



# 2019 Budget Workshop #2

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CITY OF NAPERVILLE – NOVEMBER 13, 2018

# Workshop #2 Overview

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- Settlement and Library presentations
- Remaining ends policies
  - Economic Development and Financial Stability
- Summary of major funds and impacts
- Discussion of alignment with financial principles



*A Place to Be. The Place to Become . . .*



## ***Mission and Goals***

### **VISION**

A place to be. The place to become...

### **MISSION**

Inform. Inspire. Imagine.

### **VALUES**

Service. Innovation. Excellence. Adaptability.

### **STRATEGIC GOALS**

1. We will increase the convenience of our services.
2. We will be innovation leaders.
3. We will serve our diverse population.
4. We will convey the library's value.



<u>Service</u>	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Door Count	1,450,656	1,562,650	-7%
Circulation	4,032,102	4,167,101	-3%
Number of Programs	2,742	2,392	15%
Attendance	119,574	100,267	19%
NaperLaunch Programs	103	93	11%
Attendance	1,970	1,740	13%
<u>Summer Reading</u>	<u>2018</u>	<u>2017</u>	<u>% Change</u>
<b>All Ages:</b>			
Registration	8,611	8,275	4%
Completion	6,356	5,821	9%
<b>SRP Grades K-5:</b>			
Registration	5,146	4,431	16%
Completion	4,022	3,216	25%



**Naperville  
Public  
Library**

## Performance Indicators



## **2019 Key Initiatives**

- Increase customer training on our digital services, both in the library and at other locations, and awareness of all services that can be used from home
- Increase focused, hands-on staff training on technical hardware available for the public (green screen room, sound recording studio, scanners, and digitization)
- Increase number of languages in World Languages collection (currently have Chinese, Hindi, Spanish, and Tamil; adding Marathi, Polish, and Russian) and increase world language story times (currently have Spanish, adding Mandarin)
- Develop in-depth, one page annual report for community
- Focus on responses from seniors in 2019 Customer Satisfaction Survey

	2017 Actuals	2018 Budget	2018 Projection	2019 Proposed	Change (\$)	Change (%)
Salaries & Wages	8.16	8.45	8.21	8.58	0.13	1.6%
Benefits & Related	2.56	2.70	2.62	2.63	(0.07)	(2.6%)
Purchased Services	0.69	0.82	0.87	0.99	0.18	21.8%
Purchased Items	3.41	3.37	3.14	3.35	(0.02)	(0.6%)
Capital Outlay	0.28	0.18	0.13	0.19	0.01	5.7%
Insurance	0.05	0.05	0.05	0.05	-	-
Transfers Out	2.83	0.08	0.19	0.09	0.006	7.3%
<b>Operating Total</b>	<b>\$17.97</b>	<b>\$15.65</b>	<b>\$15.21</b>	<b>\$15.89</b>	<b>\$0.24</b>	<b>1.5%</b>

*\*in millions*



**Naperville  
Public  
Library**

## 2019 Library Expense Overview

	2017 Actuals	2018 Budget	2018 Projection	2019 Proposed	Change (\$)	Change (%)
Charges for Service	0.09	0.09	0.11	0.15	0.062	68.9%
Fines & Fees	0.35	0.36	0.34	0.31	(0.045)	(12.7%)
Grants	-	0.11	0.11	0.18	0.067	60.9%
Other Revenues	0.23	0.23	0.23	0.16	(0.091)	(37.0%)
Property Taxes	14.08	14.58	14.58	14.68	0.10	0.7%
<b>Operating Total</b>	<b>\$14.75</b>	<b>\$15.38</b>	<b>\$15.37</b>	<b>\$15.48</b>	<b>\$0.093</b>	<b>0.6%</b>

*\*in millions*



**Naperville  
Public  
Library**

## 2019 Library Revenue Overview



Library Submission	2019 City Recommendation	Unfunded CIP
\$ 0.15M	\$ 0.15M	\$ 0.00M



## Library Capital Summary

- Funded through Building Reserves
- Maintenance and upgrades: \$150K
  - Generator or UPS repairs and replacements; Elevator work; Security Entrance System



**Naper  
Settlement**

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





## **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

# ***Mission and Vision***

## ***TOGETHER WE WILL***

### **Vision**

**Deliver an immersive and experiential cultural campus  
of lifelong learning and discovery for all people and of all ages**



## Naper Settlement

# Strategic Goals

Naper Settlement is acknowledged regionally—and nationally--as a vital historical and educational site and as a prime tourist destination in Northern Illinois.

### Strategic Initiative #1 Economic Engine

Grow and strengthen our role as an economic engine for the City and State by attracting cultural tourism and becoming a household name.

### Strategic Initiative #2 Lifelong Learning

Serve as a trusted leader in informal education through meaningful programming to spark creativity, innovation and conversation.

### Strategic Initiative #3 Institutional Memory

Be the institutional memory of Naperville and the region by preserving and sharing our stories and collections through innovative experiences that connect us to the local, regional and national narrative.

### Strategic Initiative #4 Desirable Investment

Strengthen our role as a desirable investment with grantors and donors in order to successfully fundraise locally and nationally in support of the museum's needs.

### Strategic Initiative #5: Operational Excellence

Maintain best management practices in accordance with museum accreditation, municipal code and requirements, and nonprofit standards.



## Naper Settlement

# Performance Indicators

Economic Engine	Lifelong Learning	Community Memory	Desirable Investment
<ul style="list-style-type: none"> <li>❖ Measure economic impact to local economy and produce findings</li> <li>❖ Increase in sponsors, visitors and membership</li> <li>❖ Growth in partnership with local business community</li> <li>❖ Increase media exposure across all types (i.e. print, T.V., social)</li> <li>❖ Make statewide top tourism lists</li> </ul>	<ul style="list-style-type: none"> <li>❖ Increase sold out summer camps and other programming</li> <li>❖ Exhibits and programs serve as educational learning experiences for colleges and universities</li> <li>❖ Growth in diverse &amp; inclusive programs</li> <li>❖ New programs with local high schools at the schools</li> <li>❖ Add nationally recognized traveling exhibits</li> <li>❖ Seek out local and foreign visitor groups</li> </ul>	<ul style="list-style-type: none"> <li>❖ Celebrate 50 years</li> <li>❖ Care for over 30 City-owned buildings/structures</li> <li>❖ Launch oral history <i>Share Your Story</i> campaign</li> <li>❖ Increase number of 20<sup>th</sup> and 21<sup>st</sup> century hands-on activities into the village experience</li> <li>❖ Grow strategic collecting</li> <li>❖ Research 20<sup>th</sup> &amp; 21<sup>st</sup> century local history and its connection to the national narrative</li> </ul>	<ul style="list-style-type: none"> <li>❖ Celebrate 50 years of NHS's support of Naper Settlement</li> <li>❖ Work to increase operating revenue</li> <li>❖ Secure additional grant funding</li> <li>❖ Cultivate donors through increased attendance, membership and visitors</li> <li>❖ Grow national partnerships</li> <li>❖ Major gifts towards capital campaign</li> <li>❖ New events attracted to site</li> </ul>





## Naper Settlement

# *Vision and Implementation*

## VISION

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

Naper Settlement is acknowledged regionally –and nationally - as a vital historical and educational site and as a prime tourist destination in Northern Illinois

### Strategic Initiative #1 Economic Engine



### Strategic Initiative #2 Lifelong Learning



### Strategic Initiative #3 Institutional Memory



### Strategic Initiative #4 Desirable Investment



### Strategic Initiative #5: Operational Excellence

Maintain best management practices in accordance with museum accreditation, municipal code and requirements, and nonprofit standards.



## **2019** ***Key Initiatives***

- Execute **new agreement** with the City
- Celebrate our **50<sup>th</sup> anniversary**
- Continue the **transformative work** of the museum and Never Settle campaign
- Grow temporary **rotating exhibits**
- Develop **new programs, camps and learning experiences**
- **Gather our community** by strengthening events
- **Implement current grants**
- **Embrace strategic collecting initiatives**

	2017 Actuals	2018 Budget	2018 Projection	2019 Updated	Change (\$)	Change (%)
Salaries & Wages	1.91	2.19	1.95	1.97	(0.22)	(10.2%)
Benefits & Related	0.63	0.96	0.78	0.90	(0.06)	(5.9%)
Purchased Services	0.49	0.59	0.50	0.62	0.04	6.0%
Purchased Items	0.23	0.26	0.23	0.28	0.02	9.0%
Capital Outlay	0.16	0.11	0.08	0.11	-	0.0%
Internal Services	0.11	0.12	0.12	0.14	0.02	18.4%
<b>Operating Total</b>	<b>\$3.52</b>	<b>\$4.22</b>	<b>\$3.66</b>	<b>\$4.02</b>	<b>(\$0.20)</b>	<b>(4.7%)</b>

*\*in millions*



## 2019 Settlement Expense Overview

- Post-publishing: Reduced \$90K in Purchased Services

	2017 Actuals	2018 Budget	2018 Projection	2019 Updated	Change (\$)	Change (%)
Charges for Service	0.54	0.52	0.46	0.53	0.004	0.8%
Contributions	-	0.61	-	0.53	(0.08)	(13.2%)
Interest & Investment	0.004	0.01	0.004	0.029	0.019	182.6%
Property Taxes	2.95	2.90	2.90	2.80	(0.10)	(3.5%)
<b>Total</b>	<b>\$3.49</b>	<b>\$4.04</b>	<b>\$3.37</b>	<b>\$3.89</b>	<b>(\$0.16)</b>	<b>(3.9%)</b>

*\*in millions*



## Naper Settlement

# 2019 Settlement Revenue Overview

- Post-publishing: Reduced \$90K in Heritage Society pledge

Settlement Submission	2019 City Recommendation	Unfunded CIP
\$ 1.28M	\$ 0.00M	\$ 0.00M



## Settlement Capital Summary

- Highlights: Innovative Gateway/entryway improvements



- ❖ *“My general consensus is that Camp Hope really gave my children their voice in regards to cancer.” – Parent in cancer treatment*
- ❖ *“Thank you so much for yesterday! The students had so much fun! I appreciate your efforts in working with children from all over.” – Teacher*
- ❖ *“We had an amazing time! My daughter wants to go back! My daughter is still talking about her adventures at the Settlement. Thank you for creating such amazing experiences.” – Girl Scout parent*



- ❖ *“I am pleased that Naper Settlement recognizes the contributions of a large immigrant population to our city.” – Chinese-American resident*



- ❖ *“What Naper Settlement gave me was the ability to accurately and efficiently convey data and information in a succinct and understandable way.” – Teen Volunteer*

# 2019 Proposed Budget

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**\$1.9 MILLION  
INCREASE**



