



Town of Hilton Head Island

Town Council Workshop

Tuesday, August 26, 2025, 1:00 PM

**1 Town Center Court, Hilton Head Island, SC
Benjamin M. Racusin Council Chambers**

The meeting can be viewed on the [Town's YouTube Channel](#), the [Beaufort County Channel](#), and Spectrum Channel 1304.

- 1. Call to Order**
- 2. Adoption of the Agenda**
- 3. Workshop Discussion**
 - a. Capital Improvement Program (CIP) Update**
- 4. Public Comment - Non Agenda Items**
- 5. Adjournment**

FOIA Compliance: Public notification of this workshop has been published, posted, and distributed in compliance with the South Carolina Freedom of Information Act and the requirements of the Town of Hilton Head Island.

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the Town of Hilton Head Island will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities. Auditory accommodations are available. Any person requiring further accommodation should contact the Town of Hilton Head Island ADA Coordinator as soon as possible but no later than 48 hours before the scheduled event.

Municipal Association of South Carolina (MASC) Civility Pledge:

"I pledge to build a stronger and more prosperous community by advocating for civil engagement, respecting others and their viewpoints, and finding solutions for the betterment of my city or town."



TOWN OF HILTON HEAD ISLAND

Town Council

TO: Town Council
FROM: Shawn Leininger, AICP, Assistant Town Manager
John Troyer, Finance Director
CC: Marc Orlando, ICMA-CM, Town Manager
DATE: August 20, 2025
SUBJECT: Capital Improvements Program Workshop

SUMMARY:

To advance discussion and direction on the topic of the FY2026-2030 Capital Improvements Program (CIP) and funding, Town Staff will provide the attached draft presentation at the Town Council Workshop on August 26, 2025. This presentation will review the following topics:

1. FY2026-2028 Strategic Action Plan – Priorities
2. Status of Current FY2026 CIP Projects
3. Planned FY2027-2030 CIP Projects
4. Funding Options to Support Planned CIP Projects

Town Staff anticipates a collaborative discussion with Town Council, to better understand and how to best advance planned CIP initiatives in accordance with the FY26-28 Town Council Strategic Action Plan.

ATTACHMENTS:

1. Capital Improvements Program Workshop Presentation (Draft)



TOWN OF HILTON HEAD ISLAND

Capital Improvements Program Workshop

Town Council
August 26, 2025

Agenda

1. FY2026-2028 Strategic Action Plan Priorities
2. Status of Current FY2026 CIP Projects
3. Planned FY2027-2030 CIP Projects
4. Funding Options to Support Planned CIP Projects
5. General Discussion

**** The Stormwater Program will be discussed at a Town Council Workshop on September 30, 2025 ****





FY2026-2028 Strategic Action Plan Priorities



Strategic Action Plan Goals



1. Protect Island Character Through Managing Growth

Preserve Hilton Head Island's unique environmental, cultural, and community character through thoughtful and intentional management of growth. Align land use policies, regulatory tools, community design standards, and preservation strategies to guide future development — ensuring it reflects the values and expectations of the Island's residents while enhancing long-term quality of life.



2. Invest in Stormwater Management Infrastructure

Protect the Island's environmental quality, community resilience, and public safety by upgrading and maintaining a high-performing, island-wide stormwater system that adapts to changing conditions, leverages regional coordination, and aligns with Town priorities.



3. Enhance Major Corridors and Streets

Enhance major corridors and streets to improve safety, mobility, aesthetics, and overall quality of life for residents, businesses, and visitors. Address critical infrastructure needs, improve quality of life, and support economic vitality by investing in coordinated improvements to Hilton Head Island's corridors and transportation network.



4. Enhance Public Safety Readiness and Facilities

Ensure a comprehensive, modern, and community-driven public safety system for Hilton Head Island that proactively addresses emergency response, code enforcement, public space management, and law enforcement needs.



5. Support Economic Development and Business Recruitment and Retention

Foster a thriving economy recruiting high-quality jobs, retaining local businesses, supporting entrepreneurship and small businesses, and enhancing tourism and cultural assets. Align investments and partnerships to strengthen economic resilience and sustain the Island's unique character and community vibrancy.





Strategic Action Plan Goals



6. Reinforce Island Resilience

Reinforce Hilton Head Island’s environmental, economic, and community resilience to prepare for and recover from future shocks and stressors, including weather events, environmental pressures, and natural disasters.



7. Preserve, Protect, and Celebrate Gullah Geechee Culture and Heritage

Preserve, protect, and celebrate the cultural heritage, historic neighborhoods, and contributions of the Gullah Geechee community through intentional policy development, targeted investment, intergovernmental collaboration, and community-driven planning and implementation.



8. Advance Workforce Housing Opportunities

Enhance workforce housing opportunities through a balanced and long-term approach that supports economic vitality and community well-being.



9. Protect and Enhance Environmental Sustainability

Protect and enhance Hilton Head Island’s natural environment through resilient, responsible, and innovative practices that preserve our unique ecosystem and ensure long-term sustainability for future generations.



10. Enhance Community Well-being Through Implementation of the Parks and Recreation Master Plan and Program Enhancements

Enhance the Town’s park system, program, and recreational amenities to promote health, connectivity, environmental sustainability, and a high quality of life for all Hilton Head Island residents and visitors, through a community-driven, resilient, and environmentally responsible approach.





