

**TOWN OF VALDESE  
TOWN COUNCIL SPECIAL MEETING  
DECEMBER 18, 2023**

The Town of Valdese Town Council met on Monday, December 18, 2023, at 6:00 p.m., in the Town Council Chambers at Town Hall, 102 Massel Avenue SW, Valdese, North Carolina. The Council meeting was live-streamed on YouTube @townofvaldese6907. The following were present: Mayor Charles Watts, Mayor Pro Tem Gary Ogle, Councilwoman Rexanna Lowman, Councilwoman Heather Ward, Councilman Glenn Harvey, and Councilman Paul Mears. Also present were: Town Attorney Tim Swanson, Town Clerk Jessica Lail, and various Department Heads.

Absent:

A quorum was present.

Mayor Watts called the meeting to order at 6:00 p.m. He offered the invocation and led in the Pledge of Allegiance to the Flag.

**APPROVED AGREEMENT BETWEEN THE WESTERN PIEDMONT COUNCIL OF GOVERNMENT AND THE TOWN OF VALDESE FOR THE PROVISION OF STRATEGIC PLANNING ASSISTANCE, JANUARY 1, 2024 – APRIL 30, 2024.** Mayor Watts asked if there was a motion for the Agreement between the Western Piedmont Council of Government and The Town of Valdese For The Provision Of Strategic Planning Assistance, January 1, 2024 – April 30, 2024.

Councilman Ogle made a motion, seconded by Councilwoman Ward. Councilman Mears noted two cost options for this contract and asked which option we would take. Councilman Harvey amended the motion to use the second option, which includes the WPCOG to do the mailings in the amount of \$8,030.00. Anthony Starr from WPCOG explained to the Council that a survey would be conducted either way, but the additional cost for the mailings would be for the WPCOG to stuff the envelopes and mail them out. Mr. Starr went through the process of strategic planning. Councilwoman Ward seconded the motion. The vote was unanimous.

**TABLED CONSIDERATION OF AGREEMENT BETWEEN THE WESTERN PIEDMONT COUNCIL OF GOVERNMENT AND THE TOWN OF VALDESE FOR HR SERVICES FOR TOWN MANAGER SEARCH DECEMBER 4, 2023 TO MAY 31, 2024.** Anthony Starr with WPCOG reviewed the timeline and the process for the Town Manager search. Councilman Harvey asked Mr. Starr how many searches he does at one time. Mr. Starr said they did eight this past year but no more than three at one time. Mr. Starr shared that they have one going on now, and the work is distributed among the search team. Councilman Harvey asked if Mr. Starr would recruit a manager from another town if he felt they would be a good fit. Mr. Starr said yes, he would encourage the manager to apply. Councilman Harvey does not feel we should do anything tonight that would fit better in January with up-to-date documentation. Councilman Harvey feels we should get an Interim Manager in place so that they can help with the search process. Councilman Mears feels we should go ahead and enter into the contract with the WPCOG to get the process started.

Councilman Harvey made a motion to table this item, seconded by Councilman Ogle. Councilwoman Lowman asked if we would pick this back up in January. Town Attorney Tim Swanson said that as the motion was stated, it would be tabled indefinitely. Councilman Mears and Councilwoman Lowman feel we should start the search. Councilman Harvey noted that there are other search firms that we could look into.

VOTE: Councilman Harvey – Yes, Councilman Ogle – Yes, Councilwoman Ward – Yes, Councilwoman Lowman – No, Councilman Mears – No. The motion was approved.

**CONSIDERATION OF THE UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) APPLICATION FOR FEDERAL ASSISTANCE AND USDA RURAL DEVELOPMENT LOAN.** Assistant Town Manager/CFO Bo Weichel shared that since we terminated the contract with the Public Safety Building architect, USDA contacted us asking the Council to sign a letter to de-obligate the funds. Mr. Weichel said no vote was needed to execute this.

Dear Mr. Lattanzi and USDA staff:

**December 18, 2023, MB#32**

The Town of Valdese has decided to proceed in a different direction and will not be utilizing the Community Facilities Program Loan for the Public Safety Building project.

Please note that the Town is officially withdrawing its application. We also request that the obligated funds be de-obligated.

On behalf of the staff and Town Council of Valdese, we sincerely thank you for the opportunity to work with USDA in securing this loan. The USDA staff have been excellent at helping guide the process.

Sincerely,  
Town of Valdese Council

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Edward Perrou, Interim Manager

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Councilwoman Heather Ward

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Councilman Paul Mears

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Councilman Gary Ogle

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Councilman Glenn Harvey

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Councilwoman Rexanna Lowman

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Mayor Charles Watts

**APPROVED RESOLUTION ADOPTING 2024 TOWN COUNCIL MEETINGS CALENDAR.** Mayor Watts asked if there was a motion to approve the 2024 Town Calendar Meetings Calendar.

**TOWN OF VALDESE  
RESOLUTION ADOPTING 2024 TOWN COUNCIL MEETING SCHEDULE**

WHEREAS, pursuant to Section 2-1011 of the Town of Valdese Code of Ordinances, there shall be a regular meeting of the council at the town hall, on the first Monday in each month, at 6:00 p.m., unless another place, date or time shall be designated.

NOW, THEREFORE, BE IT RESOLVED that the Town of Valdese Town Council adopts the following Meeting Schedule for 2024:

<i>Council Chambers, Unless Noted</i>		<i>Town Hall Community Room, Unless Noted</i>	
<b>2024 REGULAR MONTHLY MEETINGS</b>		<b>PUBLIC FORUMS AND REVIEW MEETINGS</b>	
January 8		<b>(Informal review of agendas/town news)</b>	
		January 29	Review Feb Agenda
February 5			
		February 26	Review Mar Agenda
March 4			
		March 18	Citizen Budget Priorities <i>(TBD)</i>
April 1			
April 22	Council Budget Review		
		April 29	Review May Agenda
May 6			
		May 29	Review June Agenda
June 3			
June 24	2024-25 Budget Hearing	<b>(June 24 for July Mtg. is a Public Meeting)</b>	
August 5			
		Sept 4	Review Sept Agenda
September 9			
		Oct 2	Review Oct Agenda
October 7			
		Oct 28	Review Nov Agenda
November 4			
		Nov 5	Review Dec Agenda
December 2			

This 18<sup>th</sup> day of December, 2023.

