

COUNTY COUNCIL OF BEAUFORT COUNTY
OFFICE OF THE COUNTY ADMINISTRATOR
ADMINISTRATION BUILDING
BEAUFORT COUNTY GOVERNMENT ROBERT SMALLS COMPLEX
100 RIBAUT ROAD
POST OFFICE DRAWER 1228
BEAUFORT, SOUTH CAROLINA 29901-1228
TELEPHONE: (843) 255-2023
FAX: (843) 255-9403
www.beaufortcountysc.gov

CHERYL H. HARRIS
EXECUTIVE ASSISTANT

MICHAEL R. MOORE
COUNTY ADMINISTRATOR

May 28, 2025

Mr. John B. White, Chairman
South Carolina Transportation Infrastructure Bank
955 Park Street, Room 120 B
Columbia, SC 29201

RE: Revised Proposal – US 278 Corridor Project

Dear Chairman White:

Thank you for the Board's consideration of our project proposal during the May 12, 2025, South Carolina Transportation Infrastructure Board (SCTIB) meeting. While we were disappointed with the outcome, we sincerely appreciate the opportunity to receive a debriefing that clarified the concerns that informed the Board's decision. Based on this valuable feedback, we are pleased to submit a revised project proposal that more directly and definitively addresses the issues raised.

As a result of ongoing coordination with South Carolina Department of Transportation (SCDOT) and the Town of Hilton Head Island, we believe the updated project scope presented here is more refined, targeted, and executable, positioning us to successfully deliver this generational infrastructure improvement.

Project Scope Update

The overall project scope remains consistent with the March 28, 2025, proposal. The construction limits on US 278 will be from the Bluffton Parkway flyover to the Windmill Harbor intersection. The core elements include:

- Replacement of the existing eastbound Mackay Creek Bridge with a new three-lane eastbound bridge spanning both Mackay Creek and Skull Creek.
- The bridge will be striped for two-lane use but sized for temporary four-lane use in emergencies or during future replacement of the westbound bridges.

SCDOT's engineering consultant has developed an alternative that avoids the subaqueous waterline and satisfies the access requirements to Pinckney Island as stipulated by U.S. Fish and Wildlife Service. With that obstacle resolved, the risk of project delivery has been significantly reduced—both in terms of time and cost. This change allows the project delivery method to return to a traditional design-bid-build format, providing a more definitive cost estimate and timeline.

Responses to SCTIB Comments and Requests for Additional Information:

When will the design and final project cost be established?

The County and SCDOT are confident in the revised project cost of **\$311,600,000**. The final cost will be

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determined once the project is advertised, and bids are received in late 2027. Below is the anticipated schedule:

- **June 2025:** Finalize funding plan
- **June 2026:** Approval of revised NEPA documentation
- **Mid–Late 2026 to 2027:** Final design, permitting, right-of-way acquisition, and utility coordination
- **End of 2027:** Construction advertisement and bid opening
- **Early 2028:** Begin construction
- **December 31, 2031:** Project completion (estimated 34-month construction timeline and additional time allocated to account for possible delays related to delivery, weather and force majeure concerns)

Funding Sources and Contributions:

Funding Source	Amount
Beaufort County 2018 Sales Tax Funds	\$ 80,000,000
Beaufort County Road Impact Fees	\$ 21,000,000
SCDOT (LATS) Guideshare Funds	\$ 2,000,000
SCDOT Interstate / NHS Bridge Funds	\$ 88,600,000
SC Transportation Infrastructure Bank	\$120,000,000
Total	\$311,600,000

*To date, \$13,070,000 has been spent on preliminary engineering, leaving \$298,530,000 in available project funding.

Clarification on Fund Usage Order

Pursuant to the Intergovernmental Agreement (IGA) in Article 3.2 paragraph 3, *“the County and SCDOT will expend all financial contributions and funds for the project before the Bank will be obligated to pay or reimburse any eligible costs on the project,” and “any savings or reductions in the total cost of the project*

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shall be credited against and reduce the amount of the Bank's grant to the project." The County withdraws its prior request to expend SCTIB funds earlier in the funding sequence.