Status of Current FY2026 CIP Projects

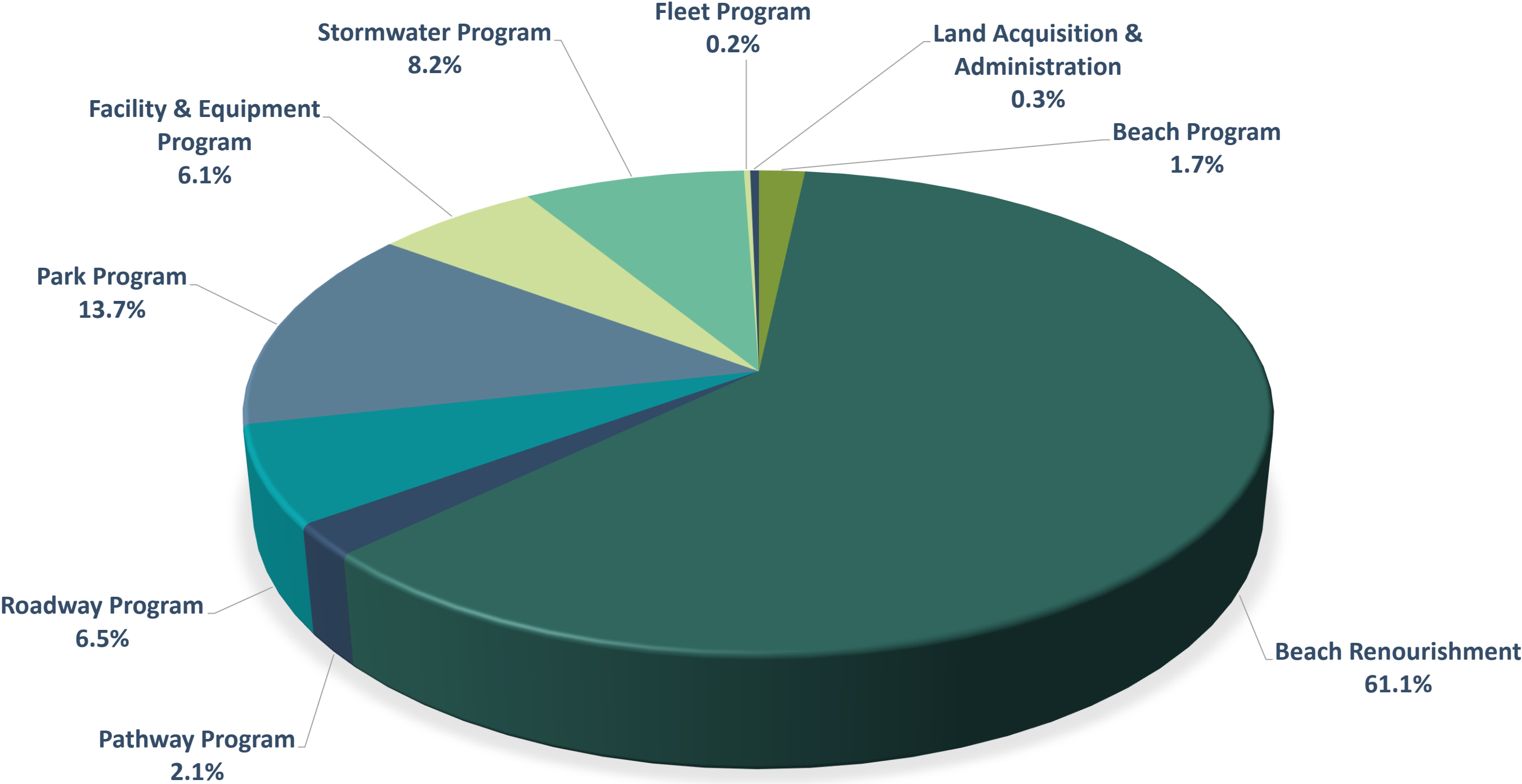


FY2026 Proposed CIP Uses of Funds

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%

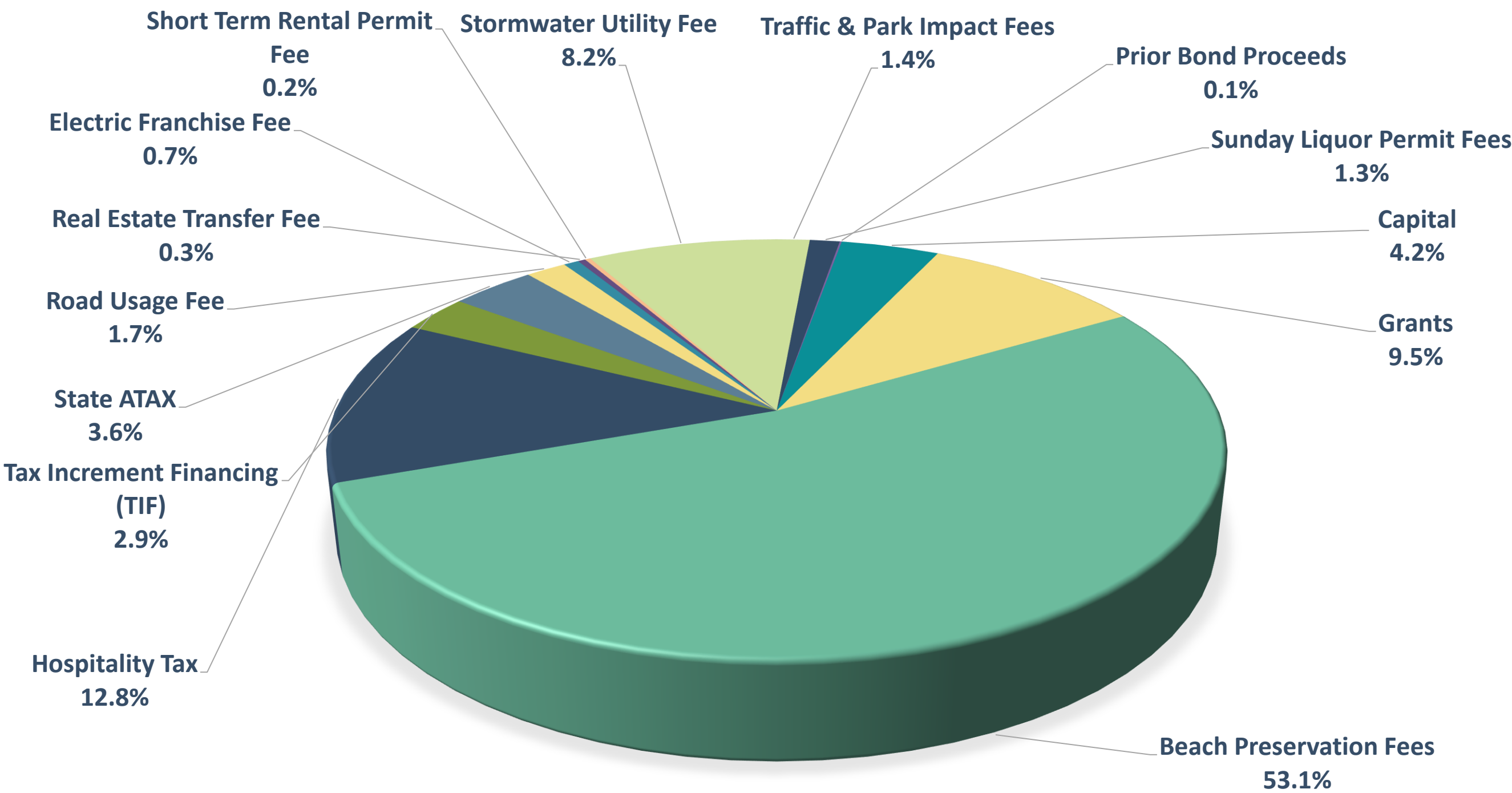


FY2026 Proposed CIP Uses of Funds





FY2026 Proposed CIP Sources of Funds





FY2026 CIP Project Dashboard (<https://hiltonheadislandsc.gov/cip/>)

Capital Project Dashboard

The Capital Project Dashboard can be used by the general public and other interested parties to review the status of capital projects.

Adjust the filters or current map extent to refine the results

Type

☒ Beach

☐ Facilities and Equipment

☐ Fleet

☐ Land Acquisition

☐ Parks

☐ Pathways

☐ Roadways

☐ Stormwater

Reset

Select all

Active Projects

5

Beach Management & Monitoring

Beach

Beach Park Maintenance & Improvements

Beach

Beach Renourishment

Beach

Coligny Beach Park Boardwalk Maintenance

Beach

Harbour Town Dredge

Beach

1 of 5

Beach Management & Monitoring

Project ID: B0000

On Budget

On Schedule

Description

Activities supporting the management and ongoing monitoring of the beach and dune system, including island-wide beach surveys, endangered species monitoring, and related coastal assessment initiatives.

