



2016 OPERATING & CAPITAL IMPROVEMENT BUDGET

Paul D. Radford
City Manager
November 27, 2015

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 Official Code of Ordinances, I hereby submit the proposed **2016 Operating & Capital Improvement Budget** for your consideration. These same documents will be filed with the office of City Clerk on Friday, November 27, 2015, and will be available for public inspection on Monday, November 30, 2015. The legally required public notification will appear in the Gwinnett Daily Post on Friday, November 27, 2015, which will also notify the public of the submission of the budget documents, their availability for public inspection and the dates of the public hearings. The hearings have been scheduled for Monday, December 7th at the City Council's December Work Session and December 14th as part of the December City Council meeting.

2015 In Review

2015 was a really busy year for the city. Early in the year, after nearly a year of negotiation, the city was able to purchase 71 acres of beautiful property near the Chattahoochee River from the Trust for Public Land. The property was valued much higher than what the city paid and the city was able to secure development rights on 31 acres and agreed place 40 acres into conservation that the city and the community could still use for passive non-intrusive recreation such as bike and walking trails and environmental education.

Later in the spring the City was also able to reach an agreement with the Gwinnett County Board of Education for the purchase of the Buice School, a key and valuable downtown real estate tract. The city acquired the school only after the school board had made the public decision to close the facility. It is now fully occupied with three hybrid schools until the end of the 2016 school year but the city also has a development contract on the property for a \$50 million mixed-use development featuring town homes, assisted living, commercial space and millennial housing sitting across the street from the EpiCenter.

The City purchased in late summer some 7 acres that was formally the Heather Pines Trailer Park after the trailer park was sold to a developer and all tenants had relocated. That site, as well as some nearby real estate owned by the city, is also subject to a development agreement that will result in a \$70 million mixed-use facility with over 200 senior living apartments sitting on top of 25,000 square feet of commercial space and upwards of 40 one-level duplex cottages in the back of the development, all within walking distance of downtown Sugar Hill.

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 sits on for the 2015/2016 season) and also has a signed development agreement with a private sector developer for more commercial space along West Broad and 250 millennial luxury housing units.. We expect this project to close in early summer and to start construction on the \$35 million mixed-use facility in the fall.

The final design and financing of the EpiCenter was completed and a Construction Manager/Contractor should be on board in early January. Construction should start mid-summer 2016 for a fall 2017 delivery and grand opening.

The final sale and transfer of EE Robinson Park did not happen in 2015, but the city is confident that all outstanding issues have been addressed and both the county and city are positioned to close the sale and transfer ownership, operation and maintenance as soon as reasonably possible. In anticipation of the sale, the city is constructing a new recreation maintenance and office building at Gary Pirkle Park.

Special events have become a major part of the City's DNA. The **"Bowl @ Sugar Hill"** has become a popular place for production-level concerts as part of the Sweet Life Concert Series, ranging from The Fab Four and Who's Bad to Sister Hazel, Danielle Bradbery and the capstone event of the year – Sugar Rush – featuring two-time Grammy Award winning Travis Tritt. The 2016 concert series will be even bigger and better with a Community Concert Series as well as first-rate Sweet Life Concert Series featuring well known and talented bands. Finally, winter wouldn't be the same without ice – the kind you skate on that is. Back by popular demand is the Ice Rink @ Sugar Hill, which opened in mid-November and will stay operational through the end of January 2016.

Major improvements to the Bowl and lawn area, started in 2015 and expected to be completed by May 2016, will substantially improve the performances in the Bowl and the viewing and listening experience of those attending events. In addition, upper lawn improvements will provide a large public space that can be functional for other events

throughout the year, including a new family plaza area and splash pads for kids and kids at heart.

SPLOST funds have been used for safety improvements at Gary Pirkle Park, City Hall, the Suite Spot, the Sugar Hill Golf Course clubhouse area, the Bowl and the EpiCenter, once it is completed.

