

# Large Budget Impacts

## ***Lead service line replacement and water main reconstruction - \$44 million***

In October 2024 the EPA and DNR mandated replacement of lead service lines within 10 years, unless a community qualified for an exception. For Shorewood, our estimate is 15 years if we qualify. The majority of watermains are pre-1940s. Inserting new service line to these old pipes may cause pipe failure and lack of water service. Each watermain will require evaluation to assess whether replacement is needed. If water main replacement is needed, it will require pavement replacement of part or the entire roadway. Since there are limited options to piecemeal the projects, time and efficiency is an important factor. A possible solution would be to consider lengthening the timeline of all Village infrastructure projects, to develop a realistic approach that works alongside the Village's previous and current initiatives.

## ***Public Works Building - \$23 million***

The age of Village infrastructure has resulted in a situation where immediate replacement of the Village's public works facilities is a nonnegotiable immediate need. A project of such magnitude requires immediate action on planning and construction to conclude, as projected, prior to 2028.

## ***Streetlight System Replacement - \$17.4 million***

In June 2022, the Village Board voted to use ARPA funding to complete a street lighting system replacement plan. A presentation to the village board was made on June 3, 2024. The plan's recommended implementation schedule has been incorporated into the Village's Long Range Financial Plan with construction proposed over five phases beginning in 2025 and concluding in 2029. With this project on the horizon, various options are available to align with the current and future budget outlook. The project costs and continued maintenance could be funded by a special charge to property owners. This would be instead of financing the remaining project costs with the issuance of bonds which would increase the tax levy.

## ***Southeast Area Combined Sewer Projects - \$18.6 million***

Concluding projects include SEASCI Phase I, II, and III which were directly related to fixing the sewer infrastructure in the village's southeast corner. These projects began the initiatives toward reconstruction of sewer and were expanded to include new watermain and LSL replacement following adoption of *Policy 44 Lead Service Replacement Program* in response to the looming EPA requirements for mandatory LSL replacements. SEASCI Phase II is projected to conclude in 2024 and Phase III is scheduled in 2025 in conjunction with the reconstruction of Lake Drive.

## ***Lake Drive Reconstruction - \$2.9 million***

This WISDOT lead and coordinated project began in 2020, with an estimated conclusion in 2025. Funding is shared for the project between the state department of transportation and the village. WisDOT owns the roadway, designs and determines the construction timeline for the project. The Village is responsible for some of the reconstruction cost and all future maintenance expenses.

## ***N. Oakland Avenue Pavement Replacement - \$6.6 million paid for by TID No. 5***

Reconstruction of N. Oakland Avenue is scheduled in 2026. The Village Board funded the project with TID 5 proceeds in 2022 before closure. The roadway reconstruction was delayed due to SEASCI Phase I, II, III and Lake Drive construction requiring Oakland as an alternative detour route.

Watermain, LSL replacement and bicycle/pedestrian accommodations were also included, expanding the project scope. The village will continue to monitor and remain conservative about the construction costs to the greatest extent possible. The good news is that the Village will not need to budget or borrow funds for this project, as they will be paid for by TID. No. 5.

### ***Village Resource Capacity Considerations***

With so many competing priorities and new projects on the horizon, there has already been additional time that staff have dedicated to beyond typical job duties. While our Village's mindset has remained that of collaboration and resilience, it is important to consider the sustainability of possible new projects and initiatives considering the current landscape and existing projects and initiatives. It becomes essential to focus on essential core services.

### ***Service Considerations***

As funding and employee capacity are divided among competing efforts, the additional cost of such endeavors will increase the Village's future costs. With limited capacity on both sides, additional projects would require an increase in employee capacity to successfully manage new mandates and requirements. Additionally, funding will have to be planned and secured to cover the costs of the project, in addition to the additional cost of employee capacity.

### ***Competitive Employee Marketplace***

Organizations are reexamining how they recruit, develop, and retain talent considering the constant changes in the landscape. Given these developments, the north shore market is looking at a *minimum of 3% increase in salaries* for the 2025 budget period. It is important to keep in mind that even if budgeted salaries are updated overall by 3%, a new employee addition can easily increase the overall budgeted salaries by a greater percentage. North Shore Fire Department has proposed a minimum 3.6% budget increase causing an increase the village's portion of the financing cost of that service as well. Without proper financial planning for employee retention, projects and services at the village will not move forward. The village must implement a plan to bring salaries up to market level to remain competitive and at a level of quality required by the community. That will be higher than a 3% increase in several cases. In short, to be proactive in a response to the labor market, it is recommended that the budget process starting in 2025 include consideration of a salary reevaluation considering market realities.