



# 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



# NAPEL 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

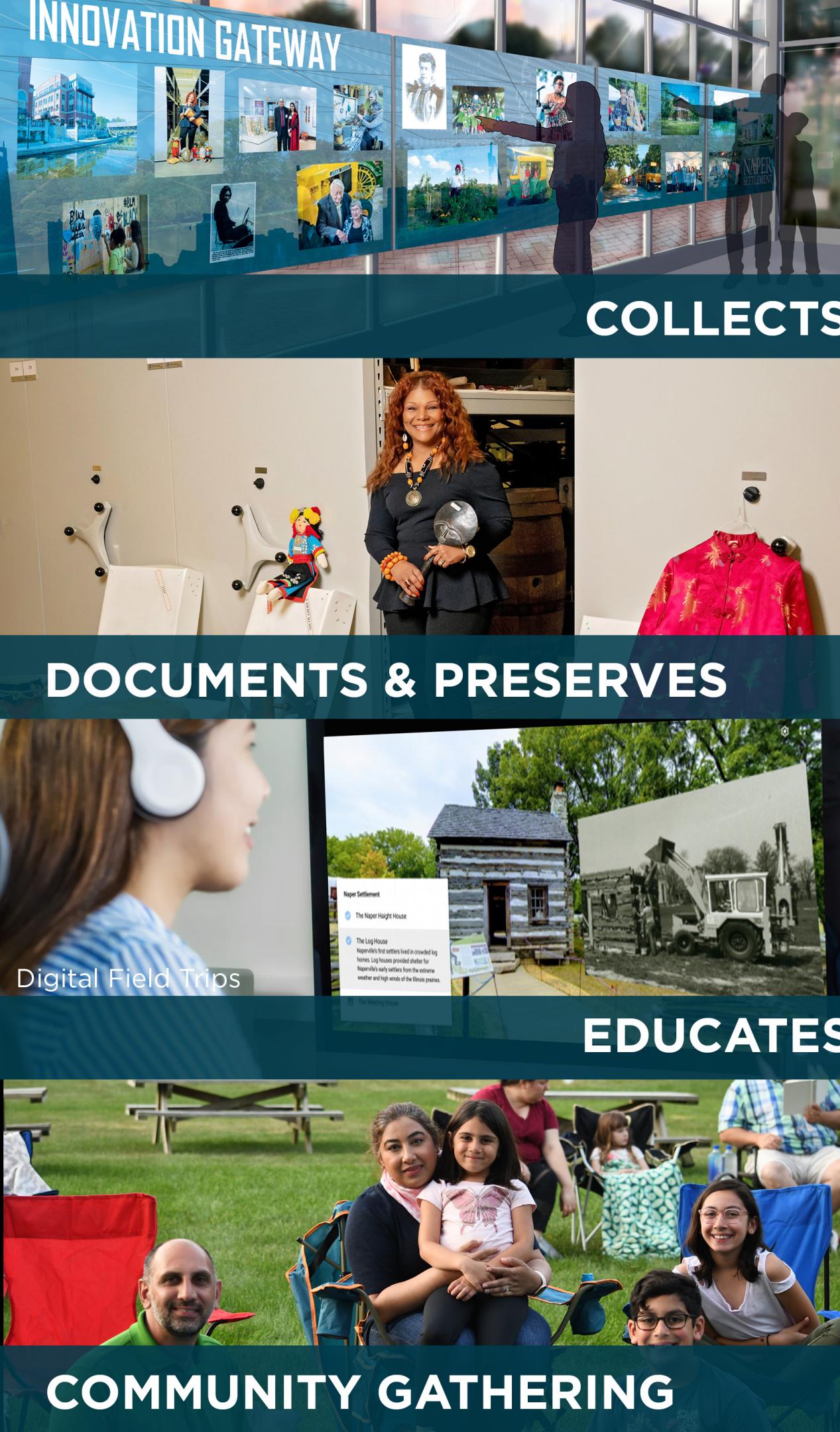


CONNECTIONS



CURIOSITY





# 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.



# STRATEGIC GOALS

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

<b>Strategic Initiative #1</b> <b>Lifelong learning</b>	<i>Become a resource for lifelong learning</i>
<b>Strategic Initiative #2</b> <b>Institutional Memory</b>	<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>
<b>Strategic Initiative #3</b> <b>Economic Engine</b>	<i>Strengthen our role as an economic engine for the city of Naperville and Illinois and become a household name</i>
<b>Strategic Initiative #4</b> <b>Desirable Investment</b>	<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
<b>Total Attendance</b>	365,910	132,932	23,584	206,127	88.6%
<b>School Programming</b>	31,774	32,501	10,565	17,580	39.9%
<b>Summer Camps</b>	451	456	35	450	92.2%
<b>Rentals</b>	284,326	49,923	1,171	178,097	99.3%
<b>Sponsors</b>	50	59	6	54	88.9%
<b>Collections</b>	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



A photograph of a woman and a young girl dancing in a field. The woman is wearing a blue patterned dress and the girl is wearing a striped dress. They are both smiling and appear to be having fun. In the background, there are other people and a building.

# 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%
<b>Total</b>	<b>3.70</b>	<b>3.50</b>	<b>3.80</b>	<b>6.43</b>	<b>2.94</b>	<b>84.0%</b>

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%
<b>Total</b>	<b>3.40</b>	<b>3.32</b>	<b>3.09</b>	<b>3.29</b>	<b>(0.03)</b>	<b>-0.8%</b>

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



A photograph of a library interior. In the foreground, a library staff member wearing a blue denim jacket and a striped face mask is seated at a service desk, interacting with a library patron. The patron, an older woman with blonde hair, is wearing a dark face mask and a yellow and white striped jacket. She is holding a library card and a small bag. On the desk, there are books, a keyboard, and a mouse. The background shows bookshelves filled with books and a large window. The text "Naperville Public Library" is overlaid in large, bold, black letters.

# Naperville Public Library



# Our Vision

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

# Our Mission

Inform, Inspire, Imagine.

