Town of Hilton Head Island
TOWN COUNCIL MEETING
Tuesday, May 6, 2025, 3:00 PM
Minutes

Call to Order

Mayor Perry called the meeting to order at 3:00 p.m.

Council Members present: Alan Perry, Mayor; Alex Brown, Ward 1, Mayor Pro-Tempore; Patsy Brison, Ward 2; Steve DeSimone, Ward 3; Tammy Becker, Ward 4; Steve Alfred, Ward 5; Melinda Tunner, Ward 6

Others Present: Marc Orlando, Town Manager; Curtis Coltrane, Town Attorney; Kim Gammon, Town Clerk

Invocation – Pastor June Wilkins, Christ Lutheran Church

Pastor Wilkins delivered the invocation.

Adoption of the Agenda

Mr. Orlando noted the need to amend the agenda by moving item 9.a. under Unfinished Business to New Business as 10.a.

Mr. Alfred moved to approve the agenda with the amendment as requested by the Town Manager. Ms. Brison seconded. Motion carried 7-0.

Approval of the Minutes

Workshop Minutes of April 8, 2025

Mr. Alfred moved to approve. Ms. Tunner seconded. Motion carried 6-0-1 (Ms. Becker abstained as she was not in attendance at the workshop).

Regular Meeting Minutes of April 8, 2025

Mr. Alfred moved to approve. Ms. Tunner seconded. Motion carried 7-0.

Bike Month Proclamation - Mayor Perry

Jim Hall and Charlie Quigg were present and accepted the proclamation and recognized this year's Bicycle Friendly Business award winners.

Ms. Brison stated that she and Mr. Alfred participated in the recent Pedal HHI. She said it was a great event with many riders from different areas which benefits a wonderful organization within the community.

Ms. Brison added that there will be a ride of silence for those who have lost their lives while riding which will be held Wednesday, May 21 at 7:00 p.m. out of Port Royal Plaza. She added that the Beaufort County Sheriff's Department, along with the South Carolina

State Highway Patrol will escort the ride. She reminded everyone they need to sign up if they'd like to participate.

General Reports from Town Council

Mayor Perry acknowledged the passing of one of Hilton Head Island's great community leaders, Tom Reilley. He extended condolences to the family and friends.

Public Hearing

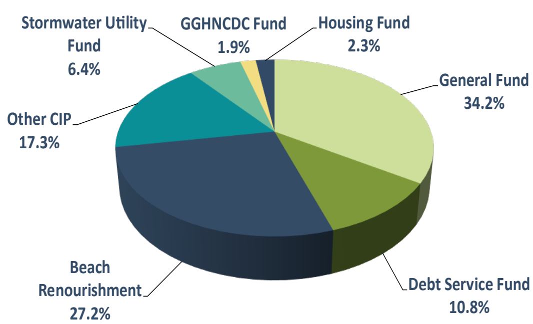
Consideration of an Ordinance Adopting the Consolidated Municipal Budget for the Town of Hilton Head Island for Fiscal Year 2026 Ending June 30, 2026 - Public Hearing and First Reading - Marc Orlando, Town Manager

Mayor Perry opened the Public Hearing at 3:10 p.m.

Mr. Orlando conducted a thorough power point presentation regarding the following information:

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CONSOLIDATED BUDGET



Expenditures	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised Budget	FY 2025 Actual YTD*	FY 2025 Encumbered YTD*	FY 2025 Projection*	FY 2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change
General Fund	$ 48,108,322	$ 57,822,970	**$ 62,546,927**	$ 40,302,231	$ 3,822,085	$ 59,627,500	**$ 59,754,870**	$ (2,792,057)	-4.46%
Debt Service Fund	19,362,930	15,820,581	**16,700,000**	9,854,809	2,140	15,046,960	**18,864,083**	2,164,083	12.96%
Capital Improvements Program Fund									
Beach Renourishment	-	-	**16,500,000**	140,579	424,274	1,500,000	**47,500,000**	31,000,000	187.88%
Other CIP	20,822,285	27,398,738	**66,302,799**	21,504,796	14,929,686	33,482,500	**30,187,380**	(36,115,419)	-54.47%
Stormwater Utility Fund	3,088,497	5,150,208	**9,082,691**	2,690,978	2,032,474	6,515,000	**11,140,277**	2,057,586	22.65%
GGHNCDC Fund	156,815	129,142	**3,405,501**	209,903	36,520	329,600	**3,286,603**	(118,898)	-3.49%
Housing Fund	-	201,523	**4,000,000**	134,084	1,162,771	359,300	**3,978,137**	(21,863)	-0.55%
Consolidated Budget	**$ 91,538,849**	**$ 106,523,162**	**$ 178,537,918**	**$ 74,837,380**	**$ 22,409,950**	**$ 116,860,859**	**$ 174,711,350**	**$ (3,826,568)**	**-2.14%**

Year-to-date through March 31, 2025

FY 2026 PROPOSED CONSOLIDATED BUDGET REVENUES

Revenues	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised Budget	FY 2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change
Property Taxes	$ 23,102,246	$ 24,582,416	$ 23,919,144	$ 23,971,050	$ 51,906	0.2%
Business Licenses	12,690,924	14,749,382	12,690,924	13,565,155	874,231	6.9%
Franchise Fees	840,552	835,865	840,000	861,065	21,065	2.5%
Stormwater Utility Fees	5,066,598	5,275,035	5,067,000	5,275,035	208,035	4.1%
Local Accommodations Tax	6,948,465	6,944,525	6,880,890	6,812,769	(68,121)	-1.0%
EMS Revenue	2,250,934	2,252,546	2,036,000	2,036,000	-	0.0%
Permit Fees	1,570,126	2,437,719	1,912,420	1,922,580	10,160	0.5%
Intergovernmental	885,089	930,105	973,093	978,035	4,942	0.5%
HTAX Supported Lease	-	-	11,384,707	-	(11,384,707)	-100.0%
Grants	5,858,539	3,851,845	500,000	7,365,538	6,865,538	1373.1%
Investment Income	2,219,914	3,975,679	2,113,365	2,100,115	(13,250)	-0.6%
Beach Services/Parking	236,232	193,034	236,232	650,000	413,768	175.2%
Sunday Liquor Permit Fees	319,600	279,950	1,455,811	1,000,000	(455,811)	-31.3%
Impact Fees	164,741	236,672	947,601	1,100,000	152,399	16.1%
Capital	54,739	252,420	554,702	3,279,803	2,725,101	491.3%
Prior Year Bond Proceeds	-	-	-	66,197	66,197	0.0%
Sale of Land/Equipment	-	-	1,283,020	-	(1,283,020)	-100.0%
Other	1,563,155	787,789	294,704	356,848	62,144	21.1%
Total Revenues	**$ 63,771,854**	**$ 67,584,981**	**$ 73,089,613**	**$ 71,340,190**	**$ (1,749,423)**	**-2.4%**

Permit Fees Includes (Fund):
- Construction Permits (GF)
- Development Permits (GF)
- Other Permit Fees (GF)
- Stormwater Plan Review Fees (SWU)

"Other" Revenue Includes (Fund):
- Rebates (GF)
- Credit Adjustments (GF)
- FOIA Fees (GF)
- NSF Fees(GF)
- Vending Commissions (GF)
- Special Event Fees (GF)
- Subscription-Based Information Technology Arrangement (SBITA) Adjustments (GF / CIP)
- Etc.

❯❯ FY 2026 Proposed Consolidated Budget Revenues are continued on the next slide.

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CONSOLIDATED BUDGET EXPENDITURES

	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised Budget	FY 2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change	% of Budget
Salaries and Benefits	$ 31,191,028	$ 35,860,967	$ 39,526,468	$ 41,550,730	$ 2,024,262	5.1%	23.78%
Operating	12,591,893	14,977,170	20,324,270	18,935,556	(1,388,714)	-6.8%	10.84%
Contracted Public Safety	2,566,926	2,595,199	2,642,000	420,500	(2,221,500)	-84.1%	0.24%
Affiliated Agency Partnerships	2,244,940	2,056,525	3,250,641	1,988,516	(1,262,125)	-38.8%	1.14%
Debt Service	20,538,014	17,200,152	17,948,574	20,006,934	2,058,360	11.5%	11.45%
Beach Projects	1,153,510	2,404,079	21,599,000	48,820,000	27,221,000	126.0%	27.94%
Pathway Projects	312,853	1,527,321	5,500,000	1,650,000	(3,850,000)	-70.0%	0.94%
Roadway Projects	4,361,824	2,770,550	10,317,218	5,079,500	(5,237,718)	-50.8%	2.91%
Park Projects	1,396,152	2,323,598	19,815,273	10,636,000	(9,179,273)	-46.3%	6.09%
Facility and Equipment Projects	5,036,029	3,623,957	8,402,291	4,721,000	(3,681,291)	-43.8%	2.70%
Stormwater Projects	133,993	1,088,427	2,193,310	6,350,880	4,157,570	189.6%	3.64%
Fleet	480,489	1,071,075	11,750,707	180,000	(11,570,707)	-98.5%	0.10%
Land Acquisition & Administration	7,826,584	12,019,174	4,475,000	1,500,000	(2,975,000)	-66.5%	0.86%
Housing	120,851	201,523	4,000,000	3,783,805	(216,195)	-5.4%	2.17%
Stormwater Corrective & Routine Maintenance	987,673	1,900,922	4,611,182	1,290,000	(3,321,182)	-72.0%	0.74%
Stormwater Modeling, Analysis, Monitoring	109,869	198,718	874,432	900,000	25,568	2.9%	0.52%
Other Capital Outlay	361,221	368,805	-	-	-	0.0%	0.00%
Transfers Out	125,000	4,335,000	1,307,552	6,897,929	5,590,377	427.5%	3.95%
Total Expenditures	**$ 91,538,849**	**$ 106,523,162**	**$ 178,537,918**	**$ 174,711,350**	**$ (3,826,568)**	**-2.1%**	**100.00%**

❯❯ Note: All Stormwater Corrective Maintenance and Monitoring has moved to the CIP Stormwater Program in FY26

FY 2026 PROPOSED CONSOLIDATED BUDGET REVENUES

TRANSFERS-OUT PER FUND

	General	CIP	Housing	FY 2026 Total
Transfers-Out				
General Fund to Housing Fund	$ -	$ -	$ 197,049	**197,049**
Stormwater Fund to General Fund	350,000	-	-	**350,000**
Stormwater Fund to CIP Fund	-	6,350,880	-	**6,350,880**
Total Transfers-Out	**$ 350,000**	**$ 6,350,880**	**$ 197,049**	**$ 6,897,929**

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CONSOLIDATED BUDGET – PROPERTY TAXES

Sample Property Tax Bill - Current Millage 21.4

	Property Value (1)	4% Taxable Value (1)	6% Taxable Value (1)
Tax Year: 2025			
Fiscal Year - Tax Bill: 2026	***$500,000***	***$20,000***	**$30,000**
	Property Value (2)	**4% Taxable Value (2)**	**6% Taxable Value (2)**
	$1,000,000	***$40,000***	**$60,000**

Description	Millage	4% Tax Calculation (1)	4% Tax Calculation (2)	6% Tax Calculation (1)	6% Tax Calculation (2)
COUNTY OPERATIONS	42.30	846.00	1,692.00	1,269.00	2,538.00
COUNTY DEBT	3.20	64.00	128.00	96.00	192.00
RURAL & CRITICIAL LANDS	3.00	60.00	120.00	90.00	180.00
SCHOOL - OPERATIONS*	121.80	-	-	3,654.00	7,308.00
SCHOOL - DEBT	36.30	726.00	1,452.00	1,089.00	2,178.00
TOWN OF HILTON HEAD - OPERATIONS**	15.90	318.00	636.00	477.00	954.00
TOWN OF HILTON HEAD - DEBT**	5.50	110.00	220.00	165.00	330.00
HH POLICE FEE***		156.00	156.00	252.00	252.00
Stormwater COUNTY FEE****		7.88	7.88	7.88	7.88
Stormwater MUNICIPAL/DISTRICT FEE****		150.00	150.00	150.00	150.00
TOTALS		**$2,437.88**	**$4,561.88**	**$7,249.88**	**$14,089.88**

Assumption: This is a sample tax rate for a property in Tax District: 550 South Beach PSD. There are other districts.

