WHEATON CITY COUNCIL PLANNING SESSION
WHEATON CITY HALL - COUNCIL CHAMBERS
303 W WESLEY STREET, WHEATON, ILLINOIS

MONDAY, AUGUST 28, 2023 - 7:00 P.M.
IN-PERSON & VIRTUAL

The meeting will also be live streamed and recorded.

- **Join by phone:** 312-626-6799, **Meeting ID:** 884 5914 2299 and **Password:** 740187
  - You will be automatically muted. If you would like to speak, you need to press *9 to raise your hand and let the meeting administrator know you would like to speak. Once it is your turn to speak, you will receive a notification asking you to press *6 to unmute yourself. Please announce your name and address before commenting and ensure you are in a quiet place.

- **Join by computer/smartphone:**
  - [https://us02web.zoom.us/j/88459142299?pwd=dGkrREdOeWhPaGhRUW5SeG5QYUNHdz09](https://us02web.zoom.us/j/88459142299?pwd=dGkrREdOeWhPaGhRUW5SeG5QYUNHdz09)
  - You will be automatically muted. If you would like to speak, click on the “Raise Hand” button to let the meeting administrator know you would like to speak. When it is your turn to speak, you will receive a notification that the meeting administrator is asking you to press “ unmute.” Please announce your name and address before commenting and ensure you are in a quiet place.

- **Public comments can be made by:**
  - In person at 7:00 p.m. on Monday, August 28, 2023, during the Public Comment portion of the meeting.
  - Virtually at 7:00 p.m. on Monday, August 28, 2023, during the Public Comment portion of the meeting.
  - Email the City Council at allcouncil@wheaton.il.us before 5:00 p.m. on Monday, August 28, 2023.

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**AGENDA**

1. Call To Order
2. Public Comment
3. Approval Of Minutes
   3.I. 08 28 23 Draft PS Minutes
       Documents:
       - [08 14 23 DRAFT PS MINUTES.PDF](#)
4. Planning Session Discussion Item(S):
4.I. Wheaton Benchmark Study
   Documents:
   WHEATON BENCHMARK STUDY.PDF

4.II. 2024-2028 Financial Forecast
   Documents:
   2024-2028 FINANCIAL FORECAST.PDF

4.III. 2024 Budget Framework
   Documents:
   2024 BUDGET FRAMEWORK.PDF

5. City Council/Staff Comments

6. Adjournment

During the Public Comment portion of the agenda, the presiding officer shall recognize any person requesting to be heard on any of the planning session agenda items only. Persons speaking during Public Comment shall not speak longer than three (3) minutes and shall be permitted to speak only once.

Visitors must remain quiet and not engage in behavior that interferes with the Planning Session. The presiding officer may, or upon a majority vote of the council, request any visitor who violates any provision of this paragraph to leave the council chambers, and such visitor shall thereupon leave.

Any person providing public comment shall address the presiding officer only and shall not proceed with remarks until recognized. When recognized, the person shall state his or her name and address. Cross floor discussions are prohibited. If a member of the City Council has questions of any person who has provided public comment, that person may address the specific question.
Monday, August 14, 2023

I. Call to Order
The Wheaton City Council Planning Session was called to order at 7:00 p.m. by Mayor Suess. The following were:

Physically Present:   Mayor Suess  
Councilman Barbier  
Councilwoman Bray-Parker  
Councilman Brown  
Councilman Clousing  
Councilwoman Robbins  
Councilman Weller

Absent:   None

City Staff Present:   Michael Dzugan, City Manager  
John Duguay, Assistant City Manager  
Joseph Tebrugge, Director of Engineering  
Patrick Keegan, Director of Information Technology  
Brandon Kowalke, Senior Management Analyst  
Halie Cardinal, Public Relations Coordinator

II. Public Comment
There were no public comments.

III. Approval of Planning Session Minutes – July 10, 2023
The City Council approved the July 10, 2023 City Council Planning Session Minutes.

IV. Overview of New Building Department & Service Request Software Procurement
City Manager Dzugan stated the City is exploring purchasing new building department software that improves the City’s ability to efficiently deliver several different services across a variety of departments.

Some Council members expressed support for the procurement of new software that will streamline administrative processes for City staff.

Senior Management Analyst Kowalke stated that the current system for permitting and code enforcement activities is outdated, and it has not been updated in over a decade. He stated that City staff began the process of researching new software that will fulfill the needs of the City. The goal is for the new software to initially improve permitting and code enforcement activities but then be expanded to other City services and applications. The new software is estimated to be 40-140% more expensive than anticipated for this year and has a 90-100% increase in annual maintenance fees. He stated that the new software will lead to an enhanced customer experience and increase the productivity and efficiency of City staff.
In response to a Council question, Senior Management Analyst Kowalke stated City staff established a Request for Information (RFI), which included inquiries about the vendors’ software functionality, performance, and implementation processes. City staff identified core essentials needed by the City, including a responsive online portal, integration with ArcGIS, and flexible tools for use by the IT Department to customize the system for other future uses. City staff then sent a Request for Proposal (RFP) to the eligible vendors.

In response to a Council question, Senior Management Analyst Kowalke stated that the selected vendor would oversee the training and implementation process, and the service would include ongoing maintenance and annual licensing fees.

In response to a Council question, Senior Management Analyst Kowalke stated that City staff will evaluate the return on investment based on the cost of the new software and staff time. City Manager Dzugan stated that the efficiencies in the new software have both internal and external positive impacts.

In response to a Council question, Senior Management Analyst Kowalke stated that City staff have selected a proposed vendor and are negotiating the final terms of an agreement.

In response to a Council question, Senior Management Analyst Kowalke stated that the City processes approximately 3,800 permits annually. He stated that the short-term cost is related to the implementation of the software, and the annual subscriptions are approximately $30,000 to $80,000. The current permitting module through Tyler Technologies is approximately $16,000 annually.

In response to a Council question, Senior Management Analyst Kowalke stated that the current permitting module is integrated with the City’s ERP system. However, a direct integration of the ERP system and the new software is not needed because only payments will need to be reconciled.

V. IGA with DuPage County – Illinois Prairie Path Transfer (IPP IGA)
City Manager Dzugan stated the Illinois Prairie Path Transfer Intergovernmental Agreement (IPP IGA) represents years of work between DuPage County and City of Wheaton staff. The City Council would formally consider this agreement at their August 21, 2023 meeting.

Director of Engineering Tebrugge stated that the parcels involved in the IPP IGA are the Carlton Avenue right of way (from Roosevelt Road to Liberty), and parcels owned by DuPage County along Liberty Drive from Carlton Avenue to Cross Street. Specifically, this includes Lot 3 by the pavilion, Lot 4 by the gathering space, Lot 5 by the on-street parking, Founder’s Park, Parcel C by Liberty Square, and Parcel D adjacent to Wheaton Center.

Director of Engineering Tebrugge provided an overview of the ownership history, dating back to the CA&E railroad’s existence in the 1950s. When the railroad went bankrupt in the early 1960s, a legal settlement established an agreement through which DuPage County and the City constructed Carlton Avenue, with DuPage County owning the land and the City being responsible for maintaining the roadway. Director of Engineering Tebrugge outlined the Illinois Prairie Path connection along Carlton was created by 1998. Resident complaints in 2021 regarding maintenance of the Prairie Path prompted the County and City to create this proposed agreement, in which the City would own the Carlton Avenue right of way and take over maintenance, and DuPage County would turn over parcels along Liberty Avenue to the City and install a concrete multi-use path on the Carlton Avenue right of way.
In response to a Council question, Director of Engineering Tebrugge stated that the road has always been on the County’s property and the City was responsible for maintenance. Upon conclusion of the process, the County will have no claim to any property in downtown Wheaton.

In terms of maintenance, the City already maintains property north of Liberty Street and all street improvements on the Carlton right of way. Parcel D is currently maintained by Wheaton Center. The only increase in maintenance would be maintaining the new multi-use path.

In response to a Council question, Director of Engineering Tebrugge stated that the County supports this agreement.

Council members expressed appreciation for the work of City staff and the cooperation of County staff.

In response to a Council question, Director of Engineering Tebrugge stated that the County started surveying a few weeks ago to generate the plans for the concrete surface. He estimates the work to start next year during construction season.

VI. City Council/Staff Comments
Councilwoman Bray-Parker wished educators and students good luck for the 2023-2024 school year.

VII. Adjournment
The meeting was adjourned at 7:28 p.m.

Respectfully submitted,
Halie Cardinal
MEMORANDUM

TO: The Honorable Mayor and City Council
FROM: Michael G. Dzugan, City Manager
DATE: August 28, 2023
SUBJECT: Wheaton Benchmark Study

Overview
The City continues to evaluate the best way to communicate the City’s finances. One approach we have used in the past is to compare the City’s financial performance with other similar communities through a benchmark study. Comparing the financial performance of different communities can be difficult due to the complexity of local government operations and the variations in programs and services. While a benchmark study can offer valuable insights, it’s essential to consider the context and nuances that influence the data for a meaningful comparison.

