

Town of Hilton Head Island
TOWN COUNCIL BUDGET WORKSHOP
Tuesday, May 13, 2025, 5:00 PM
Minutes

Call to Order

Mayor Perry called the meeting to order at 5:00 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

Also present: Marc Orlando, Town Manager; Shawn Leininger, Assistant Town Manager – Operations; Kim Gammon, Town Clerk

Adoption of the Agenda

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

Mayor Perry asked Shawn Colin, Assistant Town Manager – Strategic Initiatives to provide Town Council with a belief overview regarding a meeting that the South Carolina Transportation Infrastructure Bank (SCTIB) held regarding the joint resolution between Beaufort County and the Town of Hilton Head. Mr. Colin stated that the joint resolution of the revised scope of the project and funding allocation plan was denied by SCTIB and leaves a 60–90-day window to determine and address the next steps. The comments from the SCTIB were that the joint resolution was in violation of the Intergovernmental Agreement (IGA) that they have with Beaufort County. It was intended that if there was support from the SCTIB of the joint resolution, Beaufort County would work with them to amend the IGA and their agreement with the South Carolina Department of Transportation. Mr. Colin stated that Senator Tom Davis stressed the urgency of Beaufort County drafting a revised IGA to submit to the SCTIB for consideration. The SCTIB did not want to set precedence to approve a revised scope and funding plan that was in violation of the current IGA with Beaufort County that funding was previously pledged. Marc Orlando, Town Manager, stated that once he speaks with the Beaufort County Administrator and Senator Davis, he will provide an update. Lastly, Mayor Perry encouraged citizens to watch the previous Beaufort County meeting to be informed.

Review and Discussion of the Proposed Fiscal Year 2026 Consolidated Budget – CIP Fund

Mr. Orlando explained that the workshop would serve as a follow-up to the previous day's workshop that covered the six funds within the Municipal Budget. He further explained that he will discuss the Capital Improvements Program Fund and conducted a Power Point presentation regarding the following information.

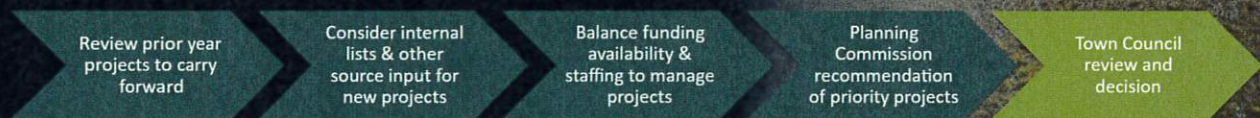


CAPITAL IMPROVEMENTS PROGRAM FUND

- ✓ This fund is used to account for and report financial resources that are restricted, committed or assigned for the acquisition, construction, or renovation of major capital facilities; ongoing major improvement projects; and major equipment or other capital asset acquisitions which are not financed by another fund.
- ✓ A capital expenditure is the disbursement of appropriated funds to pay for land, buildings, machinery, equipment, and infrastructure with an original cost of \$5,000 or more; and software licenses and other intangibles of a consumable nature the value of which is \$50,000 or more and has an estimated useful life of at least two years following the date of acquisition.
- ✓ Primary sources of revenue include bond proceeds, hospitality tax fees, beach preservation fees, state accommodations taxes, TIF proceeds, road usage fees (now paused), electric franchise fees, and road/park impact fees. Capital Projects are primarily non-recurring in nature.



