



City of Sugar Hill 2022 Budget Overview

November 22, 2021

- State law requires cities and counties to annually prepare and adopt a **balanced operating budget** and a **capital improvement budget** (CIP) that identifies the sources to fund the CIP.
- State law and the city charter require that the proposed operating and capital improvement budgets be advertised and made available for public inspection in the Office of the City Clerk. The proposed budget is also posted to the city's web site.
- The notice of availability of the proposed **2022 Operating and Capital Improvement budgets** appeared in the Gwinnett Daily Post on Wednesday, November 24, 2021, and will appear again on Wednesday, December 1, 2021. The budgets will be available for public inspection on Monday, November 22, 2021, in the City Clerk's office and on the city's web site.
- This same notice notified the public of the dates of the two required public hearings (**December 6, 2021, and December 13, 2021**) prior to adoption of the budgets by the Mayor and Council on December 13, 2021.
- The **2022 General Fund Operating Budget** represents a **6.05% increase** over the current "non-amended" FY2021 operating budget that will include American Rescue Plan Act (ARPA) funds not anticipated when the FY 2021 budget was adopted in December of 2020.
- Staff has conservatively forecasted 2022 revenues without affecting the delivery of important public services such as street maintenance,

chipping/yard debris pick up, park operations and maintenance, customer service and facility maintenance. The COVID-19 Pandemic continues, however, to have an impact on service delivery, staff recruitment and retention, construction costs and supply lines.

- One of the most notable changes in the 2022 budget is the full implementation and staffing of the City of Sugar Hill Marshal's Office, budgeted under Public Safety Department. The Chief Marshal was hired and sworn into office in the fall of 2021 and the department is expected to be fully staffed by the end of the second quarter of 2022.

GENERAL FUND

- The **Mayor and Council** budget reflects little or no major changes to this department. The budget reflects normal council training and education as well as required attendance at the Carl Vinson Institute of Government and Georgia Municipal Association Municipal Training Institute "Newly Elected Officials" training in February for new council members.
- The **Election** budget for FY2022 is **\$0** since 2022 is not a city election year.
- The **Administration** Department budget reflects a **\$22,594** overall increase. Most line items experienced pricing increases, but the overall increase was mitigated by smaller transfers to golf and the E Center for tenant build-out costs.
- **Information Technology** shows a decrease of **\$74,925** that reflects salary and benefits for one less staff person for FY2022. Our entire 75-member full-time and 33 part-time staff are supported by two full-time dedicated information technology staff.
- The **\$117,100** increase in the **Facilities Department** reflects "premium pay" compensation adjustments for entry level and lower paid employees as well as one additional custodial staff.
- We budgeted funds in FY2020 and 2021 to begin a new **Public Safety Department** but our efforts were thwarted with a world-wide pandemic that required a complete pivot to protecting our staff and residents that interacted with city staff and facilities. We were able to expand the patrol hours of Plaza Security and complement that with the hiring of off-duty Gwinnett County police officers to provide a presence downtown and to allow Plaza to enhance its neighborhood patrol activities in both

2020 and 2021, with the goal of eliminating the private patrol service and deploying our own Marshal's Office. Once our new Marshal's Office is fully staffed, it will be equipped to provide enhanced downtown, neighborhood, public parks, and greenway patrol, supplemented with off-duty Gwinnett Police Department officers for overnight patrol. As mentioned above, we hired the new director of the Public Safety Department, Chief Marshal Diane King, earlier this fall and hope to have one additional officer on board before the end of this year. The **\$237,640 (41.6%)** increase in the FY2022 Public Safety Department budget reflects a full staff complement of five (5) POST certified officers and one administrative assistant as well as off-duty Gwinnett County police officers for overnight duty. This is an increase of one (1) additional POST officer and a full year of operations.

- The **Street department** budget shows a **\$229,250 (14.8%)** increase from FY2021, primarily attributable to "premium pay" compensation adjustments for entry level and lower paid employees, group insurance costs, escalating fuel costs, streetlight costs, and a new one-ton truck.
- The **Landfill** department remains level. All expenses are related to state and federal law post-closure monitoring and annual reporting requirements of the city's closed landfill.
- The **Cemetery** department budget increased by **\$10,425 (24.7%)** due to an increase in the hours of the one part-time employee assigned to cemetery operations, plot sales and management. The operations budget and funds in the Capital Improvement Budget reflect the city's ongoing commitment to maintenance and operational efficiency of the cemetery. The city assumed ownership and operation of the Historic Sugar Hill Cemetery in 2018 and has made significant operational and maintenance investments over the last four years.
- The **\$430,740 (38.7%)** increase in the **Recreation** department is primarily attributable to "premium pay" compensation adjustments for entry level and lower paid employees, one additional part-time employee, increased part-time employee hours (80 hours a week to 150 hours per week for five part-time employees), and one additional full-time staff member for maintenance.
- The **Cultural Resources/Community Engagement** department reflects a **\$25,000 (28.4%)** reduction from the FY2021 budget. This is primarily attributable to the one-time \$20,000 increase in the Community Garden budget in FY2021 budget as well as returning the Players Guild to their original 2020 and 2021 budget levels. In this budget department, base operational funding is provided for the Youth Council, Broad Street Band,

