

Services

People



The

2021

Annual Operating Budget and
Capital Improvement Program

Workshop #3 - November 23, 2020

Programs

Local Economy

Workshop Overview

- **Naper Settlement presentation**
- **Naperville Public Library presentation**
- **Community partner budgets**
- **Annual Operating Budget review**
- **Follow-up and action items**



NAPER SETTLEMENT

**BUDGET CIP WORKSHOP
NOVEMBER 23, 2020**

*Together we will deliver an
immersive and experiential cultural
campus of lifelong learning,
discovery, and fun for all people*

CULTIVATE



COMMUNITY



CONNECTIONS



CURIOSITY

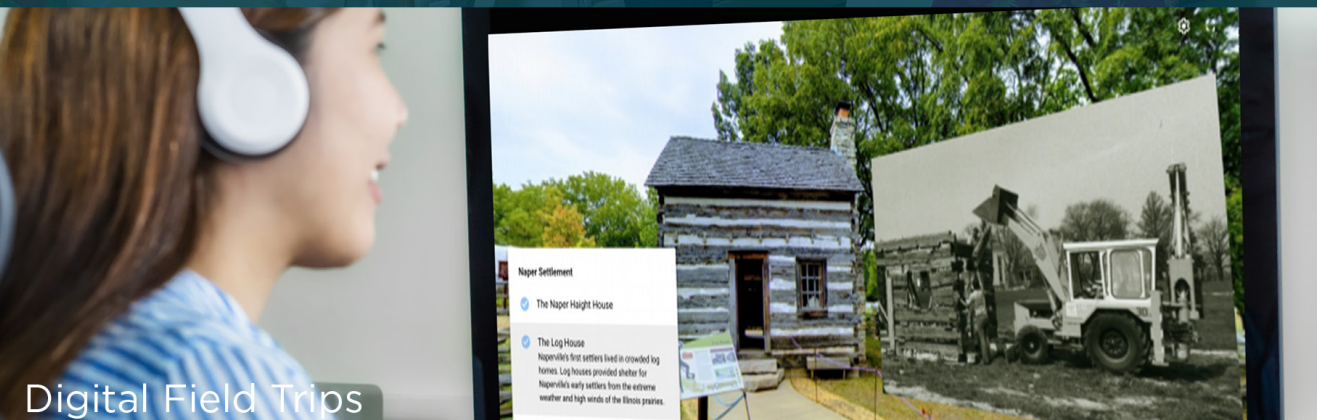




COLLECTS



DOCUMENTS & PRESERVES



EDUCATES



COMMUNITY GATHERING

ABOUT NAPER SETTLEMENT

Naper Settlement Vision

Deliver an immersive and experiential cultural campus of lifelong learning, discovery, and fun for all people.

Naperville Heritage Society

Committed to the future, the Naperville Heritage Society collects, documents, preserves and educates by engaging with visitors and audiences.

Naper Settlement Museum Board

Creates and strengthens community by connecting visitors to Naperville's history through engaging, educational and unique experiences.



NAPER
SETTLEMENT

STRATEGIC GOALS

**Vision: to be a campus of life-long learning,
discovery, and fun for all people**

Strategic Initiative #1 Lifelong learning	<i>Become a resource for lifelong learning</i>
Strategic Initiative #2 Institutional Memory	<i>Serve as the institutional memory of Naperville and the region by sharing stories that connect us to the local, regional, and national narrative</i>
Strategic Initiative #3 Economic Engine	<i>Strengthen our role as an economic engine for the city of Naperville and Illinois and become a household name</i>
Strategic Initiative #4 Desirable Investment	<i>Establish the museum as a viable and desirable investment to successfully fundraise locally and nationally in support of operational and capital need</i>

PERFORMANCE INDICATORS

Indicator	2018	2019	2020 Projected	2021 Proposed	Projected Change
Total Attendance	365,910	132,932	23,584	206,127	88.6%
School Programming	31,774	32,501	10,565	17,580	39.9%
Summer Camps	451	456	35	450	92.2%
Rentals	284,326	49,923	1,171	178,097	99.3%
Sponsors	50	59	6	54	88.9%
Collections	3,237	3,237	3,153	3,200	1.5%



STRATEGIC INITIATIVES

Continue the transformative work to ensure viability, relevancy, and sustainability

- Master plan for grounds
- Long-range strategic plan - 3-5 years
- First hand accounts
- Leaders & awards
- Software upgrade (Blackbaud FE NXT)

Grants:

- Implement ongoing grants: Museums Empowered, The National Leadership, DEAI grants, Unvarnished
- Five grants applied for in 2020
- New grants - initiate process

Events:

- Rentals and corporate events to serve as an economic engine for the city and as a community gathering place for city residents
- Strengthening our returning events and adding new events and rentals in 2021
- Expand our home grown events with a WWII Homefront event and Howlin' At the Moon

Learning Experiences:

- Research and development for new programs, camps, and learning experiences.
- Campus expansion through digital learning technologies

STRATEGIC INITIATIVES

Collections & Exhibits:

- Complete Brushstrokes insurance claim and update plan
- Explore the history of WWII with *Naperville on the Home Front*; The Massier Family Collection; Japanese internment workers; and Kroehler Manufacturing
- Traveling exhibit, *Once Upon a Playground*
- National Endowment for the Humanities: Photographer Wing Young Huie, an online exhibit co-curated by local high school students exploring topics of identity
- National exhibit *Unvarnished*
- Holiday exhibit

Never Settle Campaign:

- Continue fundraising for the Innovation Gateway and Agricultural Interpretive Center
- Obtain PUD and permits
- Annual Report
- Prepare to build

NAPER
SETTLEMENT

SETTLEMENT CAPITAL SUMMARY

NS055 – Innovation Gateway and Agricultural Interpretive Center/Thresher

- New exhibit and multi-use facilities: \$2.4 million
- Budgeted in Bond Fund

NS058 – Security Cameras

- New site-wide security cameras: \$153,670
- Budgeted in Bond Fund

2020 SETTLEMENT EXPENSE OVERVIEW

	2019 Actual	2020 Budget	2020 Projection	2021 Proposed	Change (\$)	Change (%)
Salaries & Wages	1.72	1.54	2.03	2.01	0.47	30.8%
Benefits & Related	0.57	0.89	0.74	0.79	(0.10)	-11.2%
Purchased Services	0.67	0.59	0.53	0.61	0.02	4.1%
Purchased Items	0.33	0.26	0.21	0.20	(0.05)	-21.3%
Capital Outlay	0.27	0.09	0.14	2.68	2.59	2879.8%
Transfers	0.14	0.14	0.14	0.14	0.00	2.9%
Total	3.70	3.50	3.80	6.43	2.94	84.0%

in millions

2020 SETTLEMENT REVENUE OVERVIEW

	2019 Actual	2020 Budget	2020 Projection	2021 Proposed	Change (\$)	Change (%)
Charges for Service	0.54	0.50	0.08	0.47	(0.03)	-5.2%
Interest & Investments	0.05	0.03	0.01	0.03	-	0.0%
Property Taxes	2.82	2.80	3.00	2.80	-	0.0.0%
Total	3.40	3.32	3.09	3.29	(0.03)	-0.8%

in millions

WHAT THE COMMUNITY IS SAYING

“It is one of our favorite field trips and greatly serves to enhance our... social studies unit.”

- NAPERVILLE TEACHER



“The instructors share a wealth of knowledge and seem to enjoy their jobs. Thank you for providing this experience to help history come alive for our students.”

