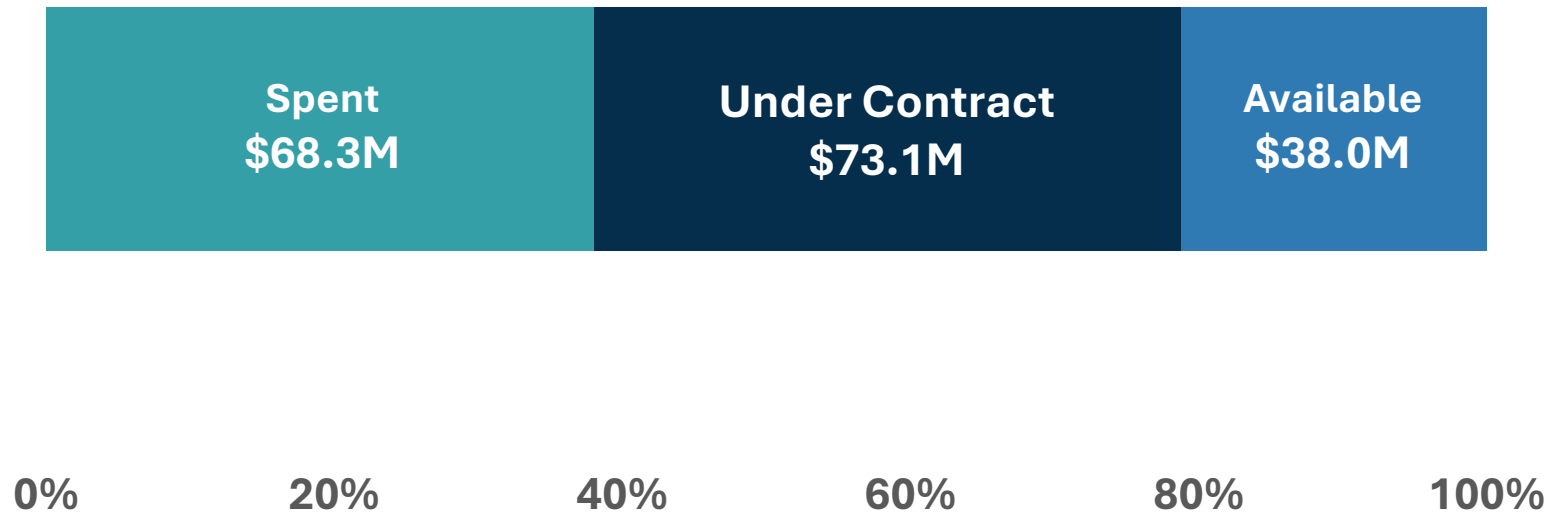
2026-2030 OVERVIEW



AS THE CITY AGES, MORE ASSETS ARE REQUIRING REPLACEMENT OR AN UPGRADE

- **85%: Upgrade or replacement**
 - New assets, updates driven by regulator changes & assets at the end of their useful life
 - Springbrook, water mains, South 40
- **15%: Maintenance**
 - Extend the useful life of existing assets
 - MIP (street maintenance), parking lot/deck maintenance & bridge and retaining wall maintenance

2025 CIP PROGRESS



MORE CAPITAL DOLLARS SPENT & UNDER CONTRACT COMPARED TO 2024

- 7% higher than last year; increase related to spending in the utilities
- Increased project execution expected to continue
 - North Aurora Road Underpass work begins this week
 - Water Utility: nearly 12 bids being released in the short-term

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QUESTIONS?