/s/ Charles Watts, Mayor

Councilwoman Ward made a motion to approve the Town Council meeting schedule for 2024, seconded by Councilman Harvey. The vote was unanimous.

**APPROVED APPOINTMENTS AND/OR REAPPOINTMENTS TO BOARDS, COMMISSIONS, AND/OR COMMITTEES.** Mayor Watts asked if there was a motion to approve the 2024 Boards and Commissions Appointments and Reappointment.

**2024 Board and Commission Appointments/Reappointments**

**Parks and Recreation Commission (3-year terms)**

1. Reappointment of Donnie Edwards
2. Appointment of Shannon Radabaugh (Replacing expired term of Beth Heile)

**New Appointee Bio:** My name is Shannon Radabaugh. I live in the beautiful town of Valdese North Carolina. My family and I decided to move to this beautiful town because of its hospitality, beautiful landscape, and sense of community that thrives throughout the school district, small businesses, and kindness of its residence.

I am a United States Navy veteran. I served this great country from 1999 through 2004 when I was medically retired. My husband continued to serve and retired after 20 years of service in 2019.

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I have three amazing children. Sterling 17 years old, Madelyn 13 years old, and Preston 11 years old. Our children have embraced this beautiful town as they grow and continuously engage in local sports and social activities throughout our community. We knew when we moved to Valdese that we wanted to get involved in the community.

Since moving here, we have opened a small business for boat rentals. Rad's Rentals opened last year and did very well servicing Lake Rhodhiss. We continue to run our children's store, Twice Upon A Time, that is currently located in California. My husband works at Draughn High school as a football coach. I serve at my children's schools as well as the Valdese Rec as a Booster member.

It would be a great honor to serve on this committee and be a part of serving our wonderful community of Valdese.

Respectfully,  
Shannon Radabaugh, CEO  
Veteran Owned and Operated us

3. Appointment of Justin Carswell (Replacing expired term of Lin Ward)

**New Appointee Bio:** Justin Carswell is a Valdese native and graduate of East Burke High School. He has lived in Valdese for 20 years. He is a driver with United Parcel Service and has been with UPS for 22 years. He also operated a small business for 20 years.

He has two children who are active participants in Valdese Parks and Recreation youth programming. He and his wife, Kristen, have both volunteered their time coaching for the department, and the family can frequently be found out and about in our parks and at our facilities.

2024 Council Board and Commission Council Appointments

NEW APPOINTMENTS:

Ward 1 Councilman Glenn Harvey:  
Street Paving Committee  
WPCOG Metropolitan Planning Organization

Ward 4 Councilman Gary Ogle:  
Parks & Recreation Commission

Ward 5 Councilwoman Heather Ward:  
Main Street Committee

Councilwoman Lowman made a motion to approve the Appointments/Reappointments to the Boards, Commissions, and Committees, seconded by Councilman Mears. The vote was unanimous.

**DISCUSSION OF NEW BOARDS, COMMISSIONS, AND/OR COMMITTEES.** Councilwoman Ward shared the proposed new Town of Valdese Ad HOC Committees.

**PROPOSED NEW TOWN OF VALDESE AD HOC COMMITTEES  
For Consideration by the Town Council on December 18, 2023**

**If established, the members of each committee will be appointed at the January meeting.**

**Efficiency Task Force**

Scope: To assist the Interim Town Manager in an in-depth analysis of each town operation, as the manager develops the 2023-24 Annual Budget.

Period of Service: through the development and adoption of the 2023-24 budget which must be adopted by June 30, 2023.

Members: Five (5) individuals with in-depth experience in enterprises or complex operations, as senior managers, financial officers, or project leaders. It is anticipated that members will be recruited through visits with local manufacturing company CEOs or plant managers. Citizens are welcome to submit nominations.

**Drug and Homeless Advisory Task Force**

Scope: to address homelessness and the physical and mental issues underlying our drug and crime issues; coordinating efforts of churches, local agencies, and an evolving Burke County initiative to advise the Town Council these matters.

Period of Service: One year, subject to the Task Force’s conclusion about whether to have a standing board or committee in this area.

Members: A minimum of five (5) members with special interests or experience in related areas who, in turn, may expand the task force membership for additional help or expertise. Citizens are welcome to submit nominations.

**Facilities Review Board**

Scope: A standing board that will advise the manager and council in the management, maintenance, improvements, or construction of the Town’s properties. Since this board will oversee real property, much as the planning board oversees land use, the manager and initial members will develop a charter structured similar to the Planning Board.

Members: Five (5) members with extensive experience in construction or management of the professions and trades involved with both renovation and new construction. Citizens are welcome to submit nominations.

No vote was needed.

Mayor Watts asked the Town Attorney Tim Swanson to address the Town Ordinance Section 2-1021, which gives the Mayor the authority to appoint committees only. Mr. Swanson confirmed that the Council can create the committees, but the Ordinance does state that the Mayor would make the appointments.

**APPROVED APPOINTMENT OF INTERIM TOWN MANAGER PURSUANT TO N.C. GENERAL STATUTE § 160A-147 AND SECTION 2-2001 OF TOWN ORDINANCE.** Councilman Harvey made a motion that the Town hire Kenneth Bryan Steen as Interim Manager under the written agreement for employment as Interim Town Manager, a copy of which will be published with the minutes of this meeting, or such other substantially similar agreement approved and executed by the Mayor on behalf of the Town of Valdese, seconded by Councilwoman Ward.