**\$7.5 MILLION  
INCREASE**



**\$2.4 MILLION  
INCREASE**



**\$2.0 MILLION  
DECREASE**





Economic  
Development

*Naperville will be the location of choice for  
businesses*

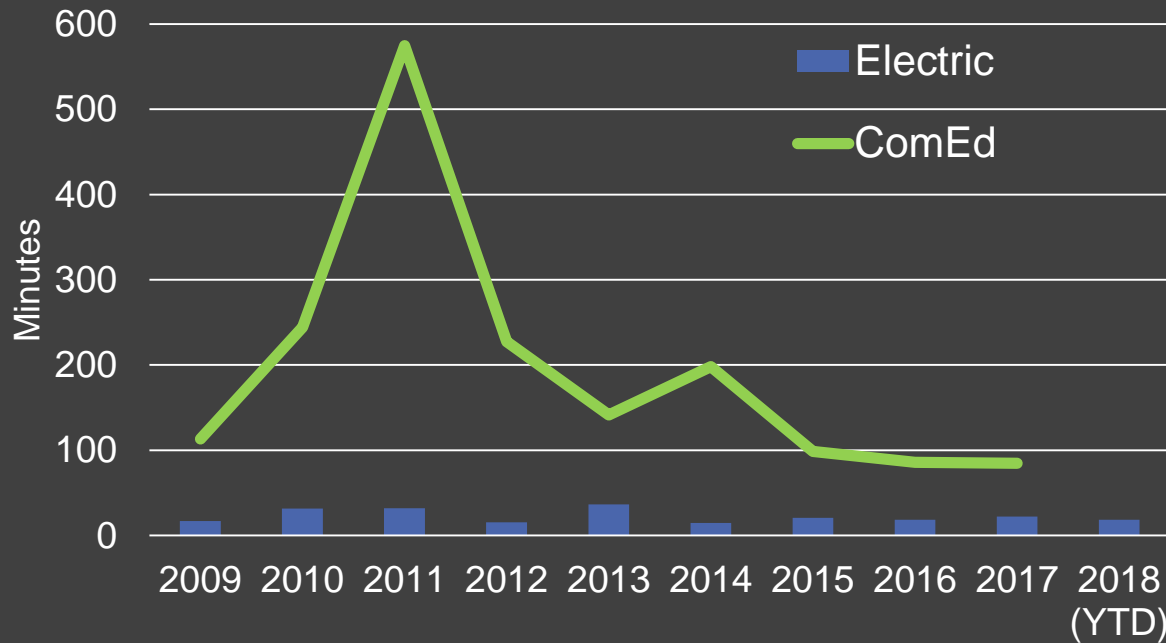




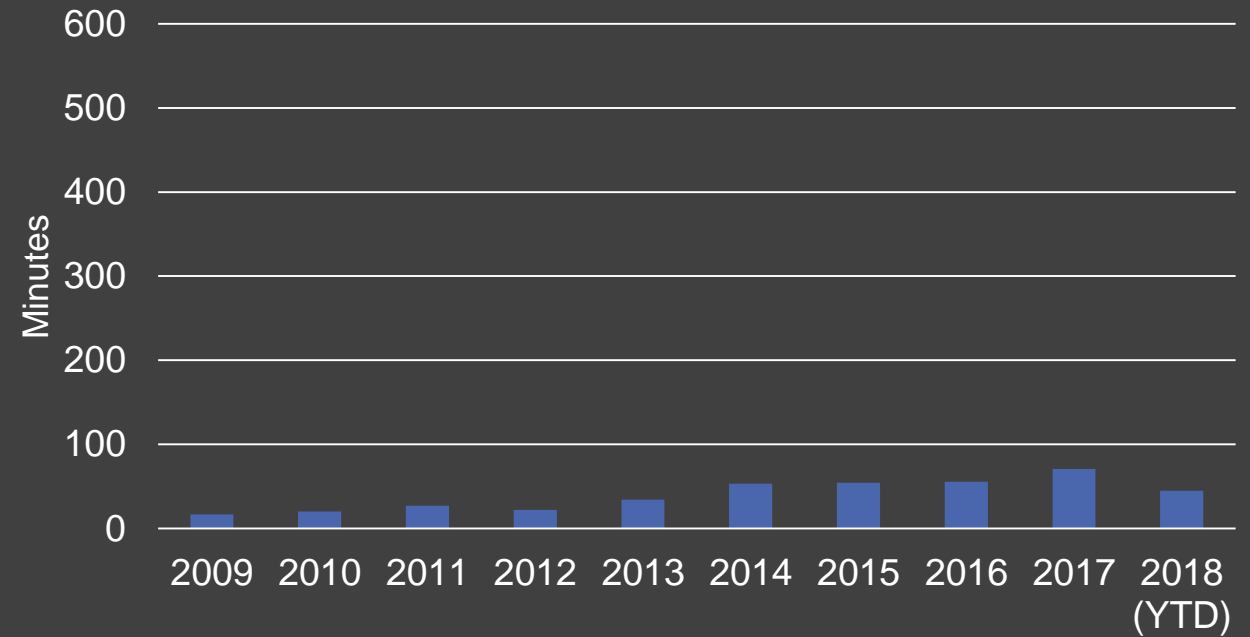
## ***Related City Goals***

- In order to improve the vibrancy and increase retail sales tax, the City will actively seek to fill vacant spaces at Ogden Mall, Iroquois Mall and the northwest corner of Ogden Avenue and Naper Boulevard.
  - *Goal modification underway* - Currently at 106,491 sq. ft.
- In order to improve the vibrancy and increase retail sales tax, the City will increase overall occupancies at Riverbrook Plaza and Wheatland Crossings by 10% through January 2020.
  - Currently at 70,749 sq. ft.; goal has been exceeded

## ELECTRIC UTILITY



## WATER UTILITY



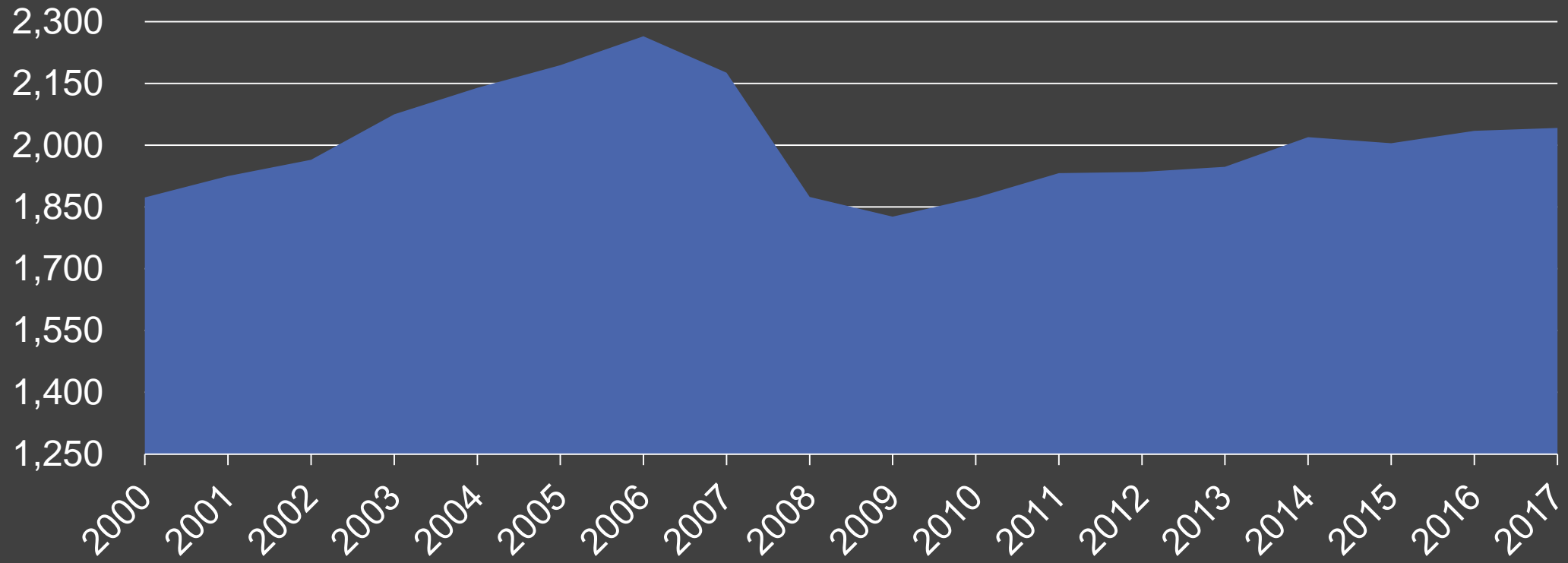
**Economic  
Development**

## Public Utilities' Reliability

- SAIDI Index used as measure of system reliability
- Average number of minutes that a customer is without service



## Historical Trend

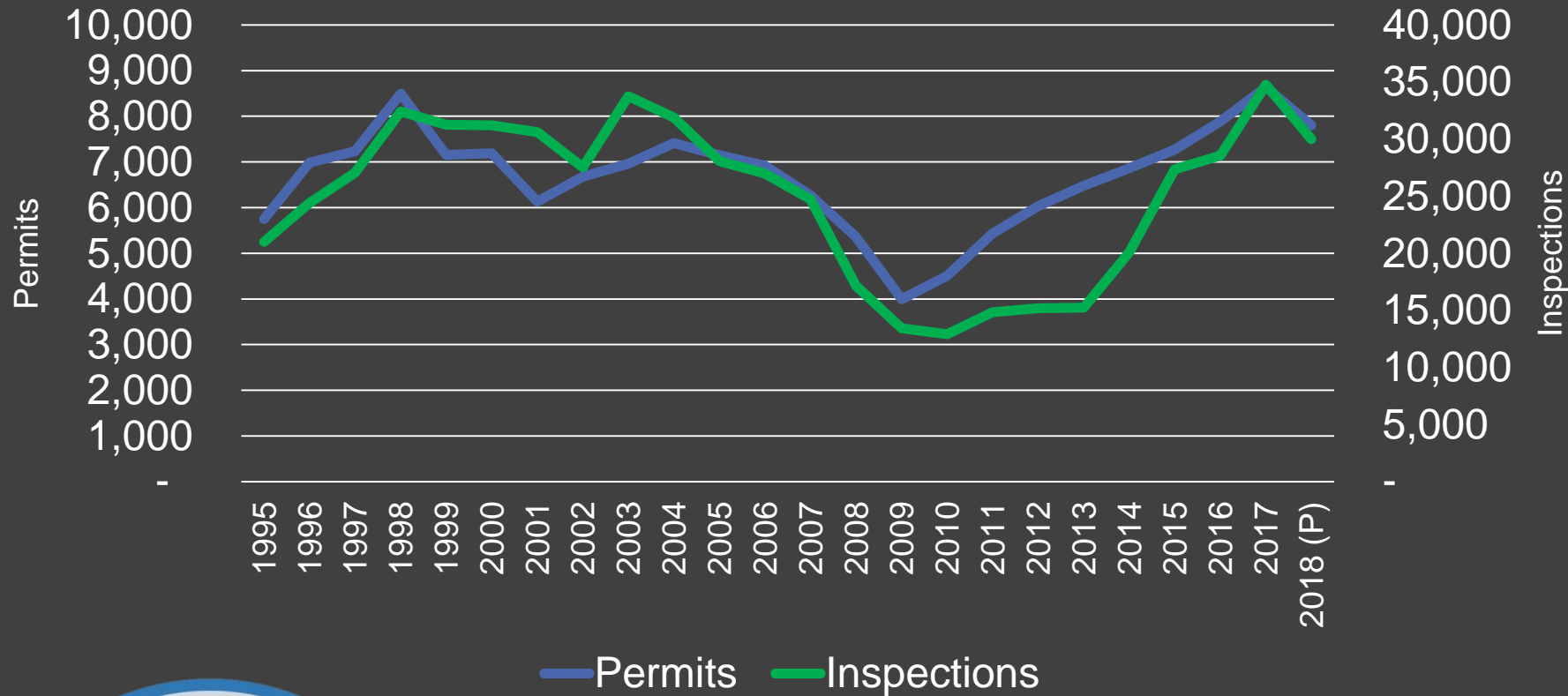


## Economic Development

## Number of Sales Tax Businesses

- Post-recession business growth began in 2010
  - Only recovered 49% of businesses lost during recession
- Average of 1% growth over the last 3 years

## Development Activity



- 2017: 8,637 permits and 34,762 inspections
- 2018 (Jan. – Oct.): 7,111 permits and 26,583 inspections

## Economic Development

## Inspections, Licenses and Permits

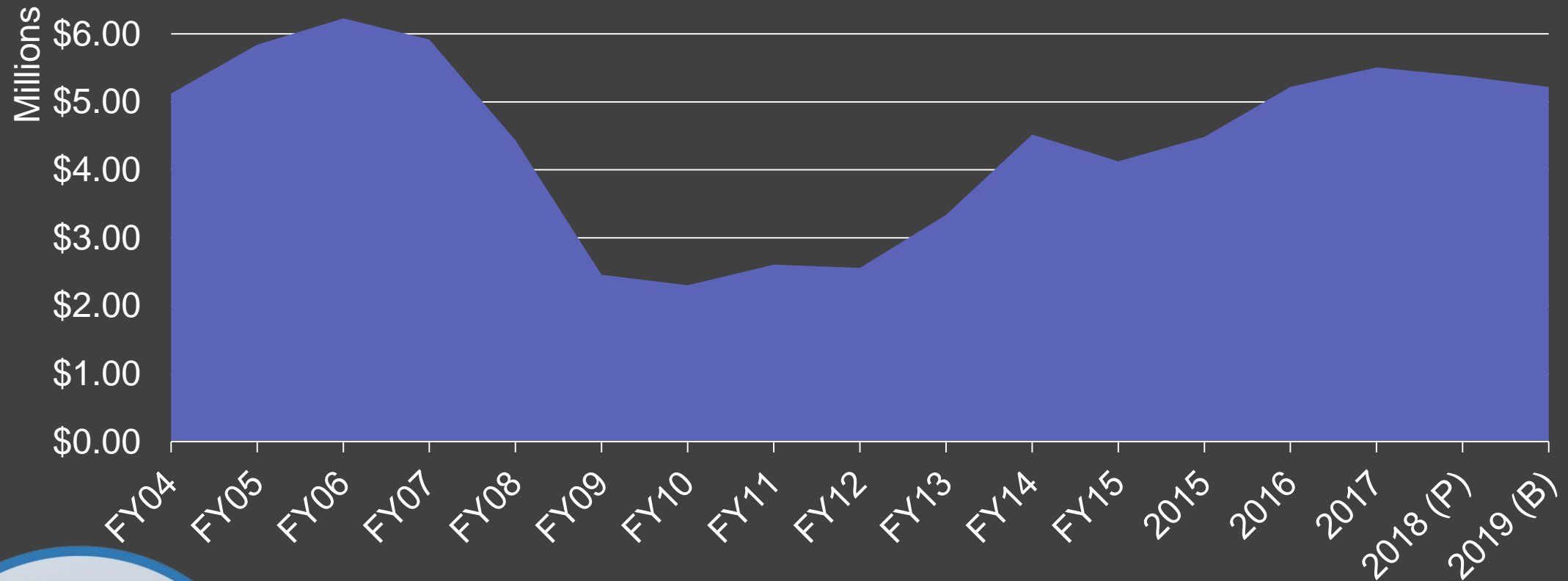
- Post-recession increase in activity began in 2010
- 2018 budget: \$2.30M, 2018 projection: \$2.27M
- 2019 budget: \$2.12M



