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Title: Annual Budget Workshop #1: 2024 - 2028 Capital Improvement Program

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Attachments: 1. 2024 Budget Workshop #1 Presentation

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CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Annual Budget Workshop #1: 2024 - 2028 Capital Improvement Program

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Finance Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

Development of the Annual Operating Budget and Capital Improvement Program (CIP) is critical in establishing the annual financial framework that supports the City's mission to provide services that ensure a high quality of life and maintain a dynamic business environment while creating an inclusive community that values diversity. The budget development process begins in August and is guided by the policies and priorities established by the City Council.

Each City department develops its operating budget and CIP recommendations based on historical needs and emerging priorities. Those recommendations go through two rounds of review, the first with the Finance Department and the other with the City Manager's Office. These assessments review operational changes, discuss objectives, and analyze recommendations. In consultation with the Finance Department, the City Manager makes the final recommendation to the City Council through the proposed budget published in mid-October.

The proposed budget is presented to the City Council and the community through workshops. Budget workshops establish the groundwork for the formal budget adoption process. This year, the public budget process will begin with two foundational workshops that will review topics relevant to the development of the proposed budget.

Following the workshops, the City Council will hold a public hearing and be asked to approve the annual budget in December. A public hearing and the adoption of the annual property tax levy follow the adoption of the annual budget. To comply with state statutes, the budget and tax levy must be adopted before January 1, 2024.

DISCUSSION:

Throughout the summer, City departments developed CIP requests for 2024 - 2028. Those requests were submitted to the Finance Department in early August and are currently under evaluation for inclusion in the proposed budget.

Capital projects represent a significant portion of the annual budget. In recent years, the capital budget has increased as the City has invested in maintaining and replacing its most valuable tangible assets. With the City's "boom years" of the 1980s through the 2000s now 20 to 40 years past, many assets built during this time either need significant maintenance or, in some cases, have reached end-of-life. In addition, smaller but steady growth over the past few decades has resulted in the continued need to enhance capacity and proactively maintain items in certain capital areas, most notably the Water Utilities.

Throughout the 2024 budget process, staff will discuss the interconnectivity of the City's operational and capital budgets. As the need to reinvest our capital assets grows, so does the need to support the operational resources necessary to execute successful projects. Reinvestment in City assets is critical to maintaining a high quality of life for Naperville residents and the business community, driving economic development, and maintaining a robust and diverse revenue base.

This first budget workshop will review the City's historical CIP, the status of revenue sources dedicated to capital projects, and specific projects in focus for 2024 and beyond.

The presentation slides are attached to the agenda for review before the workshop.

FISCAL IMPACT:

N/A