**BURKE COUNTY  
NORTH CAROLINA**

**AGREEMENT FOR EMPLOYMENT AS INTERIM TOWN MANAGER**

**THIS AGREEMENT** for Employment as Interim Town Manager (hereinafter "Agreement") is made and entered into effective as of this the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_ by and between the Town of Valdese North Carolina (hereinafter "Town"), by and through the Town Council of Valdese (hereinafter "Council") and Kenneth Bryan Steen, (hereinafter "Manager"), to establish and set forth the terms and conditions of the employment as the Interim Town Manager of the Town.

**WITNESSETH:**

**WHEREAS**, the Council and Manager believe it is important to thoughtfully consider guidelines that will be consistent with both the letter and the spirit of State law, and to the extent applicable, the Town's charter and personnel policies, and appropriately funded within the Town’s budget;

**WHEREAS**, the Town desires to employ the services of the Manager as the Interim Manager of the Town, pursuant to the terms, conditions and provisions of this Agreement; and

**WHEREAS**, the Manager has agreed to accept employment as the Interim Manager of the Town, subject to and on the terms, conditions, and provisions agreed to and set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the Manager accepting employment with the Town, and other good and valuable consideration, including the mutual covenants herein contained, the receipt and

legal sufficiency of which are hereby acknowledged, the Town and the Manager hereby contract, covenant, and agree as follows:

**Section 1. Duties and Authority**

- A. The Manager shall be the chief administrator of the Town. The Manager shall be responsible to Council for administering all Town affairs placed in the Manager's charge by the Council, and shall have the following powers and duties:
- (1) He shall appoint and suspend or remove all Town officers and employees not elected by the people, and whose appointment or removal is not otherwise provided for by law, except the Town Attorney, in accordance with such general personnel rules, regulations, policies, or ordinances as the Council may adopt.
  - (2) He shall direct and supervise the administration of all departments, offices, and agencies of the Town, subject to the general direction and control of the Council, except as otherwise provided by law.
  - (3) He shall attend all meetings of the Council and recommend any measures that he deems expedient.
  - (4) He shall see that all laws of the State, the Town charter, and the ordinances, resolutions, and regulations of the Council are faithfully executed within the Town.
  - (5) He shall prepare and submit the annual budget and capital program to the Council.
  - (6) He shall annually submit to the Council and make available to the public a complete report on the finances and administrative activities of the Town as of the end of the fiscal year.
  - (7) He shall make any other reports that the Council may require concerning the operations of Town departments, offices, and agencies subject to his direction and control.
  - (8) He shall perform any other duties that may be required or authorized by the Council.

**Section 2. Term**

Subject to earlier termination as provided for in Section 7, Subsection D hereof, the Manager shall render services to the Town as required under this Agreement commencing December 18, 2023 and continuing thereafter until the Town has secured the services of a fulltime Town manager.

**Section 3. Salary and Benefits**

- A. In consideration of Manager's services and subject to the other provisions of this Agreement, the Town shall pay the Manager compensation during the term of this Agreement at the rate of \$100.00 per hour, payable in regular even increments, subject to all legal withholdings and deductions, and otherwise in accordance with the Town's normal payroll practices. The Manager will not be entitled to receive paid holiday, vacation or sick days. As a condition to the hourly rate agreed upon, the Manager has agreed to use his cellular phone in furtherance of the Manager's business without reimbursement or monthly stipend from the Town for said use.
- B. The Manager shall be reimbursed his documented out-of-pocket expenses reasonably incurred for conferences and meetings attended by the Manager in the course and scope of his duties, subject always to proper documentation, as well as the Town's policies and guidelines for expense reimbursement.
- C. The Manager will have no other employee benefits or emoluments of office other than those expressly provided in this Agreement. For avoidance of any doubt, the Manager shall not be

a contributing member of Local Government Employees' Retirement System during employment.

**Section 4. Automobile and Mileage**

Mileage for employment-related travel outside the Town of Valdese while using the Manager's personal vehicle shall be reimbursed at the prevailing IRS allowable rate and consistent with the North Carolina Department of State Treasurer guidelines. Notwithstanding, the Manager is encouraged to use the Town provided vehicle as opposed to his personal vehicle for Town-related travel.

**Section 5. Indemnification**

To the fullest extent permitted by law and except as specifically limited by Town Ordinances, the Town shall defend, save harmless and indemnify the Manager against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of the Manager's duties, and shall obtain and keep in full force and effect liability insurance, or risk pool coverage, including Public Officials coverage on a "wrongful act" basis, in sufficient amounts to assure accomplishment of such hold harmless and indemnification; provided that this section shall not be construed as creating any right, cause of action, or claim of waiver or estoppels for or on behalf of any third party, nor shall it be construed as a waiver or modification of the availability of the defense of governmental immunity or any other legal defense available to either the Town or the Manager as to any third party; and provided further that the Town shall not indemnify or hold harmless the Manager from and with respect to any claim or liability for which the conduct of the Manager is found by the courts to have been outside the course and scope of employment or his official capacity as Interim Town Manager, grossly negligent or intentionally wrongful. The Town may compromise and settle any such claim or suit and will pay the amount of any settlement reached or judgment rendered on such claim or suit, for which the Town has a duty to defend, save harmless and indemnify the Manager hereunder as hereinbefore more specifically provided. This indemnification shall extend beyond and survive the termination of employment and the expiration of this Agreement.

**Section 6. Hours of Work and Time Off**

- A. It is recognized that the Manager will generally work a cumulative total of no more than thirty-two (32) hours per week. However, additional hours may be needed to resolve unforeseen complexities, new council projects, or respond to natural or manmade disasters that may occur during the term of this Agreement, not to conflict with the requirements or limits established by the North Carolina Retirement System. In such event, any additional time must be approved in advance and in writing by the Mayor.
- B. The Manager agrees to be available by telephone for consultation and advice at times that he is not physically working in the Town. The Manager also agrees to respond to the Town for emergency situations.

