

**Minutes – Boone Town Council
Special Meeting – Annual Budget Retreat
March 4, 2026**

CALL TO ORDER

A special meeting of the Boone Town Council was called to order at 9:00 a.m. on Wednesday, March 4, 2026, in the Boone Town Council Chambers located at 1500 Blowing Rock Road in Boone. Mayor Dalton George presided. Council members present included Mayor Pro-Tem Todd Carter, Virginia Roseman (entered the meeting at 9:10), Eric Plaag, Adrian Tait, and Anne Pruitt. Town staff present included Interim Town Manager/Human Resources Director Dale Presnell, Town Clerk Nicole Harmon, Grants Coordinator/Communications Laney Wise, Deputy Planning Director Brandon Wise, Public Works Director Todd Moody, Fire Chief Jimmy Isaacs, Police Chief Daniel Duckworth, Major Shane Robbins, Finance Director Guy Miller, Fire Division Chief of Operations Kent Brown, Sustainability and Special Projects Manager George Santucci, Cultural Resources Director Mark Freed, and Human Resources Specialist Linda Council. The purpose of the meeting was to hold the Town of Boone's annual budget retreat.

ANNOUNCEMENTS

Mr. Presnell reported that he spoke with Lobbyist Nathan Honaker yesterday and that Mr. Honaker, with Council's permission, plans to request funding assistance from the General Assembly for the Public Works facility. Mr. Presnell noted that while Mr. Honaker does not necessarily expect funding to be secured, he believes it is worthwhile to pursue the opportunity. Council members expressed support for the effort. Mayor George stated that he also spoke with Mr. Honaker and invited him to tour the property.

At Mr. Honaker's request, Mr. Presnell suggested that Council develop a list of priority projects to guide future funding requests. Council Member Plaag responded that it may be difficult to develop a detailed list before the Daniel Boone Park Summit, but noted that the complex likely has numerous needs that could be addressed. He requested that Public Works Director Todd Moody prepare a preliminary list of potential projects for Council's consideration.

Next, Mr. Presnell stated that discussions have occurred regarding the recent pension spiking situation with the retirement system. He indicated that the retirement system had offered a proposal to increase the contribution rate by 0.52 percent for up to 12 years to address the outstanding liability. Mr. Presnell noted that one contributing factor to this situation was that employee wages remained stagnant for a long time before adjustments were made, and expressed hope that the Town will be better prepared in the future.

Fire Chief Jimmy Isaacs reported that he reviewed the available calculators and determined that the Town appears to be uniquely affected by the issue. Finance Director Guy Miller agreed and noted that several current employees will not be affected under the current structure. Mr. Presnell commented that previous councils believed they were saving money by not maintaining competitive wages, but that decision has had long-term consequences. Mayor George stated that he would like to review what other municipalities have done to address similar issues proactively. Chief Isaacs added that the multiplier used in the state retirement calculator changed on January 1, 2026, which also impacts the Town's liability calculations.

Mr. Presnell expressed regret that the matter was documented in writing by the local media and believed it had been largely misconstrued.

TENTATIVE AGENDA ADOPTION

Upon a motion by Mayor Pro-Tem Carter, seconded by Council Member Plaag, Council voted unanimously to approve the agenda as presented.

TOWN MANAGER/ADMINISTRATION

Mr. Presnell reported that he has been working with department heads to identify departmental needs and requests as part of ongoing planning efforts. He noted that the most significant need identified across departments is the construction of a new Public Works facility, explaining that the project has been deferred for many years and has now reached a critical stage. Mr. Presnell stated that he and Mr. Miller have reached out to the Local Government Commission (LGC) and several local banks to explore potential financing options that could support the project.

Mr. Presnell also advised Council that the Town will likely need to consider re-establishing a Safety Officer position in the future. He explained that he has been handling safety responsibilities since 2021 as part of his Human Resources duties, but noted that the role's growing scope has become increasingly difficult to manage with current staffing levels. He added that the administrative team operates with minimal staffing but praised the current staff for consistently going above and beyond in their duties.

Regarding downtown initiatives, Mr. Presnell reported that the Main Street program remains enthusiastic about the work being done through the Downtown Boone Development Association (DBDA) and has recommended reclassifying the current DBDA Coordinator position to a Director title to better recognize the role and its responsibilities within the community.

Council Member Plaag asked whether any employee retirements were anticipated in the near future. Mr. Presnell responded that Ms. Council plans to retire at the end of the year.

