



**ANNUAL  
OPERATING  
BUDGET**

**CAPITAL  
IMPROVEMENT  
PROGRAM**

**20  
24**

**CITY OF NAPERVILLE, ILLINOIS**

**Workshop #1: Capital Improvement**

**08.29.23**

# Tonight's Discussion

## FINANCIAL STRATEGY

- Goals and core concepts
- Themes assisting in development of the 2024 budget

## REVENUE SUPPORT

- Revenues that support capital
- Revenue trends

## CIP HISTORY

- Asset growth and population growth
- Capital investment trend

## 2024 CIP & PROJECT AREAS

- Utilities
- Transportation
- Technology
- Facilities
- Vehicles

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# Naperville's Financial Strategy

BUILT ON THE CONCEPTS OF FLEXIBILITY, STABILITY, MEASURED RESPONSE & REVENUE DIVERSIFICATION

**2015-2022**

**Reduce general purpose debt**

**Rebuild General Fund cash balance**

**Implement structurally balanced budgeting**

**Goal:** Rebuild our long-term financial position & stability post-Great Recession

**TODAY**

**2023 & BEYOND**

**Recognize and respond financially to the City's significant capital needs and priorities to maintain Naperville's quality of life**

**Upgrading our utility infrastructure: Springbrook**

**Keeping our community safe: Required public safety radio upgrade**

**Technology upgrades & new implementations**

**Core concepts:** Reinvestment, appropriate revenue diversification

# Key Messages

## OPERATIONAL AND CAPITAL BUDGETS ARE CONNECTED

Support for operational resources, including people and materials, directly impacts the success of capital projects

## SUPPORT FOR REINVESTMENT ACROSS THE ORGANIZATION & COMMUNITY

Internal service departments support the people and technology that drive operational departments

Support for our operational services drives Naperville's quality of life and economic development

Re-investment in our local economy leads to those parties reinvesting in the City

- Attract new employees/families
- Support of other businesses, enhancing economic mix
- Strengthening tax base – helps with revenue diversification

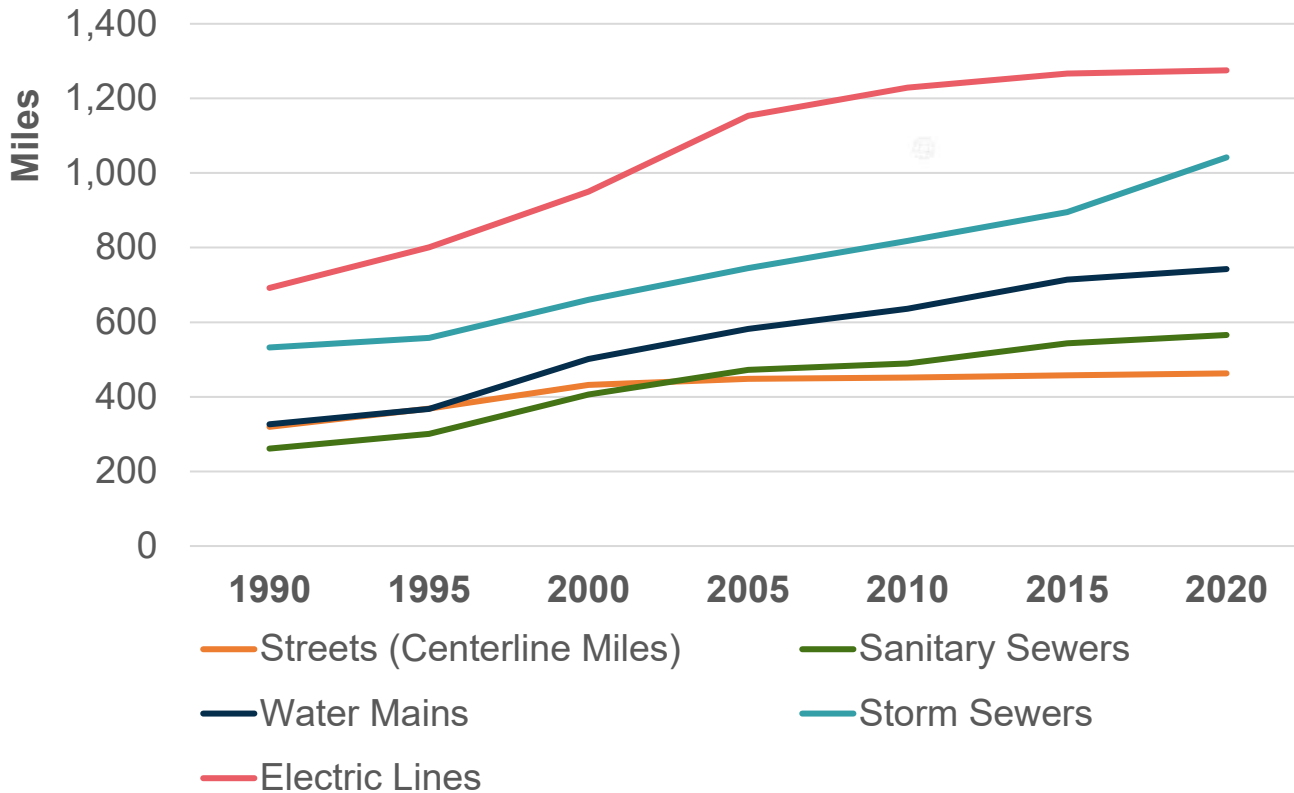


# CIP HISTORY

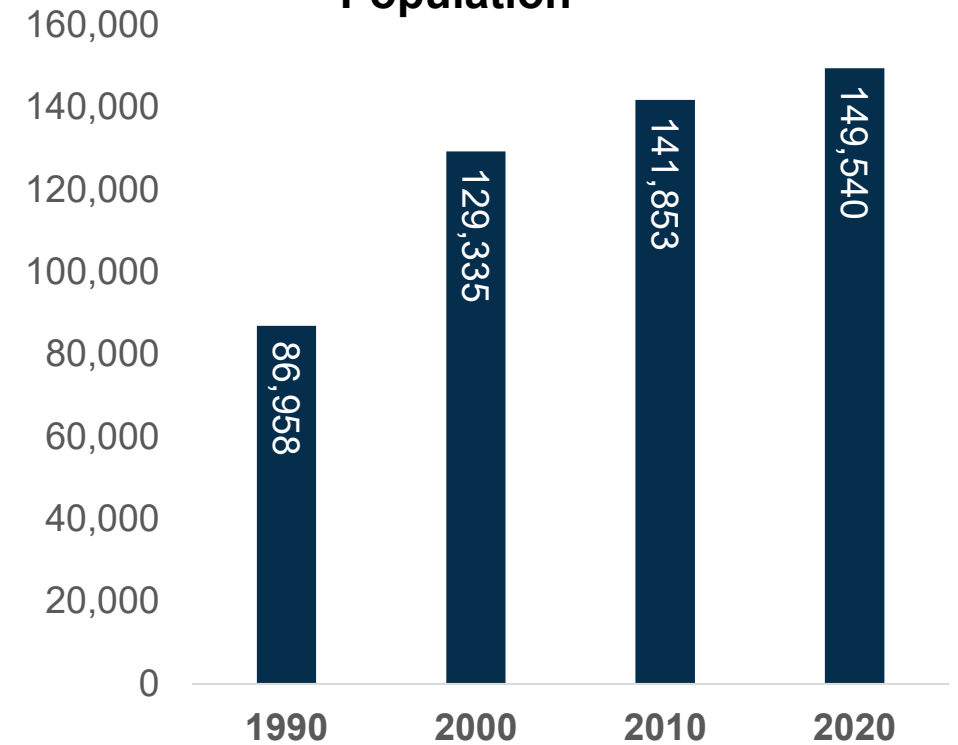
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# Growth of City Assets

