

Gas Fund

Fiscal Year 2026 Operating Budget

Fund Overview

ADOPTED BUDGET		PROPOSED BUDGET
	FY2025	FY2026
Revenues		
Revenue-Use Money/Property	\$427,171	\$598,500
Charges for Services	\$20,506,922	\$21,075,140
Miscellaneous Revenue	\$6,500	\$7,700
REVENUES TOTAL	\$20,940,593	\$21,681,340
Operating Expenses		
Administration Services	\$2,062,450	\$2,192,220
Debt Service	\$97,590	\$117,190
Distribution	\$1,003,027	\$1,030,910
Engineering	\$373,172	\$418,330
Gas Control	\$599,667	\$637,600
Meters & Regulators	\$188,914	\$186,670
Regular Capital Maintenance	\$318,633	\$453,570
Service	\$462,039	\$515,630
OPERATING EXPENSES TOTAL	\$5,105,493	\$5,552,120
Other	\$14,097,109	\$14,464,130
Total Operating Expense	\$19,202,602	\$20,016,250
Contribution to General Fund	\$3,199,330	\$3,199,330
Total Expenditures	\$22,401,932	\$23,215,580
Add - Depreciation	\$1,578,100	\$1,589,130
Total Expenditures (less depreciation)	\$20,823,832	\$21,626,450
Revenue in excess of Operating Expense	\$116,761	\$54,890
Revenues Over (Under) Expenses	\$116,761	\$54,890

Major Revenue Sources

Revenue categories for this fund are as follows:

REVENUE – USE OF MONEY/PROPERTY: This revenue category includes: Interest on Investments - All of the City's funds are invested in secured accounts in an attempt to earn the highest possible return. Investment earnings are a function of the money marketplace and swings in the revenues reflect higher or lower interest rates. Other sources include: Rental Income that is offset by vehicle and equipment charges to the divisions for daily and monthly usage. Sale-Salvage and Surplus Property - This revenue represents the sale of surplus vehicles and equipment and funds received from the sale of scrap metal.

CHARGES FOR SERVICES: The major revenue source for the Gas Fund are customer charges. The residential customer class is the largest part of that revenue stream representing approximately 13,168 customers. The commercial customer class represents approximately 1509 customers, and the industrial base represents 19 firms, six interruptible and five transport customers. There are 54 municipal class represents gas sold to the City for its municipal facilities. Other revenues in this category include penalties for non-payment and reconnection fees. The monthly charge for the Purchased Gas Adjustment is also included in Charges for Services. In FY22, the gas fund completed a twenty-year gas main replacement project.

MISCELLANEOUS REVENUE: Miscellaneous revenue includes charges to customers who request alternation or expansion of their existing services and for amounts billed to third parties for damages to equipment and infrastructure.

	ACTUAL		ADOPTED BUDGET	PROPOSED BUDGET	
	FY2023	FY2024	FY2025	FY2026	Increase/ (Decrease)
Revenues					
Revenue-Use Money/Property	\$531,321	\$1,084,959	\$427,171	\$598,500	\$171,329
Charges for Services	\$25,360,998	\$19,114,245	\$20,506,922	\$21,075,140	\$568,218
Miscellaneous Revenue	\$1,929	\$8,160	\$6,500	\$7,700	\$1,200
Recovered Cost	\$18,906	\$421	–	–	\$0
Other Revenue	(\$104,186)	\$97,197	–	–	\$0
REVENUES TOTAL	\$25,808,968	\$20,304,982	\$20,940,593	\$21,681,340	\$740,747

Gas Administration

Description

Danville has been in the gas distribution business since 1876. In 1950, the City was the first to begin receiving natural gas from the new, Transcontinental Gas Pipeline allowing Danville access to gas produced along the Gulf Coast. Danville has a gas-purchasing contract with Muni-Gas of Houston, Texas to purchase wholesale gas discounted from the market price.

Danville's gas system includes more than 356 miles of mains that are 1 to 12 inches in diameter. Thirteen regulator stations allow Danville to supply just over 13,000 customers. Danville Utilities-Water and Gas is staffed with employees equipped to handle both natural gas and potable water distribution system construction, maintenance, and service.