Specifically, a governmental benchmark analysis can be challenging to develop due to timing considerations affecting revenues and expenditures, especially in the capital improvement category. Additionally, the comparison’s outcome can vary depending on the specific years being used. It is also important to understand that priorities among municipalities can differ, impacting the relevance of the comparison. While the study might have inherent flaws, it still offers a useful high-level perspective, especially when acknowledging its imperfections. Despite imperfections, a financial benchmark study does provide a beneficial perspective when evaluating the City’s performance.

Benchmark Study Scope
Peer Communities - The peer communities included in this study were selected based on comparable population, location, demographics, and communities the City currently uses for compensation benchmarking. The peer communities include:

- Carol Stream
- Downers Grove
- Elmhurst
- Glen Ellyn
- Hoffman Estates
- Lombard
- Mount Prospect

Data - Several metrics are used in the study to help better understand the City’s financial performance. The data compares 2018 with 2022 taken from audits for those years except for Elmhurst and Glen Ellyn where budget 2022 data was used as annual audits for 2022 were not completed by these two communities as of the date of the collection effort. Personnel data is derived from 2023 budgets.
Normalizing Data - Each community is unique, offering similar but in some cases different services, service levels, programs, and varying property mix (residential, commercial, industrial). Some of the data has been normalized to make it more comparable to each other. As an example, Carol Stream has a Fire Protection District instead of a City fire department while Glen Ellyn is the only community with a Volunteer Fire department. The study attempts to normalize, as best we can, to explain these differences.

Personnel Data Scope - The personnel data includes both Governmental Fund types and Proprietary (Enterprise and Internal Service) Fund types.

Financial Data Scope - The study includes Governmental Fund types since they represent functions that are principally supported by taxes and intergovernmental revenues. Proprietary (Enterprise and Internal Service) Fund types are excluded since these functions are intended to recover all or a significant portion of their costs thru user fees and charges. The following table reflects the financial activities included or excluded.

<table>
<thead>
<tr>
<th>Included</th>
<th>Excluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Governmental Funds (General Fund, Motor Fuel Tax, Capital Projects, Debt Service, Special Revenue Funds)</td>
<td>▪ Enterprise Funds (Water, Sanitary Sewer, Storm, Parking, Golf)</td>
</tr>
<tr>
<td>▪ Fire Protection District (Carol Stream – prorated based on population)</td>
<td>▪ Tax Increment Financing (TIF) Districts</td>
</tr>
<tr>
<td></td>
<td>▪ Economic Development Areas</td>
</tr>
<tr>
<td></td>
<td>▪ Internal Service Funds (Fleet Services, Insurance, Equipment Replacement Funds)</td>
</tr>
<tr>
<td></td>
<td>▪ Trash Disposal Service (Elmhurst, Hoffman Estates &amp; Mt. Prospect)</td>
</tr>
<tr>
<td></td>
<td>▪ Libraries – presented separately</td>
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Attachment
Wheaton Benchmark Study

2023
## Data Summary

<table>
<thead>
<tr>
<th>Communities: Carol Stream, Downers Grove, Elmhurst, Glen Ellyn, Hoffman Estates, Lombard, Mount Prospect</th>
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<tbody>
<tr>
<td>Population: 2020 Census</td>
</tr>
<tr>
<td>Data Years: 2018 to 2022, 2023</td>
</tr>
<tr>
<td>Data Sources: Comprehensive Annual Financial Reports and Budgets</td>
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<tr>
<td>Data: Revenues, Expenditures, Personnel</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Data Included:</th>
<th>Financial Data Excluded:</th>
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</thead>
<tbody>
<tr>
<td>• <strong>Governmental Funds</strong> General Fund, Motor Fuel Tax, Capital Project Funds, Debt Service, Special Revenue Funds</td>
<td>• <strong>Enterprise Funds</strong> Water, Sanitary Sewer, Storm Sewer, Parking, Golf</td>
</tr>
<tr>
<td>• <strong>Tax Increment Financing (TIF) Districts</strong></td>
<td>• <strong>Tax Increment Financing (TIF) Districts</strong></td>
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<tr>
<td>• <strong>Economic Development Areas</strong></td>
<td>• <strong>Economic Development Areas</strong></td>
</tr>
<tr>
<td>• <strong>Internal Service Funds</strong> Fleet Services, Insurance Funds, Equipment Replacement Funds</td>
<td>• <strong>Internal Service Funds</strong></td>
</tr>
<tr>
<td>• <strong>Fire Protection District</strong> (Carol Stream) – prorated based on population</td>
<td>• <strong>Fire Protection District</strong> (Carol Stream) – prorated based on population</td>
</tr>
<tr>
<td>• <strong>Libraries</strong> – presented separately</td>
<td>• <strong>Trash Disposal Service</strong> (Elmhurst, Hoffman Estates &amp; Mt. Prospect)</td>
</tr>
<tr>
<td>Community</td>
<td>(1) Property Tax Rate (2022)</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Carol Stream</td>
<td>0.9716</td>
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<tr>
<td>Downers Grove</td>
<td>0.5716</td>
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<tr>
<td>Elmhurst</td>
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<td>Glen Ellyn</td>
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<td>Hoffman Estates</td>
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<tr>
<td>Lombard</td>
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<tr>
<td>Mt Prospect</td>
<td>1.0545</td>
</tr>
<tr>
<td>Wheaton</td>
<td>0.6016</td>
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</table>

**NOTES:**
1. Property Tax Rate excludes Libraries.
2. Carol Stream does not have Food & Beverage tax, but as of July 1, 2019, Alcohol Tax was implemented.
3. Downers Grove increased the Food & Beverage tax by 0.5% as of March 1, 2021.
4. Hoffman Estates, in addition to regular 2% F&B Tax, imposes 5% tax on packaged liquor, which is assessed on all alcoholic beverage sold in packaged form.
5. Carol Stream suspended the requirement to purchase a village vehicle stickers effective 4/30/2021.
6. In addition to State shared Video Gaming tax, communities with video gaming terminals charge annual license fees per terminal and/or per operator (location).
Governmental Funds - Revenues by Type - 2022

2022 Governmental Funds Revenues by Type - Wheaton vs Peer Group

Excludes: TIF, EDA, Garbage Disposal, Library; Includes: Carol Stream Fire Protection District
Governmental Funds - Revenues 2018, 2022

Total Governmental Funds Revenues Growth 2018 to 2022

- Wheaton: 21.5%
- Hoffman Estates: 26.5%
- Elmhurst: 29.0%
- Mt Prospect: 29.8%
- Downers Grove: 29.8%
- Lombard: 33.3%
- Carol Stream: 38.6%
- Glen Ellyn: 75.9%

Excludes: TIF, FFA, Garbage Disposal, Library; Includes: Carol Stream Fire Protection District
Governmental Fund Revenues per Capita - 2022

Total Governmental Funds Revenues per Capita - 2022

- Wheaton: $997
- Carol Stream: $1,379
- Lombard: $1,533
- Downers Grove: $1,538
- Elmhurst: $1,548
- Hoffman Estates: $1,613
- Mt Prospect: $1,679
- Glen Ellyn: $1,717

*Excludes*: TIF, EDA, Garbage Disposal Library; *Includes*: Carol Stream Fire Protection District
Governmental Funds Revenues per Capita - 2022

Governmental Fund Revenues per Capita - 2022
Property Taxes vs All Other Revenues

- Wheaton: $719, $278
- Carol Stream: $1,014, $365
- Lombard: $1,268, $265
- Downers Grove: $1,181, $357
- Elmhurst: $1,251, $297
- Hoffman Estates: $1,157, $456
- Mt Prospect: $1,342, $336
- Glen Ellyn: $1,422, $295

2022 Other Govt Rev per Capita - Blue
2022 Property Tax per Capita - Yellow

Excludes: TIF, EDA, Garbage Disposal Library; Includes: Carol Stream Fire Protection District
Property Taxes
Property Tax Distribution - 2022

2022 Property Tax Distribution - Peer Group

- Municipality: 9%
- County/Township/Other: 8%
- Park District: 6%
- Library: 4%
- College: 3%
- School District: 70%

2022 Property Tax Distribution - Wheaton

- Municipality: 9%
- County/Township/Other: 3%
- Park District: 8%
- Library: 3%
- College: 6%
- School District: 71%
State & Local Sales Taxes Revenue per Capita - 2022

2022 Combined State and Local Sales Tax Revenue per Capita

- Wheaton: $236
- Hoffman Estates: $277
- Glen Ellyn: $298
- Carol Stream: $374
- Elmhurst: $471
- Lombard: $471
- Downers Grove: $485
- Mt Prospect: $681
Other Taxes include income, use, real estate transfer, food & beverage, hotel, motor fuel, local motor fuel, replacement, grants, amusement, foreign fire, tourism, video, and misc. other.
Governmental Funds Expenditures by Type - 2022

2022 Governmental Funds Expenditures by Type - Wheaton vs Peer Group

Excludes: TIF, EDA, Garbage Disposal, Library; Includes: Carol Stream Fire Protection District
Governmental Funds Expenditures
2018, 2022

Total Governmental Funds Expenditures Growth 2018 to 2022

Excludes: TIF, EDA, Garbage Disposal, Library; Includes: Carol Stream Fire Protection District
Governmental Funds Expenditures per Capita - 2022