**Section 7. General Provisions**

- A. Severability. The invalidity or partial invalidity of any portion of this Agreement will not affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the remaining provisions shall be deemed to be in full force and effect as if they have been executed by both parties subsequent to the expungement or judicial modification of the invalid provision.
- B. Governing Law. This Agreement shall be construed in accordance with, and governed by, the laws of the State of North Carolina. Venue shall lie exclusively in Burke County, North Carolina.
- C. Entire Agreement. This Agreement incorporates all the agreements, covenants and understandings between the Town and the Manager concerning the subject matter hereof, and all such covenants, agreements and understandings have been merged into this written Agreement. No other prior agreements or understandings, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.
- D. Amendment. This Agreement shall not be modified or amended except by a vote of the Council, and,





I. Ethical Commitments. Manager will at all times uphold the tenets of the ICMA Code of Ethics, which is incorporated herein by reference. Specifically, Manager shall not endorse candidates, make financial contributions, sign or circulate petitions, or participate in fund- raising activities for individuals seeking or holding elected office, nor seek or accept any personal enrichment or profit derived from confidential information or misuse of public time.

The Town and Council will support the Manager in keeping these commitments by refraining from any order, direction or request that would require the Manager to violate the ICMA Code of Ethics. Specifically, neither the governing body nor any individual member thereof shall request Manager to endorse any candidate, make any financial contribution, sign or circulate any petition, or participate in any fund-raising activity for individuals seeking or holding elected office, nor to handle any matter of personnel on a basis other than fairness, impartiality and merit.

If the Manager is found to have violated the ICMA Code of Ethics, the Town, through Council, may terminate the Manager for cause.

J. Return of Materials. Upon the request of the Town and, in any event, upon the Manager's resignation and/or termination, the Manager shall immediately deliver to the Town all documents and property created or compiled by the Manager, furnished to the Manager, or acquired by the Manager by virtue of or during the course of the Manager's employment under this Agreement.

K. Effective Date. The "Effective Date" of this Agreement shall be the date of the last party to sign.

**PRE-AUDIT CERTIFICATE**

This Agreement has been pre-audited pursuant to North Carolina General Statute§ 159-28 in the manner required by the Local Governmental Budget and Fiscal Control Act.

\_\_\_\_\_  
BO WEICHEL, Chief Financial Officer

Approved as to form on behalf of the Town this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
TIMOTHY D. SWANSON, Attorney

**IN WITNESS WHEREOF,** the Town and the Manager have executed this Agreement effective as of the date first written above.

(SEAL)

ATTEST:

\_\_\_\_\_  
Jessica Lail, Town Clerk

THE TOWN OF VALDESE,  
a North Carolina Municipal Corporation

By: \_\_\_\_\_  
CHARLES WATTS, Mayor

\_\_\_\_\_  
KENNETH B. STEEN, Interim Town Manager  
Town of Valdese

Councilman Harvey made the following comments:

December 18, 2023, MB#32

MR MAYOR, I ADDRESS MY COMMENTS IN SUPPORT OF THIS MOTION TO YOU

- PER ROBERT'S RULES OF ORDER, BUT WILL SPEAK INTO THE MICROPHONES
- I WILL PROVIDE A COPY OF MY COMMENTS TO THE TOWN CLERK AND REPORTERS

AS YOU, OTHER MEMBERS OF COUNCIL, AND THE UNC-SCHOOL OF GOVERNMENT FACULTY KNOW – THE MOST IMPORTANT DECISION A TOWN COUNCIL MAKES IS – HIRING THE TOWN MANAGER.

VALDESE WAS FOUNDED ON RELIGIOUS PREMISES AND HAS BEEN BLESSED IN MANY WAYS. THIS MONTH, AS WE ARE REMINDED OF THE REASON FOR THE SEASON, VALDESE HAS BEEN TWICE BLESSED. THIS MOTION ENABLES THE SECOND BLESSING.

THE FIRST BLESSING FOR CITIZENS AND EMPLOYEES WAS THE GENEROUS CONTRIBUTION OF 4 WEEKS OF DEDICATED SERVICE, BY AN EXECUTIVE WHOSE MANAGERIAL EXPERIENCE MAY BE THE MOST EXTENSIVE OF ANY OTHER RESIDENT. AMONG FULFILLING OTHER MANAGER RESPONSIBILITIES...

- MR EDDIE PERROU HAS INSTILLED A SENSE OF CALM IN EMPLOYEES WHO HAD BEEN UNDER A TOXIC WORKPLACE CLOUD OF BELIEVING THEIR JOBS WERE AT STAKE WITH THE ELECTION.

WITH BRYAN STEEN ON THE JOB, WHILE THE COUNCIL SEARCHES FOR A PERMANENT MANAGER, VALDESE WILL BE SERVED BY A LEVEL OF GOVERNMENTAL MANAGEMENT EXPERIENCE THAT NEITHER VALDESE NOR ANY OTHER COMPARABLE NC TOWN, HAS EVER KNOWN. BRYAN STEEN...

- RECENTLY RETIRED AFTER 11 YEARS AS BURKE COUNTY MANAGER, WHERE HIS SPAN OF RESPONSIBILITY WAS TEN TIMES WHAT IT WILL BE IN VALDESE, WITH:...
- 800 EMPLOYEES AND A \$100 MILLION BUDGET
- HIS BROAD PRIOR EXPERIENCE INCLUDED 3 YEARS - AS "SUPERINTENDENT OF STREET MAINTENANCE" FOR THE CITY OF SANFORD NC –WITH 130 MILES OF STREETS TO MAINTAIN.
- BRYAN STEEN WAS IN LAW ENFORCEMENT FOR 18 YEARS. INCLUDING THE NC DEPARTMENT OF JUSTICE AND 9 YEARS ON THE NC STATE HIGHWAY PATROL, AS A "MASTER TROOPER."