Council Member Plaag suggested that the position could potentially be reclassified to incorporate safety responsibilities following the retirement.

Mr. Presnell concluded by thanking Council members for their support during his time serving in the Interim Town Manager role.

FIRE DEPARTMENT

Fire Chief Jimmy Isaacs reported that the Fire Station 4 project is progressing as planned. He stated that final building plans are expected within the next thirty days, with site plans anticipated within the next week or two. He noted that the Town awarded the contract to Wilkie Construction under a design-build arrangement. Chief Isaacs indicated that construction is expected to begin in March or April of this year, with project completion anticipated approximately one year thereafter.

Chief Isaacs explained that the Rural Fire District will fund the construction of Station 4 using capital reserve funds accumulated over the past 15 years. The fire engine for the station will be funded by the Town, and both the Town of Boone and the Rural Fire District will jointly fund three employees, with costs shared equally.

Chief Isaacs noted that another fire engine will soon be due for replacement. He reported that the department has recently secured two engines at a savings of approximately \$60,000, as well as chassis purchases resulting in an additional \$20,000 in savings through Rural Fire. He advised that the upcoming budget will include a financing agreement for the Town-funded engine.

Regarding equipment needs, Chief Isaacs stated that the department plans to purchase three portable radios and three mobile radios, noting that it has attempted to replace a small number of radios each year to avoid larger replacement costs in the future. The department will also request funding for one staff vehicle.

Chief Isaacs reported that service contracts will likely experience some price increases. GIS services are expected to remain consistent, although a potential increase may occur in the ESRI software licensing agreement. He added that the wide area network (WAN) costs should remain stable; however, adjustments have been made to move phone-related charges out of individual department budgets and into a centralized account. One host server will need to be replaced next year, and the department is also approaching the end of life for its backup system, although no increase is anticipated for the current fiscal year.

Next, Chief Isaacs provided an update on FEMA reimbursement for damage from Hurricane Helene. He stated that staff had explored closing out the FEMA damage claims, but recently learned that FEMA will not allow the claims to be closed until all projects are completed. Some projects, such as dredging Winkler's Creek, may take up to a year to complete. As a result, the Town is projected to be approximately \$1 million short until the

FEMA claim is finalized. Chief Isaacs noted that the Town is currently holding approximately \$900,000, along with \$139,000 designated for walkway repairs. Administrative costs may also be included in FEMA reimbursements to help offset expenses.

Chief Isaacs added that additional funding sources are being pursued, including grant funding, and that the Town's lobbyists are actively working to identify additional funding opportunities. He also reported that the Town's insurance provider did not cover approximately \$195,000 in damages at the South Fork Pump Station. Mayor George asked whether the Town could appeal the FEMA funding decision. Chief Isaacs responded that the pump station damages were not covered because the Town did not carry flood insurance on that facility; however, grant funding may help offset those costs.

Council Member Plaag reported that he recently received notification from New River Light and Power that rates will increase by approximately 30 percent. He asked whether such increases are accounted for in the Town's budgeting process. Chief Isaacs responded that anticipated increases in utilities are typically factored into the budget. Council Member Plaag also noted that purchased power costs are increasing. Sustainability and Special Projects Manager George Santucci explained that New River Light and Power is regulated by the state and can only adjust its rates every two years, which contributes to the size of the current increase. Council Member Plaag asked whether the increase in utility costs strengthens the need for the Town to generate its own power. Mr. Santucci responded that the Town has received a grant exceeding \$6 million to install approximately 300 kilowatts of solar generation at the Water Treatment Plant, which would help offset some costs.

POLICE DEPARTMENT

Police Chief Daniel Duckworth presented the Police Department's requests, noting that the total request for vehicles, radios, and vehicle upfitting is just under \$500,000. Chief Duckworth explained that as the Town continues to fund new positions and maintain current staffing levels, largely due to recent salary increases and step raises that have improved employee retention, additional vehicles are necessary to support those personnel.

Chief Duckworth stated that the department is attempting to establish a more consistent replacement cycle by ordering a certain amount of equipment each year. This approach is intended to reduce large replacement costs and avoid emergency purchases in the future.

Major Shane Robbins provided additional details on the vehicle requests. He explained that the department is proposing the purchase of four hybrid patrol vehicles at approximately \$46,000 each, representing the third round of hybrid purchases. Major Robbins reported that the first round of hybrid vehicles experienced some reliability and software issues, but the most recent batch has been significantly more reliable. Officers have provided positive feedback and reported that the vehicles perform well.

