Danville Utility Commission Meeting Agenda
4:00 p.m., August 26, 2019

City Council Chambers, Danville City Hall

I. Call to Order

A. Roll Call

B. Announcements

II. Discussion/Business Items

A. Minutes of the July 22, 2019 Commission Meeting

B. Review of Utilities' Financial Statements

C. Danville Utilities Five-Year Strategic Plan

D. Berry Hill Industrial Park Water and Wastewater Services

III. Communications

A. City Manager

B. Utilities Staff

C. Commission Members

D. Public Comments

E. Director's Report

IV. Adjournment

Next Utility Commission Meeting

4:00 p.m. Monday, September 23, 2019

City Council Chambers
4th Floor, City Hall

	Danville Utility Commission 4:00 p.m. July 22, 2019 Meeting Council Chambers, City Hall **<u>Minutes</u>**

Commission Members Present: Vanessa Cain, Fred Shanks, Helm Dobbins, Bill Donahue, Bert Eades, Paul Liepe

Commission Members Absent: Sheila Williamson-Branch, Ken Larking

Staff Present: Ryan Dodson, Jason Grey, Lori Millner, Alan Johnson, Mike Nelson, Kelly Kinnett, Mike Spencer, Jennifer Holley, Michael Adkins, Laura Blackwell, Philip Haley

Others Present:

<u>Call to Order and Announcements</u>

Chairman Donahue opened the meeting and asked that the attendance be recorded. As a quorum was present, the meeting was called to order.

<u>Discussion/Business Items</u>

<u>Minutes of June 24, 2019 Commission Meeting</u>

Mr. Donahue asked for any corrections, deletions, or adjustments to the minutes from June 24, 2019.

Mr. Dobbins made a motion to approve the minutes. Ms. Cain seconded, all members voted in favor, and the motion carried unanimously.

<u>Review of Utilities' Financial Statements</u>

Ms. Holley presented the utility financial statements for each utility fund and addressed questions from the commissioners.

<u>Presentation on Programs and Procedures to provide Reliable Utility Services</u>

Each Division Director provided information on the routine testing, inspection and preventative maintenance Danville Utilities performs to provide service.
The City has invested in various capital projects to provide the capacity and service customers require at any given moment. To ensure safe and reliable services, there are

several programs and procedures currently in place that prevent outages and ensure quality services.

Department Discussions

There was no further communication from staff, commission members or the public.

Adjournment

Mr. Donohue stated the next meeting is scheduled for August 26, 2019. There being no further business, Mr. Donohue adjourned the meeting at approximately 6:00 p.m.

August 26, 2019
Date Approved

Submitted by Lori Millner
Substitute Secretary to the DUC

Chairman
Danville Utility Commission

Commission Item Number: DUC190826 - 1
Utility Commission Meeting: August 26, 2019
Item: II. B. Review of Utilities' Financial Statements

Financial Report

June financials will be reviewed

UTILITY FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2019 (YTD)
PRE-CLOSING - UNAUDITED

	WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	TOTAL	CURRENT 18-19 BUDGET	LAST YEAR TO DATE
OPERATING REVENUE	9,956,338.46	7,814,555.29	23,844,228.42	118,370,020.68	889,155.28	160,874,298.13	174,068,820.00	169,271,823.08
COST OF SALES								
PURCHASED SERVICES	-	-	14,021,604.77	92,238,653.59	57,548.58	106,317,806.94	115,283,949.22	114,947,256.86
PRODUCTION	-	-	-	668,183.39	-	668,183.39	1,028,887.88	629,455.36
TOTAL COST OF SALES	-	-	14,021,604.77	92,906,836.98	57,548.58	106,985,990.33	116,312,837.10	115,576,712.22
GROSS PROFIT	9,956,338.46	7,814,555.29	9,822,623.65	25,463,183.70	831,606.70	53,888,307.80	57,755,982.90	53,695,110.86
GROSS PROFIT %	100.00%	100.00%	41.19%	21.51%	93.53%	33.50%	33.18%	31.72%
OPERATING EXPENSES								
TRANSMISSION & TREATMENT	2,749,434.43	1,637,293.77	-	1,538,209.05	-	5,924,937.25	6,645,979.76	5,993,206.63
ENGINEERING	-	195,040.17	275,182.92	729,178.26	-	1,199,401.35	1,823,433.17	1,438,165.39
DISTRIBUTION	1,964,032.47	561,994.81	611,079.38	12,480,050.09	-	15,617,156.75	16,917,960.14	15,644,816.83
SERVICE	37,597.09	48,965.98	46,908.24	-	-	133,471.31	385,819.73	161,070.96
METERS & REGULATORS	-	114,591.60	154,372.75	290,760.75	450.85	560,175.95	683,952.56	526,390.09
GENERAL & ADMINISTRATIVE	1,636,514.30	2,681,820.32	4,119,020.90	5,404,561.59	788,039.94	14,629,957.05	14,928,862.12	15,182,531.80
TOTAL OPERATING EXPENSES	6,387,578.29	5,239,706.65	5,206,564.19	20,442,759.74	788,490.79	38,065,099.66	41,386,007.48	38,946,181.70
OPERATING INCOME (LOSS)	3,568,760.17	2,574,848.64	4,616,059.46	5,020,423.96	43,115.91	15,823,208.14	16,369,975.42	14,748,929.16
NON-OPERATING REVENUE (EXPENSE)								
INTEREST INCOME ON INVESTMENTS	312,025.63	356,975.40	431,730.48	1,242,178.83	35,223.07	2,378,133.41	886,000.00	1,027,916.76
ENERGY EFFICIENCY RECOVERY	-	-	-	(466,573.67)	-	(466,573.67)	(864,670.49)	(357,202.60)
RECOVERIES AND REBATES	10,078.80	21,115.09	234,181.95	189,099.89	11,961.78	466,437.51	16,200.00	660,886.27
GAIN/LOSS ON DISPOSAL	-	185.94	(5,071.45)	56,982.78	-	52,097.27	50,100.00	(574,668.56)
JOBBING INCOME (LOSS)	62,839.23	54,401.43	108,487.86	216,416.62	16,952.08	459,097.22	419,621.73	421,601.33
INTEREST ON LONG TERM INDEBTEDNESS	(150,656.90)	(153,893.65)	(58,054.07)	(1,499,816.91)	-	(1,862,421.53)	(2,019,225.62)	(1,158,912.48)
NET INCOME (LOSS)	3,803,046.93	2,853,632.85	5,327,334.23	4,758,711.50	107,252.84	16,849,978.35	14,858,001.04	14,768,549.88
OPERATING TRANSFERS IN(OUT)	(3,693,759.96)	(942,300.00)	(3,059,330.04)	(10,071,610.04)	(81,000.00)	(17,848,000.04)	(17,848,000.00)	(15,199,567.00)
NET INCOME AFTER TRANSFERS	109,286.97	1,911,332.85	2,268,004.19	(5,312,898.54)	26,252.84	(998,021.69)	(2,989,998.96)	(431,017.12)
NET ASSETS JULY 1, AS RESTATED	60,426,114.95	43,682,452.98	54,009,585.57	182,646,933.17	9,076,354.03	349,841,440.70		
NET INCOME AFTER TRANSFERS	109,286.97	1,911,332.85	2,268,004.19	(5,312,898.54)	26,252.84	(998,021.69)		
FEDERAL GRANT	-	-	-	-	-	-		
CONTRIBUTION IN AID	38,281.43	-	-	-	-	38,281.43		
NET ASSETS JUNE 2019	60,573,683.35	45,593,785.83	56,277,589.76	177,334,034.63	9,102,606.87	348,881,700.44		
NET ASSETS								
CONTRIBUTED CAPITAL - FIXED ASSETS	3,871,366.44	4,676,282.92	1,340,510.58	13,721,622.53	337,248.59	23,947,031.06		
RESTRICTED FOR INVESTMENT IN FIXED ASSETS	45,272,207.98	27,827,089.07	38,666,092.90	114,935,444.30	7,225,706.33	233,926,540.58		
RESTRICTED FOR PROJECTS IN PROGRESS	5,673,359.48	6,818,065.02	2,565,580.00	10,912,507.12	480,688.86	26,450,200.48		
RESTRICTED FOR ENCUMBRANCES	79,946.81	65,703.80	100,379.73	558,186.41	5,012.50	809,229.25		
RESTRICTED FOR ENERGY EFFICIENCY	-	-	-	-	-	-		
NET PENSION ASSETS	336,418.00	904,839.00	813,783.00	3,153,579.00	87,912.00	5,296,531.00		
DEFERRED OUTFLOWS - PENSION	136,399.00	366,865.00	329,945.00	1,278,610.00	35,644.00	2,147,463.00		
UNRESTRICTED	5,340,384.64	5,301,806.02	12,791,243.55	34,052,695.27	966,038.59	58,452,168.07		
TOTAL NET ASSETS	60,573,683.35	45,593,785.83	56,277,589.76	177,334,034.63	9,102,606.87	348,881,700.44		

