

**TOWN OF VALDESE
COUNCIL BUDGET REVIEW #2
MONDAY, MAY 12, 2025**

The Town of Valdese Town Council met on May 12, 2025, at 9:00 a.m., for the Budget Review #2, in the Town Council Chambers at Town Hall, 102 Massel Avenue SW, Valdese, North Carolina. The Council meeting was live-streamed on YouTube @townofvaldese. The following were present: Mayor Charles Watts, Mayor Pro Tem Gary Ogle, Councilwoman Rexanna Lowman, Councilwoman Heather Ward, Councilman Glenn Harvey, and Councilwoman Melinda Zimmerman. Also present were: Town Manager Todd Herms, Assistant Town Manager/CFO Bo Weichel, Town Clerk Jessica Lail, and Department Heads.

Absent: None

A quorum was present.

CALL TO ORDER At 9:00 a.m., Mayor Watts opened the meeting with an invocation and led in the Pledge of Allegiance to the Flag.

GENERAL FUND OVERVIEW Mr. Weichel provided a follow-up to last month's budget review, noting that this session would highlight changes and updates rather than rehash all previous details. The primary adjustment to the General Fund was the inclusion of the newly hired Town Manager's salary, which increased the Administration budget. To accommodate this, slight adjustments were made elsewhere, resulting in a balanced budget. Despite the salary adjustment, approximately \$3,000 was added back to the fund balance.

Councilman Harvey reflected on the April 15–16 budget workshop, describing it as the best budget presentation he has seen in the past 8–10 years. He noted that the Council recently passed a resolution stating that the budget to be adopted on June 2 should include a positive contribution to fund reserves. Councilman Harvey expressed concern that the contribution to reserves had decreased significantly—from \$61,000 in April to just under \$3,000 in the revised figures. He emphasized the need to build in a greater cushion, noting that such a small amount could easily be offset by unexpected expenses before the new fiscal year begins. He challenged his fellow Council members to consider ways to improve that contribution.

Mr. Weichel clarified that the discussion pertained specifically to the General Fund (Fund 10). He explained that the \$500,000 pool grant and associated donation are part of a capital project and therefore included in Fund 31—not reflected in the General Fund numbers. Those figures will appear in a separate project budget to be presented at a future Council meeting. He noted that the \$30,000 shown in the current budget is related to a grant for sanitation/recycling carts, which is part of the operating budget and not a capital project—thus included in Fund 10.

Regarding Community Center revenues, Mr. Weichel addressed an increase in projected income to \$150,000. Last year's lower projection was due to reduced rentals during renovation. With full operations resumed and some fee increases proposed, staff expects revenues to return to prior levels. He also clarified that the "Community Center" referenced here is the Recreation Center, and the projected revenue increase also reflects anticipated use of the pool dome, which will allow for winter swimming to resume starting in October.

Finally, Mr. Weichel noted that while future grant proceeds may be shown in the FY 25–26 budget, only the \$30,000 cart grant appears in the current budget because it will be completed within one fiscal year and is not part of a project fund.

Fee Schedule Updates:

Old Rock School: Mr. Weichel reviewed the updated fee schedule, noting increases to Old Rock School rental rates, including a rise in auditorium fees from \$400 to \$600. New fees were also added for optional items like tables and projector screens. Councilman Harvey expressed concern that nonprofit community groups are not receiving enough of a discount compared to for-profit renters and suggested larger fee differences between the two. He also raised the need for formal contracts and clear security protocols for facility rentals to protect the Town from liability. Other council members agreed and supported developing a standard rental contract and adjusting nonprofit rates, especially for the Waldensian Room.

Aquatics and Fitness: Mr. Harvey suggested increasing the difference between resident and non-resident rates since residents help fund the facility through taxes. Mr. Weichel noted there is already about a 30% difference and warned against pricing the Town out of the market. Council requested data on rates from nearby facilities for comparison. Lastly,

there was discussion on pool party fees. Staff clarified that public parties rent space while the pool is already open, but private parties cost more to cover extra staffing. Council questioned whether those fees fully reflect the Town's costs, especially for Sunday events, and agreed to review them further.

Public Works: The fee for construction debris pickup is proposed to increase from \$75 to \$100 per load. Residential trash and recycling fees will stay the same due to expected savings from changes with Simply Green. There was discussion about confusion among residents on when debris pickup is free and when it's charged. Mr. Weichel clarified that small items like furniture are usually picked up at no cost, but larger loads—such as construction or demolition debris—require a fee. Some residents have been abusing the service by dumping debris from outside town limits. Council noted the service is still a good value compared to private options and suggested better public communication.

Cemetery: No new plots are available. Only deed transfers or rare abandoned plots may become available. There are no current plans to expand due to high cost and ongoing maintenance concerns. A crematorium (correction emailed: columbarium) was mentioned as a possible long-term solution.

Planning: The Town plans to expand its planning fee schedule to include more services, as current fees only cover a few items. The changes aim to reflect staff time and discourage casual requests. Concerns were raised that higher fees could discourage residential development, especially with limited office hours. Some members suggested getting developer input before finalizing the changes, while others noted most towns already charge for these services. Town Manager Todd Herms noted that Planning fees are common in municipalities and counties.

Fire Department: The fee schedule for the fire department was simplified, condensing multiple pages into a clearer format. The updated schedule references fire code chapters for applicable fees rather than listing them individually. No significant fee increases were made, but one penalty for damaging fire hoses may need to be revisited as the current fee might be too low compared to the actual cost of replacement. Councilwoman Ward asked a question about the reinspection fees for nonprofit organizations and churches. It was clarified that these organizations are subject to the same fees if they are not in compliance. However, if they are actively working towards compliance, the Fire Department will work with them. The \$200 fee applies when an organization does not make any effort to meet the fire code after the initial inspection.

