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**CITY COUNCIL AGENDA ITEM**

**ACTION REQUESTED:**

Receive the City of Naperville Bridge to 2023 Priorities Plan fall 2022 status update

**DEPARTMENT:** City Manager’s Office

**SUBMITTED BY:** Marcie Schatz, Deputy City Manager; Pam Gallahue, Community Services Director; and Linda LaCloche, Director of Communications

**BOARD/COMMISSION REVIEW:**

N/A

**BACKGROUND:**

On December 7, 2021, City Council approved the City’s Priorities Plan, which outlined five priority areas for the City to focus its efforts on in 2022 and beyond. The five areas - financial stability and economy, housing choice, infrastructure and utilities, public safety, and sustainability - and associated goals were determined following an online community survey, targeted engagement, and City Council input.

**DISCUSSION:**

In conjunction with the start of the 2023 budget season, staff is focusing on the financial stability and economy, infrastructure and utilities, and housing choice priorities in this second update of the year. An in-depth update on the remaining two areas - public safety and sustainability - was provided in April; notable progress is detailed below.

**Overall Update**

Staff uses adequate resource availability as its progress measurement tool to determine a priority’s current status. Sufficient resources are the appropriate amount of personnel, finances, and materials available to move forward with goals as planned. Staff is also looking at external factors that may

impact goal progression.

Priority Area	Status	Overview
Financial Stability & Economy	On Track	Detailed below.
Housing Choice	Monitoring	Detailed below.
Infrastructure & Utilities	Monitoring	Detailed below.
Public Safety	On Track	Both the Police and Fire departments continue to advance their service and technology-related goals. The Police have provided over 400 community education and crime prevention presentations to date this year; participated in almost 4,000 hours of in-service training and nearly 40,000 hours of external training (including three recruits at the Police Academy), and implemented the body-worn camera program, with new in-car cameras anticipated by year-end. Fire’s Community Risk Reduction Team has assisted 90 formerly frequent 9-1-1 callers with more permanent means of care. Three more captains have applied for Fire Officer Designation, and the department will host an officer development course this month.
Sustainability	Monitoring	The City hired a sustainability specialist in September to assist with the workload associated with the Council-approved sustainability work plan. This position will also help draft/publish a mid-2023 Sustainability Report and create/facilitate outreach initiatives, among other duties. Two working groups are currently studying bikeability and walkability in Naperville, and staff continues to partner with the Naperville Environment and Sustainability Taskforce (NEST) around advancing work plan items. A successful electric lawn equipment incentive pilot program took place in August and will continue in 2023. Staff continues to monitor resource needs due to goal and sustainability staff interdependency with other departments.

Staff uses the following status indicators for goals within each priority area.

- **Not started** - No action has been taken toward the goal.
- **Ongoing** - Work is ongoing and being monitored regularly for resource needs, scope changes, and/or external influences.
- **Complete** - The goal has been achieved, and any subsequent work has been adopted into a department’s standard operating procedures.

### Financial Stability & Economy Update

This priority directs staff to promote the development of the local economy and be a good steward of City tax revenues.

Goal	Status	Details
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Financial Principles	Ongoing	<p><b>Principle No. 1:</b> <i>The City will pass a structurally balanced operating budget annually.</i> - Since the principles were implemented, General Fund expenses were budgeted in line with projected revenues, and actual expenses for those years came in at or below budget. <b>Principle No. 2:</b> <i>The City commits to continuous improvement in the delivery of necessary and cost-effective services.</i> Principle #2's impact over the past six years can be measured through successful efforts in advancing emerging priorities, the City's pandemic response, and the continued value provided to taxpayers compared to other municipalities. <b>Principle No. 3:</b> <i>The City will actively seek to increase its reserves to 25% and reduce its debt by 25% by the end of 2022.</i> - Anticipated debt reduction at the end of 2022 is 32.8%. No general-purpose debt was issued in 2021 or 2022. General Fund cash reserves as of the end of 2021 totaled \$36.3 million, or 27.6% of 2021 total General Fund expenditures.</p>
Maintain flexibility while seeking redevelopment options to fully utilize Naperville's developed commercial properties.	Ongoing	<p>Through Council policy, the City has maintained flexibility and leveraged economic incentives in <u>specific</u> instances to help attract development and spur re-development. Examples include Naperville's second Costco Warehouse store, the creation of a TIF district to support the Water Street District, and rebate agreements with area hotels. Additional re-development tools include business districts. American Rescue Plan Act (ARPA) funding remains available, with staff continuing to take a thoughtful and measured approach to how these dollars could be spent by evaluating partner agencies' current ARPA plans to avoid duplication of efforts.</p>

The financial principles and City Council's financial flexibility have led the City to a place of financial stability over the past eight years. Staff will begin exploring potential financial parameters in 2023 that can build upon the foundation set by the principles. The City's 2022 financial performance indicates continued strength as the nation moves out of the height of the COVID-19 pandemic.