# Our Values

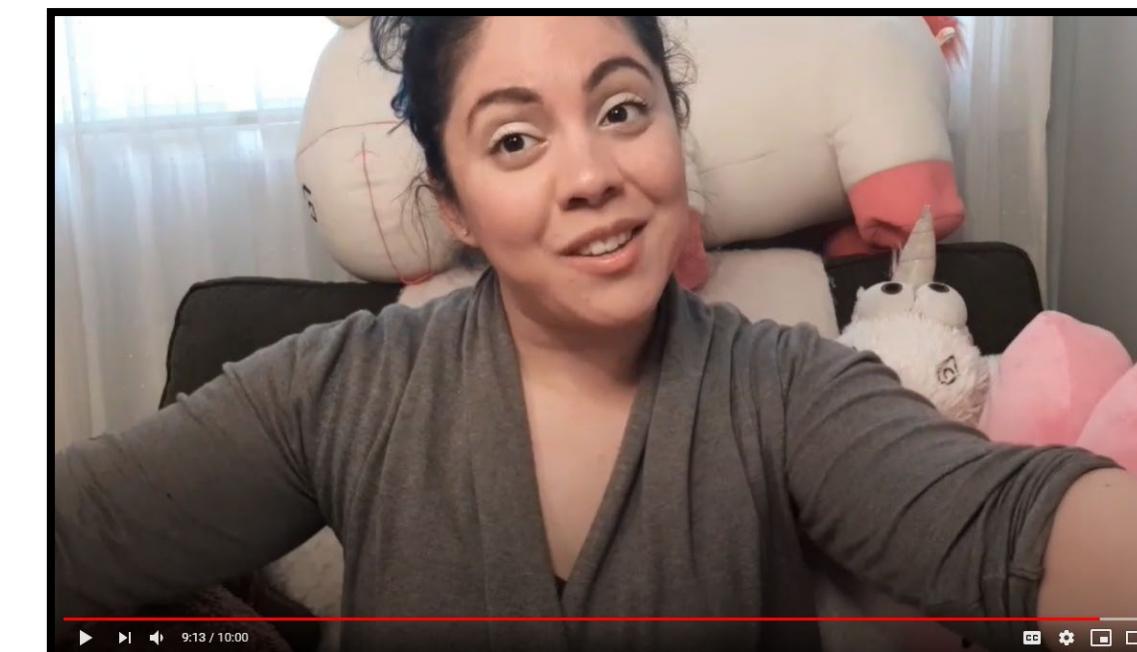
Service, Innovation, Excellence, Adaptability





# Pivot During COVID-19

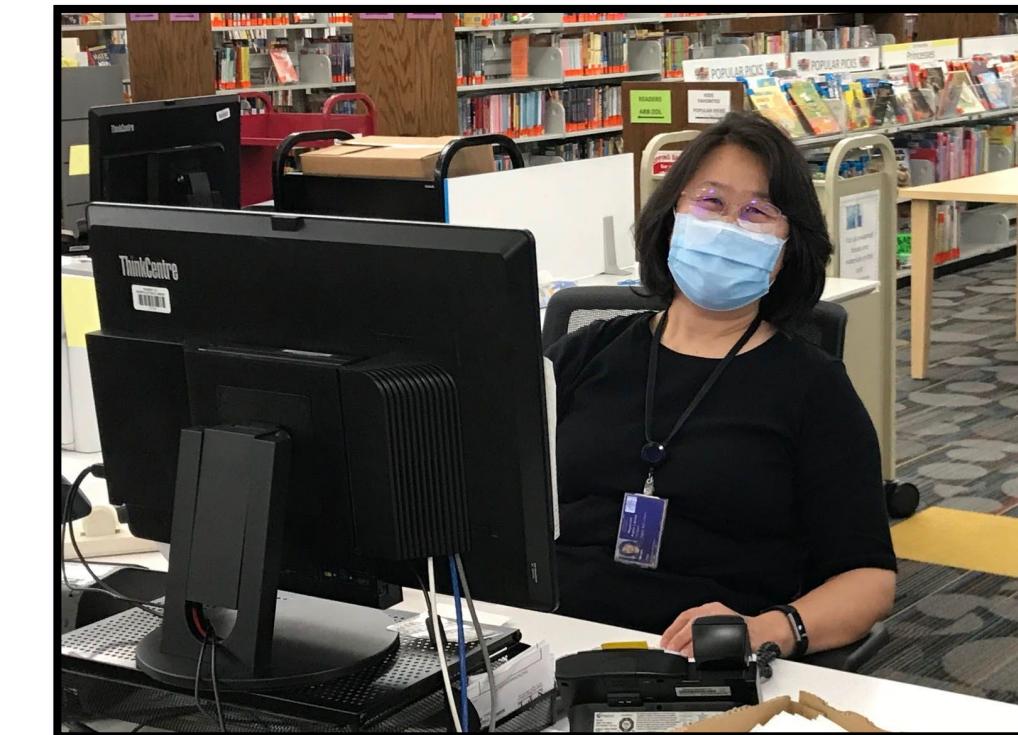
- Required to close in mid-March, but we never really “shut down”
- Focus on electronic collections
- Addition of digital programming
- Curbside service began mid-May
- Open buildings for collection browsing began in mid-June
- Focus on safety and sanitation for customers and staff