- NAPERVILLE TEACHER



“My mom and I have always loved Naper Settlement because it immortalizes stories that might otherwise be forgotten.”

- HERSTORY NOMINEE



“They make history relevant to today!”

- GOOGLE REVIEW
AUGUST 2020

HELP US
TO WIN
THE
VOTE



NAPER
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Naperville Public Library



Our Vision

A Place To Be. The Place to Become...

Our Mission

Inform, Inspire, Imagine.

Our Values

Service, Innovation, Excellence, Adaptability



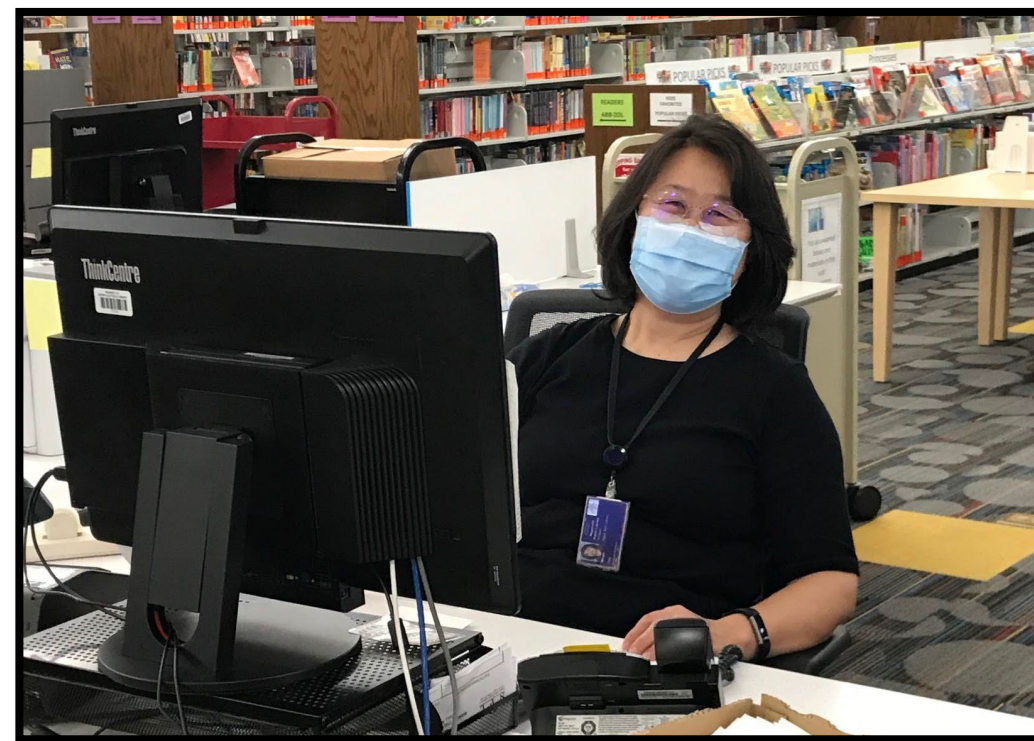
Pivot During COVID-19

- Required to close in mid-March, but we never really “shut down”
- Focus on electronic collections
- Addition of digital programming
- Curbside service began mid-May
- Open buildings for collection browsing began in mid-June
- Focus on safety and sanitation for customers and staff



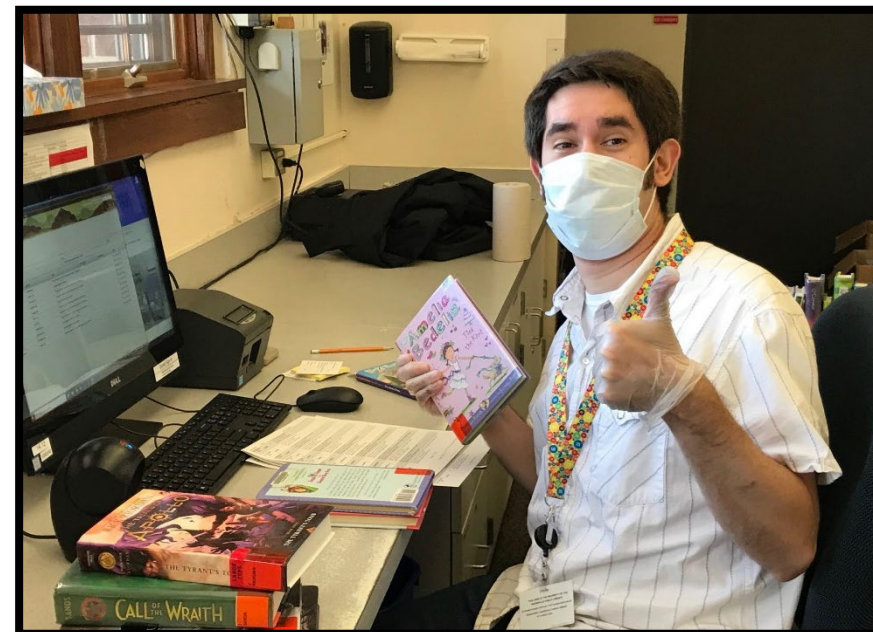
Pivot During COVID-19

- Full opening with limited building capacity in late June
- Public computers
- Currently at 90% of last year's circulation each month
- Eliminated 4.5 FTE (8 positions) during 2020
- Postponed filling 7.75 FTE (13 positions) during 2020
- Applied for grants to help cover COVID-19 related expenses



2021 Key Initiatives

- Continue to adapt service during the pandemic
- Expansion of digital and outdoor programming
- Update to new calendar and reading program software
- Creation of a new strategic plan and culture code
- Diversity, equity, and inclusion audits
- Upgrading public-facing technology
- Enhancing library marketing



2021 Library Expense Overview

	2019 Actuals	2020 Budget	2020 Projection	2021 Proposed	Change (\$)	Change (%)
Salaries & Wages	8.24	8.60	8.47	8.47	(0.13)	-1.5%
Benefits & Related	2.55	2.95	2.92	2.92	(0.03)	-1.0%
Purchased Services	0.97	0.99	0.85	0.92	(0.08)	-7.6%
Purchased Items	3.30	3.29	3.09	3.19	(0.10)	-3.1%
Capital Outlay	0.32	0.76	0.73	0.37	(0.39)	-51.2%
Insurance	0.06	0.06	0.06	0.06	0.00	7.1%
Transfers Out	0.24	0.09	0.09	0.10	0.01	11.3%
Total	15.68	16.74	16.21	16.03	(0.71)	-4.2%

in millions

2021 Library Revenue Overview

	2019 Actuals	2020 Budget	2020 Projection	2021 Proposed	Change (\$)	Change (%)
Charges for Service	0.17	0.15	0.10	0.09	(0.06)	-40.6%
Contributions	0.00	0.00	0.00	0.00	-	0.0%
Fines	0.31	0.33	0.18	0.20	(0.13)	-38.5%
Grants	0.18	0.18	0.09	0.18	-	0.0%
Investment Income	0.02	0.03	0.00	0.03	0.00	7.5%
Transfers (Rev)	0.15	-	-	-	-	-
Other Revenues	0.06	0.05	0.03	0.03	(0.02)	-49.6%
Property Taxes	14.78	14.94	16.22	14.94	-	0.0%
State Shared Taxes	0.14	0.14	0.12	0.10	(0.04)	-25.9%
Total	15.81	15.81	16.75	15.56	(0.24)	-1.5%

in millions

Community Partners

Naperville Development Partnership / Naperville Convention & Visitors' Bureau

- Public/private partnership supporting economic development and tourism activity in the City
- Funded through the General Fund and Food & Beverage Fund (SECA)
- **2021 budget: \$937K**
 - Economic development: \$238K
 - Convention & Visitors' Bureau: \$524K
 - Restaurant marketing: \$175K (SECA)