5-Year CIP PROGRAM SELECTION PROCESS





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%



FY 2026 PROPOSED CIP SOURCES OF FUNDS

Funding Sources	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
Traffic & Park Impact Fees	\$ 164,741	\$ 236,672	\$ 947,601	\$ 1,100,000	\$ 152,399	16.08%	1.42%
Sunday Liquor Permit Fees	319,600	279,950	1,455,811	1,000,000	(455,811)	-31.31%	1.29%
HTAX Supported Lease	-	-	11,384,707	-	(11,384,707)	-100.00%	0.00%
Prior Bond Proceeds	31,236	1,534	-	66,197	66,197	100.00%	0.09%
Capital	54,740	252,419	554,702	3,279,803	2,725,101	491.27%	4.22%
Investment Income	261,735	490,345	-	-	-	0.00%	0.00%
Sale of Land	-	200	1,283,020	-	(1,283,020)	-100.00%	0.00%
Grants	213,166	3,692,991	500,000	7,365,538	6,865,538	1373.11%	9.48%
SBITA Asset Revenue	1,188,451	122,418	-	-	-	0.00%	0.00%
Transfers In:							
Beach Preservation Fees	1,029,037	2,916,722	21,275,174	41,220,000	19,944,826	93.75%	53.06%
Hospitality Tax	1,323,918	2,654,133	18,601,126	9,934,462	(8,666,664)	-46.59%	12.79%
Tax Increment Financing (TIF)	959,641	453,719	11,260,717	2,242,934	(9,017,783)	-80.08%	2.89%
General Fund	-	1,000,000	-	-	-	0.00%	0.00%
State ATAX	232,592	2,014,294	3,200,000	2,832,066	(367,934)	-11.50%	3.65%
Road Usage Fee	1,240,183	(137,533)	762,871	1,354,500	591,629	77.55%	1.74%
Electric Franchise Fee	-	9,596,675	8,497,848	511,000	(7,986,848)	-93.99%	0.66%
Real Estate Transfer Fee	7,717,100	7,236,901	885,912	250,000	(635,912)	-71.78%	0.32%
Short Term Rental Permit Fee	692,309	-	-	180,000	180,000	100.00%	0.23%
Stormwater Utility Fee	-	860,000	2,193,310	6,350,880	4,157,570	189.56%	8.17%
Total Funding Sources	\$15,428,449	\$31,671,440	\$82,802,799	\$77,687,380	\$ (5,115,419)	-6.18%	100.00%



CAPITAL IMPROVEMENTS PROGRAM FUND HIGHLIGHTS

- ✓ Provides capital project status transparency through a CIP web - based project life cycle dashboard (effective July 1, 2026), and Town Council CIP workshops
- ✓ Supports several existing projects currently under way, as well as funding for new projects, for a full, impactful, and attainable CIP program
- ✓ Schedules project timelines to balance stages and create coordination between projects – planning / design / permitting / construction
- ✓ Utilizes diverse sources of funds such as HTAX, Beach Fees, and SC ATAX to help fund our tourism-related Pathway, Park, Facility and Equipment projects
- ✓ Staff continues to expand efforts to explore alternate public revenue sources at the federal, state and county levels, as well as private funding

Shawn Lenininger, Assistant Town Manager – Operations, presented the following information:

Members of Council had questions, comments and discussion regarding: the estimated live date for the Capital Improvements Program Dashboard as it is a needed benefit to the community.



CAPITAL IMPROVEMENTS PROGRAM FUND HIGHLIGHTS

- ✓ Beaches (\$48.8m)
- ✓ Pathways (\$1.6m)
- ✓ Roadways (\$5.1m)
- ✓ Parks (\$10.6m)
- ✓ Facility & Equipment (\$4.7m)
- ✓ Stormwater (\$6.4m)
- ✓ Fleet (\$180k)
- ✓ Land Acquisition & Administration (\$250k)



2016 Beach Renourishment



CAPITAL IMPROVEMENTS PROGRAM FUND HIGHLIGHTS

- ✓ Beach Program (\$48.8m)
 - Maintenance and general improvements to seven beach parks such as paving, landscaping, lighting, signage, upgrades to recycling and waste collection, and site furnishings
 - Ongoing activities to manage the beach including Island-wide beach survey and monitoring, and endangered species monitoring
 - Activities related to Beach Renourishment Project, including permitting, bidding, and construction in FY26

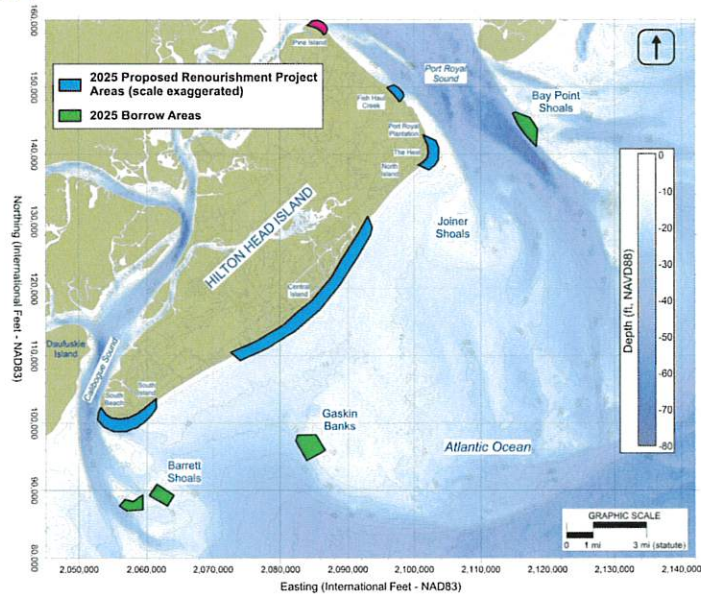




FY2026 BEACH RENOURISHMENT

✓ Highlights include:

- The proposed project represents the fourth major renourishment since 1990; projects are planned approximately every 8-10 years
- Anticipated to place over 2 million cubic yards of sand from up to four offshore borrow areas
- Permits approved for Fish Haul Creek, The Heel, Central Beach, and South Beach
- Permit pending for Pine Island
- Project is bid with contract and detailed schedule currently under review
- Construction in FY26



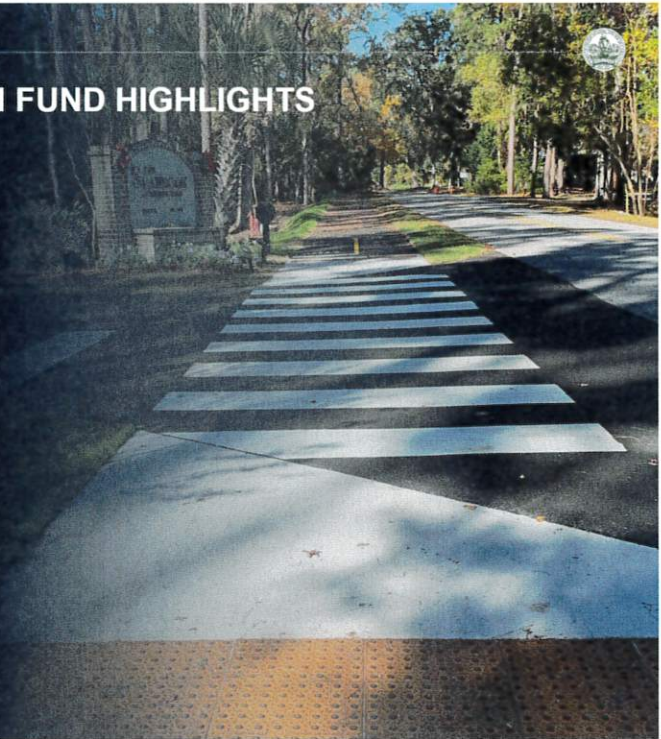
oisen associates, inc.

Members of Council had questions, comments and discussion regarding: thanked Mr. Leininger for attending a community meeting to answer citizen questions regarding the beach, bridge and budget; when the Town anticipates a contract will be awarded regarding the bid process for the FY 2026 Beach Renourishment; the potential impacts of the parking at Islander Beach Park and how the Town plans to communicate that to the public; commending Staff for postponing improvements to Islanders Beach Park until after the renourishment is completed as it will be the staging site for the project; a request to Staff to share how the project will flow after the completion of the Port Royal Sound area; and explanation of the contingency funds that are being held in the case a storm arises.

CAPITAL IMPROVEMENTS PROGRAM FUND HIGHLIGHTS

✓ Pathway Program (\$1.6m)

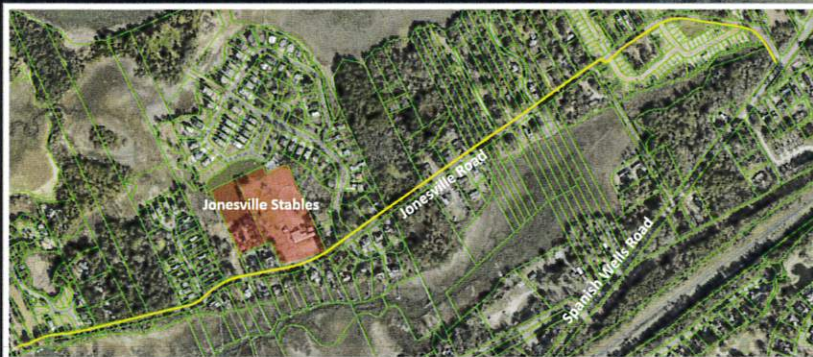
- Improvements to the Town's 65+ miles of public pathways toward managing, improving, and enhancing our pathway network
- Maintenance and improvements to existing pathways including repair, rejuvenation, and striping plus safety enhancements aimed at improving consistency and uniformity of all pathways, including ADA compliance
- Construction of new pathways and preliminary planning, design, and permitting of future pathways
- Projects identified based on collaboration with Bike Walk HHI, Bicycle Ambassadors, and Capital Projects Division staff's bi-annual Pathway Assessments