## Capital Assets



## Population



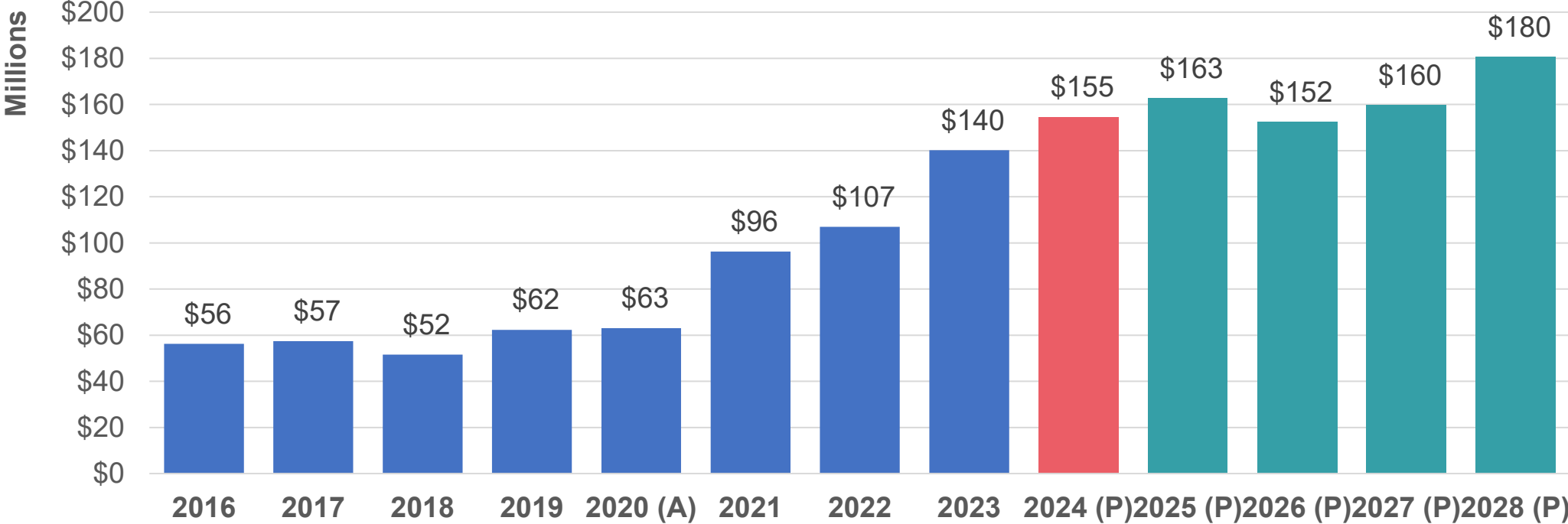
- CIP correlates with the need to support the City's growth
- Key capital assets have nearly doubled since 1990
- Many costly assets at or near the end of useful life



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# Investment in Capital Over Time



## AGING ASSETS AND CONTINUED GROWTH DRIVING CAPITAL BUDGETS HIGHER

- High dollar value asset replacements
- Recurring infrastructure maintenance
- Capacity improvements still exist
- Service and regulatory demands change

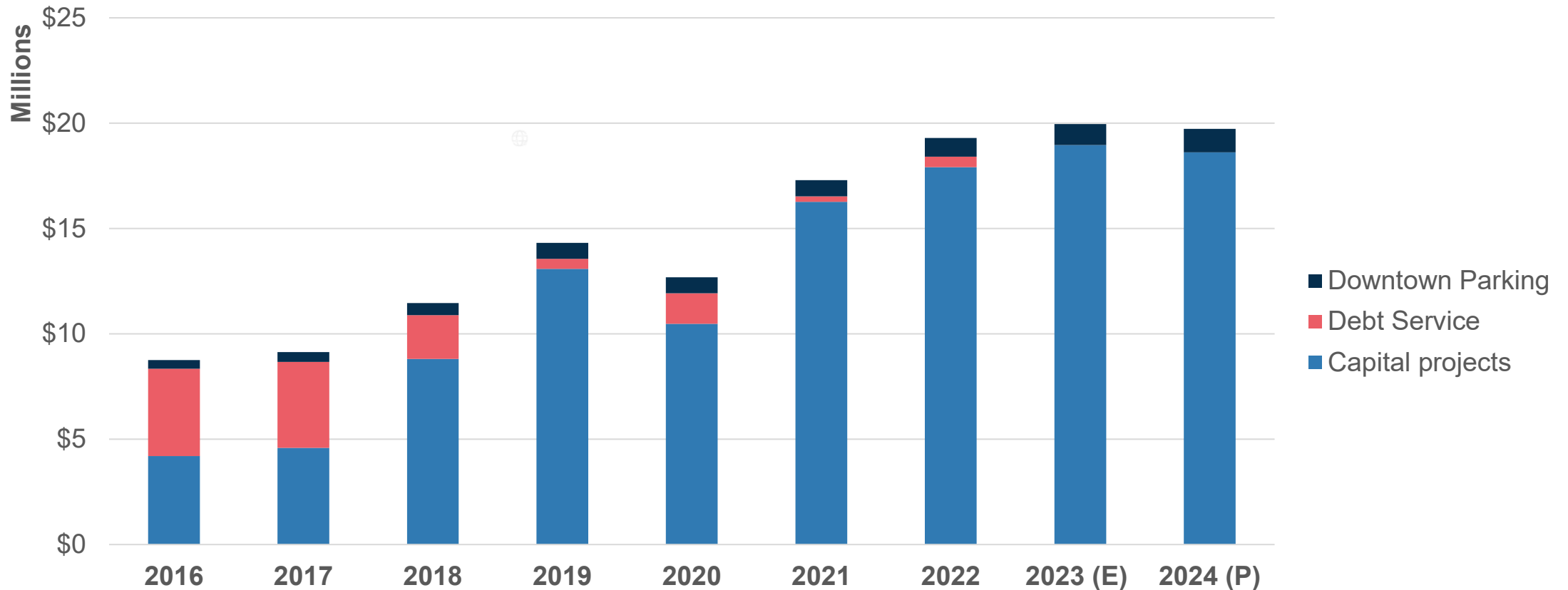


# CIP REVENUE SUPPORT

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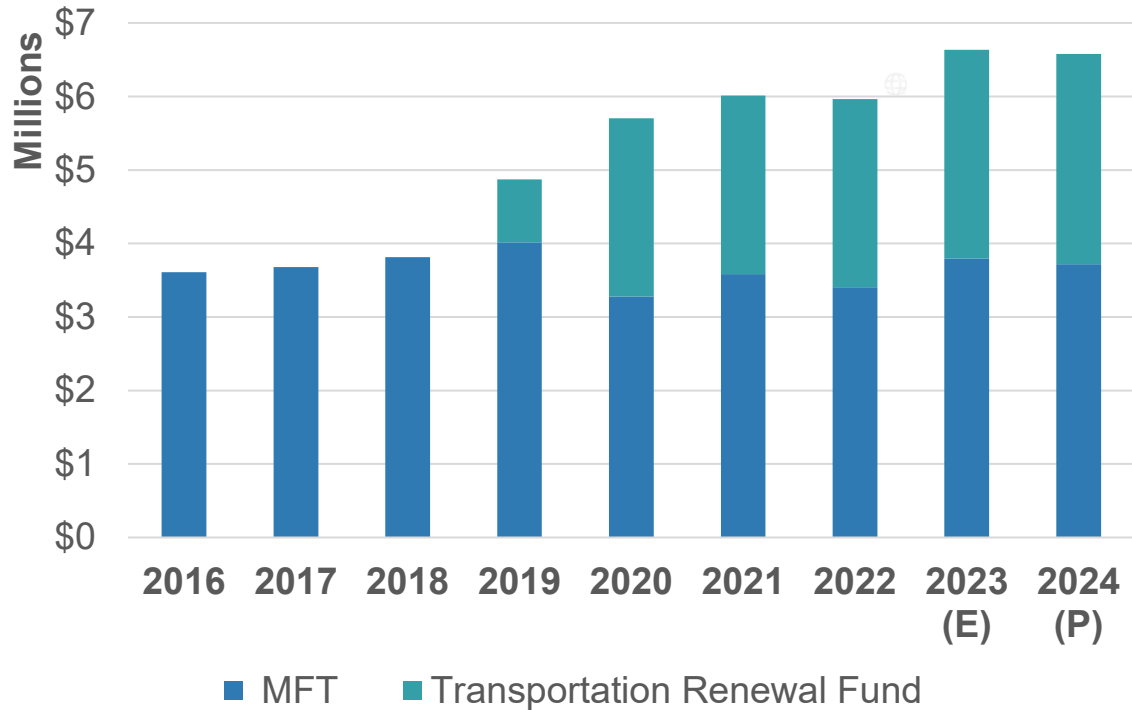
# Home Rule Sales Tax