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2026 CIP **OVERVIEW**

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2026 CIP SUMMARY

PRELIMINARY 2026 CIP: \$190M

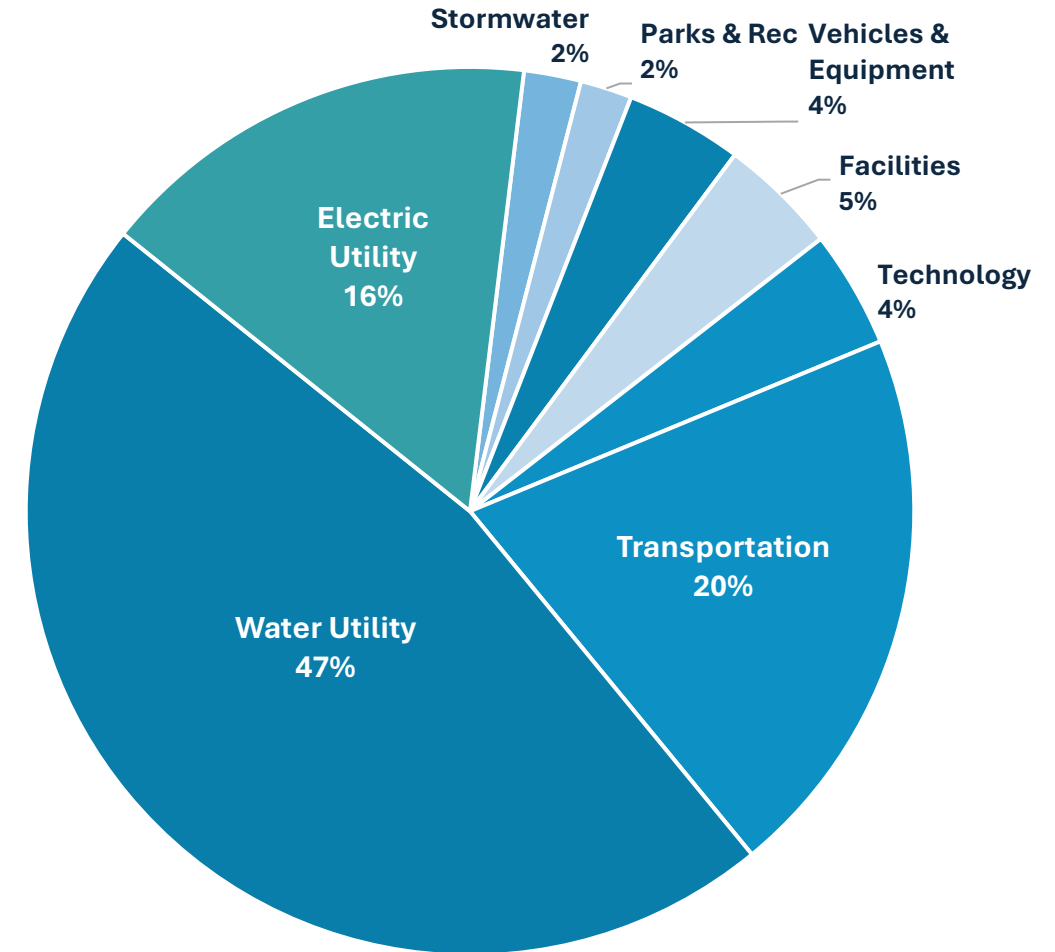
- 6% increase from 2025 CIP

63%: UTILITY IMPROVEMENTS

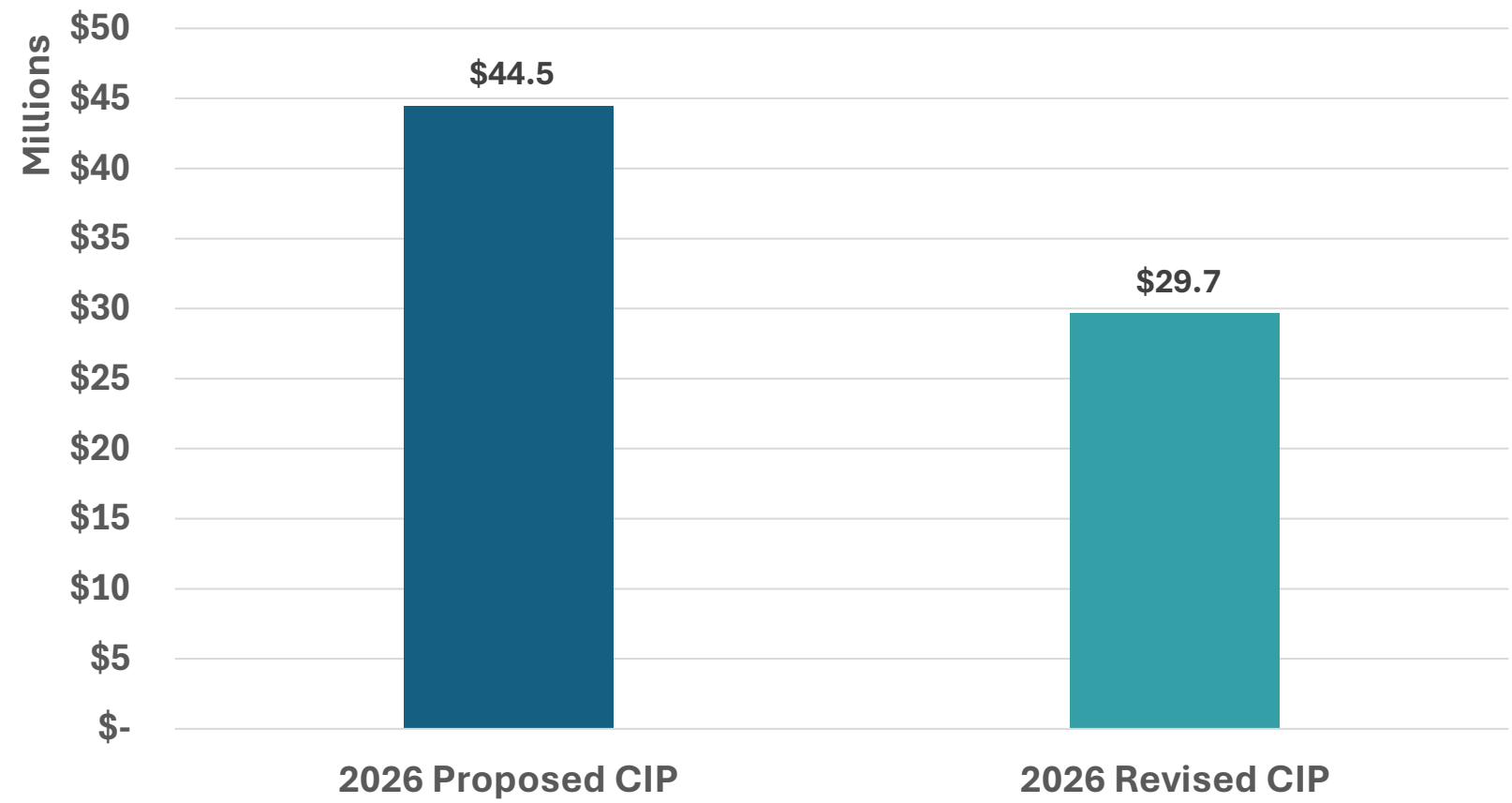
- 47%: Water - continuation of multi-year projects
 - Springbrook, water main replacements
- 16%: Electric
 - Tollway substation, cable replacements

37%: REMAINING AREAS

- 20%: Transportation investments
 - North Aurora Road underpass, South 40 development & traffic improvements, municipal parking lot maintenance



ELECTRIC UTILITY



5-YEAR CIP DRIVEN BY FINANCIAL CONSIDERATIONS

- Volatility in the Utility’s financial position restricts the level of capital investment
- \$20M in debt issued between 2025 & 2026: \$2.5M more than rate study anticipated
- \$14.8M deferred from 2026 CIP proposal: undergrounding work pushed to 2027

2026 CAPITAL INVESTMENTS TOTAL \$29.7M

- **Electric Distribution Transformer Purchases: \$800K**
 - Purchasing transformers & switchgear to replace end-of-life assets identified during inspections
- **SCADA & DERMS Implementation: \$1.4M**
 - Replacement of the current SCADA system, which becomes obsolete in 2028
 - Begin preparing for local grid energy management through the DERMS program
- **Utility Infrastructure Hardware & Metering Upgrades: \$2.8M**
 - Replacement of 4,000 electric meters/year
 - Hardware procurement and consultant work to upgrade GIS system over 2026 and 2027
- **Cable Replacement Program: \$3.8M**
 - Work includes portions of DuPage River East Phase 2, Prairie Ridge, and Knoch Knolls subdivisions

SUBSTATION UPGRADES REMAIN A CRITICAL AREA OF INVESTMENT

- **34 & 138KV Relay Improvements: \$458K**
 - Work includes replacing 138KV breakers at Modaff & Route 59 substations
- **Substation Power Transformer Replacement: \$1.2M**
 - Replacing one substation transformer and obtaining a system spare
 - Assets are nearing end-of-life and lead time is 3-5 years
- **Substation Emergency & Replacement Items: \$1.2M**
 - Supports the emergency replacement of equipment to provide continued reliability of power
- **Underground Cable & Equipment: \$1.3M**
 - Work includes cable replacements at various substations
- **Tollway Substation Upgrade: \$6.3M**
 - Significant material delivery and construction work completion expected in 2026



OVERHEAD TO UNDERGROUND CONVERSION

	2025	2026	2027	2028	2029	2030
Original Budget Estimates	\$0.15	\$5.67	\$5.21	\$5.37	\$7.22	TBD
Revised Budget Estimates	\$0.15	\$1.00	\$5.21	\$5.37	\$7.22	TBD
Difference	-	(\$4.67)	-	-	-	-

\$ in millions

OVERHEAD TO UNDERGROUND CONVERSION WORK REPRIORITIZED

- Re-programming to 2027 aligns with financial need to prioritize other projects already in progress
- Future budget estimates will continue to be revised on a yearly basis

What level of financial support should the undergrounding project receive?