Major Robbins also recommended purchasing two trucks for investigations, noting that these vehicles can better blend into neighborhoods during investigative work and are also useful during natural disasters. He recommended gas-powered vehicles rather than diesel, citing better long-term reliability and longevity. The vehicle upfitting costs included in the request cover equipment such as safety components, computers, storage lockers, and prisoner transport systems. Council Member Plaag noted that diesel vehicles also tend to have higher fuel costs. He asked whether the six requested vehicles would replace existing vehicles. Major Robbins confirmed that several current vehicles with more than 100,000 miles and over ten years of service would be replaced. He added that some of the replaced vehicles would be repurposed for support roles within the department. Council Member Plaag asked whether the Town would recover any funds through the surplus sale of replaced vehicles. Mr. Miller explained that the amount recovered varies depending on the vehicle's condition and age. He stated that the Town might typically receive around 10 percent of the vehicle's value, though trucks often return a higher amount. Major Robbins added that SUVs tend to perform better than sedans in surplus sales, though the department does not surplus many SUVs.

Council Member Roseman asked about the performance differences between hybrid and traditional gasoline vehicles. Major Robbins reported that officers generally prefer the hybrids and that they perform comparably to standard gasoline patrol vehicles. He reiterated that the earliest hybrid vehicles experienced several recalls and software issues but noted that the more recent models have been much more reliable.

Major Robbins also presented a request for five radios, explaining that the department intends to mirror the Fire Department's equipment to maintain compatibility. He noted that the new radios will also provide enhanced security and communication capabilities. Major Robbins added that the capital request also includes upfitting costs for the two investigative trucks.

Regarding personnel matters, Mayor Pro-Tem Carter asked about the Mediation and Restorative Justice Center (MRJC) staff position. Chief Duckworth explained that the Town plans to apply for an extension of the grant funding currently supporting the program, but noted that the Town may eventually need to fund one position locally if grant funding does not continue. Chief Duckworth stated that other program components will continue to be funded through state grants. He also noted that the co-response program is already included in the current budget. Chief Duckworth stated that if the Town wishes to bring on a dedicated social worker or continue participation through MRJC, Council will need to discuss those options further. He added that the department currently has a strong working relationship with MRJC and believes the Town could continue operating effectively under the existing arrangement.

Mayor George stated that he would like to explore providing additional police assistance to the ABC Board.

Council Member Tait asked whether the department had any other capital improvement projects to present. Chief Duckworth responded that, given the Town's current focus on the Public Works facility project, it may not be the appropriate time to consider constructing a new police facility.

Major Robbins concluded by noting that the department is also experiencing normal inflation-related cost increases in equipment and services.

PUBLIC WORKS DEPARTMENT

Public Works Director Todd Moody presented several anticipated budget adjustments and capital needs for Council's consideration. He reported that solid waste fees are expected to increase in line with the Consumer Price Index (CPI), resulting in an estimated increase of \$0.50 to \$0.75 per month. Water and sewer rates will increase pursuant to the Raftelis rate study, bringing the minimum monthly bill to \$40.74. No additional changes to water and sewer fee structures are currently proposed.

Council Member Plaag asked why water and sewer rates have remained largely flat since 2018 despite increases in labor and infrastructure costs. Mr. Moody responded that previous decisions reflected the Council's appetite for maintaining stable rates. Mayor George added that the Town has experienced challenges with the current rate structure. Mr. Moody explained that comprehensive rate and fee analyses consider multiple factors when determining recommended adjustments. Council Member Plaag stated that he would support an increase in system development fees (SDFs) if Council members were interested in revisiting those rates. Council Member Tait commented that development fees are generally not the deciding factor for developers, provided the fees are clearly communicated in advance. Council Member Plaag noted that there have been situations in which property owners attempting to change the use of a building, such as converting a space to a gym, have faced significant fees due to the structure of the state's fee calculations. While acknowledging flaws in the state's methodology, Council Member Plaag stated that he does not believe that is a sufficient reason to keep the Town's rates unchanged for eight years. Mayor George noted that he frequently hears concerns from business owners and expressed hesitation about raising rates broadly. After a brief discussion, Council Member Pruitt suggested that the Town need not compensate for the entire eight-year period at once and proposed a modest increase. Council Member Plaag suggested a five percent increase as a starting point for consideration.