Sugar Hill Players Guild, Arts Commission, Historic Preservation Society and Community Garden. Of specific note is the city's ongoing commitment to the purchase of public art (**\$20,000**). The proposed FY2022 Capital Improvement Budget (CIP) has earmarked **\$250,000** for long-term site improvements at the Community Garden, including irrigation, fencing, gates and a pavilion.

- The nearly **\$67,000** decrease in the **Eagle Theatre** is the continued result of our operational experience. The Eagle, like facilities across the country, was hit hard in 2020 because of the COVID-19 pandemic. While the facility is relatively young, lighting, sound and sight-line improvements were made in 2020 and 2021 in anticipation of a return to normalcy. The Eagle was busy in 2021, hosting a wide range of private and city-sponsored events. We are anticipating an even more diverse and exciting schedule for FY2022.
- The **Bowl/Plaza Events** department reflects a modest increase of **\$6,965** (0.8%) in FY2022, though we anticipate an aggressive and exciting 2022 concert season as well as the continued activation of the E Center Plaza. The 2021 Bowl Concert Series was well-attended despite lingering issues related to COVID-19. The safety and lighting improvements made to the Bowl in 2020, including handrails, stair treads, step lighting and the installation of turf and drainage improvements in the seating areas, were appreciated by the patrons. The Bowl continues to be recognized as one of the best outdoor concert venues in the state and continually receives accolades from artists, tour managers and guests alike.
- The **\$31,785** (3.3%) decrease in **Planning and Development** is attributable to the elimination of one full-time position but also includes increased funding in several of the other line items in the budget. The budget reflects our continued commitment to housing outreach, education, neighborhood improvement, code enforcement and future planning.
- The **\$42,680** (8.5%) increase in the **Economic Development** department is primarily attributable to “premium pay” compensation adjustments for entry level and lower paid employees and the onboarding of an entire new team focusing on downtown and economic development, communications, and marketing.
- Across **all departments**, we have incorporated increased costs for medical and dental insurance, employee benefits, as well as funds to provide up to four percent (4%) merit/performance-based increases for employees to help keep pace with the escalating consumer price index (CPI).
- This budget reflects a net increase of **1.5 staff positions** over 2021.

CAPITAL IMPROVEMENTS

- The **2022 Capital Improvement Budget (CIP)** reflects a **\$784,645 (6.0%)** increase for a total FY2022 budget of **\$13,857,500**. This reflects our continued commitment to constant improvement and reinvestment in our assets and community.
- Expenditures in the FY2022 Capital Improvement Budget fall into **five** categories:
 - The continued construction of the Sugar Hill Greenway
 - Bowl stormwater and flood improvements
 - Transportation improvements
 - New parks and existing park improvements
 - E Center Phase II improvements
- The remaining projects range from cemetery and community garden improvements to sidewalks and Bowl improvements.
- Previously approved and programmed recreation, cultural resources, and transportation SPLOST-17 funds (**\$9,357,500**) will finance most of the FY2022 projects as well as the Congress-approved American Rescue Plan Act (ARPA) funding (**\$3,700,000**). The remaining (**\$800,000**) will come from the General Fund.

OTHER FUNDS

- **“Other Funds”** are comprised of the city’s three (3) enterprise funds (Gas, Golf and Stormwater) described below as well as municipal court, downtown development authority (DDA) operations, DDA E Center mixed use management, DDA E Center debt service and DDA E Center Mixed Use.
- Of note this year is funding made available to each state, city, county, and tribal unit in the country through the American Rescue Plan Act (ARPA) for activities related to the COVID-19 pandemic. Funding from this revenue source is reflected in both the General Fund Operations Budget and the Capital Improvement Program Budget.

- **Municipal Court** expenses have been increased to reflect anticipated FY2022 expenses, including legal fees.
- The city has acquired strategic real estate assets over the past 5 years for the sole purpose of implementing the city’s strategic redevelopment and development plans. Under **DDA Operations**, the budget reflects **\$914,050** as a total expense. The majority of this will come from the sale by the DDA of a city-owned downtown real estate asset for an approved private sector downtown development project. The balance is for DDA annual operational expenses. Once the property is closed, the sale proceeds will be transferred back to the city’s General Fund.
- We have budgeted **\$200,000** in **DDA - E Center** to complete tenant improvements of remaining leasable space and to pay lease commissions. We have budgeted revenue of **\$750,500** for **E Center Mixed-Use** lease income.
- We have budgeted **\$3,680,188** for DDA Debt Service for the E Center and the Solis Parking Deck/Retail bonds.