TOTAL PROJECT COST ESTIMATED AT \$53M OVER 10 YEARS

	Tier One	Tier Two
Scope of Work	Undergrounding lines along major roadways & feeding major electrical equipment	Performing complex undergrounding of lines & equipment in residential backyards
Estimated Cost	\$18M	\$35M
Timeframe	2025-2030	2025-2035
Level of Impact	Greater: Outages reduced for more customers (approx. 1,500 per event), including commercial	Lesser: Outages reduced for fewer than approx. 50 residential customers per event
Overall Benefits	<ul style="list-style-type: none"> • Reduction in outage size • Transmission system reliability • Reduction in joint use poles • Improved aesthetics 	<ul style="list-style-type: none"> • Reduced outages due to wildlife & storms • Reduced tree trimming expense • Improved aesthetics
Potential Issues	<ul style="list-style-type: none"> • Street light reconfiguration typically required • Does not reduce outages related to wildlife or storms in residential neighborhoods • Other pole users may not move 	<ul style="list-style-type: none"> • Easement acquisition • Service entrance conversion • Backyard landscaping • Higher long-term maintenance costs • Longer troubleshooting time • Other pole users may not move

** All work contingent upon financial status of the Electric Fund*



26 Policy Point

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What level of financial support
should the undergrounding
project receive?

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QUESTIONS?

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WATER UTILITIES



CAPITAL IMPROVEMENT PRIORITIES



**Treatment Plant
Revitalization**



**Water Main
Replacement**



Springbrook Site
Improvements



Lead Pipe
Replacement



Sanitary Sewer
Improvements

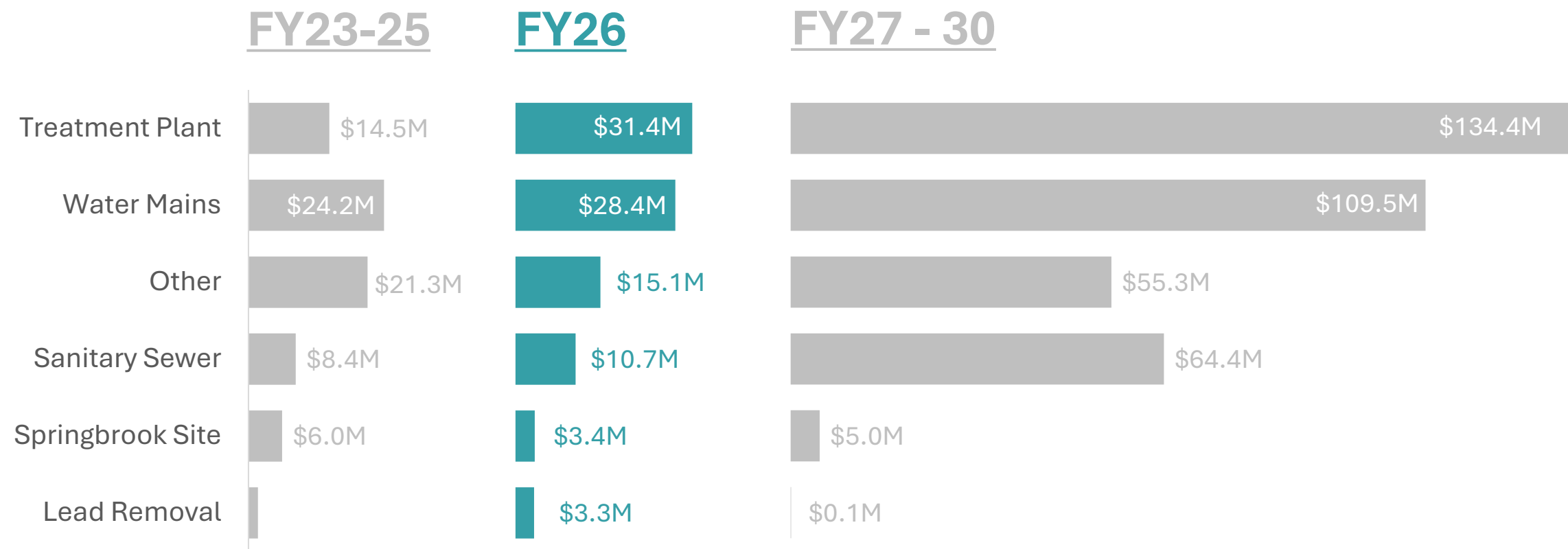


Other
Projects



WATER CAPITAL SPENDING ...

2026 CAPITAL INVESTMENTS TOTAL \$92.4M



REVITALIZING SPRINGBROOK

UV Disinfection - \$8.3M



Spent: **\$15.5M**
Est. Total: **\$191.4M**

Influent Pump Stations - \$7.3M est.



South Plant Grit and RAS - \$14.1M est.



South Plant Capacity Upgrades - \$59.3M est.



Nutrient Removal & North Plant Aeration - \$66.4M est.



Cloth Media Disc Filters - \$36.0M est.



WATER MAIN REPLACEMENTS



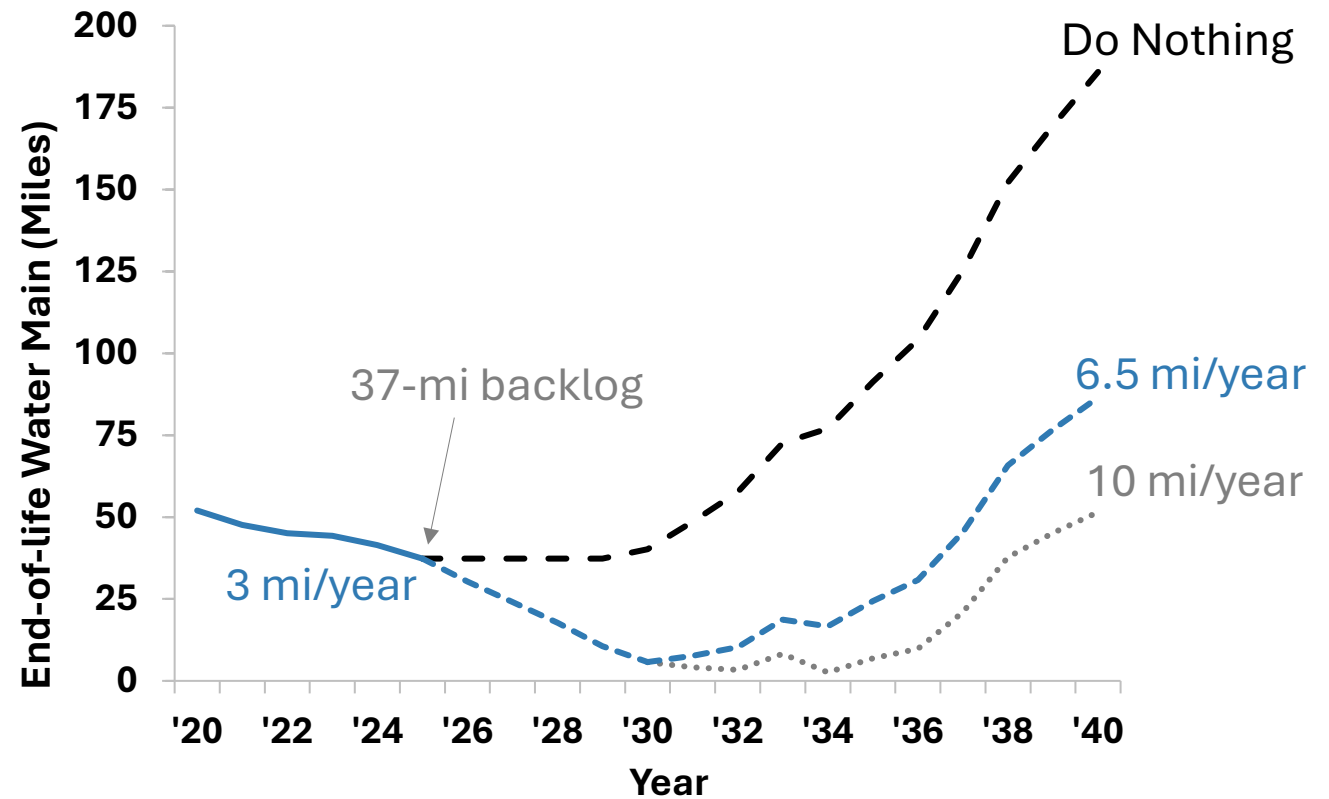
Over the next five years, **we will replace 6.5 miles of water mains per year** to reduce our 37-mile backlog.