Fiscal Year

FY26

Budget

\$220,000

Estimated Start

Funding Source

ATAX Beach Fee

Spent to Date

\$0

Actual Start

FY2026 CIP Projects Overview

- Current Status of Town Projects

- Planning 55 Projects
- Design 20 Projects
- Construction 3 Projects*

* Mitchelville Road, Coligny Pocket Park are bid and nearing construction start

- Project Delivery Challenges & Opportunities

- Easement / Right-of-Way Acquisition
- Contractor Availability / Capacity
- Bid Competition
- Pricing is Exceeding Market Estimates
- Simplify Procurement Strategy





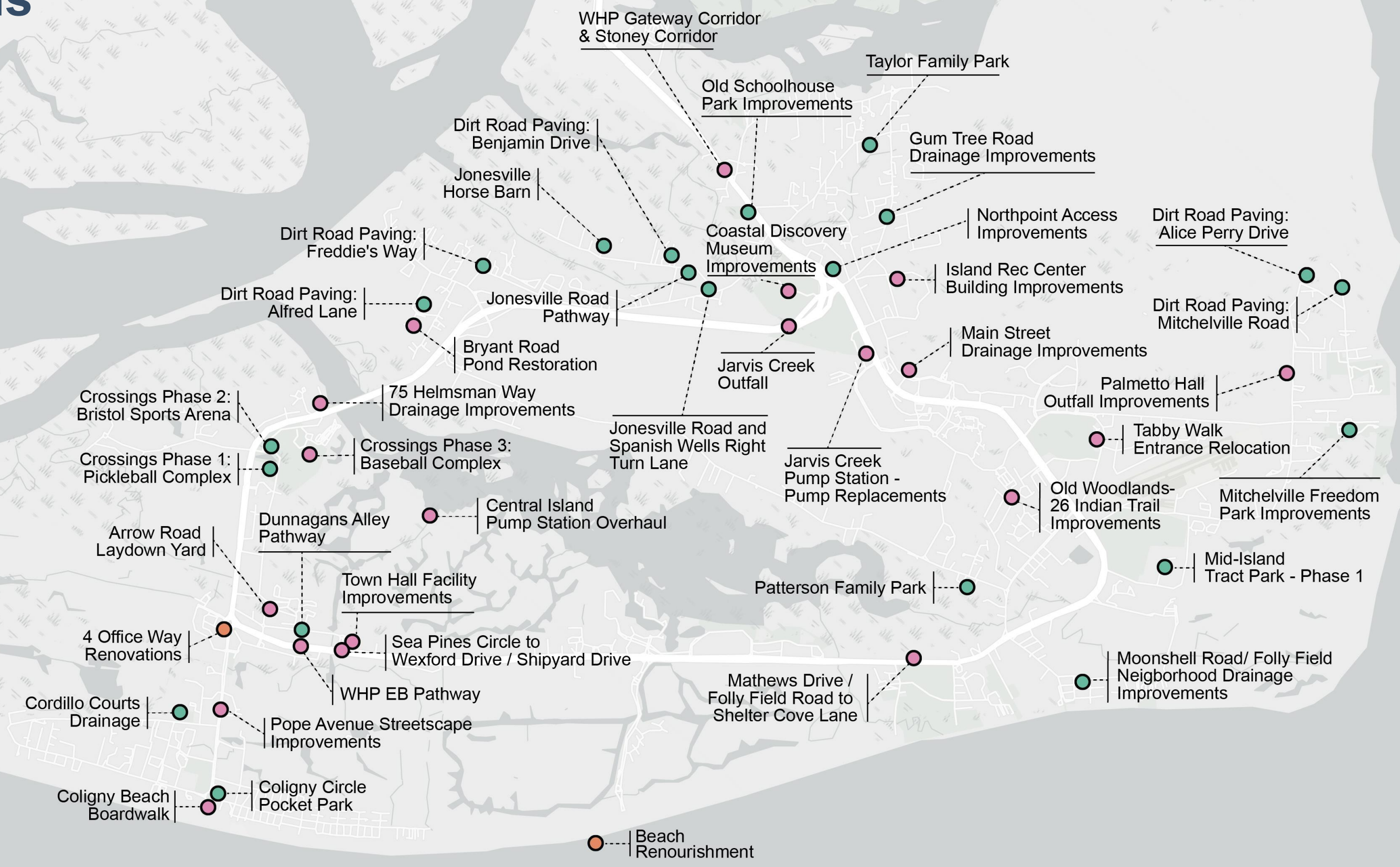
FY2026 CIP Project Map – Current Project Status

Project Phase

● Construction

● Design

● Planning





Planned FY2027-2030 CIP Projects



FY2027-2030 CIP Projects Overview

- Major investments in all program areas to advance public safety and quality of life
- Project scope and costs are not yet fully defined, especially for those projects later in the 5-year plan
- Great financial position to execute projects
- Considerations for project delivery include:
 - Prioritization (schedule)
 - Scope adjustment
 - Phasing
 - Cash versus debt
- Issues affecting FY2026 project delivery expected to continue and potentially worsen due to off-island development



Beach Program Planned Capital Improvement Projects

									FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority	Design	Permitting	Construction
BEACH PROGRAM											
Beach Park Maintenance & Improvements	Maintenance	\$ 150,000	\$ 150,000	Priority	Priority	Priority	Priority	★			✓
Beach Management & Monitoring	Maintenance	\$ 220,000	\$ 220,000	Priority	Priority	Priority	Priority	★			
Beach Renourishment	Maintenance	\$ 47,500,000	\$ 47,500,000					★			✓
Islanders Beach Park Improvements	Discretionary	\$ -	\$ -	Priority	Priority						
Folly Field Beach Park Improvements	Discretionary	\$ -	\$ -		Priority						
Coligny Beach Park Boardwalk Maintenance	Maintenance	\$ 250,000	\$ 250,000	Priority	Priority	Priority	Priority	★			✓
Harbour Town Dredge	Maintenance	\$ 600,000	\$ 600,000					★			✓
Beach Program Contingency	N/A	\$ 100,000	\$ 100,000	Priority	Priority	Priority	Priority				
Total Beach Program		\$ 48,820,000	\$ 48,820,000								

Pathway Program Planned Capital Improvement Projects

									FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority	Design	Permitting	Construction
PATHWAY PROGRAM											
Pathway Maintenance & Improvements	Maintenance	\$ 500,000	\$ 500,000	Priority	Priority	Priority	Priority	★			✓
New Pathway Segments											
Jonesville Road Pathway (Western Terminus to Spanish Wells Rd)	Discretionary	\$ 500,000	\$ 500,000	Priority				★	✓	✓	
Dunnagans Alley Pathway (Wexford Drive to Arrow Road)	Discretionary	\$ 250,000	\$ 250,000	Priority				★	✓	✓	
William Hilton Parkway EB Pathway (Wexford Drive to Arrow Road)	Discretionary	\$ 300,000	\$ 300,000	Priority				★	✓		
South Forest Beach HAWK Signal at Marriott Grande Ocean	Discretionary	\$ -	\$ -	Priority							
Lagoon Road Pathway (Avocet Road to North Forest Beach Drive)	Discretionary	\$ -	\$ -	Priority	Priority						
Palmetto Parkway Pathway (Mathews Drive to William Hilton Parkway)	Discretionary	\$ -	\$ -	Priority	Priority						
Spanish Wells Pedestrian Bridge	Maintenance	\$ -	\$ -		Priority						
Fish Haul Road (Baygall Road to Alice Perry Drive)	Discretionary	\$ -	\$ -		Priority	Priority	Priority				