Naperville Community Television (NCTV17)

- Public access channel dedicated to telling local stories on air and online
- Direct service provider to the City (public meeting broadcasting & assistance with equipment)
- Partially funded through Public, Education and Government (PEG) access fees
- **2021 budget: \$657K**
 - PEG fee support: \$427K
 - Payment for services: \$230K

Downtown Naperville Alliance

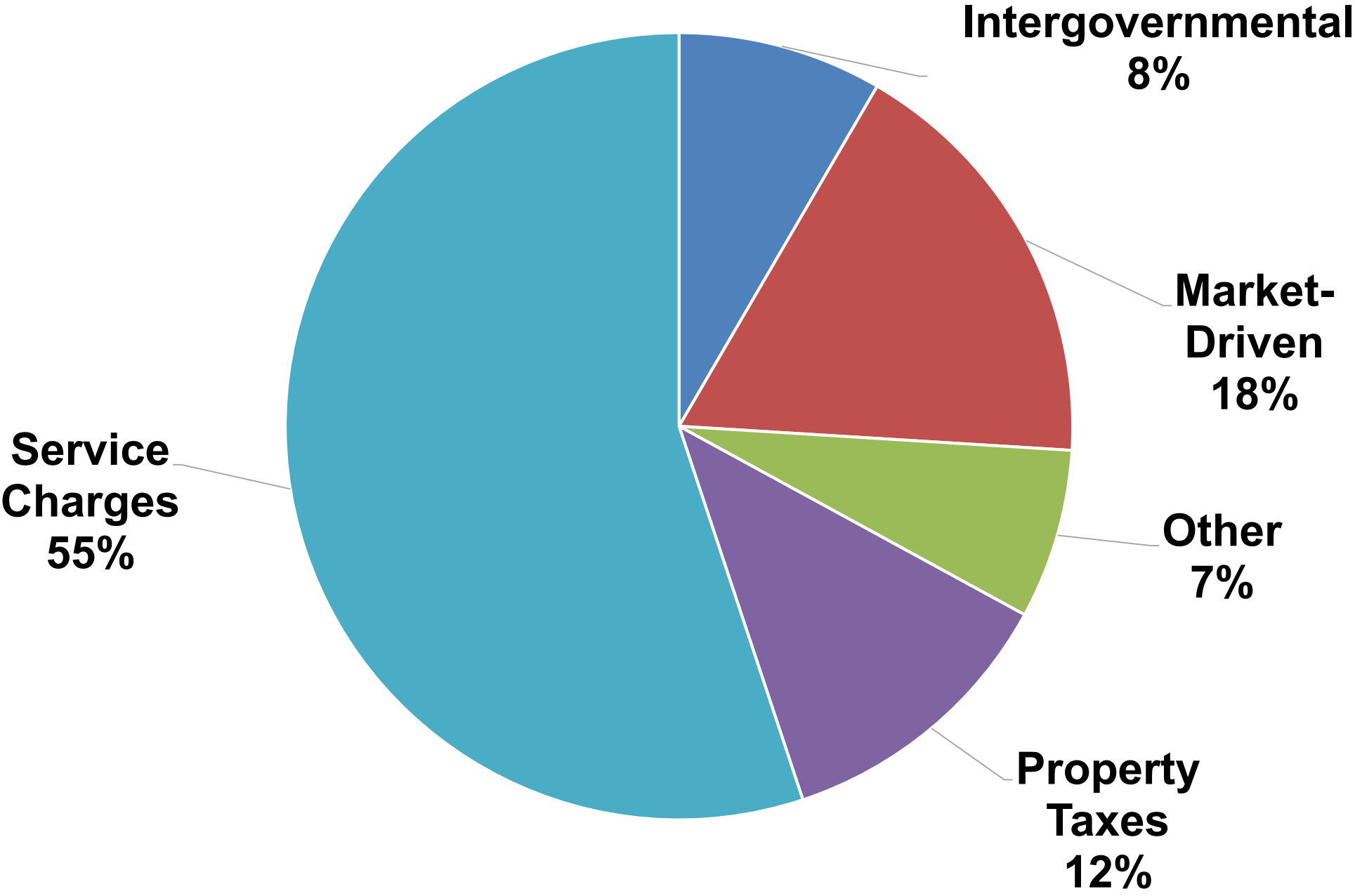
- Supports advertising and marketing through Downtown Maintenance and Marketing Special Service Area (SSA #33)
- 100% funded by property owners through SSA property tax – no direct financial support from City
- **2021 budget: \$402K**





