MINUTES – BOONE TOWN COUNCIL
SPECIAL MEETING – ANNUAL BUDGET RETREAT
MAY 20, 2026

CALL TO ORDER

A special meeting of the Boone Town Council was called to order at 9:00 a.m. 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, Adrian Tait, and Anne Pruitt. Staff present included Interim Town Manager/Human Resources Director Dale Presnell, Town Clerk Nicole Harmon, Grants Coordinator/Communications Laney Wise, Public Works Director Todd Moody, Planning Director Jane Shook, Deputy Planning Director Brandon Wise, Fire Chief Jimmy Isaacs, Assistant Police Chief Shane Robbins, and Sustainability and Special Projects Manager George Santucci. Cultural Resources Director Mark Freed and Downtown Boone Development Director Lane Moody were in attendance virtually.

DISCUSSION REGARDING BUDGET EXPENDITURES FOR FY 26/27

Mr. Presnell reported that staff initially attempted to maintain the proposed tax increase at four cents, however, after further review and discussion, the proposed increase was adjusted to 5.5 cents. He thanked staff for their hard work throughout the budget process and noted that, while he had extensive budgeting experience in his previous career, this was the most involved budget process he had overseen during his time with the Town. Mr. Miller then asked Council if there were any questions or specific areas of focus for discussion. Mayor George suggested reviewing the budget line by line.

Discussion shifted to financing options for the proposed Public Works facility. Mayor George inquired whether the projected interest rate for the project could be lowered. Mr. Miller stated that the projected rate reflected the current market average but noted that, if USDA funding became available, the Town could potentially secure a longer-term loan at a lower rate, though staff anticipated the rate would likely remain around six percent. Mr. Presnell stated that staff had been consulting with several financial advisors, noting that DEC Associates had submitted the lowest proposal at under $30,000, while other firms were closer to $45,000. He added that installment financing through a bank would likely be the least expensive option overall. Mr. Presnell advised that recommendations regarding financing options would be brought back to Council soon. Councilmember Pruitt referenced a banking contact she had previously recommended to staff, and Mr. Presnell stated that staff had not yet received a response. Councilmember Pruitt commented that avoiding consulting fees altogether would be preferable. Mr. Presnell explained that the Local Government Commission had referred the Town toward utilizing a financial advisor process.

Mr. Presnell stated that the current estimated project cost to be financed was approximately $15 million, assuming the sale of the Bolick property, which had already generated some interest. He stressed the importance of maintaining that figure in order to finance the project without overextending the Town financially. Mayor George noted that the Town also had several requests pending for federal funding assistance. Mr. Miller stated that earlier project estimates had been closer to $25 million. Mr. Moody noted that if reductions were necessary, Council needed to begin identifying those cuts immediately. Mr. Presnell agreed and stated that additional meetings would be necessary to discuss reductions. Councilmember Tait summarized the current discussion as a $20 million project, reduced by an anticipated $5 million from the Bolick property sale, leaving approximately $5 million in project reductions still required. Mayor George noted that the Town currently had approximately $11 million in federal and state funding requests pending.

Mr. Moody suggested that the Town could potentially pull approximately $5 million from Water and Sewer reserves to reduce the borrowing amount. Mr. Miller stated that no more than half of the building costs could legally be funded from those reserves. Mr. Presnell emphasized the importance of successfully selling the Bolick property, noting that the current offer from Blue Ridge Energy was just under $5 million. Mayor George stated that, if Council were to consider the offer, it was important that the organization agree to be a good steward of the property. Mr. Presnell explained that Blue Ridge Energy had indicated their most recent offer reflected their maximum due to the significant grading costs associated with the site. Councilmember Pruitt commented that even listing the property on the open market could still result in offers below $5 million. Chief Isaacs stated that an upset bid process could increase the final purchase price and noted that additional interest would likely emerge once it began. Councilmember Roseman suggested negotiating a final offer closer to $4.9 million with Blue Ridge Energy.

