

**Q/A for February 20, 2024**

<b>Agenda #</b>	<b>Title</b>	<b>Requestor Responder</b>
<b>I.4</b>	<b>Receive the year-to-date budget report through January 31, 2024</b>	
<b>Q.</b>	<p>I know it's tough to draw conclusions just one month into the year.</p> <ol style="list-style-type: none"> <li>1. Commuter fund-- the "purchased services" is high. Is that because of all of the work TED/PW did to change the daily fee parking? (Signage, labor, etc)</li> <li>2. Downtown parking fund- Home Rule ST- seems pretty high for one month (456% increase y/y). I see that overall (page 11), the HRST is relatively flat y/y so is this just the way it's been allocated across the different funds?</li> <li>3. Naper Settlement Fund- charges for service has 107% y/y increase. Was there a new exhibit driving that? Are you hopeful that this trend will continue?</li> <li>4. Where does the cost of FOIA requests (e.g. potential overtime costs) fall into the budget?</li> </ol>	<b>Longenbaugh</b>
<b>A.</b>	<ol style="list-style-type: none"> <li>1. Two costs resulted in higher expenses this January as compared to January 2023. Those were more winter events resulting in higher contractor costs and the police department's electronic parking citation software annual fees, which were renewed about eight weeks earlier this year than last.</li> <li>2. Last week, staff identified the issue you pointed out here and determined that there was an incorrect allocation of the January home rule sales tax across the various funds. We chose not to delay the issuance of this report while looking further into that number. Staff has taken a corrective action that will be reflected in the February numbers.</li> <li>3. We looked more closely at these revenues and the main drivers were School Services and Public Programming, with both up significantly year-over-year but in line with expectations over three years. This is likely an issue of timing more than anything else. As you pointed out, one month is a small window in which to infer any trends. That said, revenues generated in these categories were better than expected in 2023 and we are hopeful that the enhanced programming offered through new exhibits continues to result in strong revenues for Naper Settlement.</li> <li>4. The responsibility for FOIA requests is centralized within the Community Services Department (City FOIA requests) and the Police Department (Police-only FOIA requests), although all departments contribute in some way. Aside from the annual cost of maintaining the software we use for FOIA management, there are no other direct costs reflected in the budget. Neither CSD nor PD are currently incurring overtime costs to fulfill FOIA requests, but that is not to say it couldn't happen if the workload were to increase significantly.</li> </ol>	<b>Munch</b>
<b>I.5</b>	<b>Approve the award of Bid 23-264, Sanitary Main CCTV Inspection to Sewertech LLC. for the amount not to exceed \$223,563.60</b>	
<b>Q.</b>	Did the other bidders also conform to our Responsible Bidder Ordinance?	<b>Longenbaugh</b>
<b>A.</b>	Sewertech was the lowest "responsive and responsible" bidder according to the provisions of the procurement code that all vendors are held to. However, the responsible bidder ordinance (RBO), specifically, does not apply to this procurement as the RBO is defined in the ordinance as applying to construction work. CCTV sewer main inspections are professional services that do not fall within the parameters of the RBO.	<b>Munch</b>
<b>Q.</b>	Why was the engineer's estimate so much higher than the majority of the bids?	<b>Bruzan-Taylor</b>
<b>A.</b>	The engineer's estimate is based on knowledge of past or recent bids for similar work adjusted for inflation and extrapolated to match the scope of the work. The estimate is intended to be conservative and is continually updated until the time bids are received. The receipt of six bids for this work would indicate a very competitive bid process which helps keeps pricing low.	<b>Blenniss</b>
<b>I.6</b>	<b>Approve the award of RFP 23-185, Bill Printing and Mailing Services, to Sebis Direct, Inc., for an amount not to exceed \$500,000 and for a four-year term</b>	
<b>Q.</b>	What kind of efforts have we made to encourage residents to take advantage of paperless options? 30K seems like a high number of bills to mail (over 25% of bills).	<b>Longenbaugh</b>