JONESVILLE ROAD PATHWAY

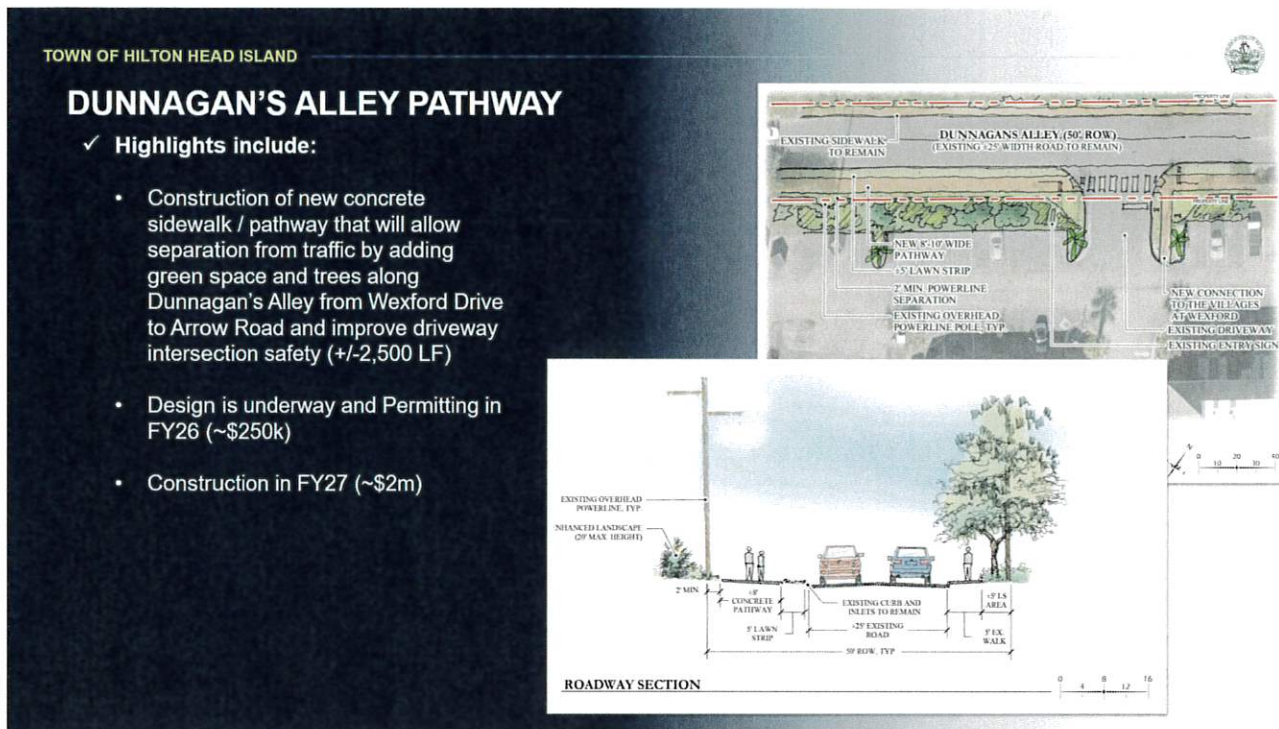
✓ Highlights include:

- Construction of new pedestrian pathway off Spanish Wells Road into and through the Jonesville neighborhood including signage and historic marker (+/-6,500 LF)
- Design is underway and Permitting & Land Acquisition in FY26 (~\$500k)
- Construction in FY27 (~\$3.9m)



Members of Council had questions, comments and discussion regarding: the availability of funding to engage with consultants for the construction of historical markers for the Jonesville

Road pathway.



Members of Council had questions, comments and discussion regarding: the reduction of funding for pathway improvements is due to the Town becoming focused on what realistically can be done in a fiscal year and including them in out years as needed; and an ask to Staff to not only define discretionary and maintenance but also priority to allow Council to become more organized and focused as they move forward.



