



2017 OPERATING & CAPITAL IMPROVEMENT BUDGET

Paul D. Radford
City Manager
November 7, 2016

Section 6.24 of the Official Code of Ordinances of the City of Sugar Hill directs the City Manager to annually submit to the Mayor and City Council a proposed operating budget as well as a proposed capital improvement budget with recommendations as to the means of financing the proposed improvements for the ensuing fiscal year.

In accordance with State law and the City of Sugar Hill's Official Code of Ordinances, I hereby submit the proposed **2017 Operating and Capital Improvement Budget** for your consideration. These same documents were filed with the office of City Clerk on Monday, November 7, 2016, and will be available for public inspection. The legally required public notification appeared in the Gwinnett Daily Post on Sunday, November 6, 2016, which also notified the public of the submission of the budget documents, their availability for public inspection and the dates of the public hearings. The public hearings have been scheduled for Monday, November 14th at the City Council's November Council Meeting and December 12th as part of the December City Council meeting.

2016 In Review

2016 was once again a busy year for the city and city staff. Staff remained laser focused on customer service, planning and executing the vision for a 16.5 mile multi-use loop around the city called the Sugar Hill Greenway and continuing to find private sector partners to help build and activate a world-class downtown.

We were able to stabilize the house that sits on the 71 acres the city purchased from the Trust for Public Land in 2015 and also conducted a community visioning session on the future of the property. The operating name for the property is "The Retreat at Orrs Ferry," paying homage

to the city's history and connection to the Chattahoochee River. The city was also able to secure an additional 5 acres adjacent to this property to enhance the Highway 20 commercial use of the purchased land as well as serving as a trail head for the city's ambitious Sugar Hill Greenway. Several other strategic land purchases were made in 2016 to also serve as key parts of the Sugar Hill Greenway. Purchases included 9.2 acres on Level Creek Road, several parcels on Suwanee Dam Road near Austin Garner and 22.5 acres on Highway 20 near Arbor Clos subdivision.

After a year-long delay in the sale of EE Robinson Park, the city and Gwinnett County were able to finally execute the transaction and now both the existing EE Robinson Park and the new county park under construction on Peachtree Industrial Boulevard will be operated by the county under the name EE Robinson Park. The city maintenance and programming staff assigned to the park have now been redeployed to the city's newest park, downtown Sugar Hill, as well as new greenspace parcels acquired in 2016. In anticipation of the sale, the city recently completed construction of a new recreation maintenance and office building at Gary Pirkle Park.

The city's ongoing downtown development efforts continue to blossom. The much-anticipated groundbreaking for the EpiCenter was held in June and the site is now in full construction mode. The city's project team expects the project to be delivered and a grand opening to be held in the first quarter of 2018.

In late summer, the city purchased the site and adjacent parcels of J.W. Trucks. The city will take possession of the full site in April 2017. Plans are to use portions of the property for an expansion of the amenity pond for stormwater management, the extension of Level Creek Road to Highway 20 and the EpiCenter. The remaining property will be packaged with other city parcels for a potential private sector development agreement.

Construction of the new RaceTrac facility at the southwest corner of Highway 20 and Peachtree Industrial Boulevard (PIB) will begin by the end of the year. The city worked with RaceTrac's development firm to make entry to the facility as safe as possible. There will be a right-in-right-out entrance on Highway 20 but no direct entrance off of Peachtree Industrial Boulevard. Entrance off of PIB will be along Alton Tucker Boulevard.

The city purchased the Buice School from the Gwinnett County Board of Education in April 2015 and leased the facility to three hybrid schools until the end of the 2016 school year. Portions of the building's facilities were also used by the Sugar Hill Players Guild and Broad Street Band as well as the city's new Pickle Ball League. The site continues to be under a private sector development agreement for a \$68 million mixed-use development featuring retail, office, luxury millennial housing and town homes, all sitting directly across the street from City Hall and the EpiCenter. We anticipate construction to start on this project in the spring of 2017.