Pathway Program Planned Capital Improvement Projects

										FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority		Design	Permitting	Construction
William Hilton Parkway EB Pathway (Mathews Drive / Folly Field Road to Shelter Cove Lane)	Discretionary	\$ -	\$ -		Priority							
Cross Island Parkway from Coastal Discovery Museum Access to Spanish Wells Road	Discretionary	\$ -	\$ -			Priority						
Muddy Creek Pathway Connection (Muddy Creek Road to Cross Island Parkway)	Discretionary	\$ -	\$ -	Priority	Priority							
Subtotal New Pathway Segments		\$ 1,050,000	\$ 1,050,000									
Pathway Project Management and Contingency	N/A	\$ 100,000	\$ 100,000	Priority	Priority	Priority	Priority					
Total Pathway Program		\$ 1,650,000	\$ 1,650,000									



Roadway Program Planned Capital Improvement Projects

									FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority	Design	Permitting	Construction
ROADWAY PROGRAM											
Roadway Maintenance & Improvements	Maintenance	\$ 250,000	\$ 250,000	Priority	Priority	Priority	Priority	★			✓
Town Road Resurfacing Program	Maintenance	\$ -	\$ -	Priority	Priority	Priority	Priority				
Signal System Maintenance	Maintenance	\$ 1,100,000	\$ 1,100,000	Priority	Priority	Priority	Priority	★			✓
Landscape, Lighting, and Safety Enhancements	Maintenance	\$ 750,000	\$ 750,000	Priority	Priority	Priority	Priority	★			✓
Dirt Road Paving Program											
Mitchelville Road	Discretionary	\$ 910,000	\$ 910,000					★		✓	✓
Alice Perry Drive	Discretionary	\$ 50,000	\$ 50,000	Priority				★	✓	✓	
Freddie's Way	Discretionary	\$ 50,000	\$ 50,000	Priority				★	✓	✓	
Alfred Lane	Discretionary	\$ 44,500	\$ 44,500	Priority				★	✓	✓	
Benjamin Drive	Discretionary	\$ 50,000	\$ 50,000	Priority				★	✓	✓	
Christopher Drive	Discretionary	\$ -	\$ -		Priority	Priority					
Darling Road	Discretionary	\$ -	\$ -		Priority	Priority					
Manatee Way	Discretionary	\$ -	\$ -		Priority	Priority					
Pine Field	Discretionary	\$ -	\$ -		Priority	Priority					
Amelia Court	Discretionary	\$ -	\$ -		Priority	Priority					
Evelina Road	Discretionary	\$ -	\$ -			Priority	Priority				
Subtotal Dirt Road Paving Program		\$ 1,104,500	\$ 1,104,500								



Roadway Program Planned Capital Improvement Projects

									FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority	Design	Permitting	Construction
Island-wide Intersection Pedestrian & Vehicular Safety Improvements	Maintenance	\$ 250,000	\$ 250,000	Priority	Priority	Priority	Priority	★			✓
Jonesville Road and Spanish Wells Right Turn Lane Improvements	Maintenance	\$ 100,000	\$ 100,000	Priority				★	✓	✓	
Northpoint Access Improvements	Maintenance	\$ 150,000	\$ 150,000	Priority				★	✓	✓	
Tabby Walk Entrance Relocation	Maintenance	\$ 200,000	\$ 200,000	Priority				★	✓	✓	
William Hilton Parkway Gateway Corridor & Stoney Corridor	Discretionary	\$ 100,000	\$ 100,000					★	✓		
Streetscape Enhancements											
Main Street	Discretionary	\$ -	\$ -	Priority	Priority	Priority	Priority				
New Orleans Road	Discretionary	\$ -	\$ -		Priority	Priority	Priority				
Old Wild Horse	Discretionary	\$ -	\$ -	Priority	Priority						
Palmetto Bay Road	Discretionary	\$ -	\$ -		Priority	Priority					
Pope Avenue Streetscape Improvements	Discretionary	\$ 250,000	\$ 250,000	Priority	Priority	Priority		★	✓	✓	✓
Arrow Road	Discretionary	\$ -	\$ -			Priority	Priority				
Subtotal Streetscape Enhancements		\$ 250,000	\$ 250,000								

Roadway Program Planned Capital Improvement Projects

									FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority	Design	Permitting	Construction
William Hilton Parkway Streetscape Enhancements											
Segment 1 - Spanish Wells Road / Wild Horse Road to Wilborn Road / Jarvis Park Road	Discretionary	\$ -	\$ -				Priority				
Segment 2 - Wilborn Road / Jarvis Park Road to Beach City Road / Gardner Drive	Discretionary	\$ -	\$ -			Priority	Priority				
Segment 3 - Beach City Road / Gardner Drive to Dillon Road	Discretionary	\$ -	\$ -			Priority	Priority				
Segment 4 - Dillon Road to Mathews Drive / Folly Field Road	Discretionary	\$ -	\$ -				Priority				
Segment 5 - Mathews Drive / Folly Field Road to Shelter Cove Lane	Discretionary	\$ 300,000	\$ 300,000	Priority	Priority	Priority	Priority	★	✓		
Segment 6 - Shelter Cove Lane to Queens Folly Road / King Neptune Drive	Discretionary	\$ -	\$ -				Priority				
Segment 7 - Queens Folly Road / King Neptune Drive to Wexford Drive / Shipyard Drive	Discretionary	\$ -	\$ -			Priority	Priority				
Segment 8 - Sea Pines Circle to Wexford Drive / Shipyard Drive	Discretionary	\$ 350,000	\$ 350,000	Priority				★	✓	✓	✓
Subtotal William Hilton Parkway Streetscape Enhancements		\$ 650,000	\$ 650,000								
Wilborn Road & Pembroke Drive Turn Lane Extensions / Curb and Gutter Improvements	Maintenance	\$ -	\$ -		Priority	Priority	Priority				
Folly Field Road Pedestrian Safety Improvements	Maintenance	\$ 75,000	\$ 75,000	Priority				★	✓	✓	✓
Roadway Project Management and Contingency	N/A	\$ 100,000	\$ 100,000	Priority	Priority	Priority	Priority				
Total Roadway Program		\$ 5,079,500	\$ 5,079,500								



Park Program Planned Capital Improvement Projects

									FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority	Design	Permitting	Construction
PARK PROGRAM											
Park Maintenance and Improvements	Maintenance	\$ 250,000	\$ 250,000	Priority	Priority	Priority	Priority	★			✓
Public Art Program	Discretionary	\$ 35,000	\$ 35,000	Priority	Priority	Priority	Priority	★			✓
Island Recreation Association											
Rec Center Building Improvements	Maintenance	\$ 233,500	\$ 233,500	Priority	Priority	Priority	Priority	★			✓
Rec Center Pool Improvements	Maintenance	\$ 195,000	\$ 195,000	Priority	Priority	Priority	Priority	★			✓
Basketball Court Improvements	Maintenance	\$ -	\$ -	Priority							
Athletic Equipment Improvements	Maintenance	\$ 15,000	\$ 15,000		Priority		Priority	★			
Event Equipment Improvements	Maintenance	\$ 67,500	\$ 67,500	Priority	Priority	Priority	Priority	★			
Subtotal Island Recreation Association		\$ 511,000	\$ 511,000	Priority	Priority	Priority	Priority				
Chaplin Community Park Renovation - Phase 1: Parking Renovation & Expansion	Discretionary	\$ -	\$ -	Priority	Priority	Priority					
Chaplin Community Park Renovation - Phase 2: Soccer Complex, Facility Upgrades, and Parking Expansion	Discretionary	\$ -	\$ -	Priority	Priority	Priority					
Coligny Circle NW Quadrant Pocket Park	Discretionary	\$ 900,000	\$ 900,000					★		✓	✓
Crossings Park Renovation - Phase 1: Pickleball Complex	Discretionary	\$ 1,000,000	\$ 1,000,000	Priority	Priority	Priority		★	✓	✓	
Crossings Park Renovation - Phase 2: Bristol Sports Arena, Skate Park, and Pump Track	Discretionary	\$ 750,000	\$ 750,000	Priority				★	✓	✓	
Crossings Park Renovation - Phase 3: Baseball Complex	Discretionary	\$ 250,000	\$ 250,000	Priority	Priority	Priority	Priority	★	✓		