Note 4%: Assessment applies to owner-occupied primary residences.
Note 6%: Assessment applies to non-owner-occupied properties including rental properties, second homes, commercial properties and properties that do not quality for the 4% exemption.
*Note: School operations applicable to non-resident and commercial taxpayers.
**Note: The Town total millage rate is 21.4 of this FY26 sample rate, or $428.00 for 4% (1) / $856.00 for 4% (2) / $642.00 for 6% (1) / $1,284.00 for 6% (2).

***Note: Hilton Head Police Fees are determined by property use and/or square footage. Residential: Single Family Housing Unit $156 / Multi-Family Housing Unit $113. Nonresidential: Retail 1,000 sq. ft. $252 / Office/Service 1,000 sq. ft. $97 / Industrial 1,000 sq. ft. $43 / Institutional 1,000 sq. ft. $96 / Lodging Room $72.
****Note: Stormwater Utility Fees are determined by Countywide Infrastructure Cost Share: Town of Hilton Head Island $7.88 and Stormwater service fee categories: Administrative Fee $24 / Impervious Area Unit $105 / Gross Area Unit $21 equals $150.00.

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CONSOLIDATED BUDGET – PROPERTY TAXES

Sample Property Tax Bill - Reduced Millage 19.4

	Property Value (1)	4% Taxable Value (1)	6% Taxable Value (1)
Tax Year: 2025			
Fiscal Year - Tax Bill: 2026	*$500,000*	*$20,000*	*$30,000*
	Property Value (2)	**4% Taxable Value (2)**	**6% Taxable Value (2)**
	$1,000,000	$40,000	$60,000

Description	Millage	4% Tax Calculation (1)	4% Tax Calculation (2)	6% Tax Calculation (1)	6% Tax Calculation (2)
COUNTY OPERATIONS	42.30	846.00	1,692.00	1,269.00	2,538.00
COUNTY DEBT	3.20	64.00	128.00	96.00	192.00
RURAL & CRITICIAL LANDS	3.00	60.00	120.00	90.00	180.00
SCHOOL - OPERATIONS*	121.80	-	-	3,654.00	7,308.00
SCHOOL - DEBT	36.30	726.00	1,452.00	1,089.00	2,178.00
TOWN OF HILTON HEAD - OPERATIONS**	14.30	286.00	572.00	429.00	858.00
TOWN OF HILTON HEAD - DEBT**	5.10	102.00	204.00	153.00	306.00
HH POLICE FEE***		156.00	156.00	252.00	252.00
Stormwater COUNTY FEE****		7.88	7.88	7.88	7.88
Stormwater MUNICIPAL/DISTRICT FEE****		150.00	150.00	150.00	150.00
TOTALS		**$2,397.88**	**$4,481.88**	**$7,189.88**	**$13,969.88**

Town of Hilton Head Island Proposed Millage Reduction of 2 mills for Tax Year 2025 or Fiscal Year 2026

❯❯ Assumption: This is a sample tax rate for a property in Tax District: 550 South Beach PSD. There are other districts

Note 4%: Assessment applies to owner-occupied primary residences.
Note 6%: Assessment applies to non-owner-occupied properties including rental properties, second homes, commercial properties and properties that do not quality for the 4% exemption.
*Note: School operations applicable to non-resident and commercial taxpayers.
**Note: The Town total millage rate is 19.4 of this FY26 sample rate, or $388.00 for 4% (1) / $776.00 for 4% (2) / $582.00 for 6% (1) / $1,164.00 for 6% (2).

***Note: Hilton Head Police Fees are determined by property use and/or square footage. Residential: Single Family Housing Unit $156 / Multi-Family Housing Unit $113. Nonresidential: Retail 1,000 sq. ft. $252 / Office/Service 1,000 sq. ft. $97 / Industrial 1,000 sq. ft. $43 / Institutional 1,000 sq. ft. $96 / Lodging Room $72.
****Note: Stormwater Utility Fees are determined by Countywide Infrastructure Cost Share: Town of Hilton Head Island $7.88 and Stormwater service fee categories: Administrative Fee $24 / Impervious Area Unit $105 / Gross Area Unit $21 equals $150.00.

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CONSOLIDATED BUDGET – USES OF ACCOMMODATIONS TAX

State Accommodations Taxes – General Fund - $3,500,000

- ✓ **Administration**
  - Fire Rescue
  - Community Code Enforcement
  - Police Services
  - Beach Services
  - Revenue Management Services
- ✓ **Facilities Management**
  - Roadside Maintenance
  - Pathway Maintenance
  - Public Park Maintenance
- ✓ **Community Events**
  - Annual Hilton Head Island Jam Songwriter's Festival
  - Holiday Decorations & Events

State Accommodations Taxes – Capital Improvements Program Fund - $2,832,066

- ✓ **Park, Facility and Equipment Programs**
  - Pathway Enhancements
  - Roadway Enhancements
  - Park Enhancements
  - Facility Enhancements

State Accommodations Taxes – Housing Fund - $1,000,000 (from FY25)

- ✓ **Development of Workforce Housing Program**

TOWN OF HILTON HEAD ISLAND

FY 2026 CONSOLIDATED BUDGET OVERVIEW
SIX MAJOR FUNDS

- General Fund
- Capital Improvements Project Fund
- Debt Service Fund
- Stormwater Utility Fund
- Gullah Geechee Historic Neighborhoods Community Development Corporation Fund
- Housing Fund

TOWN OF HILTON HEAD ISLAND

GENERAL FUND

- ✓ This fund is used to account for all financial resources except those required to be accounted for in another fund.
- ✓ Its primary operating expenditures are general government, administrative services, sheriff/other public safety, fire, community services, and public projects and facilities.
- ✓ Principal sources of revenue are property taxes, business licenses, local ATAX and permit fees.

FY 2026 PROPOSED GENERAL FUND BUDGET REVENUES

	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised Budget	FY 2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change	% of Budget
Property Taxes	$ 17,215,546	$ 18,274,380	$ 18,076,000	**$ 17,935,450**	$ (140,550)	-0.78%	30.02%
Local Accommodations Tax	6,948,465	6,944,525	6,880,890	**6,812,769**	(68,121)	-0.99%	11.40%
Business Licenses	12,690,924	14,749,382	12,690,924	**13,565,155**	874,231	6.89%	22.70%
Franchise Fees	840,552	835,865	840,000	**861,065**	21,065	2.51%	1.44%
Permit Fees	1,570,126	2,315,139	1,800,000	**1,800,000**	-	0.00%	3.01%
Intergovernmental	885,089	930,105	973,093	**978,035**	4,942	0.51%	1.64%
Grants	145,373	157,414	-	**-**	-	0.00%	0.00%
Beach Services/Parking	236,232	193,034	236,232	**650,000**	413,768	175.15%	1.09%
Other	372,514	665,371	294,704	**356,848**	62,144	21.09%	0.60%
Public Safety - EMS	2,250,934	2,252,547	2,036,000	**2,036,000**	-	0.00%	3.41%
Public Safety - County	2,190	1,440	-	**-**	-	0.00%	0.00%
Investment Income	1,248,615	2,222,495	1,500,000	**1,500,000**	-	0.00%	2.51%
Prior Year Funds	-	-	2,862,058	**275,000**	(2,587,058)	-90.39%	0.46%
Subtotal	**44,406,560**	**49,541,696**	**48,189,901**	**46,770,322**	**(1,419,579)**	**-2.95%**	**78.27%**
Transfers In:							
Beach Preservation Fee	652,923	1,983,508	1,983,508	**248,548**	(1,734,960)	-87.47%	0.42%
Sale of Vehicle/Equipment	38,656	36,048	-	**16,000**	16,000	0.00%	0.03%
Hospitality Tax	3,218,687	5,154,955	6,257,894	**6,500,000**	242,106	3.87%	10.88%
Tax Increment Financing (TIF)	153,000	110,000	110,000	**-**	(110,000)	-100.00%	0.00%
State ATAX	2,445,211	4,615,021	3,515,021	**3,500,000**	(15,021)	-0.43%	5.86%
Electric Franchise Fee	540,603	540,603	540,603	**545,000**	4,397	0.81%	0.91%
Short Term Rental Permit Fee	967,626	1,750,000	1,825,000	**1,825,000**	-	0.00%	3.05%
Stormwater Fee	125,000	125,000	125,000	**350,000**	225,000	180.00%	0.59%
Subtotal Transfers In	**8,141,706**	**14,315,135**	**14,357,026**	**12,984,548**	**(1,372,478)**	**-9.56%**	**21.73%**
Total Revenues	**$ 52,548,266**	**$ 63,856,831**	**$ 62,546,927**	**$ 59,754,870**	**$ (2,792,057)**	**-4.46%**	**100.00%**