Right-of-Way Commitment by the Town of Hilton Head Island

Because the eastern construction limits of the project are set at Windmill Harbor intersection, there is much less town-owned land that will be impacted. The Town remains committed to contributing the required town-owned parcels necessary to support the updated scope. However, since the land needed and its value is significantly less, we did not include the Town's right-of-way donations in the listed funding sources.

Project Overages

In accordance with Article 3.3 of the IGA, Beaufort County reaffirms that *"the County shall provide additional funding to complete the project if the amount of monies and funds needed to complete construction of the project exceeds the current total estimated costs of \$311,600,000, or if any funds or contributions to be provided for the project by a source other than the Bank are not received."* Additionally, SCDOT has committed to proportionally share overages with the County. This provision for the pro-rata cost share will be codified in a separate amendment to the agreement between Beaufort County and SCDOT.

Revised Project Timeline

A comprehensive project timeline and an exhibit depicting the coordinated and approved Pinckney Island access plan are included as attachments.

Clarification on IGA Scope

Although the revised project differs from the originally identified preferred alternative, it remains consistent with the scope of the original application and the stated purpose to *"address structural deficiencies at the existing eastbound Karl Bowers Bridge over Mackay Creek, to increase capacity, and reduce congestion along US 278 from Moss Creek Drive to Spanish Wells Road."* The construction limits along US 278 will be from the Bluffton Parkway flyover to the Windmill Harbor intersection.

Conclusion

We hope this updated proposal provides clarity and renewed confidence in Beaufort County's commitment to delivering this redefined, yet vital infrastructure improvement. Attached are the following supporting materials:

- The Beaufort County Council resolution affirming the revised proposal.
- A proposed amendment to the IGA reflecting minimal revisions necessary for alignment with the updated plan.

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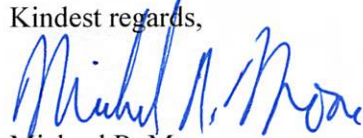
Mr. John B. White

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We respectfully renew our request for the **retention of SCTIB's \$120 million funding commitment**. Should Bank require any additional information, our team stands ready to assist.

Kindest regards,



Michael R. Moore
County Administrator

MRM: jf

cc: Charles Cannon, Executive Director, SCTIB
Justin Powell, Secretary of Transportation, SCDOT
Marc Orlando, Town Manager, Town of Hilton Head Island
Beaufort County Legislative Delegation
Beaufort County Council

Attachments: Beaufort County Council Resolution
Proposed Amendment to the IGA
Exhibits A, B and C

RESOLUTION 2025 /26

A RESOLUTION OF BEAUFORT COUNTY TO REDEFINE THE US 278 CORRIDOR PROJECT (ALSO KNOWN AS THE WILLIAM HILTON PARKWAY GATEWAY CORRIDOR PROJECT) TO ALIGN WITH THE AVAILABLE FUNDING

WHEREAS, the current proposed project includes a six-lane bridge with a multi-use pathway and roadway improvements spanning from Moss Creek Road to Spanish Wells Road; and

WHEREAS, the current available funding totals \$311.6 million, consisting of \$101 million from Beaufort County (sales tax and impact fees), right-of way donations along the US 278 corridor from the Town of Hilton Head Island, \$90.6 million from the South Carolina Department of Transportation (SCDOT), and \$120 million from the State Infrastructure Bank (SIB); and

WHEREAS, in February 2024, SCDOT provided an updated project cost estimate, increasing the projected cost from \$305 million to \$488 million; and

WHEREAS, this updated cost estimate was reflected in our following quarterly report to the SIB, and upon receipt, the SIB requested a meeting with the County to address the project status and funding shortfall; and

WHEREAS, at a meeting on May 29, 2024, between SIB, SCDOT, state representatives, and Beaufort County, the County proposed a pro-rata cost-sharing arrangement between SIB, SCDOT, and the County to cover the \$190 million shortfall; and