In late summer 2015, the city purchased some 7 acres that was formally known as the Heather Pines Trailer Park. That site, as well as some nearby real estate the city owns, is subject to a

development agreement that will result in a \$70 million mixed-use facility with over 200 independent, assisted living and memory care apartments sitting on top of 25,000 square feet of Highway 20 commercial space. The private developer has an additional 6.5 acres under a binding contract adjacent to this site allowing for upwards of 40 one-level duplex cottages, all within walking distance of downtown Sugar Hill. We expect construction to begin in the summer of 2017 with an expected opening in early 2018.

In late 2015, the city secured the final acreage of what is referred to as the Temple Drive footprint (the site where the Ice Rink was located in 2015/2016) and signed a development agreement with a private sector developer. This project, known as the ICONIC, has been approved by city council and once completed, will consist of a 150 room full-service Wyndham Hotel, 28,000sf conference center, parking deck, niche grocery store, 52,000sf of retail space, 60,000sf of office space and 80 luxury condominiums. We expect this project to begin initial stages of site development by the end of 2016 and be under full vertical construction by late summer of 2017. Opening of the hotel, conference center, office and parking facility is expected in early to mid-2018.

At the conclusion of the 2015 concert season, the city undertook a comprehensive “makeover” of the Bowl, adding a family plaza (dedicated in August as the Dawn P. Gober Community Plaza), splash park, landscaping, an enlarged performance stage, eight VIP suites and a state-of-the-art “front of house”. The award-winning “**Bowl @ Sugar Hill**” has become a popular place for production-level concerts and the new and improved Bowl reopened in May with the start of the 2016 Sweet Life Concert Series featuring The Mavericks. Other award-winning bands that graced the stage were Blues Traveler, Kool and the Gang, Third Eye Blind and the dynamic Eagles Tribute Band - 7 Bridges. A Community Concert Series was also held throughout the summer and several events sponsored by outside groups were held in the Bowl attracting large crowds.

Winter wouldn’t be the same without ice – preferably the kind you skate on – so back again by popular demand is the Ice Rink @ Sugar Hill. It has been relocated to the community plaza area behind city hall city hall and will open in mid-November and remain operational through Valentine’s Day.

SPLOST funds have been used for public safety improvements at Gary Pirkle Park, City Hall, the Suite Spot, Sugar Hill Golf Course clubhouse area and the Bowl. The EpiCenter will also include public safety investments in the construction.

Fiscally, the City is in excellent financial shape. The City maintains, by policy, a \$3 million restricted operating reserve (currently at \$3,521,000) and has also been able to designate a \$500,000 reserve for the gas fund, now estimated at \$504,000. City cash reserves, despite an aggressive investment in strategic real estate acquisitions in 2014, 2015 and 2016, will end at over \$12 million in 2016.

In 2016, the first of a three-stage monthly gas service fee increase went into effect, starting with \$2 in 2016, another \$1 in 2017 and the final \$1 increase in 2018. Even with this overall \$4 monthly service fee increase (the first in 15 years) the city's municipal gas system maintains its position as the lowest 12-month average cost to the consumer of any municipal system or private gas marketer in the state.

The city's tax digest continued its recovery from years of stagnation caused by the "Great Recession" which is a strong indicator of growth confidence in the Sugar Hill market. Building permit fees, development fees and other related construction fees have shown dramatic growth this year. New development and new businesses are occurring all across the city. Developers are excited about the city's investment in downtown and the city's placemaking. Consumer confidence also remains high as SPLOST revenues have exceeded forecasted expectations allowing for continued investment in important capital improvements.

Showing that working together can make a significant difference, the city partnered with Gwinnett County to use 2014 SPLOST funds to make significant traffic safety improvements at three Suwanee Dam Road intersections. Improvements at Whitehead and Ramey road intersection are complete and the long-anticipated signalization and sight line improvements at Suwanee Dam and Riverside are in the ROW acquisition phase. The Riverside Road improvements will be jointly funded by the city, county and the Kroger shopping center owner. Finally, after years of discussion about sight-line issues at Buford Highway and Westbrook Road, DOT approval to signalize that intersection was approved and funded by the city, developer and Gwinnett County. The project is now complete and operational.