ENTERPRISE FUNDS

- The largest increase of **\$836,200** (11.1%) is in the **Gas Fund**. Natural gas prices are increasing due to world-wide demand for this energy source. We do anticipate price increases in 2022 for city gas customers. The city’s gas fund is part of the Municipal Gas Authority of Georgia (MGAG), and working collaboratively with MGAG, we have anticipated price increases and have purchased “future supplies” at much more reasonable wholesale prices over the past few years. This proactive approach will enable Sugar Hill Gas to remain one of the lowest **“12-month cost of gas” systems in the state**, well below the lowest marketer in the state and significantly less than the major marketers Sugar Hill gas customers may see and hear on television, radio, flyers, and social media.
- The **\$379,220** (37.9%) increase anticipates continued growth in **Golf Fund** revenue for 2022 after seeing increased play in FY2020 and FY2021. It is also attributable to “premium pay” compensation adjustments for entry level and lower paid employees as well as being fully staffed for the first time in several years. Increased costs are also attributable to the county’s decision to no longer allow the city to use prison crews for minor maintenance activities. Increased play and increased revenue enable reinvestment in **grounds maintenance and course improvements** as well

as **clubhouse and driving range improvements** with the specific objective to enhance the playing experience.

- The **\$209,770** (16.7%) decrease in the **Stormwater Fund** tracks anticipated revenues from the city's stormwater utility fee as well as normal system maintenance and repair investments.
- Overall, the **combined 2022 General Fund Operating, Capital Improvement and Other Funds** reflect a **13% increase** from FY2021. This is primarily attributed to receipt of **American Rescue Plan Act** funding of **\$4,596,441** in FY2022.
- The city remains in a strong financial position with **strong** and responsible **unrestricted reserves** important to a city of our size and service levels.

SUMMARY

- The leadership of the **Mayor and City Council** has placed the city in a strong, resilient, and sustainable position to provide elite city services ranging from one of the lowest cost gas systems in the state, a highly acclaimed public golf course and beautiful parks and greenspace to award-winning venues such as The Bowl, The Eagle Theatre, The E Center, and the Sugar Hill Greenway.
- City services have remained at high levels and in some areas, we have increased frequency of service such as yard debris pick-up, chipping and median and right-of-way maintenance. Our **E Center Gym** membership has grown to over **14,750** members, the **Bowl** and **Eagle Theatre** are busy weekly and E Center tenants are doing well. In fact, in 2021, we welcomed two new businesses to the E Center – Rivermill Bakery and Scoops Ice Cream – and we anticipate the rooftop space to be leased by early 2022 and operational by the third quarter of 2022.
- We continue to invest in greenspace, new parks, walkability, alternative transportation such as the Sugar Hill Greenway, downtown parking and connecting residents and businesses that are north of Highway 20 to our downtown through a planned pedestrian bridge. Our downtown continues to grow and thrive with new residents at the 100% leased “The Local” (formerly the Broadstone), the Cadence by Prestwick and the soon to be completed Holbrook Senior Living. Under construction beside city hall is the new Solis by Terwilliger Pappas which will bring 290 additional units to our downtown as well as 650-space parking deck (with 250 of

those spaces to be owned by the DDA as well as 11,000sf of commercial space on Temple Avenue that will also be owned and operated by the Sugar Hill Downtown Development Authority. On 2.67 acres of property on Hillcrest and West Broad Street that the city sold through a public RFP, Kittle Homes of Athens will soon start construction on twenty-six (26) high-end fee simple brownstones, each with rooftop views of downtown.

- Sugar Hill is strategically located near the Chattahoochee River to the west, Lake Lanier to the north, and major north-south transportation corridors such as Georgia 400 west of the city and I-985 and I-85 east of the city. Peachtree Industrial dissects the city northbound and southbound.
- Georgia Highway 20 dissects the city eastbound and westbound and is the **only direct four-lane east-west connector** from Gwinnett County to Georgia 400, and eventually will be connected all the way to I-575 in Canton and I-75 in Cartersville. It currently carries 40,000 vehicle trips a day and that number is increasing monthly.
- Sugar Hill is in the center of this “crossroad of commerce” and the housing options approved by the Mayor and City Council have created a place for **ALL AGES** to age in place.
- It is **HOME!**

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