

Utility Summaries

Fiscal Year 2025 Operating Budget

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 along with 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, Utilities 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 Fiscal Year 2025 Budget includes operating expenditures (less depreciation and General Fund contributions) of \$163.9 million and \$29.6 million for affiliated capital projects.

The budget is based on projected revenues using utility rates approved by City Council. The following factors affect all five Utility funds, except as noted:

Salary Adjustments

The amount budgeted for Fiscal Year 2025 salaries and FICA are based on salary projections and include pay-for-performance increases received by employees in Fiscal Year 2024. Fiscal Year 2025 varies from the prior year budget, due to increases being distributed to the respective salary and benefit accounts. For Fiscal Year 2024, it was included only in the administrative division of each fund's budget in line item 51417 "Salaries and Wages Adjustment". The total combined salary adjustment for Fiscal Year 2025 is \$546,196 in anticipation of the continuation of the pay-for-performance increases.

Retirement Rates

The latest actuarial report reflects that the funding status of the pension system has changed from 105.6% to 101.5%. The report recommended an employer contribution for general employees hired before September 1, 2019 of 6.336% and for general employees hired after September 1, 2019 of 3.168% of covered payroll to maintain a funded ratio of 100%.

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. For Fiscal Year 2025, the allocation increased \$220,170 or 13.5% for combined utility funds.

Revenue

Revenue will cover operating costs and ongoing system-related improvements to maintain the integrity and reliability of the utility infrastructure. "Rental Income" under Vehicle/Equipment Clearing was budgeted in Fiscal Year 2025 for the Water Fund, Gas Fund, and Electric Fund. The Vehicle/Equipment Clearing "Rental Income" line item 41910 offsets the Vehicle and Equipment expense under line items 56026 and 56027. It is an internal revenue and expense to allocate work order hours for vehicles. Industry standard rates were implemented in FY2024.

Expenditures

This budget includes appropriations of \$15.6 million for contribution to the City's General Fund which is identical to the prior year contribution. Proposed Fiscal Year 2025 capital improvements include \$29.6 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:

	CURRENT REVENUES	FUND BALANCE	DEBT FINANCING	GRANTS/CIA	OTHER	TOTAL
Fund / Department / Project						
Wastewater Fund						
Public Works						
Sewer Line Reconstruction	\$300,000	–	–	–	–	\$300,000
New Sewer Lines/Inflow & Infiltration Reduction	\$300,000	–	–	–	–	\$300,000
Fall Creek Sanitary Sewer Reconstruction & Rehab	–	\$0	–	–	–	\$0
Holland Road Sewer Extension	–	–	\$0	–	–	\$0
Luna Lake Road Sewers	\$0	–	–	–	–	\$0
Tributary Lines to Jackson Branch Outfall	\$0	–	–	–	–	\$0
Tributary Lines to Sandy Creek Outfall	\$0	–	–	–	–	\$0
Sanitary Sewer - New Housing Subdivision	–	–	\$0	–	–	\$0
PUBLIC WORKS TOTAL	\$600,000	\$0	\$0	–	–	\$600,000
Utilities						
Southside Plant Improvements	–	–	–	\$15,000,000	–	\$15,000,000
UTILITIES TOTAL	–	–	–	\$15,000,000	–	\$15,000,000
WASTEWATER FUND TOTAL	\$600,000	\$0	\$0	\$15,000,000	–	\$15,600,000
Water Fund						
Utilities						
Water Line Reconstruction	–	–	\$2,000,000	–	–	\$2,000,000
Water Territory Expansion	\$0	–	–	–	–	\$0
Lead & Copper Water Line Inv.	–	–	–	\$0	–	\$0
Westover Pumping Station Relocation	–	–	–	\$4,000,000	–	\$4,000,000
UTILITIES TOTAL	\$0	–	\$2,000,000	\$4,000,000	–	\$6,000,000
WATER FUND TOTAL	\$0	–	\$2,000,000	\$4,000,000	–	\$6,000,000
Gas Fund						
Utilities						
Natural Gas Expansion	\$0	–	–	–	–	\$0
Natural Gas Transmission Pipeline	–	–	\$0	–	–	\$0

	CURRENT REVENUES	FUND BALANCE	DEBT FINANCING	GRANTS/CIA	OTHER	TOTAL
Ductile Iron Gas Main Replacement Goodyear Blvd/S. Main	\$0	\$0	–	\$0	–	\$0
UTILITIES TOTAL	\$0	\$0	\$0	\$0	–	\$0
GAS FUND TOTAL	\$0	\$0	\$0	\$0	–	\$0
Electric Fund						
Utilities						
Substation Upgrades & Rebuilds	–	–	\$3,000,000	–	–	\$3,000,000
New Design Substation	–	–	\$2,500,000	–	–	\$2,500,000
Electric System Reliability and Improvement	–	–	\$2,500,000	–	–	\$2,500,000
Cyber Park Substation	–	–	\$0	–	–	\$0
West Main Street Underground	\$0	–	–	–	\$0	\$0
Brantley Substation Upgrade	–	–	\$0	–	–	\$0
UTILITIES TOTAL	\$0	–	\$8,000,000	–	\$0	\$8,000,000
ELECTRIC FUND TOTAL	\$0	–	\$8,000,000	–	\$0	\$8,000,000
FUND / DEPARTMENT / PROJECT TOTAL	\$600,000	\$0	\$10,000,000	\$19,000,000	\$0	\$29,600,000