Fiscally, the City is in excellent financial shape. The City maintains, by policy, a \$3 million restricted operating reserve (currently at \$3.5 million) and has also been able to designate a \$500,000 reserve for the gas fund. In 2016, the first of a three-stage gas monthly service fee increase will go into effect, starting with \$2 in 2016, another \$1 in 2017 and another \$1 in 2018. Even with this overall \$4 monthly service fee increase (the first one in 15 years) our municipal gas system maintains its reputation as the lowest 12-month average cost to the consumer of any municipal system in the state as well as every one of the private gas marketers.

And after several years of stagnant or declining revenues and loss of value in the property tax digest, 2015 saw a continued increase in the digest value, which suggests the economy and the housing market are recovering in a robust way. 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. SPLOST revenue collections over the past 15 months have also exceeded expectations, which will allow the city to make even more investments in capital improvements.

Using 2014 SPLOST funds, the city has partnered with Gwinnett County to make significant safety improvements at three Suwanee Dam Road intersections. Whitehead and Ramey Road intersection improvements are complete. The long-anticipated signalization and site line improvements at Suwanee Dam and Riverside are in design and engineering and will be jointly funded by the city, county and the Kroger shopping center owner. After years of discussion about the site line issues at Buford Highway and Westbrook, an agreement has been reached to signalize that intersection, again to be jointly funded by the city and Gwinnett County. Finally, the city just recently improved the base and repaved Brogdon Road from the city limits to North Price. This is the most productive manufacturing and industrial corridor in the city and making this investment was important to our future.

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 greater community. SPLOST will be up for renewal in November 2016 and we are hopeful voters will once again vote for approval based on the excellent fiscal stewardship the county and cities have shown with these vital capital resources.

In summary, 2015 has been a year of heavy lifting getting ready for the nearly \$200 million of construction that could break ground in Sugar Hill by mid-summer 2016. Strategic land purchases, which have converted some of our cash reserves into valuable real estate assets, will help the city council and the Downtown Development Authority direct the

implementation of the City's Downtown Master Plan in the direction the city wants to go, not where short-term land speculators would take the city in search of a quick profit.

Downtown Sugar Hill is on the map and is becoming a destination, not only for residents of Sugar Hill, but for others visiting this part of the state. Every time our leadership has the opportunity to share the Sugar Hill vision with people inside and outside the city, I think they quickly pick up on three things evident in the message – there is sincere passion for our city and what we do to make lives better, creativity in implementing the city's vision, and a full embrace of the entrepreneurial spirit to find the right partners for success.

Sugar Hill is on the move!

2016 Budget Highlights

The 2016 Operating Budget keeps spending relatively level over FY2015 expenses. In fact, even with the inclusion of new staff hired during 2015, the proposed staff additions in the 2016 Budget Request, as well as our continued investment in the "Go Big or Go Home" Special Events culture, the operating budget is less than 3% greater than 2015.

The budget reflects key investment goals:

1. Providing the highest level of service delivery and customer service
2. Investing in our employees by providing a 3.5% increase and investing in their training
3. Investing in the construction and programming evolution of the "The Bowl"
4. Investing in and starting construction of the EpiCenter for a fall 2017 delivery
5. Hiring key personnel in response to a growing population and service demands
6. And finally, investing in walkability, parks and greenspace

In terms of capital outlays, the City will continue to invest SPLOST dollars in recreation, sidewalk construction, street paving, repaving as well as intersection improvements.

A Construction Manager at Risk for the EpiCenter project should be selected in early January. Construction should start in mid-summer with the facility to be ready to open by late fall 2017.

The city has a Construction Manager at Risk for Bowl Improvements on board and construction of the improvements has started. The goal is to have all improvements completed well before our opening community event of the year in mid-May 2016.