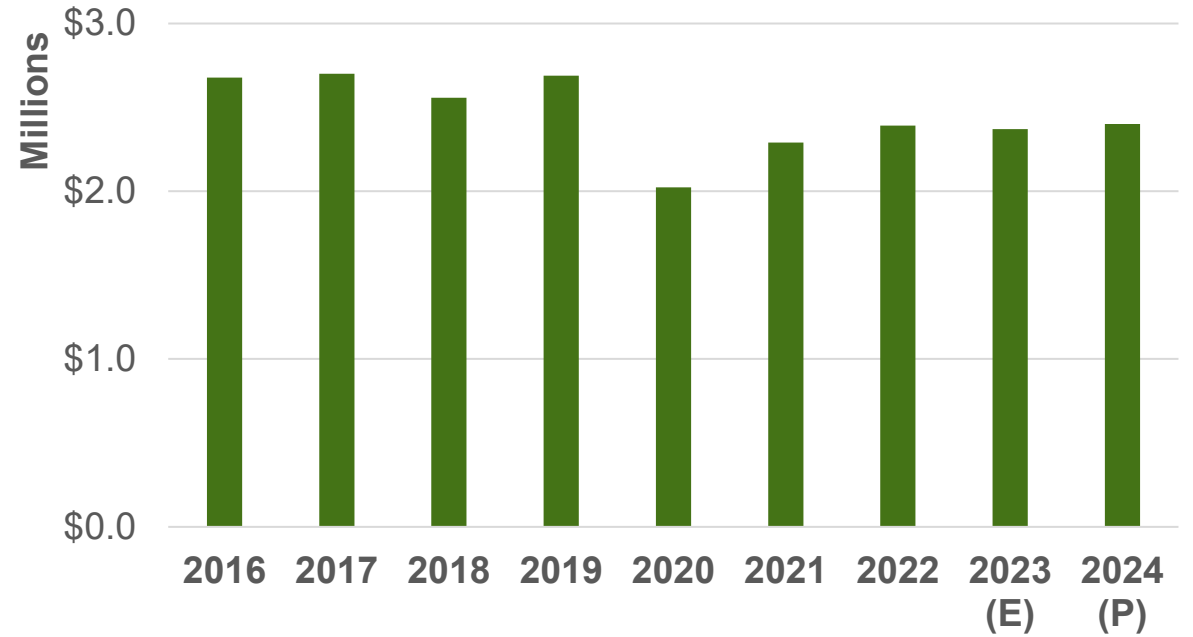
- 0.75% tax charged on general merchandise, food for immediate consumption
  - Does not apply to auto sales, groceries, healthcare items
- Put into place in 2016 to serve as a consistent & dedicated funding source to support increased capital needs & debt payments

# Motor Fuel Taxes

## State Motor Fuel Tax



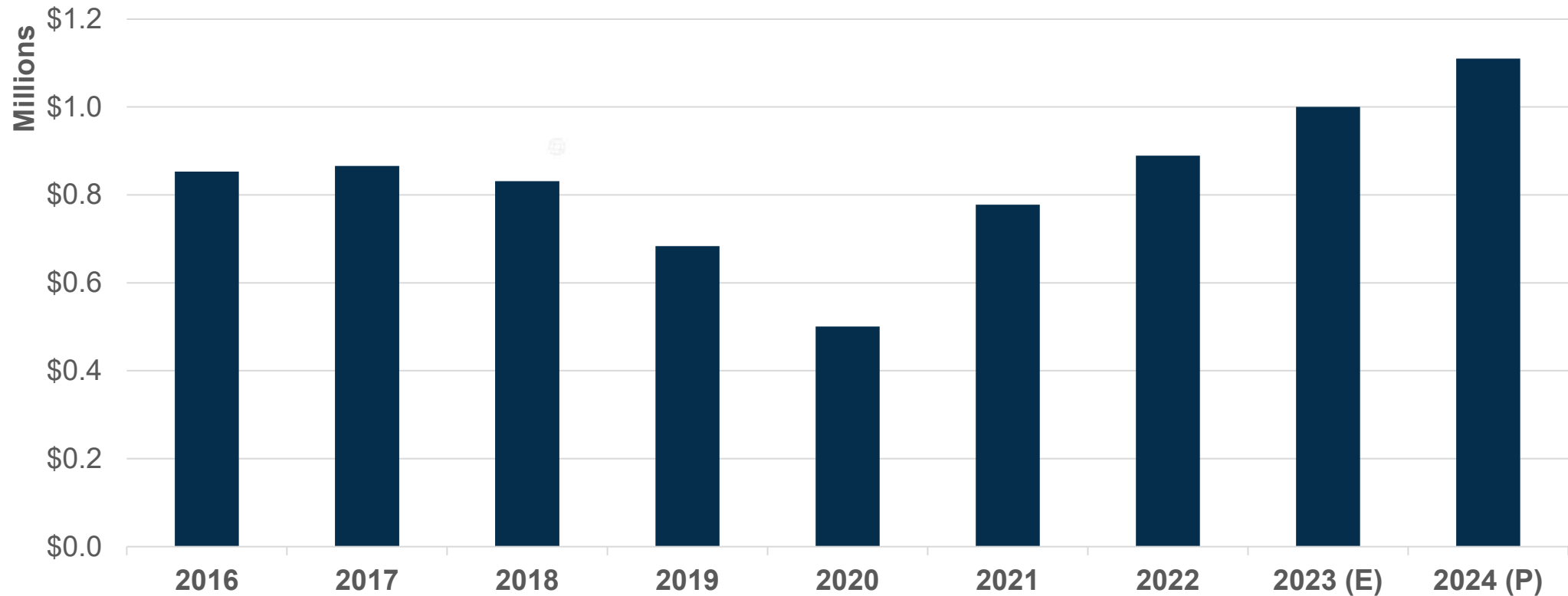
## Local Gas Tax



- Revenue sources dedicated to road projects
- State tax increasing as rate moves with inflation

- Local tax: flat 4 cents/gallon
  - No inflationary gain
- Revenue flat to slightly declining