Expenditures

ACTUAL		ADOPTED BUDGET		PROPOSED BUDGET	
	FY2023	FY2024	FY2025	FY2026	Increase/(Decrease)
Expenses					
Personnel Services	\$67,322	\$62,199	\$64,349	\$65,930	\$1,581
Employee Benefits	\$1,308	\$12,894	\$33,158	\$34,130	\$972
Purchased Services	\$80,328	\$96,827	\$104,579	\$122,470	\$17,891
Internal Service	\$24,931	\$35,495	\$48,080	\$34,730	(\$13,350)
Other Operating Expense	\$317,186	\$327,785	\$242,407	\$271,655	\$29,248
Cost Allocation	\$1,296,196	\$1,329,214	\$1,550,788	\$1,663,305	\$112,518
Capital Expenses	\$399	\$2,685	\$0	\$0	\$0
Depreciation	\$1,575,310	\$1,605,427	\$1,578,100	\$1,589,130	\$11,030
Debt Service	\$27,477	\$22,769	\$19,090	\$0	(\$19,090)
Labor Expense Cross	\$10,783	\$5,535	–	\$0	\$0
Transfer Out	\$3,196,330	\$3,199,330	\$3,199,330	\$3,199,330	\$0
EXPENSES TOTAL	\$6,597,570	\$6,700,160	\$6,839,880	\$6,980,680	\$140,800

Personnel

The Division Director position is allocated 50/50 to Water Distribution and Gas.

Position Title	FY2023	FY2024	FY2025	FY2026
FTEs				
DIVISION DIR OF WATER & GAS	0.5	0.5	0.5	0.5
FTEs	0.5	0.5	0.5	0.5

Gas Engineering

Description

Gas Engineering performs complex work managing the design, planning, and coordination of projects to ensure reliable, safe and efficient operation of Danville's natural gas system. This is accomplished by managing projects for new main and service installations, main rehabilitation, economic development, roadway construction and relocations; performing system testing and calculations for adequate capacity; reviewing plans and engineering work performed by consultants and interpreting and implementing regulations related to construction of the gas distribution system. In addition, Gas Engineering maintains and supports the Gas Geographic Information System, ensures compliance with Pipeline Safety and various environmental regulations, including the Distribution Integrity Management Program (DIMP), and performs investigations for response to regulatory and compliance issues. The Gas Engineering group provides technical and operational support for measurement, leak survey and cathodic protection.

Expenditures

	ACTUAL	ADOPTED BUDGET		PROPOSED BUDGET	
	FY2023	FY2024	FY2025	FY2026	Increase/(Decrease)
Expenses					
Personnel Services	\$167,075	\$209,591	\$234,340	\$248,480	\$14,140
Employee Benefits	\$18,382	\$24,295	\$28,652	\$32,150	\$3,498
Purchased Services	\$11,782	\$21,993	\$59,167	\$83,040	\$23,873
Internal Service	\$1,878	\$716	\$1,300	\$2,650	\$1,350
Other Operating Expense	\$14,041	\$9,006	\$38,392	\$46,845	\$8,453
Capital Expenses	\$4,597	\$1,180	\$11,321	\$5,165	(\$6,156)
EXPENSES TOTAL	\$217,756	\$266,781	\$373,172	\$418,330	\$45,158

Personnel

Position Title	FY2023	FY2024	FY2025	FY2026
FTEs				
CONSTRUCTION INSPECTOR	0.5	0.5	0.5	0.5
SENIOR SECRETARY	0.25	0.25	0.25	0.25
W&G CHIEF ENGINEER	0.5	0.5	0.5	0.5
W&G COMPLIANCE COORDINATOR	0.5	0.5	0.5	0.5
W&G CORROSION TECHNICIAN	0.5	0	0	0
W&G PROJECT ENGINEER	0	0	0	0
W&G PROJECT MANAGER	0	0.5	0	0
W&G SR ENGINEERING TECHNICIAN	1	1	1	1
W&G SR GIS/CAD TECHNICIAN	0	0	0.5	0.5
WATER & GAS ENGINEERING AIDE	0	0	0	0
WG GIS ENGINEERING TECHNICIAN	1	1	0.5	0.5
FTES	4.25	4.25	3.75	3.75

Gas Control

Description

The Gas Control group manages the purchase and dispatch of the City's natural gas supply. The division participates in negotiations for acquiring gas and delivery contracts to meet system and customer needs and develops and administers cost-effective capacity and commodity procurement strategies. Gas control monitors system pressures, customer usage, capacity limits, and weather to optimize throughput and revenue. The technicians install, operate, and maintain electronic gas measurement equipment.