Park Program Planned Capital Improvement Projects

									FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority	Design	Permitting	Construction
Jarvis Creek Park Improvements	Discretionary	\$ -	\$ -		Priority						
Mid-Island Tract Park - Phase 1	Discretionary	\$ 750,000	\$ 750,000	Priority	Priority	Priority	Priority	★	✓	✓	
Patterson Family Park	Discretionary	\$ 2,590,000	\$ 2,590,000					★	✓	✓	✓
Shelter Cove Community Park Expansion, Phase 2	Discretionary	\$ -	\$ -	Priority	Priority						
Taylor Family Park	Discretionary	\$ 2,750,000	\$ 2,750,000					★	✓	✓	✓
Chaplin Linear Park with Treehouse	Discretionary	\$ -	\$ -		Priority	Priority	Priority				
Old Schoolhouse Park Improvements	Discretionary	\$ 750,000	\$ 750,000		Priority			★	✓	✓	✓
Barker Field Phase 2 & Mitchelville Property Improvements	Discretionary	\$ -	\$ -			Priority	Priority				
Marshland Road Racquet Facility	Discretionary	\$ -	\$ -				Priority				
Park Project Contingency	N/A	\$ 100,000	\$ 100,000	Priority	Priority	Priority	Priority				
Total Park Program		\$ 10,636,000	\$ 10,636,000								



Facilities & Equipment Program Planned Capital Improvement Projects

									FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority	Design	Permitting	Construction
FACILITY & EQUIPMENT PROGRAM											
Facility Maintenance & Improvements	Maintenance	\$ 500,000	\$ 500,000	Priority	Priority	Priority	Priority	★			✓
Facilities Equipment	Maintenance	\$ 50,000	\$ 50,000	Priority	Priority	Priority	Priority	★			
Town Hall Facility Improvements	Maintenance	\$ 200,000	\$ 200,000	Priority	Priority	Priority	Priority	★			✓
4 Office Way Renovations	Maintenance	\$ 1,100,000	\$ 1,100,000					★	✓	✓	✓
IT Equipment & Software	Maintenance	\$ 625,000	\$ 625,000	Priority	Priority	Priority	Priority	★			
Fire Hydrant Expansion	Maintenance	\$ 50,000	\$ 50,000	Priority	Priority	Priority	Priority	★			✓
Fire & Medical Systems & Equipment	Maintenance	\$ -	\$ -	Priority	Priority	Priority	Priority				
Furniture Replacement	Maintenance	\$ 300,000	\$ 300,000	Priority	Priority	Priority	Priority	★			
Security Cameras & Connectivity	Maintenance	\$ 150,000	\$ 150,000	Priority	Priority	Priority	Priority	★			
Tree Planting Program	Discretionary	\$ 150,000	\$ 150,000	Priority	Priority	Priority	Priority	★			
Coastal Discovery Museum Improvements											
Discovery House	Maintenance	\$ 20,500	\$ 20,500	Priority	Priority	Priority	Priority	★			✓
Armstrong / Hack House	Maintenance	\$ 10,500	\$ 10,500	Priority	Priority	Priority	Priority	★			✓
Pavilion	Maintenance	\$ 4,500	\$ 4,500	Priority	Priority		Priority	★			✓
Discovery Lab	Maintenance	\$ 4,500	\$ 4,500		Priority	Priority		★			✓
Pavilion / Restroom Building	Maintenance	\$ 350,000	\$ 350,000	Priority	Priority	Priority		★			✓
Horse Barn	Maintenance	\$ 23,000	\$ 23,000	Priority	Priority		Priority	★			✓
Hay Barn	Maintenance	\$ 50,000	\$ 50,000		Priority	Priority	Priority	★			✓
Miscellaneous Improvements	Maintenance	\$ 23,000	\$ 23,000	Priority	Priority	Priority	Priority	★			✓
Event Space Improvements	Maintenance	\$ 10,000	\$ 10,000	Priority				★			✓
Subtotal Coastal Discovery Museum Improvements		\$ 496,000	\$ 496,000	Priority	Priority	Priority	Priority				



Facilities & Equipment Program Planned Capital Improvement Projects

									FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority	Design	Permitting	Construction
Fire Rescue Headquarters	Maintenance	\$ -	\$ -		Priority	Priority	Priority				
Jonesville Horse Barn	Maintenance	\$ 500,000	\$ 500,000					★			✓
Mitchelville Freedom Park Improvements	Discretionary	\$ 250,000	\$ 250,000	Priority				★	✓	✓	
Wild Wing Café Renovation	Discretionary	\$ -	\$ -								
Aunt Chilada Property Improvements	Maintenance	\$ -	\$ -	Priority							
Town Refuse & Recycling Management Improvements	Discretionary	\$ 250,000	\$ 250,000	Priority				★			
Fire Radio Replacement	Maintenance	\$ -	\$ -				Priority				
Facilities and Equipment Contingency	N/A	\$ 100,000	\$ 100,000	Priority	Priority	Priority	Priority				
Total Facility & Equipment Program		\$ 4,721,000	\$ 4,721,000								



Stormwater Program Planned Capital Improvement Projects

									FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority	Design	Permitting	Construction
STORMWATER PROGRAM											
Stormwater Maintenance & Improvements	Maintenance	\$ 1,800,000	\$ 1,800,000	Priority	Priority	Priority	Priority	★	✓	✓	✓
Stormwater Maintenance Agreement Program	Maintenance	\$ 2,000,000	\$ 2,000,000	Priority	Priority	Priority	Priority	★			✓
Moonshell / Folly Field Neighborhood Drainage Improvements	Maintenance	\$ 60,000	\$ 60,000	Priority				★	✓		
75 Helmsman Way Drainage Improvements	Maintenance	\$ 50,000	\$ 50,000	Priority				★	✓		
Bryant Road Pond Restoration	Maintenance	\$ 25,000	\$ 25,000					★			✓
Cordillo Courts Drainage Improvements	Maintenance	\$ 95,880	\$ 95,880					★			✓
Gum Tree Road Drainage Improvements	Maintenance	\$ 120,000	\$ 120,000					★			✓
Jarvis Creek Outfall	Maintenance	\$ 50,000	\$ 50,000	Priority	Priority	Priority		★	✓	✓	
Jarvis Creek Pump Station - Pump Replacements	Maintenance	\$ 300,000	\$ 300,000	Priority	Priority	Priority		★			✓
Main Street Drainage Improvements	Maintenance	\$ 50,000	\$ 50,000		Priority	Priority	Priority	★			✓
Old Woodlands-26 Indian Trail Drainage Improvements	Maintenance	\$ 80,000	\$ 80,000	Priority				★	✓	✓	



