



**AGENDA
SPECIAL COUNCIL MEETING
CITY OF GULF SHORES,**

ALABAMA

**NOVEMBER 29, 2021
4:00 P.M.**

- 1. Call To Order**
- 2. Roll Call**
- 3. Additional Public Comment - Action Deferred To December 13, 2021**
 - A. 2022 Budget Adoption
 - B. Amend Code of Ordinances - Lodging Tax Increase

Documents:

[2022 ANNUAL BUDGET ADOPTION SCHEDULE.PDF](#)
[FIN - AGENDA ITEM SUMMARY - 2022 BUDGET 11 9 21.PDF](#)
[CA - AGENDA ITEM SUMMARY - AMEND CODE OF ORDINANCES - LODGING TAX INCREASE.PDF](#)
[CA - LODGING TAX COMPARISON - 091521.PDF](#)

- 4. Adjourn**



CITY OF GULF SHORES UPDATED 2022 ANNUAL BUDGET ADOPTION SCHEDULE

November 22, 2021

City Council Meeting

Gulf Shores Council Chambers | 4 PM

All action deferred to December 13 for the following agenda items:

2022 Budget Adoption

2021 Budget Amendment #2

Amend Code of Ordinances – Lodging Tax Increase

To view the working, proposed 2022 Annual Budget, [click here](#).

November 29, 2021

Special Council Meeting to Discuss Lodging Tax Increase

Gulf Shores Council Chambers | 4 PM

This meeting is open to the public and serves as an additional opportunity for residents and local business owners to learn more about the proposed 3% lodging tax increase and provide feedback to City leaders.

December 6, 2021

City Council Work Session & Regular Council Meeting

Gulf Shores Council Chambers | 4 PM

Regular Council Work Session meeting. Additional opportunity for residents and local business owners to provide feedback on the proposed 2022 City of Gulf Shores Annual Budget and lodging tax increase.

December 13, 2021

City Council Work Session & Regular Council Meeting

Gulf Shores Council Chambers | 4 PM

Voting will take place for the following agenda items:

2022 Budget Adoption

2021 Budget Amendment #2

Amend Code of Ordinances – Lodging Tax Increase

To view the working, proposed 2022 Annual Budget, [click here](#).



COUNCIL AGENDA SUMMARY

TO: Mayor Craft & Members of the City Council

THROUGH: Steve Griffin, City Administrator

FROM: Cindy King, Finance & Administrative Services Director

SUBJECT: 2022 Annual Budget

DATE: November 9, 2021

ISSUE: The City of Gulf Shores has received the Distinguished Budget Presentation Award from the Government Finance Officers Association the past consecutive eleven years since 2011. The City Departments' work in preparing the budget book and linking their department's goals, objectives and outcome measures to the Council's Vision 2025 Key Strategies and Priorities have resulted in a constantly improving, dynamic City budget. Gulf Shores Budget 2022 continues to hone in and fine tune focus on achieving the Vision 2025 Core Values. The 2022 Budget of \$99,105,158 revenues (including Transfers In of \$10,216,230) and \$98,779,903 expenses is directed at continuing to improve transportation, education, health care, and ensuring the City's beaches are safe and inviting. Funds to assist the Gulf State Park with local environmental programs and initiatives, including the Center for Ecotourism, are included in the 2022 Budget. Efforts to expand economic activity beyond the beach area to the Airport Business Park and Medical Complex are included in the 2022 Budget.

General Funds 2022 Budget for ongoing City operations such as Police, Fire, Public Works, Recreation, Finance & Administration, Building, Planning and Zoning, and the Executive Office is \$57,262,064 for revenues; expenses are \$50,434,063 (including \$9,649,230 Transfers Out for Debt Service). Nineteen new full-time positions are recommended to continue to meet the expanding needs of the City. The recommended positions are:

City Arborist	1
Equipment Operator I	3
Deputy Fire Marshall	1
FF/Paramedic - (5)	5
FF/EMT - (4)	4
Eco Center Maint Supv	1
Eco Center Manager	1
Police Officers (3)	3
Total Approved	19



The 2022 Budget includes funds for a 3% Wage Index Adjustment and merit increases of 1.5% for above average to 2.5% for highest performing City employees based on their annual performance reviews. Funds for a 3.1% increase for health insurance due to increased claims is included in the 2022 Budget. Health Insurance comprises 7.7% or \$3,866,316 of the City 2022 Budget and Property Liability Insurance comprises 1% or \$496,000 of the City 2022 General Fund Budget of \$50,434,063.