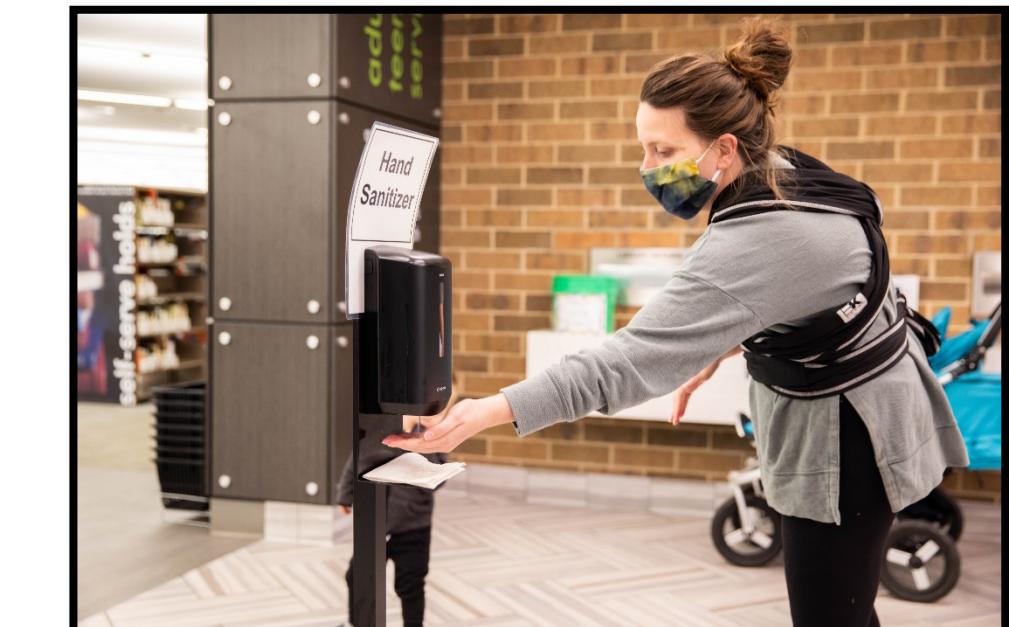
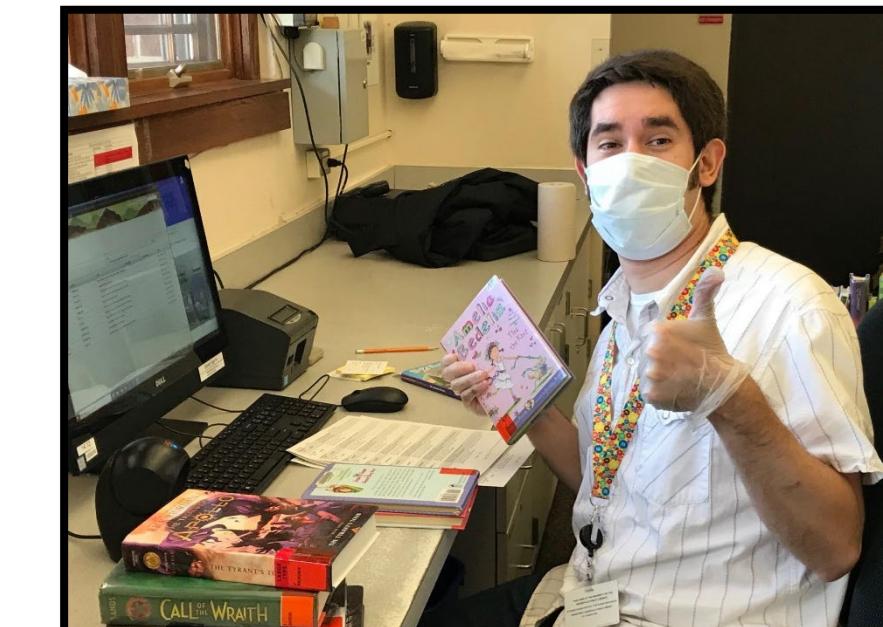
# Pivot During COVID-19

- 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%
<b>Total</b>	<b>15.68</b>	<b>16.74</b>	<b>16.21</b>	<b>16.03</b>	<b>(0.71)</b>	<b>-4.2%</b>

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%
<b>Total</b>	<b>15.81</b>	<b>15.81</b>	<b>16.75</b>	<b>15.56</b>	<b>(0.24)</b>	<b>-1.5%</b>

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**

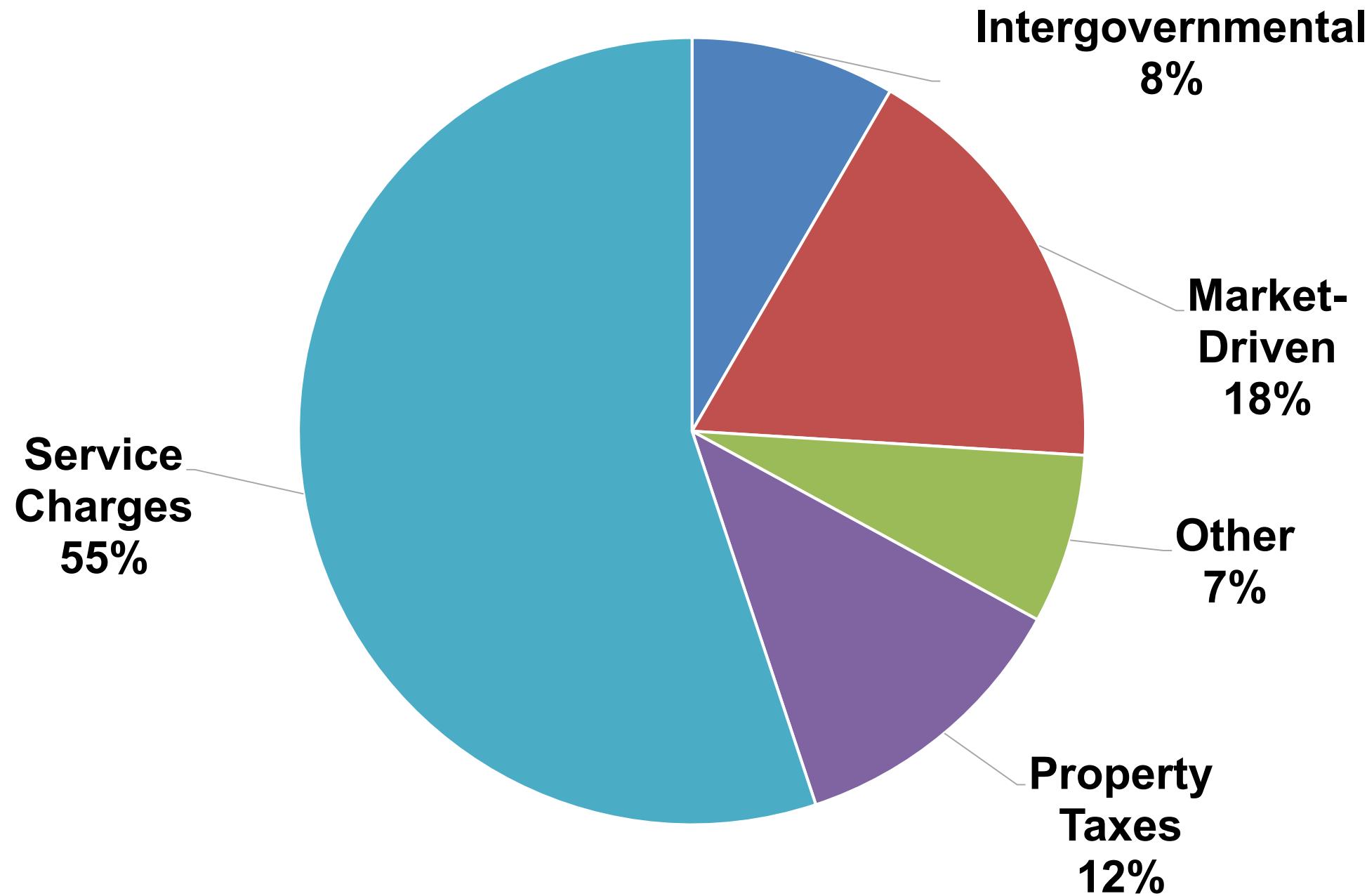
- Supports advertising and marketing through Downtown Maintenance and Marketing Special Service Area (SSA #33)
- 100% funded by property owners through SSA property tax – no direct financial support from City
- **2021 budget: \$402K**





