

**CITY OF NAPERVILLE
MEMORANDUM**

DATE: November 21, 2017

TO: Mayor and City Council

FROM: Douglas Krieger, City Manager
Erik Hallgren, Financial Services Supervisor

SUBJECT: **CY2018 Proposed Budget Workshop #3 – Proposed \$1.2 Million Budget and Service Reductions**

PURPOSE

The purpose of this memorandum is to provide City Council with the requested \$1.2 million in additional budget and service reductions and their anticipated impacts on the City's service levels, service philosophy, financial principles and ends policies.

DISCUSSION

Overall Service Philosophy

During development of Naperville's three financial principles in 2015, the City solidified its organizational philosophy on city service delivery. Naperville's brand – the essence of the community and what the City is recognized for on a regional, state and national level – is an exceptionally high quality of life and outstanding services that are consistently improved upon. In Naperville, service is not simply delivered; it is continually analyzed for improvements by all employees at all levels, which equates to better service at a lower cost. The City's philosophy isn't just to serve the community; it's to serve the community *well*.

By embracing this philosophy, the City's second financial principle of committing to continuous improvement in the delivery of necessary and cost-effective services was implemented. Over the past two years, the City has embraced this principle by examining efficiencies, both in service delivery and associated costs, on a continual basis, rather than just during the annual budget process.

Citizen Survey Data

As part of the City's commitment to using data to drive results and innovation, gathering and understanding statistics that address the community's satisfaction with City services is critical. The 2016 Citizen Survey is the City's most recent statistically valid benchmark to measure its efforts; in that year, 94% of residents surveyed were satisfied with the overall quality of life in Naperville, a 3% increase from 2012.

Satisfaction levels in Naperville have increased in each Citizen Survey year since 2008, remaining well above the national average. 69 of the 94 areas assessed improved in 2016 from 2012, the year the prior survey was conducted, with 31 areas showing significant increases. These included emergency preparedness efforts, parkway tree trimming, communications, animal control, the feeling of safety in the downtown at night and non-emergency police services.

However, the survey also indicated a decrease in satisfaction in 23 of the 94 areas assessed, with several seeing a statically significant decrease. These included street sign, pavement and marking maintenance; traffic conditions in neighborhoods; maintenance of major City streets; curbside bulk leaf removal service; and household hazardous waste disposal. While Naperville ranked above both national and regional averages in numerous areas, traffic and congestion management and public transportation were below averages. In addition, residents indicated they'd like to see increased efforts to address traffic and congestion, street maintenance and police services.

Overall, data from the Citizen Survey is used to determine what service areas need improvement and focus and is a guidepost for opportunities for additional process improvements. The above data indicates the City is performing extremely well; however, various areas are now at a point where future service decisions could result in what are considered unacceptable service levels.

Proposed \$1.2 Million Budget and Service Reductions

The City's culture and philosophy of continuous improvement drove the process of identifying \$12.6 million in initial operating and capital budget reductions during the 2018 budget process. These cuts spanned several categories, including personnel requests, building improvements, equipment purchases and deferred or delayed capital projects. These reductions were determined to still provide acceptable levels of service in accordance with the City's financial principles, Citizen Survey data and other guiding principles, including the City's ends policies.

At the conclusion of the second budget workshop, City Council instructed staff to identify additional budget reductions equal to 1%, or approximately \$1.2 million, within the CY2018 budget. Staff has reviewed the budget and created an itemized list of potential reductions, including an explanation of the impact on service levels. The reductions are divided into categories; the first are budgeted expenses being presented for review, while the second category provides alternatives to those presented in the first. Numbers are assigned to each item to provide easy cross-reference between this document and the presentation that will take place during the third budget workshop; they do not indicate any specific order or preference. Reductions from the Naperville Public Library and Naper Settlement are identified separately.

