

**CITY OF TALLADEGA
CITY COUNCIL WORK SESSION
September 29, 2025 – 9:00am**

The City Council of the City of Talladega met in a work session on Monday, September 29, 2025, at 9:00 a.m. in the Talladega City Hall Chambers. The meeting was called to order and the following were present: Council President Hugh Sims, Councilman Steve Dickerson, Member Betty Spratlin, and Councilman Shane Denney.

President Sims opened the session noting uncertainty regarding approval of the upcoming budget. He stated that if the budget is not adopted timely, the City may be required to continue operating under the prior year's budget until final approval is obtained.

Finance Director Phillips provided an overview of the proposed budget. She reported that the Capital Improvement Plan (CIP) had already been reviewed, and appropriations reflected on the City Council side. General Fund revenues are projected at approximately a little over \$23 million, with expenditure also projected near \$23 million as well, leaving a positive variance of approximately \$476,000. She emphasized that this surplus provides a cushion for operations. Councilman Denney inquired whether surplus funds from prior years are maintained in a separate account and available for use. Finance Director Phillips clarified that surplus funds are generally distributed to OPEB and capital improvement needs. She noted that any funds over projections typically flow into CIP. The only notable expenditure increases in the upcoming fiscal year are related to wages and salaries, including adjustments for Animal Control.

She further explained that the City Council's portion of the budget includes appropriations, discretionary spending, and travel allowances. Council President Sims asked what the allocation was for discretionary and travel expenditures in the new budget year. Finance Director Phillips responded that \$5,000 per Council Member had been budgeted. President Sims requested clarification on the previous year's allocation for comparison purposes. Finance Director Phillips confirmed that each Council Member is allocated \$5,000 in discretionary funds.

President Sims stated he was agreeable with that amount and noted that, in addition, the Council has \$1,600 budgeted for travel. Councilman Denney observed that adjustments had been made in appropriations and noted that Council Member Spratlin preferred to make those adjustments during the session.

Finance Director Phillips indicated that overtime expenses would likely decrease, which would provide an additional cushion within the overall travel budget. She inquired if the Council desired to increase the travel allocation to \$2,000. Councilman Dickerson asked what the previous year's allocation for travel had been. Finance Director Phillips responded that last year's allocation was \$1,600. Councilman Denney remarked that the current allocation might be sufficient unless expenditures increase unexpectedly. Council Member Spratlin expressed support for an increase. Finance Director Phillips explained that appropriations could be reallocated to travel if necessary.

Councilman Dickerson asked if the Mayor's travel was included in this account. Finance Director Phillips clarified that the Mayor's travel is budgeted separately under the City Manager's Office. Councilman Denney recommended increasing Council travel to \$2,000 while keeping discretionary funds at \$5,000.

Finance Director Phillips stated the next budget tab for review would be the City Clerk's Office. President Sims asked whether the salaries and wages presented in the budget included the new pay schedule recently adopted. Finance Director Phillips confirmed that they did. Councilman Denney questioned whether the City had done the best it could for its employees, noting that he reviews the matter from both a business and employee standpoint. Finance Director Phillips explained that in municipal budgeting, salaries and wages typically account for 40–50% of total expenditures. Currently, the City is at 54%. She expressed concern about going higher, cautioning that exceeding that level would result in other areas of the budget suffering. Councilman Denney stated that he has received comments from employees and community members who feel disheartened that more could not be done. He emphasized the importance of ensuring employees know the City is doing all it can, even if only limited adjustments are possible.

Finance Director Phillips responded that adjustments could always be revisited and reworked if future possibilities are allowed. Councilman Dickerson inquired about the level of input department heads had in determining raises. Finance Director Phillips replied that department head input was minimal and that, typically, department heads do not have significant influence over salary adjustments. Councilman Denney noted that even after the adoption of the new pay schedule, the lowest entry-level position in the City pays only \$9.75 per hour. Finance Director Phillips clarified that the new entry-level pay scale starts at \$9.75 per hour, which reflects a little over 15% increase and adjustment on the pay scale. Councilman Dickerson asked whether the increase would take six months to a year to fully implement. Finance Director Phillips responded that the adjustment applies to current employees.

Councilman Denney observed that while employees were previously earning \$9.00 and are now raised to \$9.75, the Finance Director's comments suggested a slightly higher adjustment than that. Finance Director Phillips explained that starting pay for new employees and adjustments for existing employees were two separate discussions. Councilman Denney asked whether a long-time employee and a new hire would both be placed at the \$9.75 starting rate. Human Resources Director Falkner clarified that all employees must be placed on the pay scale according to the adopted schedule.

Councilman Denney stated that he would have preferred to adopt a budget with a small surplus carried back into employee pay adjustments, noting concerns that \$9.75 per hour is difficult for anyone to live on. He emphasized the importance of ensuring the City does everything possible to retain quality employees. Finance Director Phillips reminded the Council that the proposed budget currently reflects a \$480,000 surplus, which could be considered for personnel adjustments. Councilman Denney expressed support for directing any available surplus funds back into employee compensation where feasible, stating that employees should benefit if funds are available. Finance Director Phillips agreed that there may be an opportunity to do so.