FY 2026 PROPOSED GENERAL FUND BUDGET EXPENDITURES

Expenditures by Category	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised Budget	FY 2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change	% of Budget
Salaries	$ 22,006,758	$ 24,674,243	$ 26,863,128	**$ 27,680,132**	$ 817,004	3.04%	46.32%
Benefits	8,627,689	10,311,021	11,620,583	**12,547,399**	926,816	7.98%	21.00%
Operating	12,599,299	14,178,301	18,170,575	**16,921,274**	(1,249,301)	-6.88%	28.32%
Contracted Public Safety	2,566,926	2,595,199	2,642,000	**420,500**	(2,221,500)	-84.08%	0.70%
Affiliated Agencies	1,946,430	2,056,525	3,250,641	**1,988,516**	(1,262,125)	-38.83%	3.33%
Capital Outlay (Parking)	361,221	368,805	-	**-**	-	0.00%	0.00%
Transfer to CIP Fund	-	-	-	**-**	-	0.00%	0.00%
Transfer to Housing Fund	-	2,000,000	-	**197,049**	197,049	100.00%	0.33%
Transfer to Land Acquisition Fund	-	1,000,000	-	**-**	-	0.00%	0.00%
Total Expenditures & Transfers Out	**$ 48,108,322**	**$ 57,822,970**	**$ 62,546,927**	**$ 59,754,870**	**$ (2,792,057)**	**-4.46%**	**100.00%**

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED GENERAL FUND EXPENDITURES – AFFILIATED AGENCIES

	FY 2023 Actual	FY 2024 Revised Budget	FY 2024 Actual	FY 2025 Revised Budget	FY 2026 Requests	FY 2026 F&A Recommendations
Island Recreation Association	$ 1,099,304	$ 1,123,766	$ 1,123,766	$ 1,167,366	**$ 1,252,366**	**$ 1,252,366**
Coastal Discovery Museum	92,775	102,432	102,432	107,700	**141,650**	**141,650**
Mitchelville Preservation Project	105,000	105,000	105,000	105,000	**105,000**	**105,000**
USCB Event Management/Ambassadors*	173,447	238,985	238,985	235,000	**-**	**-**
LRTA (Palmetto Breeze)	282,404	277,842	277,842	253,595	**507,051**	**350,000**
14th Circuit Solicitor-Multidisciplinary	50,000	50,000	50,000	50,000	**50,000**	**-**
14th Circuit Solicitor-Career Criminal	118,500	118,500	118,500	118,500	**118,500**	**-**
Beaufort County EDC	25,000	40,000	40,000	40,000	**42,000**	**42,000**
Habitat for Humanity*	-	500,000	-	500,000	**-**	**-**
Coastal Community Development Corp.*	-	600,000	-	600,000	**750,000**	**-**
Sea Turtle Patrol HHI	-	-	-	73,480	**97,500**	**97,500**
Sandalwood Food Pantry	-	-	-	-	**97,500**	**-**
The Children's Center	-	-	-	-	**80,000**	**-**
Total	**$ 1,946,430**	**$ 3,156,525**	**$ 2,056,525**	**$ 3,250,641**	**$ 3,241,567**	**$ 1,988,516**

Note: Funding for Habitat for Humanity and Coastal Community Development Corporation was approved in FY 2024 but was not spent by year end. FY 2024 funding was carried forward to FY 2025.

Note: USCB Event Management/Ambassadors and Habitat for Humanity did not submit FY26 Affiliated Agency Funding Applications.

An Affiliated Agency is defined as an integral partner contracted by the Town to deliver services that benefit the public on the Town's behalf.

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CIP USES OF FUNDS

Use of Funds	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised Budget	FY 2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change	% of Budget
Beach Program	$ 1,153,510	$ 2,404,079	$ 21,599,000	**$ 48,820,000**	$ 27,221,000	126.03%	62.84%
Pathway Program	312,853	1,527,321	5,500,000	**1,650,000**	(3,850,000)	-70.00%	2.12%
Roadway Program	4,361,824	2,770,550	10,317,218	**5,079,500**	(5,237,718)	-50.77%	6.54%
Park Program	1,396,152	2,323,598	19,815,273	**10,636,000**	(9,179,273)	-46.32%	13.69%
Facility & Equipment Program	5,036,029	3,623,957	8,402,291	**4,721,000**	(3,681,291)	-43.81%	6.08%
Stormwater Program	133,993	1,088,427	2,193,310	**6,350,880**	4,157,570	189.56%	8.17%
Fleet Program	480,489	1,071,075	11,750,707	**180,000**	(11,570,707)	-98.47%	0.23%
Land Acquisition & Administration	7,826,584	12,019,174	3,225,000	**250,000**	(2,975,000)	-92.25%	0.32%
Housing	120,851	-	-	**-**	-	0.00%	0.00%
Transfers Out to Housing	-	350,000	-	**-**	-	0.00%	0.00%
Debt Service	-	220,558	-	**-**	-	0.00%	0.00%
Total Use of Funds	**$ 20,822,285**	**$ 27,398,738**	**$ 82,802,799**	**$ 77,687,380**	**$ (5,115,419)**	**-6.18%**	**100.00%**

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED USE OF FUNDS

Summary	FY 2025 Revised Budget	FY 2025 Carry Forward	FY 2026 New Funding for FY25 Projects	FY 2026 New Funding for FY26 Projects	FY 2026 Total Funding	Funding Sources
Beach Program-Without Renourishment	$ 5,099,000	$ 600,000	$ -	$ 720,000	**$ 1,320,000**	Beach Fee, HTAX
Pathway Program	5,500,000	500,000	550,000	600,000	**1,650,000**	SC ATAX, Sunday Liquor Permit Fee, TIF
Roadway Program	10,317,218	2,384,500	470,000	2,225,000	**5,079,500**	Impact Fee, HTAX, Road Usage Fee, Capital, TIF
Park Program	19,815,273	7,065,000	2,425,000	1,146,000	**10,636,000**	HTAX, Capital, Electric Franchise Fee, Grants
Facility & Equipment Program	8,402,291	1,550,000	-	3,171,000	**4,721,000**	HTAX, SC ATAX, Capital, TIF, Prior Bond Proeeds
Stormwater Program	2,193,310	115,880	1,070,000	5,165,000	**6,350,880**	Stormwater Fee
Fleet Program	11,750,707	-	-	180,000	**180,000**	Short-Term Rental Permit Fee
Land Acquisition & Administration	3,225,000	-	-	250,000	**250,000**	Real Estate Transfer Fee
Subtotal	**$ 66,302,799**	**$12,215,380**	**$ 4,515,000**	**$13,457,000**	**$30,187,380**	
Beach Program-Reourishment	16,500,000	15,000,000	32,500,000	-	**47,500,000**	Beach Fee
Total	**$ 82,802,799**	**$27,215,380**	**$37,015,000**	**$13,457,000**	**$77,687,380**	

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CIP PROJECTS

					FY 2026 Project Schedule			
Projects	**Project Type**	**FY 2025 Amended Budget**	**FY 2026 Estimated Roll Forward**	**FY 2026 Proposed Budget**	**Planning Commission Priority**	**Design**	**Permitting**	**Construction**
BEACH PROGRAM								
Beach Park Maintenance & Improvements	Maintenance	250,000	-	**150,000**	★			✓
Beach Management & Monitoring	Maintenance	200,000	-	**220,000**	★			
Beach Renourishment	Maintenance	16,500,000	15,000,000	**47,500,000**	★			✓
Coligny Beach Park Boardwalk Maintenance	Maintenance	-	-	**250,000**	★			✓
Harbour Town Dredge	Maintenance	600,000	600,000	**600,000**	★			✓
Beach Program Contingency	N/A	100,000	-	**100,000**				
Total Beach Program		**17,650,000**	**15,600,000**	**48,820,000**				

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CIP PROJECTS

Projects	Project Type	FY 2025 Amended Budget	FY 2026 Estimated Roll Forward	FY 2026 Proposed Budget	FY 2026 Project Schedule: Planning Commission Priority	Design	Permitting	Construction
PATHWAY PROGRAM								
Pathway Maintenance & Improvements	Maintenance	350,000	-	**500,000**	★			✓
New Pathway Segments								
Jonesville Road Pathway	Discretionary	4,500,000	500,000	**500,000**	★	✓	✓	
Dunnagans Alley Pathway	Discretionary	100,000	-	**250,000**	★	✓	✓	
William Hilton Parkway EB Pathway	Discretionary	100,000	-	**300,000**	★	✓		
Subtotal New Pathway Segments		**4,700,000**	**500,000**	**1,050,000**				
Pathway Project Management and Contingency	N/A	100,000	-	**100,000**				
Total Pathway Program		**5,150,000**	**500,000**	**1,650,000**				

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CIP PROJECTS

Projects	Project Type	FY 2025 Amended Budget	FY 2026 Estimated Roll Forward	FY 2026 Proposed Budget	FY 2026 Project Schedule: Planning Commission Priority	Design	Permitting	Construction
ROADWAY PROGRAM								
Roadway Maintenance & Improvements	Maintenance	455,000	-	**250,000**	★			✓
Signal System Maintenance	Maintenance	880,000	500,000	**1,100,000**	★			✓
Landscape, Lighting, and Safety Enhancements	Maintenance	1,000,000	-	**750,000**	★			✓
Dirt Road Paving Program								
Mitchelville Road	Discretionary	1,000,000	910,000	**910,000**	★		✓	✓
Alice Perry Drive	Discretionary	1,000,000	50,000	**50,000**	★	✓	✓	
Freddie's Way	Discretionary	575,000	50,000	**50,000**	★	✓	✓	
Alfred Lane	Discretionary	48,500	44,500	**44,500**	★	✓	✓	
Benjamin Drive	Discretionary	100,000	50,000	**50,000**	★	✓	✓	
Subtotal Dirt Road Paving Program		**2,723,500**	**1,104,500**	**1,104,500**				
Island-wide Intersection Pedestrian & Vehicular Safety	Maintenance	1,000,000	250,000	**250,000**	★			✓
Jonesville Road and Spanish Wells Right Turn Lane	Maintenance	-	-	**100,000**	★	✓	✓	
Northpoint Access Improvements	Maintenance	-	-	**150,000**	★	✓	✓	
Tabby Walk Entrance Relocation	Maintenance	-	-	**200,000**	★	✓	✓	
William Hilton Parkway Gateway Corridor & Stoney	Discretionary	100,000	-	**100,000**	★	✓		

»» Roadway Program continues next slide

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CIP PROJECTS

Projects	Project Type	FY 2025 Amended Budget	FY 2026 Estimated Roll Forward	FY 2026 Proposed Budget	FY 2026 Project Schedule: Planning Commission Priority	Design	Permitting	Construction
ROADWAY PROGRAM								
Streetscape Enhancements								
Pope Avenue Streetscape Improvements	Discretionary	333,718	180,000	**250,000**	★	✓	✓	✓
Subtotal Streetscape Enhancements		**333,718**	**180,000**	**250,000**				
William Hilton Parkway Streetscape Enhancements								
Segment 5 - Mathews Drive / Folly Field Road to Shelter	Discretionary	-	-	**300,000**	★	✓		
Segment 8 - Sea Pines Circle to Wexford Drive /	Discretionary	800,000	350,000	**350,000**	★	✓	✓	✓
Subtotal William Hilton Parkway Streetscape		**800,000**	**350,000**	**650,000**				
Folly Field Road Pedestrian Safety Improvements	Maintenance	-	-	**75,000**	★	✓	✓	✓
Roadway Project Management and Contingency	N/A	25,000	-	**100,000**				
Total Roadway Program		**7,317,218**	**2,384,500**	**5,079,500**				