# Downtown Food & Beverage Tax



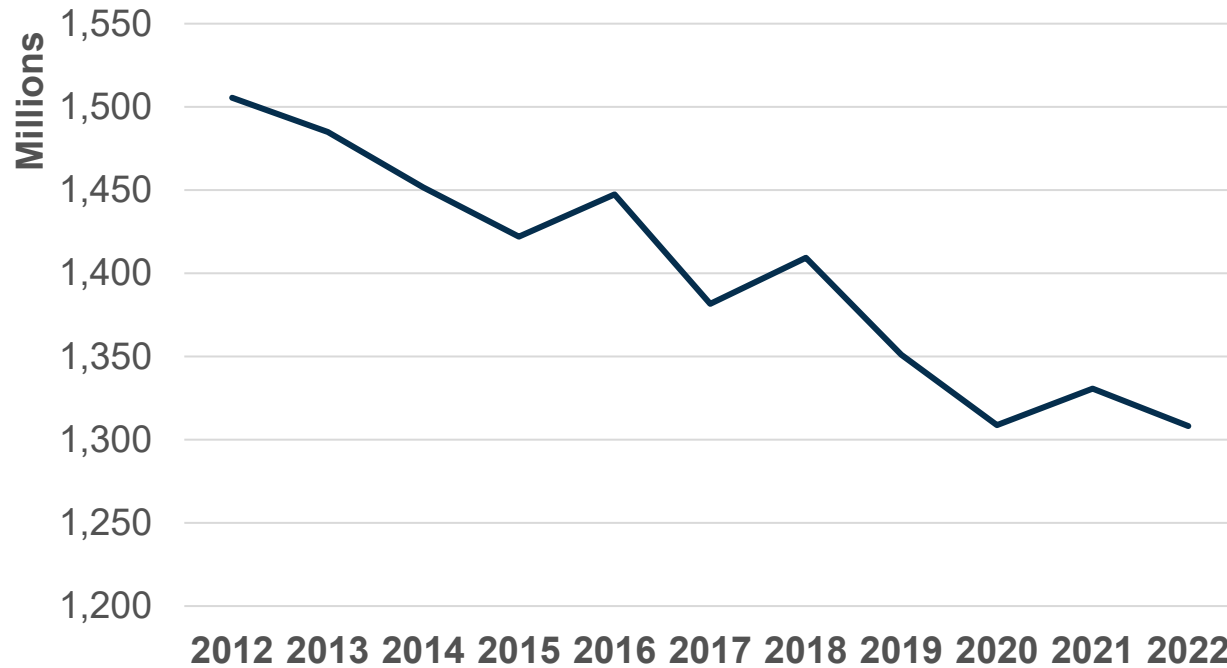
- Funds 2/3 share of parking deck construction and maintenance
- Consistent revenue source to support downtown reinvestment
- 2023 revenue estimated to end the year at a historically high level



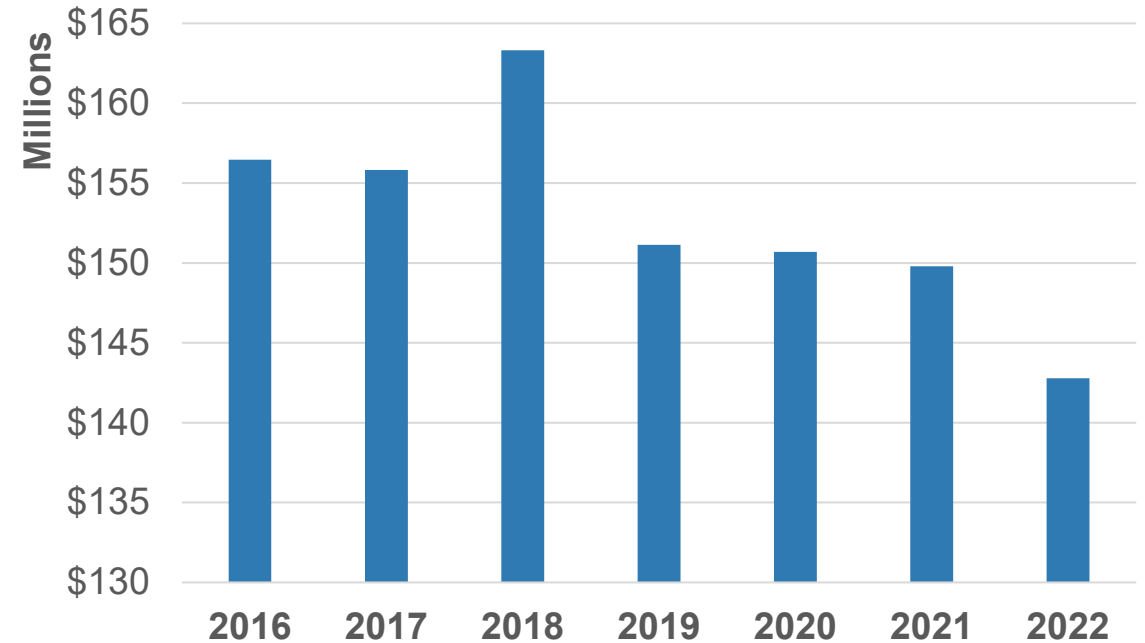
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# Electric Capital Revenue

## IMEA purchased energy



## Electric Service Charges

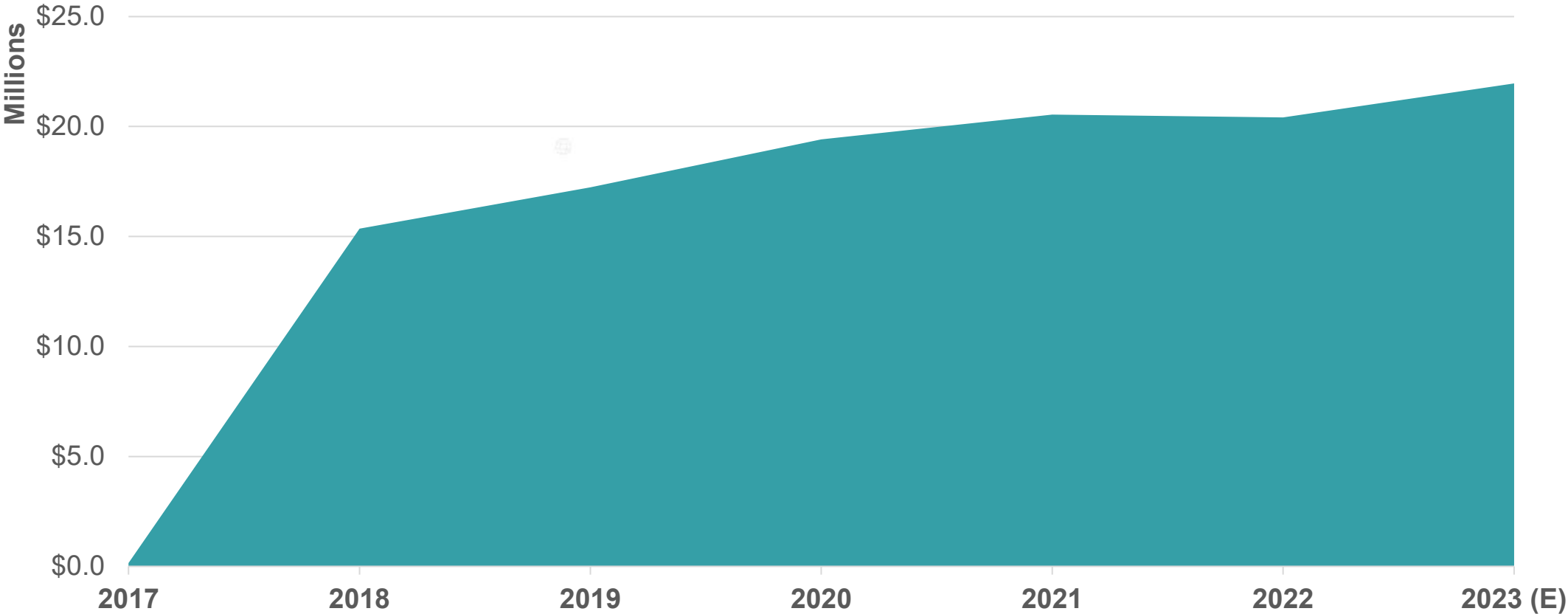


- Capital funding partially provided by energy use-based charges
- Declining energy use putting pressure on capital funding
  - Service equipment requires maintenance regardless of level of use
- Exploring the issue in 2024 rate study





