



City of Sugar Hill 2024 Budget Overview

November 20, 2023

- State law requires cities and counties to adopt “a balanced” Operating Budget as well as a **Capital Improvement Program (CIP)** that identifies the sources of funds anticipated to finance the proposed capital projects.
- The notice of availability of the proposed **2024 budgets** appeared in the Gwinnett Daily Post on Sunday, November 19, 2023.
- The budgets have been available for public inspection in the City Clerk’s office and on the city’s web site since Monday, November 20, 2023.
- This same notice announced the dates of the public hearings:
 - **December 4, 2023, at 7:00pm**
 - **December 11, 2023, at 7:30pm.**
- The **2024 General Fund Operating Budget** represents a **15.6% decrease** over the current FY2023 operating budget due to city council action to transfer ARPA funds into the General Fund pursuant to the U.S. Treasury Final Rule.
- An additional **\$600,000** from the General Fund is programmed to **“transfer out” to the 2024 Capital Improvement Budget.**
- We **conservatively forecasted** 2024 revenues to not affect the delivery of important public services, while also enabling the city to continue to invest in quality-of-life assets and activities while also adding to reserves to handle unforeseen emergencies.

- The FY2024 Budget includes a four **(4) percent compensation** adjustment for all full-time employees as well as all regular part-time employees. The budget also includes an anticipated twenty percent **(20%) increase** in the cost of medical insurance coverage for our employees and families.
- Unlike private sector accounting, governmental accounting is done by “fund”, and is budgeted at the department level. In the Operating Budget, you see sixteen **(16) different departments**, including the separation of Marketing/Communications and Economic Development into two separate departments.
- Under “**Other Funds**” you will see **eight (8) different funds**, including the city’s **Capital Improvement Program (CIP)**, three **(3) “Enterprise Funds”** – Gas, Golf and Stormwater – DDA/Mixed Used and the newest Fund – Riverlands Development Authority.

GENERAL FUND HIGHLIGHTS

- The **Mayor and Council** budget reflects a marginal (\$7,000) decrease.
- The **Election** budget for FY2024 is \$0, since 2024 **is not** a municipal election year and **no** special elections are anticipated.
- The **Administration** Department is the largest department in the General Fund because Generally Accepted Governmental Accounting Principles require most governmental revenues to flow in and out of this department. Included in this year’s budget is **one (1) new position** in our finance department.
- **Information Technology** shows a moderate increase to replace a 12-year-old legacy telephone system for the city.
- The **Facilities Department** reflects a **25%** decrease after foregoing a renovation to address office space needs in city hall. Funds are included for pressure washing of city hall and maintenance/repairs of the city hall elevator.
- This year’s budget includes a new **Marketing and Communications Department**. In previous budgets, marketing, communications, and downtown/economic development were housed together in one department. This department houses three existing professionals, with a recommendation for **two (2) additional regular part-time** employees.

- The **Public Safety Department** budget reflects an increase of **\$132,500** to cover the cost of compensation, medical benefits, and insurance for our seven (7) existing officers as well as **one (1) new POST Certified overnight marshal**, police-package vehicle, and turn-out gear. The city's private security contract has been terminated.
- The **Street Department** budget shows a **\$424,000** increase from FY2023, for the purchase of a replacement high mileage flatbed dump truck, the purchase of a second flatbed dump truck and chipper, a new two-person street crew, three (3) new mowers, and funds to cover market-rate landfill tipping fees.
- The **Landfill department** remains level. All expenses are related to state and federal post-closure monitoring and annual reporting requirements of the city's closed landfill.
- The **Cemetery department** budget shows a modest increase of **\$3,100** due to the opening of Phase II of the cemetery and a continued commitment to maintenance and operations.
- The **Recreation Department** budget reflects a **\$367,000** increase attributable to Splash Pad resurfacing, playground resurfacing, new park netting, tree removal, paving sealing, E Center gymnasium floor refinishing, blinds in the Waterfall Room, volleyball and pickleball netting systems, gym equipment, umbrellas for The Landing, 39th Street Station furniture, downtown landscaping enhancements, and maintenance equipment.
- The **Cultural Resources/Community Engagement** department has increased by **\$38,000**. It includes additional funds for the Broad Street Concert and Jazz Bands, additional one-time funds for the Players Guild for a grant writer and the start of a Summer Shakespeare Festival, and an Arts Master Plan. Funding is also provided for the Sugar Hill Youth Council and common area maintenance (CAM) charges for the city's museum and art gallery space in The Local.
- The **\$266,000** increase in the **Eagle Theatre** is the result of operational experience and the overwhelming popularity of this city asset. With the increasing use of the Eagle, funds have been included to supplement city cleaning activities for immediate rebound cleaning as well as carpet and seat cleaning. We are anticipating an even busier and exciting schedule for FY2024.

- The **Bowl/Plaza Events** department reflects an increase of **\$146,000**, moving two part-time employees to full-time status as we continue to broaden programming and year-round use of all our downtown entertainment/community engagement assets.
- The **\$146,000** increase in the **Planning and Development Department** is attributable to the need for a new vehicle, and replacement and upgrading of the city’s permitting and code enforcement software.
- The **Economic Development** department shows a significant decrease because of the separation of Economic Development and Communications and Marketing. The budget includes funding for one full-time staff member and two part-time employees, one of which will be seasonal.
- The **FY2024 General Fund Operational Budget** is \$18,418,783, a **(15.6%)** reduction compared to FY2023.