Annual Operating Budget

Revenue Diversification – All Funds

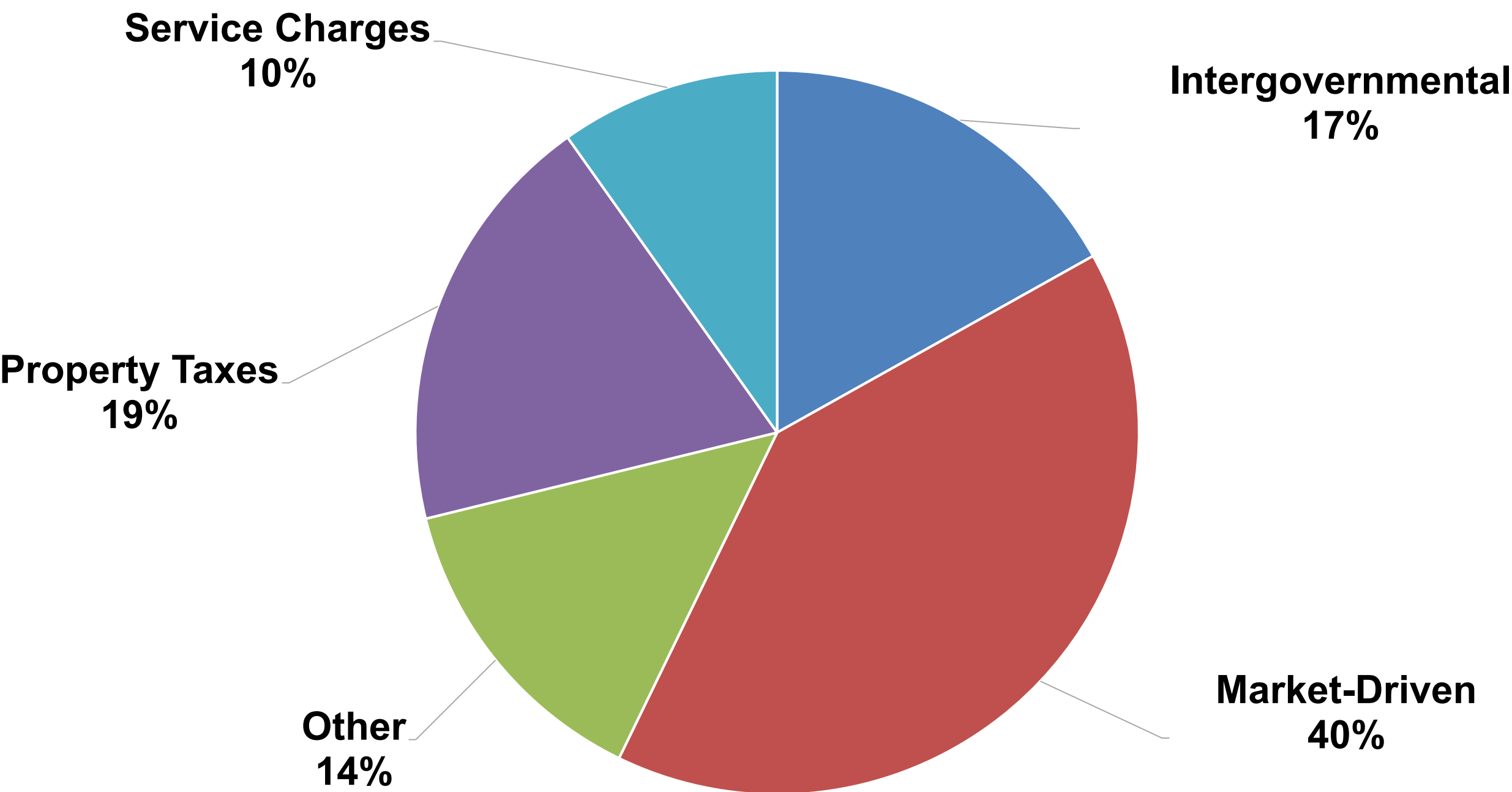


- **Service Charges:** Electric and Water charges, refuse collection fees
- **Market-Driven:** Sales tax, food & beverage tax, real estate transfer tax
- **Intergovernmental:** Income tax, motor fuel tax, local use tax
- **Property Taxes:** All property taxes, including special service areas

- Revenues remain highly diversified
- Diversification eases impacts of economic volatility
- Service charges remained stable in 2020



Revenue Diversification – Excluding Utilities/Special Funds



- Revenue in non-utility funds more economically sensitive
- Declining revenues have not significantly impacted revenue mix
- Property taxes remained stable throughout 2020



2021 Proposed Budget Overview

	Revenues	Expenditures	Margin
Maintenance & Operating Funds	395.95	409.60	(13.65)
Capital & Debt Service Funds	55.27	64.10	(8.83)
Special Funds	32.70	33.67	(0.97)
TOTALS	483.92	507.37	(23.45)

in millions



Maintenance & Operating Funds

	Revenues	Expenditures	Margin
General Fund	129.78	129.78	(0.00)
Electric Utility Funds	161.05	162.84	(1.79)
Water Utility Funds	69.66	80.41	(10.75)
Self Insurance Fund	26.68	26.64	0.04
Commuter Fund	1.24	2.01	(0.77)
Solid Waste Fund	7.25	7.32	(0.07)
Renewable Energy Fund	0.29	0.61	(0.32)
TOTALS	395.95	409.60	(13.65)

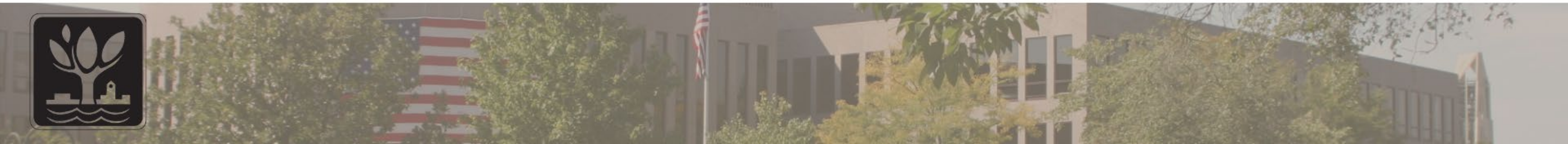
in millions



Capital & Debt Service Funds

	Revenues	Expenditures	Margin
Bond Fund	13.45	20.76	(7.31)
Capital Projects Fund	12.11	12.32	(0.25)
Debt Service Fund	11.04	12.36	(1.32)
Downtown Parking Fund	1.53	1.62	(0.09)
Motor Fuel Tax Fund	9.21	9.89	(0.68)
Phosphorus Removal Fund	1.28	-	1.28
Road and Bridge Fund	2.89	2.99	(0.10)
SSA 21 – Van Buren Deck Fund	0.01	0.22	(0.21)
SSA 23 – Naper Main Fund	0.07	0.07	-
SSA 25 – LaCrosse Fund	0.07	0.07	-
SSA 30 – Downtown Streetscape Fund	3.22	3.22	-
SSA 31 – Downtown Streetscape Fund	0.03	-	0.03
Water Street TIF Fund	0.36	0.55	(0.18)
TOTALS	55.27	64.10	(8.83)

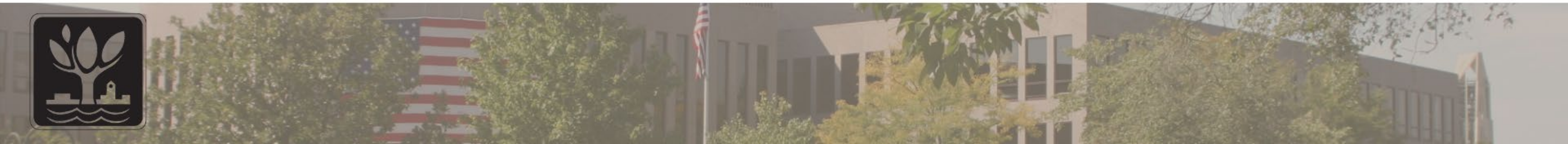
in millions



Special Funds

	Revenues	Expenditures	Margin
Naperville Library Funds (3 Funds)	15.56	16.03	(0.47)
Naper Settlement Fund	3.29	3.89	(0.60)
Food & Beverage Fund	4.07	4.07	0.01
S.S.A. 33 – Downtown Maintenance	2.67	2.64	0.03
CDBG Fund	1.23	1.23	-
E-911 Surcharge Fund	2.91	2.90	0.01
ETSB Fund	2.31	2.30	0.01
Federal Forfeiture Fund	0.11	0.10	0.01
State Forfeiture Fund	0.19	0.18	0.01
Foreign Fire Tax Fund	0.29	0.28	0.01
Test Track Fund	0.06	0.06	(0.00)
TOTALS	32.70	33.67	(0.97)