We are also blessed that the voters of Gwinnett County have expressed confidence in the way the County and cities invest SPLOST proceeds in projects important to the entire county. SPLOST will be up for a 6-year renewal on the November 8th General Election. We believe the city has been an excellent fiscal steward of these vital capital resources and has invested them wisely in capital projects that will serve the citizens for years to come. Funds the city is expected to receive, if voters ratify its continuation, will be used for the new Sugar Hill Greenway, pocket parks, several major road projects, sidewalk improvements and continued investments in our downtown.

In summary, 2016 has been a busy year with the start of the EpiCenter, sale and execution of the operational transfer of E.E. Robinson Park and moving some \$250 million of private sector downtown projects along the development path. These projects are all now in advanced design, engineering and financing, with expected start dates of mid-2017.

The city's strategic land purchases, which have converted some cash reserves into valuable real estate assets, will help the city council and the Downtown Development Authority (DDA) direct the implementation of the City's Downtown Master Plan in the months and years ahead. Owning the underlying real estate enables the city and DDA to go in the direction the city wants, not where short-term land speculators would take the city in search of a quick profit with no long-term commitment to the community.

Downtown Sugar Hill is on the map and is becoming a focal point of the community and a destination for others visiting this part of the state. Improvements to the Bowl, the start of construction of the EpiCenter, the expected start in mid-2018 of two adjacent private sector developments and the Sugar Hill Greenway all point to part of the downtown vision being achieved. Sugar Hill will be more than just a downtown; it will be a destination.

The city's elected leadership and city staff has been asked numerous times to share our vision and plans with others around the county, region and state. Audiences quickly pick up on a common theme – we have a unquestioned passion for Sugar Hill, a laser focused vision, creativity in implementing the vision and a commitment to public-private partnerships.

2017 Budget Highlights

The 2017 Operating Budget reflects a 6.7% increase over FY2016 expenses. Key elements of the increase are an expected increase in the city's health and dental insurance, a 3% compensation adjustment for staff and a substantial investment in our street department with the addition of an in-house paving crew as well as an additional maintenance crew in our street department. The budget maintains our continued investment in our "Go Big or Go Home" special events activities as well as our ongoing commitment to employee training and customer service.

The 2017 Capital Improvement Budget shows a continued commitment to key community goals of a world-class downtown, parks and greenspace, transportation and walkability.

The EpiCenter started construction in September (NewSouth Construction) with an expected completion date of February 2018. The project should go vertical by the end of the year, marking the next stage in Sugar Hill's downtown renaissance.

Total capital improvements for FY 2017 are \$7,275,692, with most dedicated to the start of the Sugar Hill Greenway and sidewalk improvements along Suwanee Dam Road, Whitehead Road and Sycamore Road. Please note that the EpiCenter is now reported as a Sugar Hill Downtown Development Authority project.

The three public-private partnership agreements in place – HOLBROOK, ICONIC and NEXUS – were expected to close in 2016 but are now on track to close by late spring or early summer 2017. The ICONIC (a \$100 million investment on Temple Drive) should start demolition and site development by the end of the year. The NEXUS (a \$68 million investment on the Buice site) should start construction in early spring 2017. The HOLBROOK (a \$70 million investment on Highway 20 between Bailey Avenue and West Broad Street) is expected to start construction in June 2017. In addition, the RaceTrac development at the corner of Highway 20 and PIB (a \$5 million investment) should start construction by the end of 2016.

As management staff, we will continue to look for efficiencies in service delivery, work every day to deliver world-class customer service, search for opportunities to increase public greenspace and passive parks, deliver first class special events and nurture strategic partnerships for development.

Organizational Chart and Position Count

Legislative Branch – 6 Positions

Steve Edwards, Mayor
Brandon Hembree, Mayor Pro Tem
Marc Cohen, Council Member
Susie Gajewski, Council Member
Curtis Northrup, Council Member
Mike Sullivan, Council Member

The city is served by five Council Members and a Mayor, each elected at-large. The Mayor Pro Tem is elected by the Council for a two-year term. Collectively, the Mayor and Council serve as the city’s legislative body, responsible for enacting city ordinances, making land use and zoning decisions and appropriating all necessary funds to conduct city business.