# Annual Operating Budget

# Revenue Diversification – All Funds

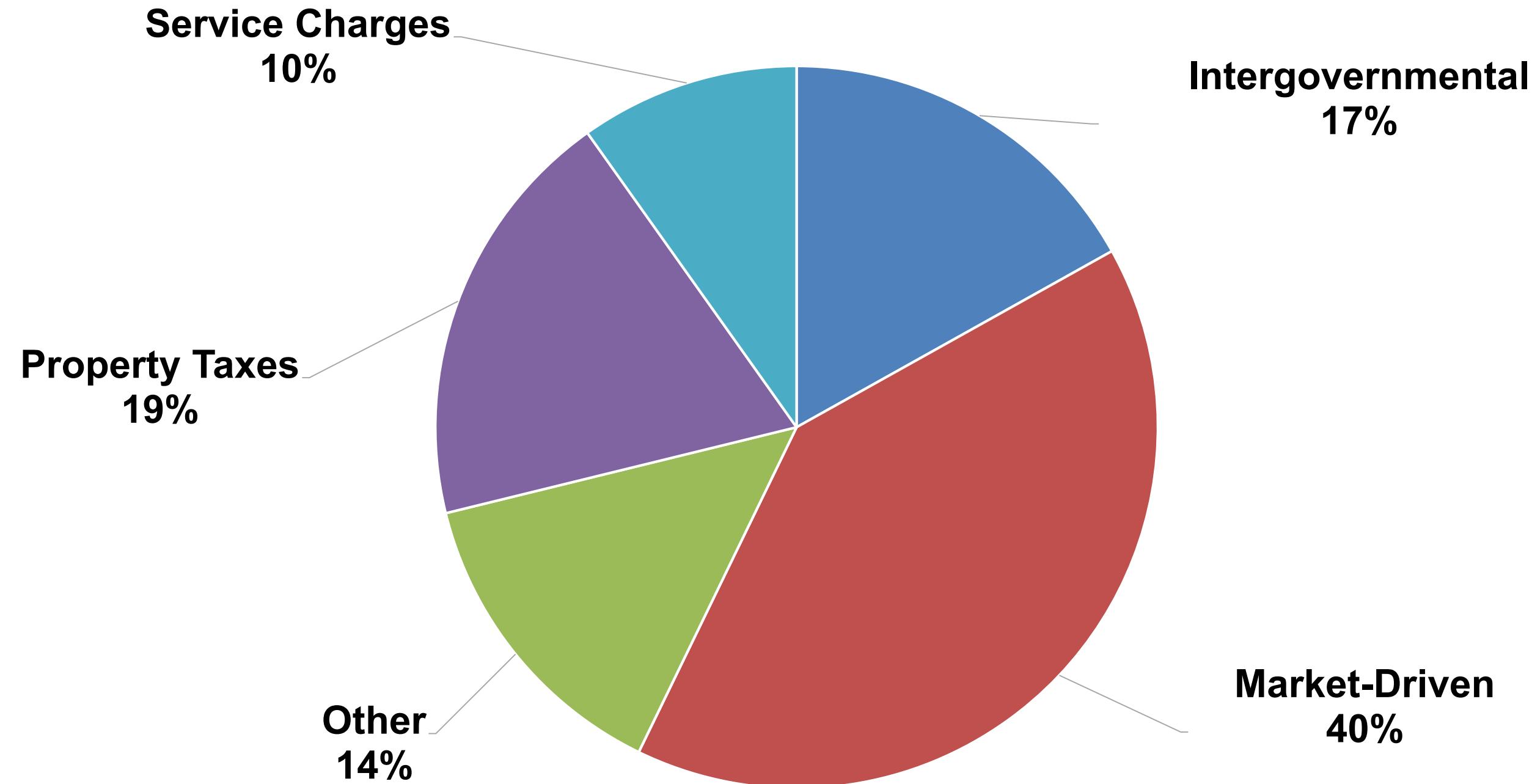


- **Service Charges:** Electric and Water charges, refuse collection fees
- **Market-Driven:** Sales tax, food & beverage tax, real estate transfer tax
- **Intergovernmental:** Income tax, motor fuel tax, local use tax
- **Property Taxes:** All property taxes, including special service areas

- 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
<b>Maintenance &amp; Operating Funds</b>	395.95	409.60	(13.65)
<b>Capital &amp; Debt Service Funds</b>	55.27	64.10	(8.83)
<b>Special Funds</b>	32.70	33.67	(0.97)
<b>TOTALS</b>	<b>483.92</b>	<b>507.37</b>	<b>(23.45)</b>

