

Danville Utilities provides innovative, reliable, competitive, and safe utility services with a highly valued and qualified workforce, while helping drive economic development.

The City of Danville has been in the utility business since 1876. Danville is the only municipality in Virginia to operate all four essential utilities -- electricity, natural gas, water, and wastewater -- plus telecommunications services. Danville Utilities serves the City and adjoining residential neighborhoods with water and gas service. Electricity is distributed to 42,000 customer locations in a 500-square mile service area that includes Danville, most of Pittsylvania County's households, and small portions of Henry and Halifax Counties. Danville Utilities provides water, wastewater, and natural gas services to customers within a 50-square mile area consisting of the city adjacent suburban areas.

Danville Utilities values:

- Safety
- Customer Care
- Professionalism
- A valued workforce
- Stewardship

Danville Utilities fulfills community responsibilities by:

- Ensuring proper accountability to the City Manager, Danville Utility Commission, City Council, utility customers, and the community.
- Supporting the City's community and economic development efforts.
- Minimizing harmful impact on the service area's natural environment.
- Building and strengthening mutually beneficial relationships with other municipal departments, the school district, and outside organizations.
- Generating revenue to the City's General Fund to support continued provision of world class municipal and school services, thereby ensuring a positive return on utility owner investment.

Danville Utilities is organized into six operating divisions – Water & Wastewater Treatment, Water & Gas, Power & Light, Telecommunications, Support Services, and Administration across five funds.

The Proposed FY 2022 Budget includes operating expenditures (less depreciation and General Fund contributions) of \$143 million and \$15.9 million for affiliated capital projects.

The budget is based on projected revenues using utility rates approved by City Council and includes no rate increases. The following factors affect all five Utility funds except as noted:

Salary Adjustments

The amount budgeted for FY 2022 for salaries and FICA are based on salary projections and include pay-for-performance increases received by employees in September 2020. Consistent with the FY 2021 budget, increases were not distributed to the respective salary and benefit accounts but included in the administrative division of each fund's budget in line item 51417 "Salaries and Wages Adjustment". There is an allowance of \$136,690 for salary adjustments included in this line item in combined Utility budgets for 2022 in anticipation of the continuation of the pay for performance increases.

Retirement Rates

The latest actuarial report reflects the funding status of the pension system has improved from 102.4% to 104.7%. This was accomplished through additional contributions and the recognition of investment gains. The report recommended an employer contribution of 6.118% of covered payroll for general employees in order to maintain a funded ratio of 100%. In FY 2019, City Council approved a change in City Code that requires employees hired on or after September 1, 2019, to pay half of the contribution to the retirement system. There is an adjustment of \$56,060 for decreased funding for retirement included in line item 51417 "Salaries and Wages Adjustment" in combined Utility budgets for FY 2022.

Benefits Allocation

The City's self-insured employee health insurance plan is accounted for within the Human Resources Department. Through line item 57100 "Employee Benefits/HR Allocation", each utility division receives an allocation of the plan's expenses and premiums based on the division's specific number of employees. The allocation decreased an average of 5.7% per Utility fund with an increase of \$81,560 in combined Utility budgets for 2022.

Revenue

Revenue will cover operating costs and ongoing system-related improvements to maintain the integrity and reliability of the utility infrastructure.

Expenditures

This budget includes appropriations of \$15.5 million for contribution to the City's General Fund which is an increase of \$153,000 compared to the prior year contribution. Proposed FY 2022 capital improvements include \$15.9 million in projects that are necessary to meet environmental quality requirements, replace outdated infrastructure and facilities and to improve reliability and safety. Specific projects include:

Wastewater

- \$1 million for the Apple Branch Sewer Line Replacement project financed with revenues (Public Works)
- \$2 million for the Fall Creek Sanitary Sewer Reconstruction & Rehabilitation project financed with Wastewater Fund Balance (Public Works)
- New Sewer Lines \$250,000 financed with revenues (Public Works)
- Sewer Line Reconstruction \$300,000 financed with revenues (Public Works)

Water

- \$1.5 million to replace aging waterlines and infrastructure in the distribution system financed by fund balance and water revenues
- \$1 million for construction of Berry Hill Industrial Park Water Infrastructure which will be financed by Water Fund Balance

Gas

- \$1.2 million for County Gas Expansion project financed with revenues.

Electric

- \$6 million for substation upgrades and improvements financed with reprogrammed funds
- \$551,000 for line rebuilds and 25 kV conversion financed with revenues
- \$1 million for the AEP Fourth Delivery Point – West Fork Substation project financed with reprogrammed funds
- \$1 million for the Ballou Substation project financed with reprogrammed funds

Telecommunications

- Fiber to the Home is budgeted at \$50,000 from revenues.

The proposed utility fund budgets will ensure continued delivery of reliable services at the lowest rates currently possible while supporting vital economic development activities.