Total Governmental Funds Expenditures per Capita - 2022

- Wheaton: $954
- Carol Stream: $1,106
- Lombard: $1,132
- Mt Prospect: $1,333
- Hoffman Estates: $1,436
- Downers Grove: $1,551
- Elmhurst: $1,592
- Glen Ellyn: $1,939

Excludes: TIF, EDA, Garbage Disposal, Library; Includes: Carol Stream Fire Protection District
Governmental Funds Expenditures per Capita - 2022 (Police & Fire)

**Police Expenditures per Capita - 2022**

- Wheaton: $303
- Mt Prospect: $351
- Glen Ellyn: $357
- Lombard: $361
- Downers Grove: $373
- Hoffman Estates: $405
- Carol Stream: $423
- Elmhurst: $467

*Excludes: TIF, EDA, Garbage Disposal, Library; *Includes: Carol Stream Fire Protection District

**Fire Expenditures per Capita - 2022**

- Glen Ellyn: $115
- Wheaton: $227
- Elmhurst: $257
- Carol Stream: $310
- Mt Prospect: $331
- Lombard: $339
- Downers Grove: $385
- Hoffman Estates: $418

*Excludes: TIF, EDA, Garbage Disposal, Library; *Includes: Carol Stream Fire Protection District
Governmental Funds Expenditures per Capita - 2022 (General Govt & PW)

**General Government Expenditures per Capita - 2022**

- Wheaton: $114
- Carol Stream: $138
- Mt Prospect: $188
- Downers Grove: $208
- Elmhurst: $233
- Lombard: $246
- Hoffman Estates: $257
- Glen Ellyn: $430

_Excludes:_ TIF, EDA, Garbage Disposal. _Includes:_ Carol Stream Fire Protection District

**PW & Engineering Expenditures per Capita - 2022**

- Lombard: $90
- Carol Stream: $108
- Hoffman Estates: $117
- Glen Ellyn: $146
- Wheaton: $150
- Mt Prospect: $155
- Downers Grove: $229
- Elmhurst: $229

_Excludes:_ TIF, EDA, Garbage Disposal. _Includes:_ Carol Stream Fire Protection District
Wheaton Full-Time Personnel

Full-Time Staffing

<table>
<thead>
<tr>
<th>Year</th>
<th>City FT Personnel</th>
<th>Library FT Personnel</th>
<th>Total</th>
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<td>FY 07/08 Actual</td>
<td>261</td>
<td>26</td>
<td>287</td>
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<tr>
<td>FY 08/09 Actual</td>
<td>249</td>
<td>26</td>
<td>275</td>
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<tr>
<td>FY 09/10 Actual</td>
<td>232</td>
<td>24</td>
<td>256</td>
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<tr>
<td>FY 10/11 Actual</td>
<td>231</td>
<td>23</td>
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<tr>
<td>FY 11/12 Actual</td>
<td>229</td>
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<td>253</td>
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<tr>
<td>FY 12/13 Actual</td>
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<td>252</td>
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<tr>
<td>FY 13/14 Actual</td>
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<td>252</td>
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<tr>
<td>FY 14/15 Actual</td>
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<tr>
<td>FY 15/16 Actual</td>
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<tr>
<td>FY 16/17 Actual</td>
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<td>FY 17/18 Actual</td>
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</tr>
<tr>
<td>SY 2018 Actual</td>
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<td>CY 2019 Actual</td>
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<td>CY 2020 Actual</td>
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<tr>
<td>CY 2021 Budget</td>
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<td>30</td>
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<tr>
<td>CY 2022 Budget</td>
<td>237</td>
<td>30</td>
<td>267</td>
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Full-Time Equivalent (FTE) Employees per 1,000 Residents

Full-Time Equivalent Employees per 1,000 Residents

<table>
<thead>
<tr>
<th>City</th>
<th>2018</th>
<th>2022</th>
<th>2023</th>
</tr>
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<tbody>
<tr>
<td>Wheaton</td>
<td>4.62</td>
<td>4.63</td>
<td>4.66</td>
</tr>
<tr>
<td>Glen Ellyn</td>
<td>4.54</td>
<td>4.96</td>
<td>5.22</td>
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<tr>
<td>Lombard</td>
<td>5.69</td>
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<tr>
<td>Elmhurst</td>
<td>5.61</td>
<td>5.55</td>
<td>5.61</td>
</tr>
<tr>
<td>Mt Prospect</td>
<td>5.88</td>
<td>5.71</td>
<td>5.79</td>
</tr>
<tr>
<td>Carol Stream</td>
<td>5.65</td>
<td>5.85</td>
<td>5.91</td>
</tr>
<tr>
<td>Downers Grove</td>
<td>6.21</td>
<td>6.17</td>
<td>6.03</td>
</tr>
<tr>
<td>Hoffman Estates</td>
<td>6.98</td>
<td>6.93</td>
<td>6.93</td>
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Library - 2022

<table>
<thead>
<tr>
<th>Library</th>
<th>Carol Stream</th>
<th>Downers Grove</th>
<th>Elmhurst</th>
<th>Glen Ellyn</th>
<th>Hoffman Estates</th>
<th>Lombard</th>
<th>Mt Prospect</th>
<th>Wheaton</th>
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<tbody>
<tr>
<td>Tax Rate</td>
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<td>0.2239</td>
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<td>Tax Levy Amount</td>
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Library Revenues per Capita - 2022

Library Expenditures per Capita - 2022

<table>
<thead>
<tr>
<th>Serving Population</th>
<th>Carol Stream</th>
<th>Downers Grove</th>
<th>Elmhurst</th>
<th>Glen Ellyn</th>
<th>Hoffman Estates</th>
<th>Lombard</th>
<th>Mt Prospect</th>
<th>Wheaton</th>
</tr>
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<tbody>
<tr>
<td>Est 2022</td>
<td>39,044</td>
<td>49,354</td>
<td>45,272</td>
<td>28,364</td>
<td>130,000</td>
<td>43,856</td>
<td>54,843</td>
<td>52,984</td>
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MEMORANDUM

TO: The Honorable Mayor and City Council
FROM: Robert R. Lehnhardt, Director of Finance/Treasurer
DATE: August 28, 2023
SUBJECT: 2024 - 2028 Financial Forecast

Objective
Present five-year forecast (“Forecast”) of major operating and capital funds in furtherance of Strategic Priority #1 – “Financial Stability” in the City’s Strategic Plan. Specifically, the presentation achieves Goal A: “Maintain Long-Term Financial Plan”, Initiative #1: “Prepare a long-term financial forecast”.

- Desired outcome of the Forecast is to help the City control increases in expenditures over a five-year period and maintain a structurally balanced budget while continuing to focus on operating expenditures and investing in infrastructure.

Background
The Forecast estimates the financial condition of the City for the next five years for the City’s major operating and capital funds. The Forecast is a planning tool to evaluate the City’s ability to achieve strategic goals, meet short-term and long-term financial obligations, identify areas of concern, and to initiate discussions on strategies to ensure the long-term fiscal health of the City. The Forecast allows the City Council, City Manager, and staff to discuss and focus on strategic goals and identify future funding to achieve those goals. Long-term planning provides the opportunity to adjust and refocus established goals and objectives, while accounting for service level expectations, capital improvements, and community needs.

The review of the Forecast prior to the development of the Capital Improvement Plan (CIP) and annual budget allows for trends in revenues, operating expenditures, and capital expenditures to be discussed with the City Council. Any changes in funding or service levels may then be considered before and during the annual budget process.

Methodology
The Forecast model includes financial history dating back to 2011. The data was compiled to explore historical trends, which were used to develop many of the projections presented. The Forecast was built as a dynamic, hybrid model, which combines knowledge-based and quantitative forecasting. The hybrid approach allows the City to apply internal knowledge to the model rather than relying entirely on data and statistics, which is vital in planning for known items, such as capital improvement projects, or adjusting for new items that lack historical data to build an accurate trend.
**General Assumptions**

Revenues have been estimated based on detailed analysis of current and historical trends, with moderate growth in most revenue sources.

- Revenues does not include any new taxes and does not reflect any increases in taxes, rates, or fees.
- Annual property tax levy projected to be flat.
- Revenues assumed no issuance of bonds.

Expenditures have been forecasted based on historical trends or the consumer price index (CPI-U) for most general operating line items.

- Personnel Expenses reflect no additional personnel, service level reductions, and salaries based on contracts and policies.
- Employer pension contributions based on actuarially determined amounts for Police and Fire Pension Plans and IMRF.
  - IMRF Employer Rates decreased 20.9% in 2022 and 38.2% in 2023. 2024 rate is projected to increase 10%.
  - Police and Fire Pension Plans increase $1.4 million for 2024 under the current pension funding methodology.
- Pension Funding Policy. Assumes no change in the current pension funding methodology.
  - New Method: 15-year open, level dollar amortization would increase annual funding from the current method by the following amounts:
    - 2024: $591,336
    - 2025: $561,336
    - 2026: $548,000
    - 2027: $492,000
    - 2028: $377,000
- Contractual services, commodities, supplies, and materials are forecasted with increases ranging from 1% to 5%.
- Interfund Transfers for vehicles, equipment, building renewal, and insurance are forecasted with increases ranging from 2.0 to 6.8%.
- Capital program programmed in as a tentative assumption, which can be modified by the upcoming Capital Improvement Plan (CIP) and budget discussions.

