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CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Conduct the Public Hearing for the Calendar Year 2018 Annual Operating Budget (Item 1 of 2)

DEPARTMENT: Finance Department

SUBMITTED BY: Erik Hallgren, Financial Services Supervisor

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

Per state statute, a public hearing on the proposed Calendar Year 2018 Annual Budget will be held on December 5, 2017, at the City Council meeting prior to adoption of the ordinance. Once the hearing concludes, the budget may be revised and passed without further public inspection, notice or hearing.

The annual budget is the City's financial and operational plan and serves as the guide for the upcoming budget year. The process brings together input from elected officials, department directors, departmental staff and the public in order to shape the City's goals and objectives.

DISCUSSION:

Staff preparation for the budget began in August with departments developing and submitting their operating budget and capital improvement program (CIP) recommendations. Two rounds of reviews followed; first with the Finance Department and the other with the City Manager's Office. These assessments reviewed operational changes, discussed objectives and analyzed recommendations. Continuing again from last year, the opportunity existed for departments to observe, ask questions and provide ideas during other departments' budgetary reviews. This 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. All changes made during the review process were integrated into the proposed budget document presented to City Council. The whole budget document was provided to City Council in October in preparation for City Council Workshops.

Review of the tentative annual budget for Calendar Year 2018 began October 30, 2017, with a workshop reviewing departmental submissions. City Council continued review of departmental submissions on November 13. At its final workshop on November 27, City Council reviewed the tentative annual budgeted revenues for Calendar Year 2018.

Budget and Service Reductions

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 from the City, Naperville Public Library, and Naper Settlement. This listing included an explanation of the impact on service levels and was presented to City Council as part of the third budget workshop. During the third workshop, City Council voted to eliminate the following items from the CY2018 proposed budget.

Multi-Department

Misc. Non-Impact Items - \$59,850

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.

Overtime Reduction Challenge - \$50,000

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.

City Clerk

Vacant 0.50 Clerk Position - \$22,309

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.

City Manager's Office/Safety

Vacant 0.50 Safety Assistant - \$24,856

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.

Communications

Reduce Lobbying Contract - \$20,000

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.

Finance

Vacant 0.50 Budget Analyst - \$31,801

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.

Human Resources

Tuition Reimbursement - \$45,000

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.

Information Technology

Dark Fiber Consultant - \$50,000

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.

Legal

Legal Services - \$9,000

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.

Fire

Conferences and Training - \$5,000

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.

EMS Report Quality Control OT - \$8,000

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.

EMS Training Simulation System - \$7,000

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.

Vacant 1.0 Fire Inspector - \$70,000

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.

Explorer's Program OT - \$10,000

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.

Wellness Evaluations & Training OT - \$5,000

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.

NEMA Program - \$25,000

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.

Police

Vacant 1.0 Emergency Telecom Supervisor - \$119,004

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

Vacant 0.50 Dispatcher - \$24,194

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.

Vacant 1.0 Records Technician - \$74,243

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.

SRT Equipment & Other Supplies - \$37,000

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.

Vacant 1.0 Community Service Officer - \$69,216

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.

Public Works

Christmas Tree Collection - \$42,000

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 sticker, that would be a cost to residents of about \$46,000. This is a significant change in service levels.

Cul-de-sac Plowing Reduction- \$200,000

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.

EAB Treatments - \$50,000

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.

Mowing/Herbicide Contract - \$48,000

Weekly sites would be reduced and no extra work or mulch would be completed.

Reduce Fuel Price per Gallon - \$49,000

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.

Security Contract - \$20,000

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.

Tree Planting Program - \$40,000

Replacement trees will not be planted following removal of existing 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.

Pavement Marking - \$25,000

Pavement markings on roadways would be reduced by 25%; the focus would be on intersections and schools.

Restructure Custodial Services - \$100,000

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.

T.E.D.

Planning Intern - \$6,459

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.

Vacant 1.0 Project Engineer - \$73,022

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.

Naper Settlement

Programming & Maintenance - \$29,000

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.

FISCAL IMPACT:

Staff is recommending Council adopt the Calendar Year 2018 Annual Budget totaling \$443,643,800. Per state statute, Council must adopt a budget prior to the beginning of the fiscal year on January 1, 2018.