Capital investments for FY 2016 top the \$22.5 million level, with most of this expected to go to the EpiCenter with the issuance of bonds in late 2015. We expect for the city to also finalize its three outstanding Development Agreements for the greater Buice footprint, the Temple Drive footprint, and the old Heather Pines footprint. These development

agreements should return to the city's 2016 fund balance well over \$12 million. As management staff, we will continue to look for efficiencies in service delivery as well as strategic partnerships in all aspects of city operations.

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 on an annual basis. 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 also serves the 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, commissions and organizations, as well as serving as a liaison between the City and citizen groups concerning community issues. These include:

Planning and Zoning Commission
Sugar Hill Downtown Development Authority
Development Authority of the City of Sugar Hill
Sugar Hill Historic Preservation Society

Alcohol Review Board
Sugar Hill Arts Commission
Sugar Hill Youth Council
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. The 2016 Budget proposes 76 full-time equivalent employees in all funds and all services.

Executive Branch – 48 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 effective and efficient delivery of high-quality municipal services.

The ***City Clerk*** is appointed by the Mayor and Council and is responsible for property tax billing, occupational licensing, occupational tax collection, alcohol beverage licensing, and voter registration. By action of the Mayor and Council, the City Clerk also serves as the Voter Registrar and Election Superintendent. The City Clerk 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.

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 matters, personnel and real estate matters, and also represents the City in all litigation. Mr. Frank Hartley of the law firm of Thompson, Sweeny, Kinsinger & Pereira P.C., of Lawrenceville, Georgia currently serves as the 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 Governmental Accounting Procedures. The audit provides both a financial report of the City, but also any recommendations for improving fiscal management policies, practices and processes or any deficiencies that need to be addressed. Mr. Wayne Tuck of the firm of Walker, Pierce & Tuck, CPAs, P.C. 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 also serves as the City Solicitor and represents the City before the court. The Municipal Court is also served by a certified Municipal Court Clerk charged with preparing the court docket, collecting fees and fines and otherwise 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 fair and equitable application of such codes and ordinances.

Executive Management - 7 Positions

Paul Radford, City Manager

Troy Besseche, Assistant City Manager

Robyn Adams, Assistant to the Mayor & City Manager

Ronnie Camp, Facilities Manager

Tim Schick, Assets and Facilities Administrator

New Positions: We are recommending the addition of two new positions to help with the maintenance and operation of all of our new facilities and assets and to provide project management for the onboarding of new projects downtown, along with the Sugar Loop Greenway and the Retreat at Orrs Ferry. This is also being done in anticipation of a potential retirement within the next few years and will help with documentation of city assets as well as computer and cloud-based applications of policies, maintenance records and troubleshooting. One of the new staff members would not be brought onboard until the start of construction of the EpiCenter, expected mid-summer.

Operating Departments – 41 Positions

Administration - Jane Whittington, City Clerk (2.5)

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, the two part time employees assigned to the Post Office as well as the part time employee assigned to the passport function.

Public Works – Troy Besseche, Assistant City Manager & Director (14)

The Assistant City Manager is also the Director of Public Works which consists of the City's streets, sidewalks, stormwater, explained further under Enterprise Funds, 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 the addition of two new staff members in the street department which would allow the city to add one more work crew. Elsewhere in the budget we have included a new truck and related equipment.

Finance – Cindy Pugh, Manager (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. The addition of a new Accounting Specialist to assist with accounts payable and general accounting and financial reporting was approved in the 2015 budget. However, because of other workload issues, this position was not filled. It will be filled in January 2016.

Planning and Development - Kaipo Awana, Director (7)

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.

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, E.E. Robinson Park, the town green, community center, Buice Center gym, amphitheater (commonly referred to as “The Bowl @ Sugar Hill”) and soon the new EpiCenter development on West Broad Street. The Recreation Director also oversees the management, operation and maintenance of the Sugar Hill Golf Club. Once the sale of EE Robinson Park is finalized, recreation maintenance staff will be transitioned to Gary Pirkle Park as well as taking care of our ever growing downtown park, including the EpiCenter, Bowl, splash pad and Bowl lawn.