## ***2019 Revenues***

- **Property Sales on Frontenac Road**
  - \$2.2M for capital projects
- **Water Street TIF**
  - Property value increase of 81%
  - \$250K transfer to pay debt service
- **South Dakota vs. Wayfair**
  - \$350K increase in use tax disbursement
- **New Special Service Area**
  - Associated with downtown streetscape

## Historical Trend

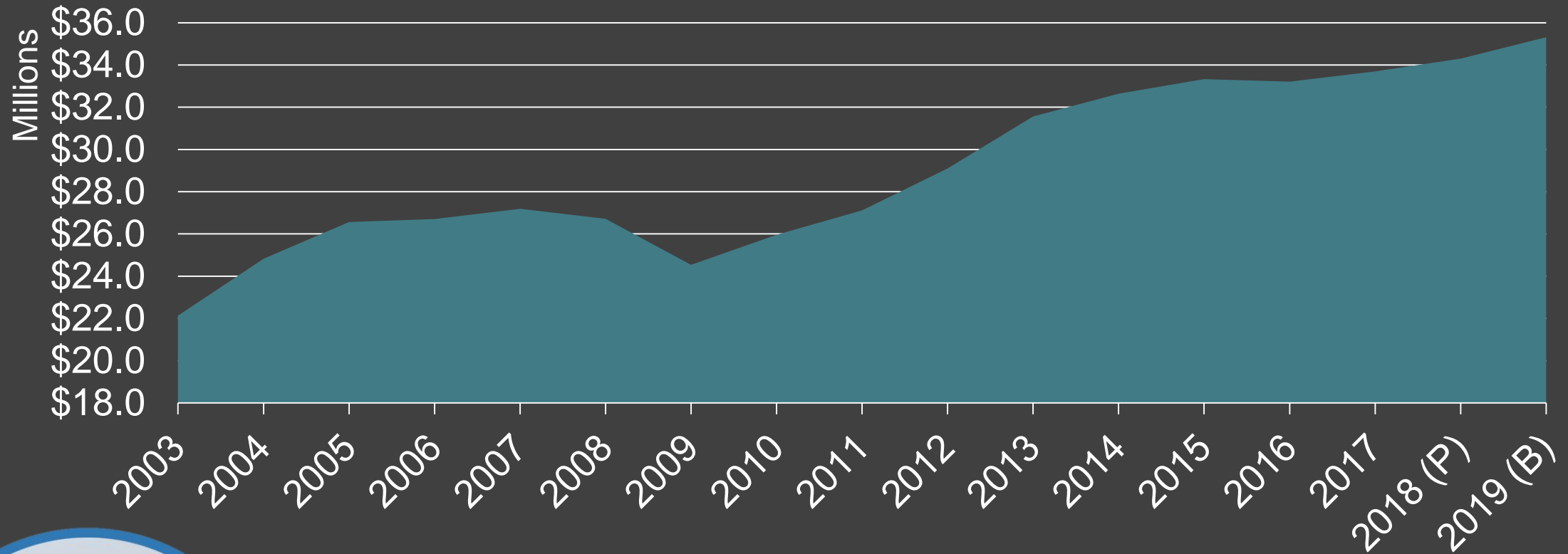


### Economic Development

## Real Estate Transfer Tax

- Continued recovery in housing market – avg. home value \$409K, 4.3% increase
- 2018 projection: \$5.38M
- 2019 budget: \$5.22M, 4.1% decrease

## Historical Trend



## Economic Development

## Retail Sales Tax

- 1.0% of statewide collection
- 2018 projection: \$33.93M; down slightly from budget
- 2019 budget: \$35.02M, 2.8% increase over 2018 budget
- Final Walmart rebate payment in early 2019 – incremental \$475K annually



## Revenue Distribution

	2018 Projected	2019 Proposed
Downtown F&B	\$0.45	\$0.69
Debt Service	\$1.13	\$0.48
Capital Projects Fund	\$8.92	\$13.03
State Admin Fee	(\$0.18)	(\$0.21)
<b>Total</b>	<b>\$ 10.32</b>	<b>\$ 13.98</b>

2015: 0.50% rate implemented

2016: \$8.75M collected

2017: \$9.10M collected

2018: \$10.01M budgeted

2019: \$13.98M budgeted

*\*in millions*

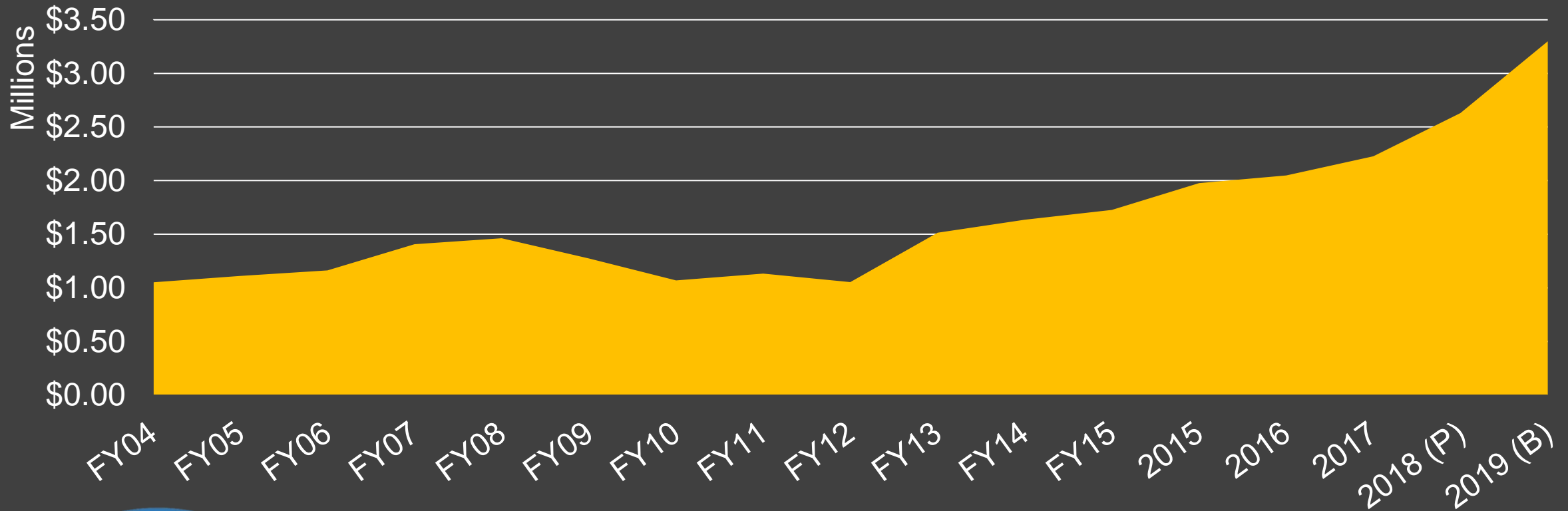


**Economic  
Development**

## Home Rule Sales Tax

- 2018: rate increased to 0.75%; F&B tax decreased to 0.75% as offset
- On July 1, state reduced admin fee from 2.0% to 1.5%; \$213K cost to City

## Historical Trend

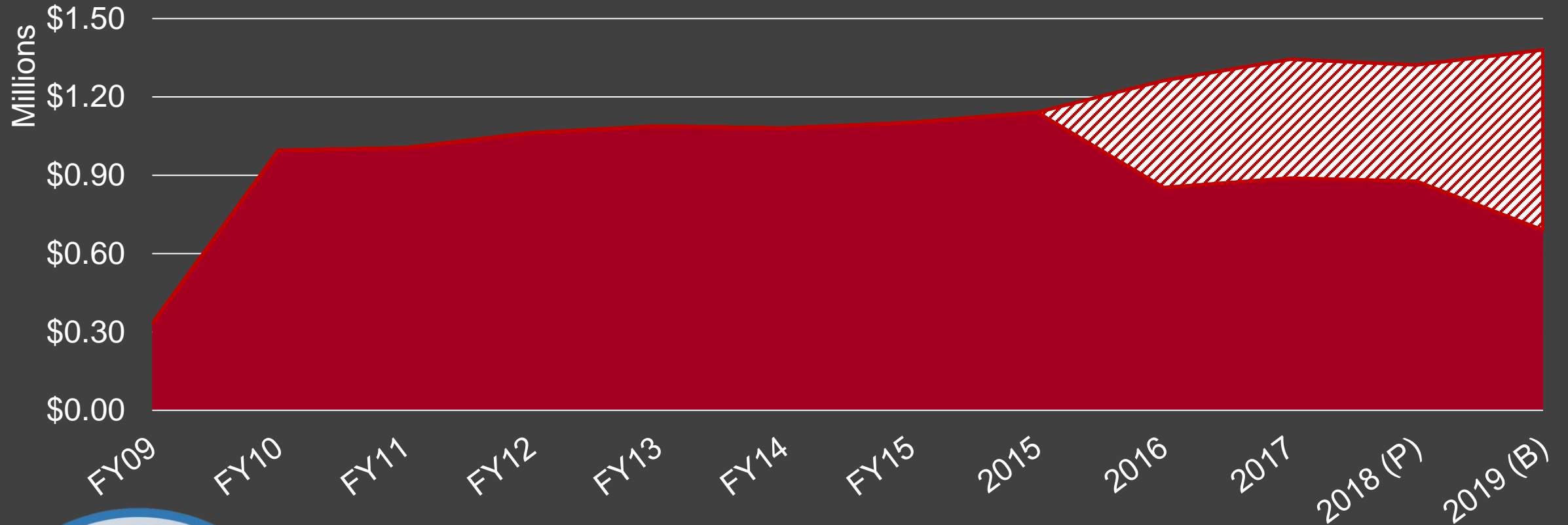


## Economic Development

## Hotel & Motel Tax

- Rate increased from 4.4% to 5.5% on July 1; additional \$570K of revenue
- 2018 budget: \$2.73M
- 2019 budget: \$3.30M; 20.9% increase

## Historical Trend

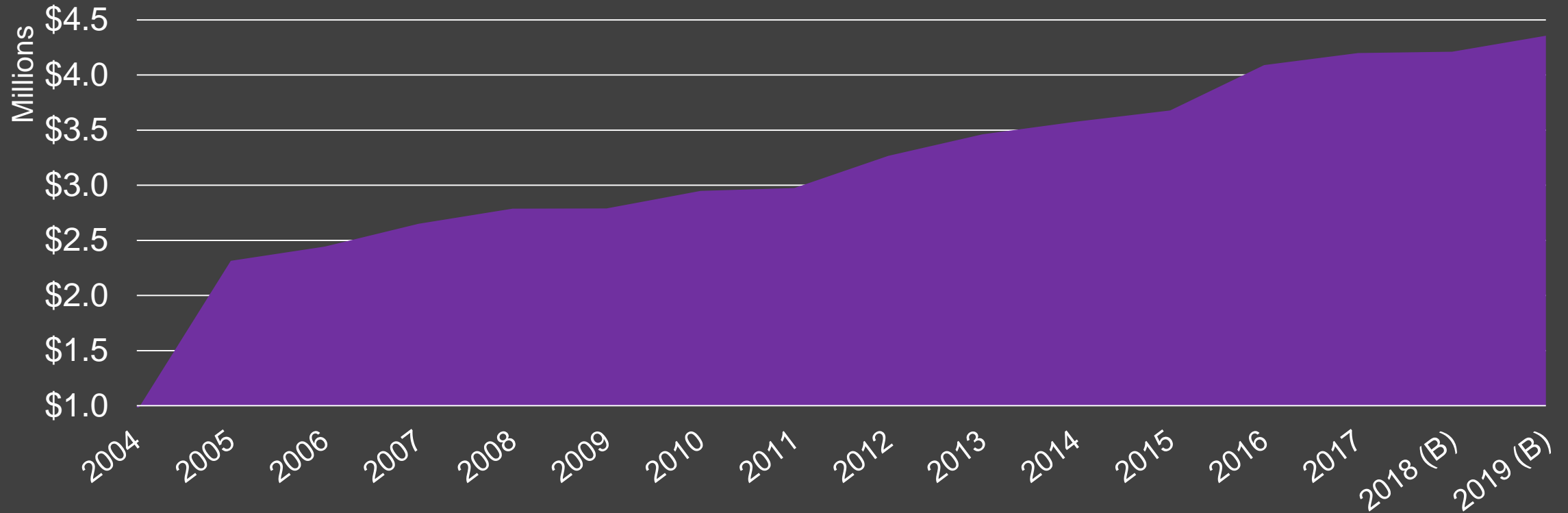


### Economic Development

## Downtown Food and Beverage Tax

- Rate adjusts with HRST – decreased to 1% in 2016 and to 0.75% in 2018
- 2018 budget: \$900K; 2018 projection: \$877K
- 2019 proposed: \$690K