Mayor George then asked whether the Town could reasonably take on a larger loan if additional budget cuts were identified, emphasizing the importance of constructing a facility capable of supporting the Town's continued growth. Councilmember Pruitt agreed with the need to adequately plan for future growth. Mayor George asked how an additional $5 million could potentially be funded within the budget. Mr. Presnell stated that the Town could explore a bond referendum. Mr. Miller explained that a bond referendum would carry additional costs and require significant public promotion, adding that, if unsuccessful, both time and money would be lost. Mayor George stated that he did not believe pursuing that option was worthwhile. Mr. Miller advised that the Local Government Commission had instead recommended limited obligation bonds as an option.

Mayor George asked whether an additional penny or two on the tax rate could be allocated toward the Public Works facility project. Mr. Miller explained that financing $15 million would result in an estimated annual debt service payment of approximately $1.3 million, split between the General Fund and Water and Sewer Fund, and noted that increasing the borrowing amount would proportionally increase annual debt service obligations unless outside appropriations were secured. Mr. Presnell emphasized that staff had to plan for the worst-case scenario at the present time and noted that timing had become critical. Mayor Pro-Tem Carter stated that he preferred maintaining the project budget closer to $25 million, and Councilmember Pruitt agreed.

Councilmember Roseman asked what the proposed cost-of-living adjustment would amount to. Chief Isaacs referenced the Town's experience with Fire Station 4, noting that the original project estimates were just under $8 million before staff implemented a revised process that reduced the estimated cost to approximately $4 million, suggesting that the same could be done for the Public Works facility. Mr. Presnell then explained that the proposed COLA would total approximately $416,000 from the General Fund and an additional $103,000 from the Water and Sewer Fund. Councilmember Roseman commented that, if cuts became necessary, staff would likely understand. Mr. Moody disagreed, stating that employees would not understand compensation reductions and emphasizing that the Town's employees remained its greatest asset. Mr. Presnell reiterated the proposed 5.5-cent tax increase, while Mayor George stated that he would still prefer to reduce the increase to closer to 4 cents if possible.

Mayor George proposed eliminating the administrative position from the budget. Discussion then shifted to parking fee increases, with Mayor George suggesting that, if rates were going to increase to $35, Council might as well consider increasing them to $50. Consensus was reached among Council members to move forward with the higher rate increase. A brief discussion also took place regarding parking fee collections. Mr. Presnell stated that staff and Town Attorney Allison Meade were continuing to work on addressing collection issues, with the hope of eventually turning collections over to a third-party company. Mr. Miller noted that current limitations related to staff access to license plate information had complicated collection efforts. Councilmember Roseman commented that while collections would likely never reach 100%, using a third-party service should significantly improve returns. Mr. Presnell expressed hope that the Town would be in a much stronger position regarding collections by the following budget year. Mr. Miller also noted that, pursuant to statute, on-street parking revenues must be utilized for parking administration purposes.

Discussion moved to the General Fund, where Mayor George asked whether the FEMA reimbursement reflected in the budget would represent the Town's final reimbursement related to Hurricane Helene. Chief Isaacs stated that additional reimbursements were still expected and that a final submission would still be required, but he anticipated the reimbursements would ultimately balance out by the conclusion of the upcoming budget year. Councilmember Tait then asked about local sales tax projections, and Mr. Miller provided a brief overview.

Within the Governing Body budget, Councilmember Pruitt noted that subscription and contracted service line items had not been used in recent years and requested additional detail on those expenditures in the budget document. Mr. Presnell stated that staff would provide a general ledger report for review. Councilmember Pruitt also questioned whether bringing cleaning services in-house would result in additional staffing costs. Mr. Miller explained that outside cleaning services had been reduced while overall expenditures had remained relatively consistent. Staff recommended the positions remain in the budget due to cost savings of approximately $50,000.

Councilmember Roseman questioned an apparent discrepancy in the salary amount listed for the Deputy Finance Director position. Mr. Miller clarified that the higher figure included associated benefits and costs.

Mayor George suggested consolidating dues and subscriptions into contracted services in order to provide greater flexibility for future technology expenditures. Councilmember Tait then asked about the status of Special Projects funding. Mr. Santucci stated that no projects were currently planned under that category, but explained that approximately $100,000 would be used to purchase two new vehicles, with the remaining $50,000 allocated toward smaller purchases and projects. Mayor George commented that the line item had remained unchanged since its creation and suggested increasing it as a demonstration of the Town's continued commitment to sustainability initiatives.