THE MANDATE FROM VALDESE CITIZENS DEMANDS THAT THE POLICE CHIEF VACANCY BE ADDRESSED IMMEDIATELY. MR STEEN'S DEEP LAW ENFORCEMENT EXPERIENCE IS A NATURAL FIT WITH THAT NEED!

IN SPEAKING WITH HUNDREDS OF CITIZENS OVER THE PAST 4 MONTHS, THREE CURRENT COUNCIL MEMBERS HEARD THIS SCENARIO IN EXPRESSED IN DIFFERENT WAYS. "WE SEE DRUG DEALS HAPPENING EVEN ON MAIN STREET, WITH NO POLICE INTERVENTION, YET CITIZENS ARE BEING FINED AND THREATENED WITH THE "ARREST" OF THEIR PETS, SIMPLY ON ONE OFFICER'S INTERPRETATION OF THE LEASH ORDINANCE. VALDESE NEEDS A MANAGER, A FULLY-STAFFED POLICE DEPARTMENT, AND A POLICE CHIEF IN PLACE NOW.

MR MAYOR, YOU AND ALL OF THE COUNCIL MEMBERS HAVE INTERVIEWED MR STEEN AND TWO OTHER CANDIDATES. WE STUDIED THEIR RESUMES AND THE BUDGETS AND WEBSITES THEY MANAGED. WE LIKED WHAT WE SAW. HOWEVER, MR STEEN'S EXPERIENCE IS SO EXCEPTIONAL THAT HIS AVAILABILITY WILL TRULY BE A BLESSING TO OUR TOWN AT THIS TIME.

MAY WE PLEASE RESPECTFULLY COMPLETE OUR DISCUSSION AND VOTE ON THIS MOTION.

**VOTE:** The vote was unanimous.

**NOT APPROVED CONSIDERATION OF AMENDMENT OF TOWN COUNCIL RULES OF PROCEDURES PURSUANT TO RULE 33 OF THE VALDESE TOWN COUNCIL – RULES OF PROCEDURE.** Mayor Watts shared that this amendment would require a 2/3 vote.

Councilman Harvey made a motion to approve the amendment to the Rules of Procedures pursuant to Rule 33 of the Valdese Town Council – Rules of Procedures as presented, seconded by Councilwoman Ward.

**PROPOSED AMENDMENTS TO  
VALDESE TOWN COUNCIL - RULES OF PROCEDURES  
June 5, 2023, Ordinance Book No. 9**

**Rule 4. Agenda**

1) **MOTION to amend “Rule 4, Agenda section (a)” of the Valdese Town Council – Rules of Procedures by striking the words, “electronic” and “on their iPads” by Friday afternoon” as illustrated below and inserting the words in bold underlined, as shown in context below, to issue the agenda packages ten days before the meeting for ten of the twelve regular council meetings.**

**(a) Proposed Agenda.** The town clerk shall prepare a proposed agenda for each meeting. A request to have an item of business placed on the agenda must be received at least ten days before the meeting. Any council member may, by a timely request, have an item placed on the proposed agenda. A copy of all proposed ordinances shall be attached to the proposed agenda. An agenda package shall be prepared that includes, for each item of business placed on the proposed agenda, as much background information on the subject as is available and feasible to reproduce. Each council member shall receive the ~~electronic, proposed agenda and agenda package on their iPads~~ by Friday afternoon prior to the Monday meeting **for the January meeting and the June meeting with the new budget and ten (10) days prior to all other regularly scheduled council meetings**, and proposed agenda shall be available for public inspection and distribution or copying when it is distributed to the council members.

2) **MOTION to amend “Rule 4. Agenda” of the Valdese Town Council – Rules of Procedures by striking section “Rule 4. (b) Consent Agenda” and to amend “Rule 6. Order of Business” Accordingly.**

~~(b) **Consent Agenda.** The council may designate a part of the agenda as the "consent agenda." Items shall be placed on the consent agenda by those preparing the proposed agenda if they are judged to be noncontroversial and routine. Any member may remove an item from the consent agenda and place under "Item(s) Removed From Consent Agenda." All items on the consent agenda shall be voted on and adopted by a single motion, with the minutes reflecting the action on each item.~~

Council members discussed the pros and cons of the amended recommendations.

**VOTE:** Councilman Harvey – Yes, Councilman Ogle – Yes, Councilwoman Ward – Yes, Councilwoman Lowman – No, Councilman Mears – No. The motion did not carry.

**PRELIMINARY AUDIT HIGHLIGHTS** Assistant Town Manager/CFO Bo Weichel shared that our audit has been completed, and the auditors will give a report at the next meeting. Mr. Weichel shared some highlights from the audit report.

The slide, titled "Examination of Audit Report Data", is set against a dark blue background with a light blue grid pattern. It features two white-bordered boxes. The left box is titled "General Fund (Taxpayer funded)" and lists four metrics: Operations Ratio, Debt Service Ratio, Quick Ratio, and Fund Balance Available. The right box is titled "Utility Fund (Customer funded)" and lists five metrics: Total Margin Ratio, Debt Service Ratio, Quick Ratio, Net Position Available, and Charge to Expense Ratio.