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CIP PROJECTS

Projects	Project Type	FY 2025 Amended Budget	FY 2026 Estimated Roll Forward	FY 2026 Proposed Budget	FY 2026 Project Schedule: Planning Commission Priority	Design	Permitting	Construction
PARK PROGRAM								
Park Maintenance and Improvements	Maintenance	500,000	-	**250,000**	★			✓
Public Art Program	Discretionary	35,375	-	**35,000**	★			✓
Island Recreation Association								
Rec Center Building Improvements	Maintenance	365,000	-	**233,500**	★			✓
Rec Center Pool Improvements	Maintenance	95,000	-	**195,000**	★			✓
Athletic Equipment Improvements	Maintenance	15,000	-	**15,000**	★			
Event Equipment Improvements	Maintenance	-	-	**67,500**	★			
Subtotal Island Recreation Association		**475,000**	**-**	**511,000**				
Coligny Circle NW Quadrant Pocket Park	Discretionary	500,000	425,000	**900,000**	★		✓	✓
Crossings Park Renovation - Phase 1: Pickleball Complex	Discretionary	5,000,000	1,000,000	**1,000,000**	★	✓	✓	
Crossings Park Renovation - Phase 2: Bristol Sports	Discretionary	-	-	**750,000**	★	✓	✓	
Crossings Park Renovation - Phase 3: Baseball Complex	Discretionary	-	-	**250,000**	★	✓	✓	
Mid-Island Tract Park - Phase 1	Discretionary	2,500,000	750,000	**750,000**	★	✓	✓	
Patterson Family Park	Discretionary	2,740,583	2,240,000	**2,590,000**	★	✓	✓	✓
Taylor Family Park	Discretionary	2,911,416	2,400,000	**2,750,000**	★	✓	✓	✓
Old Schoolhouse Park Improvements	Discretionary	350,000	250,000	**750,000**	★	✓	✓	✓
Park Project Contingency	N/A	100,000	-	**100,000**				
Total Park Program		**15,112,374**	**7,065,000**	**10,636,000**				

FY 2026 PROPOSED CIP PROJECTS

Projects	Project Type	FY 2025 Amended Budget	FY 2026 Estimated Roll Forward	FY 2026 Proposed Budget	Planning Commission Priority	FY 2026 Project Schedule: Design	FY 2026 Project Schedule: Permitting	FY 2026 Project Schedule: Construction
FACILITY & EQUIPMENT PROGRAM								
Facility Maintenance & Improvements	Maintenance	-	-	**500,000**	★			✓
Facilities Equipment	Maintenance	-	-	**50,000**	★			
Town Hall Facility Improvements	Maintenance	1,745,589	200,000	**200,000**	★			✓
4 Office Way Renovations	Maintenance	-	1,100,000	**1,100,000**	★	✓	✓	✓
IT Equipment & Software	Maintenance	1,582,000	-	**625,000**	★			
Fire Hydrant Expansion	Maintenance	50,000	-	**50,000**	★			✓
Furniture Replacement	Maintenance	-	-	**300,000**	★			
Security Cameras & Connectivity	Maintenance	266,500	-	**150,000**	★			
Tree Planting Program	Discretionary	500,000	-	**150,000**	★			
Coastal Discovery Museum Improvements								
Discovery House	Maintenance	21,500	-	**20,500**	★			✓
Armstrong / Hack House	Maintenance	21,000	-	**10,500**	★			✓
Pavilion	Maintenance	4,000	-	**4,500**	★			✓
Discovery Lab	Maintenance	1,500	-	**4,500**	★			✓
Pavilion / Restroom Building	Maintenance	5,000	-	**350,000**	★			✓
Horse Barn	Maintenance	30,000	-	**23,000**	★			✓
Hay Barn	Maintenance	-	-	**50,000**	★			✓
Miscellaneous Improvements	Maintenance	95,500	-	**23,000**	★			✓
Event Space Improvements	Maintenance	450,000	-	**10,000**	★			✓
Subtotal Coastal Discovery Museum Improvements		**628,500**	**-**	**496,000**				

Facility & Equipment Program continues next slide

FY 2026 PROPOSED CIP PROJECTS

Projects	Project Type	FY 2025 Amended Budget	FY 2026 Estimated Roll Forward	FY 2026 Proposed Budget	Planning Commission Priority	FY 2026 Project Schedule: Design	FY 2026 Project Schedule: Permitting	FY 2026 Project Schedule: Construction
FACILITY & EQUIPMENT PROGRAM								
Jonesville Horse Barn	Maintenance	-	-	**500,000**	★			✓
Mitchelville Freedom Park Improvements	Discretionary	1,054,702	250,000	**250,000**	★	✓	✓	
Town Refuse & Recycling Management Improvements	Discretionary	-	-	**250,000**	★			
Facilities and Equipment Contingency	N/A	100,000	-	**100,000**				
Total Facility & Equipment Program		**5,927,291**	**1,550,000**	**4,721,000**				

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CIP PROJECTS

Projects	Project Type	FY 2025 Amended Budget	FY 2026 Estimated Roll Forward	FY 2026 Proposed Budget	FY 2026 Project Schedule: Planning Commission Priority	Design	Permitting	Construction
STORMWATER PROGRAM								
Stormwater Maintenance & Improvements	Maintenance	-	-	**1,800,000**	★	✓	✓	✓
Stormwater Maintenance Agreement Program	Maintenance	-	-	**2,000,000**	★			✓
25 Moonshell Road	Maintenance	100,000	60,000	**60,000**	★	✓		
75 Helmsman Way Drainage Improvements	Maintenance	-	-	**50,000**	★	✓		
Bryant Road Pond Restoration	Maintenance	-	-	**25,000**	★			✓
Cordillo Courts Drainage Improvements	Maintenance	5,880	5,880	**95,880**	★			✓
Gum Tree Road Improvements	Maintenance	80,000	-	**120,000**	★			✓
Jarvis Creek Outfall	Maintenance	150,000	-	**50,000**	★	✓	✓	
Jarvis Creek Pump Station - Pump Replacements	Maintenance	-	-	**300,000**	★			✓
Main Street Drainage Improvements	Maintenance	250,000	50,000	**50,000**	★			✓
Old Woodlands-26 Indian Trail Improvements	Maintenance	-	-	**80,000**	★	✓	✓	
Palmetto Hall Outfall Improvements	Maintenance	80,000	-	**150,000**	★	✓	✓	✓
Water Level Monitoring	Maintenance	-	-	**75,000**	★			
Weather Monitoring	Maintenance	-	-	**50,000**	★			
Central Island Pump Station Overhaul and Resiliency	Maintenance	1,308,720	-	**750,000**	★	✓	✓	
Gum Tree Channel Capacity Improvements	Maintenance	-	-	**120,000**	★	✓	✓	
Arrow Road Laydown Yard Improvements	Maintenance	-	-	**75,000**	★			✓
Stormwater Contingency	N/A	-	-	**500,000**				
Total Stormwater Program		**1,974,600**	**115,880**	**6,350,880**				

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CIP PROJECTS

Projects	Project Type	FY 2025 Amended Budget	FY 2026 Estimated Roll Forward	FY 2026 Proposed Budget	FY 2026 Project Schedule: Planning Commission Priority	Design	Permitting	Construction
FLEET PROGRAM								
Staff Vehicle Replacement	Maintenance	130,000	-	**80,000**	★			
Fleet Contingency	N/A	100,000	-	**100,000**				
Total Fleet Program		**230,000**	**-**	**180,000**				

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CIP PROJECTS

Projects	Project Type	FY 2025 Amended Budget	FY 2026 Estimated Roll Forward	FY 2026 Proposed Budget	Planning Commission Priority	Design	Permitting	Construction	FY 2026 Project Schedule
LAND ACQUISITION PROGRAM									LAND ACQ
uisition Administration	Discretionary	3,225,000	-	250,000	★				Land Acq
l Acquisition Program		3,225,000	-	250,000					Total Land
tal Improvements Program Fund		$ 56,586,483	$ 27,215,380	$ 77,687,380					Total Capi

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED DEBT SERVICE FUND BUDGET REVENUES

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change	% of Budget
Property Taxes	$ 5,886,700	$ 6,308,036	$ 5,843,144	$ 6,035,600	$ 192,456	3.29%	32.00%
Investment Income	436,184	657,135	338,365	325,115	(13,250)	-3.92%	1.72%
Transfers In:							
Beach Preservation Fees	3,952,375	3,948,375	4,346,625	11,062,000	6,715,375	154.50%	58.64%
Natural Disasters Fund	3,537,765	-	-	-	-	0.00%	0.00%
Hospitality Fees	1,444,691	1,437,134	1,843,158	1,441,368	(401,790)	-21.80%	7.64%
Tax Increment Financing (TIF)	3,927,564	3,931,259	3,928,708	-	(3,928,708)	-100.00%	0.00%
Real Estate Transfer Fee	1,097,350	1,095,850	400,000	-	(400,000)	-100.00%	0.00%
Total Revenues	$ 20,282,629	$ 17,377,789	$ 16,700,000	$ 18,864,083	$ 2,164,083	12.96%	100.00%

» Property Tax Debt Millage Reduction of .4 Mills

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED DEBT SERVICE FUND BUDGET EXPENDITURES

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change	% of Budget
Principal	$ 16,055,000	$ 12,995,000	$ 12,625,000	**$ 7,325,000**	$ (5,300,000)	-41.98%	38.83%
Interest	3,289,080	2,809,733	2,403,968	**1,626,483**	(777,485)	-32.34%	8.62%
Bank Fees	18,850	15,850	71,032	**17,600**	(53,432)	-75.22%	0.09%
Anticipated Debt Costs	-	-	1,600,000	**2,400,000**	800,000	50.00%	12.72%
Callable Bond - Beach Preservaion S.O. Bond				**7,495,000**	7,495,000	100.00%	39.73%
Total Expenditures	**$ 19,362,930**	**$ 15,820,583**	**$ 16,700,000**	**$ 18,864,083**	**$ 2,164,083**	**12.96%**	**100.00%**

» **Town Council may consider new debt after the FY 2026 Consolidated Budget is adopted. Anticipated Debt Costs of $2,400,000 provides interest costs of new proposed debt.**