The Mayor and Council appoint the City Manager and City Clerk, as well as the City Attorney, Municipal Court Judge, City Auditor and Superintendent of Municipal Elections. The Mayor and Council also designate the city’s official legal organ for the purpose of publishing legal notices required by charter, state or federal laws. The City Clerk currently serves the dual role of Superintendent of Municipal Elections. The Elections Superintendent is authorized to employ trained temporary poll workers for the fair and responsible execution of qualifying, reporting and election.

The Mayor and Council provide policy direction and leadership to a wide range of city authorities, committees, boards and commissions, as well as serving as a liaison between the city and citizen groups concerning community issues. These include:

Planning and Zoning Commission	Alcohol Review Board
Sugar Hill Downtown Development Authority	Sugar Hill Arts Commission
Development Authority of the City of Sugar Hill	Sugar Hill Youth Council
Sugar Hill Historic Preservation Society	Design Review Board

It is the goal of the Mayor and Council to provide positive and transparent leadership and at all times conduct city business in a fair and ethical fashion. The Mayor and Council also work to encourage citizen engagement and to conduct all work sessions and official council meetings in an orderly, legal, constructive and respectful manner.

Finally, the Mayor and Council strive to maintain and provide a wide range of high-quality municipal services that are responsive to citizen needs, are fiscally responsible and enhance the economic health of Sugar Hill.

Executive Branch – 54.5 Positions

The ***City Manager*** is appointed by the Mayor and Council and is responsible for the execution of policies, directives and legislative action by the Mayor and Council and compliance with state and federal laws, rules and regulations. The City Manager oversees the preparation of the annual operating and capital improvement budgets and supervises the expenditures of appropriated funds. He is responsible for the administration of all personnel policies along with the employment and discharge of all city personnel not appointed directly by Mayor and Council according to the provisions of the City Charter.

It is the goal of the City Manager and the executive management team of the city to promote and maintain a safe, pleasant and professional work environment that embraces the attitude of world-class customer service and efficient delivery of high-quality municipal services.

The ***City Clerk*** is appointed by the Mayor and Council and is responsible for the posting of all meetings of the Mayor and Council, manages records of all meetings, publishes meeting minutes in a timely fashion, responds to all requests for records covered under the Open Records Act and serves as the official custodian of all city records. The Clerk is also responsible for property tax billing, occupational licensing, occupational tax collection and alcohol beverage licensing. By action of the Mayor and Council, the City Clerk also serves as the Voter Registrar and Election Superintendent.

Other Direct Appointments

The ***City Attorney*** serves at the pleasure of the Mayor and Council and serves the city in an advisory capacity by interpreting federal, state and local laws as they pertain to the conduct of city business. The City Attorney advises the city on contract, personnel and real estate matters, and also represents the city in all litigation. Mr. Frank Hartley and Mr. Lee Thompson of the law firm of Thompson, Sweeny, Kinsinger & Pereira P.C., of Lawrenceville, Georgia currently serve as City Attorney.

The ***City Auditor*** serves at the pleasure of the Mayor and Council and is responsible for the annual audit of all city funds, operations and fiscal management processes. The auditor is charged with preparing an annual audit for presentation to the Mayor and Council that is done in accordance with Generally Accepted Accounting Procedures (GAAP). The audit provides a financial report of the city as well as any recommendations for improving fiscal management policies, practices and processes or addressing any deficiencies. Mr. Wayne Tuck of the firm of Walker, Pierce & Tuck Associates PC, CPAs of Gainesville, Georgia currently serves as the City Auditor.