CAPITAL IMPROVEMENT PLAN HIGHLIGHTS

- The **2024 Capital Improvement Budget (CIP)** of **\$9.4 million** reflects a **\$3.4 million** decrease from FY2023, largely due to the one-time transfer in FY2023 of ARPA funds.
- This reduction is not a reduced commitment to capital projects. Instead, it accurately reflects the ebb and flow of capital planning to get projects ready for bid and contracting. Projects take time to “mature” from their initial inclusion in the 5-year CIP horizon to the year they are included for design, engineering, bidding, and construction.
- Projects in the **FY2024 Capital Improvement Budget** include:
 - Ridge Lake Park - Phase II
 - Streambank Stabilization – GPP
 - LMIG Road Resurfacing Program
 - Crayfish Creek Stormwater Culvert Replacement
 - Historic Sugar Hill Cemetery Improvements
 - Downtown Streetscape Improvements
 - Downtown Public Parking design/pre-construction
 - E Center Improvements – Phase IIB
 - Level Creek/Alton Tucker Extension Transportation improvements
 - Sidewalk and transportation improvements
 - Highway 20 East Widening - Greenway Design Enhancements
 - Highway 20 Pedestrian/Greenway Bridge design/pre-construction

- Hillcrest Greenway Improvements
- Highway 20 Landscaping enhancements
- Gateway and wayfaring signage/downtown park activation
- Previously approved and programmed recreation, cultural resources, transportation, and transportation **SPLOST-17** and **SPLOST-23** funds will finance most of the FY2024 projects. Transfers in from the General Fund (**\$600,000 - General Fund**), GDOT-LMIG funds and non-governmental funds (developer funds) will be used for the balance of the FY2024 CIP.

ENTERPRISE FUNDS

- The largest enterprise of the city is **Sugar Hill Gas**. The budget shows a 5.14% decrease over 2023. We are expecting a colder winter, combined with lower natural gas prices than 2023. These factors have influenced our revenue and expense forecasts for 2024.
- The **\$297,000** increase in the **Golf Fund** reflects continued growth in play and revenue at the Sugar Hill Golf Club. We made significant investments in **maintenance, course improvements, and clubhouse and driving range improvements** in 2023 and have programmed similar investments in FY2024, with the specific objective of enhancing the playing experience.
- The increase in the **Stormwater Fund** tracks anticipated revenues from the city's stormwater utility fee and investment of these resources in system maintenance and repairs, equipment, and improvements to Crayfish Creek.

OTHER FUNDS

- **"Other Funds"** are comprised of the city's three (3) enterprise funds (Gas, Golf and Stormwater) as well as municipal court, downtown development authority (DDA) operations, DDA E Center mixed use management, DDA E Center debt service, DDA E Center Mixed Use leasing, Solis Mixed-Use leasing, and the relatively new Riverlands Development Authority.
- **Municipal Court** expenses have been increased to reflect anticipated FY2024 expenses, including legal fees properly assigned to this activity.
- The city has acquired strategic real estate assets over the years for the sole purpose of implementing the city's strategic redevelopment and development plans. The **DDA Operations** budget reflects **\$2,430,000** from

the sale of city-owned downtown real estate assets purchased over the last 12-24 months. The balance is for DDA annual operational expenses.

- The **DDA - E Center** budget shows **\$275,000** to complete tenant improvements of the remaining leasable space and to pay lease commissions.
- We have budgeted revenue of **\$943,200** for **E Center Mixed-Use** lease income. A portion of these revenues will be used for debt service on the E Center.
- We have budgeted **\$3,671,248** for DDA Debt Service for the E Center and the Solis Parking Deck/Retail bonds. As a point of reminder, the city received an “AA+ Rating” from Standard and Poor’s (S&P Global Ratings) and benefited from historic low interest rates in its 2016, 2018, 2020 (refunding), and 2021 bond issuances. The remaining “**taxable bonds**” will be retired at the end of 2024.
- We have budgeted **\$866,600** for Solis tenant improvements and lease income of the 12,081sf of commercial space owned and operated by the DDA. Two of the spaces have signed leases (Starbucks and Playa Bowls) and four (4) other spaces are in the LOI/Lease negotiation stages.
- The last new Fund is the **Riverland Development Authority**. The volunteer community directors of the authority have been working hard this past year to review city planning work and private sector proposals for the real estate in the Riverland Development Authority’s footprint. We have included **\$80,000** in funding for a Riverland’s Master Plan and related authority legal expenses.
- Overall, the **combined 2024 General Fund Operating budget, Capital Improvement budget and Other Funds** reflect a **10.9% decrease** compared to FY2023.

SUMMARY

- The city remains in a sound financial position with approximately **\$10 million** in unrestricted reserves. This reflects **about 54%** of the proposed **FY2024 General Fund**. This “rainy day fund” provides an operational cushion, enabling the city to weather the ebbs and flows of the revenue cycle as well as to respond to emergencies and/or opportunities.
- The city is blessed with so many wonderful assets. We have one of the lowest cost gas systems in the state, a highly acclaimed public golf course, beautiful parks, including three opened this year (Gold Mine Park, The Landing and Ridge Lake Park), a new and expanding greenway, hundreds of acres of greenspace and a **vibrant, growing, and sustainable** downtown, as well as award-winning venues such as The Bowl, The Eagle Theatre, and The E Center.
- I am **extremely proud** of the great work our 98-person city staff does every day to serve our residents and the guests of the city. They each take pride in their work and the programs and services they deliver and the assets they manage.
- On behalf of the city’s entire management team, I hereby **proudly submit** the **FY 2024 Operating, Capital Improvement and “Other Funds” Budgets**.

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