## Historical Trend



### Economic Development

## Citywide Food and Beverage Tax

- Revenues dedicated to new Food and Beverage Fund in 2017
- 2018 budget: \$4.19M;
- 2019 proposed: \$4.36M; 4% increase over 2018





# **2019 *Key Initiatives***

## ***DEVELOPMENT***

- Facilitate construction and occupancy process for developments

## **COMMERCIAL**

- Whirlyball
- CityGate North
- Central Park Place
- Wash U
- Patel mall
- R.R. Breitwieser building

## **RESIDENTIAL**

- Clow Creek Farm
- Avenida
- Wagner Farm
- Charleston Row II



## **2019**

# ***Key Initiatives***

## ***TECHNOLOGY***

- Go live in EnerGov
  - Tool to provide online access by the public and streamline back office processes for development, permits and inspections
  - Associated expenses for implementation overtime, training, and support software total \$28K
- Project Phases – *Completed by end of 2019*
  - Code enforcement
  - Contractor licensing
  - Inspections
  - Ability to submit plans online



## ***2019 Expenditures***

- City Advocate for 5<sup>th</sup> Avenue: \$125K
- Downtown Streetscape Project
  - Jefferson Ave. & Main St. near Main Place
  - \$2.15M funded through SSA
- Comprehensive Plan Update: \$125K
- Pole Sign Removal on Ogden Corridor: \$30K
- Naperville Development Partnership agreement increase: \$20K (2.2%)





**Financial  
Stability**

*Naperville will be financially stable and  
maintain a AAA bond rating*

*AAA rating reaffirmed October 2018*





## ***Related City Goals***

- In order to provide services that ensure a high quality of life for our residents through fiscal management and financial stability, the City will actively seek to reduce its debt by 25 percent by 2023.
- In order to provide services that ensure a high quality of life for our residents through fiscal management and financial stability, the City will actively seek to increase its reserves to 25 percent by 2023.



## INCOME TAX

- 5% decrease in disbursements compared to prior decrease of 10%

## SPECIAL CENSUS

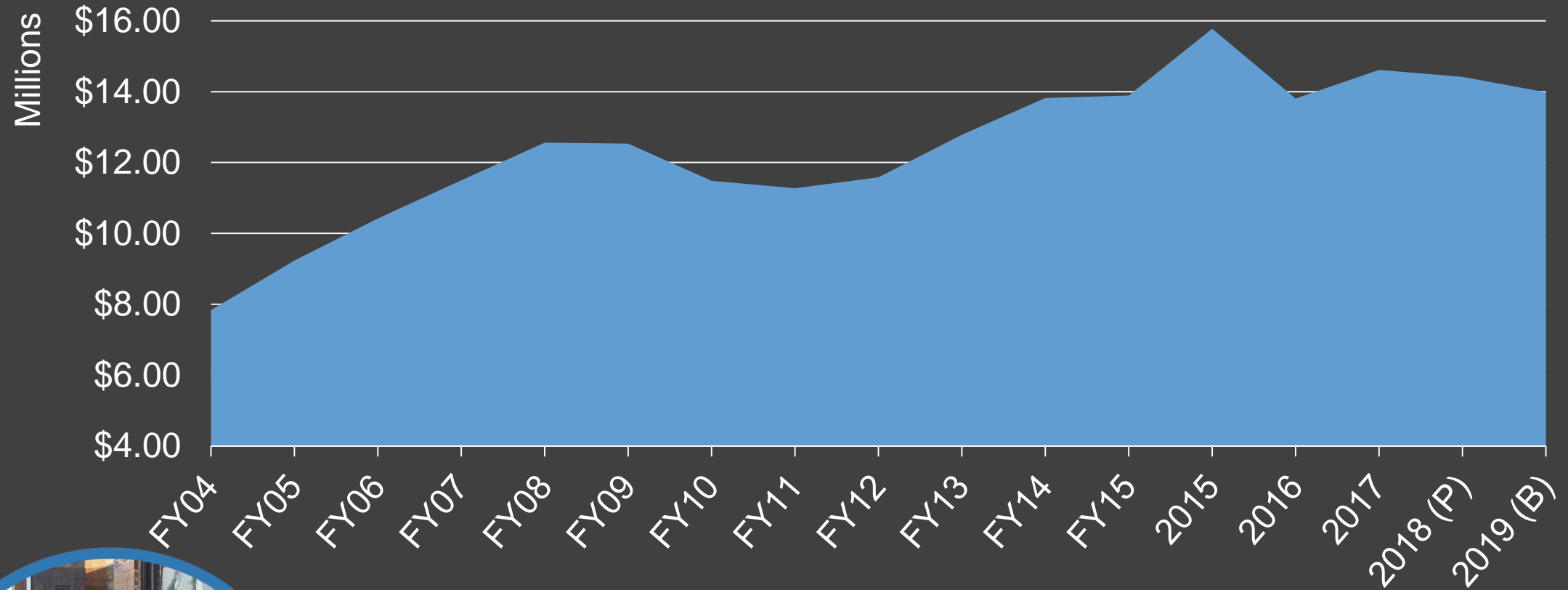
- Population increase of 5,988
- Increase motor fuel tax, income tax and local use tax by \$880K annually through 2021

## COST OF SERVICE

- Aligning cost of Water and Electric Utilities
- Aligning cost of refuse/recycling collection

**2019**  
***Revenues***

## Historical Trends



## State Income Tax

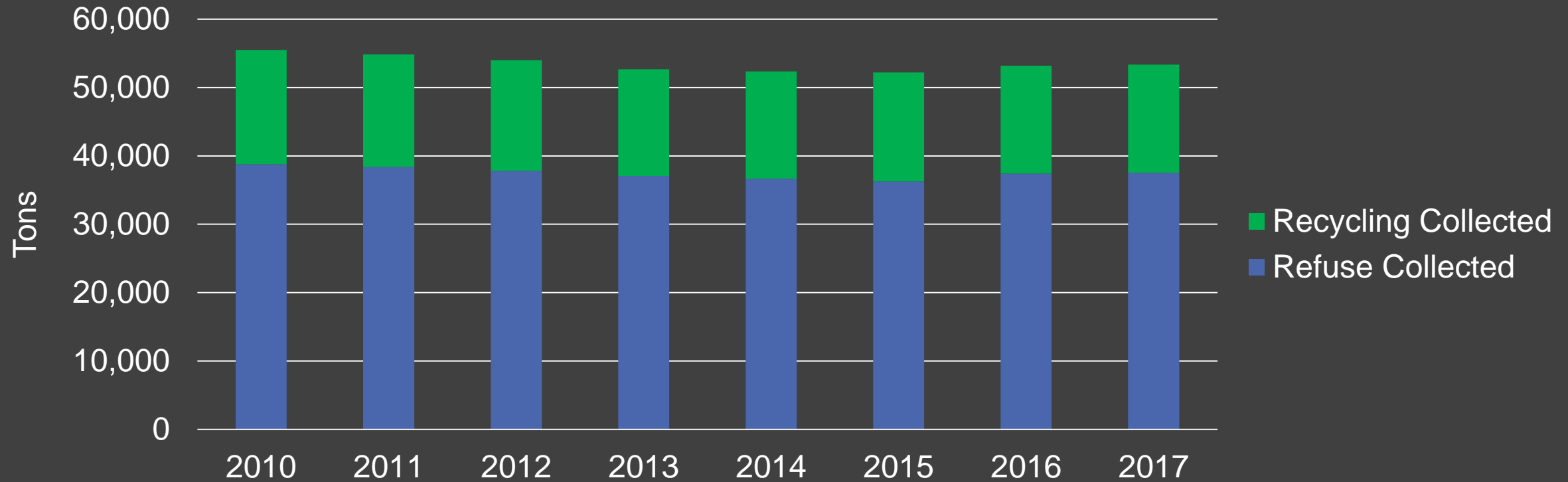
- Individual income tax rate: 4.95%; Business income tax rate: 7%
- Distributions to local governments cut by 5% through June 30, 2019
- 2018 budget: \$13.81M; 2018 projection: \$14.42M
- 2019 budget: \$13.98M, \$170K increase

Financial  
Stability





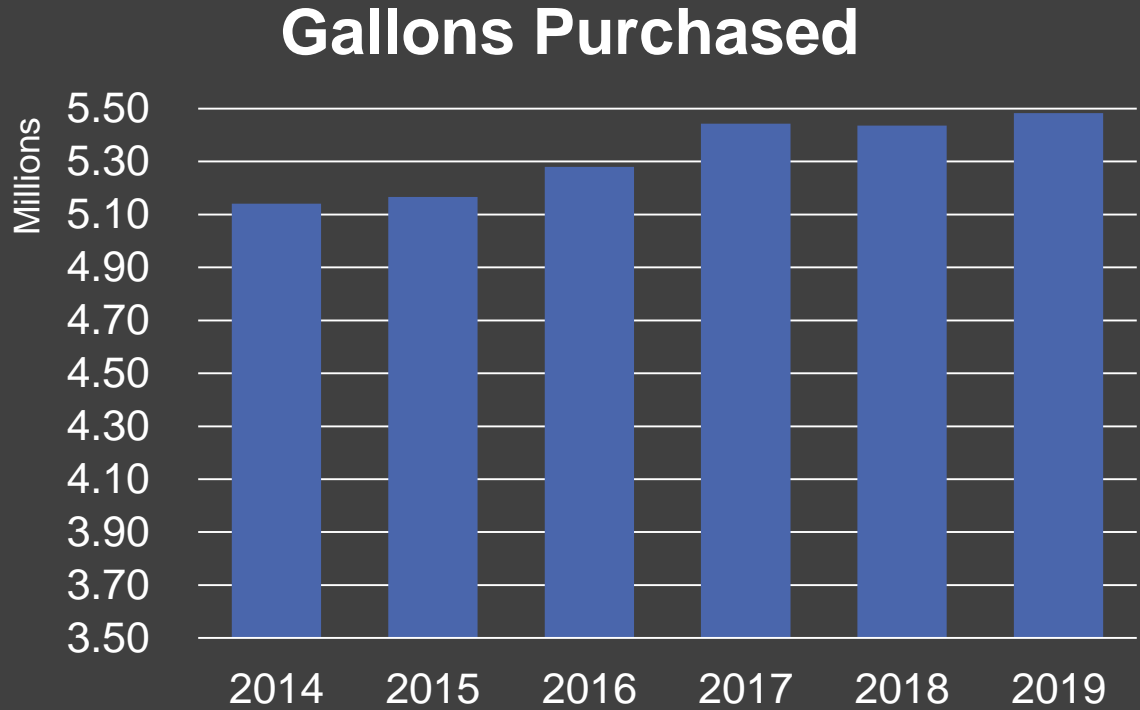
## Historical Trend



## Refuse and Recycling Fee

- Current rate is \$12.89 per household per month
- Under new contract:
  - 2019 rate: \$12.95 per household per month
  - Yard waste sticker increases from \$2.10 to \$2.25
  - \$480K savings in General Fund for curbside leaf collection

	Gallons Purchased (1,000)	Water Purchased (\$ millions)	Rate (composite)
2014	5.14	\$20.41	3.97
2015	5.17	\$24.80	4.80
2016	5.28	\$25.42	4.81
2017	5.44	\$26.44	4.86
2018	5.44	\$26.77	4.92
2019	5.49	\$27.47	5.01



## Financial Stability

## Water & Wastewater Funds

- 2018 projection includes nine months of actuals w/three yr. average used for final three months
- Water purchased at wholesale rate thru DuPage Water Commission via Jardine Water Purification Plant
- Wholesale rate passed thru to City water customers; rate changes applied by DWC in May

## Surcharge Revenues

	Rate Model	Current Projections
<b>2016</b>	-	-
<b>2017</b>	\$276K	\$167K
<b>2018</b>	\$575K	\$566K
<b>2019</b>	\$1.08M	\$1.19M

Loan Repayment	Fund Balance
\$2.86M	\$2.86M
\$2.86M	\$5.88M
\$8.97M	\$15.42M
-	\$16.61M



**Financial  
Stability**

## Phosphorus Surcharge

- Created to assist IEPA required funding improvements that are estimated between \$40-\$60M and scheduled to begin in 2025
- Surcharge expires once collected funds equal half the cost of improvements
- Additional \$8.97M will transfer into fund in 2018, completing Electric loan repayment