CAPITAL IMPROVEMENTS PROGRAM FUND HIGHLIGHTS

✓ Roadway Program (\$5.1m)

- Improvements conducted to Island roadways to maintain, improve and enhance drive lanes, curb & gutter, pedestrian crosswalks, and corridor function
- Dirt Road Paving Program to accept dedications of private, unpaved roads to become public rights-of-way including pavement, installation of storm drainage infrastructure, and maintenance
- Improvements based on the draft Major Thoroughfares Corridors Plan targeting safety, beautification, and consistency to include landscaping, signage, and pavement markings
- Maintenance of Adaptive Traffic Signals at all signalized intersections including maintenance of signal mast arms



Members of Council had questions, comments and discussion regarding: the traffic impacts from development on Jonesville Road as they are downstream from other impacts – it was suggested that a revision in the language in Town's Land Management Ordinance amendments would be beneficial; comments regarding no landscaping or street scaping on highway 278 between Matthews Drive and Shelter Cove and the need for it to be done; the outcome of the traffic impact study that is being done from Folly Field Road as pedestrian safety will be higher during the rental season and should be considered when looking at this study; and roadway signage added to the Folly Field Road area to assist at the traffic light to inform drivers they can turn in multiple directions. though there is a reduction in pathway funding compared to the previous fiscal year, it was clarified that this change does not reflect a shift in priorities, instead, that the Town is transitioning from allocating the full funding in one year to phasing the work and associated costs over time as projects can be implemented; Council members noted the close connection between roadway improvements and pathway projects, particularly due to the importance of pedestrian and bicycle crossings; there was support expressed for the inclusion of many safety improvements in the plans, acknowledging the growing need for such enhancements across the Island; emphasis that roadway programs should not only address pavement for vehicular traffic but must also prioritize safe access for pedestrians and cyclists; the discussion also included the road usage fee, which was initially established to supplement road-related funding but is currently paused due to legal reasons; Council inquired whether the Town Manager felt confident in continuing to present a robust roadway portion of the Capital Improvement Budget without the revenue from that fee; and it was noted that public safety has historically been compromised due to funding limitations, and as the Town looks ahead, Council members suggested that alternative funding solutions should be explored more aggressively to ensure adequate support for critical infrastructure and safety needs.



CAPITAL IMPROVEMENTS PROGRAM FUND HIGHLIGHTS

✓ Park Program (\$10.6m)

- Maintenance and general park improvements to existing parks such as playground equipment replacement, landscaping, lighting, and site furnishings
- Design & permitting of improvements at Mid-Island Tract Park, Crossings Park Phase 1: Pickleball Complex, Crossings Park Renovation Phase 2: Bristol Sports Arena, Skate Park, and Pump Track, Crossings Park Renovation Phase 3: Baseball Complex
- Old Schoolhouse Park Improvements, Coligny Circle Pocket Park, Patterson Family Park and Taylor Family Park
- Island Recreation Association Capital Projects including improvement to the building, pool & grounds, and special events



MID-ISLAND PARK – PHASE 1

✓ Highlights include:

- Ecological and resilience improvements to stormwater / lagoon systems; improvements to pathways; and, near Union Cemetery Road and William Hilton Parkway, construction of new parking lot with 36 spaces and renovation of existing restroom
- Design in progress & Permitting in FY26 (~\$750k)
- Construction in FY27



Mid-Island Park: Phase 1



Members of Council had questions, comments and discussion regarding: there have been significant investments on the South End and Mainstreet on our pump stations to deal with stormwater, adopted a Mid-Island Master Plan, and we should take a strong look at that area, as several areas that rely on significant outfall back into Broad Creek; and the draft Strategic

Plan looks for stormwater improvements and the Mid-Island Park is significant for that area and they are glad to see it returning to more of its natural environment and concerns regarding the turning radius coming off of highway 278 to Old Schoolhouse Park.

TOWN OF HILTON HEAD ISLAND

CAPITAL IMPROVEMENTS PROGRAM FUND HIGHLIGHTS

✓ Facility & Equipment Program (\$4.7m)

- Improvements, maintenance, and security of Town-owned or facilities, buildings, property, and programs
- Replacement and upgrades to Public Safety Systems equipment and software
- Replacement and upgrades to IT equipment and software
- Public safety cameras and security cameras
- Coastal Discovery Museum Capital Projects to buildings and grounds
- Historic Mitchelville Freedom Park Capital Projects



TOWN OF HILTON HEAD ISLAND

CAPITAL IMPROVEMENTS PROGRAM FUND HIGHLIGHTS

✓ Stormwater Program (\$6.4m)

- Improve and sustain the stormwater infrastructure, water quality, and watersheds within the Town of Hilton Head Island
- Enhance Island resiliency as it relates to flood protection
- Maintenance, repair, and replacement of major outfall stormwater pump stations
- Drainage improvements to address various deficiencies and improve efficiency and reduce long-term maintenance costs of existing stormwater infrastructure
- Improve operation and effectiveness of pump stations and critical outfalls during extreme events by mitigating the impacts of tidal storm surge on upland stormwater systems