Mayor George declared a break at 10:13 a.m. Council reconvened at 10:26 a.m.

Discussion continued regarding professional services expenditures, which staff clarified included surveying, appraisals, and related services. Mayor George suggested reducing the professional services line item by approximately $5,000.

Within the Finance Department budget, Mr. Miller explained that increases reflected additional needs associated with the Town's annual audit. Mayor George suggested reducing office equipment expenditures. Mr. Miller responded that additional office supplies and equipment would still be necessary to support the newly proposed position.

Councilmember Pruitt then asked whether bank service charges had been renegotiated recently. Mr. Miller stated that they had not been negotiated in three years. Councilmember Pruitt further asked whether staff had explored banking options with other financial institutions. Mayor George stated that his goal would be to reduce the bank service charge allocation closer to $50,000. Councilmember Roseman suggested a target closer to $60,000 instead out of caution. Following the discussion, a consensus was reached to adjust the allocation to approximately $60,000.

Discussion took place regarding Fire Station 1 and anticipated future maintenance needs. Chief Isaacs advised that the roof would eventually need to be replaced and noted that the building's awning would also need to be removed. He stated that there had been some uncertainty regarding responsibility for the project, as well as a discussion about historic preservation. Chief Isaacs expressed hesitation about investing significant funds into the building until the Town had a clearer understanding of the facility's long-term future. He estimated that removal costs alone could total approximately $90,000, in addition to architectural engineering expenses.

Mayor George suggested utilizing savings generated from reductions to professional services expenditures and the elimination of the administrative position to establish capital improvement funding allocations, proposing approximately $60,000 each for the Police Department and Fire Department capital improvements.

Chief Isaacs suggested creating a dedicated line item for capital improvement projects to ensure funding would be readily available as needs arise in the future. Mayor Pro-Tem Carter stated that those funds could potentially be placed into an interest-bearing account until needed. Mr. Santucci noted that maintaining such reserves could also provide matching funds opportunities for future grant applications.

Discussion then shifted to Police Department facility needs. Assistant Chief Robbins stated that several building-related projects were anticipated in the future, though nothing major was currently planned. Mayor George suggested continuing to "squirrel away" funding for future building improvements. Assistant Chief Robbins noted that shower renovations should be achievable within the current budget cycle, and

Mayor George suggested utilizing the proposed $60,000 capital improvement allocation toward that effort.

Mayor George then expressed concerns regarding the Town's current lobbying expenditures, stating that the Town appeared to spend more on lobbyists than comparable municipalities. While he acknowledged that lobbyists John Cooper and Nathan Honaker with Connect C, LLC had been valuable assets, he questioned whether the current level of investment for the other lobbying firms was justified if significant federal funding was not ultimately secured. Mayor George stated that he supported retaining Connect C but wanted additional clarity on the total contract costs. He further suggested that some lobbying and legislative coordination efforts could potentially be handled internally by staff. Councilmember Roseman expressed support for that approach. Mr. Miller reviewed the Town's current lobbying-related expenditures, noting that Connect C was approximately $5,000 per month, Jenkins Hill Group was approximately $6,000 per month, and The Policy Group was approximately $5,000 per month. Mayor George suggested eliminating the contract with The Policy Group and Jenkins Hill while retaining Jenkins Hill and Connect C for the time being.

Councilmember Tait then referenced approximately $250,000 budgeted for Wide Area Network technology-related expenditures. Chief Isaacs explained that the costs included fiber leases for connectivity, server replacements, virus protection, and maintenance services. He further noted that the Town was currently carrying approximately $70,000 in incomplete invoices and stated that the proposed amount represented a realistic estimate of operational needs. Councilmember Tait asked whether transitioning additional services to cloud-based systems could reduce costs. Chief Isaacs expressed hesitation about moving fully to the cloud due to concerns about losing control over systems and infrastructure. He noted that some software was already cloud-based but stated that cloud services would not eliminate the need for several existing Wide Area Network components.

