



**TWO
RIVERS**
WISCONSIN

CITY COUNCIL WORK SESSION

Monday, November 24, 2025 at 6:00 PM

**Council Chambers - City Hall, 3rd Floor
1717 E. Park Street, Two Rivers, WI 54241**

MINUTES

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL BY CITY CLERK

Councilmembers: Mark Bittner (via phone), Doug Brandt, Shannon Derby, Bill LeClair, Darla LeClair, Tim Petri, Bonnie Shimulunas, Scott Stechmesser, Adam Wachowski

ALSO PRESENT: Kassie Paider, Finance Director; Terry Ehle, Library Service Coordinator; Jeff Dawson, Library Director; Mike Mathis, Parks and Recreation Director; Matt Heckenlaible, Public Works Director; Joe Metzen, Tourism Director; Jeff Sachse, Community Development Director; Dave Murack, Fire Chief; Dave Dassey, IT Administrator; Brian Dellemann, Electric Utility Director; Ben Meinnert; Police Chief; Sean Griffin, City Attorney (via Phone); and Kyle Kordell, City Manager.

4. CONSIDERATION OF ANY COUNCIL MEMBER REQUESTS TO PARTICIPATE IN THIS MEETING FROM A REMOTE LOCATION

Motion carried with a roll call vote.

Motion made it by Brandt, second by Derby to approve Councilmember Bittner to participate in this meeting from a remote location.

Voting Yea: Brandt, Derby, B. LeClair, D. LeClair, Petri, Shimulunas, Stechmesser, Wachowski

5. PUBLIC HEARING

A. Public Hearing on 2026 Proposed City Budget

Council President Stechmesser opened the first call for public input on the public hearing.

Dean Hirvela (2730 42nd St) - spoke regarding the perpetual care flower fund for the cemetery. They clarified the difference between perpetual care (mowing grass, trimming stones, etc.) and the flower fund, which are separate items. They expressed concern that the city had contacted local flower suppliers to indicate they wouldn't be ordering flowers for 2026, yet this decision had not been officially announced. They emphasized that people had paid into this fund with the understanding that flowers would be placed annually on Memorial Day. They shared documentation including receipts showing payments of \$200 for perpetual care flowers and cited city ordinances specifying this as an annual obligation.

Katherine Dahlke (3727 Adams Street) - questioned the 2.54% increase in taxes and inquired

about the significant 107% increase in miscellaneous revenue. She also noted inconsistencies between projected and actual spending in various departments, asking why departments that underspent their budgets were still receiving increases in the following year.

Council President Stechmesser closed the first call and open the second call for public input for the public hearing.

Kate (Library Board Member) - advocated for the library's requested 2% budget increase (approximately \$13,635), noting that they had not received an increase the previous year. She expressed concern that without the modest increase, they would need to make cuts to programming, staff, or hours.

Council President Stechmesser closed the second call and opened the third and final call for public input for the public hearing.

No one spoke.

6. INPUT FROM THE PUBLIC

Katherine Dahlke (3727 Adams Street) - expressed concerns about the Neshotah Beach concession stand project, noting she had been unable to find supporting materials for the proposal and questioning whether proper procedures had been followed in the consideration of alternative funding methods.

7. DISCUSSION ITEMS

A. Discussion of Room Tax Proposal and Funding Commitment for Neshotah Beach Concession Stand

Summary: A representative from the Room Tax Commission will present an alternative funding model for an improved Neshotah Beach Building that will reduce the amount of funding needed from the General Fund.

Rick Carey, owner of Metal Work Corporation and one of the primary investors in the Cobblestone Hotel, presented an alternative financing concept for projects including the Neshotah Beach concession stand. Carey, who serves as vice chair of the Room Tax Commission, explained:

1. Tax Incremental Districts (TIDs) and Tax Incremental Financing (TIFs): Carey provided an overview of how TID/TIF works, noting that TID 12 has created over \$7 million in incremental value in just seven years. He explained how the city's use of revenue bonds through TIF enabled the successful Cobblestone Hotel project and subsequent area development.
2. Municipal Bonds as Alternative Financing: Carey presented a hypothetical approach for the Neshotah Beach concession stand, proposing a \$750,000 revenue bond at 3.5% over 25 years, which would require approximately \$45,000 in annual debt service. This could be supported through:
 - Room tax revenue (~\$17,000)
 - Incremental use revenue (~\$26,000) from a 70-person rentable event space
 - General fund contribution (~\$100,000)
 - Private donations (~\$150,000)

This approach would potentially reduce the taxpayer burden to \$100,000 for a \$2 million project, compared to the current proposal.

3. Room Tax Support: Carey explained how state statute 66.0615 governs room tax use, requiring funds to be used for tourism promotion that generates overnight stays. The contingencies previously discussed for the concession stand renovation were to ensure the project would encourage overnight stays in compliance with this requirement.