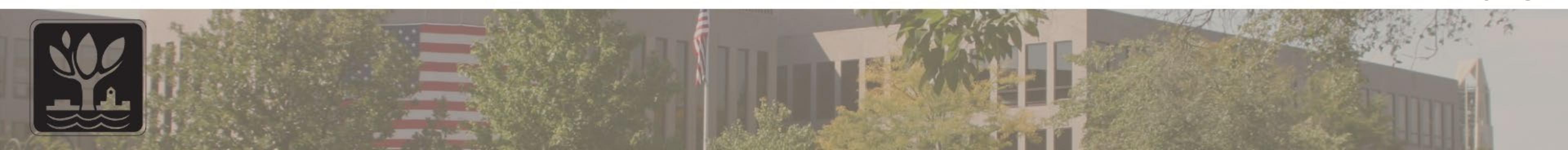
in millions



# Maintenance & Operating Funds

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

in millions



# Capital & Debt Service Funds

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

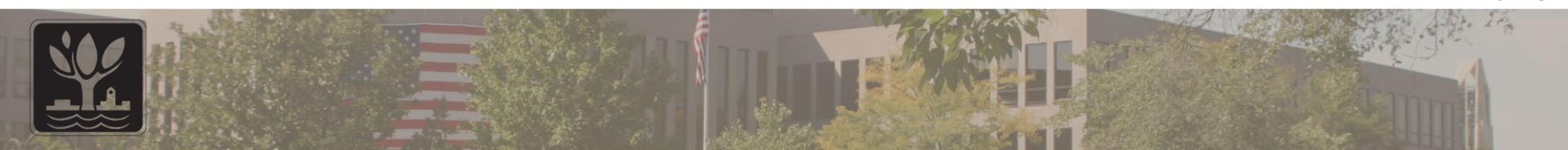
in millions



# Special Funds

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

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*

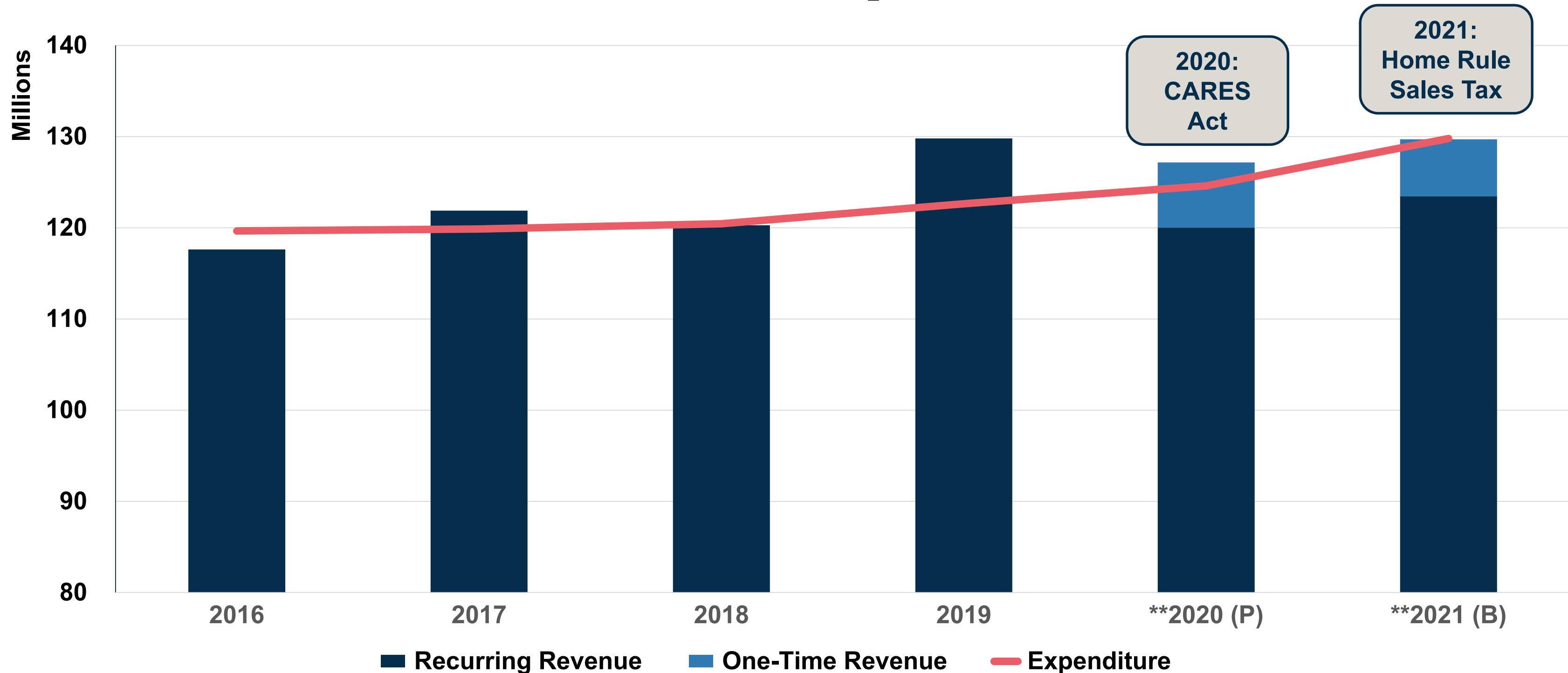
## Principle #3

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

*Financial flexibility in response to pandemic slowed progress*



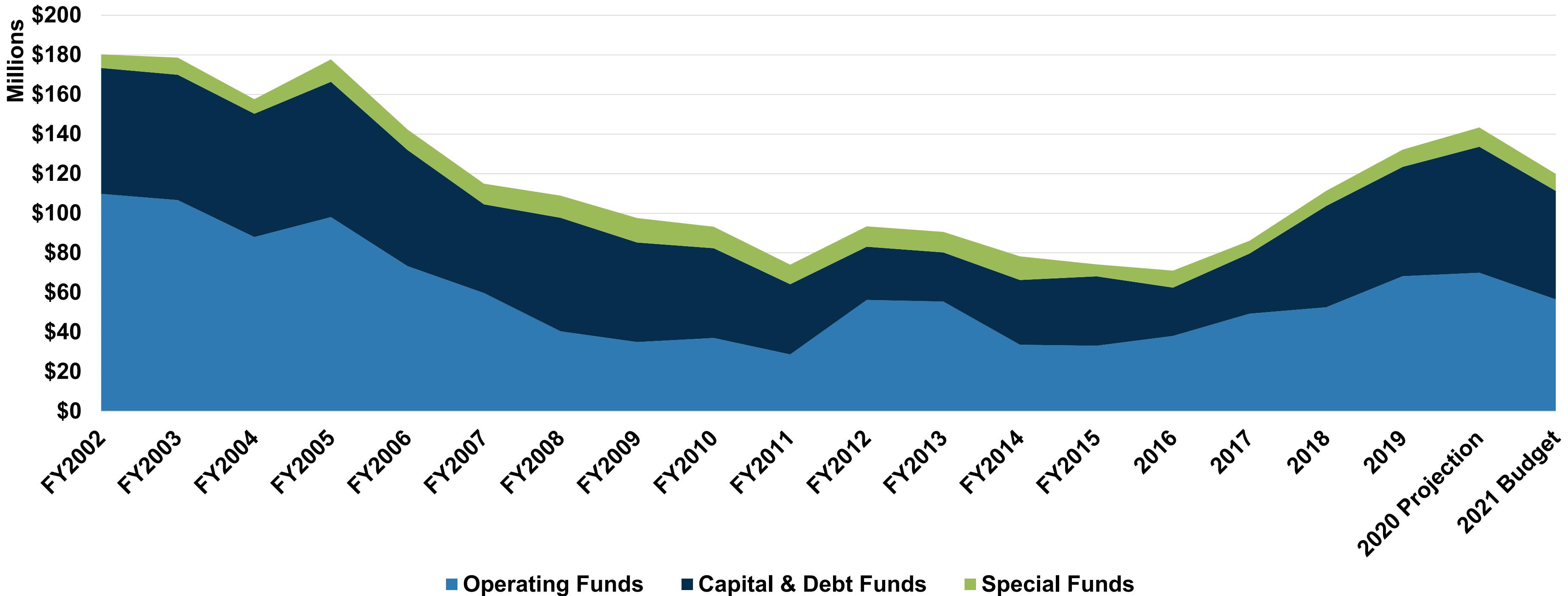
# General Fund – Revenues vs Expenditures



