

Building Retail Spaces as an Economic Driver in Orange Beach

800 words

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“Economic dislocations and limited upward social mobility are eroding communities and fueling resurgent nationalism,” reported Maura Reynolds in Politico. Political fragmentation is not something we have to worry about in Orange Beach, being small (approx. 290 city employees) with a wealthy-revenue base (approx. \$40 Million per year), having \$40 Million in reserves for a resident population of 5000 people, according to documents on the city’s old website. Furthermore, City Council is in step with Mayor Kennon’s Agenda, growing the local economy through infrastructure spending, and condo construction. Attracting commercial developers, building dedicated retail spaces is an economic driver that immediately helps businesses. Supporting it through tax cuts requires a-leap-of-faith.

The dysfunction we see in government at the national level is disappointing, motivating our local municipality to be independent through a huge omnibus spending package. They are negotiating a new Middle School and High School, initiating road construction, spending \$242,000 of taxpayer money for a study to span Wolf Bay with a bridge, projected to cost north of \$40 Million. This reflects Council’s desire for scale and manifest ambitions, charting its own destiny, sharpening its edge in Baldwin County without any opinion polling.

In 2016 Orange Beach issued: 10,291 Business Licenses, generating \$2,307,902 in revenue, according to Finance Director, Ford Handley.

Ma and Pa stores are the core businesses in Orange Beach, mostly found in strip malls or in retail centers like SanRoc Cay and The Wharf, but we need more. The inventory of available spaces varies in cost from \$12 per square foot per year to \$27 per square foot per year at the Wharf, according to the City Fleet Database Search.

Small family-run shops are ideal tenants, but not all small businesses are welcome. Tattoo Parlors, Lap-Dancers, and Payday Loan shops may find it difficult to get a business license, depending on zoning restrictions.

National chains like Chick-Fil-A are an illusive target, demanding a 50,000 population base; 15,000 workers; 1 acre of land; 10 year lease; 65 dedicated parking spaces; co-tenants like Target or department stores; growing upper middle class neighborhoods; high percentage of homes owned by their occupants; 30%+ occupants with children; 30-50% of worker base executive or managerial professionals, according to the Hudson Retail Academy.

Municipal design happens before infrastructure is laid in, and developments are built. The process in Orange Beach gives residents a chance to help shape the administration’s thinking and playbook for what type of retailers to approve. Petitions are

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heard in a Public Hearing, valuing consistency, transparency and evidence, allowing residents to express their doubts or support for specific projects, influencing City Council to vote them up or down.

One pre-design talking point is property tax. When a decision maker sits down with his or her financial officer, calculating their course through the costly architectural, impact fee, and permitting process, paying property tax is going to come up. Luring these business dollars away from competing venues is achievable with a sweetener like eliminating property tax in Orange Beach.

Today, the 4-mil property tax raises approx. \$3.4 Million per year, according to Finance Director, Ford Handley. In a small-wealthy community like Orange Beach a tax cut's upside potential for growth is greater than its downside risk for lost revenue, possibly starting a local-property boom.

In certain sectors the ground is shifting. "There is a consensus among leading economists that a reduction in the tax rate would not raise annual total tax revenue," according to the Laffer curve in Wikipedia.

The biggest case against tax cuts is it increases a city's debt, decreasing a municipality's ability to fund projects already earmarked, according to the Brookings Institute.

Knowing all politicians exaggerate their policies. "Debt limits your options," said Mayor Tony Kennon, making a case for having the city debt free in a few years, which one cannot do by cutting taxes.

The moment for innovation is upon us. Tax cuts are not growth fairies, creating unicorns and magical spells; they will add value to our community. The Business Class is judging Council on broader criteria than eliminating indebtedness, suffering from accumulated promise fatigue over years of traffic complaints. Attracting commercial developers, building dedicated retail spaces is an economic driver that immediately helps businesses. Supporting it through tax cuts requires a-leap-of-faith.

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