Mr. Moody then reviewed several capital improvement needs, including the Daniel Boone Drive culvert replacement at approximately \$400,000 and the East Howard Street sidewalk replacement and resurfacing at approximately \$300,000. Council Member Plaag suggested that, given the heavy use of the corridor by AppalCART, the Town could approach Appalachian State University to request financial participation. Mr. Moody noted that the Town could make such a request, though it is uncertain whether it would result in funding.

Mayor George added that the Chancellor had previously expressed interest in supporting general infrastructure projects, and stated that it would not hurt to ask.

Mayor George asked whether it would be possible to eliminate the culvert entirely. Mr. Moody explained that doing so would affect 10–15 homes, noting that the roadway primarily exists to provide access to those residences.

Mr. Santucci advised that the Town currently has grant funding associated with the stream restoration project, and removing the culvert could jeopardize the grant match. Council Member Plaag suggested that the Town explore daylighting the stream and adding a pedestrian bridge to leverage available grant funding. Mr. Santucci agreed to research the concept and bring additional information back to Council.

Council Member Tait asked about the grant-funded stormwater infrastructure mapping project. Mr. Santucci reported that the mapping effort is nearly complete and is expected to be presented to Council in May.

Mr. Moody also discussed the West End sidewalk project, which received approximately \$856,000 in grant funding, with the Town responsible for a 20 percent match. However, the lowest design proposal received through the RFQ process exceeded \$480,000, leaving limited funding available for construction.

Additional pedestrian and infrastructure projects were discussed, including the Greenway Road multi-use path at an estimated \$8 million, the Poplar Grove Road sidewalk (Rivers Street to Poplar Grove Road connector, approximately 650 feet) at an estimated \$600,000, which could potentially be phased with partial work completed by Town staff, and the Grove Street to Brookshire Road connector along U.S. 421 at an estimated \$8.9 million. Mr. Moody noted that pedestrian paths and sidewalk projects are increasingly expensive and that these costs are part of the broader discussion regarding the potential bond referendum. He noted that, without such funding, the Town may have difficulty financing large infrastructure projects. Mr. Moody reported that staff have been working with the High Country Council of Governments (COG) on a toll credit program, which could provide approximately \$500,000 in matching funds while allowing toll credits to cover additional costs above the match requirement. The North Carolina Department of Transportation (NCDOT) has also indicated it would increase funding and administer the project. Mr. Moody stated that the Town could also pursue toll credits for the West End sidewalk project.

Mr. Moody then reviewed several facility and equipment needs, including North Depot Street lot resurfacing at approximately \$35,000, King Street lot resurfacing at approximately \$50,000, Daniel Boone Native Gardens parking area at approximately \$175,000 for milling and resurfacing, Wastewater Treatment Plant (WWTP) safety and hazard mitigation improvements, including heaters, electrical upgrades, and walkway improvements within the piping building at approximately \$250,000, Water Treatment Plant (WTP) replacement of five filters at approximately \$275,000, and the Green Street

water main rehabilitation, which could be completed in-house using existing pipe at approximately \$150,000.

Equipment needs included replacing a bucket truck, purchasing a smaller utility truck, a 10-ton trailer, a sidewalk tractor, a small excavator, leak detection equipment, and street sweeping equipment.

Mr. Moody also proposed adding two new staff positions, including a Development/Right-of-Way Planner, to assist with encroachment agreements, right-of-way issues, and development planning, which are currently placing significant workload demands on the Deputy Director. Mr. Moody estimated the salary at \$65,000 plus benefits. He also proposed a Utility Maintenance Specialist to support camera inspections and utility locate requirements under the 811 system, with an estimated salary of \$46,000 plus benefits.

Mr. Moody also noted that the Town will need to create a dedicated line item for Howard Street maintenance, estimated at \$45,000 annually. This funding represents 10 percent of the annual debt payment and must be budgeted for each of the ten years as part of the USDA funding requirements for the project.

Council Member Plaag asked for an estimate of the cost to fully address infrastructure needs at the Daniel Boone Park, including playground equipment, the amphitheater, and associated buildings. Mr. Moody estimated that the total investment needed would easily reach into the millions, noting that the previously allocated \$2.4 million from state allocations has addressed only a small portion of the overall needs.

Mayor George declared a break at 10:33 a.m. Council reconvened at 10:51 a.m.

Mr. Presnell announced that staff prepared a summary regarding Town-wide cleaning services and noted that the Town is currently spending approximately \$135,000 annually on contracted cleaning services for Town facilities. He stated that the Town could hire two full-time employees and one part-time employee to perform these duties and remain below the current contract cost. Mr. Presnell suggested that these positions could be placed within the Public Works Department, which may allow the Town to provide more consistent service and oversight than the current contracted arrangement.