Expenditures

ACTUAL			ADOPTED BUDGET	PROPOSED BUDGET		
FY2023		FY2024	FY2025		FY2026	Increase/(Decrease)
Expenses						
Personnel Services	\$326,994	\$434,254	\$445,540	\$456,985	\$11,445	
Employee Benefits	\$35,148	\$46,787	\$52,818	\$57,670	\$4,852	
Purchased Services	\$8,349	\$10,201	\$15,530	\$33,545	\$18,015	
Internal Service	\$9,598	\$8,688	\$10,500	\$10,500	\$0	
Other Operating Expense	\$47,043	\$86,080	\$75,279	\$78,900	\$3,621	
Source of Supply	\$17,379,341	\$10,997,400	\$12,519,009	\$12,875,000	\$355,991	
Capital Expenses	\$587	\$230	–	–	\$0	
EXPENSES TOTAL	\$17,807,059	\$11,583,640	\$13,118,676	\$13,512,600	\$393,924	

Personnel

Position Title	FY2023	FY2024	FY2025	FY2026
FTEs				
GAS CONTROL TECHNICIAN	2	2	2	2
GAS SUPPLY ANALYST	1	1	1	1
UTILITY OPERATIONS SUPERVISOR	0	0.4	0.4	0.4
UTILITY OPERATOR	2.8	2.8	2.8	2.8
FTEs	5.8	6.2	6.2	6.2

Gas Distribution

Description

Gas Distribution group maintains and installs gas mains, valves, and services. They repair leaks, inspect and repair valves, and demo services as needed. This group responds to natural gas emergencies affecting gas mains and services continuously throughout the year.

Expenditures

	ACTUAL	ADOPTED BUDGET	PROPOSED BUDGET		
	FY2023	FY2024	FY2025	FY2026	Increase/(Decrease)
Expenses					
Personnel Services	\$244,043	\$238,545	\$575,515	\$547,030	(\$28,485)
Employee Benefits	\$26,184	\$26,325	\$66,804	\$66,560	(\$244)
Purchased Services	\$68,284	\$186,300	\$125,302	\$190,760	\$65,458
Internal Service	–	–	\$33,100	\$100	(\$33,000)
Other Operating Expense	\$102,008	\$143,620	\$200,166	\$226,210	\$26,044
Capital Expenses	\$157	–	\$2,140	\$250	(\$1,890)
EXPENSES TOTAL	\$440,676	\$594,790	\$1,003,027	\$1,030,910	\$27,883

Personnel

Position Title	FY2023	FY2024	FY2025	FY2026
FTEs				
CONSTRUCTION WORKER	0	0	0	0
MOTOR EQUIPMENT OPERATOR II	0	0	0	0.5
PUBLIC SERVICE WORKER	0	0	0	0
UTILITIES PIPELINE TECH I	0	0	0	5
UTILITIES PIPELINE TECH II	0	0	0	1.5
UTILITIES PIPELINE TECH III	0	0	0	0.5
UTILITIES PIPELINE TECHNICIAN I	2.08	6	5	0
UTILITIES PIPELINE TECHNICIAN II	1.54	0.5	2	0
UTILITIES PIPELINE TECHNICIAN III	0.78	1	0.5	0
W&G CNST CREW SUPERVISOR	0	0	0	0.5
W&G CONSTRUCTION CREW SUPERVSR	0.52	0	0	0
W&G CONSTRUCTION INSPECTOR	0	0	0	0
W&G CORROSION/WELDING SUPV	0	0	0.5	0.5
W&G CREW SUPERVISOR	0.78	2.5	2.5	2
W&G DISTRIBUTION SUPERINTENDEN	0.5	0.5	0.5	0.5
W&G DISTRIBUTION SUPERVISOR	0	0	0	0
W&G WELDER/CREW SUPERVISOR	0.26	0.5	0	0
FTEs	6.46	11	11	11

Gas Fund, continued

Gas Meters & Regulators

Description

The Gas metering and regulator division is responsible for the maintenance, operation, and installation of the automated meter reading modules and the physical meters. The team tests, calibrates and removes or installs all gas meters in the distribution system.