Assumptions also considered some notable challenges, which create difficulty in long-term planning. One of the biggest issues facing the City in the coming years is economic instability. Fluctuations in revenues and expenses have been ongoing since the pandemic, creating abnormal sections of the economy. Supply shortages and shifts in purchasing trends throughout the world have made it difficult to rely on recent trends for both revenues and expenditures. The break from historical norms makes it difficult to estimate future finances with confidence. Staff accounted for these variances by adjusting assumptions where appropriate, but trying to accurately predict costs and income will be especially difficult until the economy normalizes. The country is also facing a potential recession in late 2023 or early 2024, which has been predicted by many economists.

The biggest issue facing the City is infrastructure needs. As with previous years, the City will continue to address the balance between infrastructure repairs and replacements and limited financial resources. The City has not incorporated any significant changes in taxes or fees over the next five years, which will create difficulties in addressing all the capital needs to maintain the City’s roads, stormwater, sanitary sewers, water mains, sidewalks, and municipal facilities.
The General Fund is the largest operating fund of the City and accounts for the activities for police protection, fire protection, public works services (street maintenance, forestry, snow removal), building and code enforcement, economic development, planning and zoning, engineering, legal services, and general administration.

Assumptions and Key Points:

- Property Tax Levy. Assumes annual flat tax levy.
- Pension Funding Policy. Assumes no change in the current pension funding methodology.
- TIF #3 Surplus Distribution: Assumes $357,700 collected in 2023.
- Revenues: 2020-2022 average increase was 4.5%.
- Expenditures: 2020-2022 average increase was 3.7%.

The following table provides an overview of the General Fund. Total 2023 revenues are projected at $52.9 million and average 0.6% increases in subsequent years. 2023 expenditures are projected at $51.1 million and average 3.6% increases for 2024 to 2028. Total expenditures are projected to exceed revenues beginning in 2026 ($0.6 million) and by $3.6 million in 2028.

<table>
<thead>
<tr>
<th></th>
<th>2021 Actual</th>
<th>2022 Actual</th>
<th>2023 Budget</th>
<th>2023 Projected</th>
<th>2024 Budget</th>
<th>2025 Forecast</th>
<th>2026 Forecast</th>
<th>2027 Forecast</th>
<th>2028 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$25,477,734</td>
<td>$29,211,746</td>
<td>$22,448,736</td>
<td>$22,448,736</td>
<td>$24,324,833</td>
<td>$24,324,833</td>
<td>$24,324,833</td>
<td>$23,666,605</td>
<td>$21,551,590</td>
</tr>
<tr>
<td>Revenues</td>
<td>$94,050,462</td>
<td>$50,857,076</td>
<td>$50,130,880</td>
<td>$50,130,880</td>
<td>$50,393,762</td>
<td>$50,393,762</td>
<td>$50,393,762</td>
<td>$50,130,880</td>
<td>$50,393,762</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$60,316,450</td>
<td>$87,620,086</td>
<td>$51,051,905</td>
<td>$51,051,905</td>
<td>$50,857,076</td>
<td>$50,857,076</td>
<td>$50,857,076</td>
<td>$50,130,880</td>
<td>$50,393,762</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>$33,734,012</td>
<td>$36,763,010</td>
<td>$1,876,097</td>
<td>$1,876,097</td>
<td>$357,700</td>
<td>$357,700</td>
<td>$357,700</td>
<td>$357,700</td>
<td>$357,700</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$59,211,746</td>
<td>$22,448,736</td>
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<td>$24,324,833</td>
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<td>$24,324,833</td>
<td>$23,666,605</td>
<td>$21,551,590</td>
</tr>
<tr>
<td>Fund Balance %</td>
<td>48.4%</td>
<td>46.4%</td>
<td>48.4%</td>
<td>47.5%</td>
<td>45.3%</td>
<td>43.9%</td>
<td>41.3%</td>
<td>36.1%</td>
<td>28.6%</td>
</tr>
</tbody>
</table>

Operating Revenues vs Operating Expenditures. The General Fund transfers the difference between operating revenues and operating expenditures to the Capital Projects Fund. Staff has been closely monitoring the contraction of the gap between operating revenues and operating expenditures as organic growth in revenues were not keeping pace with increases in operating costs. However, the new Sales Tax legislation in 2021 has provided some relief on the contraction. The following chart shows the difference between operating revenues and operating expenditures since 2019 and projections for the next five years. The difference between operating revenues and operating expenditures are projected to contract from $3.6 million in 2019 to $0.7 million in 2025, with expenditures exceeding revenues by $3.6 million in 2028.
**Major Revenues.** General Fund operations are funded through a variety of taxes, user fees, intergovernmental revenues, service charges and other sources. Five major revenue sources comprise approximately 76% of all General Fund revenues. These five major revenue sources are: property tax, sales tax, local sales tax, income tax and utility taxes. The following chart shows major revenues since 2019.

- **Property tax** revenues are the largest revenue source (28.9%) in the General Fund and dropped off in 2022 with the issuance of the 2021 pension obligation bonds. The increase in 2023 is due to the debt service on the 2021 pension obligation bonds. Future years are based on projected Police and Fire pension contributions, debt service on the 2021 pension bonds, and reductions in the General Corporate component of the levy to produce a flat overall tax levy.

- **Sales Tax and Local Sales Tax** increased significantly by $2.96 million (or 32.5%) in 2021 due to the new sales tax legislation requiring online retailers remit the state and locally imposed sales taxes. Sales taxes increased by $0.6 million (or 5.1%) in 2022 and 2023 is projected to increase $0.3 million (or 2.6%). Sales taxes are projected to level out in future years with 2.2% annual increases.

- **Income Tax (LGDF)** increased significantly by $1.2 million (or 21.7%) in 2021 and by $1.8 million (or 25.7%) in 2022. 2023 is projected to decrease by $0.1 million (or -1.3%) and future years estimate 1% annual increases.

- **Utility Taxes** consist of natural gas, electricity, and telecommunications. Total utility taxes have been declining since 2018, mainly due to telecommunications taxes. 2020 revenues decreased $0.3 million (or -7.2%), 2021 decreased $0.1 million (or -4.0%) and 2022 decreased by $47,558 (or -1.5%). For 2023, total utility taxes are expected to decrease $0.1 million (or -3.3%) and remain flat for the remaining years.

**Operating Expenditures.** The following graph shows General Fund operating expenditures by type, excluding the one-time transfer of $36.8 million to the Police and Fire Pension Funds in 2022. Total 2023 operating expenditures are projected at $48.8 million and average 3.6% increases for subsequent years.
- **Personal Services**, consisting of salaries and overtime, accounts for $24.1 million (or 47.2%) of total 2023 projected expenditures. Personal Services are estimated to increase by an average of 2.2% for the Forecast.

- **Employee Benefits** for FICA, IMRF pension, police pension, and fire pension is $3.6 million (or 7.0%) of total 2023 projected expenditures. Employee Benefits are estimated to increase by $1.5 million (or 38.8%) for 2024 and average annual increases of $0.5 million (or 9.4%).

- **Charges & Services** include expenditures for software licenses, DU-COMM public safety communication services, paramedic services, and other contracted services accounts for $8.5 million (or 16.7%) of total 2023 projected expenditures. Charges & Services are estimated to average annual increases of $0.2 million (or 2.7%).

- **Interfund Transfers**, which consists of transfers for vehicles, equipment, building renewal, insurance, and debt service accounts for $11.3 million (or 22.0%) of total 2023 projected expenditures. Interfund Transfers are estimated to increase by $0.5 million (or 4.3%) for 2024 and average annual increases of $0.5 million (or 3.6%).

- **Supplies & Materials**, which consists of road materials, road salt, and other miscellaneous supplies is $1.3 million (or 2.6%) of total 2023 projected expenditures. Supplies & Materials are estimated to increase by $40,000 (or 3.0%) for 2024 and average annual increases of $30,000 (or 2.0%).

**Transfer to the Capital Projects Fund.** The General Fund transfers the difference between operating revenues and operating expenditures to the Capital Projects Fund. The transfer to the Capital Projects Fund is projected to decrease from $2.3 million in 2024 to $0.64 million in 2025, with no transfers for the remaining years.
**Fund Balance.** The following chart shows the fund balance projections for the next five years. The City’s General Fund reserve policy is to maintain a minimum unrestricted fund balance reserve equal to 40% of annual operating expenditures excluding capital improvements and transfers to other funds. The unrestricted fund balance reserve begins to fall below the policy target in 2027, and on December 31, 2028, is projected at $16.6 million or 28.6% of annual operating expenditures ($6.7 million below the reserve policy target).
Capital Projects Fund

The Capital Projects Fund accounts for expenditures related to roadway improvements, sidewalk improvements, capital improvements, major repairs, and other projects not accounted for in other City Funds (2018 G.O. Bond Fund, Enterprise Funds, Building Renewal Fund, Capital Equipment Replacement Fund, and Technology Replacement Fund). The General Fund is the main funding source, annually transferring the difference between operating revenues and operating expenses to the Capital Projects Fund. Other funding sources include grants and American Rescue Plan Act (ARPA) funds.