Council members discussed the proposal, with concerns raised about:

- What happens if revenue projections fall short (Adam Wachowski noted taxpayers would be responsible)
- The reduction in Room Tax support for the wayside from \$30,000 to \$15,000
- Whether alternative projects like a museum might be better candidates for this funding approach
- The timing of such a project given recent property reassessments and tax increases

City Manager Kyle acknowledged the proposal could potentially reduce the city's contribution for the concession stand from \$250,000 to \$100,000 and suggested this financing approach could be a smaller test case before potentially using it for larger future projects

B. Discussion of City Schedule of Fees & Fines (Item# 25-228 tabled from Nov 17, 2025 meeting)

Summary: The City Council will review the City's master fee schedule in comparison with other municipalities.

City Manager Kyle presented the updated fee schedule, which included adjustments to several fees including:

- License fees for short-term rentals
- A new harbor sludge tipping fee
- Sidewalk snow and ice fees
- Restructured building permit fees

The main discussion centered on building permit fees, which are currently insufficient to cover inspection costs. The proposal changed from a fixed fee structure to a percentage-based model: 2% of project value for commercial properties and 1.5% for residential, with a \$100 minimum fee.

Several examples were provided:

- For a \$175,000 new home build: current fee is \$650, proposed would be \$5,600
- For a commercial project like Taco Bell (\$700,000): current fee is \$410, proposed would be \$14,000
- For a \$40,000 kitchen remodel: current fee is \$400, proposed would be \$600

Community Development Director Jeff Sachse explained that the city has been significantly undercharging for permits, with the cost of inspections often far exceeding the fees collected. He cited an example where a home in Sandy Point had \$3,200 in inspection costs, but the permit fee was only around \$700.

Council expressed concerns about the significant increases and discussed alternative approaches:

- Councilmember Wachowski suggested a two-tier system that would charge differently for new construction versus remodels
- Several members supported implementing a cap of \$10,000 on fees for projects under \$1 million
- The council requested staff prepare multiple options, including a square-footage based approach similar to Manitowoc's

There was also discussion about increasing the \$50 reinspection fee for failed inspections. The council directed staff to return with revised options for the December 1st meeting.

C. Discussion of Draft Fiscal Year 2026 City Budget

1. **Summary:** Presentation and discussion of the proposed 2026 Fiscal Year budget, outlining departmental priorities and major capital needs.

Budget Challenges:

- The previous year's 0% tax levy increase created a gap as costs continued to rise
- Health insurance premiums increasing 8% (including \$57,000 for 22 retirees)
- MMT Route 1 costs continue to escalate
- Low levels of new construction limiting levy authority
- New unfunded mandates including a DNR-required certified waste collections operator

Temporary Solutions:

- \$150,000 in anticipated sales of city-owned industrial land
- \$160,000 in debt premium applied to the general fund
- \$20,000 reduction in public works seasonal hours
- Hiring the DNR-required position for only half the year
- \$305,000 one-time payment related to a cell tower

Financial Overview:

- Total city budget: \$42 million
- Property tax levy increase: \$224,000 (3.8%)
- General fund budget: \$12,934,000 (3% increase)

Budget Cuts Already Made:

- Delayed creation of a civil engineer position
- Reduced overtime and seasonal staffing
- Postponed replacement of SRO squad vehicles
- Postponed purchase of water leak detection equipment
- Reduced hourly increases for seasonal staff from \$1 to 50¢

Strategic Priorities:

- Getting new multifamily housing built
- Refocusing industrial strategy
- Addressing underperforming TIF districts
- Riverside Park improvements
- Elevating neighborhood pride
- Planning for succession with upcoming retirements
- Transitioning to a new employee health insurance program

Capital Projects:

- \$850,000 for replacement of 1994 fire pumper truck
- \$453,000 for street resurfacing
- \$255,000 for the Neshotah Beach building
- \$179,000 for Riverside Park renovations (75% grant funded)

Library Funding:

- The Personal & Finance Committee recommended a 0% increase, rejecting the Library Board's request for a 2% increase (\$13,635)
- Councilmember Bittner advocated for reconsidering the library funding increase, noting its community importance
- Councilmember Shimulunas supported this position, highlighting the library's extensive programming and value

- Councilmember Wachowski explained that all departments were asked to make cuts to balance the budget, and the library should be included in this effort

Special Events & Cemetery Flowers:

- Parks Director Mike Mathis provided information on Neshotah Beach operations (\$35,000 annual cost) and special events funding
- The current budget plans to redirect concession stand revenue to the general fund rather than using it to fund special events
- This change would impact Bands on the Beach and Downtown Friday Nights events
- The council discussed the perpetual care flower fund, with \$2,180 currently budgeted (out of the traditional \$6,000)
- Multiple council members expressed support for fully funding the flower program for one more year

The council discussed options for addressing the funding gaps for both the library increase and the cemetery flowers, but no clear consensus was reached on what additional items might be cut to accommodate these priorities.

8. ADJOURNMENT

Motion to dispense with the reading of the minutes of this meeting and adjourn this meeting at 8:44 PM.

Motion carried with a voice vote.

Motion made by Wachowski, seconded by D. LeClair.

Voting Yea: Bittner, Brandt, Derby, B. LeClair, D. LeClair, Petri, Shimulunas, Stechmesser, Wachowski

Respectfully submitted,

Amanda Baryenbruch
City Clerk