Human Resources Director Falkner clarified that the \$9.75 per hour starting pay applies only to part-time recreation aides, typically ages 16–18. Full-time employees begin at higher rates. Councilman Denney asked what the starting rate would be for a new labor employee. Human Resources Director Falkner responded that the labor starting pay is \$11.29 per hour. President Sims asked if employees remain eligible for step raises each year. Human Resources Director Falkner confirmed that they do, provided the Council continues to approve the step plan.

Finance Director Phillips noted that while the pay adjustments may not sound significant, the adopted scale is overall fair and consistent. She then transitioned to the next portion of the budget, reviewing the City Manager's tab, which includes the Mayor's travel, followed by the Community Appearance budget.

Councilman Denney indicated he had no additional questions at that point, and President Sims likewise stated he had nothing further. Finance Director Phillips then reviewed the Fire Department tab. President Sims asked Fire Chief Warwick if the department was fully staffed. Chief Warwick responded that the Fire Department was fully staffed at the present time.

Finance Director Phillips proceeded with the Finance Department tab, explaining that Purchasing has now been merged into Finance, with personnel costs and management expenses reflected in that section. She then introduced the Human Resources budget, noting new functions included within HR.

Councilman Dickerson raised a question regarding the City's surplus, asking whether long-term vacancies, such as in the Police Department, should be considered for cost savings. Finance Director Phillips replied that individual salary and wage line items account for such vacancies. Councilman Denney asked about Human Resources totals, confirming that the FY24–25 allocation was \$170,000, with year-to-date expenditures at \$176,000. President Sims clarified that the new budget figures included additional personnel.

Finance Director Phillips affirmed that was correct and moved to the Parks and Recreation tab. Councilman Denney asked about allocations in the athletic equipment line. Parks and Recreation Director Ammons explained that the line includes individual sport allocations and insurance.

President Sims asked Police Chief McElrath if the Police Department was fully staffed. Chief McElrath reported that the department was currently five officers short. City Manager Swanson clarified that the budget includes sufficient funding for those positions should they be filled. Finance Director Phillips confirmed and proceeded to the Public Works budget tab. President Sims asked why there was such a significant increase in the Public Works budget.

Finance Director Phillips explained that the increase was due to salaries and wages, noting that the City added a maintenance shop under Public Works in the prior fiscal year. Councilman Denney asked when the maintenance shop began operations. Public Works Director Pointer responded that it began in May 2025.

Councilman Dickerson inquired whether the City was still considering starting its own HVAC department or if that plan had been abandoned. Human Resources Director Falkner stated that at present, the focus was on filling the maintenance position with the appropriate job description and qualifications. Councilman Denney asked whether that position was reflected in the budget. Finance Director Phillips confirmed that it was.

Finance Director Phillips then introduced the Non-Departmental tab, which includes City-owned buildings and insurance costs. Councilman Denney asked how much was spent on insurance for City-owned buildings and requested a breakdown of that expense. Finance Director Phillips responded that she could provide those details.

Finance Director Phillips and introduced the next budget tab: Water and Sewer. Councilman Dickerson asked whether the department was fully staffed with operators. Water and Sewer Director Fuller reported that the department currently has only two operators and needs an additional two or three. Councilman Denney asked if those positions were included in the budget. Finance Director Phillips confirmed that they were. President Sims asked if the operator positions must be certified. Director Fuller explained that while the City can hire trainees, those employees must pass the certification test, which is difficult. She noted that the City's pay scale is not competitive enough to attract already-certified operators, making it challenging to recruit qualified staff. Councilman Denney asked whether the City covers the cost of certification training. Director Fuller replied that the City does pay for training in some cases, although not for all trainees. Councilman Denney asked if cost savings were achieved by using trainees. Director Fuller responded that while there are some savings, the City still incurs expenses for the training provided. Councilman Dickerson asked whether the City had a retention contract in place to require employees to remain with the City after completing certification. Water and Sewer Director Fuller responded that no such contracts currently exist. Human Resources Director Falkner added that the City is working on implementing retention agreements across multiple departments. Councilman Dickerson asked if a separate fund had been established for recruitment and vacancies. Finance Director Phillips replied that there was not.

Councilman Denney noted that under the current system, trainees can be hired, trained, and certified, but then may leave for other employment opportunities. Director Fuller confirmed that such situations are possible. President Sims suggested that a stipulation be included in future contracts to address this concern. Human Resources Director Falkner stated that the matter is being addressed and could be implemented over multiple years, though no firm timeline is currently in place. Councilman Denney asked how frequently this issue occurs. Director Fuller replied that it is rare, noting that most trainees hired by the Water Department remain with the City. Councilman Denney then asked if Police Chief McElrath and Fire Chief Warwick experienced similar issues. Fire Chief Warwick stated that his department is protected by a retention requirement. Police Chief McElrath added that police officers are required to remain for three years after certification. Chief Tyson explained that state law mandates such provisions. Councilman Dickerson asked if the requirement is currently being enforced. Chief Warwick confirmed that it is.