Assumptions and Key Points:

- **Revenues.**
  - The Transfer from General Fund decreases from $2.3 million in 2024 to $0.6 million in 2025, with no transfers for the remaining years.
  - Grants. The City has received a total of $6.2 million in grants since 2021, including $4.9 million in ARPA funds. Revenues reflect only grants that have been approved and secured. 2023 and 2024 includes $5.0 million in grants.

- **Expenditures.**
  - The ARPA grant ($4.9 million) has been allocated to fund new sidewalks and flood improvement projects.

The following table provides an overview of the Capital Projects Fund. Revenues decrease from $2.9 million in 2024 to $20,927 in 2028 due to the decrease in the Transfer from the General Fund and grant revenues. Expenditures reflect the proposed CIP projects for 2024 to 2028. The current funding structure is not sufficient to cover the cost of capital improvements, with deficit balances beginning in 2026.

<table>
<thead>
<tr>
<th></th>
<th>2021 Actual</th>
<th>2022 Actual</th>
<th>2023 Projected</th>
<th>2024 Budget</th>
<th>2025 Forecast</th>
<th>2026 Forecast</th>
<th>2027 Forecast</th>
<th>2028 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$7,079,284</td>
<td>$8,674,478</td>
<td>$12,237,392</td>
<td>$9,478,751</td>
<td>$4,997,866</td>
<td>$530,188</td>
<td>$(1,513,661)</td>
<td>$(4,730,161)</td>
</tr>
<tr>
<td>Revenues</td>
<td>$2,857,246</td>
<td>$5,330,558</td>
<td>$7,263,372</td>
<td>$2,889,615</td>
<td>$695,822</td>
<td>$37,651</td>
<td>$35,000</td>
<td>$20,927</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$1,262,052</td>
<td>$1,767,644</td>
<td>$10,022,013</td>
<td>$7,370,500</td>
<td>$5,163,500</td>
<td>$2,081,500</td>
<td>$3,251,500</td>
<td>$1,671,500</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>$(1,595,194)</td>
<td>$(3,562,914)</td>
<td>$(3,758,641)</td>
<td>$(4,480,885)</td>
<td>$(4,467,678)</td>
<td>$(2,043,849)</td>
<td>$(3,216,500)</td>
<td>$(1,650,573)</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$8,674,478</td>
<td>$12,237,392</td>
<td>$9,478,751</td>
<td>$4,997,866</td>
<td>$530,188</td>
<td>$(1,513,661)</td>
<td>$(4,730,161)</td>
<td>$(6,380,734)</td>
</tr>
</tbody>
</table>
Motor Fuel Tax Fund

The MFT Fund is generally used to account for expenditures related to the City’s annual road rehabilitation and construction program, as authorized by the Illinois Department of Transportation (IDOT). The primary revenue source is the City’s per capita share of motor fuel taxes collected and remitted by the State of Illinois. The use of motor fuel taxes is restricted to road related work and other projects authorized by the State of Illinois.

Assumptions and Key Points:
- Rebuild IL Grant Revenue. $3.5 million received from 2020 to 2022. Funds are allocated for street reconstruction ($3.2 million) and Roosevelt Rd sidewalks ($0.3 million).

The following table provides an overview of the MFT Fund. Revenues from motor fuel taxes are projected to remain relatively flat over the next five years. Expenditures reflect the proposed CIP projects for 2024 to 2028.

<table>
<thead>
<tr>
<th>Year</th>
<th>2020 Actual</th>
<th>2021 Actual</th>
<th>2022 Actual</th>
<th>2023 Projected</th>
<th>2024 Budget</th>
<th>2025 Forecast</th>
<th>2026 Forecast</th>
<th>2027 Forecast</th>
<th>2028 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$1,036,669</td>
<td>$2,327,308</td>
<td>$1,929,564</td>
<td>$1,884,481</td>
<td>$1,331,436</td>
<td>$960,687</td>
<td>$1,192,107</td>
<td>$1,177,952</td>
<td>$1,197,226</td>
</tr>
<tr>
<td>Revenues</td>
<td>$3,090,639</td>
<td>$3,235,696</td>
<td>$3,348,792</td>
<td>$2,924,763</td>
<td>$2,310,238</td>
<td>$2,331,420</td>
<td>$2,355,845</td>
<td>$2,379,274</td>
<td>$2,403,105</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$1,800,000</td>
<td>$3,633,440</td>
<td>$3,393,875</td>
<td>$2,847,809</td>
<td>$2,680,987</td>
<td>$2,100,000</td>
<td>$2,370,000</td>
<td>$2,360,000</td>
<td>$2,390,000</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>$1,290,639</td>
<td>$397,744</td>
<td>(45,083)</td>
<td>(553,046)</td>
<td>(370,749)</td>
<td>231,420</td>
<td>(14,155)</td>
<td>19,274</td>
<td>13,105</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$2,327,308</td>
<td>$1,929,564</td>
<td>$1,884,481</td>
<td>$1,331,436</td>
<td>$960,687</td>
<td>$1,192,107</td>
<td>$1,177,952</td>
<td>$1,197,226</td>
<td>$1,210,331</td>
</tr>
<tr>
<td>Fund Balance %</td>
<td>75.3%</td>
<td>59.6%</td>
<td>56.3%</td>
<td>58.0%</td>
<td>41.6%</td>
<td>51.1%</td>
<td>50.0%</td>
<td>50.3%</td>
<td>50.4%</td>
</tr>
<tr>
<td>Over/(Under) Policy Amount</td>
<td>$781,988</td>
<td>$311,716</td>
<td>$210,085</td>
<td>$184,054</td>
<td>$194,432</td>
<td>26,397</td>
<td>30</td>
<td>7,589</td>
<td>8,778</td>
</tr>
</tbody>
</table>

Motor Fuel Tax Revenues. The following chart shows motor fuel taxes (MFT) received since 2019. On July 1, 2019, the State increased the MFT rates from $0.19 per gallon to $0.38 per gallon for gasoline and $0.215 cents per gallon to $0.455 per gallon for diesel fuel. This was the first increase in the MFT rates since 1990. Future increases occur on July 1 of each subsequent year by the Consumer Price Index. Prior to the increase in 2019, the City was receiving $1.4 million annually in MFT revenues.
**Fund Balance.** The following chart shows the fund balance projections for the next five years. The MFT reserve policy is to maintain a minimum total fund balance reserve equal to 50% of annual revenues to provide sufficient cash flow for payment of expenditures related to the City’s annual road program. The unrestricted fund balance reserve on December 31, 2028, is projected at $1.2 million or 50.4% of annual revenues.
The Water Fund accounts for the revenues and expenditures related to the operation of the City’s water system. The activities necessary to provide such services include administration, operations, maintenance, capital improvements, and financing. The primary revenue source is the fees charged for water service.

Assumptions and Key Points:
- Water Rates. No rate increases are built into Forecast. The last increase was in 2015.
- DuPage Water Commission (DWC) water purchases. The DWC purchases water from the City of Chicago. Since 2015, DWC rates have increased by 11.1%. Rates have increased 4% over the past two (2) years and the Forecast projects increases of 4% in 2024, 2% over the remaining years.

The following table provides an overview of the Water Fund for the next five years and reflects the proposed CIP projects for 2024 to 2028. The current funding structure is not sufficient to cover operating expenses and capital improvements, with deficit balances beginning in 2027.

<table>
<thead>
<tr>
<th>Year</th>
<th>Beginning Fund Balance</th>
<th>Revenues</th>
<th>Expenses</th>
<th>Surplus/(Deficit)</th>
<th>Ending Fund Balance</th>
<th>Fund Balance %</th>
<th>Over/(Under) Policy Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$3,940,740</td>
<td>$13,478,587</td>
<td>$12,280,987</td>
<td>$1,197,600</td>
<td>$5,138,340</td>
<td>48.1%</td>
<td>$2,466,373</td>
</tr>
<tr>
<td>2022</td>
<td>$5,138,340</td>
<td>$13,606,695</td>
<td>$12,059,745</td>
<td>$1,546,950</td>
<td>$6,685,290</td>
<td>59.1%</td>
<td>$3,854,959</td>
</tr>
<tr>
<td>2023</td>
<td>$6,685,290</td>
<td>$13,517,126</td>
<td>$15,234,572</td>
<td>$1,717,446</td>
<td>$8,504,100</td>
<td>40.9%</td>
<td>$1,928,086</td>
</tr>
<tr>
<td>2024</td>
<td>$8,504,100</td>
<td>$13,299,881</td>
<td>$15,157,806</td>
<td>$1,857,926</td>
<td>$10,689,890</td>
<td>26.1%</td>
<td>$129,217</td>
</tr>
<tr>
<td>2025</td>
<td>$10,689,890</td>
<td>$15,126,768</td>
<td>$15,065,416</td>
<td>$1,799,464</td>
<td>$12,877,276</td>
<td>10.7%</td>
<td>($991,872)</td>
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<tr>
<td>2026</td>
<td>$12,877,276</td>
<td>$14,224,746</td>
<td>$14,674,182</td>
<td>$1,457,991</td>
<td>$15,100,158</td>
<td>2.5%</td>
<td>($1,139,591)</td>
</tr>
<tr>
<td>2027</td>
<td>$15,100,158</td>
<td>$13,232,874</td>
<td>$14,234,746</td>
<td>$1,318,400</td>
<td>$318,400</td>
<td>-8.9%</td>
<td>($2,937,544)</td>
</tr>
<tr>
<td>2028</td>
<td>$318,400</td>
<td>$13,216,191</td>
<td>$14,674,182</td>
<td>($1,139,591)</td>
<td>($1,139,591)</td>
<td>-22.3%</td>
<td></td>
</tr>
</tbody>
</table>