CAPITAL IMPROVEMENTS PROGRAM FUND HIGHLIGHTS

✓ Stormwater – Major projects include:

- Gum Tree Road Drainage Improvements (\$120k)
 - Improvements to address various deficiencies along Gum Tree Road between Katie Miller Drive and Georgianna Drive, including regrading of ditches, installation of new inlets, new pipe, and repairs along the outfall system
 - Design & Permitting in progress, Construction in FY26
- Jarvis Creek Outfall (\$50k)
 - Installation of flap gates on the outfall end of two 84-inch diameter concrete pipes that discharge stormwater from the Jarvis Creek Pump Station
 - Design in FY26, Permitting FY27
 - Construction in FY28



CAPITAL IMPROVEMENTS PROGRAM FUND HIGHLIGHTS

✓ Stormwater – Major projects include:

- Jarvis Creek Pump Station (\$300k)
 - Purchase and installation of one new pump
- Moonshell Road / Folly Field Neighborhood Drainage Improvements (\$60k)
 - Installation of 1,500 linear feet of pipe, new inlets, a control structure to improve functionality and reduce long-term maintenance costs
 - Design in progress, Permitting & Construction in FY26
- Palmetto Hall Outfall (\$150k)
 - Addition of hydraulic capacity at the system outfall and addition of backflow prevention devices supporting capacity and resilience improvements
 - Design in FY26, Permitting in FY27
 - Construction in FY28

CAPITAL IMPROVEMENTS PROGRAM FUND HIGHLIGHTS

✓ Land Acquisition & Administration Program (\$250k)

- Support for acquisition of Town property
 - Survey
 - Appraisals
 - Legal Fees

Shawn Leininger reviewed the details of the Land Acquisition and Administration Program and there were no questions or comments from Council.

As a recap of the Workshop, members of Council held discussion regarding: commended staff on an excellent presentation and expressed anticipation for the upcoming Capital Improvements Workshop; Mr. Orlando and his team were thanked for their creativity in identifying ways the Town can reinvest in the community through the Capital Improvements Program, which now represents 45% of the overall budget; Council members appreciated the transition to a five-year outlook, noting it provides a clearer and more accessible understanding of priorities and investments; there was strong support for the diversity of projects and the alignment with the Town's adopted master plans, encouraging continued emphasis on these plans to help the public recognize the progress being made; Council highlighted the importance of transparency, realistic projections, and improved processes, particularly with regard to setting clear expectations on spending and project timelines; the inclusion of maintenance, discretionary funding, and contingency planning was seen as a step forward in presenting a comprehensive financial picture; overall, the budget was described as well-constructed, transparent, and reflective of collaboration among Council members; the phasing of projects was praised for being more practical and achievable; tying capital investments back to the draft strategic plan particularly in areas like major corridors and streets, Island resilience, beach renourishment, and stormwater infrastructure was viewed as a smart, intentional strategy; Council members viewed this budget as purpose-driven, focusing on quality of life, economic development, sustainability, and thoughtful reinvestment; It was noted that the Town is taking significant steps to remain a strong and vibrant community; and this year's budget was described as a complete turnaround in terms of transparency and detail, setting a new standard for community engagement and clarity.

Public Comment - Non Agenda Items

Richard Bisi stated that he felt there are amendments to the budget proposed by administration to reflect their desire of changed priorities; he also stated that he feels that a private company can do a better job for the Town than the Hilton Head Island-Bluffton Chamber of Commerce; and spoke about funding for the Gullah Geechee Historic Neighborhoods Community Development Corporation.

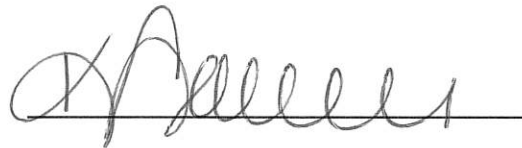
Frank Babel offered congratulations to the Town for making pathways a priority on the island; stated that staff is amending the Land Management Ordinance from a vehicle traffic prospective to a transportation system multimodal perspective; also stated that he would like to see the Town's focus include safety and maintenance of pathways.

Eugene Zepfel stated that the Town did a great job on the budget; stated that Squire Pope Road from Hilton Head Plantation needs maintenance; feels that no money should be spent on dredging at Harbor Town Marina; also stated that the Town should provide more clarity on projects.

Adjournment

At 7:06 p.m. Mr. Alfred moved to adjourn. Ms. Becker seconded. Motioned carried 7-0.

Approved: July 15, 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