Stormwater Program Planned Capital Improvement Projects

									FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority	Design	Permitting	Construction
Palmetto Hall Outfall Improvements	Maintenance	\$ 150,000	\$ 150,000	Priority	Priority			★	✓		
Water Level Monitoring	Maintenance	\$ 75,000	\$ 75,000	Priority	Priority	Priority	Priority	★			
Weather Monitoring	Maintenance	\$ 50,000	\$ 50,000	Priority	Priority	Priority	Priority	★			
Central Island Pump Station Overhaul and Resiliency Improvements	Maintenance	\$ 750,000	\$ 750,000	Priority				★	✓	✓	
Ashmore Channel Resilience/278 Backflow Prevention Port Royal	Maintenance	\$ -	\$ -	Priority	Priority	Priority	Priority				
Gum Tree Channel Capacity Improvements at Chinaberry Crossing	Maintenance	\$ 120,000	\$ 120,000	Priority				★	✓	✓	
24 Pope Avenue Outfall to Shipyard	Maintenance	\$ -	\$ -		Priority	Priority					
25 Dunnagans Alley Parking Lot Drainage Improvements	Maintenance	\$ -	\$ -		Priority						
Airport Outfall Ditch Relocation	Maintenance	\$ -	\$ -		Priority	Priority	Priority				
Arrow Road Laydown Yard Improvements	Maintenance	\$ 75,000	\$ 75,000	Priority				★			✓
Arrow Road Outfall at Greenery	Maintenance	\$ -	\$ -		Priority	Priority	Priority				
Burkes Beach Area Drainage Improvements	Maintenance	\$ -	\$ -		Priority	Priority	Priority				



Stormwater Program Planned Capital Improvement Projects

									FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority	Design	Permitting	Construction
Gardner Channel Capacity Improvements at 278	Maintenance	\$ -	\$ -		Priority	Priority	Priority				
Marshland Road Pathway Drainage Issues	Maintenance	\$ -	\$ -		Priority	Priority	Priority				
Muddy Creek South Outfall	Maintenance	\$ -	\$ -		Priority	Priority					
North Forest Beach Pipe Replacements	Maintenance	\$ -	\$ -		Priority	Priority	Priority				
Shipyards Pump Station Overhaul	Maintenance	\$ -	\$ -		Priority	Priority	Priority				
Squire Pope Outfalls-Backflow Prevention (2)	Maintenance	\$ -	\$ -		Priority	Priority					
The Links at Port Royal Improvements	Maintenance	\$ -	\$ -		Priority	Priority	Priority				
Woodlake Villas/Mathews Drive Outfall Improvements	Maintenance	\$ -	\$ -		Priority	Priority	Priority				
Woodward Ave Pipe Rehabilitation	Maintenance	\$ -	\$ -		Priority	Priority	Priority				
Arrow Road Powerline Channel Excavation - Capacity Improvements	Maintenance	\$ -	\$ -				Priority				
Stormwater Contingency	N/A	\$ 500,000	\$ 500,000	Priority	Priority	Priority	Priority				
Total Stormwater Program		\$ 6,350,880	\$ 6,350,880								



Fleet Program Planned Capital Improvement Projects

									FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority	Design	Permitting	Construction
FLEET PROGRAM											
Staff Vehicle Replacement	Maintenance	\$ 80,000	\$ 80,000	Priority	Priority	Priority	Priority	★			
Engine/Pumper Replacement/Quint Company Replacement	Maintenance	\$ -	\$ -								
Support Vehicle Replacement	Maintenance	\$ -	\$ -	Priority							
Ladder Truck Replacement	Maintenance	\$ -	\$ -	Priority							
New Staff Vehicles	Maintenance	\$ -	\$ -								
Specialty Vehicles	Maintenance	\$ -	\$ -		Priority		Priority				
Battalion 1 Replacement	Maintenance	\$ -	\$ -	Priority							
Medic Unit Replacement	Maintenance	\$ -	\$ -			Priority					
Fleet Contingency	N/A	\$ 100,000	\$ 100,000	Priority	Priority	Priority	Priority				
Total Fleet Program		\$ 180,000	\$ 180,000								



Land Acquisition Program Planned Capital Improvement Projects

									FY 2026 Project Schedule		
Project	Project Type	FY 2026 Proposed Budget	FY 2026 Priority 1	FY 2027 Priority 2	FY 2028 Priority 3	FY 2029 Priority 4	FY 2030 Priority 5	FY 2026 Planning Commission Priority	Design	Permitting	Construction
LAND ACQUISITION PROGRAM											
Land Acquisition Administration	Discretionary	\$ 250,000	\$ 250,000	Priority	Priority	Priority	Priority	★			
Total Land Acquisition Program		\$ 250,000	\$ 250,000								
Total Capital Improvements Program Fund		\$ 77,687,380	\$ 77,687,380	Priority	Priority	Priority	Priority				



CIP Funding Strategy



CIP Funding Strategy

- Potential Funding Sources
- Cash - Balances by Key Fund
- Beach Renourishment: Review
- Total Outstanding Debt by Fiscal Year
- Debt Service Fund's Accumulated Balance
- Potential General Obligation Debt
- Various Payback Scenarios
- Possible Schedule: G.O. Bonds
- Stormwater Utility Fund Option
- Tax Increment Financing (TIF) Overview
- Grants





Potential Funding Sources of Capital Projects

- Beach Preservation Fee Fund
- Debt Service Fund Accumulated Balances
- General Obligation Property Debt Service Tax Millage
- Stormwater Utility Fee Fund (9/30/25 Workshop)
- Potential Establishment of New Tax Increment Finance (TIF) District
- Cash-on-Hand in Various Funds





CIP Funding Source: Cash

Estimated FY25 Revenues, & Fund Balances & Minimum Fund Balance Policy by Key Fund

Fund	Estimated FY25 Revenues	Preliminary Non-Encumbered Fund Balance as of 6/30/2025*	Min Fund Balance Reserve Policy
General	**	\$ 50,828,891	\$ 23,901,948
Stormwater	\$ 5,400,000	\$ 14,235,324	\$ 5,000,000
Real Estate Transfer	\$ 5,200,000	\$ 13,976,146	\$ 1,000,000
Beach Preservation	\$ 13,000,000	\$ 44,075,488	\$ 20,000,000
Htax	\$ 10,500,000	\$ 28,803,714	\$ 5,000,000
Disaster Fund	**	\$ 37,543,869	\$ 36,000,000
Palmetto Electric	\$ -	\$ 1,273,557	
Debt Service	\$ 6,600,000	\$ 14,243,513	
Total		\$ 204,980,502	\$ 90,901,948

* Town investments held at SC Local Government Investment Pool (LGIP) + Wells Fargo Securities

** Multiple Revenue Sources

All Current Fund Balances are above the Minimum Fund Balance Policies adopted via the 2026 Budget Ordinance

Beach Renourishment: Review of Funding Option

- Approximately \$47.5M in Expected Capital Expenditures
- Cash Financed: Approximately \$28.5M (60%)
- Debt Financed: Approximately \$19M (40%)
- Source of Repayment: Future Beach Preservation Fee Revenues
- Term: 7 Years
- Approximate Annual Payment: \$3.1M
- Series 2017 Beach Preservation Fee Bonds: \$30,075,000 in Principal, 10 Year Term, Annual Payments of \$4.0M
- Annual Beach Preservation Fee Revenues:
 - FY2017:\$6,860,758
 - FY2024: \$13,889,049
- Closing Date: Late November 2026