Expenditures

	ACTUAL	ADOPTED BUDGET		PROPOSED BUDGET	
	FY2023	FY2024	FY2025	FY2026	Increase/(Decrease)
Expenses					
Personnel Services	\$77,003	\$76,662	\$82,894	\$87,720	\$4,826
Employee Benefits	\$8,662	\$9,193	\$10,659	\$11,980	\$1,321
Purchased Services	\$15,576	\$5,162	\$15,245	\$16,060	\$815
Other Operating Expense	\$33,200	\$45,902	\$80,115	\$70,910	(\$9,205)
EXPENSES TOTAL	\$134,441	\$136,918	\$188,914	\$186,670	(\$2,244)

Personnel

Position Title	FY2023	FY2024	FY2025	FY2026
FTEs				
W&G METER TECHNICIAN	0.9	1	1	1
W&G SYSTEMS CONTROL SUPERINTEN	0.25	0.25	0.25	0.25
FTEs	1.15	1.25	1.25	1.25

Gas Capital

Description

The purpose of the Capital Improvement Program is to ensure the orderly expansion, modification and repair to the Gas distribution system for improved customer reliability, to allow future growth, and improve operational efficiency. This mission is accomplished by systematic construction and/ or modifications to the distribution system.

Expenditures

	ACTUAL		ADOPTED BUDGET	PROPOSED BUDGET	
	FY2023	FY2024	FY2025	FY2026	Increase/(Decrease)
Expenses					
Personnel Services	\$79,814	\$114,354	\$5,000	\$5,100	\$100
Employee Benefits	\$8,584	\$12,515	\$383	\$390	\$8
Purchased Services	\$757,184	\$954,112	\$61,800	\$88,780	\$26,980
Other Operating Expense	\$350,855	\$499,947	\$165,950	\$220,620	\$54,670
Capital Expenses	\$130,402	\$135,452	\$85,500	\$123,500	\$38,000
Capital Projects	–	–	\$0	\$0	\$0
Debt Service	–	\$16,520	–	\$15,180	\$15,180
EXPENSES TOTAL	\$1,326,839	\$1,732,900	\$318,633	\$453,570	\$134,938

Personnel

Hourly Gas fund employees are accounted for within capital projects through our work order system. There are no employees exclusively or specifically assigned to capital projects.

Gas Debt Service

Description

Gas Debt Service budgets and accounts for the retirement of principal for general obligation bonds for the Gas fund.

Expenditures

ACTUAL		ADOPTED BUDGET		PROPOSED BUDGET		Increase/(Decrease)
FY2023	FY2024	FY2025		FY2026		
Expenses						
Debt Service	\$88,427	\$93,023	\$97,590	\$117,190		\$19,600
EXPENSES TOTAL	\$88,427	\$93,023	\$97,590	\$117,190		\$19,600

Gas Distribution Service Group

Description

The Gas Distribution Service group ensures that the system is safe and reliable by conducting leak surveys of the system and measuring cathodic protection and odorant levels. They install meters and the AMI equipment that allows remote meter reading for billing. The distribution service group is trained to recognize abnormal operating conditions that might affect public safety and they investigate customers' fuel pipes and appliances for leaks and proper installation. This group provides first response to emergency calls continuously throughout the year.

Expenditures

	ACTUAL	ADOPTED BUDGET		PROPOSED BUDGET	
	FY2023	FY2024	FY2025	FY2026	Increase/(Decrease)
Expenses					
Personnel Services	\$252,707	\$304,891	\$259,447	\$272,030	\$12,583
Employee Benefits	\$27,959	\$34,666	\$31,406	\$34,900	\$3,494
Purchased Services	\$836	\$798	\$7,460	\$7,170	(\$290)
Internal Service	—	—	\$250	\$150	(\$100)
Other Operating Expense	\$73,337	\$170,636	\$161,112	\$201,380	\$40,268
Capital Expenses	\$623	\$109	\$2,364	\$0	(\$2,364)
EXPENSES TOTAL	\$355,460	\$511,100	\$462,039	\$515,630	\$53,591

Personnel

The Dispatcher is a shared position with the Water Fund.