| <i>CATEGORY 1 REDUCTIONS</i> | |
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| 1 | <i>Misc. Non-Impact Items (Department: Multi-Dept., Amount: \$59,850)</i> Items in this category are identified on the attached detailed list of potential service reductions and span the Fire, Police and Communications departments. This includes various pieces of technology, supplies, furniture and miscellaneous items that staff identified would have little to no impact on external services or customer satisfaction. |
| 2 | <i>Overtime Reduction Challenge (Department: Multi-Dept., Amount: \$50,000)</i> All departments will be reviewing their overtime for potential reductions. One example is in Public Works, where only mandatory or emergency overtime would be scheduled. Overtime used to address workload or program issues would be greatly reduced, with DPW staff estimating 12 less Saturdays. |
| 3 | <i>Vacant 0.50 Clerk Position (Department: City Clerk, Amount: \$22,309)</i> This position has been vacant since March 2017. Given the advanced skill sets of newly hired staff, the increased reliance on technology and efficiencies the office realized through the reorganization, elimination of this position should have minimal impact on operations. This reduction may affect time off approvals, front counter coverage and the ability to take on duties reassigned from other departments. |
| 4 | <i>Vacant 0.50 Safety Assistant (Department: CMO/Safety, Amount: \$24,856)</i> The impact of this elimination is not fully known as the position supports the Safety Manager, a currently vacant position. However, staff believes it is possible to eliminate some responsibilities (e.g. tracking of safety training should be accomplished through the ERP in 2019) and manage remaining activities through support staff in Electric and CMO. |
| 5 | <i>Reduce Lobbying Contract (Department: Communications, Amount: \$20,000)</i> This reduces the scope of the City's current lobbyist contract and focuses the lobbyist's work on specific legislation and projects. This affects the City's ability to position Naperville to receive capital dollars in the upcoming capital budget process and ability to be proactive on legislative priorities that may impact Naperville. |

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| 6 | <i>Vacant 0.50 Budget Analyst (Department: Finance, Amount: \$31,801)</i> The Finance Department is an internal service department, so the impact of this position would not be initially evident externally. However, as the City works to evaluate processes and data for the management of City operations and towards the implementation of the new Enterprise Resource Planning (ERP) system, this reduction would limit Finance's ability to provide quality internal service, including training and proactive reporting and analysis. |
| 7 | <i>Tuition Reimbursement (Department: Human Resources, Amount: \$45,000)</i> The City offers a tuition reimbursement program where employees obtain pre-approval from their manager and the Human Resources department to pursue an associate's, bachelor's or master's degree. Each qualifying employee can receive up to \$1,500 of reimbursement for tuition per semester, or a total of \$3,000 annually. This program is one of the few citywide development programs offered for City employees. The elimination of this program would eliminate a development opportunity that is highlighted in recruiting and retaining employees. In 2016, 24 employees took advantage of this benefit and in 2017, 22 people utilized the benefit. |
| 8 | <i>Dark Fiber Consultant (Department: Information Technology, Amount: \$50,000)</i> In 2017, the City engaged with Magellan Consulting to help develop strategies for right-of-way management, Small Cell Antenna management and augmenting of the City's Fiber Optic cable infrastructure. This engagement has been very valuable for nearly every department in the City as staff has worked with Magellan to update ordinances, change internal processes and work more effectively with vendors. If eliminated, additional anticipated work with Magellan to set rates for leasing City assets as well as developing effective public-private partnerships to utilize City assets would not be undertaken. |
| 9 | <i>Legal Services (Department: Legal, Amount: \$9,000)</i> Legal cut approximately 18% of its workforce during its 2017 reorganization per the direction to function minimally in-house and fill gaps with outside counsel. Further reductions require Legal to reserve remaining funds for conflicts that mandate use of outside counsel and decrease availability of resources, which may diminish the department's ability to be proactive and has the potential to cost the City more than it saves in terms of increased litigation and missed opportunities. |
| 10 | <i>Conferences and Training (Department: Fire, Amount: \$5,000)</i> In addition to professional and personal development, conferences and training offer many benefits such as staying informed of industry trends and seeking new technologies and creative measures to provide a higher quality of service. This aligns with NFD's vision statement. |
| 11 | <i>EMS Report Quality Control OT (Department: Fire, Amount: \$8,000)</i> This is related to the NFD's accreditation process. Over 8,000 EMS reports must be reviewed each year, with each report taking 5-7 minutes to review on average. Increased call volume and work day activities limit the ability of the seven on-duty personnel to quality control (QC) reports during their shift. There would be minimal impact to this if alternate-duty NFD personnel are available to perform the QC. |
| 12 | <i>EMS Training Simulation System (Department: Fire, Amount: \$7,000)</i> This new technology is intended to augment NFD's existing mechanical-based training system with virtual reality technology that offers personnel the opportunity to perform actions through a variety of emergency medical scenarios. The impact of cutting the EMS simulation system will require our EMS bureau to rely on the existing mechanical training props to train paramedics in scenario-based training. |
| 13 | <i>Vacant 1.0 Fire Inspector (Department: Fire, Amount: \$70,000)</i> Without fire inspectors, the Fire Department would not be able to fulfill its mission of promoting safe practices through ongoing fire prevention in our community. The impact of this cut can be absorbed by the NFD's innovative 7(g) overtime program. |