in millions



Financial Principles

Principle #1

**Pass a structurally
balanced operating
budget**

*General Fund budget
balanced using HRST*

Principle #2

**Continuous improvement
in the delivery of
necessary and
cost-effective services**

*Revenues continue to support
and enhance service delivery*

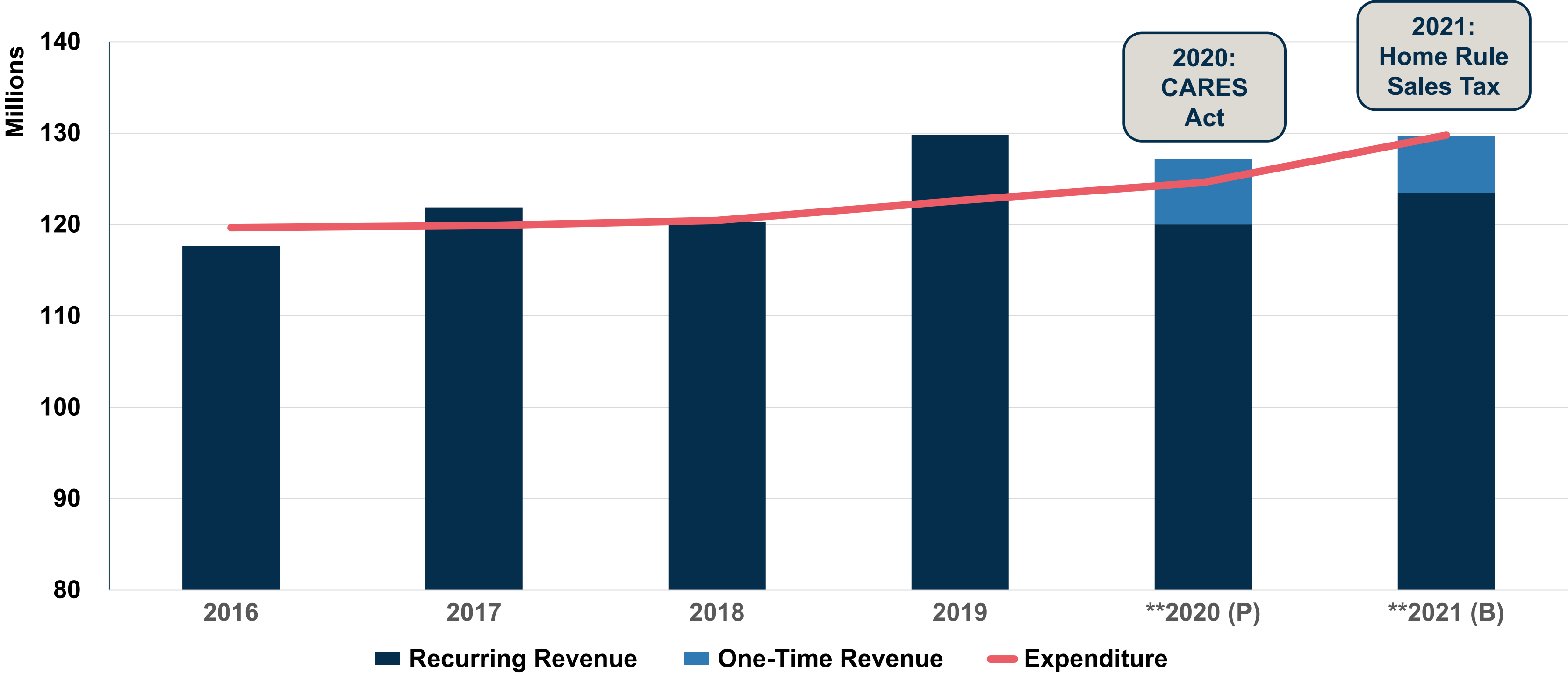
Principle #3

**Increase reserves to 25%
and reduce debt by 25%
in next 8 years**

*Financial flexibility in response
to pandemic slowed progress*



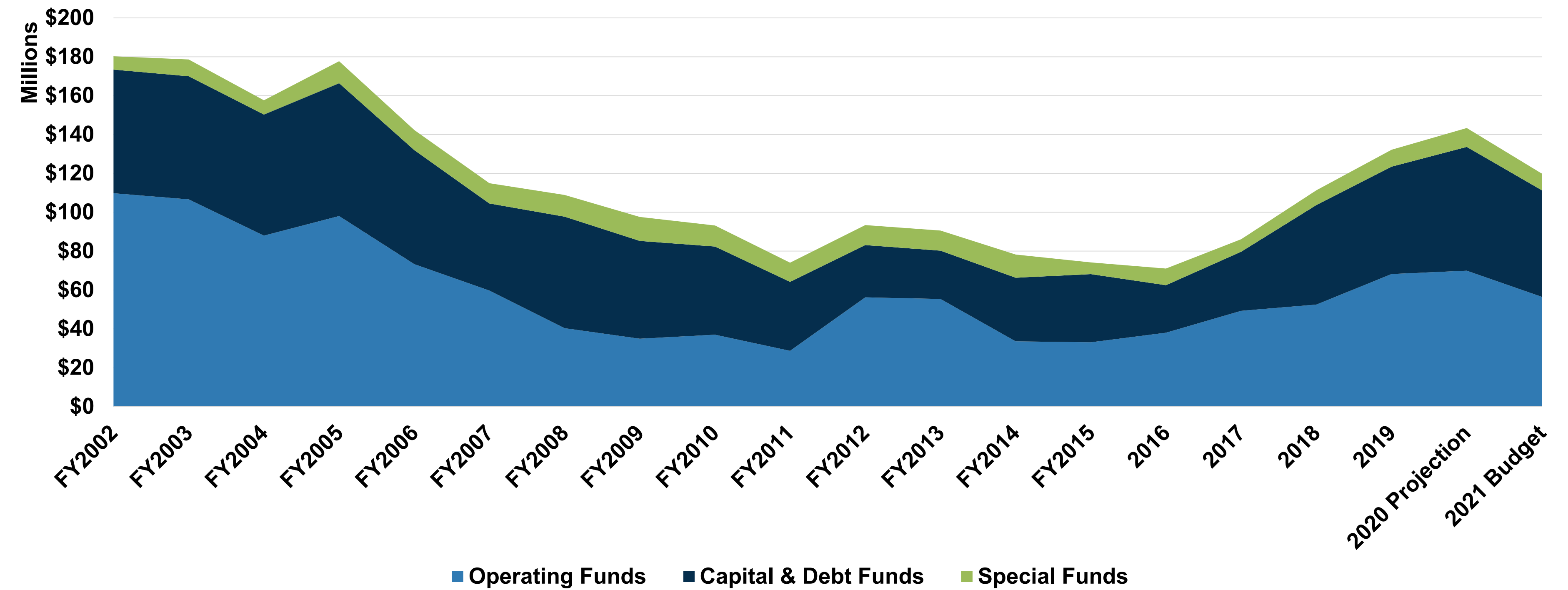
General Fund – Revenues vs Expenditures



- Revenues outperformed projections in 2019 followed by economic downturn
- General Fund supported by “one-time” revenue sources in 2020 and 2021
- Need to consider future funding of new and existing programs/services