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED DEBT SERVICE FUND BUDGET OUTSTANDING ISSUES

Callable Bond

Debt Service Payments - (without Stormwater Bonds)	FY 2026 Payments Interest	Principal	Total	Balance After FY26 Pmts	Final Payment FY
General Obligation Bonds (Original Issue Amount)					
Series 2016C GO Referendum Refunding Bonds ($9,035,000)	116,238	465,000	581,238	4,575,000	2035
Series 2020A GO Referendum Refunding Bonds ($5,830,000)- to 2020A	142,600	740,000	882,600	2,445,000	2028
Series 2017A GO Non-Referendum Bonds ($27,310,000)	788,319	780,000	1,568,319	23,775,000	2047
Series 2020B GO Referendum Bonds ($6,285,000)	79,308	480,000	559,308	4,620,000	2035
Series 2019 GO Obligation Bonds ($5,000,000)	136,650	215,000	351,650	3,720,000	2039
Total General Obligation Bonds	$ 1,263,115	$ 2,680,000	$ 3,943,115	39,135,000	
Revenue / Special Obligation Bonds (Original Issue Amount)					
Series 2019 Special Bonds (Hospitality Tax) ($16,520,000)	$ 276,368	$ 1,165,000	$ 1,441,368	$ 8,620,000	2036
Series 2017B Special Bonds (Beach Preservation Fee) ($30,075,000)	87,000	3,480,000	3,567,000	7,495,000	2028
Series 2017B Special Bonds (Beach Preservation Fee) ($30,075,000) (a)	**-**	**7,495,000**	**7,495,000**	**-**	**2026**
Total Revenue / Special Obligation Bonds	$ 363,368	$ 12,140,000	$ 12,503,368	$ 8,620,000	
Grand Total - Existing Debt (b)	$ 1,626,483	$ 14,820,000	$ 16,446,483	47,755,000	
Stormwater debt is accounted for in the Stormwater Fund. Outstanding Stormwater debt are these two special revenue bond					
Stormwater Bonds (Original Issue Amount)					
Series 2021 Special Bonds (Stormwater) ($5,630,000)	$ 7,802	$ 940,000	$ 947,802	$ -	2026
Series 2018 Special Bonds (Stormwater) ($3,200,000)	28,049	335,000	363,049	700,000	2028
Total Stormwater Special Obligation Bonds	$ 35,851	$ 1,275,000	$ 1,310,851	$ 700,000	

TOWN OF HILTON HEAD ISLAND

BEACH RENOURISHMENT FUNDING

FUNDING SCENARIOS

Scenario 1	
70% Cash Funded 30% Debt Funded	
Source of Funds	
Town Equity Contribution	33,250,000
Uses of Funds	
Bond Funded	14,250,000
Cost of Issuance (est.)	250,000
Underwriter's Discount (est.)	68,125
Additonal Proceeds	3,952
Cash Funded	33,250,000
Total Uses of Funds	47,500,000
True Interest Cost	3.33%

FYE 2025 Est. Fund Balance	53,066,656
FY 2026	
Less: Payoff of 2017 Bonds	(7,495,000)
Less: Cash Funded Projects	(33,250,000)
Add: Est. Revenues-Beach Preservation Fee	13,625,537
Less: Est. Expenditures-Beach Preservation Fee	(4,535,548)
FYE 2026 Est. Fund Balance	21,411,645
Minimum Fund Balance Policy	20,000,000

Debt Service

FY	Principal	Interest	Total
2026	-	367,118	367,118
2027	1,665,000	639,625	2,304,627
2028	1,755,000	554,125	2,309,127
2029	1,845,000	464,125	2,309,127
2030	1,935,000	369,625	2,304,627
2031	2,035,000	270,375	2,305,377
2032	2,140,000	166,000	2,306,002
2033	2,250,000	56,250	2,306,252
Total	13,625,000	2,887,243	16,512,257

Note: The funding scenarios highlight different debt/cash combinations for a $47.5 million project assuming a 7-year term and estimate current market rates.

Note: A higher Debt Service Coverage Ratio indicates a stronger ability for the Town to cover debt payments using operating cash flow

Note: Coverage Ratio = Pledged Revenue/Debt Service Payments

Debt Funding will be considered at the following Meetings: Finance and Administrative Committee - June 24,2025 / Town Council First Reading - July 15, 2025 / Town Council Second Reading - August 19, 2025

TOWN OF HILTON HEAD ISLAND

BEACH RENOURISHMENT FUNDING

FUNDING SCENARIOS

Scenario 2	
60% Cash Funded 40% Debt Funded	
Source of Funds	
Town Equity Contribution	28,500,000
Uses of Funds	
Bond Funded	19,000,000
Cost of Issuance (est.)	250,000
Underwriter's Discount (est.)	90,425
Additonal Proceeds	1,595
Cash Funded	28,500,000
Total Uses of Funds	47,500,000
True Interest Cost	3.33%

FYE 2025 Est. Fund Balance	53,066,656
FY 2026	
Less: Payoff of 2017 Bonds	(7,495,000)
Less: Cash Funded Projects	(28,500,000)
Add: Est. Revenues-Beach Preservation Fee	13,625,537
Less: Est. Expenditures-Beach Preservation Fee	(4,535,548)
FYE 2026 Est. Fund Balance	26,161,645
Minimum Fund Balance Policy	20,000,000

Debt Service

FY	Principal	Interest	Total
2026	-	487,290	487,290
2027	2,215,000	848,875	3,063,875
2028	2,325,000	735,375	3,060,375
2029	2,445,000	616,125	3,061,125
2030	2,570,000	490,750	3,060,750
2031	2,705,000	358,875	3,063,875
2032	2,840,000	220,250	3,060,250
2033	2,985,000	74,625	3,059,625
Total	18,085,000	3,832,165	21,917,165

Note: The funding scenarios highlight different debt/cash combinations for a $47.5 million project assuming a 7-year term and estimate current market rates.

Note: A higher Debt Service Coverage Ratio indicates a stronger ability for the Town to cover debt payments using operating cash flow

Note: Coverage Ratio = Pledged Revenue/Debt Service Payments

Debt Funding will be considered at the following Meetings: Finance and Administrative Committee - June 24,2025 / Town Council First Reading - July 15, 2025 / Town Council Second Reading - August 19, 2025

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED STORMWATER UTILITY FUND BUDGET REVENUES

	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised Budget	FY 2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change	% of Budget
Stormwater Utility Fees	$5,066,598	$5,275,035	$5,067,000	$ 5,275,035	$ 208,035	4.11%	47.35%
Prior Year Funds	-	-	3,753,271	5,592,662	1,839,391	49.01%	50.20%
Investment Income	169,769	328,692	150,000	150,000	-	0.00%	1.35%
Plan Review Fees	-	122,580	112,420	122,580	10,160.0	9.04%	1.10%
Transfers In:						0.00%	
State ATAX	490,000	-	-	-	-	0.00%	0.00%
Total Revenues	**$5,236,367**	**$5,726,307**	**$9,082,691**	**$ 11,140,277**	**$ 2,057,586**	**22.65%**	**100.00%**

Prior year funds are expected one-time carryforward amounts for one-time uses.
The Stormwater Fund will continue to have a healthy fund balance after using the budgeted prior year funds.

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED STORMWATER UTILITY FUND BUDGET EXPENDITURES

Expenditures by Category	FY2023 Actual	FY2024 Actual	FY2025 Revised Budget	FY2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change	% of Budget
Salaries & Benefits	$ 556,582	$ 750,240	$ 842,381	$ 916,066	$ 73,685	8.75%	9.27%
Operating	134,289	156,316	198,570	190,480	(8,090)	-4.07%	2.19%
Monitoring	109,225	97,814	194,000	110,000	(84,000)	-43.30%	2.14%
Inventory & Modeling / Analysis	644	100,905	680,432	790,000	109,568	16.10%	7.49%
POA Systems Corrective Maintenance	464,917	487,335	1,597,253	-	(1,597,253)	-100.00%	17.59%
Public Systems Corrective Maintenance	174,444	633,149	735,057	-	(735,057)	-100.00%	8.09%
Routine Maintenance & Contingency	179,519	467,674	1,228,595	735,000	(493,595)	-40.18%	13.53%
Pump Station Maintenance	168,793	312,765	1,050,277	555,000	(495,277)	-47.16%	11.56%
Stormwater Depreciation, Amortization, Interest & Fees	1,175,084	1,159,011	1,248,574	1,142,851	(105,723)	-8.47%	13.75%
Transfers Out:						0.00%	
General Fund	125,000	125,000	125,000	350,000	225,000	180.00%	1.38%
CIP Stormwater Program	-	860,000	1,182,552	6,350,880	5,168,328	437.05%	13.02%
Total Expenditures & Transfers Out	**$ 3,088,497**	**$ 5,150,209**	**$ 9,082,691**	**$ 11,140,277**	**$ 2,057,586**	**22.65%**	**100.00%**

Stormwater Corrective Maintenance and Improvement projects, Stormwater Maintenance Agreement projects, and Water Level / Weather Monitoring are included in the CIP Stormwater Program in FY26

TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED GGHNCDC FUND BUDGET REVENUES

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change	% of Budget
South Carolina Grant	$ 5,000,000	$ -	$ -	$ -	$ -	0.00%	0.00%
Beaufort County Grant	500,000	-	-	-	-	0.00%	0.00%
Prior Year Grant - South Carolina	-	-	5,000,000	2,945,169	(2,054,831)	-41.10%	89.61%
Prior Year Grant - Beaufort County	-	-	216,434	216,434	-	0.00%	6.59%
Investment Income	72,375	275,478	125,000	125,000	-	0.00%	3.80%
Total Revenues	**$ 5,572,375**	**$ 275,478**	**$ 5,341,434**	**$ 3,286,603**	**$ (2,054,831)**	**-38.47%**	**100.00%**

TOWN OF HILTON HEAD ISLAND

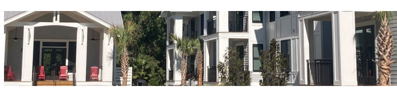
FY 2026 PROPOSED GGHNCDC FUND BUDGET EXPENDITURES

	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change	% of Budget
Personnel & Benefits	$ -	$ 125,464	$ 200,376	$ **212,801**	$ 12,425	6.20%	6.47%
Operating Expenses	156,815	3,678	65,125	**39,592**	(25,533)	-39.21%	1.20%
Professional Services	-	-	310,000	**204,210**	(105,790)	-34.13%	6.21%
Grants & Incentives Loans	-	-	1,500,000	**1,500,000**	-	0.00%	45.64%
Capital Outlay & Land Acquisition	-	-	1,250,000	**1,250,000**	-	0.00%	38.03%
Project Expenses & Contingency	-	-	80,000	**80,000**	-	0.00%	2.43%
Total Expenditures	**156,815**	**129,142**	**3,405,501**	**3,286,603**	**$ (118,898)**	**-3.49%**	**100.00%**