WHEREAS, in a follow-up letter to SIB dated July 3, 2024, the County formally requested \$90 million from SIB to match a \$90 million contribution from the County, contingent upon voter approval of a proposed Transportation Sales Tax Referendum in November 2024; and

WHEREAS, on November 5, 2024, the Transportation Sales Tax Referendum was defeated by a 55% margin, rendering the County's proposed match unavailable; and

WHEREAS, on November 7, 2024, SIB issued a letter to the County requesting a response within 15 days regarding the County's plan to address the \$190M funding shortfall; and

WHEREAS, at its November 12, 2024, County Council meeting, the Council voted to not allocate additional funds to the project; and

WHEREAS, in a letter to Beaufort County dated November 18, 2024, SCDOT reiterated the deteriorating condition of the eastbound Mackay Creek Bridge, which its condition has been rated a 4 out of 10, and emphasized that a decision on a viable project must be made by March 31, 2025, to proceed with construction by 2027; and

WHEREAS, at the November 20, 2024, SIB meeting, an extension was granted to Beaufort County until March 31, 2025, for the County to provide a revised funding plan; and

WHEREAS, on January 9, 2025, Senator Tom Davis, with support from the state delegation, presented a project proposal to match available funding; and

WHEREAS, SCDOT has provided six project options along with cost estimates for each option, including the proposal endorsed by Senator Tom Davis; and

WHEREAS, only two of the six options, (excluding the standalone Mackay Creek Bridge replacement) fall within the available \$311.6 million budget; and

WHEREAS, on March 28, 2025, Beaufort County submitted a project proposal in alignment with the proposal from Senator Davis to the SIB for their consideration; and

WHEREAS, on May 12, 2025, the SIB voted to disapprove the County's proposed revised scope for the US 278 Corridor Project (also known as the William Hilton Parkway Gateway Corridor Project) to align with the available funds; and

WHEREAS, on May 15, 2025, in a follow-up conference call, County representatives, including the Chairman of County Council, the County Administrator, and legislative delegates (Senator Davis, Representatives Newton and Herbkersman), discussed with SIB Chairman White the reasons for rejection from the SIB; and

WHEREAS, Chairman White provided the following reasons for rejection of the revised scope for the US 278 project:

1. The revised funding sequence conflicted with the IGA, which specified that SIB funds were to be used last, not first.
2. The Town of Hilton Head Island's contribution was land (right-of-way), not cash.
3. The scaled-back bridge plan reduced the number of lanes from what was originally agreed upon and did not believe the SIB should still contribute the full \$120,000,000.
4. The County had not clearly outlined a strategy for covering cost overruns; the SIB suggested County bonding capacity (up to \$87 million) be pledged. (Staff does not recommend this)
5. A detailed project timeline for construction and completion was not provided.
6. The SIB expected increased financial commitment from both SCDOT and the County to reduce reliance on SIB funding.
7. The IGA had been violated since construction did not commence in 2024; and

WHEREAS, on May 15, 2025, SCDOT Secretary Powell expressed a readiness to proceed with replacing the two-lane Mackay Creek Bridge using \$90.6 million in already committed funds. SCDOT indicated a preference to construct a three-lane bridge, contingent upon Beaufort County contributing the additional funds needed for the third lane; and

WHEREAS, on May 16, 2025, SCDOT Secretary Powell sent a letter providing 30-day notice that SCDOT intends to exercise the termination provision as allowed under Section VII of

the intergovernmental agreement dated March 7, 2023 between SCDOT and Beaufort County, but stated that if a resolution is determined by the SIB Board and Beaufort County within this termination notice period, he would withdraw this termination; and

WHEREAS, County Council held a special-called meeting on May 19, 2025 to discuss the SIB Board's disapproval of the County's proposed revision to the US 278 corridor plan and the SCDOT notice of termination letter and discussed two viable options on how to proceed with the project; and