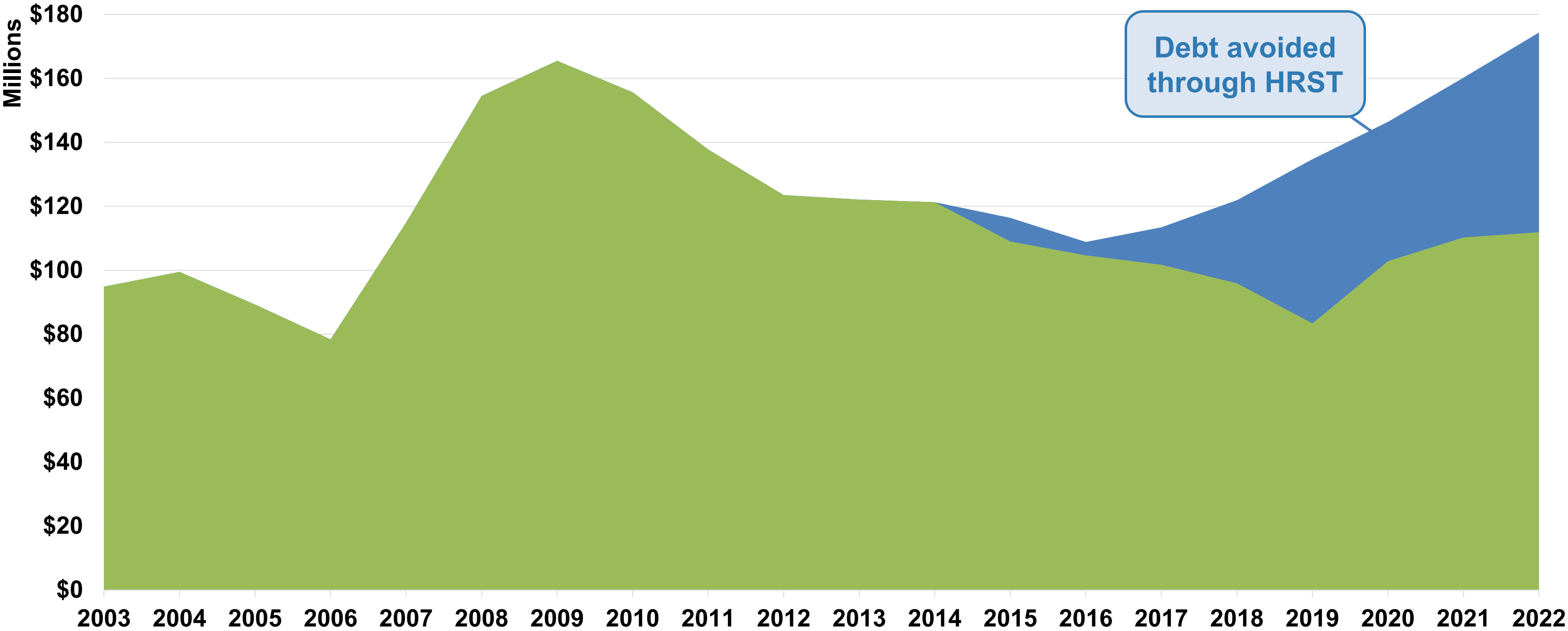
Principle #3 – Cash Reserves



- Ended 2019 with General Fund balance of \$34.2M; 27.9% of expenditures
- Maintaining General Fund cash reserves through 2020 and 2021
- Several funds using cash balance in 2021



Principle #3 – Debt Reduction

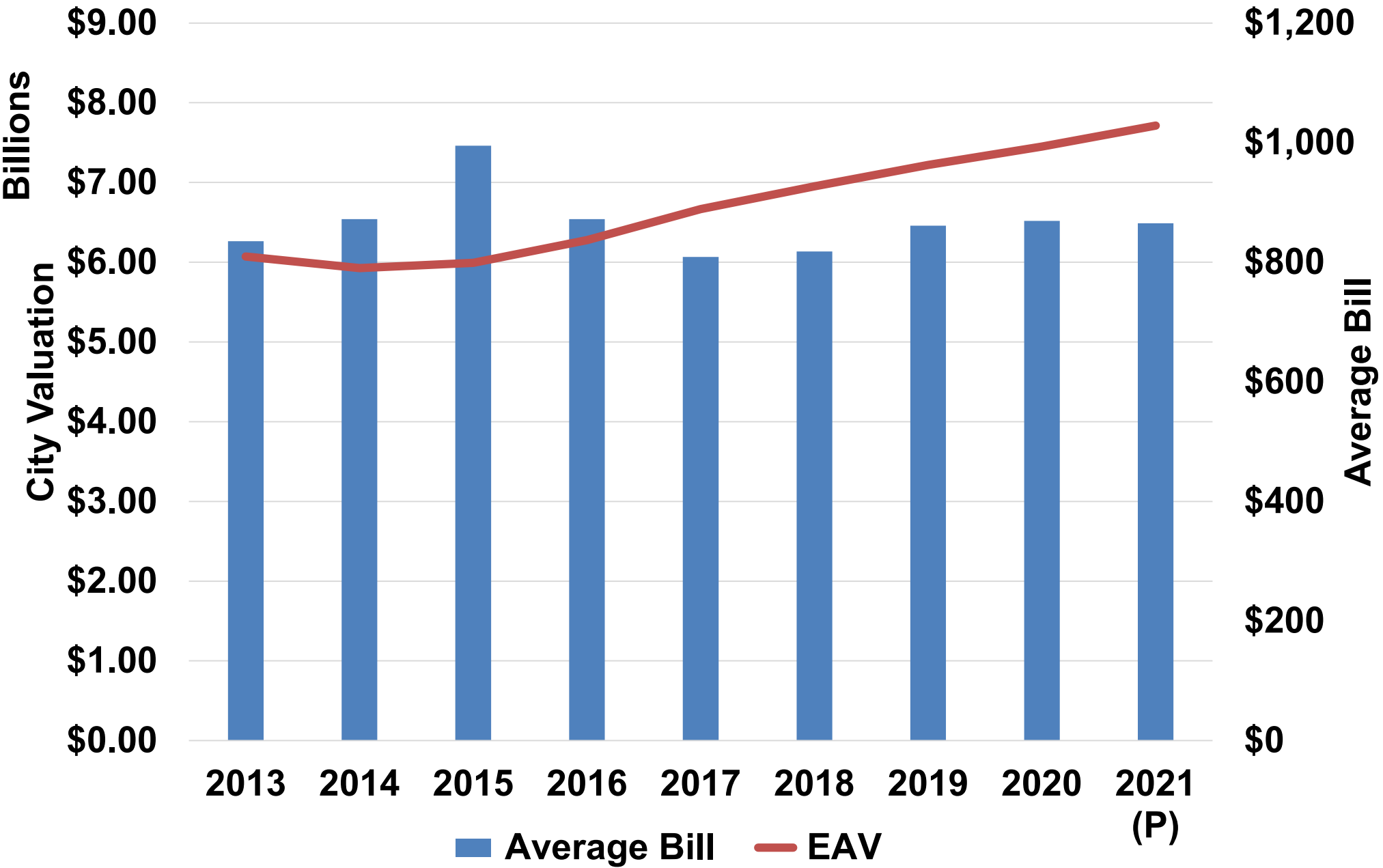


- Goal seeks to reduce non-enterprise and special fund debt by 25% at end of 2022
- 15.2% debt reduction at end of 2020
- Estimated borrowing for 2021 and 2022 result in total reduction of 8%