Utility	Monthly Bill	% Difference
Winfield	\$115.45	52.5%
Elmhurst	\$113.38	49.8%
Glen Ellyn	\$100.62	32.9%
Lombard	\$96.55	27.5%
Wheaton	\$95.52	26.2%
Woodridge	\$92.44	22.1%
Plainfield	\$90.46	19.5%
DuPage County – Steeple Run	\$87.46	15.5%
Downers Grove	\$78.23	3.3%
<b>Naperville</b>	<b>\$75.70</b>	<b>Base</b>
Lisle	\$67.38	(11.0%)
Carol Stream	\$62.10	(18.0%)



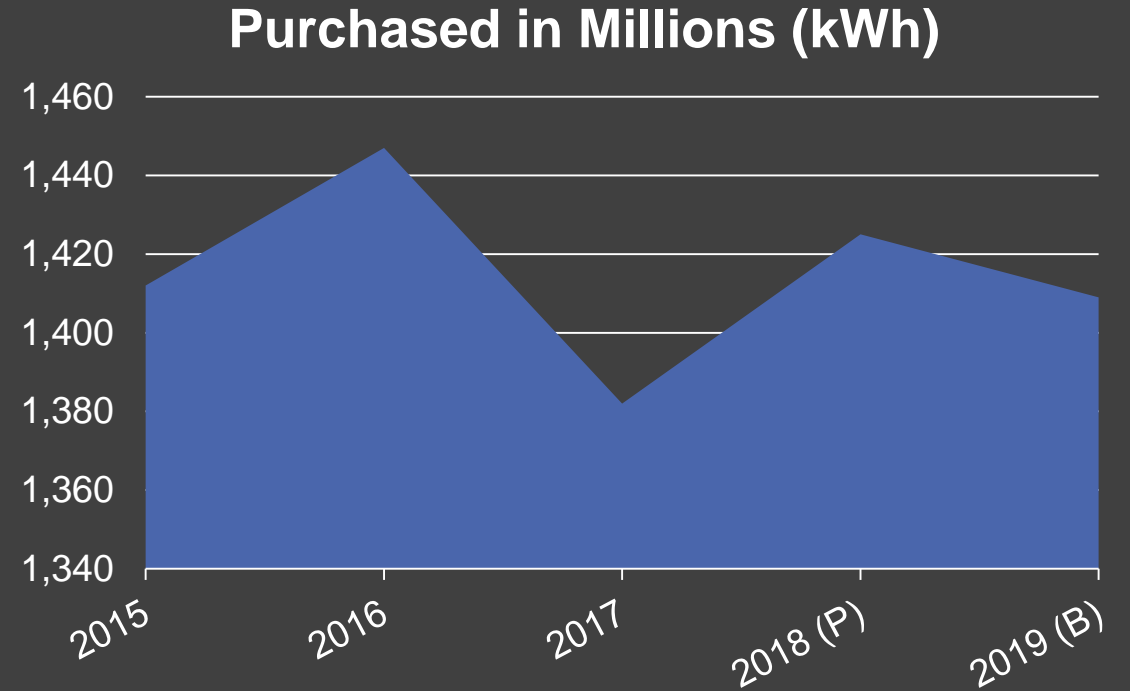
Financial  
Stability

## Average Water/Wastewater Bill

- Based on 750 CF (5,610 gallons) per month typical usage as of May 15, 2018



	2019	2020	2021
% Rate Reduction	-2.0%	-2.0%	-2.0%
Avg Mnthly Res Bill w/o PPA	\$109.45	\$107.60	\$105.76
Monthly PPA at \$85.51	\$0.68	\$1.60	(\$1.94)



## Electric Utility Funds

- New 3 year rate study proposes 2% rate decrease each of next 3 years
- Average monthly residential bill expected to decline each year
- Millions of kWh purchased is expected to decline

Utility	Monthly Bill	% Difference
Winnetka	\$135.28	32.51%
Batavia	\$122.97	12.35%
Rochelle	\$121.81	11.29%
St. Charles	\$113.67	3.18%
ComEd	\$110.17	0.66%
<b>Naperville</b>	<b>\$109.45</b>	<b>Base</b>
Geneva	\$102.09	(7.21%)



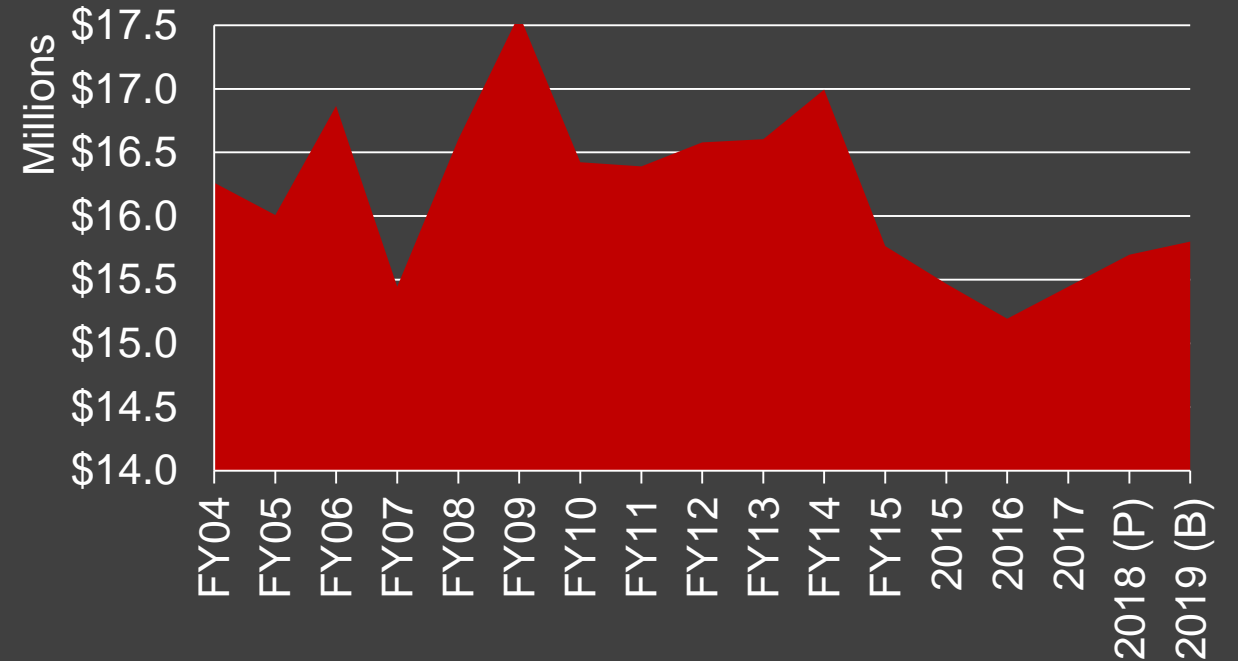
## Average Electric Bill

- Based on 844kWh residential consumption as of January 1, 2019

	2018 Budget	2019 Budget
Electric	\$6.0	\$6.1
Natural Gas	\$3.8	\$3.5
Telephone	\$5.1	\$4.4
Water	\$1.7	\$1.8

*\*In millions*

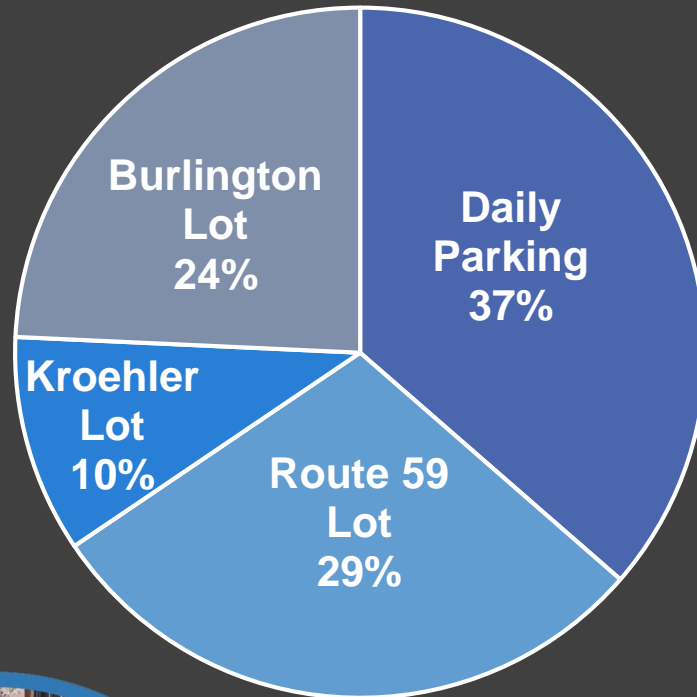
## Historical Trend



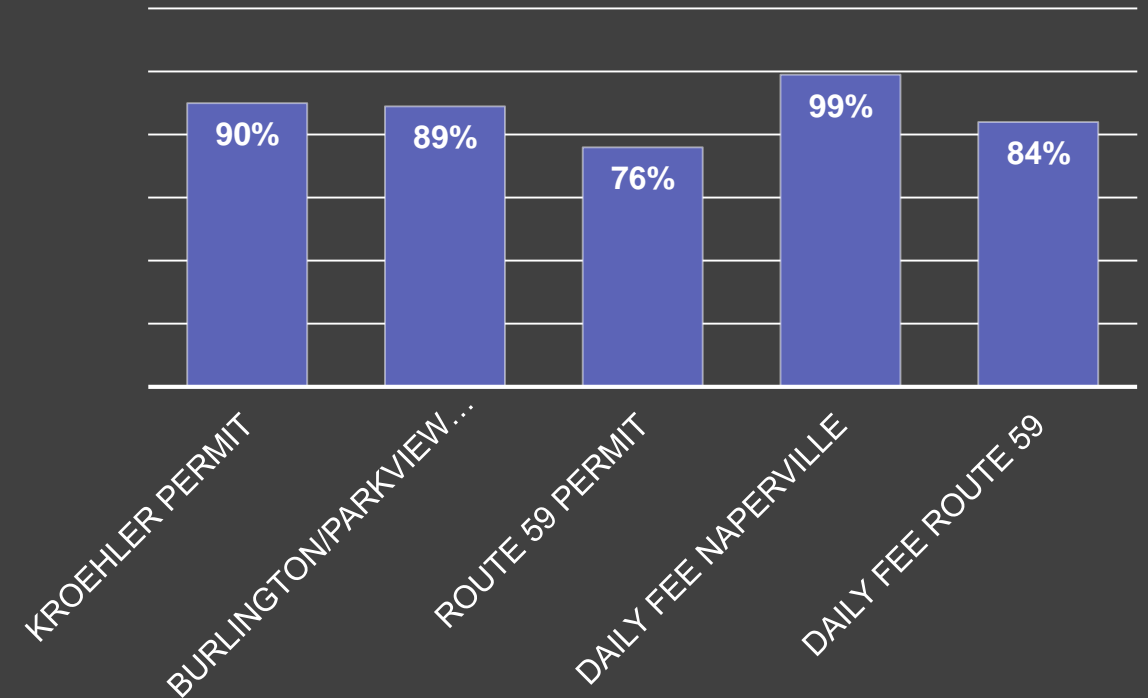
## Utility Taxes

- Natural gas is highly variable due to weather conditions
- Telecommunications tax rate increased in fourth quarter of 2018 from 5% to 6%
- Telecommunications tax anticipated to continue declining due to fewer land lines

Permit & Fee Revenue = \$2.07M



## Space Usage



## Commuter Parking Fund

- Daily parking at Route 59/Naperville stations: \$2 per day
- DuPage Children's Museum and Boecker lot spaces: \$5 per day
- Parkview/Burlington lot quarterly permit fee: \$120 (resident and non-resident)
- Kroehler lot quarterly permit fee: \$110 (resident) and \$135 (non-resident)
- Route 59 lot quarterly permit fee: \$120 (resident) and \$145 (non-resident)





# PERSONNEL COSTS

- Excludes new personnel requests
- \$942K increase to budget
- Union contracts of 2.0% - 2.5%
  - Annual average increase since FY15 = 2.39%
- Non-union merit pool of 2.75%
  - Annual average increase since FY15 = 2.22%

2019 Projected Market Salary Changes	
Data Source	% Increase
Salary.com/CompAnalyst	3.00% - 3.20%
World at Work	3.20%
SHRM	3.20%
Willis Towers Watson	3.10%
City of Naperville (Non-Union)	2.75%