PLANNING & INSPECTIONS DEPARTMENT

Deputy Planning Director Brandon Wise presented the department's budget requests in the absence of Director Jane Shook, who was out of town.

Mr. Wise noted that one of the primary capital requests is approximately 45,000 dollars for repairs to the Post Office building. He explained that HVAC repairs are currently underway and that additional work is needed, including reglazing windows, painting, and

transitioning away from natural gas systems where possible. Mr. Wise stated that other items in the department's budget will primarily reflect standard increases.

Council Member Plaag asked about the potential addition of a historian position. Mr. Wise responded that, if approved, the cost would be covered by the department's budget. He explained that the biggest challenge related to the position is the available space. Mr. Wise indicated that the archive room could potentially be cleared out to create space, but doing so would require assistance from an intern or part-time employee to scan and digitize archived plans. Council Member Plaag asked whether it would be helpful to have someone trained through Digital Watauga assist with the scanning process. Mr. Wise replied that the specific training background would not necessarily matter, but acknowledged that the digitization process would likely move slowly. He added that the department currently has no funding available for a part-time employee or intern. Council Member Tait asked whether the proposed funding would be sufficient to complete the work. Mr. Wise stated that the department has obtained quotes for the work, though costs could increase slightly. Council Member Plaag asked whether the archive space would become available once filing is completed. Mr. Wise confirmed that the space could be freed up and noted that the archived plans could be housed elsewhere if necessary. Council Member Plaag commented that the library space used for storage is becoming increasingly constrained and suggested addressing the issue sooner rather than later. Council Member Roseman asked about the potential cost of hiring an intern to assist with digitization. Mr. Wise responded that the cost would depend on the intern's availability and schedule, noting that an intern working regularly for three to six months could assist with the effort. He stated that interns would likely be paid approximately 15 dollars per hour.

Council Member Plaag noted that interns working with Digital Watauga typically work a maximum of about five hours per day on scanning. Mr. Wise added that digitizing the materials would also incur additional costs due to increased server storage.

FINANCE DEPARTMENT

Finance Director Guy Miller reported that the department's proposed budget maintains existing service levels and that the department will remain fully staffed at current levels. Aside from modest inflation-related increases, no significant changes are proposed, and no new capital expenditures are included.

HUMAN RESOURCES DEPARTMENT

Human Resources Specialist Linda Council presented a report on employee turnover and training initiatives.

She reported that the Town experienced a total of twelve employee separations over the past year, including both retirements and resignations. These included one resignation in Planning; two separations in the Fire Department; three in the Police Department,

consisting of two retirements and one resignation; one retirement in the Streets Division; one retirement in Facilities; one retirement at the Wastewater Treatment Plant; and two departures in Parking. In total, there were seven retirements and five resignations across the organization. Ms. Council noted that this represents the largest number of retirements the Town has experienced in the past fifteen years.

Ms. Council stated that the Town's turnover rate increased slightly from 0.05 last year to 0.06 this year among approximately 185 full-time employees. She noted that these figures do not include part-time employees, where turnover is significantly higher.

Next, Ms. Council reported that Human Resources would like to upgrade the training videos used for new employee orientation, including sexual harassment and safety training. She explained that these materials are used during onboarding and estimated that updated videos would cost approximately 300 dollars. Ms. Council also expressed interest in increasing supervisor training opportunities through workshops that would supplement the training already provided within individual departments. She noted that she plans to research training programs used by other municipalities. The workshops would be geared specifically toward supervisory staff and would likely occur twice per year, with an estimated annual cost of approximately 5,000 dollars. Council Member Pruitt noted that some insurance companies offer concierge services that include training resources. Mr. Presnell responded that the Town's insurer is the North Carolina League of Municipalities, but stated that he is not aware of that service currently being offered. Ms. Council clarified that the proposed supervisor workshops would be different from the training typically offered through insurance programs.

Council Member Roseman asked whether Council should be aware of any specific issues related to recent resignations. Ms. Council explained that the departures were primarily due to personal circumstances, including childcare needs, relocation, an employee taking over a family business, and scheduling challenges within the Fire Department. Chief Isaacs noted that he has discussed scheduling concerns with Mr. Presnell and added that the department's pay levels are now competitive. He stated that the focus moving forward should be on retention, noting that recent pay increases have significantly improved the Town's ability to retain employees.