# Phosphorus Fund

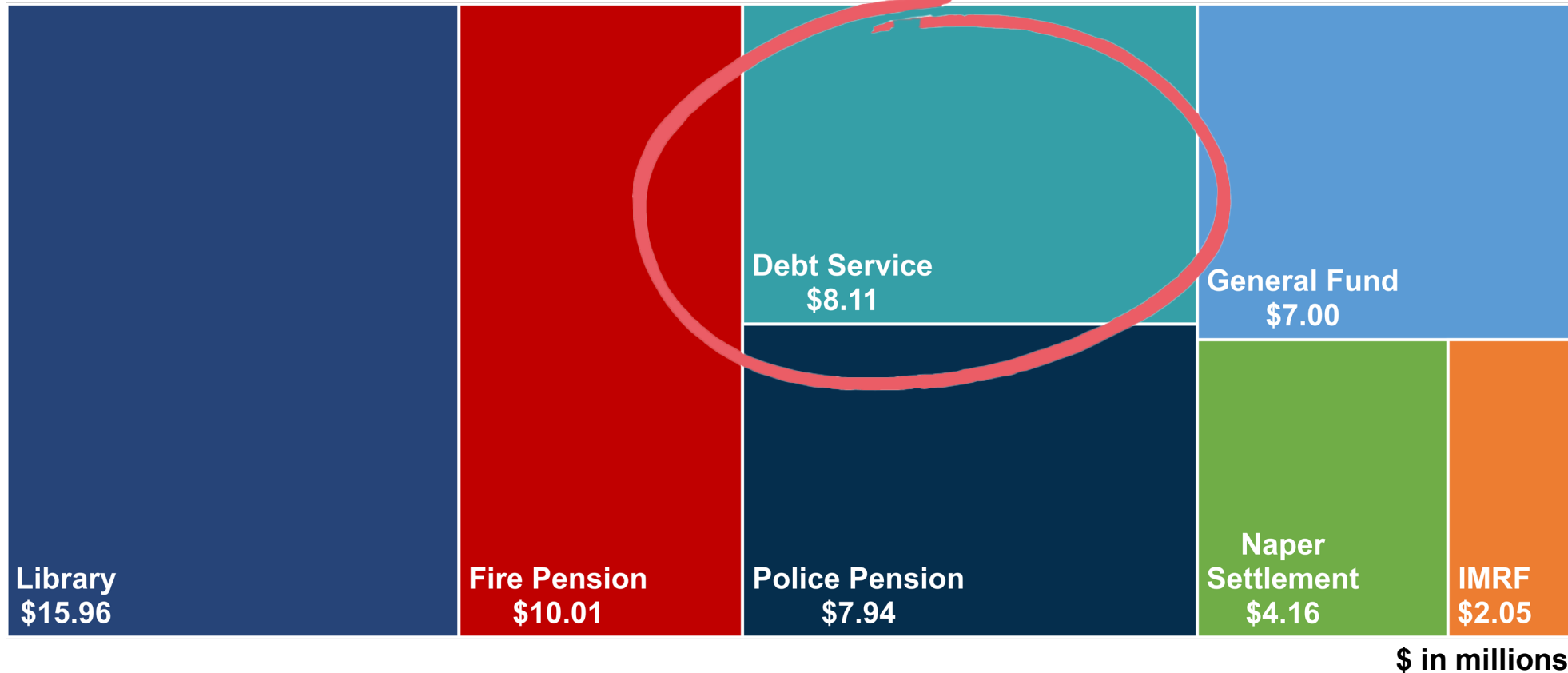


- Funds share of mandated improvements at Springbrook
- Goal to raise 50% of project cost – estimated at \$50M in 2016
- Present estimates much higher – phosphorus is not a standalone issue
- Balance forecasted at \$25M by 2025



# Debt Capacity

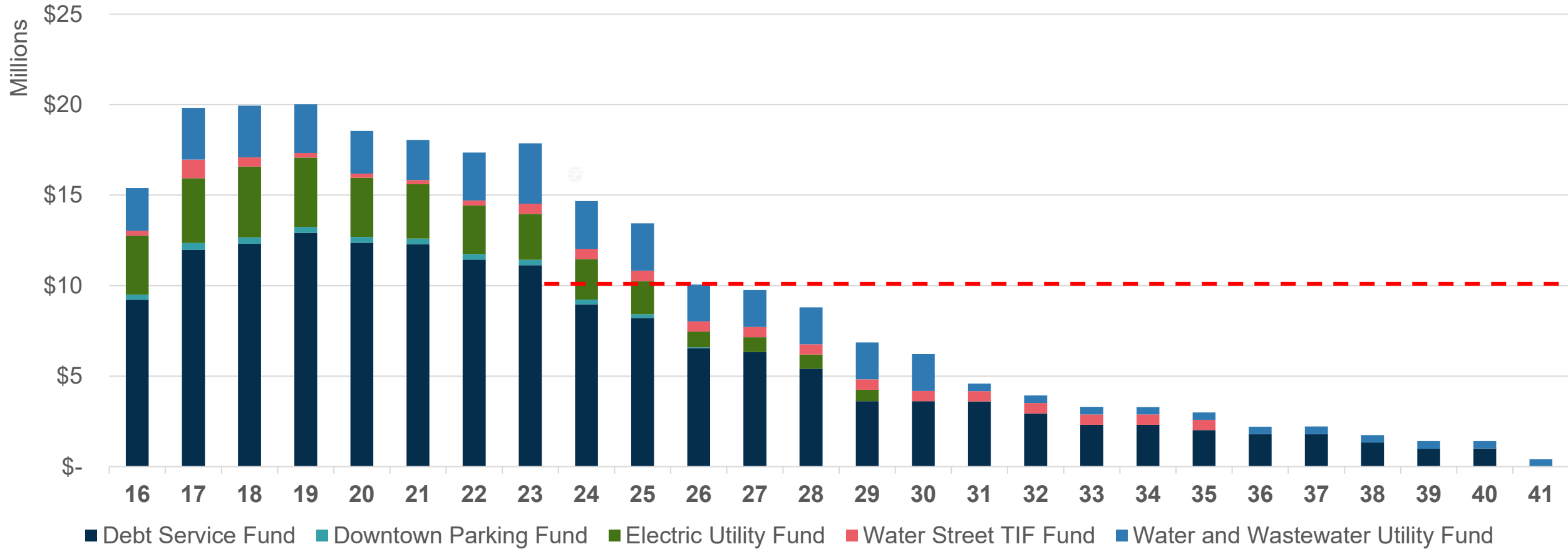
Property Tax Allocations – by Purpose



- Debt provides for generational equity when funding capital
- Property tax supporting \$8 – 9M in debt service (ex. enterprise debt)
- Established baseline debt service for future years




# Debt Capacity



- Limited new debt in 2021-2023 creates future debt capacity
- Eliminated unnecessary debt issuance through reimbursement process