WHEREAS, County Council voted to proceed with continuing to attempt to negotiate an amended IGA with the SIB. This would include restructuring the funding sequence to prioritize County funds, then SCDOT funds, and finally any remaining SIB contribution. Beaufort County would assume responsibility for any cost overruns; and

NOW THEREFORE, BE IT RESOLVED, THAT THE COUNTY COUNCIL OF BEAUFORT COUNTY, SOUTH CAROLINA, hereby adopts a revised scope for the US 278 Corridor Project (also known as the William Hilton Parkway Gateway Corridor Project) to align with the available funds. The revised project includes the following elements:

Project Scope:

The construction limits along US 278 will be from the Bluffton Parkway flyover to the Windmill Harbor intersection. These project elements are identified in the attached Exhibit A.

1. Replacement of the two eastbound bridges over Mackay Creek and Skull Creek, while retaining the existing two-lane westbound bridges.
2. Construction of a three-lane eastbound bridge without a multi-use pathway.
3. Striping the new bridge for two lanes, with only necessary road tie-ins included.
4. Designing the bridge width to accommodate temporary four-lane use in the future if westbound bridge replacement is required.
5. Full and direct access to Pinckney Island from the new eastbound bridge and the existing westbound bridges. See attached Exhibit B
6. The new eastbound bridges will be designed to avoid the subaqueous water line eliminating the need for relocation.
7. Removal of the eastbound Mackay Creek Bridge.
8. Construction of a Hog Island connector road/bridge to provide access to Mariner's Cove, Blue Heron Point, and Hog Island, linking back to US 278 at the Windmill Harbor intersection.
9. Retention and improvement of the Windmill Harbor traffic signal with mast arms.

Project Funding:

The overall estimated cost for the project is **\$311,600,000**. Below is a breakdown of the available funding sources:

Funding Source	Amount
Beaufort County 2018 Sales Tax Funds	\$80,000,000
Beaufort County Road Impact Fees	\$21,000,000
SCDOT (LATS) Guideshare Funds	\$2,000,000
SCDOT Interstate / NHS Bridge Funds	\$88,600,000
SC Transportation Infrastructure Bank	\$120,000,000
Total	\$311,600,000

Project Timeline:

Below is the anticipated schedule. A more detailed plan of the project schedule is attached as Exhibit C:

- **June 2025:** Finalize funding plan
- **June 2026:** Approval of revised NEPA documentation
- **Mid-Late 2026 to 2027:** Final design, permitting, right-of-way acquisition, and utility coordination
- **End of 2027:** Construction advertisement and bid opening
- **Early 2028:** Begin construction
- **December 31, 2031:** Project completion (estimated 34-month construction timeline) plus a one year contingency period for any unexpected delays.

Adopted this 27 day of May 2025.

COUNTY COUNCIL OF BEAUFORT COUNTY

BY: Alice G. Howard
Alice Howard, Chairman

ATTEST:

Sarah W. Brock
Sarah W. Brock, Clerk to Council

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT) **AMENDMENT #1 TO**
) **INTERGOVERNMENTAL AGREEMENT**
) **FOR BEAUFORT COUNTY**

THIS AMENDMENT TO THE INTERGOVERNMENTAL AGREEMENT FOR BEAUFORT COUNTY dated November 30, 2021 by and between Beaufort County and the South Carolina Transportation Infrastructure Bank concerning improvements of US 278 from Moss Creek Drive to Spanish Wells Road, herein after referred to as the “Project” is made and entered into this ____ day of _____, 2025 by and between Beaufort County, South Carolina, (hereinafter referred to as the “County”), and South Carolina Transportation Infrastructure Bank, (hereinafter referred to as the “SIB”).