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF NET ASSETS - UNAUDITED
JUNE 30, 2019

		WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	JUNE 30, 2019
ASSETS							
Equity in pooled Cash and Investments	$	10,203,160.26	11,347,092.05	15,107,029.56	38,462,181.40	1,214,867.06	76,334,330.33
Receivables (Net of allowances for Uncollectible):							
Accounts		1,092,760.68	504,524.14	1,298,877.42	15,104,771.06	54,203.97	18,055,137.27
Power/Gas Cost Recovery		-	-	(421,344.67)	4,649,654.28	-	4,228,309.61
Pension Assets		336,418.00	904,839.00	813,783.00	3,153,579.00	87,912.00	5,296,531.00
Inventory of Gas, Materials and Supplies, at Cost		-	590,104.98	520,167.06	1,679,675.20	200,194.97	2,990,142.21
Fixed Assets		98,056,227.07	73,782,833.97	69,838,318.93	304,994,955.24	10,574,625.29	557,246,960.50
Accumulated Depreciation		(46,203,498.33)	(38,527,323.77)	(28,602,611.44)	(133,720,243.52)	(3,011,670.37)	(250,065,347.43)
Deferred Outflows - Pension		136,399.00	366,865.00	329,945.00	1,278,610.00	35,644.00	2,147,463.00
TOTAL ASSETS	$	63,621,466.68	48,968,935.37	58,884,164.86	235,603,182.66	9,155,776.92	416,233,526.49
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts Payable	$	291,643.96	486,184.52	1,299,918.39	10,759,115.81	48,345.73	12,885,208.41
Accrued Interest Payable		46,985.05	47,680.32	21,463.32	566,185.89	-	682,314.58
Customer Deposits		-		-	3,711,167.83	-	3,711,167.83
Accrued Vacation, Sick Leave & Workers Comp.		-	89,146.49	56,089.38	592,168.46	4,824.32	742,228.65
Deferred Gain / Loss - Refunding Bonds		(130,298.19)	(120,768.66)	(74,362.86)	(1,224,676.39)	-	(1,550,106.10)
Original Issue Premium/Discount (Refunding Bonds)		139,250.55	126,876.41	82,466.47	3,153,310.05	-	3,501,903.48
General Obligation Bonds Payable		2,700,202.13	2,746,030.46	1,221,000.40	40,689,011.23	-	47,356,244.22
Revenue Bonds Payable		(0.17)	-	-	-	-	(0.17)
Long-Term Leases, Notes, and Contracts Payable		-	-	-	22,865.15	-	22,865.15
TOTAL LIABILITIES	$	3,047,783.33	3,375,149.54	2,606,575.10	58,269,148.03	53,170.05	67,351,826.05
Net Assets							
Contributed Capital	$	3,871,366.44	4,676,282.92	1,340,510.58	13,721,622.53	337,248.59	23,947,031.06
Retained Earnings:							
Restricted for Investment in Fixed Assets	$	45,272,207.98	27,827,089.07	38,666,092.90	114,935,444.30	7,225,706.33	233,926,540.58
Restricted for Incomplete Projects		5,673,359.48	6,818,065.02	2,565,580.00	10,912,507.12	480,688.86	26,450,200.48
Restricted for Subsequent Expenses		79,946.81	65,703.80	100,379.73	558,186.41	5,012.50	809,229.25
Net Pension Assets		336,418.00	904,839.00	813,783.00	3,153,579.00	87,912.00	5,296,531.00
Deferred Outflows - Pension		136,399.00	366,865.00	329,945.00	1,278,610.00	35,644.00	2,147,463.00
Unrestricted		5,340,384.64	5,301,806.02	12,791,243.55	34,052,695.27	966,038.59	58,452,168.07
Total Retained Earnings	$	56,702,316.91	40,917,502.91	54,937,079.18	163,612,412.10	8,765,358.28	324,934,669.38
TOTAL NET ASSETS	$	60,573,683.35	45,593,785.83	56,277,589.76	177,334,034.63	9,102,606.87	348,881,700.44
TOTAL LIABILITIES AND NET ASSETS	$	63,621,466.68	48,968,935.37	58,884,164.86	235,603,182.66	9,155,776.92	416,233,526.49