Fund Type	Metrics
General Fund (Taxpayer funded)	<ul style="list-style-type: none"><li>Operations Ratio</li><li>Debt Service Ratio</li><li>Quick Ratio</li><li>Fund Balance Available</li></ul>
Utility Fund (Customer funded)	<ul style="list-style-type: none"><li>Total Margin Ratio</li><li>Debt Service Ratio</li><li>Quick Ratio</li><li>Net Position Available</li><li>Charge to Expense Ratio</li></ul>

## General Fund : Operations Ratio

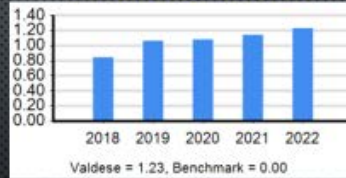
$(\text{total revenues} / \text{total expenditures} \& \text{ transfers out})$

Measures whether the Town's annual revenues are sufficient to pay for annual operations.

### p.18 Statement of Rev & Exp.

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
All valdese taxes	\$ 2,480,941	\$ 2,380,300	\$ 2,478,847	\$ 98,547
Other taxes and licenses	1,463,839	1,463,838	1,837,714	373,875
Donor-based intergovernmental revenues	589,808	786,721	603,216	(183,511)
Restricted intergovernmental revenues	146,308	146,308	68,698	(77,610)
Fees and services	558,454	685,194	348,232	(207,262)
Investment earnings	-	-	418,278	418,278
Other revenues	77,831	(26,158)	(52,235)	(78,393)
<b>Total revenues</b>	<b>5,257,007</b>	<b>5,381,814</b>	<b>6,366,847</b>	<b>1,045,037</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,081,794	1,088,981	895,158	(173,823)
Public safety	2,148,136	2,211,048	2,167,118	(44,930)
Transportation	532,598	564,129	409,668	(154,461)
Environmental protection	363,472	379,513	342,643	(36,870)
Cultural and recreational	1,200,096	1,320,121	1,278,819	(41,302)
Principal	162,319	162,319	162,319	-
Interest and other charges	97,832	97,832	97,832	-
<b>Total expenditures</b>	<b>5,245,265</b>	<b>5,735,053</b>	<b>5,359,647</b>	<b>(445,406)</b>
Revenues over (under) expenditures	(247,013)	(148,189)	1,007,200	1,543,686
<b>Other Financing Sources (Uses)</b>				
Appropriated fund balance	138,055	443,380	-	(443,380)
Operating transfers - in (out)	97,860	97,860	97,860	-
<b>Total other financing sources (uses)</b>	<b>245,915</b>	<b>541,240</b>	<b>97,860</b>	<b>(443,380)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,045,037</b>	<b>\$ 1,045,037</b>

### Prior Five Years:



2023: 1.19

The ratio of 1.19 means Valdese is able to maintain current services based on revenues being collected.

## General Fund: Debt Service Ratio

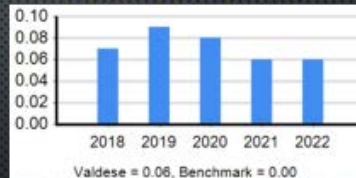
$(\text{total service} / \text{total expenditures} \& \text{ transfers in debt service fund})$

Measures the amount of expenditures committed to annual debt service payments.

### p.18 Statement of Rev & Exp.

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
All valdese taxes	\$ 2,480,941	\$ 2,380,300	\$ 2,478,847	\$ 98,547
Other taxes and licenses	1,463,839	1,463,838	1,837,714	373,875
Donor-based intergovernmental revenues	589,808	786,721	603,216	(183,511)
Restricted intergovernmental revenues	146,308	146,308	68,698	(77,610)
Fees and services	558,454	685,194	348,232	(207,262)
Investment earnings	-	-	418,278	418,278
Other revenues	77,831	(26,158)	(52,235)	(78,393)
<b>Total revenues</b>	<b>5,257,007</b>	<b>5,381,814</b>	<b>6,366,847</b>	<b>1,045,037</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,081,794	1,088,981	895,158	(173,823)
Public safety	2,148,136	2,211,048	2,167,118	(44,930)
Transportation	532,598	564,129	409,668	(154,461)
Environmental protection	363,472	379,513	342,643	(36,870)
Cultural and recreational	1,200,096	1,320,121	1,278,819	(41,302)
Principal	162,319	162,319	162,319	-
Interest and other charges	97,832	97,832	97,832	-
<b>Total expenditures</b>	<b>5,245,265</b>	<b>5,735,053</b>	<b>5,359,647</b>	<b>(445,406)</b>
Revenues over (under) expenditures	(247,013)	(148,189)	1,007,200	1,543,686
<b>Other Financing Sources (Uses)</b>				
Appropriated fund balance	138,055	443,380	-	(443,380)
Operating transfers - in (out)	97,860	97,860	97,860	-
<b>Total other financing sources (uses)</b>	<b>245,915</b>	<b>541,240</b>	<b>97,860</b>	<b>(443,380)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,045,037</b>	<b>\$ 1,045,037</b>

### Prior Five Years:



2023: 0.05

The ratio of 0.05 means Valdese is slightly reliant on issuing debt. Approximately 5% of our expenses are used on debt principal & interest. It has been several years since Valdese issued debt, thus the small decrease as debt is paid off.

## General Fund: Quick Ratio

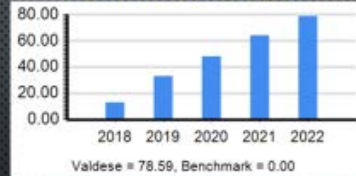
$(\text{cash} \& \text{ investments} / \text{current liabilities})$

Also known as liquidity, this ratio assesses the ability to meet short-term obligations.

### p.14 Balance Sheet

	May 2023
<b>Assets</b>	
Cash and investments	\$ 7,258,921
Restricted cash and investments	221,062
Taxes receivable, net	99,861
Accounts receivable, net	60,584
Due from other funds	52,770
Due from other governmental agencies	486,813
Prepaid expenses	28,023
Inventories	163,872
<b>Total assets</b>	<b>\$ 8,171,905</b>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities:</b>	
Accounts payable and other current liabilities	\$ 335,545
Due to other funds	-
<b>Total liabilities</b>	<b>335,545</b>

### Prior Five Years:



2023: 53.55

Valdese decreased in 2023 after several years of increases, nothing to be alarmed about. Staying above 30.00 is a strong indicator that shows the Town is in a healthy financial condition to handle an economic slowdown or even a brief recession without a reduction to services or staffing.