Position Title	FY2023	FY2024	FY2025	FY2026
FTEs				
DISPATCHER	0.5	0.5	0.5	0.5
W&G SERVICE TECHNICIAN	3.5	3.5	3.5	3.5
W&G SYSTEMS CONTROL SUPERINTEN	0.25	0.25	0.25	0.25
FTEs	4.25	4.25	4.25	4.25

Gas

FY 2026 Five-Year Capital & Special Projects Plan

Capital and Special Projects - FY 2026-2030

CAPITAL & SPECIAL PROJECT PLAN						5 YR TOTAL
	FY2026	FY2027	FY2028	FY2029	FY2030	
Department / Project						
61788 - Natural Gas Transmission Pipeline	\$0	\$14,000,000	\$0	\$0	\$0	\$14,000,000
61944 - Ductile Iron Gas Main Replacement Goodyear Blvd/S. Main	\$10,100,000	\$0	\$0	\$0	\$0	\$10,100,000
62024 - Gas System Regulator Station Upgrades	\$1,000,000	\$1,000,000	\$0	\$0	\$0	\$2,000,000
UTILITIES TOTAL	\$11,100,000	\$15,000,000	\$0	\$0	\$0	\$26,100,000
DEPARTMENT / PROJECT TOTAL	\$11,100,000	\$15,000,000	\$0	\$0	\$0	\$26,100,000

Funding Sources - FY 2026

	CURRENT REVENUES	FUND BALANCE	DEBT FINANCING	GRANTS/CIA	OTHER	TOTAL
Department / Project						
61944 - Ductile Iron Gas Main Replacement Goodyear Blvd/S. Main	\$0	\$0	\$0	\$10,100,000	-	\$10,100,000
62024 - Gas System Regulator Station Upgrades	\$0	-	\$1,000,000	\$0	-	\$1,000,000
UTILITIES TOTAL	\$0	\$0	\$1,000,000	\$10,100,000	-	\$11,100,000
DEPARTMENT / PROJECT TOTAL	\$0	\$0	\$1,000,000	\$10,100,000	-	\$11,100,000

Natural Gas Transmission Pipeline

FY 2026 Five-Year Capital & Special Projects Plan

Project Name: Natural Gas Transmission Pipeline
Project Number: 61788

Department: Utilities
Division: Water & Gas

Classification: Existing Capital Project
Capital Priority: Mandated

Estimated Start Date: 07/01/2025
Estimated Completion Date: 06/30/2027

Comprehensive Plan Alignment Score: 58

Total Project Cost: \$14,000,000

Description:

The City of Danville was the first connection to the Transco gas pipeline in 1950. The current gas gate will need to be replaced to remain within compliance and to provide the gas capacity for future customers. Due to new and future industrial growth, the current capacity limits have been reached and new a connection with Transco is needed. With new Transco gas capacity coming available from the Marcellus shale, the City is in a good position to accept additional gas capacity to service customer's needs.

Project Progress/Status:

A preliminary engineering study is being completed and will be available in spring 2025. This will outline the replacement process and cost estimate of the new gas gate and Transco.

Operating Budget Impact:

The new City gas gate will lower maintenance costs and allow for newer technology to be implemented to monitor pressure and flow.

Return on Investment:

The current gas gate is approximately 75 years old. The new gas gate will be built to last 50-60 years. There is no return on investment other than lower maintenance costs.

Public Benefit/Community Impact:

The City receives natural gas through a single gas gate on the Transcontinental gas pipeline. The current gas gate has been in service for 75 years and is need of being replaced to improve safety and maintenance costs.

Comments:

Funding Sources:

CAPITAL & SPECIAL PROJECTS						TOTAL
	FY2026	FY2027	FY2028	FY2029	FY2030	
Revenues						
Bonds	\$0	\$14,000,000	\$0	\$0	\$0	\$14,000,000
REVENUES TOTAL	\$0	\$14,000,000	\$0	\$0	\$0	\$14,000,000

Planned Activities by Fiscal Year:

Staff expects to complete engineering activities by fall of 2025. Once engineering is completed, bids can be issued to eligible contractors to begin construction of new gas gate. The project would be completed by fall 2026.