The [Municipal Court Judge](#) serves at the pleasure of the Mayor and is the judicial/administrative body of the city charged with resolving disputes arising from the enforcement of the various laws, codes and ordinances of the city. Items such as code enforcement, property maintenance and nuisance violations are heard by the court. The city Attorney serves as the City Solicitor and represents the city before the court. The Municipal Court is served by a certified Municipal Court Clerk charged with preparing the court docket, collecting fees and fines and complying with state law and reporting requirements. It is the goal of the Municipal Court to efficiently improve the operation and administration of city codes and ordinances and provide for equitable application of such codes and ordinances.

Executive Management - 7 Positions

Paul Radford, City Manager

Troy Besseche, Assistant City Manager

Robyn Adams, Administrative Services Manager (Re-classified position)

Vacant, Administrative Assistant to the Manager and Assistant City Manager (New Part-time)

Ronnie Camp, Facilities Manager

Tim Schick, Assets and Facilities Administrator

Vacant, Facilities Maintenance Technician

Steve Durden, Downtown Project Coordinator (New Part-time)

New Positions: In 2016, the council approved two new positions to assist with project management and facilities and asset management. After further evaluation, staff recommended to city council that rather than hire a full-time project management staff member, we would seek competitive on-call engineering and program management proposals and that cost would become part of respective project budget. The council agreed that this would be a more cost-effective way to proceed. Based on this authorization, Clark Patterson Lee was hired as the program manager for the EpiCenter and is also serving in a similar capacity for the Sugar Hill Greenway project. A part-time downtown project coordinator was hired to assist with communication, marketing and facilitation of the various city and private sector downtown projects. The city and each of the private sector firms will share in the cost of this part-time position. We anticipate hiring the authorized Facilities Maintenance Technician late 2016 or early 2017. This position was created in anticipation of a potential retirement within the next few years to ensure a smooth transition of institutional knowledge. In the interim, this staff member will be tasked with documenting city assets and implementing cloud-based applications of policies, maintenance records and troubleshooting.

New Positions: We are recommending that the existing “Assistant to the Mayor and City Manager” position be reclassified as Administrative Services Manager and the incumbent be promoted to the new position. We are also recommending that a part-time Administrative Assistant position be created that would provide administrative support to the mayor, council, city manager and assistant city manager. The part-time administrative assistant would report to the Administrative Services Manager.

Operating Departments – 47.5 Positions

Administration - Jane Whittington, City Clerk (3)

The administration budget is embedded in the Administration portion of the General Fund budget. The City Clerk serves as the city's Human Resources Manager, supervises the functions of the Customer Service area, two part time employees assigned to the Post Office as well as the part time employee assigned to the passport function.

New Positions: This budget recommends making the existing passport function a full time position increasing the position count by .5 positions.

Public Works – Troy Besseche, Assistant City Manager & Director of Public Works (20)

The Assistant City Manager is also the Director of Public Works. Public works consists of streets, sidewalks, stormwater, and the city's out-sourced sanitation services. The Assistant City Manager also serves as the director of the city's gas utility, explained further under Enterprise Funds. The city's Facility Manager also reports directly to the Assistant City Manager and is responsible for the day-to-day care and maintenance of City Hall and other city-owned buildings and structures. The Assets and Facilities Administrator also reports to the Assistant City Manager and is involved in the documentation of systems, new asset management and project development.

New Positions: We are recommending an expansion of our services in the street department with the addition of one 2-man crew for right-of-way maintenance and one 4-man crew for road paving and maintenance. The new 2-man crew will allow the city to onboard the maintenance of Highway 20 once it is completed and delivered to the state later this year or early 2017. The city will maintain the median and right-of-way along the entire corridor from Peachtree Industrial Boulevard to the Chattahoochee River. The new road paving crew consists of a supervisor, operator and 2-man paving crew. This will allow for in-house paving, repaving, and patching on city streets as well as be deployed to do similar work at Gary Pirkle Park, the Sugar Hill Golf Course and the Sugar Hill Greenway. The Capital Improvement Budget includes the necessary equipment for both of these new crews.

