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1 **2018-36 (2<sup>ND</sup> READING): AN ORDINANCE TO AMEND THE FRANCHISE OF SOUTH**  
2 **CAROLINA PUBLIC SERVICE AUTHORITY TO ADJUST THE UNDERGROUNDING FUNDS,**  
3 **& DISBURSE ACCRUED BUT UNUSED FUNDS IN PROPORTION TO DEPOSIT.**

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4 **Applicant/Purpose:** Staff / to amend the franchise agreement w/ Santee Cooper & adjust the  
5 underground funds, & disburse accrued funds in proportion to deposit.  
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7 **Brief:**

- 8 • Santee Cooper's franchise agreement is scheduled to expire in 6/30/25.
- 9 • This agreement includes a 5% franchise fee distributed as follows:
  - 10 ○ 3% paid by Santee Cooper directly to the City's General Fund.
  - 11 ○ 2% retained by Santee Cooper into a fund specifically for undergrounding of utility
  - 12 lines. Santee Cooper is required to match this contribution.
- 13 • This amendment extends the term for 20 years w/ the following changes:
  - 14 ○ Utility Franchise Fee of 5% distributed as follows:
    - 15 ▪ 4% paid by Santee Cooper directly to the City's General Fund.
    - 16 ▪ 1% retained & matched by the Authority for undergrounding projects.
  - 17 ○ The City directs Santee Cooper to release of \$4,250,000 to each to party.
  - 18 ○ The City may use a portion of its underground fund for purposes other than
  - 19 underground conversion by directing the Authority to release that amount of the
  - 20 fund. Santee Cooper would withdraw a similar amount.
  - 21 ○ A more flexible use of the funds in the underground account to allow the City's
  - 22 portion to be used for work related to undergrounding (e.g. sidewalk construction,
  - 23 stormwater improvements, etc.).
- 24 • No changes since 1<sup>st</sup> reading.

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26 **Issues:**

- 27 • Since the existing franchise was put into place, the City has required new subdivisions to be
- 28 built w/ underground utilities.
- 29 • New arterial streets including Joe White, Grissom, Harrelson, Farrow, Coventry, & Grande
- 30 Dunes were all required to have underground utilities from initial construction.
- 31 • W/ 1 small exception Ocean Boulevard undergrounding is now complete.
- 32 • The franchise agreement results:
  - 33 ○ -\$900k/year in additional General Fund revenues for recurring expenses.
  - 34 ○ A reduced contribution to the underground fund from \$3.6 to \$1.8 million/year.
  - 35 ○ A 1-time reduction of \$8.5 million to the underground utility fund (~\$8.0 million
  - 36 estimated to remain in the fund after the w/drawal).
- 37 • The remaining contribution to the undergrounding fund is roughly = to the City's annual
- 38 spending from this account over the years.
- 39 • Staff is currently working on undergrounding utilities on Kings south of 3<sup>rd</sup> S.

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41 **Public Notification:** Normal meeting notification.  
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43 **Alternatives:**

- 44 • Do not pass this amendment & keep the current franchise agreement in place.
- 45 • To modify this amendment.

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47 **Financial Impact:**

- 48 • - \$900k/year to the General Fund for support of recurring services.
- 49 • Reduction of \$1.8 million/year to the undergrounding fund. \$1.8 million still contributed.

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51 **Manager's Recommendation:**

- 52 • I recommend 1<sup>st</sup> reading (5/22/18).
- 53 • I recommend approval (6/12/18).

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55 **Attachments:** Proposed ordinance.

CITY OF MYRTLE BEACH  
COUNTY OF HORRY  
STATE OF SOUTH CAROLINA

AN ORDINANCE TO AMEND THE FRANCHISE OF  
THE SOUTH CAROLINA PUBLIC SERVICE  
AUTHORITY TO ADJUST THE  
UNDERGROUNDING FUNDS, AND DISBURSE  
ACCRUED BUT UNUSED FUNDS IN PROPORTION  
TO DEPOSIT

WHEREAS, by Franchise and Ordinance effective July 1, 1975, the City of Myrtle Beach granted unto the South Carolina Public Service Authority a thirty (30) year franchise; and,

WHEREAS, by mutual consent the City and the Authority amended said franchise and substituted it with Ordinance No. 2000-72, dated August 28, 2001; and,