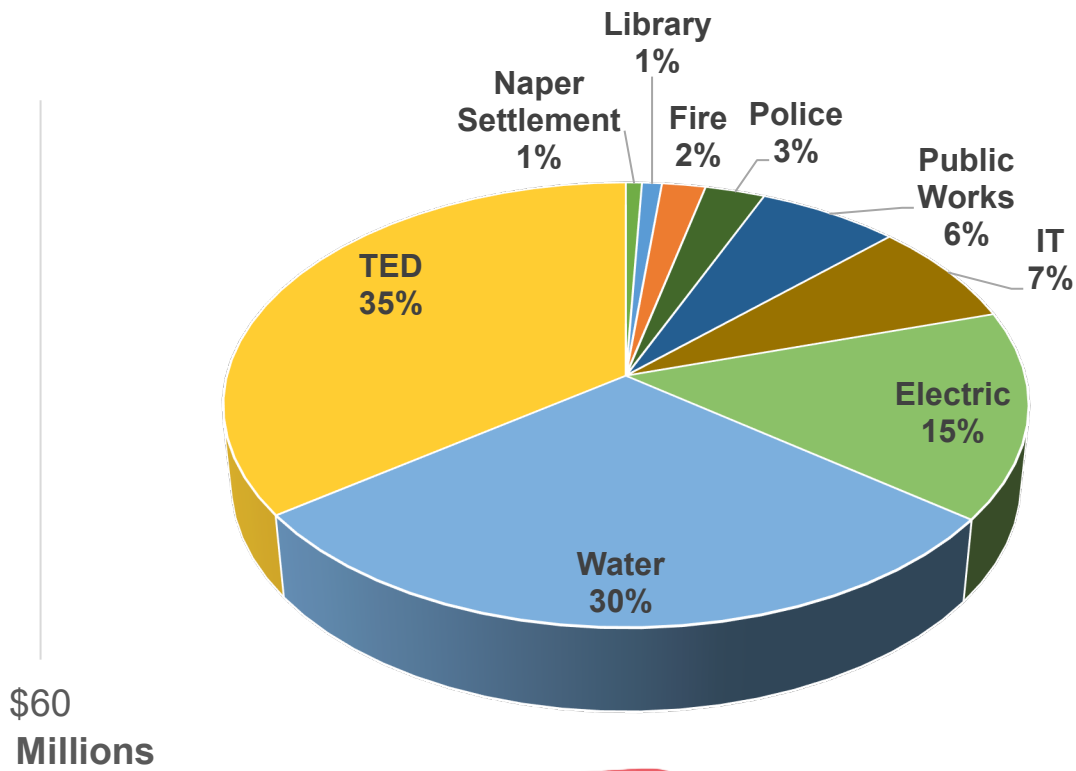
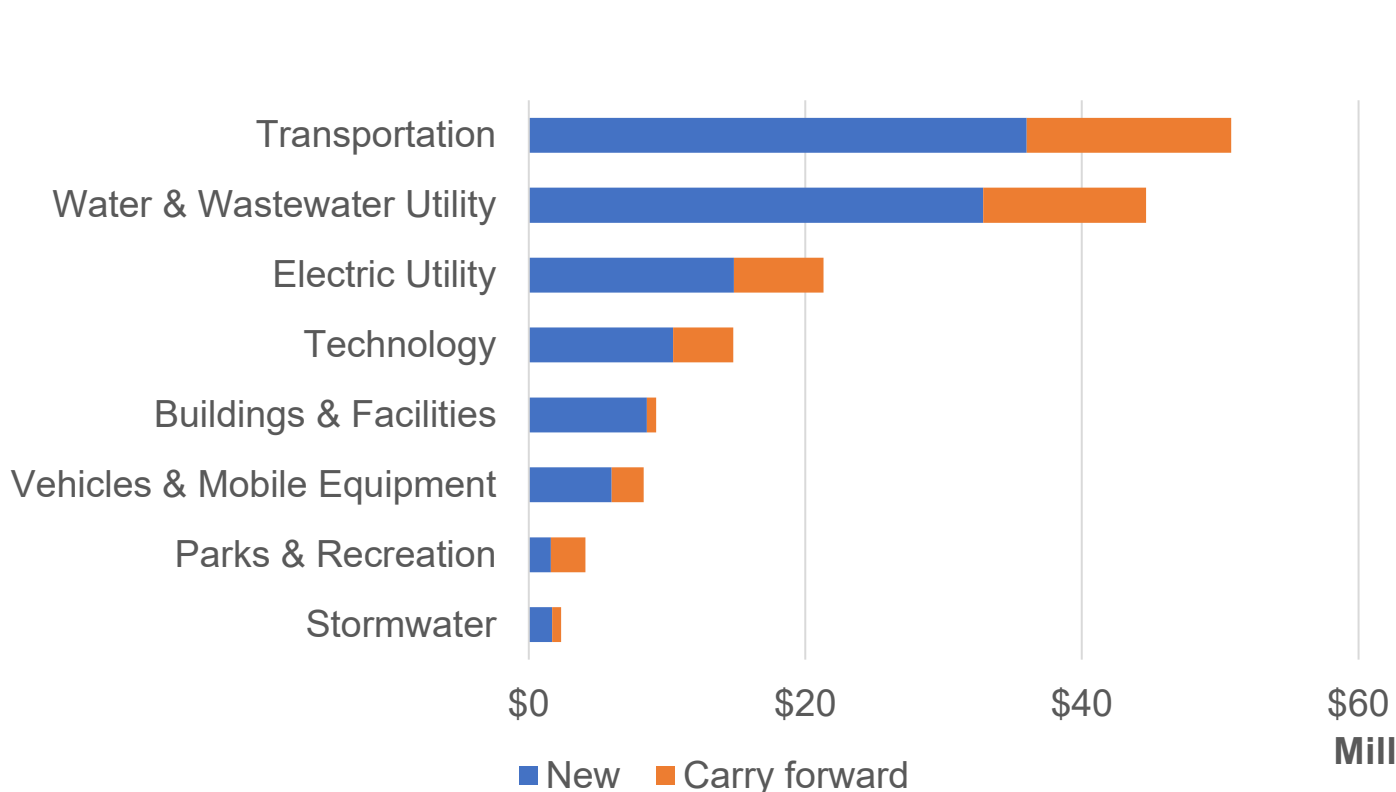
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A construction site featuring a large circular opening in a concrete wall. Two workers in high-visibility yellow shirts and hard hats are visible. One worker's shirt has 'CROSSTOWN CONSTRUCTION' on the back, and the other's has 'ROCK VALLEY'. A long level is leaning against the wall on the right. The scene is dimly lit, with light coming from the circular opening.

# 2024 CIP



# 2024 CIP Summary



**\$66M** in utility infrastructure

**\$51M** in transportation infrastructure

**\$15M** in technology enhancements

**80%**  
of projects led by TED,  
Water & Electric

# TRANSPORTATION

- Washington Street Bridge
- Downtown Streetscape – Phase 2
- Columbia Street: Monticello Dr to 5<sup>th</sup> Ave
- North Aurora Underpass

**\$14.8M**

## ELECTRIC

- Resiliency Improvements (grant funded)
- Tollway Substation Upgrades

**\$6.5M**

## STORMWATER

- Naper Blvd Stormwater Pump Station Rehab

**\$650K**



## WATER/WASTEWATER

- Northwest Wastewater Pump Station
- Northeast Waterworks – Phase 2
- River Road Watermain Improvements
- Springbrook Influent Pump station/Plant force main
- South Operations Pump Station
- Springbrook UV Disinfection Installation