**CITY OF DANVILLE - UTILITIES DEPARTMENT
ADOPTED BUDGET FY 2022
ALL UTILITY FUNDS BY FUNCTION**

Description	Wastewater	Water	Gas	Electric	Telecomm	TOTAL
	Fund - 51	Fund - 52	Fund - 53	Fund - 54	Fnd - 55	
Revenue						
Rev-Use Money/Property	35,300	92,440	298,110	1,393,940	8,880	1,828,670
Charges for Services	8,861,030	9,028,870	19,630,430	122,341,910	662,310	160,524,550
Miscellaneous Revenue	82,640	45,000	6,500	455,000	0	589,140
Recovered Cost	0	16,000	0	5,000	0	21,000
Non-Revenue Receipts	0	0	0	0	0	0
Total -- Operating Revenue	8,978,970	9,182,310	19,935,040	124,195,850	671,190	162,963,360
Transfer from Fund Balance	0	0	0	0	0	0
Total Revenue	8,978,970	9,182,310	19,935,040	124,195,850	671,190	162,963,360
Operating Expenses						
Treatment Plants	3,087,770	0	0	0	0	3,087,770
Public Works	1,741,550	0	0	0	0	1,741,550
Laboratory	0	104,560	0	0	0	104,560
Operations-Main	0	1,245,800	0	0	0	1,245,800
Operations-Industrial	0	157,830	0	0	0	157,830
Treatment-Main	0	414,820	0	0	0	414,820
Administration Services	860,490	1,973,950	1,897,840	6,284,410	2,360	11,019,050
Engineering	0	343,080	373,050	1,018,860	0	1,734,990
Distribution	0	532,550	511,880	4,557,340	0	5,601,770
Service	0	274,430	295,470	0	0	569,900
Meters & Regulators	0	83,870	116,750	0	0	200,620
Meters	0	0	0	392,130	0	392,130
Gas Control	0	0	513,890	0	0	513,890
Substations	0	0	0	1,584,300	0	1,584,300
Hydro-Electric Plant	0	0	0	0	0	0
Transmissions	0	0	0	191,000	0	191,000
Generators	0	0	0	125,000	0	125,000
Customer Services	0	0	0	0	0	0
Utility Administrative Services	0	0	0	1,362,920	0	1,362,920
Support Services	0	0	0	320,670	0	320,670
Operations	0	0	0	0	458,550	458,550
Rivercity TV	0	0	0	0	0	0
Purchased Services	0	0	0	0	0	0
Debt Service	362,730	392,670	132,210	3,354,780	0	4,242,390
Capital Expenses	811,920	1,944,070	813,510	3,638,070	25,000	7,232,570
Subtotal -- Operating Expense	6,864,460	7,467,630	4,654,600	22,829,480	485,910	42,302,080
(Net of Source of Supply)						
Depreciation	2,048,820	1,673,710	1,573,910	8,980,360	479,950	14,756,750
Source of Supply	0	0	10,984,320	90,841,110	58,000	101,883,430

**CITY OF DANVILLE - UTILITIES DEPARTMENT
ADOPTED BUDGET FY 2022
ALL UTILITY FUNDS BY FUNCTION**

Description	Wastewater Fund - 51	Water Fund - 52	Gas Fund - 53	Electric Fund - 54	Telecomm Fnd - 55	TOTAL
Total -- Operating Expense	8,913,280	9,141,340	17,212,830	122,650,950	1,023,860	158,942,260
Annual Contribution to General Fund	705,760	953,300	3,196,330	10,572,610	81,000	15,509,000
Total Expenditures	9,619,040	10,094,640	20,409,160	133,223,560	1,104,860	174,451,260
Add - Depreciation	2,048,820	1,673,710	1,573,910	8,980,360	479,950	14,756,750
Revenue in excess of Operating Expense	1,408,750	761,380	1,099,790	-47,350	46,280	3,268,850
Capital Improvements						
Capital Projects	0	2,544,260	1,213,790	551,240	50,000	4,359,290
Sewer Capital Projects	3,550,000	0	0	0	0	3,550,000
Total -- Capital Improvements	3,550,000	2,544,260	1,213,790	551,240	50,000	7,909,290
Revenues Over(Under) Expenses	-2,141,250	-1,782,880	-114,000	-598,590	-3,720	-4,640,440

**CITY OF DANVILLE - UTILITIES DEPARTMENT
ADOPTED BUDGET FY 2022
ALL UTILITY FUNDS BY ACTIVITY**

Description	Wastewater	Water	Gas	Electric	Telecomm	TOTAL
	Fund - 51	Fund - 52	Fund - 53	Fund - 54	Fnd - 55	
Revenue						
Rev-Use Money/Property	35,300	92,440	298,110	1,393,940	8,880	1,828,670
Charges for Services	8,861,030	9,028,870	19,630,430	122,341,910	662,310	160,524,550
Miscellaneous Revenue	82,640	45,000	6,500	455,000	0	589,140
Recovered Cost	0	16,000	0	5,000	0	21,000
Non-Revenue Receipts	0	0	0	0	0	0
Total -- Operating Revenue	8,978,970	9,182,310	19,935,040	124,195,850	671,190	162,963,360
Transfer from Fund Balance	0	0	0	0	0	0
Total Revenue	8,978,970	9,182,310	19,935,040	124,195,850	671,190	162,963,360
Operating Expenses						
Personnel Svcs	857,060	1,818,320	1,425,870	5,221,590	133,690	9,456,530
Employee Benefits	128,440	270,510	214,800	1,182,850	19,090	1,815,690
Purchased Services	3,399,840	714,480	389,440	4,931,660	133,470	9,568,890
Internal Service	812,350	868,300	106,980	276,720	38,440	2,102,790
Other Operating Expense	223,520	1,650,460	826,370	3,404,850	24,870	6,130,070
Cost Allocation	790,140	1,120,540	1,232,640	2,408,390	135,350	5,687,060
Capital Outlay	105,000	449,210	149,700	6,250	1,000	711,160
Debt Service	423,110	450,810	183,800	5,222,170	0	6,279,890
Reimbursement	0	0	0	50,000	0	50,000
Transfer Out	125,000	125,000	125,000	125,000	0	500,000
Subtotal -- Operating Expense	6,864,460	7,467,630	4,654,600	22,829,480	485,910	42,302,080
(Net of Source of Supply)						
Depreciation	2,048,820	1,673,710	1,573,910	8,980,360	479,950	14,756,750
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