Departmental Expenditures:

Governing Body: Councilman Harvey noted that the Council reduced salary and insurance costs in the FY 2023-2024 budget from \$72,000 to \$42,000, saving taxpayers \$30,000. He also mentioned that the health insurance changes made by Council lowered costs further, benefiting all departments and adding to the fund balance.

Administration: Mr. Weichel explained that changes to health insurance, approved by Council, resulted in lower costs than originally proposed. This reduction benefits each department and contributes to fund balance savings. Aside from that and a change to the administrative salary line, there were no other significant adjustments since the last budget discussion.

Councilman Harvey asked how many employees are in Administration and Finance. Staff confirmed there are five total, including one part-time customer service employee. There was discussion about the drive-thru window and dropbox for utility payments. Customers receive a receipt at the window, and a dropbox is available for after-hours payments. Councilman Harvey suggested reviewing processes for possible efficiencies, especially with changing technology. It was noted that many customers still pay in cash, which limits automation. Staff also shared that, as of May 1, the Police Department now handles bank deposits to improve security.

CIP Changes: Mr. Weichel explained to help balance the budget, staff removed several non-critical Capital Improvement Plan (CIP) items. This included fitness equipment replacement and the HVAC unit in the men's locker room at the Recreation Center, which is still operational but aging. Council noted concern due to its age (27 years) and history of breakdowns. An aesthetic update to ceiling tiles at the Old Rock School was also removed. However, essential exterior repairs to the building were kept in the budget to maintain structural integrity.

Recycling and Sanitation Update: Mr. Weichel noted the only change to the recycling and sanitation proposal since the last meeting is the cart color. Council requested a more neutral color, so green carts will now be used for both services, with black lids for sanitation and blue lids for recycling. This allows for easier inventory management by only needing to stock one cart body and switching lid colors as needed. The recycling lids will include molded labels (not decals) to help with identification. Older carts used for special events may not have labels, and staff will check if any can be updated.

Council was informed that time is critical to proceed with ordering the new carts. The Simply Green contract has been reviewed and finalized by legal counsel and is on the agenda for approval.

APPROVED SIMPLY GREEN CONTRACT

MUNICIPAL MATERIALS MANAGEMENT AGREEMENT

THIS MUNICIPAL MATERIALS MANAGEMENT AGREEMENT (the "Agreement") is made and entered into by and between the Town of Valdese, a North Carolina municipal corporation, having a mailing address of P.O. Box 339, Valdese, NC 28690 (the "Town"), and Simply Green Recycling, Inc., a North Carolina corporation, having a mailing address of 111 W McDowell St., Morganton, NC 28655 (the "Company"), and is effective as of the last date herein below signed (the "Effective Date"). The identified parties are at times referred to herein collectively as "Parties" and individually as a "Party."

W I T N E S S E T H:

WHEREAS, the Parties desire to enter into an agreement whereby the Company will provide the Town and its citizens with residential material management services as more fully set forth in this Agreement, subject to the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth in this Agreement and for such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties to this Agreement hereby agree as follows:

1. Recitals. The foregoing recitals are incorporated herein by reference.
2. Definitions. The following definitions apply to this Agreement:
 - (a) Acceptable Material. Aluminum food and beverage containers; aluminum soda and beer cans, cat food cans, etc.; ferrous cans (e.g., soup cans, coffee cans, etc.); P.E.T. plastic containers with Symbol #1 (no microwave trays); H.D.P.E. natural plastic containers with Symbol #2 (e.g., milk jugs and water jug containers (narrow neck containers)); H.D.P.E. pigmented plastic containers with Symbol #2 (e.g., detergent, shampoo, bleach bottles without caps (narrow neck containers)); butter and margarine tubs; polypropylene plastic food and beverage containers Symbol #5 (e.g., yogurt containers); mixed paper (54) as defined in the most recent ISRI Scrap Specifications Circular; Sorted Residential Paper and News (56) as defined in the most recent ISRI Scrap Specifications Circular; Kraft Paper Bags; Old Corrugated Containers (OCC) (no wax coated); Magazines (OMG), coated magazines, catalogues and similar printed materials, junk mail, and soft cover books; Aseptic Cartons (e.g., juice boxes, gable top milk and juice containers, soy milk and soup cartons); and glass food and beverage containers (Flint (clear), Amber (brown), Emerald (green)).
 - (b) Bulky Waste. Stoves, refrigerators (with all CFC and other refrigerants removed), water tanks, washing machines, furniture and other similar items with weights and/or volumes greater than those allowed for the waste container supplied.
 - (c) Bundle. Tree, shrub and brush trimmings or newspapers and magazines securely tied together forming an easily handled package not exceeding four (4) feet in length or thirty-five (35) lbs. in weight.
 - (d) Construction Debris. Excess building materials resulting from construction, remodeling, repair or demolition operations.
 - (e) Customer. An occupant or operator of any type of premise within the Town that is covered by this Agreement and who generates Municipal Solid Waste and/or Recyclable Material, if applicable.
 - (f) Disposal Site. A Waste Material depository including, but not limited to, sanitary landfills, transfer stations, incinerators, recycling facilities and waste processing/separation centers licensed, permitted or approved by all governmental bodies and agencies having jurisdiction and requiring such licenses, permits or approvals to receive for processing or final disposal of Waste Material.
 - (g) Excluded Waste. Excluded Waste consists of Special Waste, Hazardous Waste, and any other material not expressly included within the scope of this Agreement including, but not limited to, any material that is hazardous, radioactive, volatile, corrosive, highly flammable, explosive, biomedical, infectious, biohazardous, toxic or listed or characteristic hazardous waste as defined by Applicable Law or any otherwise regulated waste.
 - (h) Hazardous Waste. Any amount of waste listed or characterized as hazardous by the United States Environmental Protection Agency or any state agency pursuant to the Resource Conservation and Recovery Act of 1976, as amended, and including future amendments thereto, and any other Applicable Law.
 - (i) Municipal Solid Waste (or "MSW"). Useless, unwanted or discarded nonhazardous materials (trash or garbage) with insufficient liquid content to be free-flowing that result from residential operations. Municipal Solid Waste does not include any Excluded Waste.
 - (j) Recyclable Materials. Used and/or discarded materials which are capable of successful processing and sale on the commodity market.