# 2019 Expenditures

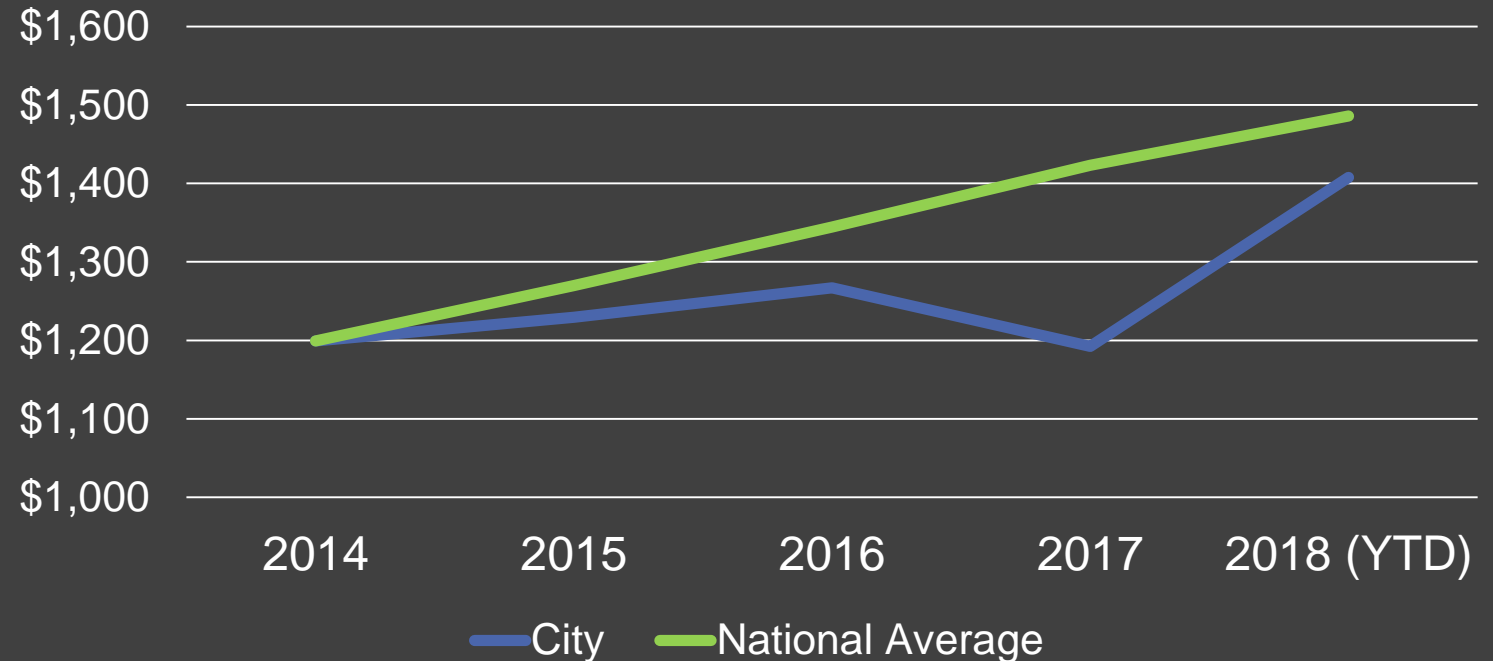


## 2019 Expenditures

### HEALTHCARE COSTS

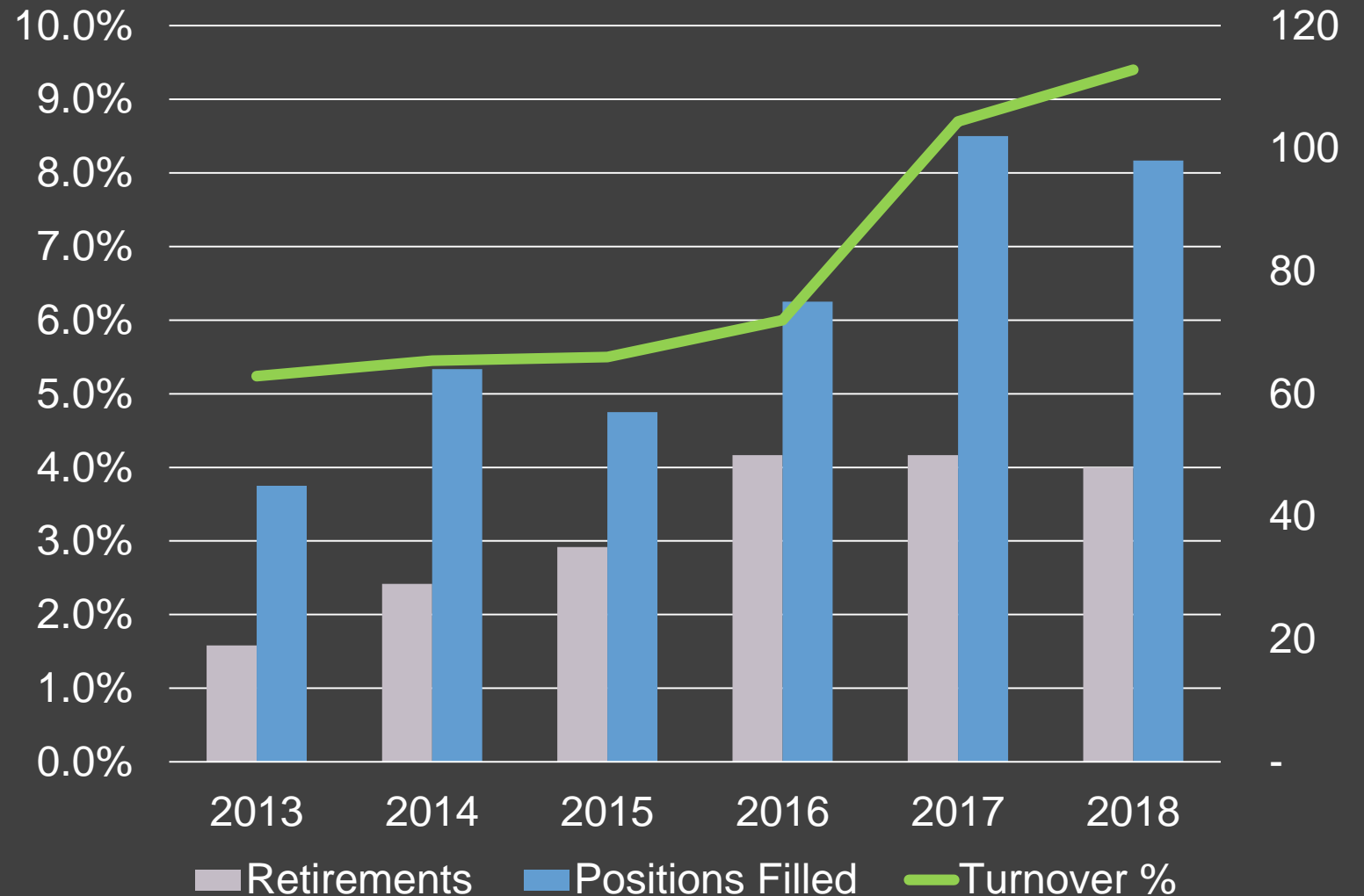
- Cost Saving Measures
  - Elimination of CDHP, add virtual visits, add generic preventative drug program
- 0% increase in medical premiums

#### Medical/Dental Claims & Expenses





## TURNOVER AND HIRING



***Performance  
Indicators***

## GENERAL FUND SUPPORTED

### City Manager's Office

- 1.0 Communications Specialist

### Police

- 1.0 Deputy Director

### Information Technology

- 1.0 Network Security Engineer
- 1.0 Project Solution Manager
- 1.0 Business Systems Analyst
- Upgrade 0.5 Radio Technician

### Public Works

- Decrease of 4 Custodial positions in 2018
- Upgrade 0.5 GIS Technician
- 0.5 GIS Specialist

## UTILITY SUPPORTED

### Finance

- 1.0 Account Representative
- 1.0 Customer Care Specialist

### Water Utility

- 0.5 GIS Specialist

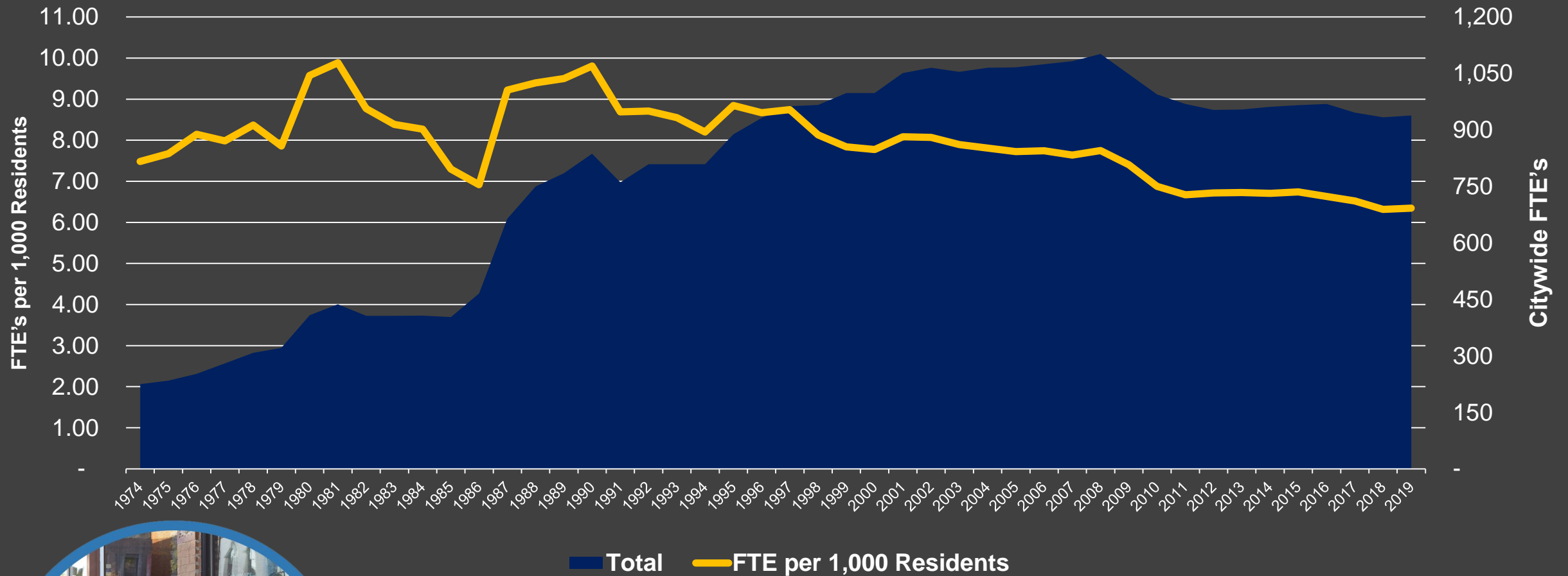


## Financial Stability

## FTE Changes

- Net increase of 5 FTEs in 2019





## City FTE History

- 2018 is lowest FTE per thousand residents over last 45 years
- Reduction of 30 FTEs since 2016
- Reduction of 163 FTEs since 2008



## **2019 *Expenditures***

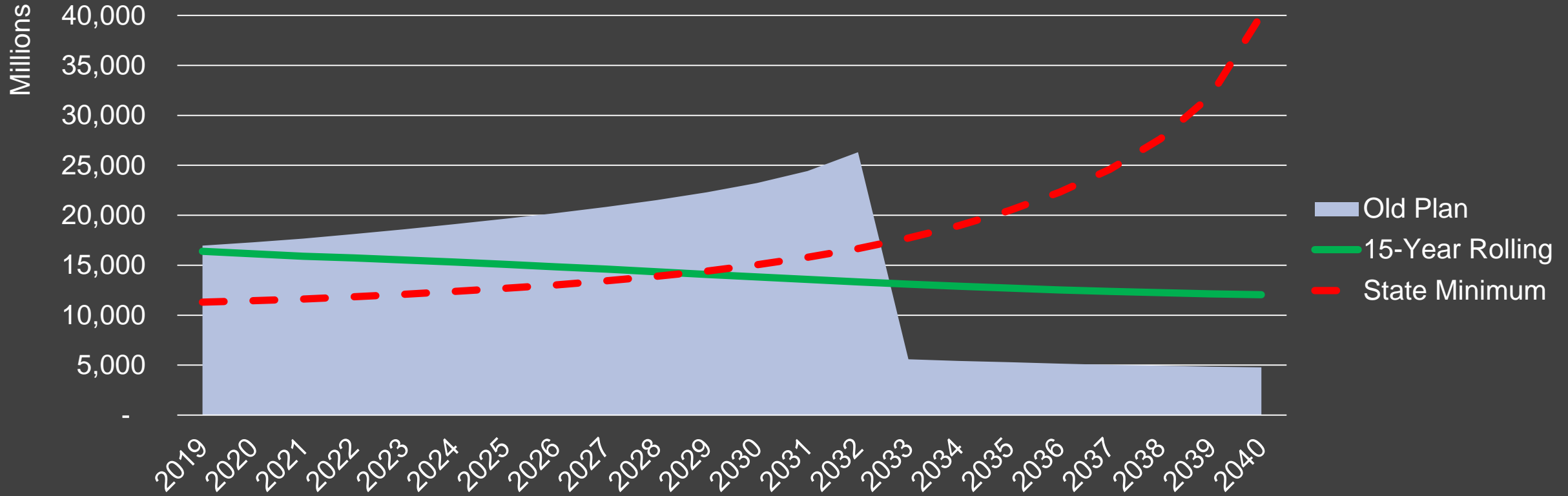
### **PENSIONS**

- Public Safety pensions: \$41,508 decrease
- IMRF: 16% rate decrease rate
  - \$990K savings
  - 97.9% funding ratio