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

All Utility Funds by Function

	WASTEWATER - FUND 51	WATER - FUND 52	GAS - FUND 53	ELECTRIC - FUND 54	TELECOMM - FUND 55
	FY2025	FY2025	FY2025	FY2025	FY2025
Operating Revenues					
Revenue-Use Money/Property	\$36,600	\$461,060	\$427,171	\$2,243,850	\$8,620
Charges for Services	\$9,313,207	\$9,001,076	\$20,506,922	\$134,903,694	\$744,180
Miscellaneous Revenue	\$74,000	\$128,000	\$6,500	\$1,850,000	–
Recovered Cost	–	\$10,000	–	\$0	–
OPERATING REVENUES TOTAL	\$9,423,807	\$9,600,136	\$20,940,593	\$138,997,544	\$752,800
Operating Expenses					
Administration Services	\$2,723,065	\$4,954,707	\$6,839,880	\$20,160,871	\$4,904
Capital Outlay	\$800,000	\$816,715	\$318,633	\$6,980,448	\$100,000
Customer Services	–	–	–	\$25,000	–
Debt Service	\$160,370	\$557,230	\$97,590	\$4,499,660	–
Distribution	–	\$1,294,085	\$1,302,490	\$111,128,323	–
Engineering	–	\$355,351	\$373,172	\$1,379,243	–
Gas Control	–	–	\$13,118,676	–	–
Meters	–	–	–	\$562,828	–
Meters & Regulators	–	\$154,191	\$188,914	–	–
Not Applicable	–	–	–	\$107,447	–
Repairs/Maint. Bldg	–	\$279,069	–	–	–
Service	–	\$198,825	\$162,576	–	\$1,052,604
Sewer Connections	\$141,144	–	–	–	–
Sewer Maintenance	\$2,916,193	–	–	–	–
Sewer Repair	\$178,690	–	–	–	–
Substations	–	–	–	\$1,897,670	–
Transmissions	–	–	–	\$116,000	–
Treatment	\$3,885,859	\$2,458,273	–	–	–
OPERATING EXPENSES TOTAL	\$10,805,321	\$11,068,447	\$22,401,932	\$146,857,490	\$1,157,508
Add:					
Depreciation	\$1,967,370	\$1,519,860	\$1,578,100	\$8,206,890	\$440,540
ADD: TOTAL	\$1,967,370	\$1,519,860	\$1,578,100	\$8,206,890	\$440,540
Operating Expenses less depreciation	\$8,837,951	\$9,548,587	\$20,823,832	\$138,650,600	\$716,968
Revenue in excess of operating expenses	\$585,856	\$51,549	\$116,761	\$346,944	\$35,832
Capital Improvements					
CIP Budget Control	\$600,000	\$0	\$0	\$0	\$0
CAPITAL IMPROVEMENTS TOTAL	\$600,000	\$0	\$0	\$0	\$0
Revenues Over (Under) Expenses	-\$14,144	\$51,549	\$116,761	\$346,944	\$35,832

All Utility Funds by Activity

	WASTEWATER - FUND 51	WATER - FUND 52	GAS - FUND 53	ELECTRIC - FUND 54	TELECOMM - FUND 55
	FY2025	FY2025	FY2025	FY2025	FY2025
Operating Revenues					
Revenue-Use Money/Property	\$36,600	\$461,060	\$427,171	\$2,243,850	\$8,620
Charges for Services	\$9,313,207	\$9,001,076	\$20,506,922	\$134,903,694	\$744,180
Miscellaneous Revenue	\$74,000	\$128,000	\$6,500	\$1,850,000	–
Recovered Cost	–	\$10,000	–	\$0	–
OPERATING REVENUES TOTAL	\$9,423,807	\$9,600,136	\$20,940,593	\$138,997,544	\$752,800
Operating Expenses					
Personnel Services	\$1,055,838	\$2,195,586	\$1,667,085	\$6,126,563	\$172,715
Employee Benefits	\$144,029	\$295,668	\$223,880	\$1,357,362	\$22,790
Purchased Services	\$4,331,259	\$722,115	\$389,083	\$4,646,935	\$287,894
Internal Service	\$903,890	\$868,055	\$93,230	\$175,240	\$22,320
Other Operating Expense	\$259,950	\$1,591,063	\$963,422	\$9,136,127	\$34,640
Source of Supply	–	–	\$12,519,009	\$97,085,465	–
Cost Allocation	\$991,604	\$1,601,277	\$1,550,788	\$2,732,982	\$94,610
Capital Outlay	\$250,000	\$383,373	\$101,325	\$156,555	\$1,000
Depreciation	\$1,967,370	\$1,519,860	\$1,578,100	\$8,206,890	\$440,540
Debt Service	\$195,620	\$925,150	\$116,680	\$6,547,762	–
Reimbursement	–	–	–	\$50,000	–
Transfer Out	\$705,760	\$966,300	\$3,199,330	\$10,635,610	\$81,000
Contingency Appropriation	\$0	–	–	–	–
Bonds	–	\$0	–	\$0	–
CIP Budget Control	\$0	\$0	\$0	\$0	\$0
OPERATING EXPENSES TOTAL	\$10,805,321	\$11,068,447	\$22,401,932	\$146,857,490	\$1,157,508
Add:					
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