



October 18, 2019

Mayor and City Council:

It is with great pleasure we present to you the proposed 2020 City of Naperville Annual Operating Budget and Capital Improvement Program. This document is the result of months of preparation, evaluation, and efforts by the City's Director Leadership Team to bring forth a document that adheres to our financial principles and meets the service needs of our community's residents and businesses while simultaneously advancing the City's goals and ends policies.

As the City approaches a new decade, it finds itself uniquely positioned financially due to the proactive fiscal management of the City Council over the past five years. These efforts included creation of the City's four ends policies, performance management goals and financial principles. With these as guiding principles, the City experienced pension stabilization, debt reduction, rebuilding of cash reserves, and property tax reductions.

The 2020 budget was built on the concept of refocusing. Why refocusing? It's important to remember that the City's budget is a reflection of our goals, actions, and efforts to appropriately plan and position the City of Naperville for the future. In preparing the budget, staff's efforts included reviewing past actions, resetting priorities based on lessons learned, researching and developing opportunities for the community, and planning for future needs. In fact, many of the budgetary additions granted in 2019 provided the catalyst for our effort to refocus on existing and new projects, programs, and services and shone a light on areas to improve or adjust, resource allocation needs, and long-term impacts of ongoing technology implementations.

Ultimately, the City generates revenues through taxes and fees to support the many services our residents have come to expect. Appropriately setting community service levels dictates the revenue and expenditure requirements of the City. Therefore, staff's largest commitment during its refocusing effort was the evaluation of citywide service levels in combination with long-term financial goals and short-term financial impacts.

When the city evaluates the services provided to our constituents, staff looks at three major components: continuity of existing service levels across all City departments, addressing service level concerns through implementing solutions, and providing resources to achieve City goals. Examples of this include improving customer service, improving operations, enhancing technology, improving communication and transparency, investing in infrastructure, and coordinating citywide strategic planning. Building off of information gathered through these evaluations, staff is able to refocus efforts on ongoing projects, highlight areas to improve, and adjust resource allocations to best refocus the City's service levels and financial goals.

The 2020 budget is recommended at \$491.7 million, an overall increase of 8.9% from the \$451.4 million 2019 budget. This figure is the result of two rounds of reviews with the Finance Department and City Manager's Office to ensure departments' requests aligned with the City's four ends policies, performance management goals, and financial principles. All changes made during the review process are integrated into the proposed budget document.



The 2020 budget is a quantitative reflection of the City's goals and associated progress; the City budgets for resources to meet its mission statement, financial principles and ends policies of public safety, high performing government, economic development, and financial stability. Staff is pleased to have brought forth a 2020 budget recommendation that not only supports the City's ends policies but continues to align with the City's financial principles.

Principle 1: The City will pass a structurally balanced operating budget annually.

2020 Proposed Budget: Achieved

Principle 2: The City commits to continuous improvement in the delivery of necessary and cost-effective services.

2020 Proposed Budget: On Target

Principle 3: The City will actively seek to increase its reserves to 25% and reduce its debt by 25% in the next eight years.

2020 Proposed Budget: On Target

City staff looks forward to the upcoming City Council budget workshops and resulting discussions.

Respectfully submitted this 18th day of October 2019,

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