WHEREAS, pursuant to the terms of that amendment the franchise granted unto the South Carolina Public Service Authority was extended with a new termination date of June 30, 2025; and

WHEREAS, the parties wish to further amend this franchise;

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF MYRTLE BEACH, SOUTH CAROLINA, IN COUNCIL ASSEMBLED:

1. Section 5 of the franchise agreement between the parties shall be amended to read as follows:

Section 5. This franchise shall be extended for 20 years to continue until June 30, 2038. The fund previously established by both the City and the Authority into which both parties annually make matching payments based on the franchise fees paid shall remain. This fund shall be sustained with deposits by the City which equal twenty percent of the franchise fees received by the city each year; such deposits shall be matched by an equal deposit by the Authority to the fund. With the consent of Council, the Authority shall act with due diligence as steward of the fund, and shall oversee the establishment, accounting and disbursements of and from the fund. Simple interest at the rate then currently paid by the Authority on customer deposits will be paid annually on the amount contributed by the City from the franchise fees. An accounting of the fund amount will be provided to the City during January and July of each year or at any time the City requests an accounting. This fund will be used solely for conversion projects or underground construction within the City of Myrtle Beach as a cooperative endeavor between the City and the Authority. The Authority and City may cooperate in strategic planning with regards to the projects. However, in the City's sole discretion, the City shall prioritize projects to be undertaken. The City shall notify the Authority of any underground construction or conversion project it wishes to have undertaken. The Authority shall complete the projects with due diligence.

The City may use the fund at any time it desires for underground power projects. The City may choose a project which results in a projected fund balance of \$0. If actual project expenses result in a fund deficit, future projects will be delayed until the fund balance becomes positive. The interest rate for any fund deficit will be at the Authority's average system debt.

Project and construction management shall be provided by the Authority without cost. The Authority will in some cases make certain credits if a required overhead relocation project is chosen as an underground project and the project is on a right of way that was first owned and occupied by the City or the State. The Authority will credit the project for the cost of the required overhead relocation so the City will only pay the difference in the cost of the overhead

1 relocation and the cost of placing the lines underground. The Authority will not make this type  
2 of credit if the project is on an Authority right of way or if the project is on a right of way which  
3 was first occupied by the Authority.

4 2. A new Section 6 of the franchise agreement between the parties shall be inserted as  
5 follows and subsequent sections shall be accordingly renumbered:

6 Section 6. The City directs the Authority to release proceeds in the fund in equal shares  
7 of \$4,250,000 dollars each to the City and the Authority. The City does hereby release any claim  
8 it has to the funds released to the Authority that have been contributed by the Authority  
9 pursuant to the franchise agreement for the purposes of converting overhead facilities to  
10 underground facilities or for underground construction.

11 Section 7. The City may choose to use a portion of its fund dollars for purposes other  
12 than underground projects or underground conversion by directing the Authority to release a  
13 certain portion of the fund. The Authority will remove an equal amount from the fund of  
14 Authority dollars, and the City shall release any claim it has to the funds released to the  
15 Authority that have been contributed by the Authority pursuant to the franchise agreement for  
16 the purposes of converting overhead facilities to underground facilities or for underground  
17 construction.

18 3. All other provisions of the original Franchise and Ordinance and subsequent amendments  
19 thereto between the City and the Authority shall remain in full force and effect.

20 4. A signed, certified and sealed copy of this Ordinance shall be delivered to the South  
21 Carolina Public Service Authority and shall constitute a valid and binding franchise and  
22 agreement between the City of Myrtle Beach, South Carolina, and the South Carolina Public  
23 Service Authority, its successors and assigns.

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26 \_\_\_\_\_  
27 BRENDA BETHUNE, MAYOR

28 FIRST READING: 5-22-18

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30 SECOND READING: 6-12-18

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32 ATTEST: CITY CLERK, WITH SEAL.  
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34 \_\_\_\_\_  
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37 ACCEPTANCE of the Franchises granted by the within Ordinance acknowledged by SOUTH  
38 CAROLINA PUBLIC SERVICE AUTHORITY, this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

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40 SOUTH CAROLINA PUBLIC SERVICE AUTHORITY  
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46 By: \_\_\_\_\_  
47  
48 Its: \_\_\_\_\_