Finance – Cindy Pugh, Director (3)

The Finance Department is responsible for accounts receivable, accounts payable, purchasing and payroll, as well as analyzing the general operations of the city's budget for trends, concerns and opportunities. The Finance Department will also assist with city investment policies, budget development and the preparation of the annual audit completed by an appointed outside auditor. The goal of the Finance Department is to be a good steward of public funds, provide timely payments to vendors, actively collect all revenues due to the city and provide timely and understandable monthly financial reports to the City Manager, department heads, Mayor and Council and the general public.

Planning and Development - Kaiipo Awana, Director (7.5)

The Planning and Development Department is responsible for long and short term planning, GIS, zoning, stormwater management compliance, development permits, building inspections and code enforcement and assists the City Manager in any annexation requests. The goal of the department is to ensure that all developments, buildings and structures are built and maintained to code and that all development is in compliance with city ordinances and resolutions.

New Positions: We are recommending one new part-time position dedicated to code enforcement, increasing the position count by .5 positions.

Recreation - Andy McQuagge, Director (7)

The Recreation Department is responsible for the management of city parks, greenspace, golf course and the community center, as well as providing classes and training opportunities for seniors, teens, youth and families. The city's world-class recreation and event facilities include Gary Pirkle Park, the Retreat at Orrs Ferry, the Community Center, the city hall campus including The Bowl, Dawn P. Gober Community Plaza, Sugar Hill Splash Park and the new EpiCenter. The Recreation Director also oversees the management, operation and maintenance of the Sugar Hill Golf Club and will also be charged with management of several new pocket parks and the Sugar Hill Greenway that will start construction in 2017.

New Positions: None for FY 2017. With the onboarding of the EpiCenter in the first quarter of 2018, an additional staff member or the redeployment of an existing position will be needed for theater management and recreation programming. Over the next year, your management team will be preparing an operational plan for the EpiCenter as well as additional assets that could become part of city operations as our private sector development agreements and the resulting construction reaches maturity. Where these new assets will be housed and managed will be determined over the course of this upcoming year.

Economic Development and Events - Scott Andrews, Director (5)

This was a new department created in 2014 in recognition of the city's commitment to community events, concerts, special events, food trucks, farmers markets, 5K runs and other community engagements. Some of the functions had previously been handled by a number of different departments, including Recreation, Administration and Public Works. This department is responsible for the creation, management and execution of all city-sponsored or co-sponsored events in the downtown footprint, including The Bowl and Community Plaza, City Hall and the EpiCenter's new performing arts theater. The Director is currently the lead staff person to the Downtown Development Authority and Development Authority and serves as the Treasurer of each authority. Staff also provides support to the Players Guild, Broad Street Band, Youth Council, Arts Commission, Historic Preservation Society, Women's Club as well as the Sugar Hill Business Alliance. This department is also responsible for the city's newsletter, communications, press releases, marketing and social media.

New Positions: We are recommending that the existing part-time position be made into a full time position, increasing the position count by .5 positions. The budgeted seasonal positions have been removed from the budget.

Information Technology – Ned Jasarevic, Director (2)

The Information Technology Department is responsible for developing and maintaining the city’s information technology infrastructure, desktop units, Wi-Fi network and back office business functions, including on-line bill pay, accounting software, building security systems, and other proprietary applications. The Department is also responsible for the development and maintenance of the city’s web site, as well as taping and providing on-line video access to monthly Mayor and Council meetings. Our IT and management team feel the workload can be handled by the two positions assigned to this unit, therefore the position count has been reduced by 1 full time position.

Public Safety – Outsourced to Plaza Security (0)

In 2009, the city made the decision to contract with a private security firm – Plaza Security – to provide patrol of residential, commercial and industrial areas of the city. Plaza Security officers rotate their shifts to provide a minimum of 80 hours of service per week. The company provides a weekly report to the City Manager and others in the city and also coordinates its efforts with the Gwinnett County Police Department. The goals of this out-sourced service is to provide a security presence and patrols to improve the quality of life for residents and to help serve as a deterrent to criminal activity in the city.