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| 14 | <i>Explorer's Program OT (Department: Fire, Amount: \$10,000)</i> Exploring provides exciting activities and one-on-one mentorship for youth looking to discover their future and a career in fire service. The NFD Explorer Post 911 has been in existence since 1992, and in that time our explorers have participated/assisted with several Fire Department and City sponsored events such as the St. Baldrick's 9/11 ceremony, CAPS dinner, Memorial Day parade and more. The elimination of the Explorer overtime would impact more than 20 fire explorers who rely on NFD's personnel for training, leadership and mentorship to guide them into their future fire service careers. |
| 15 | <i>Wellness Evaluations & Training OT (Department: Fire, Amount: \$5,000)</i> The Naperville Fire Department Training Academy currently hosts two fire academies each year. Much of the wellness evaluation and training overtime will be used for both fire academy classes. To instill a culture of health and fitness in our new fire recruits, candidates are required to perform fitness at the start of each day. The elimination of the wellness evaluation and training overtime would impact our ability to deliver this important health and wellness training to our future firefighter/paramedics. |
| 16 | <i>NEMA Program (Department: Fire, Amount: \$25,000)</i> The Naperville Emergency Management Agency (NEMA) provides support and education to the citizens, City government and the private sector within the City to address a growing demand for increased preparedness and response to emergency incidents, especially weather-related disasters, telecommunications and electrical power breakdowns and other concerns. The City has one of the top-rated programs in the State of Illinois. The impact of these cuts will be felt in the loss of homeland security training, training supplies and emergency scene lighting equipment. |
| 17 | <i>Vacant 1.0 Emergency Telecom Supervisor (Department: Police, Amount: \$119,004)</i> The Emergency Telecommunications Supervisor position would supervise a team of 25 911 telecommunicators while monitoring emergency calls for service to ensure essential public safety communication. Additionally, the position is responsible for completing significant tasks within the Public Safety Answering Point/City Dispatch, including being the LEADS Agency Coordinator, which is mandated by statute; staff scheduling; efficiency reporting; and department recordings for FOIA, subpoena, legal and internal requests. The pressure placed on the entire current supervisory staff to meet the handling of emergency and non-emergency police and fire calls for service is significant. Several attempts to fill the position have been hampered by lack of qualified applicants coupled with low compensation relevant to comparable agencies. |
| 18 | <i>Vacant 0.50 Dispatcher (Department: Police, Amount: \$24,194)</i> The part-time city dispatcher position helped fill gaps caused by full-time employee absence, usage of accrued leave, etc. The position helped bridge the gap of shift vacancies while helping the Dispatch Supervisor manage overtime costs from departments such as Electric, Water and Public Works to meet a call load exceeding 100,000 per year. |
| 19 | <i>Vacant 1.0 Records Technician (Department: Police, Amount: \$74,243)</i> The Police Records Section will be affected with one less position to process police reports, citations and FOIA requests, resulting in a backlog of work. Over the past two years there has been a 16% increase in FOIA request volume, with an average of 1,515 total requests per year. In 2018, when new expungement laws (systematic purging) take effect, it will result in a significant increase in workload, and response times may be compromised. |
| 20 | <i>SRT Equipment & Other Supplies (Department: Police, Amount: \$37,000)</i> This is a reduction in uniform expenditures by removing the dress uniform rollout and to match past spending patterns. In addition, this would defer replacement of SRT equipment needed for high risk calls. |
| 21 | <i>Christmas Tree Collection (Department: Public Works, Amount: \$42,000)</i> Residents would be required to pay for stickers to dispose of Christmas trees. Currently, staff pays \$1 per household for the service. Assuming 50% of residents put out a tree at \$2.10 per |