(k) **Special Waste.** Any nonhazardous solid waste which, because of its physical characteristics, chemical make-up, or biological nature requires either special handling, disposal procedures including liquids for solidification at the landfill, documentation, and/or regulatory authorization, or poses an unusual threat to human health, equipment, property, or the environment. Special Waste includes, but is not limited to (a) waste generated by an industrial process or a pollution control process; (b) waste which may contain residue and debris from the cleanup of spilled petroleum, chemical or commercial products or wastes, or contaminated residuals; (c) waste which is nonhazardous as a result of proper treatment pursuant to Subtitle C of the Resource Conservation and Recovery Act of 1976 ("RCRA"); (d) waste from the cleanup of a facility which generates, stores, treats, recycles or disposes of chemical substances, commercial products or wastes; (e) waste which may contain free liquids and requires liquid waste solidification; (f) containers that once contained hazardous substances, chemicals, or insecticides so long as such containers are "empty" as defined by RCRA; (g) asbestos containing or asbestos bearing material that has been properly secured under existing Applicable Law; (h) waste containing regulated polychlorinated biphenyls (PCBs) as defined in the Toxic Substances Control Act (TSCA); (i) waste containing naturally occurring radioactive material (NORM) and/or technologically-enhanced NORM (TENORM); and (j) Municipal Solid Waste that may have come into contact with any of the foregoing.

(l) **Unacceptable Material.** Yard Waste; Styrofoam; pizza boxes (unless free of any food or grease residue); food; liquids; diapers; clothing/textiles; plastic bags or bagged material (newsprint may be placed in a Kraft bag); plastic containers with #3, #4, #6, or #7 on them or no # at all; mirrors, window or auto glass, light bulbs, ceramics; Oil or antifreeze containers; coat hangers; paint cans; and medical waste/sharps; any Acceptable Material that is no longer acceptable due to its coming into contact with or being contaminated by Unacceptable Material. All Recyclable Materials collected for delivery and sale by Company shall be hauled to a processing facility selected by Company for processing ("Recycling Services").

(m) **Unit.** An occupied residential dwelling. For purposes of this Agreement, each unit in a multi-family dwelling (condominium, apartment or other grouped housing structure) shall be treated as a separate Unit and a Unit shall be deemed occupied when either water or power services are being supplied thereto.

(n) **Waste Material.** All nonhazardous Municipal Solid Waste and, as applicable, Recyclable Material, Yard Waste, Bulky Waste and Construction Debris generated at the Location Types covered by this Agreement. Waste Material does not include any Excluded Waste.

(o) **Yard Waste.** Grass, leaves, flowers, stalks, stems, tree trimmings, branches, and tree trunks. For yard waste collection services, grass, pine needles, leaves, flowers, stalks, stems, and small tree trimmings (less than two (2) feet in length and less than two (2) inches in diameter) shall be in a container, bag or box the weight of which shall not exceed thirty-five (35) pounds. Larger tree trimmings shall be laid neatly in piles at curbside. The maximum weight of any item placed out for yard waste collection shall be thirty-five (35) pounds. Branches in excess of two (2) feet in length are not required to be in a container, bag or box.

3. **General Service Provisions.** The Company shall provide for the collection and disposal of conforming Waste Material for all Units located within the territorial jurisdiction of the Town (the "Collection Services").

(a) **Location of Containers, Bags and Bundles for Collection.** Each container, bag and bundle containing Waste Material shall be placed at curbside for collection by the Customer. Curbside refers to that portion of right-of-way adjacent to paved or traveled Town roadways. Containers, bags and bundles shall be placed as close to the roadway as practicable without interfering with or endangering the movement of vehicles or pedestrians. When construction work is being performed in the right-of-way, containers, bags and bundles shall be placed as close as practicable to an access point for the collection vehicle. Company may decline to collect any container, bag or bundle not so placed or any Waste Material not in a container, bag or bundle.

(b) **Hours of Collection Operations.** Collection of Waste Material shall not start before 5:00 A.M. or continue after 8:00 P.M. Exceptions to collection hours shall be affected only upon the mutual agreement of the Town and Company, or when Company reasonably determines that an exception is necessary in order to complete collection on an existing collection route due to unusual circumstances.

(c) **Routes of Collection.** Collection routes shall be established by the Company. Company shall submit the Unit collection routes to the Town at least two (2) weeks in advance of the commencement date for such route collection activity. The Company may from time to time make changes in routes or days of collection affecting Units, provided such changes in routes or days of collection are submitted to the Town at least two (2) weeks in advance of the commencement date for such changes. Town shall promptly give written or published notice to the affected Residential Units.