City Water Usage Billing Rate vs. DuPage Water Commission Water Purchased. The following chart shows the City’s Water Usage Rate charged to customers in comparison to the cost to purchase water from the (DWC). The City’s Water Usage Billing Rate since 2015 is $5.05 per 100 cubic feet. The City has absorbed the increases in DWC water purchases and since 2015, with the margin decreasing from $1.42 in 2015 to $0.51 projected in 2028.
Operating Revenues vs Operating Expenses and Capital Expenses. The following chart shows operating revenues versus operating expenses and capital expenses for the next five years. Capital expenses range from $1.67 million to $3.24 million and the difference between operating revenues and operating expenses is projected to contract from $2.57 million in 2019 to $49,578 in 2028.

Fund Balance. The following chart shows the fund balance projections for the next 5-years, assuming no increases in Water Rates. The reserve policy is to maintain a minimum unrestricted fund balance reserve equal to 25% of annual operating expenditures, excluding depreciation and capital improvements. The current funding structure is not sufficient to cover operating expenses and capital improvements. The fund balance reserve begins to fall below the policy target in 2025, with deficit balances beginning in 2027.
Sanitary Sewer Fund

The Sanitary Sewer Fund accounts for the revenues and expenditures related to the operation of the City’s sanitary sewer system. The activities necessary to provide such services include administration, operations, maintenance, capital improvements, and financing. The primary revenue source is the fees charged for sanitary sewer service.

Assumptions and Key Points:

- **Sanitary Sewer Rate.** No rate increase is built into Forecast. The last increase was in 2007.
- **Sanitary Sewer Reimbursement Programs.** Resident participation in the programs increased significantly since the program revisions in May, 2022. Recently, the City Council approved a $300,000 budget amendment increasing funding in 2023 from $376,000 to $676,000. The Forecast assumes $376,000 over remaining years for the programs.

The following table provides an overview of the Sanitary Sewer Fund over the next five years and reflects the proposed CIP projects for 2024 to 2028, with a deficit balance of $0.2 million projected in 2028.

<table>
<thead>
<tr>
<th></th>
<th>2021 Actual</th>
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<th>2028 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>$4,908,249</td>
<td>$5,747,369</td>
<td>$5,650,170</td>
<td>$4,860,803</td>
<td>$3,477,150</td>
<td>$1,533,348</td>
<td>$1,047,392</td>
<td>$932,401</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>$2,508,932</td>
<td>$2,563,431</td>
<td>$2,469,157</td>
<td>$2,473,914</td>
<td>$2,486,757</td>
<td>$2,516,700</td>
<td>$2,494,290</td>
<td>$2,473,119</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>$1,669,812</td>
<td>$2,660,630</td>
<td>$3,258,524</td>
<td>$3,587,567</td>
<td>$4,430,559</td>
<td>$2,980,246</td>
<td>$2,631,691</td>
<td>$2,494,290</td>
</tr>
<tr>
<td><strong>Surplus/(Deficit)</strong></td>
<td>$839,120</td>
<td>$(97,199)</td>
<td>$(789,367)</td>
<td>$1,563,687</td>
<td>$(1,943,802)</td>
<td>$(5,443,292)</td>
<td>$(2,084,401)</td>
<td>$(1,141,849)</td>
</tr>
<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>$5,747,369</td>
<td>$5,650,170</td>
<td>$4,860,803</td>
<td>$3,477,150</td>
<td>$1,533,348</td>
<td>$1,047,392</td>
<td>$932,401</td>
<td>$(209,448)</td>
</tr>
<tr>
<td><strong>Fund Balance %</strong></td>
<td>497.1%</td>
<td>365.7%</td>
<td>223.1%</td>
<td>178.5%</td>
<td>76.8%</td>
<td>51.2%</td>
<td>44.5%</td>
<td>-9.7%</td>
</tr>
<tr>
<td><strong>Over/(Under) Policy Amount</strong></td>
<td>$5,458,311</td>
<td>$5,263,927</td>
<td>$4,316,030</td>
<td>$2,990,258</td>
<td>$1,034,458</td>
<td>$536,080</td>
<td>$408,228</td>
<td>$(746,940)</td>
</tr>
</tbody>
</table>

Operating Revenues vs Operating Expenses and Capital Expenses. The following chart shows operating revenues versus operating expenses and capital expenses for the next five years. Capital expenses range from $0.54 million to $2.44 million and the difference between operating revenues and operating expenses is projected to contract from $1.27 million in 2019 to $0.4 million in 2028.
**Fund Balance.** The following chart shows the fund balance projections for the next 5-years, assuming no increase in the Sanitary Sewer Rate. The Sanitary Sewer Fund reserve policy is to maintain a minimum unrestricted fund balance reserve equal to 25% of annual operating expenditures, excluding depreciation and capital improvements. The fund balance is within the reserve policy from 2024 to 2027, with a deficit balance of $0.2 million projected in 2028.
Storm Sewer Fund

This Storm Sewer Fund accounts for the revenues and expenditures related to the operation of the City’s storm sewer system. The activities necessary to provide such services include administration, operations, maintenance, capital improvements, and financing. The primary revenue source has been stormwater management fees thru 2023.

Assumptions and Key Points:
- New Stormwater Utility Fee built into Forecast beginning in 2024. However, there is no increase in total revenue, $1.75 million is based off average collections on the previous rates.
  - Previous Storm Sewer Rates were last increased in 2018.

The following table provides an overview of the Storm Sewer Fund for the next five years and reflects the proposed CIP projects for 2024 to 2028. The current funding structure is not sufficient to cover operating expenses and capital improvements, with deficit balances beginning in 2024.

<table>
<thead>
<tr>
<th></th>
<th>2021 Actual</th>
<th>2022 Actual</th>
<th>2023 Projected</th>
<th>2024 Budget</th>
<th>2025 Forecast</th>
<th>2026 Forecast</th>
<th>2027 Forecast</th>
<th>2028 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$437,065</td>
<td>$2,266,496</td>
<td>$1,947,080</td>
<td>$1,513,084</td>
<td>($456,424)</td>
<td>($3,156,888)</td>
<td>($4,986,866)</td>
<td>($14,323,110)</td>
</tr>
<tr>
<td>Revenues</td>
<td>$3,315,932</td>
<td>$1,729,793</td>
<td>$1,767,391</td>
<td>$1,765,131</td>
<td>$1,750,000</td>
<td>$1,750,000</td>
<td>$1,750,000</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>$1,486,501</td>
<td>$2,049,209</td>
<td>$2,201,387</td>
<td>$4,450,464</td>
<td>$3,579,978</td>
<td>$11,086,244</td>
<td>$5,605,332</td>
<td></td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>$1,829,431</td>
<td>$1,947,080</td>
<td>$1,513,084</td>
<td>($456,424)</td>
<td>($3,156,888)</td>
<td>($4,986,866)</td>
<td>($14,323,110)</td>
<td>($18,178,442)</td>
</tr>
<tr>
<td>Fund Balance %</td>
<td>183.0%</td>
<td>128.8%</td>
<td>95.2%</td>
<td>-25.7%</td>
<td>-172.7%</td>
<td>-265.4%</td>
<td>-741.7%</td>
<td>-915.6%</td>
</tr>
<tr>
<td>Over/(Under) Policy Amount</td>
<td>$1,956,847</td>
<td>$1,569,041</td>
<td>$1,115,732</td>
<td>($901,334)</td>
<td>($3,614,004)</td>
<td>($5,456,611)</td>
<td>($14,805,921)</td>
<td>($18,674,775)</td>
</tr>
</tbody>
</table>

Operating Revenues vs Operating Expenses. The following chart shows operating revenues versus operating expenses and capital expenses for the next five years. Capital expenses range from $1.7 million to $9.16 million. Operating revenues are projected not to cover operating expenses beginning in 2025, ranging from $80,000 to $235,300 in 2028.
**Fund Balance.** The following chart shows the fund balance projections for the next 5-years, assuming no increase in the Stormwater Utility Fee. The reserve policy is to maintain a minimum unrestricted fund balance reserve equal to 25% of annual operating expenditures, excluding depreciation and capital improvements. The fund balance is projected with deficit balances beginning in 2024.
Parking Fund

The Parking Fund accounts for the operation, maintenance, enforcement, and capital improvements for the City’s parking lots and facilities. The primary revenue sources are parking permits, fees, and fines.