In the 2030s, over 125 miles of water main will reach end-of-life.

During this time, **we may need to replace 10 miles of water main per year** to keep the backlog down.

Water Main Replacement Backlog

Miles of water main beyond end-of-life in different replacement scenarios



WATER DISTRIBUTION ...

2026 MAJOR WATER MAIN REPLACEMENTS

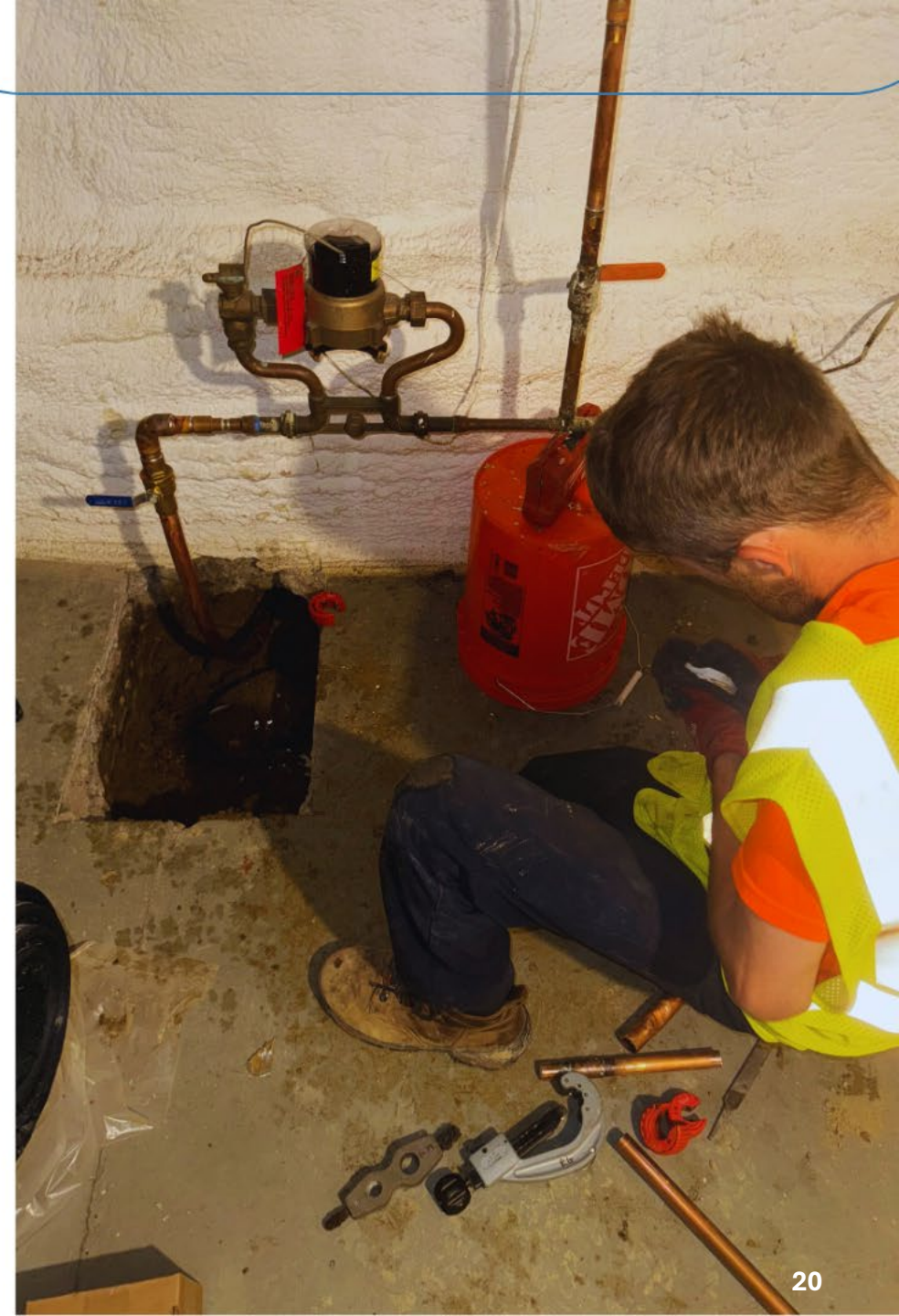
- Kings Terrace: \$9.3M (2.78 miles)
- Saybrook Phase 3: \$6.2M (1.68 miles)
- Maplebrook Phase 2: \$3.9M (1.05 miles)
- Ogden Avenue: \$2.6M (0.54 miles)

OTHER DISTRIBUTION SYSTEM IMPROVEMENTS

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External Funding

- Lead Service Replacements: \$3.3M
- North Elevated Tank & Water Reservoir Coating: \$2.5M
- Central Elevated Tank Rehabilitation: \$1.2M



SANITARY COLLECTION & PUMPING ...