WHEREAS, the County and the SIB entered into an Intergovernmental Agreement which set forth the terms respective responsibilities of the Parties for the Project, including the funding of the Project; and

WHEREAS, in November 2021 at the time the Intergovernmental Agreement was entered into, the total estimated cost of the Project was \$292,350,000 and the Parties agreed this Project would be funded by the SIB contributing up to \$120,000,000, and the County would provide local matching funds and other financial contributions for the Project that consisted of:

- 1) Beaufort County one cent transportation sales tax in the amount of \$80,000,000;
- 2) Beaufort County Road Impact Fees in the amount of \$12,300,000;
- 3) Beaufort County General Obligation Bonds in the amount of \$7,000,000;
- 4) Federal Guideshare Funds in the amount of \$4,200,000;
- 5) SCDOT Bridge Replacement Funds in the amount of \$65,500,000; and
- 6) Right-of-Way land along US 278 dedicated by the Town of Hilton Head Island which is estimated to be valued at \$3,350,000; and

WHEREAS, in February 2024, SCDOT provided an updated project cost estimate, increasing the projected cost to \$488 million; and

WHEREAS, this updated cost estimate was reflected in Beaufort County’s following quarterly report to the SIB, and upon receipt, the SIB requested a meeting with the County to address the project status and funding shortfall; and

WHEREAS, at a meeting on May 29, 2024, between SIB, SCDOT, state representatives, and Beaufort County, the County proposed a pro-rata cost-sharing arrangement between SIB, SCDOT, and the County to cover the \$190 million shortfall; and

WHEREAS, in a follow-up letter to SIB dated July 3, 2024, the County formally requested \$90 million from SIB to match a \$90.6 million contribution from the County, contingent upon voter approval of a proposed Transportation Sales Tax Referendum in November 2024; and

WHEREAS, on November 5, 2024, the Transportation Sales Tax Referendum was defeated by a 55% margin, rendering the County’s proposed match unavailable and on November 7, 2024, the SIB issued a letter to the County requesting a response within 15 days regarding the County’s plan to address the \$190M funding shortfall; and

WHEREAS, at its November 12, 2024, County Council meeting, the Council voted to not allocate additional funds to the project; and

WHEREAS, in a letter to Beaufort County dated November 18, 2024, SCDOT reiterated the deteriorating condition of the eastbound Mackay Creek Bridge, which its condition has been rated a 4 out of 10, and emphasized that a decision on a viable project must be made by March 31, 2025, to proceed with construction by 2027; and

WHEREAS, at the November 20, 2024, SIB meeting, an extension was granted to Beaufort County until March 31, 2025, for the County to provide a revised funding plan; and

WHEREAS, on January 9, 2025, Senator Tom Davis, with support from the state delegation, presented a project proposal to match available funding, SCDOT provided six project options along with cost estimates for each option, including the proposal endorsed by Senator Tom Davis, however only two of the six options, (excluding the standalone Mackay Creek Bridge replacement) fell within the available \$298.85 million budget; and

WHEREAS, on March 28, 2025, Beaufort County submitted a project proposal in alignment with the suggested redefined project from Senator Davis to the SIB for their consideration; and

WHEREAS, on May 12, 2025 the SIB voted to disapprove the County's proposed revised scope for the US 278 Corridor Project (also known as the William Hilton Parkway Gateway Corridor Project) to align with the available funds; and

WHEREAS, on May 15, 2025 in a follow-up conference call, County representatives, including the Chairman of County Council, the County Administrator, and legislative delegates (Senator Davis, Representatives Newton and Herbkersman), discussed with SIB Chairman John White the reasons for rejection from the SIB; and

WHEREAS, on May 15, 2025, SCDOT Secretary Powell expressed a readiness to proceed with replacing the two-lane Mackay Creek Bridge using \$90 million in already committed funds and SCDOT indicated a preference to construct a three-lane bridge, contingent upon Beaufort County contributing the additional funds needed for the third lane; and

WHEREAS, on May 16, 2025, SCDOT Secretary Powell sent a letter to Beaufort County, providing 30-day notice that SCDOT intends to exercise the termination provision as allowed under Section VII of the intergovernmental agreement dated March 7, 2023 between SCDOT and Beaufort County, but stated that if a resolution is determined by the SIB Board and Beaufort County within this termination notice period, he would withdraw this termination; and