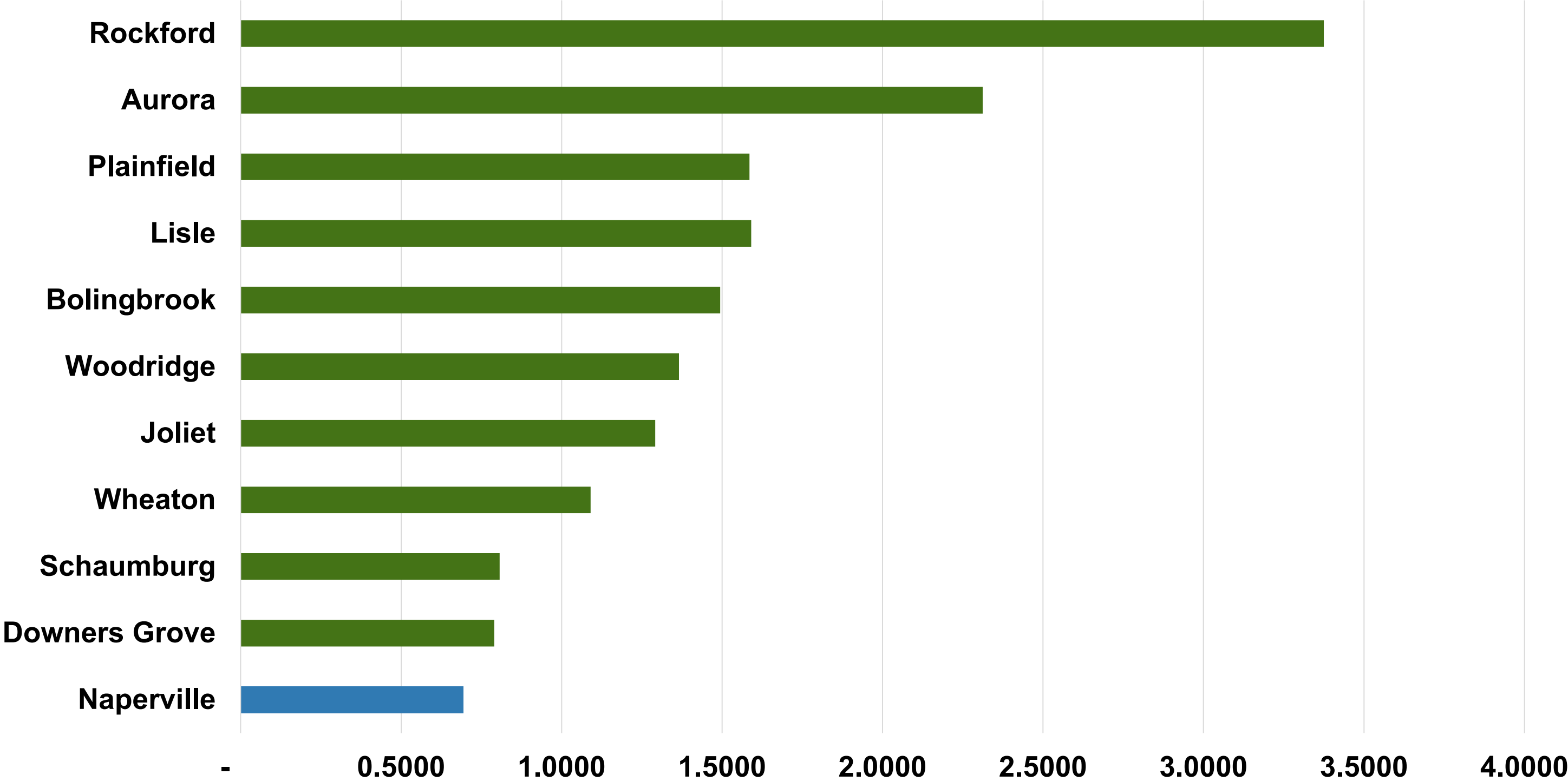


Property Taxes

- Funds pensions, debt, Library, Settlement and a portion of City operations
- **2021 budget year levy request: \$52.99M**
 - Total increase of \$1.3M
 - Library and Settlement levies flat
- **Resulting tax rate: 0.6871**
 - Decrease of 0.9% from 2020 extended rate
 - Based on estimated \$7.7B Equalized Assessed Valuation (EAV): 3.5% annual growth
- **Average homeowner bill**
 - 2021 bill for City portion of taxes would be \$865, a decrease of \$4



Property Tax Rate Comparison



- Naperville maintained lowest comparative tax rate in 2020 at 0.6937
- Comparison includes municipal, library, and fire district rates
- Average rate of comparable communities in 2020 is 1.4905



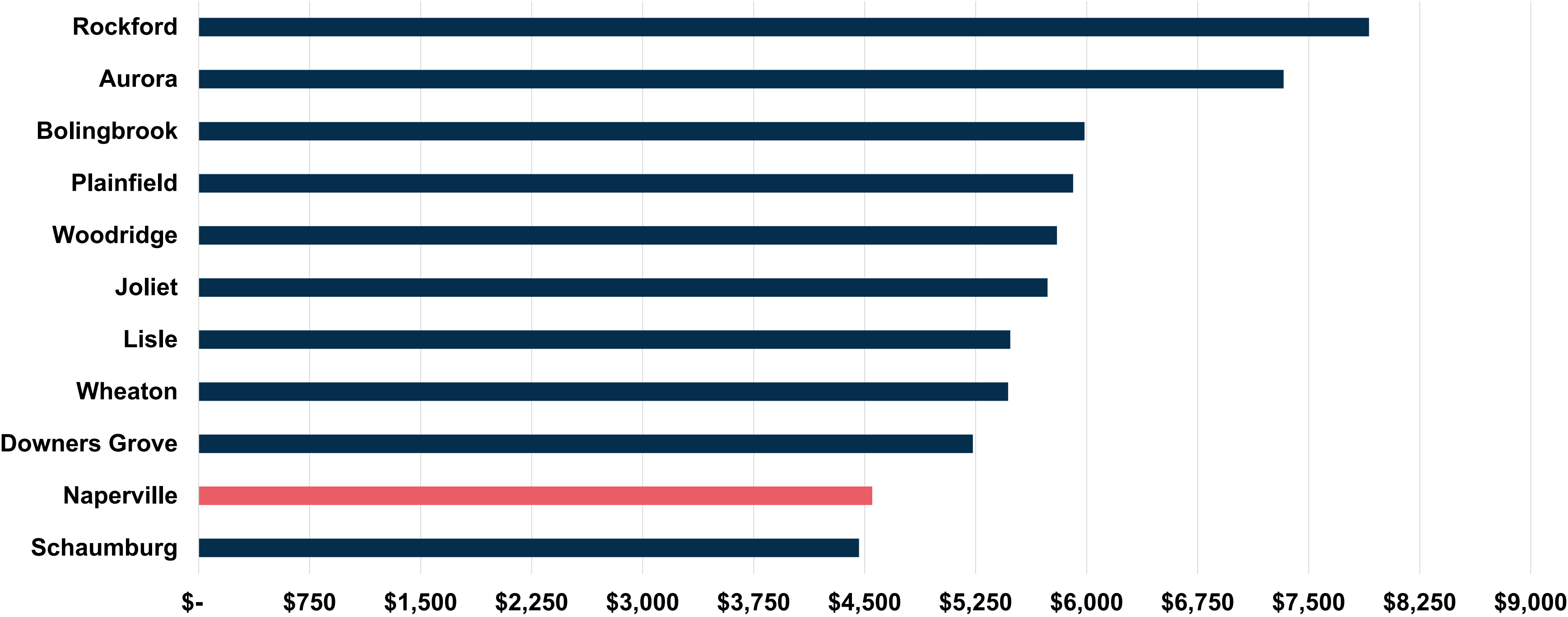
Household Cost of Living

Service Charge or Tax	Factors	Amount
Property Taxes	Home value of \$409K	\$865.30
Electric Charges	844 kWh use	\$1,327.68
Water/Wastewater Charges	750 cubic feet/5,610 gallons	\$976.20
Refuse Collection	65-gallon cart	\$164.16
Yard Waste	2x bags for 39 weeks	\$175.50
Motor Fuel Tax (State & Local)	1,130 gallons	\$471.25
State Sales Tax	\$37,378 eligible sales	\$358.50
Home Rule Sales Tax	\$23,346 eligible sales	\$162.95
Food & Beverage Tax	\$5,015 eligible sales	\$48.42
Stormwater Charges	Varies	\$ -
TOTAL		\$4,550

- Overview of top taxes and charges for municipal services and utilities
- Based on average consumer data for local, state, and federal sources
- Uses recurring annual costs – excludes one-time fees such as permits and transfer tax



Cost of Living Comparison



- Second lowest municipal tax and fee burden among comparable communities
- Average taxes and fees total \$4,550 for municipal services and utilities
- Schaumburg dropped due to a property tax reduction tied to a bond maturity