SPRINGBROOK INTERCEPTOR REHABILITATION - DRAGON LAKE PHASE 1: \$3.2M

- Major rehab of IEPA-permitted interceptor that transports wastewater to Springbrook

EAST HIGHLANDS SEWER MAIN REPLACEMENT: \$2.8M

- Replacement of existing sanitary sewer

LATERAL LINING & VAC-A-TEE INSTALLATION - LONGWOOD PHASE 2: \$2.0M

- Rehab of deteriorated sanitary service laterals & Vac-A-Tee installation using trenchless technology

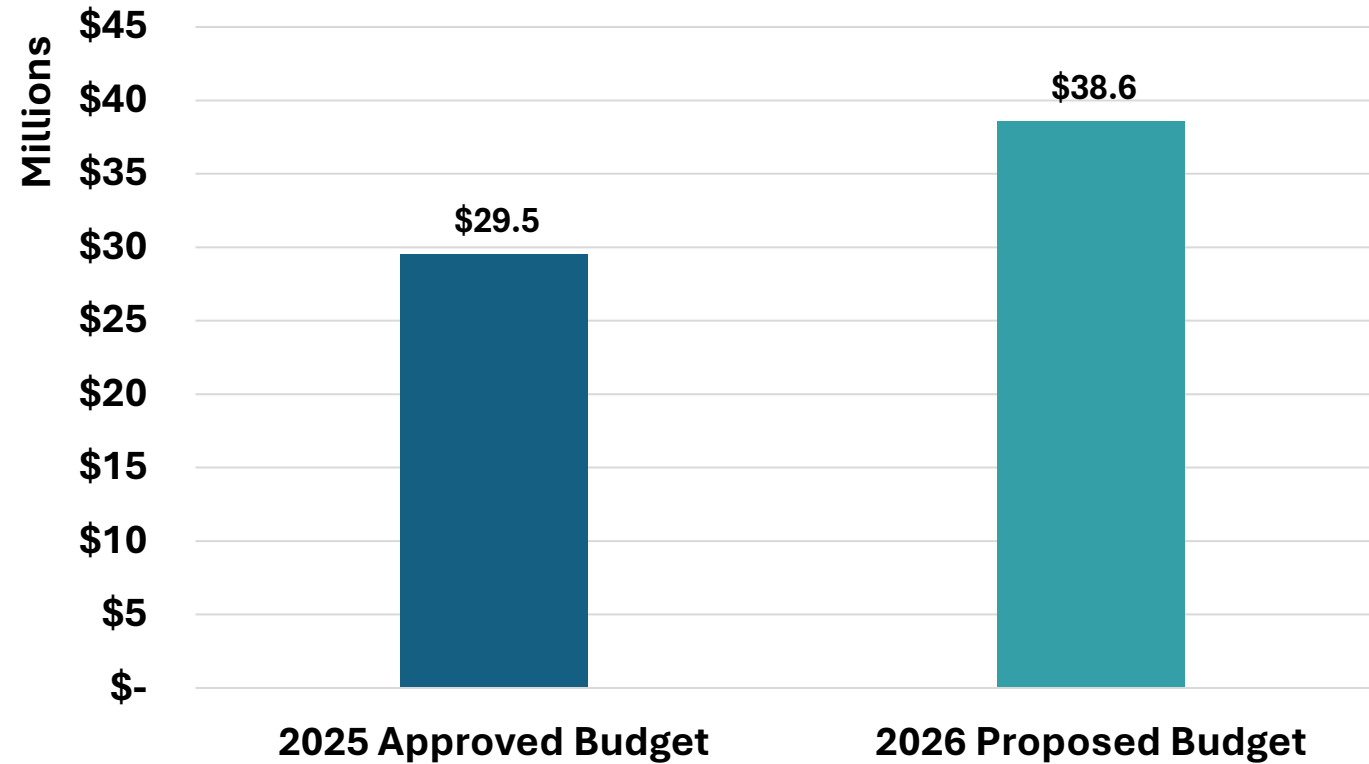


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QUESTIONS?

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TRANSPORTATION



TRANSPORTATION PROJECTS MAKE UP 20% OF THE 2026 CIP

- \$38.6M planned for upgrades in 2026
- Significant carry-forward projects
 - North Aurora Road Underpass: \$13.5M
 - South 40 Development & Traffic Improvements: \$2.1M
 - Naperville Road/Naper Blvd. Improvements: \$1.2M

TRANSPORTATION



MAJOR PROJECTS IN 2026 INCLUDE:

- **Washington Street Bridge over I-88: \$400K**
 - New for 2026; coordinated with the Tollway
- **248th Avenue Upgrades: \$2.0M**
 - Work includes land acquisition and design
- **Municipal Parking Lot Maintenance: \$2.3M**
 - Work includes Burlington lot, Police Department's seizure and back lots & Paw Paw lot
- **Street Maintenance Improvement Program: \$12.0M**
 - Annual program to resurface, patch, micro-surface, and crack fill City streets
- **North Aurora Road Underpass: \$13.5M**
 - Work includes railroad bridge replacement, traffic lane expansion, multi-use trail & sidewalk
 - Almost 20 years of planning and preparation; 90% of funding is external

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External Funding



RIVERWALK FIVE-YEAR PLAN

\$15M IN CAPITAL SPENDING PLANNED FOR THE RIVERWALK

Maintenance - \$2.0M

- Riverbank restoration, Rotary Hill irrigation, Centennial Beach Levee, Webster Covered Bridge Roof replacement, West parking lot improvements