Discussion then turned to AppalCART funding. Mayor Pro-Tem Carter noted that the Town's contribution had remained at the same level for several years and stated that additional investment would likely be necessary moving forward. He emphasized that, if the Town intended to accomplish the goals outlined in Boone Next, additional transportation investments would be required.

Mayor Pro-Tem Carter suggested pausing additional affordable housing funding at this time due to the number of other ongoing projects and the availability of alternative methods to continue pursuing affordable housing goals while preserving existing resources. Mayor George commented that he viewed the budget proposal more as a 4.5-cent tax increase than a 5.5-cent increase, given the Town's efforts to reinvest funds in the community and with taxpayers. Councilmember Pruitt suggested placing certain funds into an interest-bearing account. Councilmember Roseman asked whether staff could better demonstrate how that additional penny would directly support affordable housing initiatives. Mayor George emphasized the importance of clearly communicating how the Town was accomplishing its adopted goals and priorities.

Mayor George declared a break at 11:29 a.m. Council reconvened at 11:38 a.m.

Mayor George clarified that approximately $60,000 allocated toward lobbying services was tied specifically to Water and Sewer funding sources and therefore could not easily be redirected toward other uses within the General Fund.

Councilmember Tait then discussed the WYN building and stated that he would like to prioritize future use of the space. Mayor George suggested leasing portions of the building as office space for nonprofit organizations. Mr. Santucci suggested the building could potentially accommodate a commercial kitchen, while Planning Director Jane Shook noted that code-related issues would need to be addressed before certain uses could be considered. Additional discussion took place regarding the building's potential to serve as a broader community space. Mayor George also suggested discontinuing participation in the North Carolina Metropolitan Mayors Coalition.

Chief Isaacs stated that he would review phone service expenditures associated with GIS operations. He also noted that, in previous years, fiber lease expenses had been paid from a separate account but had since been moved into the Wide Area Network budget. Chief Isaacs advised that the adjustment would result in an estimated savings of approximately $10,000.

Discussion briefly turned to the Post Office building, where approximately $73,000 had been budgeted for repairs and replacement projects, including painting and glazing to maintain the building's historic designation.

Mayor George declared a break at 11:54 a.m. Council reconvened at 12:18 p.m.

Planning Director Jane Shook noted that staff had previously requested approximately $15,000 for the Good Neighbor program, which was not currently reflected within the proposed budget. She also emphasized the future need for a part-time position to assist with scanning and records management needs. Mayor George stated that Council should also remain mindful of the potential future need for an additional full-time staff position estimated at approximately $100,000 annually.

Within the Public Works budget, Mayor George questioned insurance-related expenditures and noted a proposed reduction of approximately $450.

Discussion then shifted to the Parking budget. Mayor Pro-Tem Carter questioned whether the department appeared to be falling behind operationally due to failing equipment. Mr. Moody explained that miscellaneous supply expenditures included replacement batteries and other necessary parking equipment materials and stated that funds needed to remain in place for future repairs. Mayor George suggested that malfunctioning parking meters should simply be covered until repaired.

Mayor George asked whether the Town had attempted to renegotiate its sanitation contract. Mr. Moody stated that approximately one year remained on the current contract and that the service would be rebid following its expiration. Mayor George commented that his own street had recently been missed twice during collection service. Mr. Moody noted that Republic Services was likely the only company currently capable of handling the Town's sanitation needs at the necessary scale.

Discussion then turned to Utility Billing and Collections. Mayor George expressed concerns about bank service charges and stated that the Town should not continue to absorb those costs. Mr. Miller explained that, by law, the Town was required to absorb certain transaction fees. He noted that staff actively promoted bank draft enrollment, though some customers preferred manually recurring monthly payments.

Mayor George and Councilmember Pruitt suggested offering a discount to customers who enroll in a bank draft. Mr. Miller stated that staff would review the possibility, noting that bank draft remained the Town's preferred payment method. He also stated that the current budget line item might be more accurately labeled as "credit card fees" rather than "bank service charges." Councilmember Pruitt suggested that those fees and agreements should be revisited periodically, such as every couple of years.