CITY OF DANVILLE
UTILITY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2019

	WASTEWATER	WATER	GAS	ELECTRIC	TELECOM	JUNE 30, 2019
Operating revenues:						
Charges for Services	$ 9,956,338.46	7,814,555.29	23,844,228.42	118,370,020.68	889,155.28	160,874,298.13
Operating Expenses:						
Purchased Services	$ -	-	14,021,604.77	92,238,653.59	57,548.58	106,317,806.94
Production	-	-	-	668,183.39	-	668,183.39
Transmission & Treatment	2,749,434.43	1,637,293.77	-	1,538,209.05	-	5,924,937.25
Engineering	-	195,040.17	275,182.92	729,178.26	-	1,199,401.35
Distribution	1,964,032.47	561,994.81	611,079.38	12,480,050.09	-	15,617,156.75
Service	37,597.09	48,965.98	46,908.24	-	-	133,471.31
Meters & Regulators	-	114,591.60	154,372.75	290,760.75	450.85	560,175.95
Administrative	1,636,514.30	2,681,820.32	4,119,020.90	5,404,561.59	788,039.94	14,629,957.05
Total Operating Expenses	$ 6,387,578.29	5,239,706.65	19,228,168.96	113,349,596.72	846,039.37	145,051,089.99
Operating Income (Loss)	$ 3,568,760.17	2,574,848.64	4,616,059.46	5,020,423.96	43,115.91	15,823,208.14
Non-Operating Revenues (Expenses):						
Jobbing Income (Loss)	62,839.23	54,401.43	108,487.86	216,416.62	16,952.08	459,097.22
Interest Income	312,025.63	356,975.40	431,730.48	1,242,178.83	35,223.07	2,378,133.41
Energy Efficiency Recovery	-	-	-	(466,573.67)	-	(466,573.67)
Gain (Loss) on Disposal of Property	-	185.94	(5,071.45)	56,982.78	-	52,097.27
Recoveries and Rebates	10,078.80	21,115.09	234,181.95	189,099.89	11,961.78	466,437.51
Interest Expense	(150,656.90)	(153,893.65)	(58,054.07)	(1,499,816.91)	-	(1,862,421.53)
Total Non-Operating Revenues (Expenses)	$ 234,286.76	278,784.21	711,274.77	(261,712.46)	64,136.93	1,026,770.21
Income (Loss) Before Operating Transfers	$ 3,803,046.93	2,853,632.85	5,327,334.23	4,758,711.50	107,252.84	16,849,978.35
Operating Transfers:						
Transfers In (Out)	(3,693,759.96)	(942,300.00)	(3,059,330.04)	(10,071,610.04)	(81,000.00)	(17,848,000.04)
Total Operating Transfers	$ (3,693,759.96)	(942,300.00)	(3,059,330.04)	(10,071,610.04)	(81,000.00)	(17,848,000.04)
Net Income (Loss)	$ 109,286.97	1,911,332.85	2,268,004.19	(5,312,898.54)	26,252.84	(998,021.69)
Net Assets - July 1, 2018, as restated	60,426,114.95	43,682,452.98	54,009,585.57	182,646,933.17	9,076,354.03	349,841,440.70
Net Income (Loss)	109,286.97	1,911,332.85	2,268,004.19	(5,312,898.54)	26,252.84	(998,021.69)
Contribution In Aid of Construction	38,281.43	-	-	-	-	38,281.43
Net Assets - June 30, 2019	$ 60,573,683.35	45,593,785.83	56,277,589.76	177,334,034.63	9,102,606.87	348,881,700.44