FY 2026 PROPOSED HOUSING FUND BUDGET REVENUES

	FY 2024 Actual	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change	% of Budget
Transfer from General Fund	$ 2,000,000	$ -	**$ 197,049**	$ 197,049	100.00%	4.95%
Transfer from Capital Projects	350,000	-	**-**	-	0.00%	0.00%
Transfer from State ATAX/Prior Year Funds	-	1,000,000	**1,000,000**	-	0.00%	25.14%
Prior Year Housing Funds	-	2,000,000	**1,781,088**	(218,912)	-10.95%	44.77%
Prior Year Funds from ARPA	-	1,000,000	**1,000,000**	-	0.00%	25.14%
Total Revenues	**$ 2,350,000**	**$ 4,000,000**	**$ 3,978,137**	**$ (21,863)**	**-0.55%**	**100.00%**

FY 2026 PROPOSED HOUSING FUND BUDGET EXPENDITURES



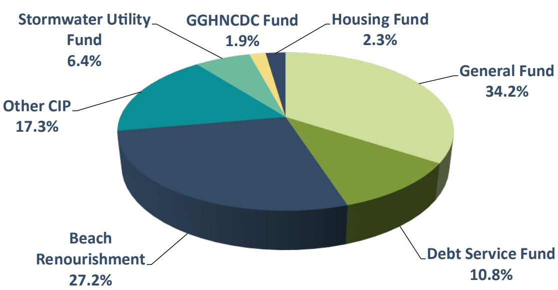
	FY 2024 Actual	FY 2025 Adopted Budget	FY 2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change	% of Budget
Northpoint Public Private Partnership	$ 90,775	$ 1,000,000	**$ 1,000,000**	$ -	0.00%	25.14%
Muddy Creek Neighborhood Stabilization	-	1,500,000	**1,500,000**	-	0.00%	37.71%
Bryant Road Public Private Partnership	-	1,000,000	**1,000,000**	-	0.00%	25.14%
Beaufort Jasper Housing Trust Dues	-	89,206	**181,088**	91,882	103.00%	4.55%
Housing Program Personnel	-	-	**194,332**	194,332	100.00%	4.89%
Housing Program Operating	110,748	410,794	**102,717**	(308,077)	-75.00%	2.58%
Total Expenditures	**$ 201,523**	**$ 4,000,000**	**$ 3,978,137**	**$ (21,863)**	**-0.55%**	**100.00%**

FY 2026 PROPOSED RESERVE POLICIES

	Current Balance as of 3/31/25	Current Reserve Policy	Proposed Minimum Balance Policy	Calculation Factor	Proposed Reserve Policy
Operating Reserves:					
General	$ 47,494,233	40% - 55%	**40% - 55%**		Keep Current Policy
Housing Fund	3,014,393	-	**-**		No Minimum Balance
GGHNCDC Fund	5,542,619	-	**-**		No Minimum Balance
Stormwater	16,697,296	-	**5,000,000**	12 months	Establish a Minimum Balance
Firemens 1 %Fund	82,023	-	**-**		No Minimum Balance
Subtotal Operating Reserves	**$ 72,830,563**				
Capital Reserves:					
Capital Projects	$ 9,576,486	-	**-**		No Minimum Balance
Road Usage Fee	2,268,670	-	**-**		No Minimum Balance
Subtotal Capital Reserves	**$ 11,845,156**				
Special Purpose Reserves:					
TIF	$ 11,106,751	-	**-**		No Minimum Balance
State ATAX	9,006,265	-	**-**		Consider a Minimum Balance
Real Estate Transfer Fee	11,272,918	1,000,000	**1,000,000**		Keep Current Policy
Beach Preservation Fee	45,569,274	12,000,000	**20,000,000**	18 months	Increase Minimum Balance
Hospitality Tax	24,798,668	-	**5,000,000**	6 months	Establish a Minimum Balance
Short-Term Rental Fee	172,653	-	**-**		No Minimum Balance
Debt Service	14,813,963	-	**-**		No Minimum Balance
Natural Disasters	37,010,550	20,000,000	**36,000,000**		Increase Minimum Balance
Operating Grants	402,302	-	**-**		No Minimum Balance
Home Grant	12,127	-	**-**		No Minimum Balance
Subtotal Special Purpose Reserves	**$ 154,165,472**				
Total Reserves:	**$ 238,841,191**				

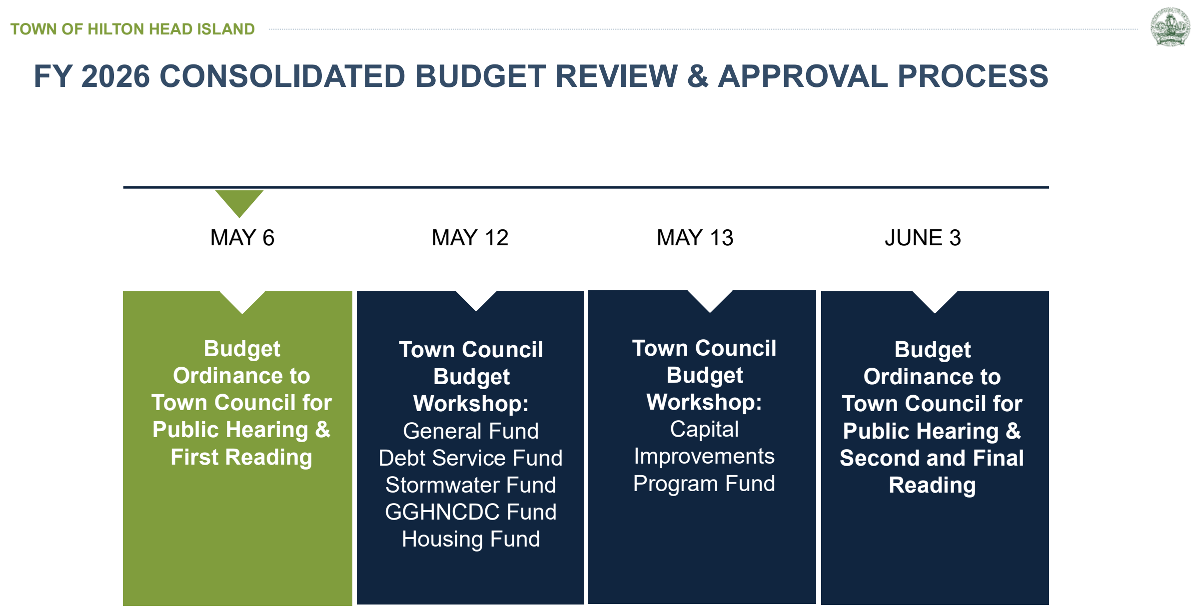
TOWN OF HILTON HEAD ISLAND

FY 2026 PROPOSED CONSOLIDATED BUDGET



Expenditures	FY 2023 Actual	FY 2024 Actual	FY 2025 Revised Budget	FY 2025 Actual YTD*	FY 2025 Encumbered YTD*	FY 2025 Projection*	FY 2026 Proposed Budget	FY26 to FY25 Budget $ Change	FY26 to FY25 Budget % Change
General Fund	$ 48,108,322	$ 57,822,970	**$ 62,546,927**	$ 40,302,231	$ 3,822,085	$ 59,627,500	**$ 59,754,870**	$ (2,792,057)	-4.46%
Debt Service Fund	19,362,930	15,820,581	**16,700,000**	9,854,809	2,140	15,046,960	**18,864,083**	2,164,083	12.96%
Capital Improvements Program Fund									
Beach Renourishment	-	-	**16,500,000**	140,579	424,274	1,500,000	**47,500,000**	31,000,000	187.88%
Other CIP	20,822,285	27,398,738	**66,302,799**	21,504,796	14,929,686	33,482,500	**30,187,380**	(36,115,419)	-54.47%
Stormwater Utility Fund	3,088,497	5,150,208	**9,082,691**	2,690,978	2,032,474	6,515,000	**11,140,277**	2,057,586	22.65%
GGHNCDC Fund	156,815	129,142	**3,405,501**	209,903	36,520	329,600	**3,286,603**	(118,898)	-3.49%
Housing Fund	-	201,523	**4,000,000**	134,084	1,162,771	359,300	**3,978,137**	(21,863)	-0.55%
Consolidated Budget	**$ 91,538,849**	**$ 106,523,162**	**$ 178,537,918**	**$ 74,837,380**	**$ 22,409,950**	**$ 116,860,859**	**$ 174,711,350**	**$ (3,826,568)**	**-2.14%**

***Year-to-date through March 31, 2025**



Mayor Perry asked for public comment.

Richard Bisi addressed Council with a suggestion that at least one of the public meetings regarding the budget should be held in the evening to allow Hilton Head Island residents who work full time to express their views to Town Council.

With no further requests to speak, Mayor Perry closed the public hearing at 4:00 p.m.

Ms. Brison moved to approve. Mr. Alfred seconded.

Members of Council had questions, comments and discussion regarding: an expression of appreciation to the Town Manager for publishing the proposed budget early for public viewing; a comment the numbers are impressive; a request that a late afternoon or evening budget workshop be held; a comment that with what was presented today shows the Town is on the right path with the budget; the Town is financially secure with the validation provided through the bond ratings, the financial audit, debt reduction and by exceeding reserve standards; acknowledgement that transparency is including in all aspects of the budget the need to recognize that the budget includes the cost of the beach renourishment which is completed every eight to ten years; the reduction in millage is a move in the right direction; acknowledgement regarding the reduction in the general fund and the continued management and reduction of debt; the need to focus on better processes such as affiliated agencies and accommodations tax grants to ensure a better focus and effectiveness of taxpayers dollars; acknowledgement the paying off of debit is a sound decision and better aligns our current revenue and expenses; the need to keep in mind the reduction in milage is due to healthy revenue sources and to keep in mind they need to be kept healthy; a request to discuss the need for a reserve in the housing fund; appreciation expressed that the reserve funds policy is located in one area of the budget; a statement of support for the increase I reserve funds; a statement of support for the increase for staff in benefit and compensation; a statement of support for the addition of an integrated pest management employee as well as an additional code enforcement officer for beach management; an expression of appreciation for the increase in the stormwater utility fund; appreciation for the resilience plan and funding plans; the need and hopes for additional funds from the State for the Gullah Geechee Historical Neighborhoods Community Development Corporation; a need monitor the State requirements regarding the changes to the Business License process and the impact on the budget; acknowledgement of the funding resources available and financial strength of the Town; acknowledgement of the disaster resources available and the strong reserves; acknowledgement this proposed budget is a result of months of work by the Town Manager and staff; acknowledgement of the excellence provided in the budget while looking out for the best interest of the community.

Mr. Orlando expressed his appreciation to all involved in the budget preparation process.

Mayor Perry called for a vote.

Motion carried 7-0.