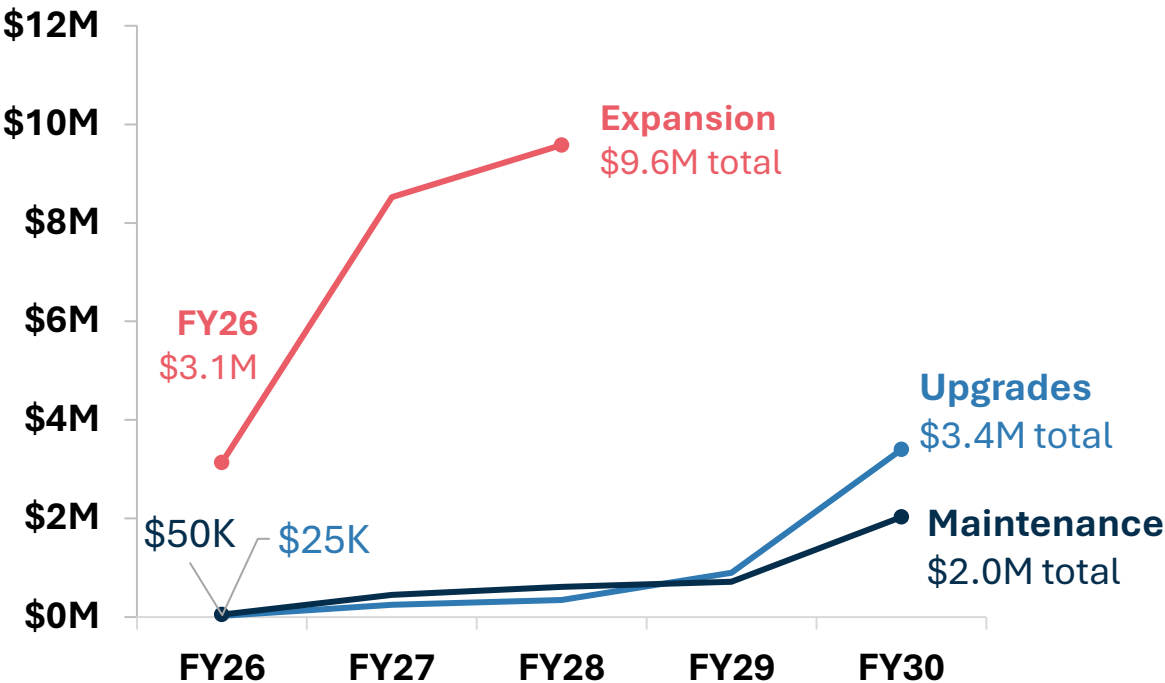
Upgrades - \$3.4M

- Grand Pavilion Plaza, Netzley Overlook

Expansion - \$9.6M

- NCC Park in 2026 (\$3.2M)
- South Extension/Hillside Gateway in 2027 (\$6.4M)
 - Originally planned for 2026: re-programmed due to prioritizing NCC Park and staff capacity

Cumulative Riverwalk Spending



COMMUTER PARKING



2026 CAPITAL INVESTMENTS TOTAL \$1.3M; PROJECTS PROJECTED TO EXHAUST FUND BALANCE

- **Train Station Exterior Restoration: \$60K**
 - Repairs to the brick façade of the building due to deterioration from the winter
- **Train Station Platform, Walkway, and Stairwell Restoration Program: \$500K**
 - Work includes replacing the lights on the 5th Avenue platform and sidewalk improvements
- **Municipal Parking Lot Maintenance: \$737K**
 - Program is run on a biennial basis



SIDEWALK REPLACEMENT PROGRAM



Began in 1960 to create equity
between property owners

50% of homes didn't have
sidewalks



Early 2000s: efforts made to
increase Naperville's walkability

2024: Over 90% of residential
properties have sidewalks



40/60 split for residences:
City pays 60%, residents pay 40%

In April 2025, Council voted 7-1 to end the cost-share program for one year.

Should the cost-share program be reinstated?

2026 CIP ASSUMES NO COST SHARE REVENUE DUE TO DISCONTINUATION OF 2025 PROGRAM

- **Financial & Generational Equity**

- Revenue generated averages less than \$300K
- Sidewalk has a longer lifespan than median property ownership: 30 years versus 12
 - Should a current property owner be responsible for long-term capital investments?

- **Alternative Maintenance & Funding Methods**

- Sawing (trip hazard removal) costs less, extends sidewalk lifespan & less disruptive
- Potential funding sources: state and local motor fuel tax, home rule sales tax, bonds

- **Program Administration**

- Staff time: 375 hours across TED, Finance & IT at a cost of **\$15,100**
- Mailing estimates and invoices equates to **\$4,700**, and many of these invoices go unpaid
- Time could be better allocated to other work



26 Policy Point

Should the cost-share program
be reinstated?

FACILITIES



2026 CAPITAL INVESTMENTS TOTAL \$8.9M

- **Fuel System Repair: \$165K**
 - New for 2026
 - Need for these repairs is being driven by regulatory compliance and safety standards
- **Police Department Building Renovation: \$1.1M**
 - Continuation of long-term renovation plans at the Police Department
 - Work includes upgrades to evidence & crime scene area, executive conference room & office areas
- **Station 4 Training Facilities Renovation: \$2.7M**
 - Living quarter renovations are being delayed a year to prioritize Station 4
 - Allows the Fire Academy facility to meet modern needs