WHEREAS, County Council held a Special Called Meeting on May 19, 2025 to discuss the SIB Board's disapproval of the County's proposed revision to the US 278 corridor plan and the SCDOT notice of termination letter and discussed two viable options on how to proceed with the project; and

WHEREAS, County Council voted to proceed with continuing to attempt to negotiate an amended IGA with the SIB. This would include restructuring the funding sequence to prioritize County funds, then SCDOT funds, and finally any remaining SIB contribution. SCDOT will be

responsible for a pro-rata portion of the cost overruns not to exceed 29.08% of the total overruns based on its funding portion of \$90.6 Million toward the project cost of \$311.6 Million. Beaufort County would assume responsibility for the balance of any cost overruns; and

WHEREAS, the County adopted Resolution 2025/26 on May 27, 2025 wherein the County Council expressed its desire for the County to continue to negotiate with the SIB to amend the Intergovernmental Agreement so that the Project could proceed with a revised scope for the US 278 Corridor Project (also known as the William Hilton Parkway Gateway Corridor Project) to align with the available funds; and

WHEREAS, the SIB and the County desire to formalize an amendment to the Intergovernmental Agreement wherein the Project will proceed with a defined scope for the US 278 Corridor Project (also known as the William Hilton Parkway Gateway Corridor Project) to align with the available funds.

NOW, THEREFORE, for mutual consideration and public service, it is mutually agreed by the County and the SIB that the Intergovernmental Agreement shall be amended as follows:

1. Article III paragraph 3 shall be amended to read:

“The total estimated cost of the Project is \$311,600,000, which will be met by the funding commitments described in more detail below.

2. Article III paragraph 3.2 shall be amended to read:

“The County shall provide the local match funds and other financial contributions for the Project that consist of the following sources:

- a. Beaufort County one cent transportation sales tax in the amount of \$80,000,000; and
- b. Beaufort County Road Impact Fees in the amount of \$21,000,000.

The County also represents warrants, and covenants that it has secured binding legally enforceable contributions and funds for the Project from the following sources:

- a. Federal Guideshare Funds in the amount of \$2,000,000; and
- b. SCDOT Bridge Replacement Funds in the amount of \$88,600,000.”

3. Article III paragraph 3.3 shall be amended to read:

“Funding Responsibilities if Project Costs Exceed Total Estimated Cost.

SCDOT will be responsible for a pro-rata portion of the cost overruns not to exceed 29.08% of the total overruns based on its funding portion of \$90.6 Million toward the project cost of \$311.6 Million. The County shall provide the balance of the additional funding to complete the Project if the amount of monies and funds needed to complete construction of the Project exceeds the current total estimated costs of \$311,600,000, or if any funds or contributions to be provided for the Project by a source other than the Bank,

including those listed above in Section 3.2, are not received. As stated in Section 3.1, the Bank's maximum Financial Assistance for the Project shall not exceed \$120,000,000."

4. Article IV paragraph 4.3 B iii, the first sentence shall be amended to read:

"the County or SCDOT fails to complete the Project, including all components, by December 31, 2031, the County shall reimburse the Bank fully for all Disbursements within ninety (90) days of the date of the notification to the County by the Bank that such reimbursement is due the Bank and stating the reason(s) for such reimbursement."

IN WITNESS WHEREOF, the South Carolina Transportation Infrastructure Bank, South Carolina and Beaufort County, South Carolina by and through their duly authorized officers have set their hands and seals on this _____ day of _____, 2025.

