

# Utility Summaries

Fiscal Year 2026 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 2026 Budget includes operating expenditures (less depreciation and General Fund contributions) of \$175 million and \$34.4 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 FY2026 for salaries and FICA are based on salary projections and include pay-for-performance increases received by employees in fiscal year 2025. For FY2026, this is reflected on line item 51417 "Salaries and Wages Adjustment". The total combined salary adjustment for FY2026 is \$561,286 in anticipation of the continuation of the pay-for-performance increases.

## **Retirement Rates**

The latest actuarial report shows that the funding status of the pension system has changed from 101.5% to 98%. The report recommended an employer contribution for general employees hired before 9/1/19 of

7.249% and for general employees hired after 9/1/19 of 3.624% of covered payroll to maintain adequate assets to fund all benefits payable under the retirement system..

### 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 FY2025, the allocation decreased \$42,560 for combined utility funds for a total of \$1,805,810.

### 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 FY2026 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 workorder hours for vehicles. Industry standards rates were implemented in FY2024. A request to update rates in FY2026 was made to maintain the industry standard, but was not approved by City Council.

### Expenditures

This budget includes appropriations of \$15.6 million for contribution to the City's General Fund which is \$96,000 more compared to the prior year contribution. Proposed Fiscal Year 2026 capital improvements include \$34.4 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
<b>Fund / Department / Project</b>						
Wastewater Fund						
Public Works						
Sewer Line Reconstruction	\$0	–	\$300,000	–	–	\$300,000
New Sewer Lines/Inflow & Infiltration Reduction	\$0	–	\$300,000	–	–	\$300,000
<b>PUBLIC WORKS TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$600,000</b>	<b>–</b>	<b>–</b>	<b>\$600,000</b>
Utilities						
Southside Plant Improvements	–	–	\$2,500,000	\$0	–	\$2,500,000
<b>UTILITIES TOTAL</b>	<b>–</b>	<b>–</b>	<b>\$2,500,000</b>	<b>\$0</b>	<b>–</b>	<b>\$2,500,000</b>
<b>WASTEWATER FUND TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,100,000</b>	<b>\$0</b>	<b>–</b>	<b>\$3,100,000</b>
Water Fund						
Utilities						
Water Line Reconstruction	–	–	\$1,600,000	\$2,600,000	–	\$4,200,000
Lead Service Line Replacement	–	–	\$5,100,000	\$2,900,000	–	\$8,000,000
<b>UTILITIES TOTAL</b>	<b>–</b>	<b>–</b>	<b>\$6,700,000</b>	<b>\$5,500,000</b>	<b>–</b>	<b>\$12,200,000</b>
<b>WATER FUND TOTAL</b>	<b>–</b>	<b>–</b>	<b>\$6,700,000</b>	<b>\$5,500,000</b>	<b>–</b>	<b>\$12,200,000</b>
Gas Fund						
Utilities						
Ductile Iron Gas Main Replacement Goodyear Blvd/S. Main	\$0	\$0	\$0	\$10,100,000	–	\$10,100,000
Gas System Regulator Station Upgrades	\$0	–	\$1,000,000	\$0	–	\$1,000,000
<b>UTILITIES TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$10,100,000</b>	<b>–</b>	<b>\$11,100,000</b>
<b>GAS FUND TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$10,100,000</b>	<b>–</b>	<b>\$11,100,000</b>
Electric Fund						
Utilities						
Substation Upgrades & Rebuilds	–	–	\$3,500,000	\$0	–	\$3,500,000
Electric System Reliability and Improvement	–	–	\$3,000,000	\$0	–	\$3,000,000

	CURRENT REVENUES	FUND BALANCE	DEBT FINANCING	GRANTS/CIA	OTHER	TOTAL
Mount Cross Battery Storage	–	–	\$750,000	\$750,000	–	\$1,500,000
UTILITIES TOTAL	–	–	<b>\$7,250,000</b>	<b>\$750,000</b>	–	<b>\$8,000,000</b>
ELECTRIC FUND TOTAL	–	–	<b>\$7,250,000</b>	<b>\$750,000</b>	–	<b>\$8,000,000</b>
FUND / DEPARTMENT / PROJECT TOTAL	<b>\$0</b>	<b>\$0</b>	<b>\$18,050,000</b>	<b>\$16,350,000</b>	–	<b>\$34,400,000</b>