A.	<p>The City currently has 29,808 e-bill customers out of 65,438 active customers, with enrollment at 45.5%. We promote paperless e-bill with every new move-in request that is submitted online via Gov QA. Once the new resident has established utility services, they receive an email that contains relevant information about their utility account, including the ability to sign up for online billing. In addition, there is a page dedicated to e-bill on the City's website and we promote e-bill in our "Naperville Connected" newsletter which is inserted with all bills that are mailed. The Finance clerks and call center staff regularly promote e-bill signup with our walk-in and telephone customers.</p> <p>Research indicates that different income groups exhibit varying preferences when it comes to online payment. While higher-income (household incomes over \$75,000) individuals may lean towards online payments, lower and moderate-income customers prefer more traditional methods such as cash, check or phone payments. Offering a range of payment options ensures accessibility and convenience for customers across various income groups.</p>	<b>Munch</b>
Q.	Has the city explored incentivizing e-bill conversions or is that restricted by some other regulation beyond CC control? Many of my personal and business monthly recurring bills offer a discount for e-bill of around \$5.	<b>Wehrli</b>
A.	An incentive was offered when the City originally implemented the e-bill program. The City waived the utility deposit upon enrollment in e-bill. The incentive was cancelled when Finance realized it was difficult to manage and landlords were upset for not requiring the utility deposits per City ordinance. No other incentives have been discussed to date. It is also important to note that there are substantial fees associated with e-bill transactions, both from the e-bill provider and the banks and credit card providers. So, the move away from paper billing is not without costs. As a reminder, staff will issue a report to City Council in April on the impact of credit card fees on the City budget.	<b>Munch</b>

I.9	<b>Approve the award of Cooperative Contract 24-085, Uniform and Hazard Protective Clothing Rental Program, to Cintas Corporation for an amount not to exceed \$278,100 and for a two-year term</b>	
Q.	Who is currently providing laundry service to the Electric and Water Utilities?	<b>Longenbaugh</b>
A.	Cintas is currently providing this service.	<b>Groth</b>

I.10	<b>Approve the award of Cooperative Procurement 24-018, Police Patrol Vehicle Replacements, to National Auto Fleet Group for an amount not to exceed \$327,071.28 and for a one-time purchase</b>	
Q.	What benefit do pickup trucks have over SUVs or sedans for routine patrol?	<b>Longenbaugh</b>
A.	<p>The City has been phasing out the Dodge Charger and Chevy Tahoe over the past few years due to higher M&amp;O costs on those units and to further standardize the fleet. For operational flexibility, the Police Department has been working with Fleet Services on plans to implement the F150 Responder Police Pursuit Vehicles (PPV) in their fleet since 2022. Due to supply chain issues with the Explorers, all replacements this year are the F150 Responder Police Pursuit Vehicle (PPV) Advantages of the F150 Responder vehicles include:</p> <p>A higher profile, which we are hoping will reduce damage caused by the dramatic increase of fleeing and eluding incidents</p> <p>Offer alternative flexibility for some operations, including truck scales, CSO, K-9</p> <p>They are 4-wheel drive, performing better in off-road instances</p>	<b>Dublinski</b>
Q.	Why pick up trucks?	<b>Bruzan-Taylor</b>
A.	See Above	<b>Dublinski</b>

I.11	<b>Approve the award of Change Order #1 to Contract 22-228.0.01, Recondition &amp; Rebuild Electrical Utility Distribution Transformers, to Power Electronics for an amount not to exceed \$8,554.90, a total award of \$83,554.90, and for an additional six months</b>	
Q.	Why was the price increased by \$8,554.90?	<b>Bruzan -Taylor</b>