(d) **Residential Collection.** Company shall be obligated to collect no more than one (1) container (or their equivalent) of Solid Waste and one (1) container (or their equivalent) of Recyclable Material per week from each Unit. Any collections needed by a Unit in excess of such amount must be individually contracted by the Unit Customer with Company under terms, prices and documents acceptable to both the Unit Customer and Company.

(e) **Holidays.** The following shall be holidays for purposes of this Agreement: New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Company may

suspend Collection Service on any of these holidays, but such decision in no manner relieves Company of its obligation to provide Collection Service at least once per week.

(f) Complaints. All service-related complaints must be made directly to the Company and shall be given prompt and courteous attention. In the case of alleged missed scheduled collections, the Company shall investigate and, if such allegations are verified, shall arrange for the collection of Waste Material not collected within one business day after the complaint is received.

(g) Collection Equipment. The Company shall provide an adequate number of vehicles meeting standards and inspection requirements as set forth by the laws of the State for regular municipal waste Collection Services. For Waste Material collection, all vehicles and other equipment shall be kept in good repair and appearance at all times. Each vehicle shall have clearly visible on each side the identity of the Company.

(h) Customer Education. The Town shall notify all Customers about set-up, service-related inquiries, complaint procedures, rates, regulations, and day(s) for scheduled Waste Material collections.

(i) Litter or Spillage. The Company shall not litter premises in the process of making collections, but Company shall not be required to collect any Waste Material that has not been placed in approved containers. During hauling, all Waste Material shall be contained, tied or enclosed so that leaking, spillage or blowing is minimized. In the event of spillage by the Company, the Company shall be required to clean up the litter caused by the spillage.

4. Solid Waste Collection Operations. The Company shall provide for the collection and disposal of conforming Waste Material for all Units located within the territorial jurisdiction of the Town (the "Solid Waste Services").

(a) Collection Schedule. Solid Waste Services shall be provided by Company on a weekly basis.

(b) Container Specifications. Each Unit shall be supplied with one (1) Town owned roll out cart that conforms to the minimum specifications provided below. During the term of this Contract, Town shall purchase and maintain an inventory of Containers for distribution to Units and for replacement of Solid waste Containers. Containers shall be owned by the Town and shall conform to the following minimum specifications:

- i. Shall be of 95-gallon volume;
- ii. Shall be constructed of high quality polyethylene;
- iii. Shall be recyclable at the end of their useful life;
- iv. Shall be of a uniform color approved by the City that clearly distinguishes them as different from Recycling collection containers; and
- v. Shall be clearly marked for solid waste use.

(c) Disposal. All Waste Material collected within the Town under this Agreement, other than processed Recyclable Material that is marketable, shall be deposited at a Disposal Site selected by Company and properly permitted by the State.

5. Recycling Services Operations. The Company shall provide for the collection and recycling of conforming Recyclable Material for all Units within the territorial jurisdiction of the Town (the "Recycling Services").

(a) Schedule. Recycling Services shall be provided by Company on a bi-weekly basis.

(b) Container Specifications. Each Unit shall be supplied with one (1) Town owned roll out cart that conforms to the minimum specifications provided below. During the term of this Contract, Town shall purchase and maintain an inventory of Recycling Containers for distribution to Units and for replacement of Recycling Containers. Recycling Containers shall be owned by the Town and shall conform to the following minimum specifications:

- i. Shall be of 95-gallon volume;
- ii. Shall be constructed of high quality polyethylene;
- iii. Shall be recyclable at the end of their useful life;
- iv. Shall be of a uniform color approved by the City that clearly distinguishes them as different from Solid Waste collection containers; and
- v. Shall be clearly marked for recycling use.

(c) Contamination. On the first occurrence of improperly prepared materials or contamination in excess of 5%, the Company shall collect all properly prepared Recyclable Materials and shall place a notification on the Container informing the Unit of proper recycling procedures. Company will keep a record to include unit address, nature of non-compliance, and date of occurrence. On the second occurrence of improperly prepared materials or contamination in excess of 5%, Company may leave all materials in the container and shall place a notification on the Container informing the Unit of proper recycling procedures and steps to be taken for materials to be collected. Company shall provide notification to the Town of such occurrences. Notification from the Company shall at minimum include Unit address, nature of non-compliance, and dates of noncompliance.

(d) Disposal Prohibition. The Company certifies to Town that all collected under this contract are in fact delivered to a recyclable materials processing facility, broker, or end user for recycling only. The Company is prohibited from disposing of any Recyclable Materials collected under this Contract in a landfill incinerator, or in any other manner that prevents materials recovery, except as provided herein, without prior written approval from Town.

(e) Education. Town shall make a commercially reasonable effort to educate its Customers regarding Acceptable and Unacceptable Materials and to encourage its Customers to place only Acceptable Materials in their recycling containers.

6. Newly Developed Areas. If the Town develops new areas (of the same Location Types as designated above) within the Town's territorial jurisdiction during the Term of this Agreement, such areas shall automatically be subject to this Agreement. The Town shall provide Company with written notification of such newly developed areas, and within thirty (30) days after receipt of such notification, Company shall provide the Collection Services and Recycling Services (collectively, the "Services") as set forth in this Agreement in such newly developed area(s). If the Town annexes any new areas that it wishes for Company to provide the Services, the Parties shall negotiate a mutually acceptable amendment to this Agreement adding such annexed areas to the scope of the Services and setting forth the rates that will apply for the Services in such area(s).

7. Scope of Services. Company shall furnish all equipment, trucks, personnel, labor, and all other items necessary to perform the Services. The Services shall not include the collection, disposal, or recycling of any Excluded Waste or Waste Material located at any location not designated herein.