Consideration of a Resolution of the Town Council of the Town of Hilton Head Island Approving for the Purposes of Section 147(F) of the Internal Revenue Code of 1986, as Amended, the Issuance of Not to Exceed $855,000,000 Tax-Exempt Bonds to be Issued by the National Finance Authority for the Benefit of Novant Health, Inc., with no Financial Obligation or Liability to the Town of Hilton Head Island - Shawn Colin, Assistant Town Manager

Shawn Colin conducted a presentation regarding the following information.

Novant Health, Inc., a North Carolina-based nonprofit healthcare provider and, through its affiliate Hilton Head Medical Center, LLC, the operator of Hilton Head Hospital, has advised the Town of its intent to participate in a bond financing transaction. The Authority, a component unit of the Business Finance Authority of the State of New Hampshire, proposes to issue tax-exempt revenue bonds (the “Bonds”) in an amount not to exceed $855,000,000.

The proceeds from the sale of the Bonds will be loaned to Winston-Salem Sustainable Energy Partners LLC (the “Borrower”) to finance or refinance a combination of energy-related infrastructure improvements and routine capital expenditures at multiple healthcare facilities across the Carolinas, including Hilton Head Hospital located at 25 Hospital Center Blvd., Hilton Head Island, SC.

- ***Project Summary:***
  The project (the “Project”) includes the following eligible uses of bond proceeds at the Hilton Head Hospital facility:
- Energy Projects (up to $29,700,000): Upgrades to central utility plant assets, replacement of electrical distribution and air handling systems, building automation improvements, and other infrastructure enhancements intended to improve energy efficiency.

- Routine Capital Expenditures Projects (up to $15,100,000): Facility renovations, and acquisition of medical, computer, office, and capital equipment.
  Novant and its affiliates are qualified 501(c)(3) organizations under the Internal Revenue Code and therefore eligible for tax-exempt bond financing.
- ***Legal Requirements:***
  Under Section 147(f) of the Internal Revenue Code, tax-exempt private activity bonds must receive public approval via a governmental unit with jurisdiction over the location of the project. Accordingly, Novant has requested that the Town of Hilton Head Island approve the issuance of the Bonds to satisfy requirements with respect to the portion of the Project located within the Town (see Attachment 2).
  A notice of public hearing was published in the *Island Packet* on April 20, 2025, and the required hearing will be conducted prior to Council's consideration of this resolution on May 6, 2025.
- ***Fiscal Impact:***
  There is no financial obligation or liability to the Town of Hilton Head Island or any political subdivision of the State of South Carolina in connection with the issuance of the Bonds. The Bonds do not constitute a debt or pledge of the Town's credit.

  Approval of the proposed resolution will fulfill the legal requirements necessary to enable Novant Health, Inc. to access tax-exempt bond financing through the National Finance Authority for capital and energy improvement projects at Hilton Head Hospital.

Mayor Perry opening the public hearing at 4:35 p.m.

Mayor Perry asked for public comment. There was none.

Mayor Perry closed the public hearing at 4:36 p.m.

Ms. Brison moved to approve. Mr. Alfred seconded.

Members of Council had questions, comments and discussion regarding: an expression of appreciation for Novant's investment in the community; confirmation $30 million ill be dedicated to the energy plant at the hospital and $15 million for general capital; confirmation all funds will be spent in South Carolina and North Carolina; and confirmation every jurisdiction where funds are earmarked to be spent have to enact a resolution.

Mayor Perry called for a vote.

Motion carried 7-0.

Unfinished Business

Consideration of an Ordinance to Authorize the Execution and Delivery of an Easement for Ingress and Egress to Cordillo Courts and the Hedges, Encumbering Real Property, Located at 104 Cordillo Parkway, Owned by the Town of Hilton Head Island - Second Reading - Shawn Colin, Assistant Town Manager

Shawn Colin conducted a presentation including the following information.

The Town of Hilton Head Island (the "Town") owns a 1.472-acre parcel of land, located at 104 Cordillo Parkway and described in the Plat entitled "Sea Cabin Racquet Club As-

Built," dated January 24, 1983, and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, in Plat Book 31 at Page 53 (hereinafter referred to as the "Town Property"). This parcel is located on the northwestern side of the right-of-way of Cordillo Parkway on Hilton Head Island, South Carolina.
Adjacent to the Town Property are two condominium projects, collectively known as the Sea Cabin Racquet Club I Council of Co-Owners (Cordillo Courts) and the Sea Cabin Racquet Club II Council of Co-Owners (The Hedges). These properties have historically relied on access across the Town Property for ingress and egress to and from Cordillo Parkway.

Although there has been long-standing access across the Town Property to and from the Sea Cabin Racquet Club I and II properties, there is no recorded written easement that formalizes this access. This lack of a formal easement has led the Sea Cabin Racquet Club I and II Council of Co-Owners to request the Town to grant a written easement for ingress and egress to secure and clarify this access route.

The Sea Cabin Racquet Club I Council of Co-Owners and the Sea Cabin Racquet Club II Council of Co-Owners have formally requested the Town grant an easement for ingress and egress across the Town Property. This would formalize the access route to Cordillo Courts and The Hedges.

Pursuant to S.C. Code Ann. § 7-40 (Supp. 2024) and § 2-7-20 of the Municipal Code of the Town of Hilton Head Island, the granting of easements that encumber real property owned by the Town requires authorization by an ordinance of the Town Council.

Historical Use and Need for Formalization: The Sea Cabin Racquet Club I and II properties have utilized access across the Town Property for many years. Granting a formal easement for ingress and egress would provide the residents and owners of these condominium properties with clarity and legal security regarding their access rights. It ensures continued and uninterrupted access to and from Cordillo Parkway.

Property Value and Legal Clarity: Formalizing the access easement would provide the Sea Cabin Racquet Club I and II properties with an officially recognized and documented right-of-way. This will enhance property value and provide legal clarity to all parties involved, reducing the potential for future disputes or misunderstandings regarding the use of the Town Property.

Town's Best Interests: Granting the easement is in the best interests of the Town as it allows the continuation of current access while formalizing it in a way that protects both the Town's interests and those of the adjacent properties. There is no adverse impact on the Town's property, and the easement would be granted under terms and conditions that protect the Town's legal and financial position.

Town Council is requested for consideration of an Ordinance to Authorize the Execution and Delivery of an Easement for Ingress and Egress to Cordillo Courts and the Hedges, Encumbering Real Property, located at 104 Cordillo Parkway, Owned by the Town of Hilton Head Island

Town Council approved First Reading with a vote of 7-0 on April 8, 2025. No changes have been made since First Reading.

Mr. Alfred moved to approve. Ms. Becker seconded. Mayor Perry asked for public comment. There was none. Motion carried 7-0.

New Business

Consideration of an Ordinance to Amend the Town of Hilton Head Island Budget for the Fiscal Year ending June 30, 2025; to Provide for the Budgeted Appropriations of the Land Acquisitions and Certain Other Appropriations and Commitments and the Expenditures of Certain Funds; to Allocate the Sources of Revenue for the Said Funds; and to Provide for Severability and an Effective Date - First Reading - Adriana Burnett, Finance Director

Ms. Burnett conducted a presentation regarding funding considerations as follows:

a) Land Acquisition Funding - $5,917,904

1. Town Council previously authorized the purchase of real estate located at 69 Pope Avenue in an amount totaling $2,900,000. An appropriation of funds from available Tax Increment Financing (TIF) fund balance is therefore requested in this amount to the CIP budget. This transfer will also ensure that the Town complies with applicable timing criteria set forth under South Carolina law requiring utilization of such funds.
2. Town Council previously authorized the purchase of 26 acres of real estate located in the Mitchelville area in an amount totaling $1,827,904. An appropriation of funds from available Real Estate Transfer Fee fund balance is therefore requested in this amount to the CIP budget

- Beaufort County has approved an additional contribution of $993,000 for this property. It is anticipated the Town will receive these funds by the end of the fiscal year. Once the funds are received, the Real Estate Transfer Fee fund will be reimbursed.

3. Town Council previously authorized the purchase of 1.98 acres of real estate located in the Beach City Road area in an amount totaling $1,190,000. An appropriation of funds from available Real Estate Transfer Fee fund balance is therefore requested in this amount to the CIP budget.

Ms. Burnett requested Town Council consider proposed budget amendments for Fiscal Year 2025 to the Capital Improvements Program Fund. These proposed amendments address funding for land acquisitions previously authorized by the Town Council.

Ms. Becker moved to approve. Ms. Brison seconded. Mayor Perry asked for public comment. There was none. Motion carried 7-0.

Consideration of a Resolution to Adopt the Destination Marketing Organization FY26 Marketing Plan, Budget and Industry Metrics - Ariana Pernice, Vice President of the Visitor & Convention Bureau

The presentation was given by Visitor & Convention Bureau Vice President Ariana Pernice and as needed, Research Manager Chase O’Dell. Vice President of Communications for the Hilton Head Island & Bluffton Chamber of Commerce Charlie Clark will also attend the meeting and may be available to answer questions as appropriate.

The purpose of this discussion is to provide an opportunity for the full Town Council to discuss the DMO Marketing Plan and Budget submitted by the Hilton Head Island - Bluffton Chamber of Commerce Visitor & Convention Bureau (VCB) for FY26 (2025-2026). The Town Council will then vote on a resolution to approve the Marketing Plan & Budget.

According to South Carolina State law, 30% of the two percent bed tax funds collected by the State of South Carolina are allocated to the Town's pre-determined DMO with an ongoing tourist program. The Town Council has designated the Hilton Head Island - Bluffton Chamber of Commerce VCB as its DMO. The DMO presents the FY26 plan, budget and visitor profile study annually as outlined in their current contract.

Council members are encouraged to ask clarifying questions about the plan and budget, provide feedback to the DMO and Chamber representatives, and determine if the plan is suitable for approval via resolution by the full Town Council at the FY26 budget first reading.

The plan, budget and visitor profile were approved for recommendation by the Town-wide marketing Council (January), which includes Town Council member Alex Brown, Town Manager Marc Orlando, and Town staff (Heather Woolwine-Communications, Kelly Spinella- Communications, and Natalie Harvey-Office of Cultural Affairs) and the Accommodations Tax Committee (March). The Finance & Administration Committee voted to recommend the plan on April 29.

Members of Council had questions, comments and discussion regarding: a suggestion that the color scheme be adjusted in the graphs for clarity; clarification regarding the ages we're reaching through marketing; concern regarding the viability of the Charleston surveys; the need for discussion and breakout of statistics for villas, hotels and time shares; a recommendation to provide comparisons; inquiry in to the decrease in funding for leisure media and the increase in digital marketing; confirmation data was referenced to make the decisions an consumer behanior leans towards digital marketing; inquiry as to the allocation of $200,000 toward golf and the need for clarification; clarification on how the vacation planner marketing is decided; and an expression of appreciation for the Chamber addressing community values.