A.	The Electric Utility tests all transformers before sending them out for refurbishment as well as after they are received back. This transformer failed testing when it was returned from the vendor and thus the Utility did not pay for this transformer in the year the refurbishment was budgeted. The transformer was returned to the vendor, repaired, and has passed testing by the utility and now the Utility needs to pay out the cost of refurbishment under the current contract.	<b>Groth</b>
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<b>I.18</b>	<b>Adopt the resolution eliminating the City Council allocation portion of the Social Services Grant process and the individual City Council funding recommendation portion of the Special Events and Community Arts Grant process</b>	
Q.	1. When is the last time CC has reviewed/revised SECA and SSG scoring criteria? 2. How often is it updated?	<b>Wehrli</b>
A.	The most recent changes made to SECA were in June 2022 when Council approved the addition of a public arts component to the Commission's responsibilities as well as temporarily expanding the membership to 11 (Ord 22-053). Prior to that, comprehensive changes were made in 2016, 2018, and 2019. All changes were recommended by the SECA Commission and approved by the City Council in workshops. Topics addressed included, but were not limited to: updated mission statement, revisions to grant categories, appropriateness of an applicant sunset policy, event metrics requirement, and the change to City Obligations approval. Regarding SSG, after Council deliberation in January 2022, the following five changes were put in place for the 2023 application cycle: remove low/mod income as a scoring criteria, keep SSG allocation at \$500K but with a new \$400K (review team)/\$100K (City Council) split, add a school district representative from 203 and 204, add a non-scoring councilmember, and throw out the low and high scores for each application. There is not a set schedule to update either grant program.	<b>Gallahue</b>

<b>L.1</b>	<b>Receive the preliminary 2023 year-end financial report</b>	
	This presentation slides for the year-end financial report are attached to the City Council Q&A.	<b>Munch</b>

<b>L.3</b>	<b>Waive the first reading and pass the ordinance amending Sections 3-3-11:1 and 3-3-12 of the Naperville Municipal Code by increasing the serving size of wine to 9 ounces and allowing for the serving of 32 ounces of draft beer/cider in a single container with a limit of one per patron per visit for Class B - Restaurant and Tavern liquor license holders (requires six positive votes)</b>	
Q.	1.How many Naperville restaurants have class B licenses? 2.Of those which downtown restaurants have class B licenses? 3.Would this allow all class B licenses to implement this 32 oz beer pour as a matter of right? 4.Was it discussed at all that the last call for these 32 oz pours be earlier than the normal last call?	<b>Bruzan-Taylor</b>
A.	1. 100 2. 33 3. Yes 4. Yes, the Liquor Commission briefly discussed cutting off large servings prior to last call but did not incorporate such limitations into its final recommendation.  It is notable that all liquor licensees are responsible for monitoring and guarding against over service of alcohol regardless of serving sizes. Liquor licensed establishments are required to use BASSET certified employees, who have been trained in indentifying over service, to serve alcohol. Over service is a violation of the Liquor Code and clear instances of over service are enforceable violations.	<b>Ozkaptan / DiSanto</b>

# YEAR-END FINANCIAL UPDATE

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**CITY OF NAPERVILLE, ILLINOIS**

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02.20.2024

# Tonight's Discussion

## 2023 BUDGET SUMMARY

- Overview of 2023 budget performance  
– preliminary and unaudited

## ARPA UPDATE

- Final report on the uses of ARPA funding and associated request to amend the budget