Capital Improvements for the City in the 2022 Budget total \$49.9 million and include the following projects of which many will have grant matches:

	TOTAL	
Street Resurfacing	\$ 1,100,000	
Knuckle Boom Replacement (2)	333,000	
Pickleball Courts	298,000	
Beach Renourishment	4,937,000	
City School Improvements	4,200,000	
Community Park Development	900,000	
Oyster Bay Fire Station renovation	830,000	
Fire Training Center	600,000	
Justice Center Design	1,800,000	
Waterway East Extension	6,718,476	
Hwy 59 Widening	3,880,065	
Pedestrian Bridge	5,810,748	
Waterway West	3,550,000	
Little Lagoon Restoration	2,551,457	RESTORE 100%
Gulf Coast Center for Ecotourism	5,700,000	RESTORE 100%
Laguna Cove Protection Project	870,000	RESTORE 100%

The reserves target of \$35,296,844 or 70% of General Fund Expenses is an increase of \$853,546 million from the 2021 amended reserves target. The combination of strong management and continuing to increase the City reserves has resulted not only in GFOA Budget and Audit awards, but affirmation of double A credit ratings from both Moody’s and S&P rating agencies which enable the City to borrow money for much needed projects at lower rates.

BACKGROUND: Departments worked on their budgets from July 20th to September 24th, 2021. Preliminary work on the 10 Year Capital Plan was done in June, 2021. The City Administrator proposed budget was prepared during the months of September and October, 2021. The Finance Committee reviewed the recommended 2022 Budget October 21, 2021.

PREVIOUS COUNCIL ACTION: None

BUDGET IMPLICATIONS: Overall expenditure increase of \$19.7 million or 25% from 2021 primarily due to bond usage for transportation projects. General Fund expenditure increase of



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\$3,883,737 or 10.52%. The General Fund includes another \$2 million allocation for the Gulf Shores City Board of Education.

RELATED ISSUES: None

ATTACHMENTS: None

DEPARTMENT: Finance and Administrative Services

STAFF CONTACT: Cindy King



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DATE: November 15, 2021

To: Mayor and City Council

From: Steve Griffin, City Administrator

RE: Recommended 3% Lodging Tax Increase

ISSUE: Request that the Council consider increasing the City's lodging tax 3% to fund critical transportation, public safety, park and recreation and school improvements proposed in the FY 2022 budget's 10 year capital improvement plan.

Gulf Shores has experienced exponential growth in tourism and full-time resident population over the last 10 years which has placed significant strain on the existing transportation network, public safety resources and quality of life for residents. The City Council has identified a number of capital improvement projects over the next 10 years to expand transportation capacity/connectivity, bolster public safety, and enhance the overall quality of life for residents and visitors.

RECOMMENDATION: Recommend approval of a 3% increase to the City's lodging taxes in conjunction with the 2022 Budget Adoption.

BACKGROUND: The City of Gulf Shores currently levies a municipal lodging tax of 7% which is combined with a county lodging tax of 2% and state lodging tax of 4% for an overall rate of 13%. In comparison, the lodging tax rate in Mobile is 14%, Huntsville and Hoover are 14% plus \$2.00 per night, Tuscaloosa is 15%, Montgomery is 15% plus \$2.25 per night, Mountain Brook is 17%, Birmingham is 17.5% plus \$3.00 per night, and Homewood is 21%. The recommended 3% increase would keep Gulf Shores' total lodging tax below or comparable to many cities in Alabama while providing the additional revenues necessary to fund these capital projects which are essential to the City's ability to provide the critical infrastructure and resources our fast-growing community needs.

The City similarly increased lodging tax in 2018 by 2% which has provided funding to support the following transportation projects:

- Beach Boulevard capacity improvements which included median installation, access management, signal improvements, pedestrian lighting and 8' sidewalks
- County Road 6 intersection improvements at Highway 59 which included an extended left turn lane, additional right turn lanes and upgraded traffic signal

- Coastal Gateway Boulevard (formally County Road 8 east) capacity improvement which included widening from two lanes to four lanes, sidewalks, bike lanes, and a signalized intersection at the Foley Beach Express
- New Medical Village road and signalization improvements to support the South Baldwin Regional Medical Center freestanding emergency department.