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External Funding



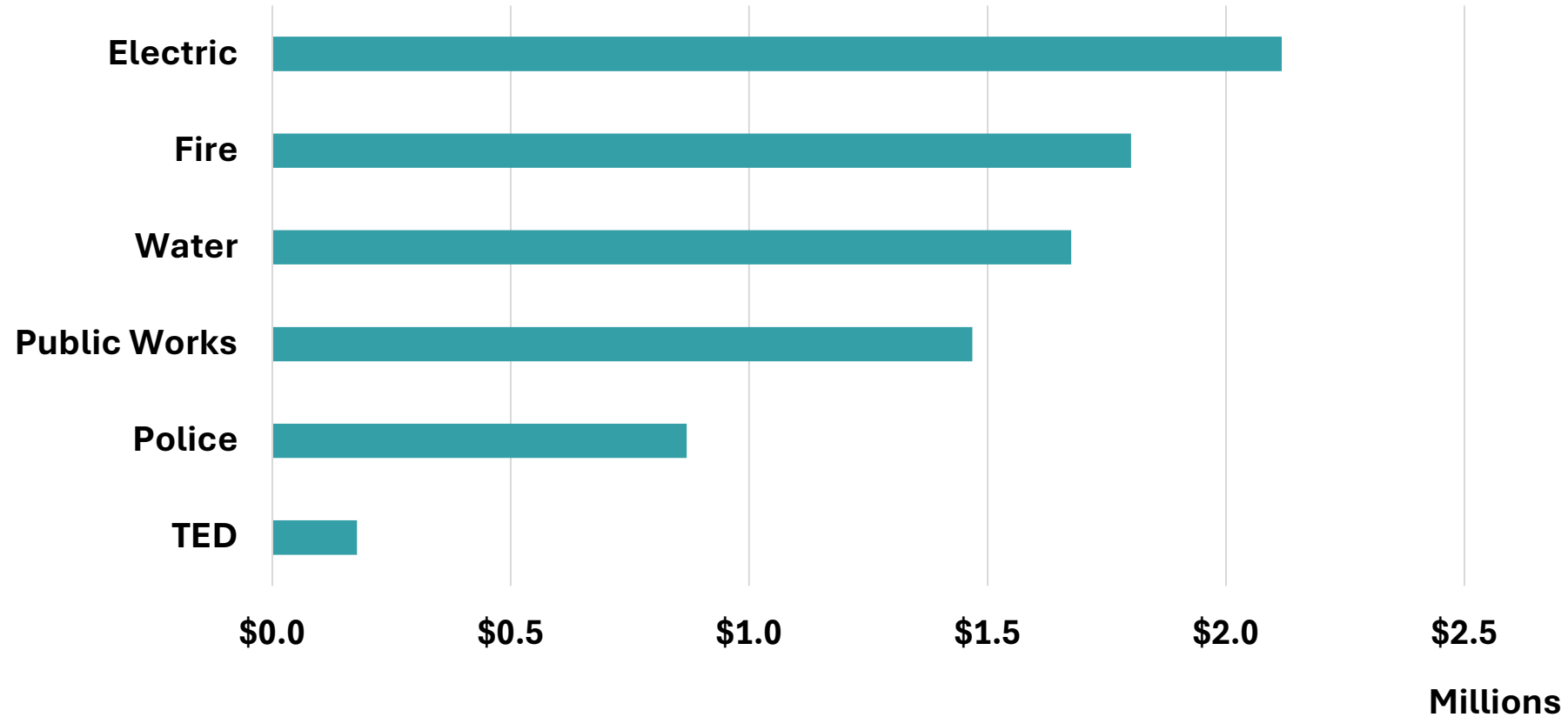


2026 CAPITAL INVESTMENTS TOTAL \$8.11M

- **Door Access System: \$450K (2026); \$1.6M (Total)**
 - Work includes replacing end-of-life equipment & integrating new system with the camera system
- **Data Center Upgrade: \$900K**
 - Work includes upgrading cabling, equipment racks, access systems & storage for two major data centers
- **Security Camera Upgrade: \$1.4M (2026); \$4.9M (Total)**
 - Replacement of the citywide security camera system
 - Work is being coordinated with the door access system upgrade



VEHICLES



NO NEW VEHICLES IN 2026; \$8.1M IN REPLACEMENTS

- Replacement schedule keeps budget flat
- 2026 replacements: 61 total
 - 15 in Electric, 6 in Fire, 15 in Water, 10 in DPW, 11 in Police & 4 in TED



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QUESTIONS?

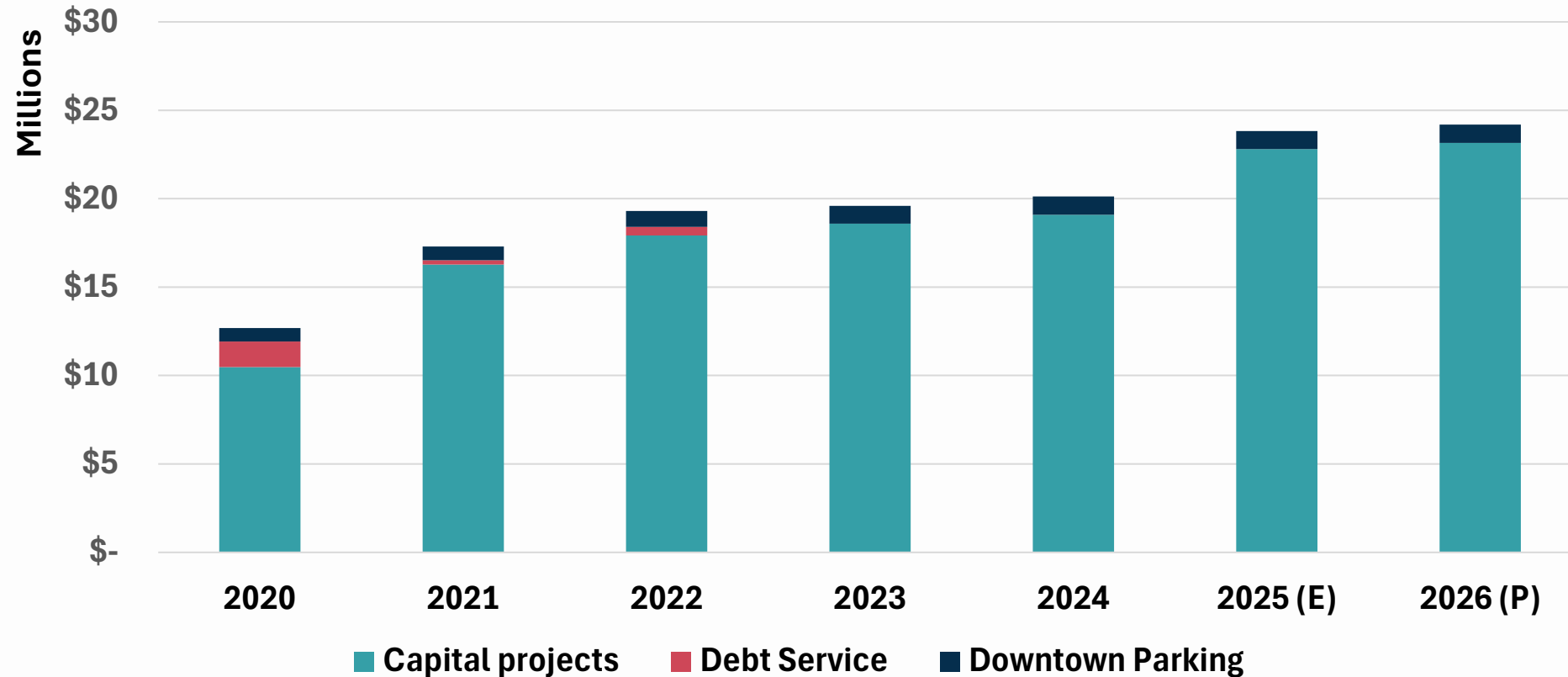
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CIP FUNDING