## REVENUE & EXPENSE TRENDS

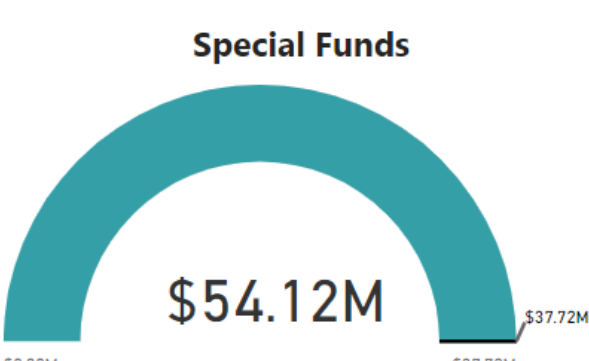
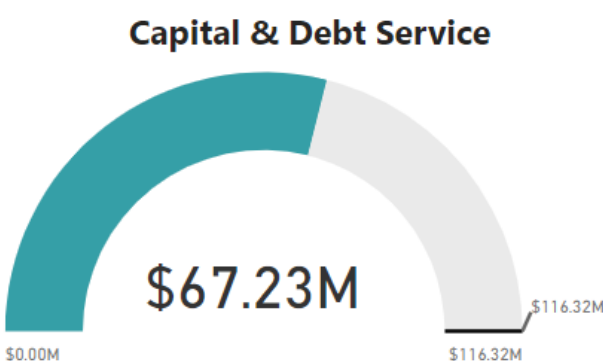
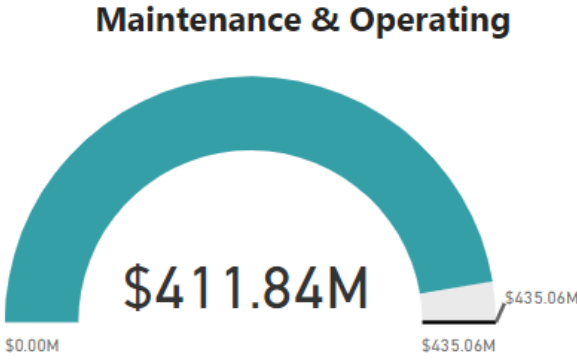
- Analysis of key revenues and expenses

## ON THE HORIZON

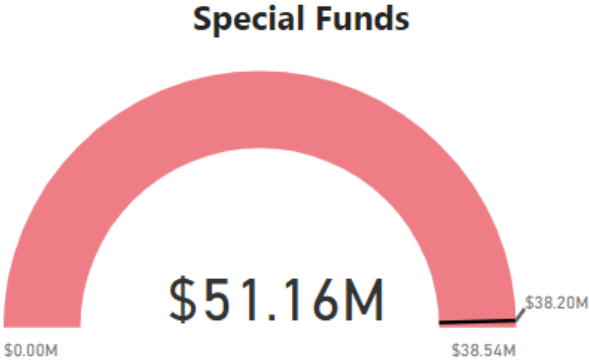
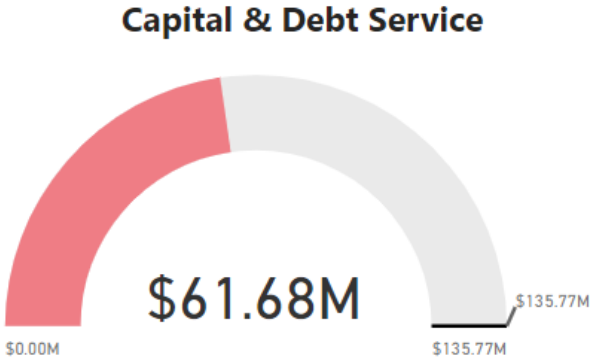
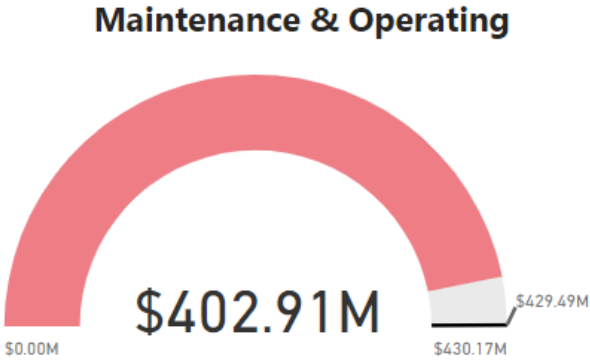
- Upcoming topics of financial interest

# 2023 Budget Summary

## Revenues



## Expenses



# Major Operating Funds

	Beginning Balance	Revenues	Expenses	Margin	Ending Balance
<b>General Fund</b>	50.31	154.40	140.51	13.90	64.21
<b>Electric Fund</b>	28.47	145.39	155.11	(9.72)	18.75
<b>Water Fund</b>	2.44	75.28	74.00	1.28	3.72