## General Fund: Fund Balance "Available"

(unassigned funds / total expenditures & transfers out)

# \$6,587,565

Measured as a percentage of the amount of funds available compared to total expenditures. Commonly referred to as "savings".

Total expenditures	\$3,355,041	
Revenues over (under) expenditures	1,805,306	
<b>p. 18 Statement of Rev &amp; Exp.</b>		
Other Financing Sources (Uses):		
Operating transfers - in	925,321	28,023
Operating transfers - out	(881,700)	163,872
Restricted:		
Stabilization by State Statute		748,932
Encumbrances		148,766
Town revitalization		-
Streets		68,154
Committed:		
USDA reserve		152,998
Assigned:		
Capital projects		-
Subsequent year's expenditures		238,279
Unassigned		<b>\$6,587,565</b>

### Prior Five Years:



**2023: 105.62%**

Our fund balance is healthy. This allows the Town to 1) take advantage of time sensitive opportunities 2) invest in large projects without borrowing 3) increase interest earned on investments 4) covers unforeseen events and emergencies.

8% = 1 month of expenses → 105% = 13 months of expenses

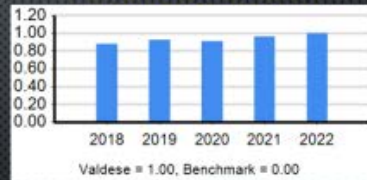
## Water/Sewer Fund: Total Margin Ratio

(total resources available / total resources outflow)

Measures the equity of a governmental business to determine if the operation is living within its financial means.

<b>p.20</b>		Statement of Revenues, Expenses and Changes in Fund Net Position
		Proprietary Fund
		For the Year Ended June 30, 2023
		Category Fund
		Utility
Operating Revenues:		
Charges for services	\$ 3,883,838	
Other operating revenues	1,000,000	
Total operating revenues	4,883,838	
Operating Expenses:		
Administration	1,332,534	
Water supply and treatment	1,288,966	
Wastewater treatment	1,071,009	
Water and sewer maintenance	911,074	
Depreciation	1,371,371	
Total operating expenses	5,975,254	
Operating income (loss)	(1,091,416)	
Nonoperating Revenues (Expenses):		
Gain	908	
Investment earnings	31,284	
Interest expense	(48,149)	
Other	242,436	
Nonoperating revenues (expenses), net	226,479	
Income (loss) before operating transfers and capital contributions	86,963	
Capital contributions	37,842	
Specialized Fund Revenue/Other Funds		
General Fund	1,000,000	
Capital project funds	1,000,000	

### Prior Five Years:



**2023: 1.08**

Operating above 1.0 means Valdese's business of providing water and sewer is operating within our means. Staying closer to 1.0 indicates we are not over charging for these services but also not building reserves for future expansion or repairs.

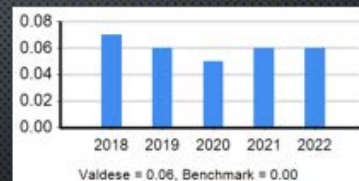
## Water/Sewer Fund: Debt Service Ratio

(debt service / total expenditures & other financing sources and use + principal)

Measures the amount of expenditures committed to annual debt service payments.

<b>p.20 Statement of Rev &amp; Exp.</b>		Operating Expenses:
		Administration
		Water supply and treatment
		Wastewater treatment
		Water and sewer maintenance
		Depreciation
		Total operating expenses
		Operating income (loss)
		Nonoperating Revenues (Expenses):
		Gain
		Investment earnings
		Interest expense
		Other
		Nonoperating revenues (expenses), net

### Prior Five Years:



**2023: 0.06**

<b>p.91</b>		Utility Fund
		Statement of Expenditures - Budget and Actual (Non-GAAP)
		For the Year Ended June 30, 2023
		Budget
		Actual
Expenditures (Continued):		
Payment on debt principal	310,448	\$310,448
Interest and fees	50,290	\$83,000

The ratio of 0.06 means Valdese is slightly reliant on issuing debt. Approximately 6% of our expenses are used on debt principal & Interest. Some of this debt is very low interest rates through the Division Water Infrastructure.



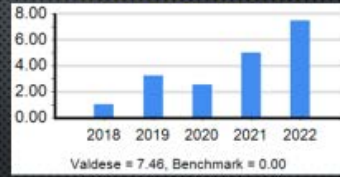
## Water/Sewer Fund: Quick Ratio

Also known as liquidity, this ratio assesses the ability to meet short-term obligations.

TOWN OF VALDESE, NORTH CAROLINA  
Exhibit 8  
Statement of Fund Net Position  
Proprietary Fund  
June 30, 2023

	Balance Fund	Ratio
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 10,000,000	
Accounts receivable, net	187,183	
Inventory	104,640	
Prepaid expenses	9,116	
Material and work-in-progress	30,000	
Total current assets	10,320,939	
Noncurrent assets:		
Capital assets:		
Land and improvements	3,000,000	
Buildings and improvements	28,268,276	
Infrastructure systems	28,096,412	
Furniture and maintenance equipment	81,000	
Vehicle	702,000	
Construction in progress	47,000	
Long-term investments	25,520,000	
Capital assets, net	57,614,688	
Total noncurrent assets	57,614,688	
Total assets	67,935,627	
Deferred Outflow of Resources	85,172	
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and other current liabilities	46,262	
Contract deposits	20,000	
Current obligations - bonds payable - current	12,000	
Long-term liabilities - current	276,000	
Total current liabilities	304,262	

Prior Five Years:



2023: 10.84

A Quick Ratio less than 1.0 would indicate owing more for our current bills than what we have on hand. This would indicate that the fund may have difficulty paying its current bills. Scoring a 10.84 is a strong indication the water/sewer system continues to be sustainable.