However, ongoing trends that impact multiple economic sectors - including service-based providers like local governments - have developed in the last year and show no signs of receding. These include shifting workforce and customer service expectations, economic impacts, and regulatory demands. Continued financial flexibility and adequate resources will be critical to moving 2023 projects, programs, and priorities forward, including the City's Capital Improvement Program.

**Infrastructure & Utilities Update**

With close ties to the aforementioned financial stability and economy priority, the infrastructure and utilities priority directs staff to provide infrastructure, electric service, and water/wastewater services that are reliable and safe, thereby contributing to quality of life and economic development.

Goal	Status	Details
Strategically invest in the City's aged infrastructure to help facilitate business retention and expansion	Ongoing	Recent projects like the East Ogden Avenue corridor transformation, the downtown streetscape improvements, and the upcoming Washington Street Bridge reconstruction are examples of planning and success in this area.
Develop and implement a water utility capital plan that maintains the City's high service levels while ensuring regulatory compliance with all IEPA and EPA mandates	Ongoing	The Water Utilities have expanded their water main replacement program to three miles as part of their proactive attempts to mitigate more costly main breaks. On the horizon is Naperville's largest-ever capital program to update and expand capacity at the Springbrook Water Reclamation Center due to federal and state requirements.
Develop and implement programs that will improve utility load factor and reduce system peaks	Ongoing	The Electric Utility continues implementing several systems, including exploration of a demand management system, expanding the commercial demand response program, and utilizing the existing Conservation Voltage Reduction system.

The same trends anticipated to impact the City's budget also impact Naperville's capital program, which is a crucial way the City advances this priority. Supply chain and inflationary issues have been a continued concern throughout 2022, with delays in projects due to extended material lead times and uncertainties, some as long as one to two years. External workforce issues, such as this summer's Chicago-area quarry strike, impacted area road projects, including street resurfacing and the North Aurora Road construction. Like with the financial stability & economy priority, flexibility and adequate resources - including long-term financial strategies- will be critical to moving forward with 2023 infrastructure and utility projects, programs, and priorities.

### Housing Choice Update

This priority supports housing and neighborhoods for all stages of life.

Goal	Status	Details
Develop plan for Naturally Occurring Affordable Housing (NOAH)	Ongoing	The NOAH plan was incorporated into the Naperville Housing Action Plan, and Affordable Housing Work Plan passed by Council in 2021. Actions taken as a result of these plans included an inventory of vacant, city-owned land, which resulted in identifying the 103 <sup>rd</sup> Street/Route 59 parcel as a potential site for affordable senior/Individuals with Developmental Disabilities (IDD) housing and an inclusionary zoning study.

Establish a revolving rehabilitation loan program targeted toward low-income seniors	Ongoing	Following pandemic-related delays, an RFP for a nonprofit subrecipient to manage a Single-Family Home Repair program was issued in 2022. One proposal was received, and the U.S. Department of Housing and Urban Development (HUD) requested the City re-advertise. Only one organization submitted a proposal. Staff is writing to HUD to request final subrecipient approval so the program can begin later this year or in 2023.
Consider options for a voluntary inclusionary zoning ordinance	Ongoing	There have been numerous discussions at the Human Rights and Fair Housing Commission and Planning and Zoning Commission levels throughout 2022 on this topic, which is included on the Oct. 4 Council agenda.
Leverage publicly owned land to address housing choice	Ongoing	Council selected Gorman and Co. to develop affordable senior/IDD housing on city-owned land at 103 <sup>rd</sup> Street and Route 59 and agreed upon major business terms. Gorman is now finalizing applications to pursue outside funding for the project.

The housing choice priority goals have generated significant policy discussions and suggestions throughout the year. Staff continues to seek Council input and direction to further the conversation around this priority.

**Moving into 2023**

The Bridge to 2023 Priorities Plan document was intended to guide staff’s efforts over a multi-year period. The goals and priorities outlined in the plan are ongoing, fluid, and long-term. Staff intends to program a Citizen Survey into the 2023 budget for community feedback on city services and efforts. With this in mind, City staff will continue working on the Plan and provide spring and fall updates to Council in 2023.

**FISCAL IMPACT:**

Funding for initiatives is included in the 2022 operating and capital budgets and will be included in 2023 budget requests.