Next, Chief Isaacs raised concerns regarding the lack of available merit funding for employees, stating that the Town currently had exemplary employees but limited mechanisms available to reward outstanding performance. Mayor George agreed and expressed hope that the Town would be in a better financial position to address merit compensation in the following budget year.

Mayor George presented the following list of savings made through proposed cuts and projected revenues throughout the budget:

$115,000 (Proposed Administration position)
$10,000 (Contracted Services – Governing Body line)
$400,000 (Projected revenues from increased parking fines)
$250,000 (One cent from the Affordable Housing line allocation)
$10,000 (Metro Mayors subscription)
$5,000 (Administration Professional Services line)
$10,000 (Bank fees)
$6,000 (General Fund – Lobbyists)
$10,000 (GIS-Communications)
$450 (Insurance)

$816,450 in potential savings

Council members discussed several potential additions and adjustments to the proposed budget, including $15,000 for the Good Neighbor program, $100,000 for a new planner position, $120,000 for capital improvements split equally for the Police Department and Fire Station 1, $15,000 for AppalCART, and $15,000 for sustainability initiatives, bringing the total to approximately $280,000. It was noted that the remaining $531,450 in cost savings would reduce the tax increase to approximately 3.5 cents. Mayor George stated that a 4.5 cent increase would adequately fund the proposed $5 million Public Works project and noted that anticipated rebranding and logo implementation costs were not currently represented in the budget. He suggested that if Council proceeds with a 4.5 cent increase, any future savings realized through bank fee adjustments could be directed toward rebranding efforts. Mayor Pro-Tem Carter noted that the TDA had expressed interest in potentially assisting with gateway signage funding. Councilmember Roseman thanked the community for its contributions to affordable housing efforts while acknowledging that additional funding is needed elsewhere. Mayor George further stated that if additional revenue sources or savings are identified, he would like to see the rate reduced closer to 4 cents or 3.5 cents. Mayor George and Mayor Pro-Tem Carter also acknowledged uncertainty surrounding pending tax revaluation legislation. Councilmember Pruitt noted that more than $600,000 would be available next year from the discontinuation of 911 funding. Mayor George emphasized the importance of communicating to the public that the proposed budget allowed the Town to identify additional funding opportunities while still advancing priority projects. Regarding the rebranding rollout, the Council's consensus was to fund smaller projects, such as clothing and vehicle logos, within the current budget for the time being. If funds are generated from bank fees, they will be allocated toward further rebranding efforts.

OUTSIDE AGENCY FUNDING ALLOCATIONS

Mayor George suggested allocating a portion of affordable housing funds to fund housing-forward organizations. (Mayor George left the meeting at 1:30 p.m.) After a brief discussion, Council members agreed to allocate $4,000 to the Hospitality House, $4,000 to OASIS, and $4,000 to the Watauga Housing Council out of the Town's current Affordable Housing fund. The following additional allocations were then made:

Appalachian Theatre of the High Country	$10,000
Blue Ridge Women in Agriculture	$12,000
Children's Playhouse	$5,000
FARM Café	$15,000
Friends of the Watauga County Public Library	$1,300
Hospitality House	$22,000 (plus $4,000 from Affordable Housing)
Hunger and Health Coalition	0
Mountain Alliance	$7,500
OASIS	$12,000 (plus $4,000 from Affordable Housing)
SAHA	$3,500
Transition Blue Ridge	$1,000
WAMY	$10,000
Watauga Housing Council	$5,000 (plus $4,000 from Affordable Housing)
Watauga Humane Society	$5,000
Watauga Arts Council	$12,000
Western Youth Network	$10,000
TOTAL	$131,300

It was noted that the Hunger and Health Coalition was not recommended for funding, as the request was primarily intended to support personnel expenses, and Mayor Pro-Tem Carter indicated there was insufficient statutory authority for the Town to fund those costs.

ADJOURNMENT

Without objection, Mayor Pro-Tem Carter adjourned the meeting at 2:22 p.m.

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Nicole Harmon, Clerk

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Dalton George, Mayor