## Water/Sewer Fund: Net Position Ratio

Compares the unrestricted net position to the total liabilities, including long-term obligations, to determine how solvent the business activities are.

TOWN OF VALDESE, NORTH CAROLINA  
Exhibit 8  
Statement of Fund Net Position  
Proprietary Fund  
June 30, 2023

Total liabilities	6,975,000
Deferred Outflow of Resources	70,324
<b>Net Position</b>	
Due to investments in capital assets	18,875,319
Unrestricted	5,249,546
Total net position	24,124,865

Prior Five Years:



2023: 69.24%

Our Water/Sewer fund has fluctuated up and down over the past few years. The current net position is better than recent years but could be volatile based on continued rising costs of production.

8% = 1 month of expenses

69% = 8.6 months of expenses

## Water/Sewer Fund: Charge to Expense Ratio

Measures self-sufficiency of the fund by comparing the extent to which charges for services covered total expenses.

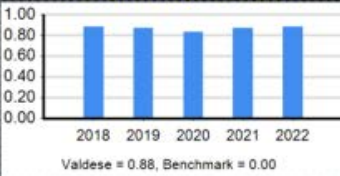
Revenues: p.88 Statement of Rev

	2022	2021
Operating revenues:		
Charges for services:		
Water charges	\$ 2,712,000	\$ 2,986,812
Wastewater charges	1,199,950	1,117,156
Contract sales	730,780	929,596
Total charges for services	4,642,730	5,033,564

Operating Expenses: p.20 Statement of Rev & Exp.

Administrative	1,122,824
Water supply and treatment	1,380,964
Wastewater treatment	1,871,959
Water and sewer maintenance	91,167
Depreciation	1,371,331
Total operating expenses	6,848,235
Operating income (loss)	(1,205,505)
Nonoperating Revenue (Expense):	
Fine	608
Investment earnings	31,284
Interest expense	(48,140)
Other	252,476
Nonoperating revenues (expense), net	236,128

Prior Five Years:



2023: 0.89

Fully self-sufficient would be a 1.0 meaning we are charging the correct rates to maintain the water/sewer system. Expense includes depreciation because it factors in the age of the assets in the calculation. At the current rate, operating expense, and age of the system we are not quite self-sufficient.

## KEY AUDIT TAKEAWAYS

**General**

- Operations ratio dropped slightly from last year but is still above 1.0 meaning we are able to maintain current services based on revenues being collected.
- Quick ratio dipped this past year after climbing for several years, however we are still very liquid so we will not have any issues meeting short-term obligations and paying bills.
- Strong fund balance decreased by about 8% or one-months worth of savings. This is mainly due to a large capital project last year paid with from cash reserves. Fund balance is still in excellent condition.

**Water/Wastewater**

- Total margin ratio exceeded 1.0 for the first time in five years, indicating the system is operating within its means for the year and charges cover current operations. This indicator also tells us at near break-even, our funds may be tight in the future for upgrading capital assets.
- Quick ratio is well above 1.0 meaning we can meet current bills.
- Unrestricted net position is trending upwards showing strength to meet long-term obligations.
- System is not yet self-sufficient which indicates large future expenses could pose an issue since charges for services are less than total expenditures + asset depreciation.

Councilman Harvey thanked Mr. Weichel and said he had exceeded his expectations.

**APPROVED BUDGET AMENDMENT TO APPROPRIATE FUNDS FROM GENERAL FUND FOR AGREEMENT WITH WPGOG** Assistant Town Manager/CFO Bo Weichel presented the following Budget Amendment for the Contract with WPCOG for Strategic Planning:

Valdese Town Council Meeting

Monday, December 18, 2023

Budget Amendment # 7-10

Subject: Contract with WPCOG for Strategic Planning

Description: This amendment covers the expense for technical assistance from WPCOG for strategic planning including public survey, and multiple public input sessions per contract.

Proposed Action:

BE IT ORDAINED by the Council of the Town of Valdese that, pursuant to Section 15 of Chapter 159 of the General Statutes of North Carolina, the following amendment is made to the annual budget ordinance for the fiscal year ending June 30, 2024:

Section I:

The following revenues available to the Town will be increased:

Account	Description	Decrease/ Debit	Increase/ Credit
10.3990.000	General Fund Balance Appr.		8,030
Total		\$0	\$8,030

Amounts appropriated for expenditure are hereby amended as follows:

Account	Description	Increase/ Debit	Decrease/ Credit
10.4200.040	Professional Services	8,030	
Total		\$8,030	\$0

Section II:

Copies of this budget amendment shall be furnished to the Clerk to the Governing Board, to the Budget Officer and the Finance Officer for their direction.

Councilwoman Lowman made a motion to appropriate funds from the general fund for the agreement with the WPCOG for Strategic Planning, seconded by Councilman Mears. The vote was unanimous.

**TABLED BUDGET AMENDMENT TO APPROPRIATE FUNDS FROM THE GENERAL FUND FOR ENGAGEMENT OF TOWN MANAGER OR INTERIM MANAGER** Mayor Watts noted that the Interim Manager's salary would need a budget amendment but must be moved to January's meeting.

Councilwoman Ward made a motion to table the Interim Manager's salary Budget Amendment until January, seconded by Councilman Harvey. The vote was unanimous.

Mayor Watts noted that *Item 7* was a Closed Session, but he did not see a need to do that tonight.

**ADJOURNMENT:** At 7:19 p.m., there being no further business to come before Council, Councilman Mears made a motion to adjourn, seconded by Councilwoman Lowman. The vote was unanimous.

\_\_\_\_\_  
Town Clerk

\_\_\_\_\_  
Mayor

jl