It should be noted that actual cash outlay for the projects listed above listed and other associated transportation improvements has been **\$25,673,654 yet the 2018 lodging tax has only generated \$11,212,049** since it was implemented.

NEW PROJECTS: An additional **\$76,740,000 (\$38,740,000 federal and state grants / \$38 million general City funded) in transportation projects** have been planned in the City's 10 year capital improvement program including:

- City matching funds for the RESTORE grant funded Waterway East Boulevard expansion to create a new connection from Highway 59 south of airport to Cotton Creek Drive
- City matching funds for the RESTORE grant funded Canal Road reroute south of the Gulf Pines/Meyer Park neighborhood
- City matching funds for the BUILD/ATRIP grant funded Highway 59 capacity improvements including a new third southbound lane from Coastal Gateway Boulevard south to Fort Morgan Road
- City matching funds for the BUILD grant funded new pedestrian bridge spanning the Intracoastal Waterway connecting Waterway North (near Lulus restaurant) with Waterway South (near Tack Jack's restaurant)
- Additional County Road 6 improvements from its intersection with Highway 59 past the Gulf Shores Sportsplex entrance
- A new two lane north-south road connecting Coastal Gateway Boulevard to County Road 6 east
- Waterway West Boulevard improvements from Highway 59 to its intersection with County Road 6 west near the Plash Island bridge
- Beach Walking District improvements that will provide new sidewalks, lighting, drainage, street trees and parking in the beach area shopping and restaurant area.

Additional **City and school facility improvements** planned in the City's 10 year capital plan includes:

- New Justice Center to replace the 38-year old police department building and city jail to address severe space deficiencies and provide a secure, modernized facility to support police, municipal court and emergency management operations
- New fire training tower and teaching facility
- Remodeling and fortification of the former Oyster Bay volunteer fire station on County Road 6.



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- New Fire Station to enhance fire and emergency response for residents in the northeast quadrant of the community and Jack Edwards Airport.
- New Coastal Gateway Community Park to enhance quality of life amenities available for residents north of the Intracoastal Waterway
- New Open Space, Parkland and Beach Access land acquisitions
- New school facilities to support continued student enrollment growth and provide collaborative learning environments at existing and future school campuses as identified in Gulf Shores City School's "The Next Wave" master plan

Additionally, the proposed lodging tax increase will supplement the expansion of the following City services which are proposed in the FY 2022 budget:

- Full-time City ambulance crew to supplement the existing Medstar private ambulance service
- Full-time drainage maintenance and improvements division
- Full-time dedicated GSPD traffic enforcement patrol

BUDGET IMPLICATIONS: The proposed 3% lodging tax is projected to generate \$ 6.9 to 7 million in 2022. These new revenues along with revenues from existing sources are projected to fully fund the estimated \$12.7 million debt service needed to implement the identified 10 year capital improvement plan.

RELATED ISSUES: The proposed lodging tax increase will further implement the City's Vision 2025 Plan for Sustainability which is directly aligned with the proposed FY 2022 budget's 10 year capital improvement program.

ATTACHMENTS: Draft resolution, lodging tax comparison

DEPARTMENT: Executive

STAFF CONTACT: Steve Griffin

Lodging Tax Comparison

(as of 9/15/21)

Northern Gulf Coast

Mobile, AL	14.0%
Gulf Shores/Orange Beach	13.0%
Panama City Beach, FL	13.0%
Pensacola, FL	12.5%
Pensacola Beach, FL	12.5%
Navarre, FL	12.0%
Walton County (30-A), FL	12.0%
Fort Walton Beach, FL	12.0%
Destin, FL	12.0%
Biloxi, MS	12.0%

Notable Alabama Cities

Homewood, AL	21.0%
Birmingham, AL	17.5% + \$3.00 room fee per day
Mountain Brook, AL	17.0%
Montgomery, AL	15.0% + \$2.25 room fee per day
Tuscaloosa, AL	15.0%
Hoover, AL	14.0% + \$2.00 room fee per day
Huntsville, AL	14.0% + \$2.00 room fee per day
Auburn, AL	13.0%