Finance Director Phillips then introduced the Water Construction budget tab.

Councilman Denney observed that the City annually approves approximately \$500,000 for salary and wages but often uses only half of that. He asked why the allocation is consistently higher than actual expenditures. Finance Director Phillips explained that the variance is due to open personnel positions. Director Fuller confirmed this explanation. Councilman Denney asked whether unused funds revert into surplus. Finance Director Phillips clarified that surpluses are calculated at the overall budget level, not by individual line items, and that other overages in expenditures often offset those amounts. She emphasized that water utilities frequently face unexpected costs, but the Water Department remains one of the stronger positive contributors to the City's overall budget.

Finance Director Phillips next reviewed the Wastewater budget tab, including the water treatment plant. Councilman Dickerson asked what types of expenditures are included under cafeteria plan management.

Finance Director Phillips asked whether he was referring to Wastewater.

Director Falkner clarified that cafeteria plan costs are benefit-related, depending on whether deductions occur before or after tax.

Finance Director Phillips then moved to the Airport budget, noting total revenues and operational costs, followed by the Municipal Court tab. She then introduced the Library tab, explaining that appropriations include \$300,000 for salaries. Councilman Denney asked why the Library used only \$284,000 of the \$365,000 appropriated the previous year. Finance Director Phillips responded that the figure reflects only personnel costs and that the \$300,000 appropriation represents the total operations.

Councilman Denney asked if library employees are paid weekly. Finance Director Phillips clarified that employees are paid biweekly. Councilman Denney noted that even with two additional pay periods factored in, actual expenditures still fell below the approved appropriation. Finance Director Phillips responded that adjustments must also account for raises being implemented. Councilman Denney recalled that the Council approved \$365,000 for the Library last year and asked if current conditions still aligned with that figure. Finance Director Phillips confirmed that the amount was still appropriate. She then transitioned to the Gas Tax account, noting that funds had not been expended this year and that balances will need to be rebuilt for upcoming Capital Improvement Projects (CIP). President Sims asked if the \$157,000 balance in the account had any expenditures tied to it. Finance Director Phillips explained that while funds are projected for CIP usage, no expenses are specifically tied to the current balance. President Sims asked if the funds were available for use. Finance Director Phillips confirmed they were. Councilman Denney suggested that the funds could be used if they were not escrowed back into the following fiscal year. He also noted that gas tax revenues are coming in with no expenditures, and if they are not appropriated in the current year, every dollar will carry over into the next year's budget for capital improvement projects. Finance Director Phillips confirmed this statement and added that the intent was to allow the fund to build up. When asked if gas tax revenues had been used in the prior year, she responded they had not, which is why they were being designated for capital improvements. President Sims asked whether the gas tax is earmarked for any other organization, and Director Phillips replied that it is not. Councilman Denney asked whether any expenses were being paid from last year's collections, and Director Phillips confirmed there were none. She then introduced the Trust Fund tab, confirming that it does have a balance, and proceeded to the Service Fund tab.

President Sims noted that there had been prior discussions about combining some of the City's existing bonds with a new bond issuance to fund the proposed fire station and asked whether that is something the City should move forward with this year. President Sims stated that one of the goals for the year was to combine some of the City's existing bond issues to create a new bond for construction of a fire station and property improvements, noting that the item is included in the capital improvement plan. Councilman Denney asked whether the discussions held previously about a fire department bond were already incorporated into projections.

Finance Director Phillips responded that they were not, but that the City could review projected figures for any new bond. She then moved to the Cemetery Fund tab, explaining that the cemetery is largely an expense for the City with little revenue. President Sims asked if income was generated when families bid for the opening of graves. Finance Director Phillips clarified that those payments cover contractor costs, as the City pays individuals to perform the work. Councilman Dickerson inquired if the City was still selling plots at Westview Cemetery. City Clerk Medlen stated that the City does not.

President Sims thanked Finance Director Phillips for her work on the budget and asked if Council Members had any further questions on the proposal. Director Phillips encouraged the Council to review the budget document in detail and contact her with any questions.

Motion by Council President Sims to adjourn the work session. AYES: All.

AUTHENTICATION

I, Joanna Medlen, City Clerk of the City of Talladega, Alabama, do hereby attest that the foregoing is a true and correct copy of the proceedings of the City Council of Talladega, Alabama, which met in a work session on Monday, September 29, 2025, at 9:00 a.m. in the City of Talladega, Alabama City Hall Council Chambers.


Joanna Medlen, City Clerk