8. Out of Scope Services May Be Contracted for Directly with Customers. Company may provide collection and disposal or recycling service within the territorial jurisdiction of the Town for any Waste Material and/or Location Types that are outside the scope of this Agreement pursuant such terms and conditions as may be mutually agreed upon by Company and such Customers. Such services and agreements are outside the scope of this Agreement, and this Agreement does not require such Customers to use Company for such services, but they may do so at their discretion. The Town agrees that Company may use any information received from the Town in marketing all of its available services to the Customers located within the Town, whether included in the scope of this Agreement or not.

9. Term. This Agreement begins on the Effective Date and expires five (5) years thereafter but shall automatically renew for successive five-year periods (the "Term") unless either party provides written notice of non-renewal at least sixty (60) days prior to the expiration of the then current Term, or unless otherwise terminated in accordance with the terms of this Agreement.

10. Rates for Services; Rate Adjustments; Additional Fees and Costs.

(a) Rates for Services. The rates for all Services shall be \$13.50 per Unit, subject to the rate adjustments and additional fees and costs as set forth herein.

(b) Annual Rate Adjustments. Company shall increase the rates for all Services effective on each anniversary of the Effective Date of this Agreement in an amount equal to three percent (3%) of the previous year's rate unless otherwise mutually agreed by the parties in writing.

11. Invoicing; Payment; Service Suspension; Audits.

(a) Invoicing the Town. The Town shall invoice and collect from all Customers for Services provided by Company pursuant to this Agreement. The Town shall report to Company (a) by the 5th of each month the total number of addresses subject to this Agreement and that have been billed for Services by the Town, and (b) on a quarterly basis, parcel data and a list of addresses billed for the Services by the Town. Company shall invoice the Town for the number of addresses that were billed by the Town within fifteen (15) days of receiving the Town's address count each month, and the Town shall pay Company's invoices within thirty (30) days of receipt Company's invoice.

12. Service Suspension.

(a) Suspension of Services for Unpaid Invoices. If any amount due from the Town is not paid within sixty (60) days after the date of Company's invoice, Company may suspend Services until the Town and/or the Customer have paid the outstanding balance in full.

(b) Suspension of Services at Direction of Town. If the Town wishes to suspend or discontinue Services to a Customer for any reason, the Town shall send Company a written notice (email is acceptable as long as its receipt is acknowledged by Company) identifying the Customer's address and the date the Services should be suspended or discontinued. In the event of Service suspension, the Town shall provide additional email notification to Company if/when it wishes to reactivate the suspended Services. Upon receipt of a notice of reactivation, Company shall resume the Services on the next regularly scheduled collection day. To the extent permitted by law, the Town shall indemnify, defend, and hold Company harmless from any claims, suits, damages, liabilities or expenses (including but not limited to expenses of investigation and attorneys' fees) resulting from the suspension of discontinuation of any Services at the direction of the Town.

13. Audits.

(a) Audit of Town Billings. With respect to any Services in which the Company's billing is dependent upon the Town's reporting of the number of addresses subject to this Agreement, the Town shall perform an audit at least once each year to confirm that all addresses receiving Services under this Agreement are actually being billed by the Town and that the Town's reporting on such addresses is accurate. The Town shall share all findings and documentation with respect to such audits with Company. In addition to the foregoing, Company shall be permitted to conduct its own address counts using manual counts and/or official parcel maps. If at any time Company presents to Town data to support that the

number of addresses serviced exceeds the number provided by the Town, the parties agree to re-negotiate in good faith the number of addresses receiving and paying for services under this Agreement.

(b) Audit of Company Records. The Town may request and be provided with an opportunity to audit any relevant records of Company that support the calculations of charges invoiced to the Town under this Agreement within the ninety (90) day period before the audit request. Such audits shall be paid for by the Town and shall be conducted under mutually acceptable terms at Company's premises in a manner that minimizes any interruption in the daily activities at such premises.

14. Termination.

a. Termination for Cause. If either party breaches any material provision of this Agreement and such breach is not substantially cured within thirty (30) days after receipt of written notice from the non-breaching party specifying such breach in reasonable detail, the non-breaching party may terminate this Agreement by giving thirty (30) days' written notice of termination to the breaching party. However, if the breach cannot be substantially cured within thirty (30) days, the Agreement may not be terminated if a cure is commenced within the cure period and for as long thereafter as a cure is diligently pursued. Upon termination, the Town shall pay Company only such charges and fees for the Services performed on or before the termination effective date and Company shall collect its equipment, and Company shall have no further obligation to perform any Services under this Agreement.

b. Termination Based on Change in Circumstances. The parties acknowledge that the rate for services provided under this Agreement is based, in part, on the Company's ability to dispose of MSW at the Burke County landfill without paying a per ton disposal fee (currently \$70 per ton). In the event Burke County starts charging a per ton disposal fee for MSW disposed under this Agreement, either party may terminate this Agreement by giving the other party at least 180 days' written notice. During this 180 day period, the parties agree to renegotiate the rate for services in good faith and, if successful, amend this Agreement accordingly.

15. Compliance with Laws. Company warrants that the Services will be performed in a good, safe and workmanlike manner, and in compliance with all applicable federal, state, provincial and local laws, rules, regulations, and permit conditions relating to the Services, including without limitation any applicable requirements relating to protection of human health, safety, or the environment ("Applicable Law"). Company reserves the right to decline to perform Services, which, in its judgment, it cannot perform in a lawful manner or without risk of harm to human health, safety or the environment.

16. Title. Title to Waste Material shall pass to Company when loaded into Company's collection vehicle or otherwise received by Company. Title to and liability for any Excluded Waste shall at no time pass to Company.