### **LONG-TERM DEBT**

- Full repayment of Water Utility loan by Electric
- Debt reduction goal has led to decrease in debt service payments

# COMBINED (Police & Fire) CONTRIBUTIONS

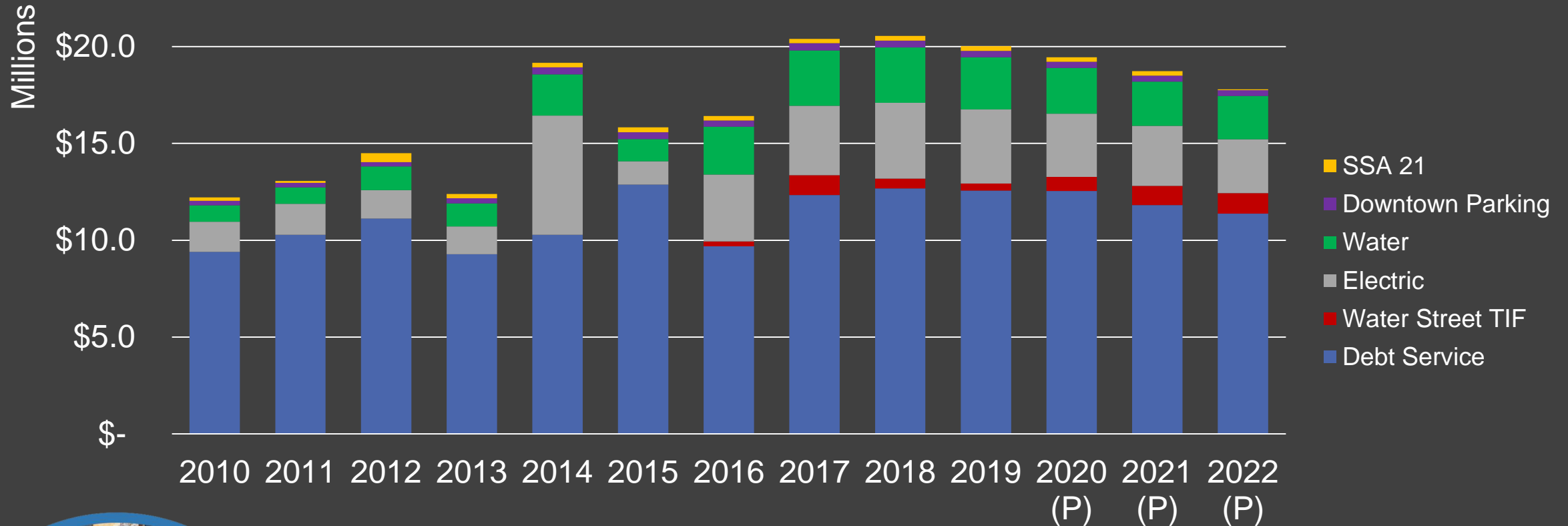


Financial  
Stability

## Combined Public Safety Pension Contributions

- Major assumptions include 100% funded by 2033 and 15-year rolling average
- Funding Levels:
  - Police = 80.7% of net pension liability
  - Fire = 78.4% of net pension liability

# Annual Debt Service Payments



Financial  
Stability

## Long-Term Debt

- 2019: \$530K decrease in debt service across all funds; \$115K in General Corporate
- Average 3.5% reduction in annual debt service through 2022





# *2019 Annual Operating Budget and Capital Improvement Program Overview*



	Revenues	Expenditures	Margin
Maintenance & Operating Funds	373.80	370.48	3.32
Capital & Debt Service Funds	50.17	49.38	0.79
Special Funds	31.42	32.35	(0.93)
<b>TOTAL</b>	<b>\$ 455.39</b>	<b>\$ 452.51</b>	<b>\$ 3.25</b>

*\*in millions*



## 2019 Proposed Budget

	Revenues	Expenditures	Margin
General Fund	125.82	125.74	0.08
Electric Utility Funds	158.82	156.29	2.53
Water Utility Funds	63.93	63.63	0.30
Self Insurance Fund	22.90	22.90	0.00
Burlington Fund	2.33	1.92	0.41
<b>TOTALS</b>	<b>\$ 373.80</b>	<b>\$ 370.48</b>	<b>\$ 3.32</b>

*\*in millions*



## Maintenance and Operating Funds

	Revenues	Expenditures	Margin
Capital Projects Fund	17.12	19.13	(2.01)
G.O. Bond Funds	7.40	7.39	0.01
S.S.A. #21 Van Buren Deck Fund	0.22	0.24	(0.02)
S.S.A. #23 Naper Main Fund	0.10	0.08	0.02
S.S.A. #25 TC Lacrosse Fund	0.07	-	0.07
S.S.A. #30 Downtown Streetscape	2.15	2.15	-
Debt Service Fund	13.05	13.02	0.03
Motor Fuel Tax Fund	3.86	3.85	0.01
Road & Bridge Fund	2.95	2.94	0.01
Downtown Parking Fund	1.56	0.33	1.23
Water Street TIF Fund	0.50	0.25	0.25
Phosphorus Fund	1.19	-	1.19
<b>TOTALS</b>	<b>\$ 50.17</b>	<b>\$ 49.38</b>	<b>\$ 0.79</b>

*\*in millions*



## Capital and Debt Service Funds



	Revenues	Expenditures	Margin
Naperville Library Funds <b>(3 Funds)</b>	15.51	16.04	(0.53)
Naper Settlement Fund	3.97	4.11	(0.14)
Food & Beverage Fund	4.38	4.36	0.02
S.S.A. #26 Downtown Maint. Fund	2.20	2.47	(0.27)
CDBG Fund	0.55	0.55	-
E-911 Surcharge Fund	2.90	2.90	-
ETSB Fund	1.20	1.20	-
Federal Forfeiture Fund	0.11	0.10	0.01
Renewable Energy Fund	0.35	0.39	(0.04)
State Forfeiture Fund	0.19	0.18	0.01
Test Track Fund	0.06	0.05	0.01
<b>TOTALS</b>	<b>\$ 31.42</b>	<b>\$ 32.35</b>	<b>\$ (0.93)</b>

*\*in millions*



## Special Funds

# Priority Guidance

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## Service Levels

- Requests should link to ends policies and have data support



Included in budget recommendation

## Property Taxes

- Maintain a flat property tax rate and leverage EAV growth



Included in budget recommendation

## Debt Reduction

- Open to re-evaluating debt reduction goal



Not included in budget recommendation

## Reserve Levels

- No flexibility in reserves until FAB provides policy guidance



Not included in budget recommendation

### Principle #1

**Pass a structurally balanced operating budget**

- ✓ Proposed budgets are balanced
- ✓ Projected positive margin across operating funds of \$3.25M

**2019 Proposed - Achieved**

### Principle #2

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

- ✓ Budget requests tied to ends policies with supporting metrics
- ✓ Continued push for operational efficiencies

**2019 Proposal – On Target**

### Principle #3

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

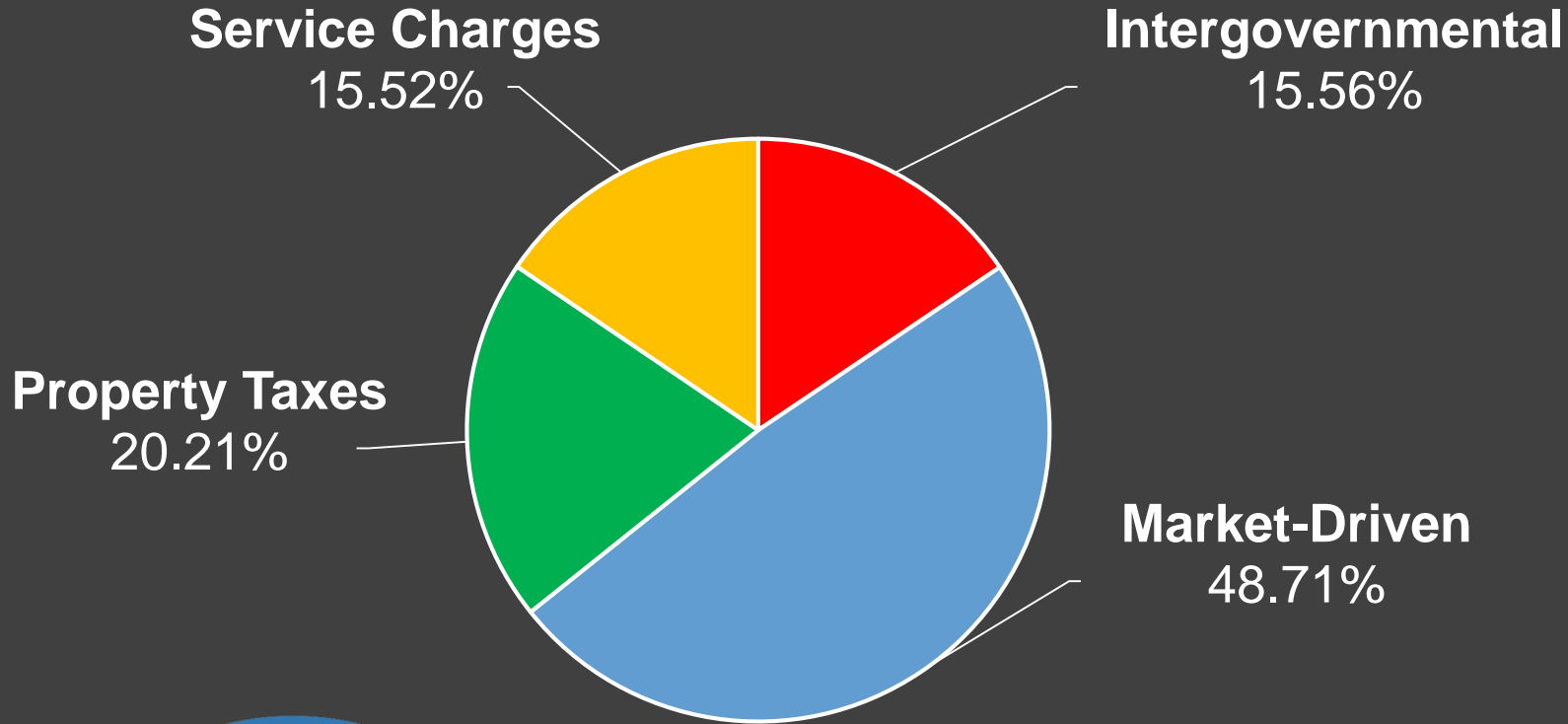
- ✓ 20.9% debt reduction at end of 2018
- ✓ \$28.41M reserves (23.4%) at end of 2018

**2019 Proposal – On Target**



## Financial Principles

## City's Revenue Mix\*



**Service Charges:** refuse collection, ambulance billing

**Market driven:** food and beverage tax, sales tax, real estate transfer tax

**Intergovernmental:** income tax, motor fuel tax, local use tax

*\*Excludes Utilities and other Special Funds*

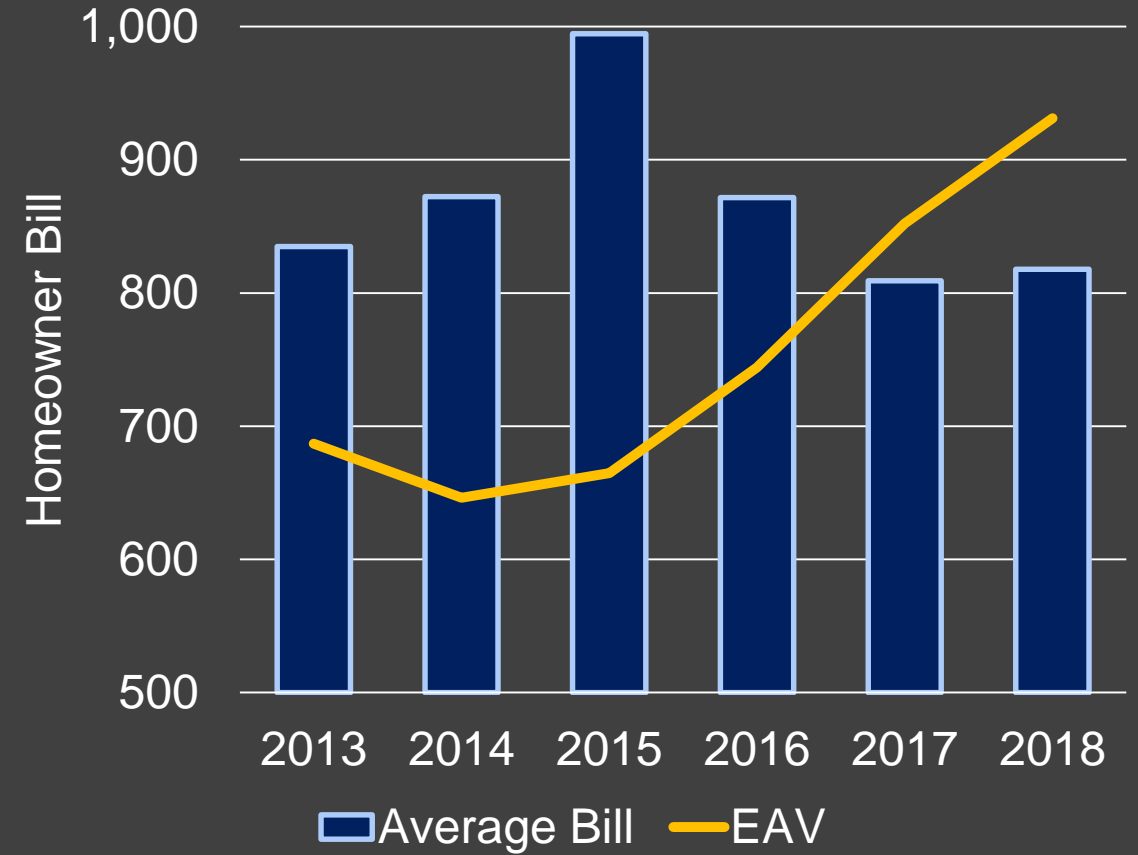


## Revenue Concepts

- Consistency
- Competitive advantage
- Service alignment
- Diversification (equity)