Ms. Brison moved to approve. Mr. Alfred seconded. Mayor Perry asked for public comment. There was none. Motion carried 7-0.

<u>Consideration of an Ordinance of the Town of Hilton Head Island Authorizing the Execution of a Lease Purchase Agreement for Fire Trucks - First Reading - Adriana Burnett, Director of Finance</u>

Upon execution of the lease purchase agreement, the Town will receive from the financial institution, not to exceed, $8,000,000 in lease proceeds, which will be distributed to the Hospitality Tax Fund for the following purposes:

1. **Reimbursement** – To reimburse the Town for fire trucks already purchased in FY2024 and FY2025 (eight "pumpers" totaling $5,051,135).
2. **Future Funding** – To provide funds for fire trucks currently under contract and scheduled for delivery in FY2026 and FY2027 (two "quints" totaling $2,398,853).

The Town will then repay the financial institution in fixed annual payments over a 10-year term, which aligns with the anticipated useful life of the fire trucks. This lease agreement will be subject to annual appropriation by Town Council.

Town Fire Rescue Staff proposed the replacement of 10 fire trucks as part of the FY2022 Budget. This recommendation was based on the fire trucks exceeding their standard useful life of 10 years, along with increasing repair costs and downtime associated with maintaining the aging fleet. During the budget approval process, it was agreed that funding for these fire trucks would be pursued through an equipment lease. Funding for the associated lease payments has since been carried forward into the FY2023, FY2024, and FY2025 budgets.

Following the FY2022 budget approval, the Town entered into an agreement ("the 2021 Purchase Agreement") with Safe Industries on December 1, 2021, which was later updated and extended on November 14, 2023. The agreement provides for the purchase of 10 new fire trucks—eight pumpers and two quints. Due to production delays and supply chain disruptions, delivery of the Trucks has been postponed multiple times.

Pumper Delivery and Purchase Timing – The Town received delivery of the eight pumpers between June and October 2024. Payment for each vehicle was due within 30 days of delivery. These payments were initially made using cash from the Town's Hospitality Tax revenues.

Quint Delivery and Purchase Timing – The remaining two fire Trucks (quints) have not yet been delivered due to ongoing production delays. The Town anticipates their arrival in late FY2026 or early FY2027.

Authorizing the Fire Truck Lease Ordinance would allow the Town to enter into a tax exempt lease financing agreement, increasing the balance of the Hospitality Tax Fund by the actual paid or to be paid amounts. This infusion of funds would benefit the town by:

a. Maintaining a strong Hospitality Tax fund balance
b. Enabling the Town to pay for other approved capital projects
c. Providing financial flexibility in the event of a natural disaster
d. Supporting compliance with proposed minimum fund balance policies
e. The lease financing structure will align the Town's annual lease payments with the fire trucks' anticipated 10-year useful life, offering a more equitable and financially sustainable approach.
f. The proposed tax-exempt equipment lease will not count against the Town's 8% General Obligation Bond capacity. It will remain as a long-term financial obligation of the Town until fully repaid.

<u>Key Dates & Milestones:</u>

May 6 – Town Council Meeting: First Reading of the Ordinance
May 14 – Issue Request for Proposals (RFP) to Potential Bidders
May 20 – Town Council Meeting: Second Reading of the Ordinance
June 4 – Bid Submission Deadline; Call with Financing Team to Review Bids*
June 9 – Financing Team Reviews Financing Agreement and Closing Documents
June 24 – Formal Bid Award and Financial Closing

June 24 – Transfer of Funds to the Hospitality Tax Fund for:

- Reimbursement of past fire trucks purchases (8 pumpers)
- Funding for future fire vehicle purchases (2 quints)

Mr. Alfred moved to approve. Ms. Brison seconded. Mayor Perry asked for public comment. There was none.

Members of Council had questions, comments and discussion regarding: confirmation obtaining the funds in advance for the complete package saves dollars; inquiry as to why the ordinance states the proceeds "may be used for the acquisition of the fire trucks" as opposed to "shall be used for the acquisition of the fire trucks"; and confirmation the word "may" will be replaced with the word "shall" for second reading.

The maker and seconder of the motion agreed to the word replacement from "may" to "shall". Motion carried 7-0.

Consideration of a Resolution of the Town Council of the Town of Hilton Head Island, South Carolina, Authorizing the Execution and Delivery of an Agreement with Cordillo Courts and the Hedges, Regarding Signs on Real Property Owned, Located at 104 Cordillo Parkway, by the Town of Hilton Head Island - Shawn Colin, Assistant Town Manager

Shawn Colin conducted a presentation regarding the following.

The Town of Hilton Head Island (the "Town") owns a 1.472-acre parcel of land, located at 104 Cordillo Parkway and described in the Plat entitled "Sea Cabin Racquet Club As-Built," dated January 24, 1983, and recorded in the Office of the Register of Deeds for Beaufort County, South Carolina, in Plat Book 31 at Page 53 (hereinafter referred to as the "Town Property"). This parcel is located on the northwestern side of the right-of-way of Cordillo Parkway on Hilton Head Island, South Carolina.

Currently, the Town maintains two signs on the Town Property, located near the intersection of Cordillo Parkway. These signs serve to identify both the Town Property and the adjacent condominium projects known as the Sea Cabin Racquet Club I Council of Co-Owners (Cordillo Courts) and Sea Cabin Racquet Club II Council of Co-Owners (The Hedges). Additionally, the signs identify the location of the Cordillo Public Tennis Courts.

The Town has negotiated a Sign Maintenance Agreement with the Sea Cabin Racquet Club I Council of Co-Owners and the Sea Cabin Racquet Club II Council of Co-Owners to formalize the maintenance responsibilities of the signs on the Town Property. This agreement ensures that both parties are clear on their respective roles and obligations regarding the installation, maintenance, repair, and replacement of the signs.

The Town Council is requested to adopt a resolution authorizing the execution and delivery of the Sign Maintenance Agreement between the Town of Hilton Head Island and the Sea Cabin Racquet Club I and II Councils of Co-Owners. The resolution will formalize the agreement and authorize the Town to perform its obligations as outlined within the agreement.

The proposed Sign Maintenance Agreement includes the following key provisions:

1. Sign Maintenance Responsibility: The Town will maintain a sign located near the intersection of Cordillo Parkway and the entrance to the Cordillo Public Tennis Courts. The sign will include a panel identifying “Cordillo Courts,” “The Hedges,” and “Cordillo Public Tennis Courts.” The Town will also maintain a directional sign showing the way to “Cordillo Courts” and “The Hedges” at the intersection of the drives to these properties.
2. Cost Responsibility: The Town will bear full responsibility for the cost of installation, maintenance, repair, and replacement of the signs.
3. Design and Style: The design and style of the signs are at the sole discretion of the Town. The Town may alter the design or style of the signs from time to time, as long as it adheres to the requirements set forth in the agreement. The Town will not relocate the signs or alter the lettering size or phrasing without first providing written notice to Cordillo Courts and The Hedges. If no objections are received within 30 days, the change will be deemed approved.
4. Default and Remedies: In the event of a default by any party, the non-defaulting party will be entitled to pursue remedies under law or equity. A 90-day written notice will be provided before pursuing such remedies.
5. Notice Provisions: The agreement specifies how and where notices should be delivered to the respective parties, including the addresses for the Town of Hilton Head Island and the Sea Cabin Racquet Club I and II Councils of Co-Owners.

Clarity and Formalization of Responsibilities: The Sign Maintenance Agreement clearly outlines the Town’s responsibilities for maintaining the signs and ensures that all parties are aligned regarding their obligations. This formalization of duties provides clarity for both the Town and the property owners of Cordillo Courts and The Hedges.

Community and Visitor Awareness: Maintaining clear and visible signage is important for the identification of the properties and helps visitors navigate the area, especially in relation to the Cordillo Public Tennis Courts. The signs contribute to the overall ease of access and visibility for both residents and the public.

No Financial Burden on the Property Owners: The Town assumes full responsibility for the costs associated with the installation, maintenance, and repair of the signs. This arrangement relieves the Sea Cabin Racquet Club I and II Councils of Co-Owners from any financial burden related to the upkeep of the signage.

Ensuring Long-Term Maintenance: The agreement ensures that the signs will be properly maintained over time, preventing potential deterioration or confusion for residents, visitors, and the public.

Town Council is requested for consideration of a Resolution Authorizing the Execution and Delivery of an Agreement with Cordillo Courts and the Hedges, Regarding Signs on Real Property Owned, Located at 104 Cordillo Parkway, by the Town of Hilton Head Island.

The Community Services and Public Safety Committee recommended with a 3-0 vote that the Resolution be forwarded to Town Council for approval.

Ms. Brison moved to approve. Ms. Becker seconded. Mayor Perry asked for public comment. There was none. Motion carried 7-0.

Public Comment - Non Agenda Items

Richard Bisi addressed Council regarding beach parking for Beaufort County residents. He stated his opposition to making them available. He encouraged Council to keep the existing beach parking policy in effect for all of 2025 and evaluate it at the end of the year.

Jean Fruh addressed council regarding Earth Day expressing her appreciation to the Town for assisting with the event.. She informed Council the challenges and dangers of single use plastic. She encouraged the Town take action in eliminating the use of single use plastic.

Linda Harrington addressed Council regarding ethics and asked for total disclosure from Town Board members regarding membership of The Greater Island Council. She also addressed beach parking passes for Beaufort County residents stating her opposition to such.

Executive Session

Discussion of Contractual Arrangements Pertaining to Designated Marketing Organization [Pursuant to the South Carolina Freedom of Information Act Section 30-4-70 (a)(2)]

Discussion of Legal Advice from the Town Attorney on Matters Covered Under the Attorney- Client Privilege [Pursuant to the South Carolina Freedom of Information Act Section 30-4-70 (a)(2)]related to:

1. Workforce Housing Agreement for a Project located on Main Street, also known as Diamond Cove
2. Workforce Housing Agreement and Covenants Template
3. Amendment to an Intergovernmental Agreement Regarding Affordable Housing, also known as the Beaufort Jasper Housing Trust

Mr. Orlando stated the need for an Executive Session for the reasons listed above.

At 6:14 p.m. Ms. Brison moved to enter Executive Session for reasons cited by the Town Manager. Mr. Alfred seconded. Motion carried 7-0.

At 7:04 p.m. Ms. Becker moved to end Executive Session and return to Regular Session. Ms. Brison seconded. Motion carried 7-0.

Action from Executive Session

None

Adjournment

At 7:05 p.m., Ms. Brison moved to adjourn. Ms. Becker seconded. Motion carried 7-0.

Approved: May 20, 2025

Kimberly Gammon, Town Clerk

Alan R. Perry, Mayor

The recording of this Meeting can be found on the Town's website at www.hiltonheadislandsc.gov