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	TOTAL
	FY2026	FY2026	FY2026	FY2026	FY2026	
<b>Operating Revenues</b>						
Revenue-Use Money/Property	\$54,200	\$760,010	\$598,500	\$2,782,430	\$13,700	\$4,208,840
Charges for Services	\$9,387,520	\$9,196,660	\$19,864,170	\$138,739,860	\$853,270	\$178,041,480
Miscellaneous Revenue	\$106,050	\$161,000	\$7,700	\$2,100,000	–	\$2,374,750
Recovered Cost	–	\$6,000	–	\$0	–	\$6,000
Transfers In	–	–	\$1,125,000	\$4,125,000	–	\$5,250,000
<b>OPERATING REVENUES TOTAL</b>	<b>\$9,547,770</b>	<b>\$10,123,670</b>	<b>\$21,595,370</b>	<b>\$147,747,290</b>	<b>\$866,970</b>	<b>\$189,881,070</b>
<b>Operating Expenses</b>						
Administration Services	\$2,550,050	\$5,228,710	\$6,980,680	\$17,237,210	\$5,790	\$32,002,440
Capital Outlay	\$0	\$0	\$0	\$26,910	\$0	\$26,910
Debt Service	\$297,300	\$1,088,190	\$149,690	\$7,098,040	–	\$8,633,220
Distribution	–	\$1,219,500	\$1,030,910	\$119,504,550	–	\$121,754,960
Engineering	–	\$391,490	\$418,330	\$1,353,370	–	\$2,163,190
Gas Control	–	–	\$13,512,600	–	–	\$13,512,600
Laboratory	–	\$115,270	–	–	–	\$115,270
Meters	–	–	–	\$599,180	–	\$599,180
Meters & Regulators	–	\$159,440	\$186,670	–	–	\$346,110
Operations - Industrial	–	\$180,710	–	–	–	\$180,710
Operations - Main	–	\$1,645,550	–	–	\$1,041,010	\$2,686,560
Regular Capital Maintenance	\$1,404,780	\$996,290	\$453,570	\$6,092,760	\$149,780	\$9,097,180
Service	–	\$467,570	\$515,630	–	\$70,000	\$1,053,200
Sewer Connections	\$170,820	–	–	–	–	\$170,820
Sewer Maintenance	\$2,906,780	–	–	–	–	\$2,906,780
Sewer Repair	\$184,920	–	–	–	–	\$184,920
Substations	–	–	–	\$1,915,660	–	\$1,915,660
Support Services	–	–	–	\$393,650	–	\$393,650
Transmissions	–	–	–	\$145,000	–	\$145,000
Treatment	\$4,405,190	\$497,560	–	–	–	\$4,902,750
Utility Administration Services	–	–	–	\$1,623,130	–	\$1,623,130
<b>OPERATING EXPENSES TOTAL</b>	<b>\$11,919,840</b>	<b>\$11,990,280</b>	<b>\$23,248,080</b>	<b>\$155,989,460</b>	<b>\$1,266,580</b>	<b>\$204,414,240</b>
<b>Add:</b>						
Depreciation	\$1,670,190	\$1,442,130	\$1,589,130	\$8,150,650	\$445,170	\$13,297,270
<b>ADD: TOTAL</b>	<b>\$1,670,190</b>	<b>\$1,442,130</b>	<b>\$1,589,130</b>	<b>\$8,150,650</b>	<b>\$445,170</b>	<b>\$13,297,270</b>
<b>Operating Expenses less depreciation</b>	<b>\$10,249,650</b>	<b>\$10,548,150</b>	<b>\$21,658,950</b>	<b>\$147,838,810</b>	<b>\$821,410</b>	<b>\$191,116,970</b>
<b>Revenue in excess of operating expenses</b>	<b>(\$701,880)</b>	<b>(\$424,480)</b>	<b>(\$63,580)</b>	<b>(\$91,520)</b>	<b>\$45,560</b>	<b>(\$1,235,900)</b>
<b>Revenues Over (Under) Expenses</b>	<b>(\$701,880)</b>	<b>(\$424,480)</b>	<b>(\$63,580)</b>	<b>(\$91,520)</b>	<b>\$45,560</b>	<b>(\$1,235,900)</b>

# All Utility Funds by Activity

	WASTEWATER - FUND 51	WATER - FUND 52	GAS - FUND 53	ELECTRIC - FUND 54	TELECOMM - FUND 55	TOTAL
	FY2026	FY2026	FY2026	FY2026	FY2026	
<b>Operating Revenues</b>						
Revenue-Use Money/Property	\$54,200	\$760,010	\$598,500	\$2,782,430	\$13,700	\$4,208,840
Charges for Services	\$9,387,520	\$9,196,660	\$19,864,170	\$138,739,860	\$853,270	\$178,041,480
Miscellaneous Revenue	\$106,050	\$161,000	\$7,700	\$2,100,000	–	\$2,374,750
Recovered Cost	–	\$6,000	–	\$0	–	\$6,000
Transfers In	–	–	\$1,125,000	\$4,125,000	–	\$5,250,000
<b>OPERATING REVENUES TOTAL</b>	<b>\$9,547,770</b>	<b>\$10,123,670</b>	<b>\$21,595,370</b>	<b>\$147,747,290</b>	<b>\$866,970</b>	<b>\$189,881,070</b>
<b>Operating Expenses</b>						
Personnel Services	\$1,093,050	\$2,210,395	\$1,683,275	\$6,227,370	\$182,700	\$11,396,790
Employee Benefits	\$166,870	\$314,210	\$237,780	\$1,113,150	\$25,670	\$1,857,680
Purchased Services	\$5,421,260	\$876,845	\$541,825	\$5,455,935	\$281,160	\$12,577,025
Internal Service	\$998,890	\$907,015	\$48,130	\$179,750	\$23,090	\$2,156,875
Other Operating Expense	\$344,970	\$1,949,580	\$1,116,520	\$8,394,370	\$52,990	\$11,858,430
Source of Supply	–	–	\$12,875,000	\$104,894,010	\$70,000	\$117,839,010
Cost Allocation	\$1,169,550	\$1,835,150	\$1,663,305	\$3,142,575	\$104,800	\$7,915,380
Capital Expenses	\$50,000	\$366,285	\$128,915	\$163,000	\$0	\$708,200
Depreciation	\$1,670,190	\$1,442,130	\$1,589,130	\$8,150,650	\$445,170	\$13,297,270
Debt Service	\$297,300	\$1,103,370	\$164,870	\$7,508,040	–	\$9,073,580
Reimbursement	–	–	–	\$50,000	–	\$50,000
Transfer Out	\$707,760	\$985,300	\$3,199,330	\$10,710,610	\$81,000	\$15,684,000
<b>OPERATING EXPENSES TOTAL</b>	<b>\$11,919,840</b>	<b>\$11,990,280</b>	<b>\$23,248,080</b>	<b>\$155,989,460</b>	<b>\$1,266,580</b>	<b>\$204,414,240</b>
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