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| | sticker, that would be a cost to residents of about \$46,000. This is a significant change in service levels. |
| 22 | <i>Cul-de-sac Plowing at 4" (Department: Public Works, Amount: \$200,000)</i> The current budget for contracted snow plow services (which is based on a 5-year average snowfall amount) would be reduced to \$200,000. Much of the contracted services are for plowing cul-de-sacs when the city receives 2 or more inches of snow. The budgeted amount of \$200,000 would fund four plowing events. If snowfall levels exceed the budgeted amount, staff would need to seek approval for additional funding to provide this service. |
| 23 | <i>EAB Treatments (Department: Public Works, Amount: \$50,000)</i> EAB treatment schedule would be reduced, with 50% of trees receiving Tree-Age treatments put on a three-year treatment cycle instead of 25% of trees. Staff had recommended that 25% of trees receiving Tree-Age be moved to a three-year cycle because there is no data to show whether the three-year cycle is effective. There is a risk to moving 50% of these trees to a three-year cycle, and staff anticipates 10% more dead trees and deadwood trimming that would be completed in-house, resulting in less tree trimming. |
| 24 | <i>Mowing/Herbicide Contract (Department: Public Works, Amount: \$48,000)</i> Weekly sites would be reduced and no extra work or mulch would be completed. |
| 25 | <i>Reduce Fuel Price per Gallon (Department: Public Works, Amount: \$49,000)</i> DPW's fuel budget is currently 330,000 gallons of gasoline at \$2.20/gal. for a total of \$726,000, and 160,000 gallons of diesel at \$2.10/gal. for a total of \$336,000. Reduction poses inherent risk due to gas price fluctuation, staff may have to come back to Council for additional funding if prices increase. |
| 26 | <i>Security Contract (Department: Public Works, Amount: \$20,000)</i> Following security improvements budgeted for 2018, the contracted security service would be reduced as office areas would be secure. The security contract would be reevaluated to determine the extent to which the service is needed. |
| 27 | <i>Tree Planting Program (Department: Public Works, Amount: \$40,000)</i> Replacement trees will not be planted following removal of existing residential trees. Tree replacements would be completed following a 50/50 formula whereby residents would be provided with a guaranteed replacement tree at half the cost. The cost to residents would be approximately \$200 per tree. |
| 28 | <i>Planning Intern (Department: TED, Amount: \$6,459)</i> This elimination will result in an increase in response times to Planner-on-Duty inquiries and the time required to process cases for consideration by the Planning and Zoning Commission and City Council. Time required to process cases to will increase by 1 to 2 meetings. |
| 29 | <i>Vacant 1.0 Project Engineer (Department: TED, Amount: \$73,022)</i> Elimination of this position will have an impact on the City's response to citizen stormwater and traffic concerns, as well as the City's proactive planning and evaluation of downtown parking. Response times are currently within two business days and will increase to within three business days. City staff currently responds to every stormwater and traffic concern or complaint received. With this reduction, the following will occur: (i) staff will only respond to stormwater concerns if there is water in the structure; (ii) traffic concerns will be prioritized based on traffic volume of the subject street, with the higher volume roadways being the priority; (iii) response to requests pertaining to local residential streets that carry lower volumes will be limited; and (iv) staff will no longer perform the Continuous Improvement Model for Downtown Parking and rely solely on the parking guidance system to make recommendations related to downtown parking. |
| <i>CATEGORY 1 TOTAL: \$1,225,738</i> | |