Council members briefly discussed broader retention and recruitment challenges, including the potential impacts of scheduling models such as a 24/72 shift structure, as well as ongoing challenges related to affordable housing.

Mayor Pro-Tem Carter asked whether the Town is receiving policy updates from the North Carolina League of Municipalities and whether personnel policies remain current. Mr. Presnell confirmed that the Town is receiving those updates and maintaining current policies.

Chief Isaacs suggested that the Town consider reinstating merit bonuses, noting that such incentives have not been offered for many years. He stated that the Town needs a

mechanism to reward employees who consistently exceed expectations, and that retaining high-performing employees can be difficult without such incentives. Mr. Wise agreed and echoed the value of recognizing exceptional performance. Council Member Pruitt asked whether there are other motivational tools that could be used in addition to financial incentives, such as additional time off. Chief Isaacs responded that morale can suffer when employees who perform at a high level receive the same compensation as those who only meet minimum expectations. He acknowledged that compensation is only one factor, but it remains an important component. Council Member Plaag asked whether a bonus structure or a percentage-based increase would be more appropriate. Chief Isaacs stated that a percentage-based system may be preferable because it allows for greater recognition of exceptional performance. He added that when employees reach the top of their salary range, recognition could instead be provided through a bonus. Mr. Presnell noted that some organizations utilize a hybrid model that includes a cost-of-living adjustment for all employees, along with merit increases distributed at the discretion of department heads. He also noted that gift cards are taxed differently from other compensation.

Council Member Pruitt expressed support for a merit-based system to retain exceptional employees and suggested that additional incentives, such as recognition events, could also be considered.

Major Robbins reported that the estimated cost of turnover for 9 employees in 2023 exceeded \$ 600,000. Council briefly discussed the impacts of housing affordability and housing availability on employee recruitment and retention. Council Member Pruitt asked whether a housing stipend could be considered. Mayor Robbins cautioned that stipends can create recurring costs that are difficult to sustain over the long term. He added that employees often value family time and flexible schedules. He also noted that some officers prefer not to live in the same community where they serve as law enforcement officers.

Following the discussion, Council members expressed general consensus to further explore the possibility of implementing merit-based pay increases in the future.

Mayor George declared a break at 12:03 p.m. Council reconvened at 12:25 p.m.

CULTURAL RESOURCES DEPARTMENT

Cultural Resources Director Mark Freed reported that the department has one primary budget request of a modest increase of a few thousand dollars to the part-time employee line to support the growing number of events hosted by the department.

He also noted that electricity costs are expected to increase. The department's truck used by Cultural Resources may need to be replaced in the future with an electric vehicle, which Mr. Santucci indicated he plans to discuss further.

Additional maintenance needs were identified at the Jones House, including improvements to the building's insulation. Mr. Freed also noted the importance of continued sponsorship support for Boonerang.

Mr. Freed stated that the department would like to explore alternatives to current cleaning services.

As part of a longer-term wishlist, staff suggested installing a digital marquee at the Jones House to improve public messaging and event promotion.

Mr. Freed also noted that there is currently no recurring annual funding dedicated specifically to park maintenance and improvements.

Council Member Plaag commented that he had previously suggested creating a dedicated Parks Department to better manage park facilities and programming.

SUSTAINABILITY

Sustainability and Special Projects Manager George Santucci reported that two vehicle purchases are being considered, including a small SUV for Cultural Resources to be shared with the Sustainability department, and a vehicle for Public Works administration. The total estimated cost for both vehicles is approximately 100,000 dollars.

Mr. Santucci noted that the Sustainability program currently operates with a budget of approximately 150,000 dollars, which has helped leverage millions of dollars in grant funding. Staff highlighted several projects supported through these efforts, including a \$10,000 contribution to AppalCART to support electrification initiatives, the installation of solar generation at the Water Treatment Plant, and the groundbreaking of a 2-megawatt solar project at the landfill. He stated that based on current progress, the Town is on track to exceed the goals outlined in the Community Climate Action Plan by 2027. Mr. Santucci also reported that a developer is currently working at the landfill site, and the Town is exploring opportunities to incorporate canopy solar into that project.

Council Member Plaag asked about the recent rate increases from New River Light and Power and questioned which factors are driving increases that appear to outpace the Consumer Price Index. Mr. Santucci responded that the primary drivers are increases in natural gas costs and wheeling fees.