WITNESSES:

Cheryl H. Harris
Kathleen J. Carter

BEAUFORT COUNTY

By: Michael A. Mon
Its: County Administrator

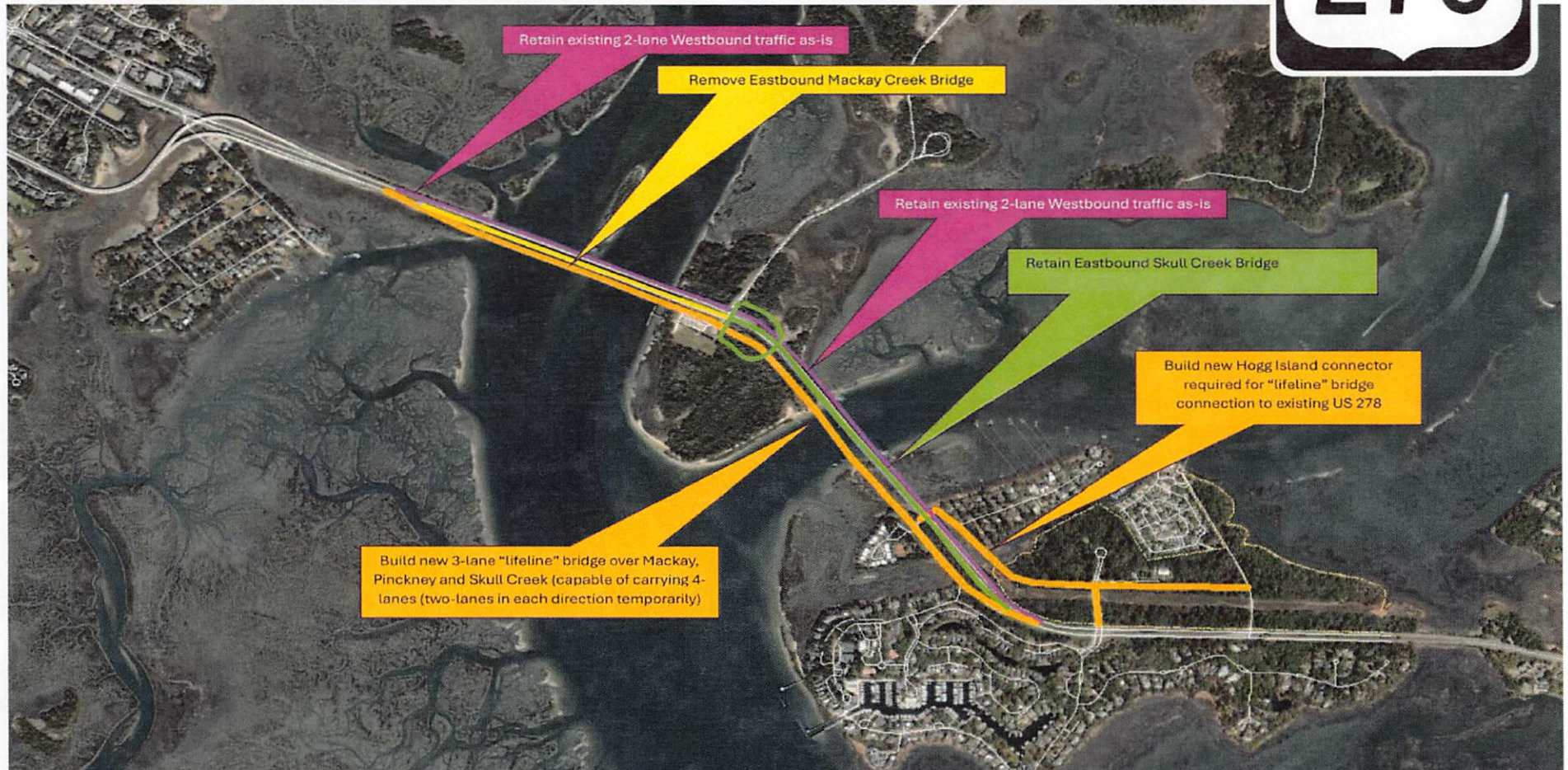
WITNESSES:

**SOUTH CAROLINA TRANSPORTATION
INFRASTRUCTURE BANK**

By: _____
Its: Chairman

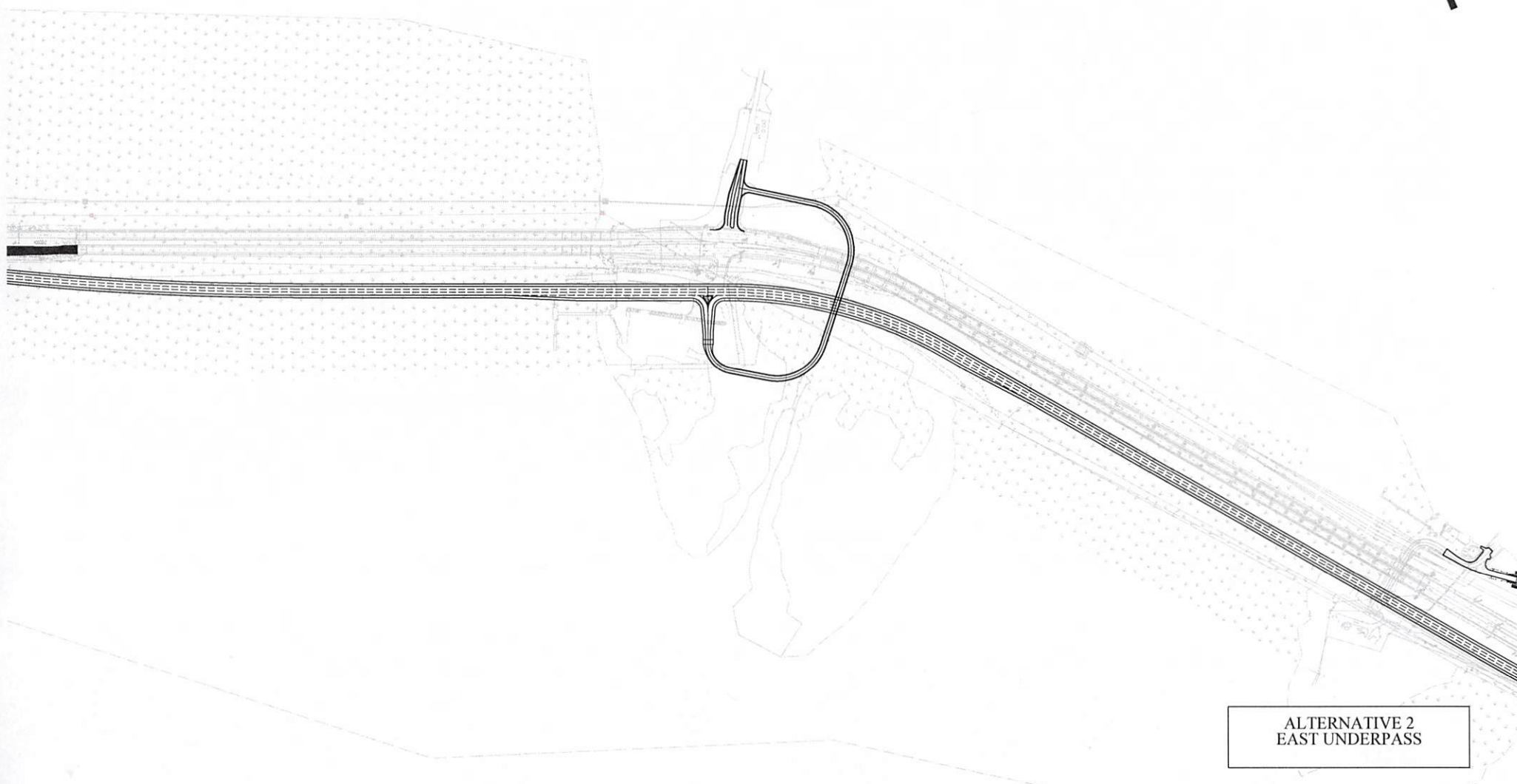


3-lane Bridge (capable of accommodating 4th lane) with using portion of Westbound bridge for off island and one of the old Skull Creek for access to Pinckney Island



Pinckney Island Access Layout

Exhibit B



ALTERNATIVE 2
EAST UNDERPASS

Exhibit C

Scope includes 3-lane eastbound bridge with direct access to Pinkney Island and no multiuse pathway