CATEGORY 2 REDUCTIONS

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| 30 | <i>Public Education Program (Department: Fire, Amount: \$35,450)</i> It is the mission of the NFD to promote safe practices through ongoing public education programs. The National Fallen Firefighter Foundation has created 16 firefighter life safety initiatives to promote the need for change in the fire service community; Life Safety Initiative 14 "Public Education" states that public education must receive more resources and be championed as a critical fire and life safety program. The cuts to the public education budget will impact the NFD's ability to effectively deliver vital public education materials to several high-risk groups such as grade- and middle-school children and the elderly. Additionally, programs such as open house, safety town and the Citizen Fire Academy would be eliminated. |
| 31 | <i>Vacant 1.0 Community Service Officer (Department: Police, Amount: \$69,216)</i> Community Service Officers (CSO) respond to over 8,200 calls per year. The day shift CSO position covering the hours of 6 a.m. to 2 p.m., Monday through Friday, will be eliminated. Citizens will notice an increased amount of time it will take for a police officer or CSO to respond to their calls for service, including private property traffic collisions, lockout requests and motorist assists. In addition, the elimination of the position will negatively impact the Patrol Division's ability to porter police vehicles to the Department of Public Works for mechanical repairs and to move vehicles to area body shops for service. Finally, this position is also responsible for transporting court documents to DuPage and Will counties, thereby reallocating that work to other personnel who, in turn, will be unavailable to respond to certain calls for service by members of the public. |
| 32 | <i>Free Bagged Leaf Collection (Department: Public Works, Amount: \$233,000)</i> Residents would be required to pay for stickers to dispose of all bagged leaves during the leaf collection program. Assuming a collection of 5,000 compacted cubic yards, this amounts to approximately 50,625 bags and a total cost to residents of \$106,313. |
| 33 | <i>Holiday Lights in Downtown (Department: Public Works, Amount: \$64,000)</i> Holiday lighting and decorations in the downtown would be eliminated. |
| 34 | <i>Pavement Marking (Department: Public Works, Amount: \$25,000)</i> Pavement markings on roadways would be reduced by 25%; the focus would be on intersections and schools. |
| 35 | <i>Restructure Custodial Services (Department: Public Works, Amount: \$100,000)</i> Contracted custodial services would be reduced from 5 days per week to 3 days per week. Cleaning of buildings would be focused on bathrooms, kitchens, lunchrooms and common areas where exposure to germs is incrementally greater than offices and workstations. |
| 36 | <i>Street Sweeping (Department: Public Works, Amount: \$81,000)</i> The current contract is for 2 arterial and 2 residential sweepings at \$163,070 annually. This savings would result in streets being swept only in the spring, more material entering the storm sewers and increased disposal cost for vactors. |
| 37 | <i>Tree Trimming (Department: Public Works, Amount: \$100,000)</i> In-house tree trimming is currently supplemented by contracted tree trimming. The City has a goal of returning to a six-year tree trimming cycle for all parkway trees. Contracted tree trimming funding is a critical component of the resources needed to return to the six-year cycle from the 10-year cycle of the past few years. To return to a six-year cycle, more than 11,000 trees need to be trimmed each year. The consequences of a longer cycle include an increase in service request for tree trimming and reduced traffic sign visibility and clearance issues due to low-hanging branches. |
| 38 | <i>Brush Collection (Department: Public Works, Amount: \$175,000)</i> Beginning in 2017, brush collection was outsourced at a cost of \$175,000. DPW proposes the elimination of the program. Currently residents can dispose of their brush through a curbside, bulk brush collection program administered in the spring of each year. If this |

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| | contract was eliminated, residents would need to properly bundle their brush and attach a sticker to each bundle for collection by the refuse hauler. |
| CATEGORY 2 TOTAL: \$882,666 | |

| OUTSIDE AGENCY REDUCTIONS | |
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| 39 | <i>Vacant Monitor Positions (Naperville Public Library, Amount: \$101,000)</i> While these positions have been eliminated and staff laid off, some of the tasks performed by these staff still need to be completed, including room set-ups for library programs and room rentals, cleaning and restocking bathrooms, and snow and ice removal, especially in the evenings and on weekends. Existing facilities staff is already stretched just to cover three Saturdays a month; this will only be exacerbated in the winter as facilities staff must react to any snow or ice conditions before opening and during open hours at three facilities. In addition to not being able to provide additional hours for existing staff, or hiring additional staff, we would be unable to increase our cleaning contract by any amount to allow for additional carpet cleaning and occasional deeper building cleaning to improve upkeep and maintenance of our newly renovated buildings. |
| 40 | <i>IT Equipment (Naperville Public Library, Amount: \$10,000)</i> As the Library renovated its buildings, they reduced the number of computer work stations for children and piloted use of iPads, some tethered to desks and others available for check-out and use within the library. This system has proven very popular with users, and the Library had planned to upgrade and purchase additional iPads for each building in 2018 to increase memory space for high-demand apps. |
| 41 | <i>Furniture Purchase Reduction (Naperville Public Library, Amount: \$35,000)</i> As end of year numbers have been refined, it appears the Library will have a larger than expected cash balance in 2017. They would increase their cash carryforward for 2018 from \$265,000 to \$300,000. This \$35,000 is money that would then be unavailable to fund some part of the 2018 CIP projects, most likely less furniture purchased for Nichols Library. |
| 42 | <i>Programming & Maintenance (Naper Settlement, Amount: \$29,000)</i> This reduction results in less money for programming, including Camp Hope, as well as less money for the curatorial department and preservation of artifacts. This reduction will also have an impact on the exhibits schedule and grounds maintenance. |
| OUTSIDE AGENCY TOTAL: \$175,000 | |

CONCLUSION

While staff has attempted to identify service reductions that would have the least impact on the community, all the above present a change in service that will fundamentally alter the City's service philosophy and adherence to its second financial principle. Some of the above reductions speak directly to items identified in the 2016 Citizen Survey as areas residents wanted to see enhanced efforts towards, versus reductions. Staff believes our service philosophy, coupled with the data from the Citizen Survey, do not support implementation of these budget and service reductions.

RECOMMENDATION

Include this memo as part of the CY2018 Budget Workshop agenda packet.