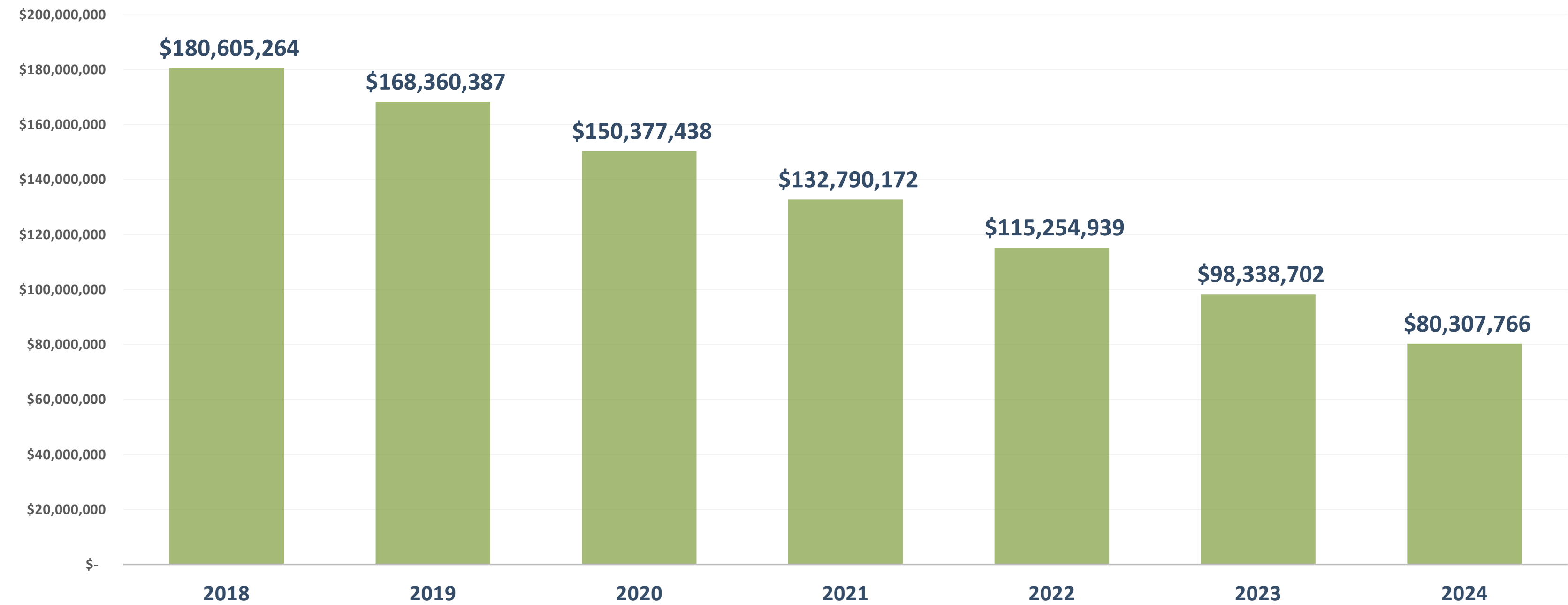
Beach Renourishment: Anticipated Bond Issuance Schedule

- 9/23/25: Finalize Supplemental Ordinance/Bank RFP
- 9/30/25: F&A Committee: Review Plan of Finance/Ordinance
- 10/7/25: Town Council Meeting: 1st Reading of Ordinance
- 10/8/25: Send RFP to Bidders
- 10/21/25: Town Council Meeting: 2nd Reading of Ordinance
- 10/29/25: Bank Bids Due
- 11/13/25: Closing
- 8/1/26: First Principal & Interest Payment Due





Total Debt Outstanding by Fiscal Year



Debt Service Fund's Accumulated Balance as a Source of General Obligation (GO) Debt Payment

- Debt Service Fund balances can only be used to pay back debt
- Fund Balance has grown to \$14.2M (anticipated balance as of 9/1/25) over the past several years due to conservative Debt Service Property Tax Millage Projections and No New Debt
- \$2.5 Million is Reasonable Minimum Balance to Maintain if future debt service property tax collections were to come in below estimates
- Town can set policy to maintain a future Debt Service Fund Minimum Balance in \$2.5M range
- Thus, a Potential GO Bond Issue can utilize approximately \$11.7 million in Debt Service Funds to pay back a portion of the Proposed 2026 Debt Issuance



Potential General Obligation Debt Funding Strategy for a Portion of Planned Capital Projects

- Debt Repayment Source: Debt Service Fund's Existing Excess Balance pays back approximately \$11.7M (about May 1, 2026)
- Debt Repayment Source: Debt Service Millage Capacity (approximately 2 Mills)
- Debt Service Millage is not to exceed the current 5.1 Mills over payback period
- Debt Payback Scenarios include 1, 5, 10, 15, 20, & 25-Year (see following slide)
- Possible Closing Date: Late February 2026
- Critical Timeline: First Principal & Interest Payment Occurs in FY26 to Justify the 5.1 Debt Service Millage to be collected in FY26





Various Payback Scenarios if Issuing Debt and Paying Back via 2 Mills of Debt Service Millage

Payback Period (Years)	Estimated Interest Rate	Bond Proceeds (Millions)
1	2.75%	\$2.6
5	3.00%	\$12.2
10	3.50%	\$22.2
15	4.00%	\$29.6
20	4.35%	\$35.1
25	4.65%	\$38.9



General Obligation Bond Issue: Possible Schedule

- **10/30/25:** F&A Committee: Review Plan of Finance/Ordinance
- **11/4/25:** Town Council Meeting: 1st Reading of Ordinance
- **12/9/25:** Town Council Meeting: 2nd Reading of Ordinance
- **2/3/25:** Publish Preliminary Notice of Competitive Sale
- **2/10/25:** Pricing Bonds via Municipal Finance Buyside Market
- **2/26/25:** Closing
- **5/1/26:** First Principal & Interest Payment, including approximately \$11.7 million in Principal Paid back via Accumulated Debt Service Fund Balance
- **Activities throughout Timeline:** Offering Document Production/ Distribution, Rating Agency Preparation





Tax Increment Financing (TIF) Overview

What is a TIF District?

- A TIF is a unique local government funding structure that “freezes” property taxes received by various “partner” taxing bodies (school districts, counties, etc.) within a specified geographic area.
- The incremental property taxes collected post-TIF formation are used solely for the benefit of public infrastructure projects within the TIF.

How TIFs Work?

- The Town creates the TIF District and identifies specific public infrastructure: Capital projects to be funded in the TIF Redevelopment Plan.
- The base property value is recorded and “frozen” for all overlapping taxing districts in the TIF. The participating districts continue to receive annual property tax revenues assessed on this base value only.
- Overlapping “Partner” Local Taxing Districts must agree on specific terms of participation.
- Future property value increases represents the “Incremental” Tax Revenue that is used to pay for the TIF public infrastructure projects. TIF bonds are often issued and are paid back via these incremental revenues.
- The Town manages the TIF for the benefit of all the partner districts (including the Town itself) and their constituents.



Tax Increment Financing (TIF) Overview

What are the TIF Benefits?