- 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



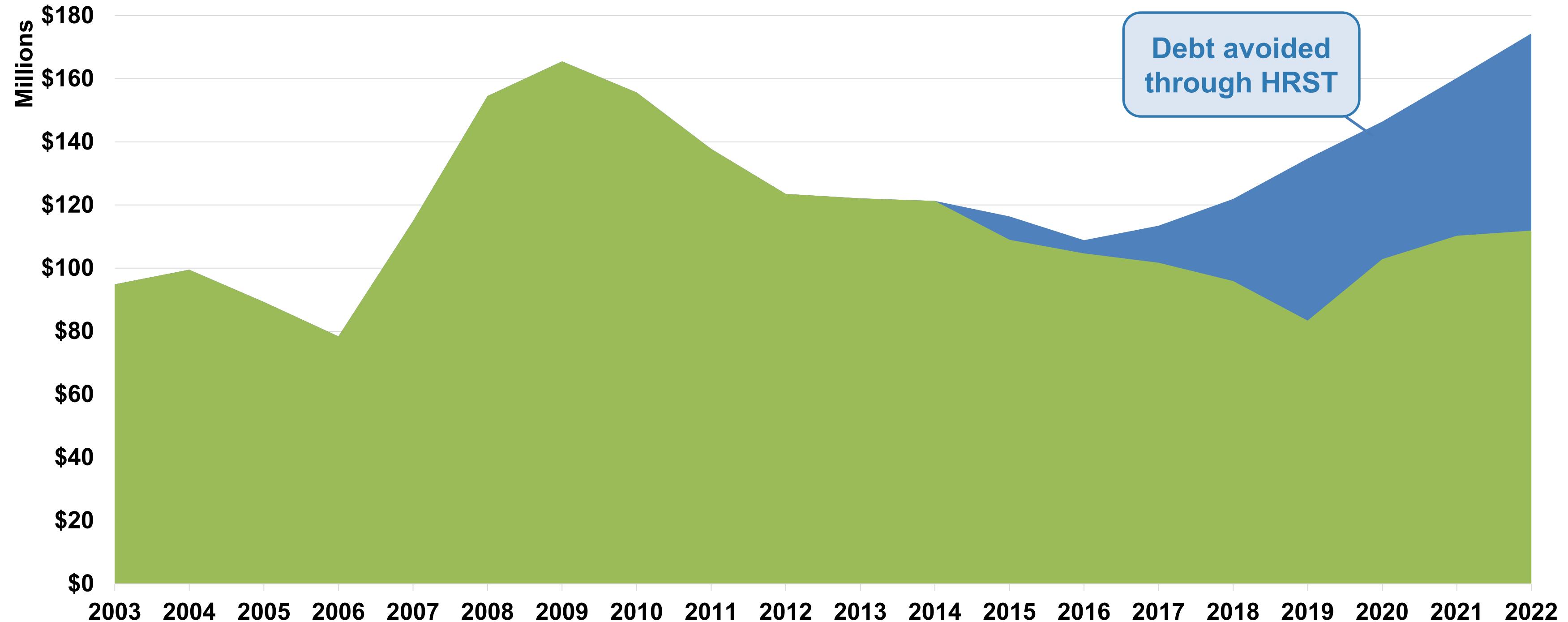
# Principle #3 – Cash Reserves



- 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

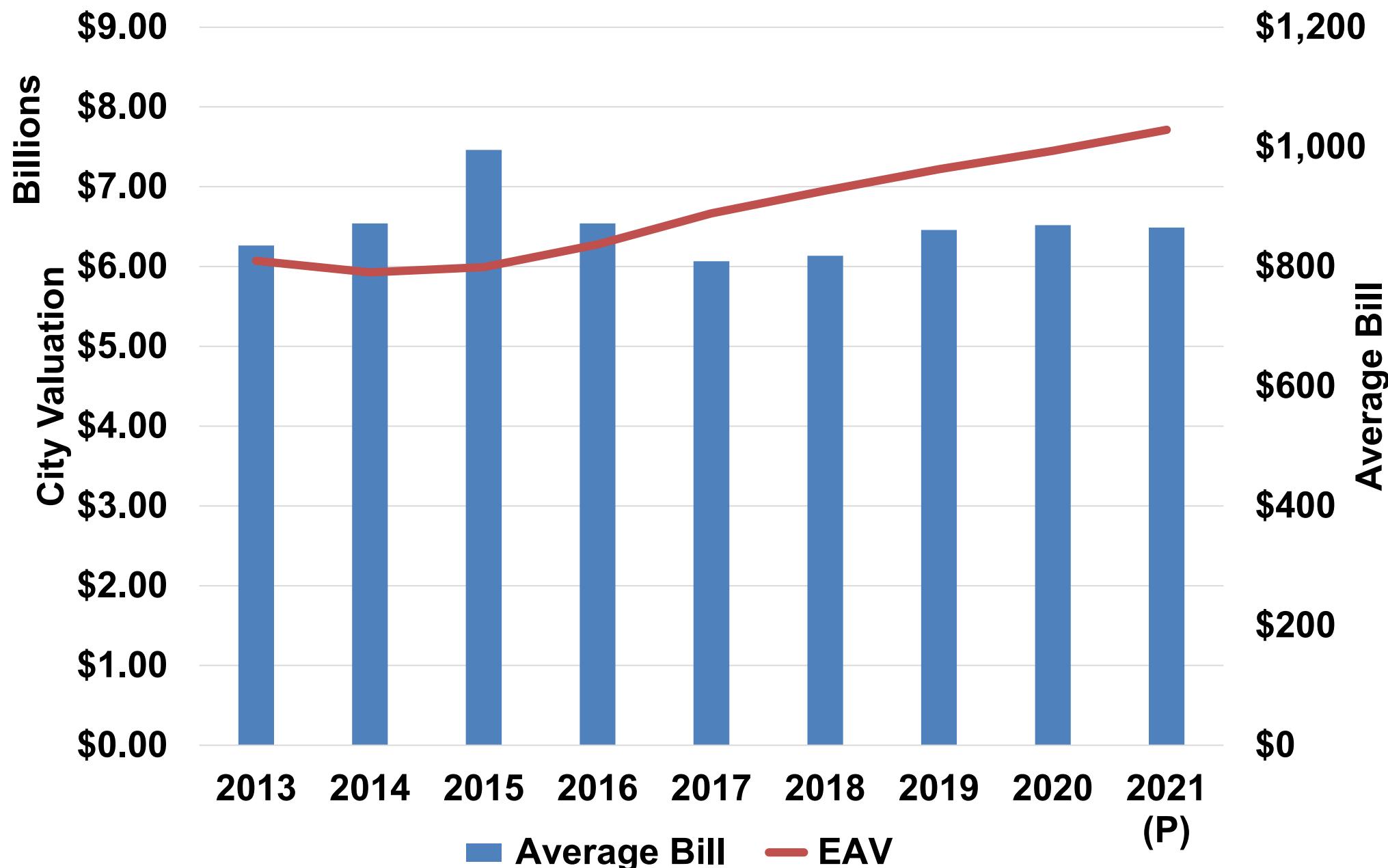


- Goal seeks to reduce non-enterprise and special fund debt by 25% at end of 2022
- 15.2% debt reduction at end of 2020
- Estimated borrowing for 2021 and 2022 result in total reduction of 8%