Assumptions and Key Points:
- Parking Permits, Fees, and Fines Revenues. No Increases are built into Forecast.
  - Leased Parking Permits have decreased $106,700 (or -24.6%) from the $433,601 collected in 2019 and have not been increased for over 20 years.
  - Parking Daily Fees and Meter Fees have decreased $71,130 (or -40.9%) from the $173,760 collected in 2019.
- SSA #2 terminated in 2021 and had generated $39,800 in annual revenue.
- Comprehensive Parking Study in progress.

The following table provides an overview of the Parking Fund for the next five years and reflects the proposed CIP projects for 2024 to 2028. The current funding structure is not sufficient to cover operating expenses and capital improvements, with deficit balances beginning in 2025.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$2,154,472</td>
<td>$435,922</td>
<td>$777,720</td>
<td>$(341,798)</td>
<td>$1,812,674</td>
<td>$1,172,621</td>
<td>$640,053</td>
</tr>
<tr>
<td>2022</td>
<td>$1,812,674</td>
<td>$388,521</td>
<td>$1,203,122</td>
<td>$(202,683)</td>
<td>$998,073</td>
<td>$1,293,630</td>
<td>$(295,557)</td>
</tr>
<tr>
<td>2023</td>
<td>Projected</td>
<td>$562,482</td>
<td>$765,345</td>
<td>$(476,052)</td>
<td>$795,210</td>
<td>$1,407,307</td>
<td>$(612,097)</td>
</tr>
<tr>
<td>2024</td>
<td>Forecast</td>
<td>$546,514</td>
<td>$1,022,566</td>
<td>$(319,158)</td>
<td>$319,158</td>
<td>$1,794,368</td>
<td>$(1,204,930)</td>
</tr>
<tr>
<td>2025</td>
<td>Forecast</td>
<td>$542,845</td>
<td>$824,111</td>
<td>$(88,010)</td>
<td>$(88,010)</td>
<td>$1,941,484</td>
<td>$(1,743,332)</td>
</tr>
<tr>
<td>2026</td>
<td>Forecast</td>
<td>$540,755</td>
<td>$1,690,874</td>
<td>$(371,366)</td>
<td>$(548,111)</td>
<td>$2,096,940</td>
<td>$(3,461,857)</td>
</tr>
<tr>
<td>2027</td>
<td>Forecast</td>
<td>$541,868</td>
<td>$843,332</td>
<td>$(1,520,372)</td>
<td>$(371,366)</td>
<td>$2,165,735</td>
<td>$(3,917,652)</td>
</tr>
<tr>
<td>2028</td>
<td>Forecast</td>
<td>$542,992</td>
<td>$843,332</td>
<td>$(1,820,712)</td>
<td>$(1,820,712)</td>
<td>$2,096,940</td>
<td>$(3,917,652)</td>
</tr>
</tbody>
</table>

Operating Revenues vs Operating Expenses and Capital Expenses. The following chart shows operating revenues versus operating expenses and capital expenses for the next five years. Capital expenses range from $25,000 to $0.9 million. Operating revenues not covering operating expenses began in 2021, ranging from $230,767 to $281,340 in 2028.
Fund Balance. The following chart shows the fund balance projections for the next 5-years, assuming no increase in Parking Permits, Fees, and Fines. The reserve policy is to maintain a minimum unrestricted fund balance reserve equal to 25% of annual operating expenditures, excluding depreciation and capital improvements, and a Parking Garages Reserve balance necessary to provide funds for the maintenance of the Parking Garages. The fund balance began to fall below the policy target in 2022, with deficit balances beginning in 2025.
MEMORANDUM

TO: The Honorable Mayor and City Council
FROM: Robert R. Lehnhardt, Director of Finance/Treasurer
DATE: August 28, 2023
SUBJECT: 2024 Budget Framework

Objective
Receive City Council direction on the staff’s recommendations on the revenue\expenditure framework for development of the 2024 Budget in furtherance of Strategic Priority #1 – “Financial Stability” in the City’s Strategic Plan. Specifically, achieving Goal A: “Maintain Long-Term Financial Plan”, Initiative #2: “Annually prepare a budget decision-making framework.”

Budget Development Considerations
The biggest issue facing the City over the past budget years and future years is economic instability. The swings in revenues and expenses have been ongoing since the pandemic, creating abnormal sections of the economy. Global supply chain disruptions, high inflation, high energy costs, and high interest rates have made it difficult to rely on recent trends for both revenues and expenditures. Trying to accurately predict revenues and expenses will continue to be difficult until the economy normalizes. The country is also facing a potential recession in late 2023 or early 2024, which has been predicted by many economists.

The biggest challenge facing the City is infrastructure needs. As with previous years, the City will continue to address the balance between infrastructure investments and funding them within current financial resources. The City has not incorporated any significant changes in taxes, rates, or fees over the years, which creates difficulties in addressing all the capital needs to maintain the City’s roads, stormwater, sanitary sewers, water mains, sidewalks, and municipal facilities.

Key Points
• “AAA” rated community.
• Provide essential services and programs.
• Strict expenditure management.
• Property Tax Levy has remained flat for the past four years.
• No increases in Water, Sanitary Sewer, Storm Water, or Parking Rates:
  ▪ Water – Last increase in 2015.
  ▪ Sanitary Sewer - Last increase in 2007.
  ▪ Storm Water - Last increase in 2018.
  ▪ Permit Parking Rates – 20+ years.
**Challenges**

- Personnel costs have been impacted due to retirements, resignations, high demand for workers driving wage growth, the recent Public Works Local 150 Union contract, and the Police Union contracts expiring April 30, 2023.
- Pension Funding Policy for Police and Fire Pension Plans. A new methodology to calculate the annual pension contributions would increase operating expenditures by $0.6 million compared to the current method.
- Employer Pension Costs for IMRF, Police, and Fire increase significantly for the 2024 Budget. The past two budget years had significant decreases in pension costs.
- Sanitary Sewer Reimbursement Programs funding. Funding was budgeted at $376,000 in 2023, with projected expenses of $676,000.
- DuPage Water Commission Rate Increases. On May 1, 2022, water purchases increased 4.2% and 4.1% on May 1, 2023, which equates to an annual increase of $0.3 million in Water Fund operating expenses.
- Vehicle Replacement costs have increased, along with delays in purchases due to inventory shortages.
- Construction costs have increased significantly since 2022 and have resulted in several projects exceeding 2023 budgeted amounts.
- Long-term funding of Enterprise Funds (Water, Sanitary Sewer, Storm Sewer, and Parking). Staff has identified the following Funds which will need revenue enhancements in 2024 to address the operating and capital needs to be financially stable over the long-term:
  - Parking Fund. A detailed analysis is in progress by staff.
  - Storm Sewer Fund. A detailed analysis of operating and capital needs is recommended to be performed to develop and implement a funding plan.
  - Water Fund. A detailed analysis of operating and capital needs is recommended to be performed to develop and implement a funding plan.
General Fund
2023 Budget Projections

The following sections provide the 2023 Budget projections for the General Fund. Revenues are projected to exceed expenditures by $1.9 million at year-end.

**General Fund Revenues** are currently projected to be $2.8 million (or 5.6%) over budget. The 2023 Budget revenues were conservatively estimated due to the uncertainty of the economy and the prospect of a recession in 2023. Sales Taxes and Income Taxes account for $1.3 million of the total estimated revenue increase. Sales tax revenues continue to perform better than expected. Charges for Services revenues are projected to be over budget by $0.4 million (or 9.2%). The increase is mainly attributable to ambulance services ($0.4 million) with increased collections and the City’s participation in the Ground Emergency Medical Transportation (GEMT) program starting in 2022. The GEMT program provided $0.4 million in additional revenue in fiscal year 2022. Miscellaneous Revenues are projected to be over budget by $0.4 million, due to the one-time TIF #3 surplus distribution of $0.35 million.

**2023 Budget Projections**

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Approved Budget</th>
<th>Projected</th>
<th>Budget vs Projected Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>$ 23,278,910</td>
<td>$ 23,642,938</td>
<td>$ 364,028</td>
<td>1.6%</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>18,444,425</td>
<td>19,913,422</td>
<td>1,468,997</td>
<td>8.0%</td>
</tr>
<tr>
<td>Licenses</td>
<td>159,750</td>
<td>159,750</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Permits</td>
<td>831,500</td>
<td>852,288</td>
<td>20,788</td>
<td>2.5%</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>4,736,852</td>
<td>5,174,779</td>
<td>437,927</td>
<td>9.2%</td>
</tr>
<tr>
<td>Fines and Forfeits</td>
<td>464,560</td>
<td>570,000</td>
<td>105,440</td>
<td>22.7%</td>
</tr>
<tr>
<td>Investment Income</td>
<td>400,000</td>
<td>400,000</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>154,503</td>
<td>554,445</td>
<td>399,942</td>
<td>258.9%</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>1,660,380</td>
<td>1,660,380</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$ 50,130,880</strong></td>
<td><strong>$ 52,928,002</strong></td>
<td><strong>$ 2,797,122</strong></td>
<td><strong>5.6%</strong></td>
</tr>
</tbody>
</table>

**State-Shared Sales Taxes.** 2023 YTD State-Shared Sales Taxes are $83,414 (or 2.8%) greater than 2022 YTD receipts. 2023 total State-Shared Sales taxes are projected to be $7.85 million, $0.5 million (or 6.2%) above budget.
Local Sales Taxes. 2023 YTD Local Sales Taxes are $71,960 (or 3.7%) above 2022 YTD receipts. 2023 total Local Sales taxes are projected to be $5.20 million, $0.35 million (or 7.2%) above budget.