- Public infrastructure improvements without new taxes.
- Stimulates Investment: The Public infrastructure investment encourages private development that might not occur otherwise.
- Helps improve neighborhoods and communities that otherwise may not have seen public and private investment without the existence of the TIF.
- Post-TIF: Increased property values resulting from the TIF will provide long-term benefits to all local taxing districts.

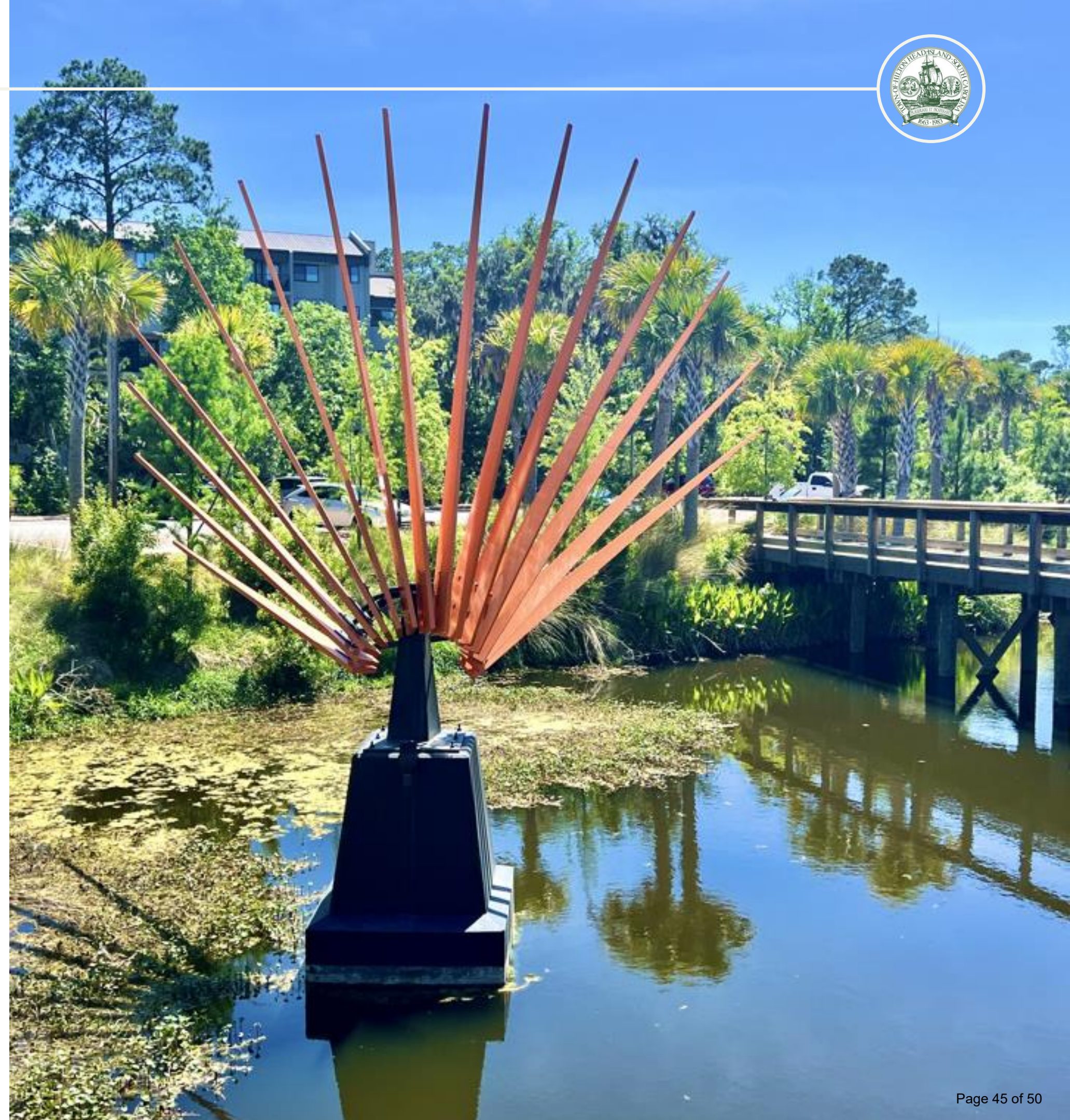
What are the TIF Risks?

- Revenue Uncertainty: If property values don't rise as expected, there may not be enough revenue to repay TIF debts.
- Impact on Other Services: Other taxing bodies may be concerned about lack of growth in their tax revenues for the duration of the TIF (typically 20–30 years).
- Transparency and Oversight: Requires clear goals, project guidelines, and public accountability.



Examples of Infrastructure Improvements Financed by the Prior Hilton Head Island TIF

- USCB Campus
- Lowcountry Celebration Park
- Coligny Beach Park
- Coligny Circle Reconfiguration
- Mathews Drive Widening
- Land Acquisitions for Various Projects, including Parks & Beach Parking



Hilton Head Island TIF District Elements

- All Capital Projects to be located within the prospective Hilton Head Island TIF Boundaries can be funded with TIF revenues
- TIF projects must benefit all the participating TIF Partners
- Potential TIF partners: Beaufort County, Beaufort County School District, Hilton Head PSD(s)
- As the Property Values within the TIF District increase, these incremental property tax revenues pay for the Capital Projects within the TIF District





TAX INCREMENT FINANCE (TIF) DISTRICT FORMATION - CRITICAL EVENTS

1. Preparation of Redevelopment Plan
2. Meeting to discuss TIF and other financings
3. Discuss strategy on how to approach other Taxing Districts and begin negotiations
4. Adoption of Resolution (Notice of Public Hearing and Notice to Taxing Districts)
5. Notice to Taxing Districts (not less than 45 days before Public Hearing)
6. Publication of Notice of Public Hearing in The State (not less than 15 or more than 30 days prior to Public Hearing)
7. Additional negotiations; reach agreement on Intergovernmental Agreement (IGA)
8. Public Hearing
 - ** Sec. 31-6-80 of SC Code: if Taxing District does not file objection to redevelopment plan at or prior to date of Public Hearing, Taxing District is deemed to have consented to Redevelopment Plan and issuance of Bonds **
9. Enactment of Ordinance /Adoption of Resolution by other Taxing Districts approving IGA
10. First reading of Ordinance approving Redevelopment Plan and IGA and first reading of Bond Ordinance
11. Second reading and enactment of Ordinance approving Redevelopment Plan and IGA and second reading of Bond Ordinance
12. Publication of notice of adoption of Ordinance approving Redevelopment Plan in The State (starts 20 day challenge period)
13. County Auditor certifies initial assessed values in the TIF District
14. Sale and issuance of Bonds



Other Capital Projects Funding Sources – Grants

Grant Funds Received FY25

Grantor/Program	Capital Project(s)	Amount Received
HUD/CDBG	Taylor Park	\$ 160,266
HUD/CDBG	Ford Shell Ring Park	\$ 7,163
HUD/CDBG	Patterson Park	\$ 109,632

Grant Funds Applied for in FY25, Potentially Awarded in FY26

Grantor/Program	Capital Project(s)	Amount Applied for
Senator Graham's Earmarks	Northpoint Housing	\$ 2,600,000
Senator Graham's Earmarks	Central Island Stormwater Pump Station	\$ 9,000,000
Transportation Set-aside Program (TAP)	Wexford Pathway Project	\$ 958,332



General Discussion



TOWN OF HILTON HEAD ISLAND **Capital Improvements Program Workshop**

Town Council
August 26, 2025