Sanitation – Outsourced to Advanced Disposal (0)

The city entered into an agreement with Advanced Disposal Services several years ago to “franchise” the city’s collection and disposal of residential, commercial and institutional waste. The service is paid for by the city through tax dollars with the goal of providing a consistent, reliable and cost-effective waste management and recycling service to the businesses and residents of the city.

Enterprise Funds – 28.5 Positions

The City operates four enterprise funds – a municipal gas system, an 18-hole municipal golf course, a stormwater utility and a car wash - each supported from revenues generated from the operation of the enterprise. If fees do not generate sufficient revenues to cover the cost of the operation, the City Council can make the policy decision to use General Fund revenues or other sources of revenue to help provide the service. Historically, the only enterprise receiving transfers from the General Fund was the Golf Fund and these transfers were accomplished at the end of the fiscal year. Starting in 2015, the council has budgeted for a general fund transfer to the Golf Fund when adopting its budget rather than making a transfer at the end of the fiscal year. This revenue shortfall transfer had shown a positive trend downward the last three years. The projected shortfall for FY2017 is substantially higher than the previous three years, partially attributable to the purchase of new mowers and other needed building and course improvements. The other three enterprises are self-supporting.

Gas Fund / Department– (15.5)

Johnny Upchurch, Superintendent

The city is blessed to own and operate a state law designated territory for the sale and delivery of natural gas that is regulated by the Georgia Public Service Commission. The system provides gas service to approximately 10,500 residential and commercial customers, both within the corporate limits of the city and directly outside of the city. The city is a member of the Municipal Gas Authority of Georgia (MGAG), as well as the American Public Gas Association. The city purchases its bulk gas supply through a contract with MGAG. The city's twelve month rolling cost to the gas customer is the lowest in the state among all municipal gas systems as well as every unregulated gas marketer. The Gas Department works hard to ensure safe, reliable and uninterrupted service and makes every effort to be professional, respectful and provide world-class customer service. The Gas Department has and continues to upgrade its delivery system and with the widening of Highway 20, a number of line and redundancy improvements have been made to ensure cost-effective and reliable service to our city for years to come. The 2017 budget includes funds to help with the first phase of the system's meter replacement and automation program. We anticipate replacing and upgrading approximately 2,000 meters per year over the next five years. By training and promoting an existing employee to lead and execute the conversion and upgrade, the city will realize significant savings over the period.

New Positions: This budget includes funding for one new entry level gas technician and additional funding to reclassify and promote an existing employee to lead the effort of new remote meter reading technology. This will be five-year effort to replace and convert all meters for remote reading.

Golf Course – (9)

Scott Murphy, Club House Manager

Jeff Hefner, Golf Course Superintendent

The Sugar Hill Golf Club opened in the spring of 1992 and since that time has proven to be one of the most beautiful and artfully laid out public 18-hole courses in north Georgia. The course sits atop one of the highest spots in Gwinnett County and its rolling hills provides some of the most spectacular golfing vistas anywhere. The clubhouse has a full-service bar, grill and banquet facility. A driving range and putting green are available for practice, lessons and pre-round warmup. The course has been rated by one golf publication as "18 of the finest holes in North Georgia."

Stormwater Management – (4)

Troy Besseche, Assistant City Manager & Director

The city's Stormwater Management function operates as an enterprise fund, having been established under the legal framework of a stormwater utility and fee structure. The department operates out of a number of departments, sharing some of the traditional utility

functions associated with billing, customer service, and administration with other departments. Several of the staff members are dedicated, stormwater-only full-time employees that work out of the shop, repairing and maintaining the infrastructure, providing surface water sampling, and supporting the compliance efforts of the program. The Municipal Separate Storm Sewer System (MS4) consists of close to 40 miles of pipe, over 1,400 catch basins, and a dozen city-maintained detention ponds.

Judicial Branch – (0)

Margaret Washburn, Municipal Court Judge – direct appointment of Mayor and Council

The Municipal Court is the judicial/administrative body of the city charged with resolving disputes arising from the enforcement of the various laws, codes and ordinances of the city. Items such as code enforcement, property maintenance and nuisance violations are heard by the court. City Attorney Frank Hartley serves as the City Solicitor and represents the city before the court. The Municipal Court is served by Naomi Brown, a certified Municipal Court Clerk charged with preparing the court docket, collecting fees and fines and complying with state law and reporting requirements.