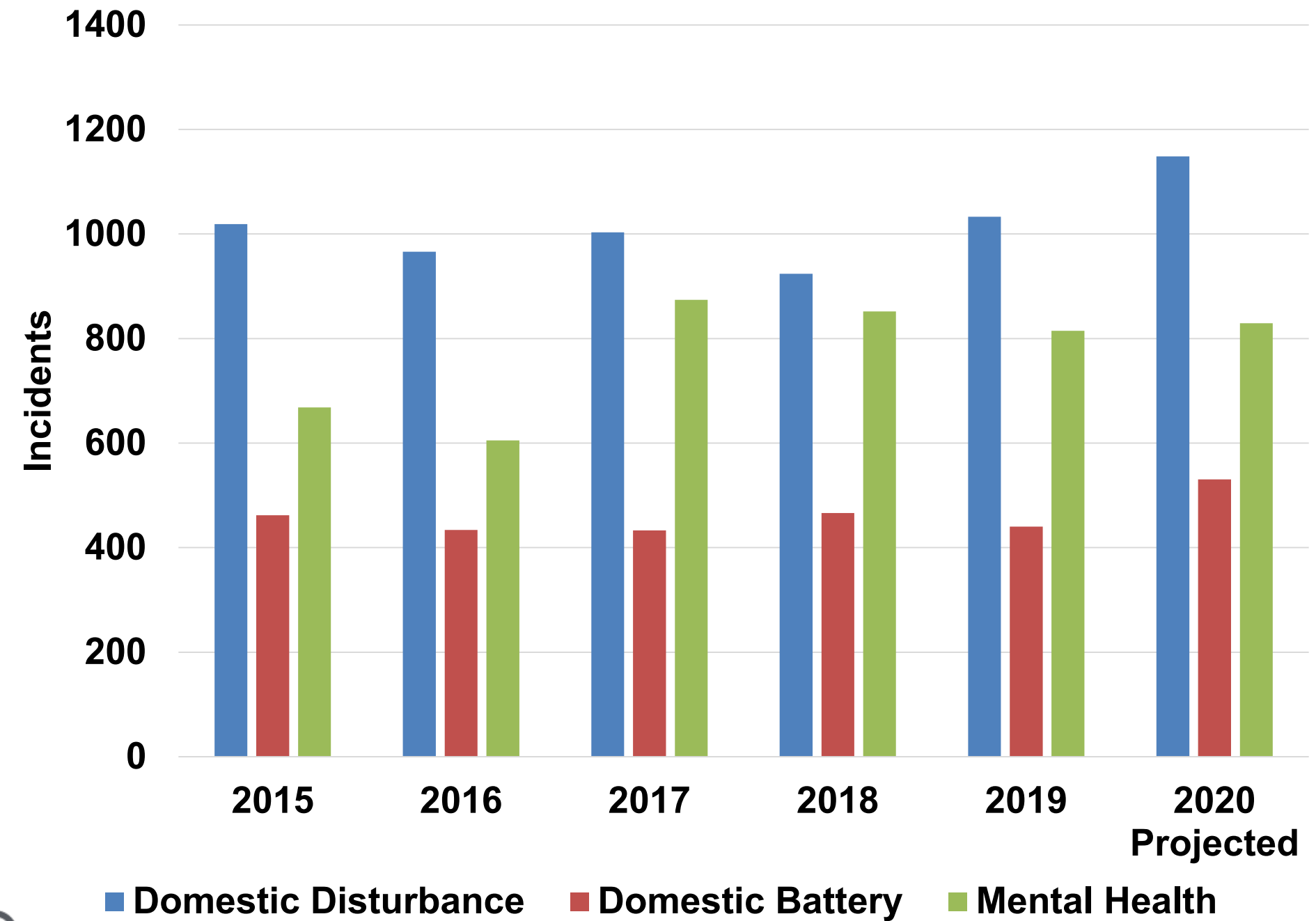




Follow-Up and Action Items

Police CIT Training

- **Additional 25 officers to be certified in 2021**
 - Host 40-hour course: \$15,500
 - Potential overtime expense: \$30,000
- **Cost to train 113 officers eligible: \$228,000**
- **Additional non-budgetary constraints exist**
 - Availability of classes/instructors
 - Currently impacted by COVID
 - Must have two years experience to be eligible
- **Police Department staff includes three full-time social workers**
 - Provide resources on mental health and domestic violence cases
 - 450 – 500 case follow-ups in 2020
 - Few departments in area staff social workers



***2020 projection based on actual incidents January through October**



Action Items Requested Tonight

1) Downtown Streetscape Project

- *Decision point: Include in 2021 budget or postpone*
 - **\$3.22M**
 - DAC voted Nov. 12 in favor of 2021 work
 - Additional utility-related improvements
 - Water & Wastewater: \$1.62M
 - Electric: \$430K
 - Streetlighting: \$200K

2) Expanding Water Utility capital program

- *Decision point: Support expanded CIP as requested*
 - **\$17.7M in unfunded CIP**
 - Water AMI: \$7M; decision to bond for this project made in September during contract approval
 - City bonds on reimbursement basis
 - \$17.7M equates to \$23-27 per customer per year

Water Capital Overview

- **2021 CIP totals \$29M**
- Annual maintenance projects: **\$7.9M**
 - Meter replacements: \$1.7M
 - Sanitary sewer rehab/replacement: \$4.1M
 - Watermain Replacement Program: \$3.1M
- Major non-recurring projects: **\$17.9M**
 - AMI implementation: \$7.0M
 - Well improvements: \$3.1M
 - SCI bank stabilization: \$1.8M
 - SWRC disinfection: \$1.3M
- Additional **\$3.2M** tied to TED projects
 - Downtown streetscape, North Aurora Road, Washington Street bridge rehab, Julian St.



For Consideration Tonight & in the Future

Beautification Efforts

Additional Police Officers

Sustainability Initiatives

Assistance to Businesses

Staff recommends Council indicate which of these initiatives they want staff to research and come back with further recommendations, including scope, dollar amounts, and sustainable funding sources.

Budget discussions will continue throughout 2021 in response to the ongoing economic effects of the pandemic.

This will provide flexibility to make budgetary amendments if necessary with strategic data available.

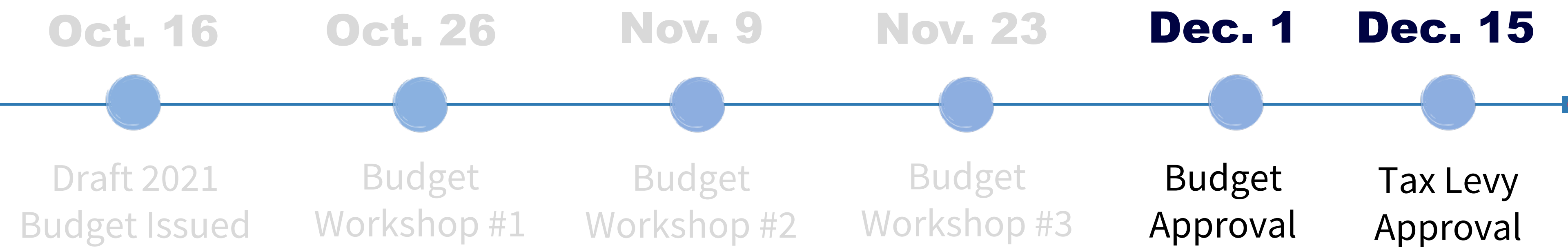
A corresponding, sustainable funding source should be identified if decisions are made tonight on any of these topics.

Addition of these items to the budget without a sustainable funding source (e.g. property taxes or HRST) negatively impacts the financial principles and future budgets.

Affordable Housing discussion scheduled for Dec. 1 Council meeting.



2021 Budget Timeline





Questions?