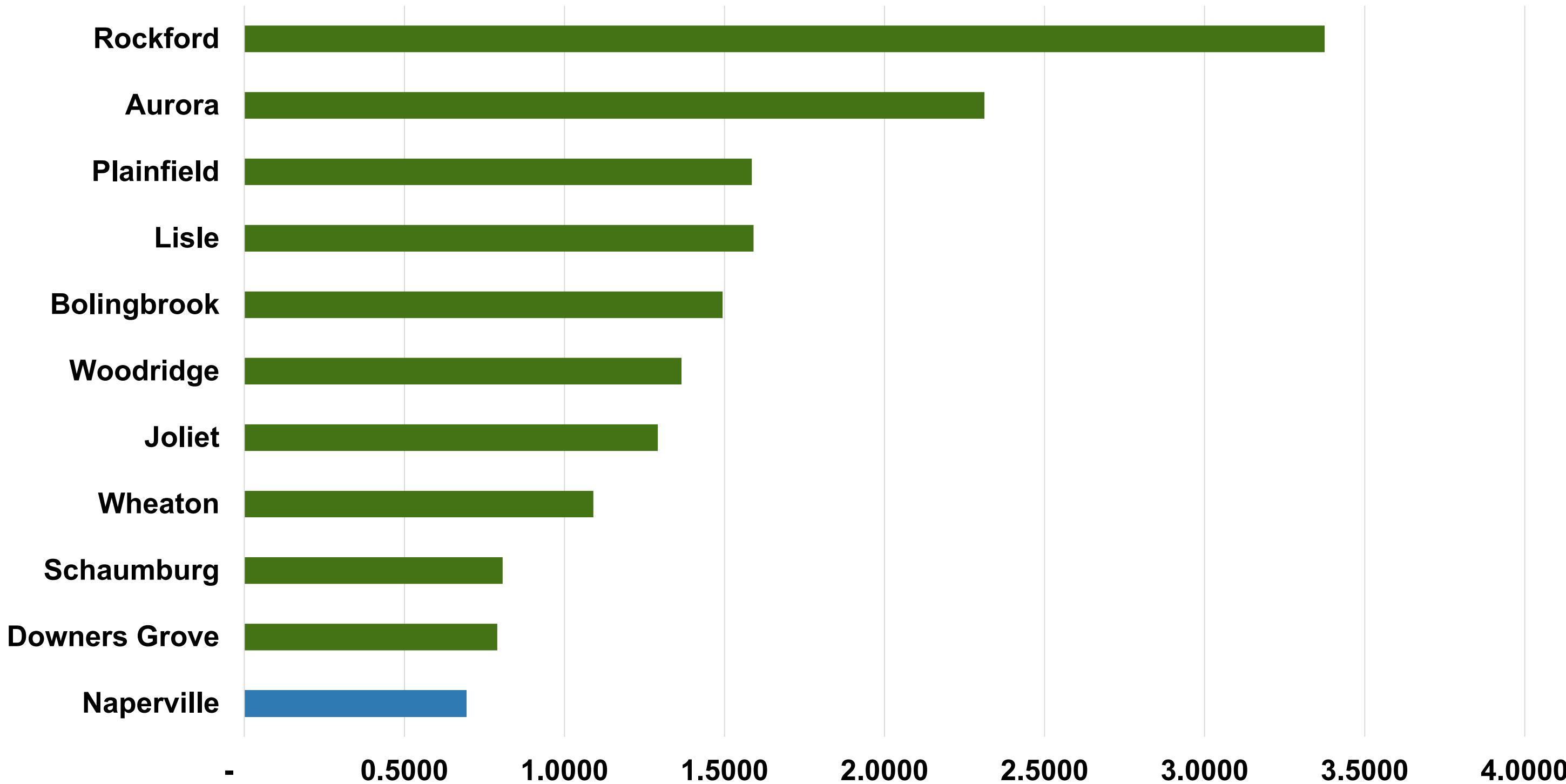


# Property Taxes

- 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



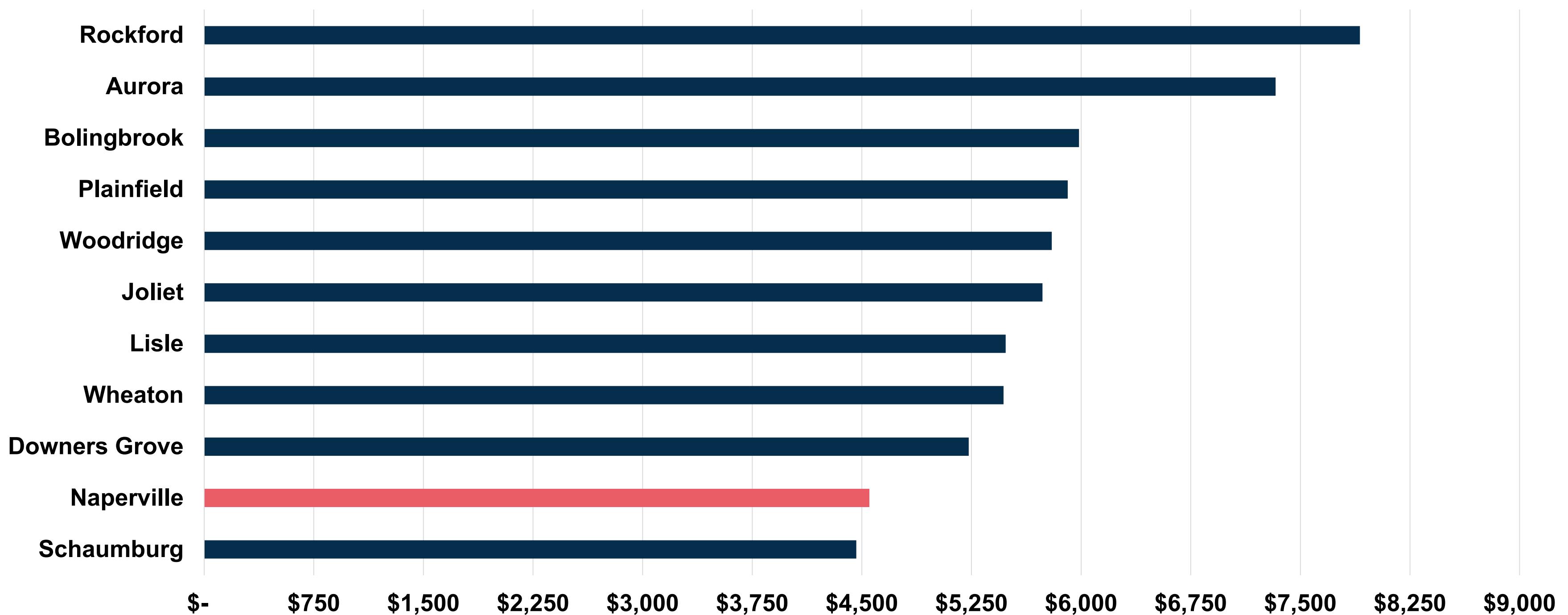
# Household Cost of Living

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

- 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

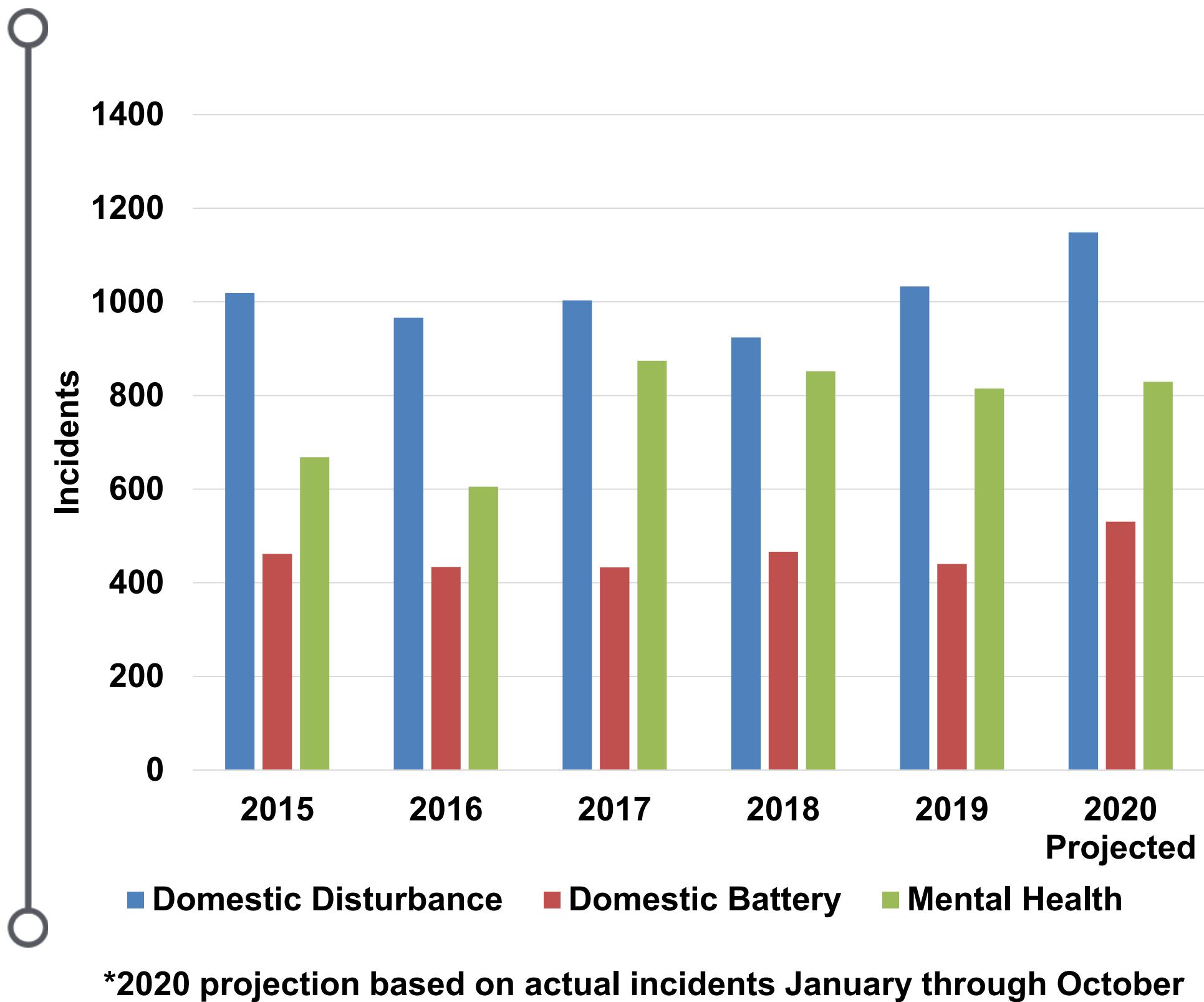