17. Excluded Waste. If Excluded Waste is discovered before it is collected by Company, Company may refuse to collect the entire waste container that contains the Excluded Waste. In such situations, Company shall contact the Town and the Town shall promptly undertake appropriate action to ensure that such Excluded Waste is removed and properly disposed of by the depositor or generator of the Excluded Waste. In the event Excluded Waste is present but not discovered until after it has been collected by Company, Company may, in its sole discretion, remove, transport, and dispose of such Excluded Waste at a facility authorized to accept such Excluded Waste in accordance with Applicable Law and, in Company's sole discretion, charge the depositor or generator of such Excluded Waste for all direct and indirect costs incurred due to the removal, remediation, handling, transportation, delivery, and disposal of such Excluded Waste. The Town shall provide all reasonable assistance to Company to conduct an investigation to determine the identity of the depositor or generator of the Excluded Waste and to collect the costs incurred by Company in connection with such Excluded Waste.

18. Equipment; Access. Any Waste Material and/or Recycling Material containers that Company furnishes to Customers in connection with the Services to be provided under this Agreement shall remain Company's property. The Customer shall be liable for all loss or damage to such equipment, except for normal wear and tear, or loss or damage resulting from Company's handling of the equipment. The Customers shall use the containers only for its proper and intended purpose and shall not overload (by weight or volume), move, or alter the equipment except as permitted herein.

19. Insurance. During the Term of this Agreement, Company shall maintain in force, at its expense, insurance coverage with minimum limits as follows:

Workers' Compensation

Coverage A Statutory

Coverage B - Employers Liability \$1,000,000 each Bodily Injury by Accident

\$1,000,000 policy limit Bodily Injury by Disease

\$1,000,000 each occurrence Bodily Injury by Disease

Automobile Liability

Bodily Injury/Property Damage Combined – Single Limit \$3,000,000

Coverage is to apply to all owned, non-owned, hired and leased vehicles (including trailers).

Pollution Liability Endorsement MCS-90 endorsement for pollution liability coverage

Commercial General Liability

Bodily Injury/Property Damage Combined – Single Limit \$2,500,000 each occurrence
\$5,000,000 general aggregate

All such insurance policies will be primary without the right of contribution from any other insurance coverage maintained by Town. All policies required herein shall be written by insurance carriers with a rating of A.M. Bests of at least “A-” and a financial size category of at least VII. Upon Town’s request, Company shall furnish Town with a certificate of insurance evidencing that such coverage is in effect. Such certificate will also provide for thirty (30) days prior written notice of cancellation to the Town, show the Town as an additional insured under the Automobile and General Liability policies, and contain waivers of subrogation in favor of the Town (excluding Worker’s Compensation policy) except with respect to the sole negligence or willful misconduct of Town.

20. Licenses and Taxes. Company shall obtain all licenses and permits (other than the license and permit granted by this Agreement) and promptly pay all taxes required by the Town and by the State.

21. Binding Effect. This Agreement shall be binding upon the Parties and their respective heirs, representatives, successors, assigns, and their respective officers, directors, members, managers, shareholders, owners, partners, members, divisions, subsidiaries, parent companies, related entities, employees, agents and attorneys.

22. Assignment. The Parties may not assign this Agreement in whole or in part without obtaining the prior written consent of the other party, which consent may be withheld in that Party’s sole discretion.

23. Headings. The headings contained in this Agreement are for convenience only and shall in no way expand or limit the scope of meaning of the various sections and paragraphs hereof.

24. Waiver. A Party’s waiver of any covenant or condition contained in this Agreement shall not be construed as a waiver of a subsequent breach hereof. The consent or approval by a Party to or of any act by the other Party requiring such consent or approval shall not be deemed to render unnecessary the consenting Party’s consent or approval to or of any subsequent act. No breach of a covenant or condition of this Agreement shall be deemed to have been waived unless such waiver is in writing and signed by the waiving Party.

25. Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be declared invalid or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

26. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

27. Authority. Each Party hereby represents and warrants to the other Party that it has obtained any and all consents or approvals necessary for it to enter into this Agreement, and that the individual(s) executing this Agreement on such Party’s behalf are authorized to do so and to bind such Party to the terms and conditions hereof.

28. Liability of Officers and Agents. No officer, agent or employee of any Party will be subject to any personal liability or accountability by reason of the execution of this Agreement or any other documents related to the transactions contemplated hereby. Such officers, agents or employees will be deemed to execute such documents in their official capacities only, and not in their individual capacities. This section will not relieve any such officer, agent or employee from the performance of any official duty provided by law.

29. Governing Law; Enforcement. This Agreement shall be deemed to have been made and performed in North Carolina. All rights arising under this Agreement, and all disputes and controversies arising from or in connection with this Agreement, including but not limited to, enforcement of any term of condition of this Agreement, shall be governed by and determined in accordance with the laws of North Carolina only, and without regard for any choice of laws rules.

30. Relationship of the Parties. Nothing in this Agreement shall be deemed or construed to create the relationship of principal and agent, or of limited or general partners, or of joint venturers or of any other association between the Parties.

31. Force Majeure. No Party shall be responsible for any default, delay, or failure to perform if such default, delay, or failure to perform is due to causes beyond the Party’s reasonable control, including, but not limited to, actions or inactions of governmental authorities, epidemics, wars, actions of malicious actors, embargoes, fires, hurricanes, unusual adverse weather, acts of God, or the default of a common carrier. In the event of a default, delay, or failure to perform due to causes beyond a Party’s reasonable control, the Party shall diligently and in good faith act to the extent

within its power to remedy the circumstances affecting its performance and to complete its performance in as timely a manner as is reasonably possible.