**\$11.78M**

## RIVERWALK

- Eagle Street Gateway
- Fredenhagen Park Fountain

**\$2.6M**

## TECHNOLOGY

- CAD/RMS Replacement
- Public Safety Radio Network
- IT Infrastructure Projects

**\$4.35M**



## BUILDINGS & FACILITIES

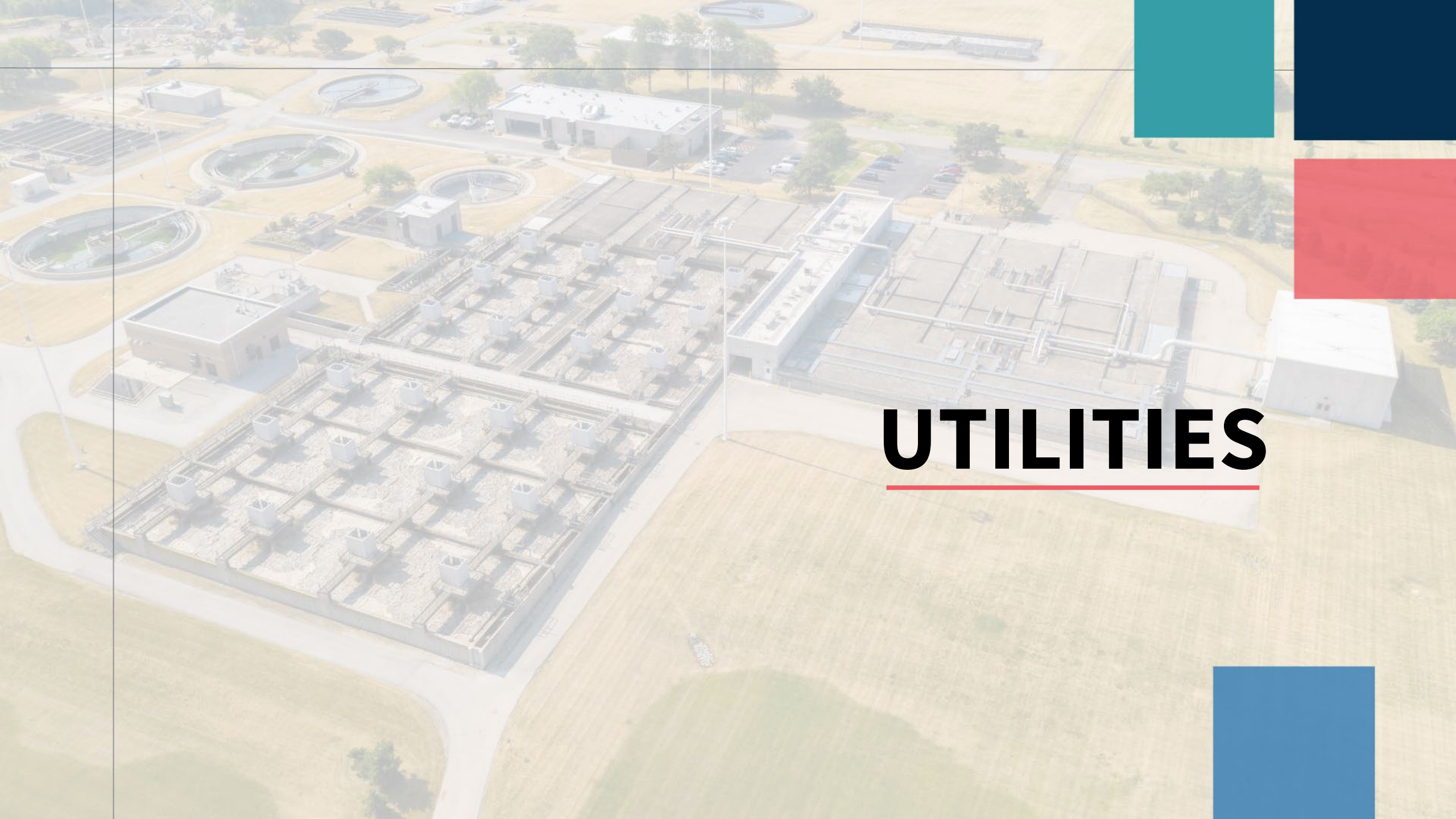
- Naper Boulevard Library

**\$650K**



**2023  
CARRYOVER  
PROJECTS**





# UTILITIES



# Water & Wastewater

## 2019/2020 ASSET EVALUATIONS: SUBSTANTIAL INVESTMENT IN DISTRIBUTION, WASTEWATER TREATMENT NEEDED OVER THE NEXT 5 – 10 YEARS

### WATER DISTRIBUTION

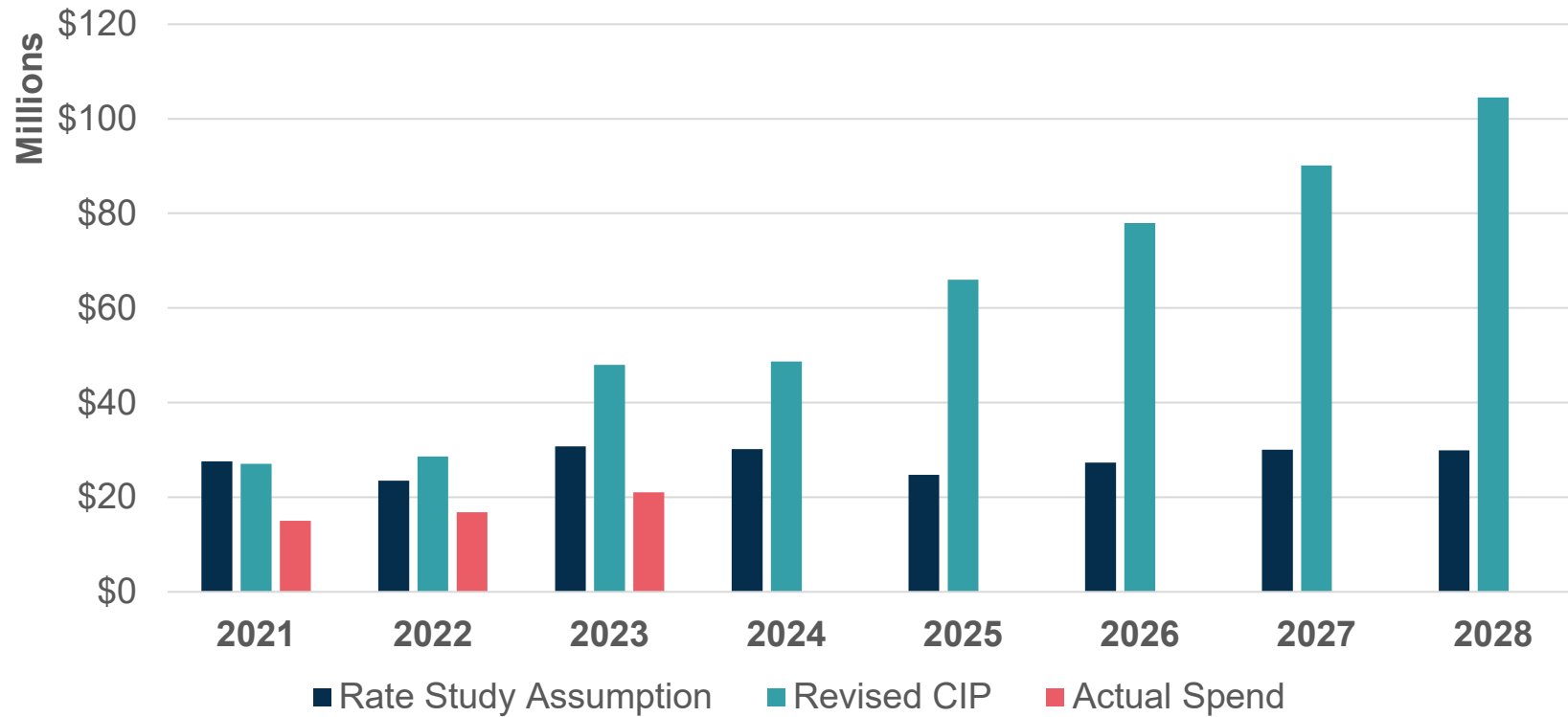
- Historic annual replacements of < 1-mile created replacement backlog
- Utility developed stairstep approach to increasing replacement due to funding, human resource constraints
- Additional statutory requirements: lead service removal
  - Grants typically reserved for lower-income communities

### SPRINGBROOK (WASTEWATER TREATMENT)

- Need for improvements & expansion driven by community growth and regulatory demands
- Funding sources: Phosphorous Fund, debt issuance, City of Warrenville contributions
- IEPA permit renewal process underway



# Water & Wastewater



## ADDED SCOPE OF WORK AND HIGHER PRICES ESCALATING CIP

- Springbrook evaluation identified \$125M in projects – not considered in rate study
- Rapid cost escalation in past two years – ex: water main cost per foot
- New opportunities and challenges emerging
  - Opportunity: DuPage Water Commission pressure station
  - Challenge: Failure of sewer main lining



# Water & Wastewater

## WATER DISTRIBUTION

- Water main replacements: **\$9.3M (2024)**
  - River Road, Sylvan Circle, Washington Street, Columbia Street
- Lead service replacements: **\$750K (2024); \$4.8M total**
- Leak detection system: **\$1.0M; \$4.4M total**

## WASTEWATER COLLECTION & PUMPING

- Springbrook interceptor rehab: **\$1.5M (2024); \$15M total**
- Annual sanitary sewer lining: **\$2.3M (2024)**
- Sanitary lift station rehab: **\$700K (2024); \$3.5M total**

## WASTEWATER TREATMENT

- Nutrient (phosphorus) removal & aeration Improvements: **\$4.3M (2024); \$64M total**
- South Plant capacity improvements: **\$1.3M (2024); 54M total**
- Cloth media disc filter facilities: **\$0 (2024); 20M total**