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JUNE 30, 2019

WASTEWATER - PRE-CLOSING

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	JUNE 2019	PERCENT OF CURRENT BUDGET	JUNE 2018
OPERATING REVENUE	9,644,240.00		9,644,240.00	9,956,338.46	103.24%	9,581,368.01
COST OF SALES						
PURCHASED SERVICES						
PRODUCTION						
TOTAL COST OF SALES						
GROSS PROFIT						
GROSS PROFIT %						
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	2,984,790.00	63,824.16	3,048,614.16	2,749,434.43	90.19%	2,719,430.49
ENGINEERING	-		-	-		-
DISTRIBUTION	2,510,580.00	79,936.07	2,590,516.07	1,964,032.47	75.82%	1,836,255.82
SERVICE	133,640.00	(570.76)	133,069.24	37,597.09	28.25%	80,370.45
METERS & REGULATORS	-		-	-		-
BAD DEBT	35,400.00		35,400.00	45,505.14	128.55%	28,944.11
GENERAL & ADMINISTRATIVE	1,768,050.00		1,768,050.00	1,591,009.16	89.99%	1,689,049.90
TOTAL OPERATING EXPENSES	7,432,460.00	143,189.47	7,575,649.47	6,387,578.29	84.32%	6,354,050.77
OPERATING INCOME (LOSS)	2,211,780.00	(143,189.47)	2,068,590.53	3,568,760.17	172.52%	3,227,317.24
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	104,000.00		104,000.00	312,025.63	300.02%	92,956.67
RECOVERIES AND REBATES	-		-	10,078.80		6,004.55
GAIN/LOSS ON DISPOSAL	-		-	-		-
JOBBING INCOME (LOSS)	51,800.00		51,800.00	62,839.23	121.31%	35,637.16
INTEREST ON LONG TERM INDEBTEDNESS	(168,950.00)		(168,950.00)	(150,656.90)	89.17%	(151,974.15)
NET INCOME (LOSS)	2,198,630.00	(143,189.47)	2,055,440.53	3,803,046.93	185.02%	3,209,941.47
OPERATING TRANSFERS IN (OUT)	(693,760.00)	(3,000,000.00)	(3,693,760.00)	(3,693,759.96)	100.00%	(693,760.00)
NET INCOME AFTER TRANSFERS	1,504,870.00	(3,143,189.47)	(1,638,319.47)	109,286.97	-6.67%	2,516,181.47
CONTRIBUTION IN AID	35,000.00		35,000.00	38,281.43	109.38%	
REGULAR CAPITAL MAINTENANCE	(440,860.00)	(4,760.42)	(445,620.42)	(54,219.18)	12.17%	
CAPITAL PROJECTS	(1,350,000.00)	(4,312,562.56)	(5,662,562.56)	(430,033.56)	7.59%	
DEBT SERVICE	(1,038,450.00)		(1,038,450.00)	(1,038,423.98)	100.00%	
DEPRECIATION	2,083,000.00		2,083,000.00	1,947,126.74	93.48%	
CONTINGENCY	(100,000.00)	50,000.00	(50,000.00)		0.00%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JUNE 30, 2019