General Fiscal Policies and Management

The city continues to maintain reasonable and effective financial management practices. The city responsibly allocates financial resources and carefully monitors expenses to put the city in the best possible position for development opportunities. Our finance staff is all well trained. Our finance director has received Level I Certification from the Georgia Government Finance Officers Association (GGFOA) and will earn her Level II Certification (the highest available) in the first quarter of 2017. The city's two finance specialists will also be continuing their quest full to certification during 2017.

During 2016, our small but very capable financial staff worked with our city auditor, management staff, the city municipal finance advisor, and our city attorney and bond counsel to secure the financing for the EpiCenter. The city went through the rigorous process of a public rating from Standard and Poor's and received an AA+ rating (the same as the federal government). This high rating helped keep the cost of financing down when we went to price and sell the bonds for the EpiCenter. Our overall "true interest cost" is less than 3% and provides the city and the Downtown Development Authority maximum flexibility to call the bonds early.

The city council also received and accepted the "Unqualified 2015 Audit" in mid-summer and the Georgia Department of Audits approved the submission last summer as well. "Unqualified" is an accounting term that states the auditor is giving his highest opinion of the financial status of the city without any qualifying notes, comments or concerns. All state-law required financial and operational reports have now been filed with requisite state agencies and bond reporting entities. The first two capitalized interest debt service payments on the EpiCenter have also been paid.

Operationally, staff has been trained, equipped and empowered to manage department budgets and to take actions to properly guarding the public trust. Regular budget reports are being circulated to staff for review, proper documentation is being secured with requisitions, purchasing is being supervised centrally, and bills are being paid on time. Strict adherence to standard operating procedures is the expected level of compliance.

The City Manager is implementing the historical financial reserve, debt, capital improvement, and investment policies currently in place. The city, as of October 2016, has over 40% of its annual operating budget in unrestricted reserves, above the policy-established minimum, to account for undefined projects and for unforeseen emergencies. This cash reserve position puts the city in a strong and resilient position with the flexibility and nimbleness to respond to changes in the economy and to seize opportunities to improve the community. Increases in fund balance from 2015 to 2016 are the result of a large real estate sale (E.E. Robinson Park) and continued sound fiscal management. Portions of the funds received from the E.E. Robinson sale have been reinvested in other property acquisitions (J.W. Trucks) and several greenspace purchases. We expect other city-owned downtown real estate holdings to be sold and converted back to cash (with a healthy return on investment) by mid- summer 2017. These funds will be added back to the city's general fund balance for future investment opportunities.

A five-year capital improvement program (CIP) has been developed, totaling over \$45 million of investment over the five-year period. The 2017 CIP budget is a little over \$7.2 million, with the majority of that assigned to the start of the Sugar Hill Greenway and sidewalk improvements. The costs associated with the construction of the EpiCenter have been moved to the Downtown Development Authority (DDA) budget. The DDA is the legal owner of the EpiCenter.

The CIP is expected to be fully funded within that five-year period with cash on hand, helping maintain a "pay-as-you-go" practice within the proposed program. Any large new capital improvement would require council action to finance it through any type of debt instrument.

For the second year in a row, the current year capital budget and the remaining four-years of the CIP is presented as a separate fund in the budget document. The CIP focuses on the Sugar Hill Greenway, road, street and bridge projects, sidewalk improvements, recreation and continued investments in the Bowl. Each of these investments is designed to support the city's continued growth while maintaining a high level quality of life for its citizens.

We are extremely proud of the city's staff and volunteers that helped achieve our 2016 goals and played an important role in the development and refinement of this budget proposal.

These are exciting times in Sugar Hill. The widening of Highway 20 is nearing completion, helping usher in the Sugar Hill of tomorrow that is developing before our very eyes. The transformation of our downtown landscape over the next 12 months is going to be remarkable.