Economic Development and Events - Scott Andrews, Director (4.5)

This was a new department created last year in recognition of our commitment to special events, concerts, 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, City Hall and Town Green. The Director is currently the lead staff person to the Downtown Development Authority and Development Authority and serves as the Secretary/Treasurer of each authority. This department is also responsible for the City's newsletter, communications, press releases, marketing and social media.

New Positions: We are recommending the addition of one full time and one part time position in special events and downtown development to help with the increased year-round event schedule, including an expanded community and sweet life concerts series, a complete Thursdays at the Hill schedule, food trucks, farmers markets, 5k races and other community engagements. The part-time staff member would come on board in January and the full time staff member would be filled on or about July 1, 2016.

Information Technology - Tracy Williamson, Director (3)

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.

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 outsourced 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 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 to make up the revenue/expense shortfall. This transfer has shown a positive trend downward the last three years. The other three enterprises are self-supporting.

Gas Fund – Johnny Upchurch, Superintendent (15)

The City is blessed to own and operate a Public Service Commission and state law designated territory for the sale and delivery of natural gas to approximately 10,571 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 to its customer base 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 growing city for years to come.

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 18-hole courses in the foothills of the North Georgia Mountains. 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." In 2015, an 18-hole "Foot Golf" course was added and weaved into the back nine of the golf course. The inauguration of "Foot Golf" was held in October, led by our own All in Futbol Sugar Hill. Golf management also deploys seasonal part-time, temporary and volunteers to assist with course management.

Stormwater Management – Troy Besseche, ACM & Director

(4)

The Stormwater Management function of the City operates as an enterprise fund, established under the legal framework of a stormwater utility and fee structure. The enterprise 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

General Fiscal Policies

The City continues to maintain reasonable and effective financial management practices consistent with the fiscally-sound management exemplified by previous administrations. The City responsibly allocates financial resources and carefully regulates expenses to best position the City and the community for the economic rebound we are beginning to experience in this part of the metro area. In 2016 we will be investigating the purchase of new financial management reporting software to better equip our management team to monitor and manage their budgets.

During 2015, our small but very capable financial staff worked extremely hard with our city auditor and staff to bring all of our financial record keeping, cash and asset management systems and reporting into compliance with all standards and expectations. The city council had three separate presentations during the year culminating in the acceptance and adoption of the outstanding 2012, 2013 and 2014 audit reports. All three received the status of “Unqualified” which in accounting terms means 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.

Operationally, staff has been trained, equipped and authorized to begin managing department budgets and to continue 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 2015, 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. Reductions in fund balance from 2015 to 2016 are the result of a number of large real estate acquisitions important to the city’s downtown development

and greenspace plans. These real estate assets will be converted back to cash (with a healthy return on investment) in late summer 2016 and will be added back to the city's fund balance for future investment opportunities.

A five-year capital improvement program (CIP) has been developed, totaling over \$82 million of investment over the five-year period. The 2016 CIP budget is a little over \$22.7 million, with the majority of that assigned to the start of construction of the EpiCenter and first quarter improvements to the Bowl. Except for the EpiCenter, the rest of the CIP is expected to be fully funded within that five-year period with cash on hand, maintaining a "pay-as-you-go" practice within the proposed program. For the first time, the current year capital budget and remaining four-years of the CIP is presented as a separate fund in the budget document. The CIP focuses on the EpiCenter, EpiCenter Phase II, Bowl improvements, gateway signs, downtown wayfaring signage, recreation and greenspace, and transportation improvements investments to support the city's continued growth and maintain a high level quality of life.

We are proud of the city staff and the entire management team that played a role in the development and refinement of this budget proposal. We believe it is a reasonable and responsible budget submission to not only maintain services but to continue to strive to be the best.