Ductile Iron Gas Main Replacement

FY 2026 Five-Year Capital & Special Projects Plan

Project Name: Ductile Iron Gas Main Replacement -
Goodyear Blvd/South Main
Project Number: 61944

Department: Utilities

Division: Water & Gas

Classification: New Capital Project
Capital Priority: Critical

Estimated Start Date: 07/01/2025
Estimated Completion Date: 07/01/2027

Comprehensive Plan Alignment Score: 58

Total Project Cost: \$10,100,000

Description:

In 2011, following major natural gas pipeline incidents, DOT and PHMSA issued a Call to Action to accelerate the repair, rehabilitation, and replacement of the highest-risk pipeline infrastructure. Among other factors like soil resistivity, pipeline age, and material are risk indicators. Cast and wrought iron mains are the pipelines that pose the highest risk for Danville, followed by ductile iron and poorly coated steel. In July 2023, the City applied for a \$10M PHMSA Grant (100% grant funding) to replace 60% of the Goodyear Blvd-South Main Street gas loop. We received an award of \$10,052,738 award on May 10, 2024 from PHMSA. This is funded as part of the Federal Bipartisan Infrastructure Law Bill 2021.

Project Progress/Status:

The City is currently completing the required environmental assessment to begin engineering and construction of the new gas main. The environment assessment was due on December 13, 2024. We anticipate engineering to begin immediately, with construction to start the summer of 2025.

Operating Budget Impact:

The operating budget will not be affected.

Return on Investment:

The new gas main will reduce the number of gas leaks in this corridor and improve the safety and reliability of operating this main. The improvements will also reduce expected costs associated with repairing damaged sections. The new gas main will also be able to carry higher pressures which will benefit customers in this Goodyear Blvd area.

Public Benefit/Community Impact:

The project will replace the leak prone ductile iron gas main with higher capacity steel gas main on Goodyear Blvd., Gypsum Road, and South Main Street.

Comments:

Funding Sources:

CAPITAL & SPECIAL PROJECTS						TOTAL
	FY2026	FY2027	FY2028	FY2029	FY2030	
Revenues						
Federal Grants	\$10,100,000	\$0	\$0	\$0	\$0	\$10,100,000
REVENUES TOTAL	\$10,100,000	\$0	\$0	\$0	\$0	\$10,100,000

Planned Activities by Fiscal Year:

Environmental Assessment/Engineering activities-FY25
Construction-FY26

Gas System Regulator Station Upgrades

FY 2026 Five-Year Capital & Special Projects Plan

Project Name: Gas System Regulator Station Upgrades

Project Number: 62024

Department: Utilities

Division: Water & Gas

Classification: New Capital Project

Capital Priority: Critical

Estimated Start Date: 07/01/2025

Estimated Completion Date: 06/30/2027

Comprehensive Plan Alignment Score: 58

Total Project Cost: \$2,000,000

Description:

The Gas System Regulator Station Upgrade project will involve relocating and replacing the Sandy River regulator and Robertson Bridge regulator stations. These regulator stations operate at 125 psi and are currently in difficult to manage locations adjacent to Mount Cross Road and Robertson Bridge. We would like to relocate both regulator stations to a safer location and replace them with new equipment to allow them to stay within federal compliance.

Project Progress/Status:

The project is currently in engineering and looks to have this phase completed by June 2025.

Operating Budget Impact:

Once both regulator stations are upgraded and relocated, the maintenance costs are expected to come down due to having new equipment in place.

Return on Investment:

There is no return on investment.

Public Benefit/Community Impact:

The benefit to the public is associated with safer high pressure gas equipment adjacent to major intersections in Danville. The Mount Cross Road and Robertson Bridge regulator stations are the two stations that require the most maintenance.

Comments:

Funding Sources:

	CAPITAL & SPECIAL PROJECTS					TOTAL
	FY2026	FY2027	FY2028	FY2029	FY2030	
Revenues						
Bonds	\$1,000,000	\$1,000,000	\$0	\$0	\$0	\$2,000,000
REVENUES TOTAL	\$1,000,000	\$1,000,000	\$0	\$0	\$0	\$2,000,000

Planned Activities by Fiscal Year:

- FY25-Complete engineering and right-of-way acquisition
- FY26-Complete relocation and replacement of Mount Cross Road regulator station
- FY27-Complete relocation and replacement of Robertson Bridge regulator station