Council Member Pruitt asked whether the developer of the apartment complex along Greenway Road had been approached about incorporating renewable energy. Mr. Wise responded that such conversations typically occur during the conditional zoning process and noted that the only development approved with a renewable energy condition since he has been with the Town is the proposed 55+ community. He added that incorporating

renewable energy requirements into the Unified Development Ordinance had been discussed previously. Council Member Plaag noted that the topic often arises during public hearings, though developers frequently respond that renewable energy systems are too expensive to implement. Mayor George commented that the Town of Zebulon has incorporated climate-related provisions into its development ordinance, including elements tied to inclusionary zoning. Mr. Santucci agreed that incorporating similar provisions could be beneficial.

Next, Mr. Santucci provided updates on several environmental restoration and conservation projects. He noted that work continues at the Elizabeth Young Gardens, including tree plantings, shrubs, and live stakes.

Mr. Santucci also identified four potential stream restoration projects, including the the Moose Lodge stream restoration project and noted that it is fully funded. He stated that approximately 175,000 dollars has been committed to the Upper Hardin Creek project near Daniel Boone Drive, and staff will explore establishing an annual funding request to support that effort. Casey Lane, located below the Wastewater Treatment Plant, experienced significant damage and has received temporary restoration work. Similar temporary restoration work has occurred at the Elizabeth Young Gardens, and staff would like to pursue permanent repairs, subject to available grant funding. The Upper Winkler's Creek restoration project is experiencing significant erosion and will likely depend on securing grant funding.

Mayor Pro-Tem Carter asked about AppalCART's electric bus program. Mr. Santucci reported that AppalCART plans to purchase another double-decker bus and still holds grant funding for four electric buses, though implementation of those vehicles is still some time away.

Mayor George asked whether Sustainability should be presented as a separate line item within the Town's budget. Mr. Miller responded that he was unsure why the program is currently structured differently, noting that the decision predates his tenure, but stated that staff could explore making that change.

Council Member Pruitt asked why the Town does not have a Parks and Recreation line item in the budget. Mr. Santucci responded that Watauga County manages many of the larger park facilities located within the Town. Mr. Moody added that historically, the Town has only maintained a limited parks maintenance line rather than a full parks department. Council Member Tait noted that the Town does not currently have a strategic plan for parks or a system for prioritizing park investments. Council Member Plaag observed that several Town-maintained spaces function similarly to parks, including the cemetery grounds, the grounds at the Jones House, and other public spaces that are not always recognized as park facilities. Council Member Plaag suggested that creating a dedicated budget line could help demonstrate the Town's commitment to sustainability and public space

planning. He added that establishing a clear funding line may also make it easier for staff to pursue grant funding opportunities.

Mr. Santucci commented that the Town could also improve how it publicly communicates grant awards and project funding successes. Grants Coordinator Laney Wise noted that for most grant applications reviewed so far, demonstrating that the Town has matching funds available is typically the most important requirement.

Mayor George concluded that having a staff member dedicated specifically to parks and public space management could be beneficial for the Town moving forward.

FINAL DISCUSSION

Mayor George briefly reviewed the overall budget process. Mr. Miller reported that property tax projections are expected to be available the following week.

Mayor George declared a break at 1:13 p.m., and department heads were dismissed. The meeting reconvened at 1:18 p.m.

Mr. Presnell stated that the most significant issue facing the Town is the need for a new Public Works facility, noting that the building has reached a crisis point. He explained that the goal would be to complete construction by July 1, 2027, when the Town's lease at the Brown Building expires.

Council Member Tait asked whether the Town could be ready to enter into a construction contract by June. Mr. Presnell responded that he and Mr. Miller are currently working to secure funding, and if financing can be arranged, the Town could proceed on that timeline. Mayor George asked whether reserve funds could be used to help finance the project. Mr. Presnell explained that because the Town intends to pursue bond financing, drawing down reserves could negatively impact the Town's bond rating. He noted that the Town's fund balance is currently committed at approximately 35 percent, and using those funds would likely result in a lower quality bond rating. He added that the Town will obtain updated figures to determine whether those funds are generating interest, but recommended leaving the reserves in place. Mr. Presnell noted that the bond process can take a significant amount of time, often several years. He added that the North Carolina Local Government Commission has provided the Town with a list of banks to contact regarding financing options.

Mayor George asked what level of property tax increase might be required to finance the facility and other initiatives. Mr. Presnell estimated that the increase could fall between four and six cents, likely closer to six cents. He noted that the current situation stems from the facility being deferred for many years, adding that the Public Works building was deemed unsafe more than 20 years ago.