Income Taxes are projected to be $8.68 million, $0.5 million (or 6.5%) greater than budget, based on the latest projection provided by the Illinois Municipal League (IML).

General Fund Expenditures. Operating expenditures are projected to be $0.9 million (or 1.9%) above budget, mainly due to Personal Services and Charges & Services. Charges & Services is projected to be over budget by $0.3 million (or 4.1%) due to the Organization Retail Crime (ORC) Grant expenditures for ALPR cameras, which is offset by the ORC grant received.

2023 Budget Projections
Expenditures

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Approved Budget</th>
<th>Projected</th>
<th>Budget vs Projected Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Services</td>
<td>$ 23,580,609</td>
<td>$ 24,100,591</td>
<td>$ 519,982</td>
<td>2.2%</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>3,536,057</td>
<td>3,579,443</td>
<td>43,386</td>
<td>1.2%</td>
</tr>
<tr>
<td>Supplies &amp; Materials</td>
<td>1,290,503</td>
<td>1,308,715</td>
<td>18,212</td>
<td>1.4%</td>
</tr>
<tr>
<td>Charges &amp; Services</td>
<td>8,195,266</td>
<td>8,533,824</td>
<td>338,558</td>
<td>4.1%</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>11,256,758</td>
<td>11,256,343</td>
<td>(415)</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total Operating</td>
<td>$ 47,859,193</td>
<td>$ 48,778,916</td>
<td>$ 919,723</td>
<td>1.9%</td>
</tr>
<tr>
<td>Capital Outlays</td>
<td>173,550</td>
<td>174,852</td>
<td>1,302</td>
<td>0.8%</td>
</tr>
<tr>
<td>Interfund Transfers-Capital</td>
<td>2,098,137</td>
<td>2,098,137</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total Capital &amp; Interfund</td>
<td>2,271,687</td>
<td>2,272,989</td>
<td>1,302</td>
<td>0.1%</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$ 50,130,880</td>
<td>$ 51,051,905</td>
<td>$ 921,025</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

General Fund – Unrestricted Fund Balance Reserve on December 31, 2023. The unrestricted fund balance reserve on December 31, 2023, is projected at $23.2 million or 47.5% of annual operating expenditures ($3.7 million above the reserve policy target).
General Fund

2024 Budget Projections

The following sections provide the preliminary projections for the 2024 Budget for the General Fund. The 2024 General Fund is projected to be balanced, with $53.5 million in revenues and $53.5 million in expenditures.

2024 General Fund Revenues are projected to increase $0.5 million (1.0%) compared to 2023 Projected.

- **Taxes.** Local Sales Taxes are projected to increase $0.1 million (2.5%), and Property Taxes increase $1.1 million (7.5%) compared to 2023 Projected.
- **Intergovernmental.** Sales Tax is projected to increase $0.2 million (2.0%), Income Taxes increase $0.1 million (1.0%), Personal Property Replacement Taxes are projected to decrease $0.2 million (-30.0%), and Grant revenues decrease $0.3 million due to the one-time receipt of the ORC grant.
- **Miscellaneous Revenues** are projected to decrease $0.4 million due to the one-time TIF #3 Surplus distribution received in 2023.

2024 Budget Projections

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2023 Budget</th>
<th>2023 Projected</th>
<th>2024 Budget</th>
<th>2024 Budget vs 2023 Projected Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>$23,278,910</td>
<td>$23,642,938</td>
<td>$24,840,829</td>
<td>$1,197,891</td>
<td>5.1%</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>18,444,425</td>
<td>19,913,422</td>
<td>19,641,088</td>
<td>(272,334)</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Licenses</td>
<td>159,750</td>
<td>159,750</td>
<td>159,750</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Permits</td>
<td>831,500</td>
<td>852,288</td>
<td>869,336</td>
<td>17,048</td>
<td>2.0%</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>4,736,852</td>
<td>5,174,779</td>
<td>5,190,777</td>
<td>15,998</td>
<td>0.3%</td>
</tr>
<tr>
<td>Fines and Forfeits</td>
<td>464,560</td>
<td>570,000</td>
<td>490,580</td>
<td>(79,420)</td>
<td>-13.9%</td>
</tr>
<tr>
<td>Investment Income</td>
<td>400,000</td>
<td>400,000</td>
<td>410,000</td>
<td>10,000</td>
<td>2.5%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>154,503</td>
<td>554,445</td>
<td>160,325</td>
<td>(394,120)</td>
<td>-71.1%</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>1,660,380</td>
<td>1,660,380</td>
<td>1,693,590</td>
<td>33,210</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$50,130,880</td>
<td>$52,928,002</td>
<td>$53,456,275</td>
<td>$528,273</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

2024 General Fund Expenditures are projected to increase $2.4 million (4.7%) compared to 2023 Projected.

- **Personal Services** expenditures are projected to increase $0.6 million (2.7%)
- **Employee Benefits** increase $1.4 million (39.7%) mainly due to the increase in police and fire pension contribution costs.
- **Interfund Transfers** are projected to increase $0.5 million (4.3%).
- **Charges & Services** are projected to decrease $0.2 million (-2.9%) mainly due to the one-time expenditures of the ORC grant.
- **Interfund Transfers-Capital.** The transfer to the Capital Projects Fund increases $0.2 million (10.0%) from $2.1 million to $2.3 million in 2024.

2024 Budget Projections

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>2023 Budget</th>
<th>2023 Projected</th>
<th>2024 Budget</th>
<th>2024 Budget vs 2023 Projected Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Services</td>
<td>$23,580,609</td>
<td>$24,100,591</td>
<td>$24,755,025</td>
<td>$654,434</td>
<td>2.7%</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>3,536,057</td>
<td>3,579,443</td>
<td>4,999,023</td>
<td>1,419,580</td>
<td>39.7%</td>
</tr>
<tr>
<td>Supplies &amp; Materials</td>
<td>1,290,503</td>
<td>1,308,715</td>
<td>1,347,981</td>
<td>39,266</td>
<td>3.0%</td>
</tr>
<tr>
<td>Charges &amp; Services</td>
<td>8,195,266</td>
<td>8,533,824</td>
<td>8,284,286</td>
<td>(249,538)</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>11,256,768</td>
<td>11,256,343</td>
<td>11,743,876</td>
<td>487,433</td>
<td>4.3%</td>
</tr>
<tr>
<td><strong>Total Operating</strong></td>
<td>$47,859,193</td>
<td>$48,778,916</td>
<td>$51,130,151</td>
<td>$2,351,235</td>
<td>4.8%</td>
</tr>
<tr>
<td>Capital Outlays</td>
<td>173,550</td>
<td>174,852</td>
<td>18,903</td>
<td>(155,949)</td>
<td>-89.2%</td>
</tr>
<tr>
<td>Interfund Transfers-Capital</td>
<td>2,098,137</td>
<td>2,098,137</td>
<td>2,307,221</td>
<td>209,084</td>
<td>10.0%</td>
</tr>
<tr>
<td><strong>Total Capital &amp; Interfund</strong></td>
<td>$2,271,687</td>
<td>$2,272,989</td>
<td>$2,326,124</td>
<td>53,135</td>
<td>2.3%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$50,130,880</td>
<td>$51,094,905</td>
<td>$53,456,275</td>
<td>$2,404,370</td>
<td>4.7%</td>
</tr>
</tbody>
</table>
**General Fund – Unrestricted Fund Balance Reserve on December 31, 2024.** The unrestricted fund balance reserve on December 31, 2024, is projected at $23.2 million or 45.3% of annual operating expenditures ($2.7 million above the reserve policy target).

**Next Steps**

Staff is seeking City Council input and direction on the following:

- City Council new initiatives you would like staff to incorporate in the 2024 Budget.
- Staff is anticipating recommending revenue enhancements for the Parking Fund, Storm Sewer Fund, and Water Fund for the 2024 Budget.
- Staff anticipates no decrease in services or personnel.

**2024 Budget Development Meetings**

Please note the following dates related to the development of 2024 Budget.

- Capital Improvement Plan. The 5-Year Capital Improvement Plan will be presented to the City Council at the September 11, 2023 Planning Session.
- 2024 Budget Schedule.
  - October 9  2023 Property Tax Levy – Preliminary Estimates
  - November 13  Budget Workshop Session (Monday)
  - November 18  Budget Workshop Session (Saturday)
  - November 27  2023 Property Tax Levy – Truth in Taxation Public Hearing, if necessary
  - December 4  2023 Property Tax Levy – First Reading
  - December 11  2024 Budget - Public Hearing
  - December 18  2024 Budget - Adoption
  - 2023 Property Tax Levy – Adoption