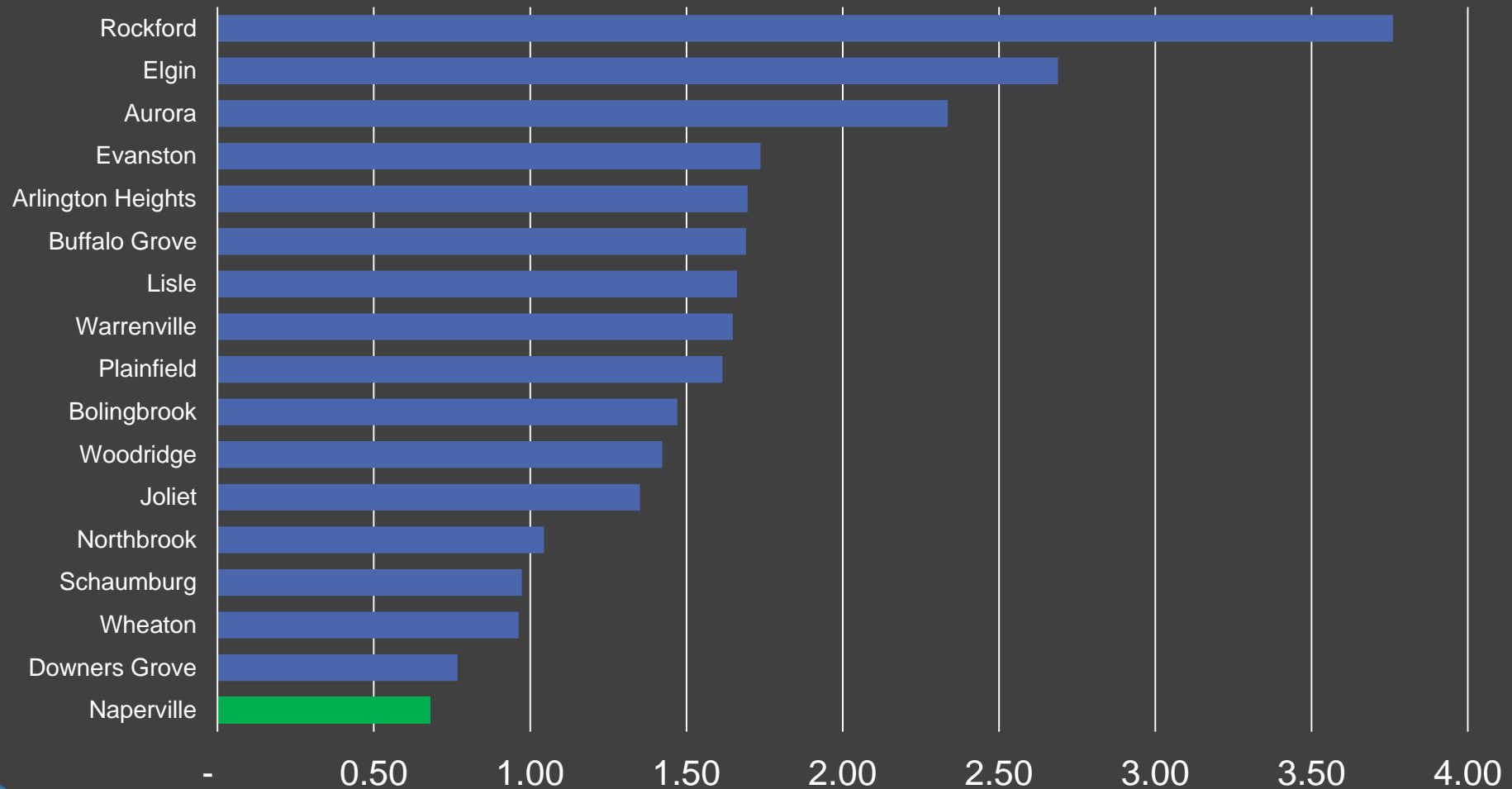


- **Tax rate would remain flat at 0.6815**
  - Lowest rate in 50 years
  - City is taking advantage of EAV growth – property assessments determine how much an individual's bill would change
- **Average homeowner bill**
  - Over the past 3 years, the average homeowner has seen a \$177 decrease in the City portion of their property tax bill
  - Projected to be \$853 in 2019 compared to \$818 in 2018



## Property Taxes

- Funds pensions, debt, Library, Settlement and a portion of City operations
- 2019 request: \$1.9M increase



## Property Tax Comparison

- Recommended rate of 0.6815
- Includes city services, library, and fire districts for comparison
- Average rate of comparable communities is 1.1931



# 2019 Proposed Budget

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**\$1.9 MILLION  
INCREASE**



**\$7.5 MILLION  
INCREASE**

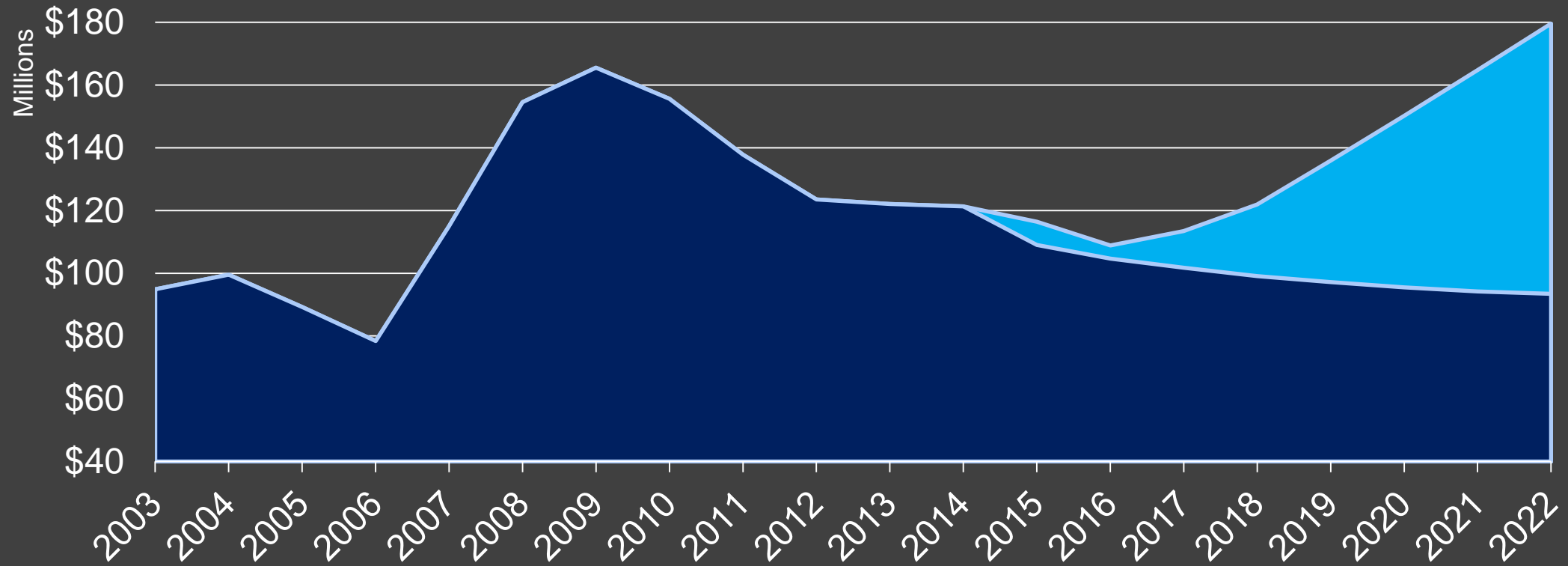


**\$2.4 MILLION  
INCREASE**



**\$2.0 MILLION  
DECREASE**

## Outstanding Debt

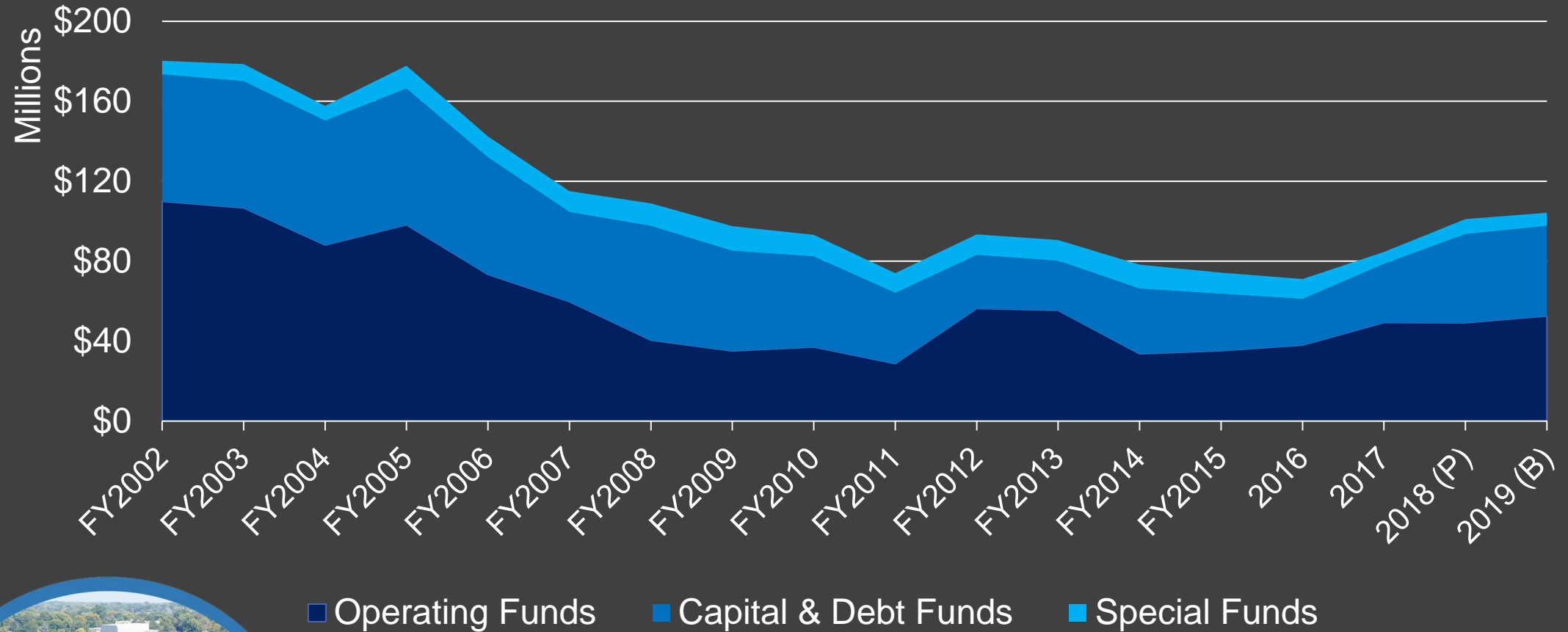


## Debt Reduction

- On track to reduce debt by 25% by 2022
- Yearly borrowing threshold of \$7.25M
- Used \$25.5M of Home Rule Sales Tax for debt reduction



# Citywide Cash Reserves



## Cash Reserves

- On track to increase reserve to 25% by 2022
- Protects AAA bond rating and increases financial security



Questions?

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# 2019 Budget Calendar

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- **City Council Workshop 3** – Monday, November 26 (*tentative*)
- **Budget approval** – Tuesday, December 4
- **Tax levy approval** – Tuesday, December 18



**Thank You**

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