32. No Third-Party Beneficiaries. This Agreement is not intended to and does not confer any right, power, or benefit on any person other than the Parties and only the Parties may enforce, modify or terminate this Agreement as provided herein. There are no third-party beneficiaries to this Agreement.

33. Notice. Any notice, demand, request, or any other communication required, permitted, or desired to be given under this Agreement (collectively, "Notice") shall be in writing and sent via national overnight courier company (such as UPS or FedEx) or by depositing the Notice with the United States Postal Service, certified or registered mail, return receipt requested, with adequate postage prepaid, addressed to the appropriate party (and marked to a particular individual's or department's attention if so indicated) as hereinafter provided. Each Notice shall be effective upon being delivered to the national overnight courier company or being deposited with the United States Postal Service, as the case may be, but the time period in which a response to any Notice must be given or any action taken with respect thereto shall commence to run from the date of receipt of the Notice by the addressee thereof, as evidenced by the national overnight courier company's records or by the return receipt of the United States Postal Service, as the case may be. Rejection or other refusal by the addressee to accept or the inability of the national overnight courier company or the United States Postal Service to deliver because of a changed address of which no Notice was given shall be deemed to be the receipt of the Notice sent. The addresses of the Parties shall be as follows:

If to Town: Town of Valdese
P.O. Box 339

Valdese, NC 28690
Attn: Manager

With a copy to (which shall not constitute notice):

Timothy D. Swanson
Town Attorney
P.O. Drawer 2428
Hickory, NC 28603

If to Company: Simply Green Recycling, Inc.
PO Box 3433
Morganton, NC 28680
Attn: Officer, Director or Managing Agent

Any Party shall have the right from time to time to change the Party's own address or individual or department's attention to which Notices shall be sent or the address to which copies of Notices shall be sent and to specify up to two additional addresses to which copies of Notices shall be sent by giving the other Party at least ten (10) days' prior written Notice thereof.

34. Consent; Approval. Except as provided otherwise herein, any consent or approval to be given hereunder shall not be effective unless the same shall be given in advance of the taking of the action for which consent or approval is requested and shall be in writing. Except as provided otherwise herein, any consent or approval requested of a Party may be withheld by that Party in its sole and absolute discretion.

35. Entire Agreement; Construction. This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof. The Agreement may not be altered, amended, modified, or otherwise changed in any respect whatsoever except by a writing signed by the Parties hereto. The Agreement shall be construed without regard to the identity of the drafter and therefore shall not be construed against the drafting Party. The paragraph headings in the Agreement shall not bear independent meaning and shall be disregarded in the construction of any provision, term, or condition of the Agreement.

36. Verification of Work Authorizations. The Parties shall comply with Article 2, Chapter 64, of the North Carolina General Statutes to the extent applicable.

37. Pre-Audit Requirement. This Agreement has not been fully executed and is not effective until the Pre-audit Certificate (if required by N.C.G.S. § 159-28) has been affixed and signed by the Parties' finance officers or deputy finance officers.

38. Iran Divestment Act Compliance. The Parties certify that, as of the date listed below, they are not on the Final Divestment List as created by the State Treasurer pursuant to N.C.G.S. § 147-86.55 et seq. (the "Iran Divestment Act"). In compliance with the requirements of the Iran Divestment Act, the Parties shall not utilize in the performance of the Agreement any subcontractor that is identified on the Final Divestment List.

39. Companies Boycotting Israel Divestment Act Certification. The Parties certify that that they have not been designated by the North Carolina State Treasurer as a party engaged in the boycott of Israel pursuant to N.C.G.S. 147-86.80 et seq.

40. Nondiscrimination. To the extent permitted by North Carolina law, the Parties, for themselves, their agents, officials, directors, officers, members, representatives, employees, and contractors agree not to discriminate in any manner or in any form based on actual or perceived age, mental or physical disability, sex, religion, creed, race, color, sexual orientation, gender identity or expression, familial or marital status, economic status, veteran status or national origin.

41. E-Verify. Employers and their subcontractors with 25 or more employees as defined in Article 2 of Chapter 64 of the North Carolina General Statutes must comply with North Carolina Session Law 2013-418's E-Verify requirements to contract with local governments. E-Verify is a federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law. The Parties shall comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes. If the Parties utilize a subcontractor they shall require the subcontractor to comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes.

THIS SPACE IS INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, this Agreement is executed and delivered this the _____ day of _____, 2025.

SIMPLY GREEN RECYCLING, INC.,
a North Carolina corporation

By:

Title:

IN WITNESS WHEREOF, this Agreement is executed and delivered this the _____ day of _____, 2025.

/s/ Charles Watts, Mayor

ATTEST:

/s/ Town Clerk

Councilwoman Lowman made a motion to approve the Simply Green Contract for trash and recycle, seconded by Councilman Harvey. The vote was unanimous and motion carried.

Review of Capital Improvement Plan Summary:

- **Admin & Planning** (\$60,000): Covers HVAC replacement at Town Hall, a pay study (last done 7–8 years ago), and a one-time financial planning model from First Tryon.
- **Streets** (\$65,000): For replacing a 1987 tractor with a swing-arm mower. Councilman Harvey felt it should wait for the new manager's review; others emphasized safety concerns and equipment condition. Decision: Leave it in the budget for now — the manager can choose whether or not to proceed.
- **Police** (\$67,000): For a replacement vehicle. Same approach as with the tractor — leave in budget and allow the new manager to assess the need.
- **Public Works** (\$7,000): For HVAC replacement at the facility. This HVAC serves employee offices.
- **Recreation Center HVAC**: Though it's 27 years old and frequently repaired, it will not be replaced yet due to recent part replacements.
- **Community Affairs** (\$20,000): For soffit/fascia repairs to address water intrusion. Larger future expenses for window replacement (up to \$240,000 over time) were discussed. Councilman Harvey encouraged staff to pursue grants for historic preservation and energy efficiency to cover future window costs.
- **Parks & Recreation**:
 - Tiger Gym: Replace peeling tile in the lobby with a refinished epoxy concrete floor for safety and aesthetics.