\$ in millions

**General Fund cash balances continued to grow on strong revenues**

- Cash balance has grown to 45% of 2023 General Fund expenditures – well beyond 20% policy

**Electric Fund cash balance declined on weak revenues**

- Electric charges were 13% below budget resulting in \$9.7M reduction in cash despite cost-cutting

**Water Fund cash balance improved through better-than-expected revenues**

- Water Capital Fund ended 2023 with negative balance – to be corrected through Q2 bond issuance



# 2023 Revenue Summary

Category	Source	2023 Budget	2023 Actual	Comparison to 2022
State Shared	Sales tax*	\$46.2	\$47.1	↑ 2%
	Income tax	\$21.9	\$23.9	↓ 2%
	State Motor Fuel Tax	\$6.7	\$6.8	↑ 14%
Service Charges	Electric	\$159.8	\$139.6	↓ 2%
	Water/Wastewater	\$76.8	\$76.5	↑ 7%
	Ambulance fees	\$7.0	\$8.7	↑ 19%
Local Taxes	Food & beverage	\$6.8	\$7.1	↑ 7%
	Hotel/motel *	\$3.6	\$3.7	↑ 15%
	Local Gas	\$2.4	\$2.4	↓ 2%
	Real estate transfer	\$5.5	\$4.0	↓ 39%
Other Revenues	Commuter parking	\$1.1	\$1.1	↓ 9%
	Building permits	\$2.1	\$2.3	↑ 8%
	Investment Income	-\$0.2	\$10.5	↑ from -\$13.7

**\$ in millions**

**\*Gross revenue prior to development incentive rebates**



# 2023 Expense Summary

Category	Source	2023 Budget	2023 Actual	Comparison to 2022	
<b>Salaries &amp; Wages</b>	Regular pay	\$104.6	\$105.2	↑	3%
	Overtime pay	\$9.9	\$8.6	↓	12%
<b>Healthcare Claims</b>	Medical	\$12.8	\$12.4	↑	12%
	Dental	\$1.0	\$1.0	↑	12%
	Pharmacy	\$3.2	\$2.8	↑	13%
<b>Purchased Items</b>	Purchased electric	\$118.2	\$104.1	↓	5%
	Purchased water	\$29.6	\$29.0	↑	1%
	Other items	\$27.8	\$25.4	↑	15%
<b>Purchased Services</b>	Architect/Engineer	\$15.5	\$3.9	↑	65%
	Operational services	\$9.4	\$9.2	↑	22%
	Software/Hardware	\$7.9	\$7.0	↑	20%
<b>Capital Outlay</b>	Capital outlay	\$118.6	\$72.2	↑	24%

**\$ in millions**

# American Rescue Plan Update

Project	Amount
Street Maintenance Program	\$7.17
Municipal vehicle replacements	\$2.71
Building roof replacements	\$1.10
Parking garage maintenance	\$1.02
Storm sewer maintenance	\$0.72
Firefighter turnout gear replacement	\$0.45
Public safety CAD-RMS replacement	\$0.13
<b>Total</b>	<b>\$13.31</b>

\$ in millions

## EXPENDITURE OF ALL ARPA FUNDS REPORTED TO THE U.S TREASURY

- Maintains \$9.54M in Capital Projects Fund and \$3.77M in Road & Bridge Fund for future uses
- Budget amendment aligns spending with proper budgetary funds
  - Net increase of \$1.59M covers 2022 street maintenance performed in 2023 due to quarry strike

**Several projects to evaluate existing resources and plan for future needs are underway.**



**COMPENSATION  
STUDY**

Professional, third-party evaluation of employee pay and classifications has the potential to impact the 2025 budget



**ELECTRIC RATE  
STUDY**

Evaluation of electric rates will address ability to fund operations and capital investment in light of declining consumption



**WATER RATE  
STUDY**

Evaluation of water and sewer rates and other funding strategies needed to fund large-scale capital improvements



# QUESTIONS?

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