Council Member Plaag commented that if the Town had not made lease payments on the Public Works facility over the years, those funds could have been used to finance the construction of a new facility. Mayor George noted that the Town lowered the property tax rate several years ago and said he would prefer to keep any increase as close to 4 cents as possible, emphasizing the need to keep the budget lean.

Mr. Presnell suggested that selling the Bolick property could help offset costs. Council briefly discussed the property, including the overlay district and the amount of usable land available. Council Member Plaag noted that the current tax rate is 44 cents and that, historically, the Town's tax rate was 91 cents in the 1960s. He stated that many factors have changed since the 1960s, but added that if the investment is necessary, it should be addressed, and that discussing differences of a penny or two is still worthwhile.

Mayor George reiterated that a four-cent increase should be the goal, but acknowledged that a higher increase may ultimately be necessary.

The Council then discussed potential adjustments to employee compensation. Mayor George suggested a 2.5 percent cost-of-living adjustment. Mr. Presnell agreed and suggested adding a merit component in a future year.

Council Member Roseman asked whether merit increases could be funded using fund balance. Mayor George responded that the possibility could be explored. Council Member Plaag expressed support for a three percent cost-of-living adjustment combined with an additional one percent for merit. Council Member Roseman suggested a 2.7% cost-of-living adjustment, with a 1% merit increase, which Mayor George indicated he could support. Mayor Pro-Tem Carter stated that he would prefer to review the financial projections before deciding and suggested a 2.7 percent cost-of-living adjustment without a merit component until the numbers are available.

Mayor George reiterated his support for establishing a communications position. Council Member Plaag suggested that Laney Wise continue to step into that role while staff develops a formal job description for a potential position beginning in fiscal year 2028. Mayor Pro-Tem Carter noted that each department would benefit from having a communications plan. Mr. Presnell suggested that he and Mayor Pro-Tem Carter work together to develop such a plan.

Council Member Plaag asked whether the Town's legal costs might justify hiring an in-house attorney. Council Member Tait asked a similar question regarding information technology services. Mr. Presnell responded that municipalities of Boone's size generally do not employ their own attorney due to the cost.

Mayor Pro-Tem Carter expressed interest in ensuring that the Finance Department has sufficient capacity to manage its workload, particularly with the anticipated Public Works financing. He asked whether the Town is in a stable position, given the recent extension of

the annual audit. Mr. Presnell responded that the department is currently “treading water.” Mayor Pro-Tem Carter asked whether a pre-audit process is underway, and the Town Manager confirmed that it is.

Mayor Pro-Tem Carter suggested that the Town consider holding budget meetings quarterly. Mr. Presnell responded that many municipalities hold such meetings monthly, but noted that current staffing levels do not support additional preparation for these meetings at this time. He suggested that the Town consider adding an Assistant Finance Director position in the future. Council Member Tait also noted that the growing number of grant-funded projects adds to the Finance Department's workload.

Council Member Plaag again advocated for the creation of a hybrid Town Historian and Digital Watauga coordinator position. He noted that his upcoming departure will create challenges for Digital Watauga, although he intends to continue assisting remotely. Council Member Plaag explained that Digital Watauga has temporarily discontinued its internship program for at least the summer and possibly the fall, and has instead added a second senior staff member to aid with the project's relocation and other operational logistics due to his upcoming physical absence from the project. In advocating for funding the hybrid Town Historian position, he also noted that he previously wrote most of the research reports for the Historic Preservation Commission's various designation initiatives. He expressed concern that the current HPC members may not yet have the experience necessary or the time available to prepare the detailed historical reports required for historic designation work. Council Member Plaag stated that if the Town's historic designation program is to continue effectively, someone will need to be able to prepare those reports. He suggested that even if the position is not immediately funded, relocating the program to the Post Office building could be an important step.

Council Member Tait suggested exploring the digitization of Planning Department records and historical minutes books. Mr. Presnell stated that staff will obtain cost estimates for that work.

Council Member Roseman stated that she would like to see approximately 12,000 dollars allocated to support SAHA. Mayor George suggested that the organization could apply through the Outside Agency Funding process. Council Member Plaag expressed concern about providing funding outside of the established funding process.

ADJOURNMENT

Without objection, Mayor George adjourned the meeting at 2:38 p.m.

Nicole Harmon, Town Clerk

Dalton George, Mayor