- Fletcher Field: Replace outdated scoreboards originally installed in the early 1980s, now using safer, more modern mounting.

Mayor Watts suggested the capital purchases be left in the budget but subject to the new manager's review before any actual purchases are made.

UTILITY FUND OVERVIEW Mr. Weichel reviewed the summary page of the budget, noting that the proposed budget remains balanced, with revenues matching expenditures. He explained that the budget includes proceeds from financing to cover two major CIP projects. If those projects were removed, the fund balance would increase by approximately \$892,000. He outlined options for funding the projects, including borrowing over 7 or 15 years or using reserves. For now, proceeds from financing remain in the budget, with the potential to adjust based on interest rates. If reserves were used instead, the fund balance would decrease from 79% to around 50%, which he noted is still a manageable and comfortable level. Councilman Harvey discussed funding options for two major utility projects not covered by grants, including the water plant electrical substation and the Rodoret Street sewer replacement. The sewer project consists of two segments, and while it could be phased, doing both at once would be more cost-effective. However, splitting the project would require choosing which side to prioritize, which could be controversial. It was noted that grants are currently unavailable, particularly from DWI, as funds are being directed to Western North Carolina and storm-related needs. Borrowing or using reserves were identified as the only viable funding options at this time.

Utility Rates Discussion: Council reviewed proposed rate changes, focusing on a potential 30% increase to sewer rates, which would allow the residential water rate to remain flat for another year. The 30% sewer increase would amount to about \$3.25 more per month for in-town customers. For outside customers, the rate structure would shift to 1.75 times the in-town rate, resulting in a \$9.85 increase. This 1.75 multiplier is consistent with other municipalities and would help equalize future rate increases for all users.

Councilman Harvey discussed concerns over maintaining flat residential rates again, especially given past feedback from outside customers who felt unfairly burdened. Some members expressed support for a modest residential rate increase to help share costs more equitably. There was general recognition of the financial burden on outside users and acknowledgment of the town's responsibility to maintain infrastructure that serves all water and sewer customers.

Councilman Harvey made a suggestion to raise the inside residential minimum water bill to approximately \$39.95 and increase the volume charge by \$0.10 per 1,000 gallons or \$40.00, with keeping the increase in the sewer rate. Council emphasized the need to generate additional revenue to maintain aging infrastructure and reduce reliance on borrowing for future projects. They also discussed the public's misunderstanding of the separation between the General Fund and Utility Fund, stressing the importance of better communication on this topic.

The discussion also addressed the impact of proposed rate increases on industrial and commercial users. Councilman Harvey raised concerns about potentially harming economic development if large industrial water users—major employers in the community—were subjected to another rate increase. Mr. Weichel clarified that the proposed 5% increase would apply across the board, including base and volume charges. It was noted that volume-based charges significantly impact large water users. Council agreed to communicate with major industrial customers before finalizing the budget and to bring back any feedback for further discussion.

Employee COLA Discussion: Councilman Harvey questioned how the approximately \$250,000 allocated in the budget for compensation—\$27,000 for a pay study and over \$200,000 for salary increases—would be used. He noted that last year Council approved a 5% across-the-board cost of living adjustment (COLA), but no such decision had been made yet this year. He expressed concern about automatically applying another 5% COLA without first allowing the new Town Manager to assess the situation. Councilman Harvey advocated for giving the manager time to complete the pay study, evaluate the existing salary structure, and potentially implement a performance-based or merit-based system. He emphasized that the current salary schedule appears disorganized and recommended waiting for the manager's recommendation before distributing salary increases.

Town Manager Todd Herms responded to Councilman Harvey's question by stating he had reached out informally to managers in 11 nearby cities and counties to gather information on planned salary increases. Reported increases ranged from 3% to 8%, averaging 5.23% starting July 1. He noted some localities use only COLA, while others use a mix of COLA and merit pay—typically supported by full-time HR staff and established systems.

Mr. Herms expressed support for implementing a 5% COLA effective July 1, citing current inflation and Valdese's pay study underway. He noted that a proper merit-based system would take 12–18 months to develop and emphasized the

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importance of building the necessary administrative infrastructure first. He confirmed performance evaluations are currently being done, but not tied to salary. He explained how a merit system could work in the future, typically structured as a bell curve, rewarding high performers and addressing underperformance through training or discipline. He emphasized that implementing such a system would require training at all levels and could not be rushed.

Council expressed appreciation for Mr. Herms' insight and acknowledged the complexity and time required to implement a comprehensive merit-based compensation program.

Mr. Weichel also responded to a question about promoting the Friday night Merchant Advisory Committee events, confirming that promotion would be done via social media, as billing inserts were not an option due to timing. Additionally, Council acknowledged the success of the recent "Fun Fish Day" community event, with strong turnout and full Council participation. Plans were made to formally recognize staff efforts at the June meeting.

ADJOURNMENT At 11:02 a.m., Councilwoman Lowman made a motion to adjourn, seconded by Councilman Ogle. The vote was unanimous.

The next meeting is a regularly scheduled meeting on Monday, June 2, 2025, 6:00 p.m., Valdese Town Hall.

Town Clerk

Mayor

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