# Follow-Up and Action Items

# 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



# 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.

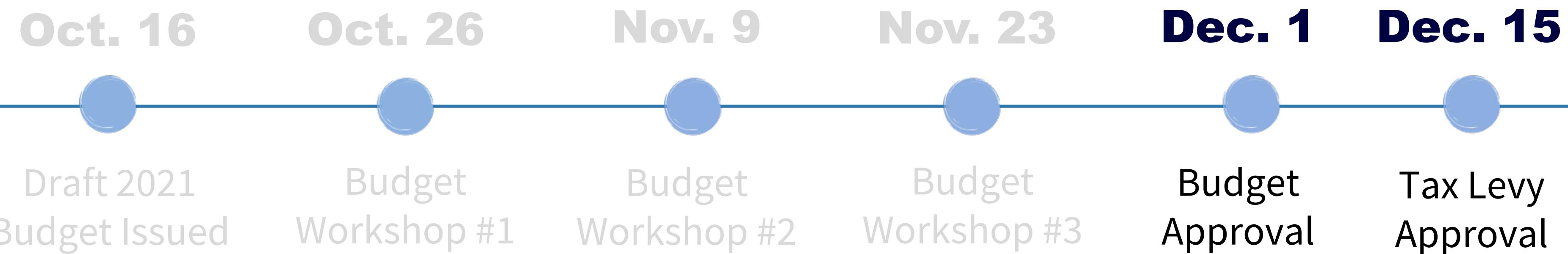
**A corresponding, sustainable funding source should be identified if decisions are made tonight on any of these topics.**

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?