# Electric

## \$21M+ IN ELECTRIC IMPROVEMENTS FOR 2024

### SYSTEM RESILIENCY

- Overhead to underground conversions: **\$2.7M (2024); \$51.6M total**
- Distribution automation – fiber optic connections: **\$1.8M (2024); \$8.0M total**
  - Projects contingent on federal infrastructure funding
  - If federal funds are not secured, the utility would explore incremental improvements through the 2024 rate study

### OTHER INFRASTRUCTURE

- New service installations (Polo Club): **\$1.9M (2024)**
  - Funded by private developer fees
- Tollway substation improvements: **\$3.7M (2024); \$11.28M total**
- River Road duct bank installation: **\$2.4M (2024)**
  - Coordinated with water main replacement to save money, resources, & minimize inconvenience to residents





# TRANSPORTATION



# Transportation

## \$50M+ DEDICATED TO 2024 PROJECTS

- Replacement & maintenance of roads, bridges, sidewalks & other infrastructure

## FUTURE PLANNING & DESIGN

- 248<sup>th</sup> Street capacity improvements: **\$800K (2024); \$9.5M total**
- 87<sup>th</sup> Street Bridge at Springbrook Creek: **\$300K (2024); \$2.4M total**
- 119<sup>th</sup> Street capacity improvements: **\$250K (2024); \$3.3M total**

## UNDER CONSTRUCTION

- Washington Street Bridge replacement: **\$1.8M (2024)**
- North Aurora underpass: **\$12M (2024); \$30.8M total**
- Columbia Street – 5<sup>th</sup> to Monticello: **\$4.5M (2024); \$5.3M total**
- Downtown streetscape – Washington Street: **\$6.0M (2024); \$6.7M total**
- Rt. 59 & 103<sup>rd</sup> Street: **\$1.2M (2024); \$1.3M total**
- Sylvan Circle & Porter Avenue: **\$4.9M (2024); \$6.1M total**



A control room with multiple computer monitors and security cameras. The room is filled with desks, each equipped with several monitors. Some monitors display data, charts, and software interfaces, while others show live video feeds from various security cameras. The room has large windows with blinds on the left side. The overall atmosphere is professional and technical.

# TECHNOLOGY

# Technology

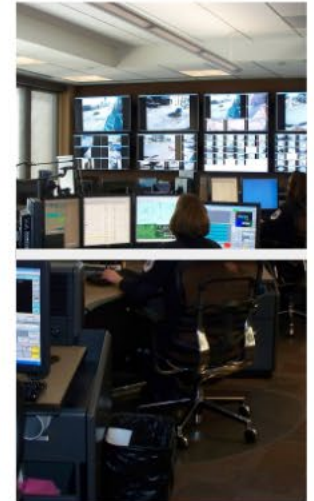
## \$14+ MILLION IN TECHNOLOGY PROJECTS FOR 2024

### PUBLIC SAFETY

- Citywide radio network: **\$10.0M (2024); \$20M total**
  - Improves signal coverage and addressed federally-mandated interoperability
- Public Safety CAD/RMS replacement: **\$2.8M (2024)**
  - Finalizing vendor contract for award in Q4 2023

### OTHER PROJECTS

- City Data Center Expansion: **\$500K (2024); \$1.0M total**
- Naper Settlement Sitewide Fiber Optic: **\$630K (2024)**
- GIS Utility Network: **\$300K (2024); \$500K total**







NAPERVILLE

PUBLIC SAFETY CENTER

POLICE

**FIRST**  
**FACILITIES**



# Public Facilities

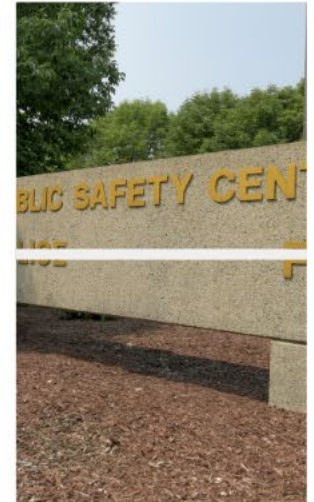
## \$9+ MILLION IN BUILDING MAINTENANCE & IMPROVEMENTS IN 2024

### RENOVATIONS & IMPROVEMENTS

- Fire Stations – Living Quarters: **\$1.3M (2024); \$3.3M total**
- Emergency Operations Center: **\$50K (2024); \$600K total**
- Police Station – Investigations Section: **\$625K (2024); \$2.8M total**
- Municipal Center – Public Areas & Workspaces: **\$300K (2024); \$1.5M total**
- 95<sup>th</sup> Street Library – Workrooms: **\$510K (2024)**
- Naper Settlement Mansion Restoration: **\$208K (2024)**

### TECHNOLOGY SYSTEMS

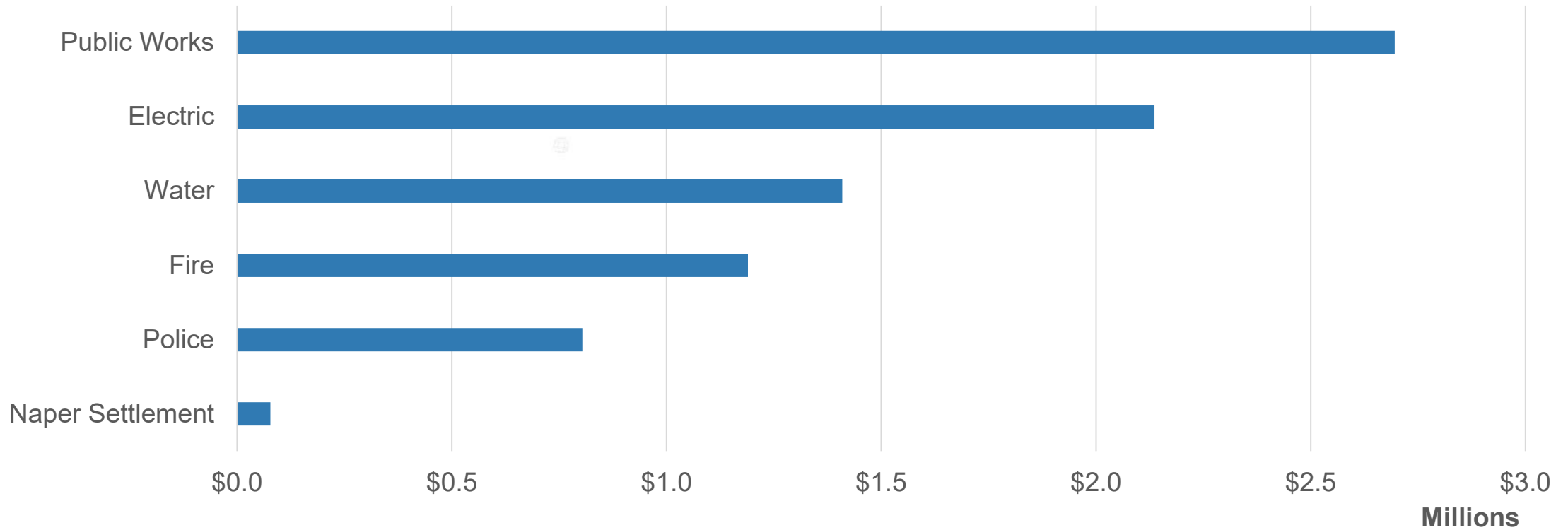
- Citywide Security Cameras: **\$150K (2024); \$750K total**
- Building Access System: **\$50K (2024); \$1.6M total**





# VEHICLES

# Vehicle Replacements



## 57 UNITS SCHEDULED FOR REPLACEMENT – EST. \$8.3M IN 2024

- Supply chain issues remain
- Long lead times for heavy equipment – requires multi-year plan
- Results in disruption to normal spending patterns
  - 13 units carry forward = \$2.3M



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# Budget Process







# QUESTIONS?

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