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HOME RULE SALES TAX

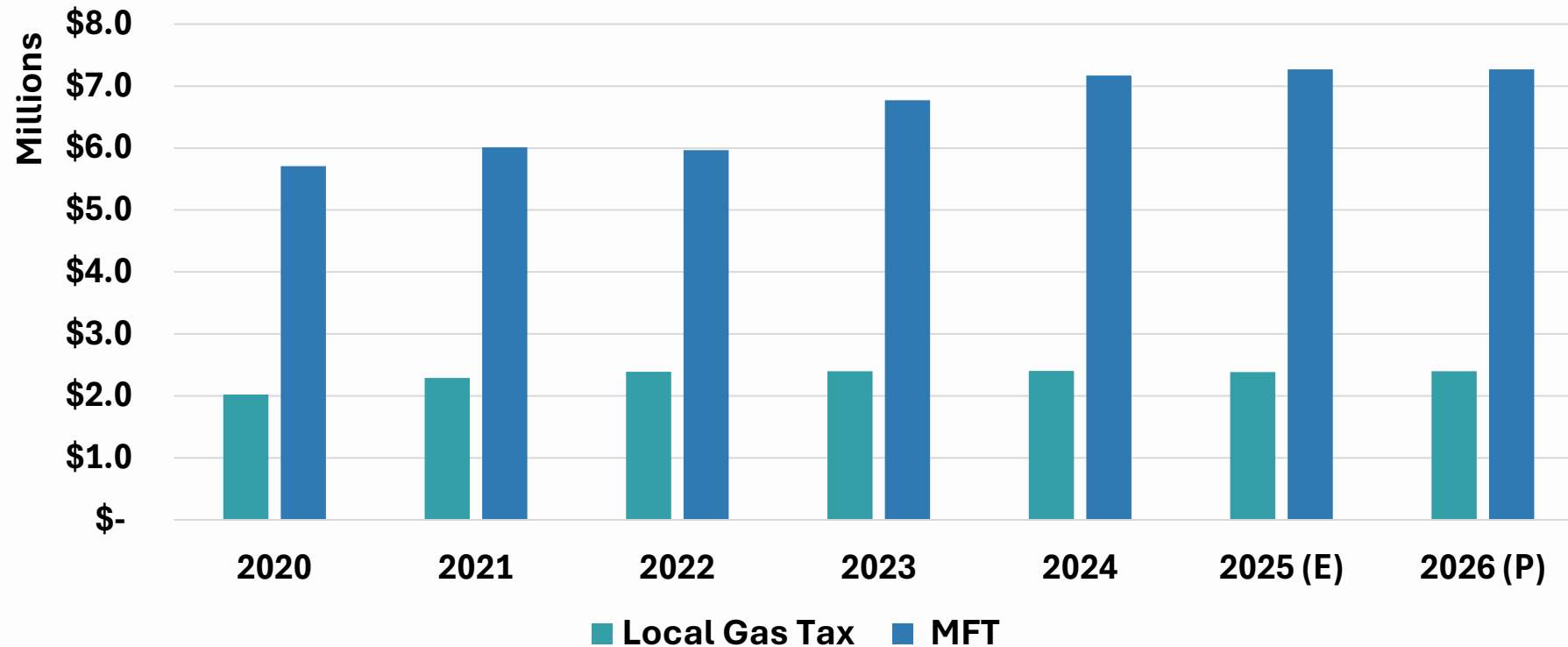


CONTINUED STABLE FUNDING SOURCE FOR CAPITAL PROJECTS

- Serves as the primary funding source for capital
- Allows the City to responsibly manage debt
- \$24.2M forecasted in 2026: 1.5% increase over 2025 estimates



MOTOR FUEL TAXES



MOTOR FUEL TAXES STAY THE COURSE

- State MFT forecast at \$7.2M for 2026; local gas tax forecast at \$2.4M
- State MFT forecast based on 0.7% decline in consumption
- Local Gas Tax revenues have been consistent in recent years, but have not returned to pre-pandemic levels



CAPITAL DEBT SUPPORT

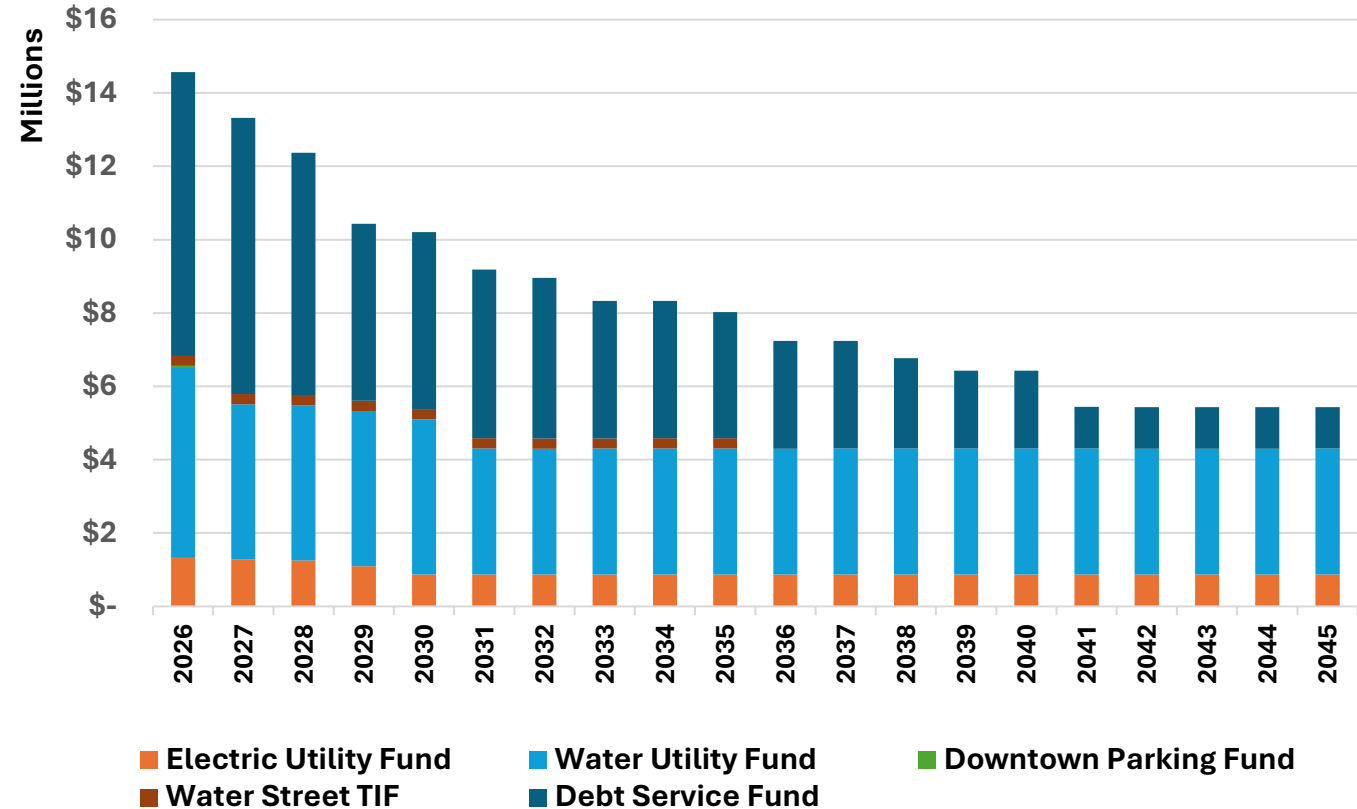


MINDSET: LOW DEBT BURDEN

- Conservative practices
 - Debt issued on reimbursement basis to avoid unnecessary borrowing
 - Issuances carefully planned
- Dedicated funding source: HRST
- Significant factor in AAA/Aaa bond rating

RESULT: ROOM TO BOND IN 2026

- \$58M in estimated new utility debt next year
 - \$10M in Electric Utility
 - \$48M in Water Utilities
 - Includes \$3M interest-free IEPA loan for lead service line replacements
- Electric & Water debt separate from General Fund - ***no impact to property tax levy***



BUDGET TIMELINE



OCTOBER

PROPOSED BUDGET PUBLISHED

Friday, Oct. 10

WORKSHOP #2: OPERATING BUDGET

Tuesday, Oct. 28

NOVEMBER

WORKSHOP #3: BUDGET OVERVIEW *(IF NEEDED)*

Monday, Nov. 10

DECEMBER

BUDGET APPROVAL

Tuesday, Dec. 2

PROPERTY TAX LEVY APPROVAL

Tuesday, Dec. 16



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QUESTIONS?

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