WATER - PRE-CLOSING

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	JUNE 2019	PERCENT OF CURRENT BUDGET	JUNE 2018
OPERATING REVENUE	8,317,890.00		8,317,890.00	7,814,555.29	93.95%	7,999,919.44
COST OF SALES						
PURCHASED SERVICES						
PRODUCTION						
TOTAL COST OF SALES						
GROSS PROFIT						
GROSS PROFIT %						
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,835,210.00	21,831.40	1,857,041.40	1,637,293.77	88.17%	1,798,120.92
ENGINEERING	266,240.00	11,532.64	277,772.64	195,040.17	70.22%	278,165.67
DISTRIBUTION	667,110.00	(5,477.07)	661,632.93	561,994.81	84.94%	690,633.70
SERVICE	144,770.00	(23,327.23)	121,442.77	48,965.98	40.32%	46,760.29
METERS & REGULATORS	167,020.00	(16,690.74)	150,329.26	114,591.60	76.23%	101,601.58
BAD DEBT	31,600.00	-	31,600.00	32,390.40	102.50%	22,070.28
GENERAL & ADMINISTRATIVE	2,909,650.00	33,049.92	2,942,699.92	2,649,429.92	90.03%	2,904,471.93
TOTAL OPERATING EXPENSES	6,021,600.00	20,918.92	6,042,518.92	5,239,706.65	86.71%	5,841,824.37
OPERATING INCOME (LOSS)	2,296,290.00	(20,918.92)	2,275,371.08	2,574,848.64	113.16%	2,158,095.07
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	126,000.00		126,000.00	356,975.40	283.31%	119,690.35
RECOVERIES AND REBATES	10,000.00		10,000.00	21,115.09		14,010.65
GAIN/LOSS ON DISPOSAL	12,500.00		12,500.00	185.94		(4,161.90)
JOBBING INCOME (LOSS)	120,330.00	(1,590.10)	118,739.90	54,401.43	45.82%	84,892.75
INTEREST ON LONG TERM INDEBTEDNESS	(153,690.00)		(153,690.00)	(153,893.65)	100.13%	(122,945.69)
NET INCOME (LOSS)	2,411,430.00	(22,509.02)	2,388,920.98	2,853,632.85	119.45%	2,249,581.23
OPERATING TRANSFERS IN (OUT)	(942,300.00)		(942,300.00)	(942,300.00)	100.00%	(942,300.00)
NET INCOME AFTER TRANSFERS	1,469,130.00	(22,509.02)	1,446,620.98	1,911,332.85	132.12%	1,307,281.23
CONTRIBUTION IN AID	-		-	-		
REGULAR CAPITAL MAINTENANCE	(1,008,800.00)	(193,556.60)	(1,202,356.60)	(1,039,082.95)	86.42%	
CAPITAL PROJECTS	(5,500,000.00)	(3,394,262.21)	(8,894,262.21)	(2,339,472.84)	26.30%	
DEBT SERVICE	(928,370.00)		(928,370.00)	(928,352.59)	100.00%	
DEPRECIATION	1,680,000.00		1,680,000.00	1,553,042.56	92.44%	
CONTINGENCY	(100,000.00)		(100,000.00)	-	0.00%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JUNE 30, 2019

GAS - PRE-CLOSING

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	JUNE 2019	PERCENT OF CURRENT BUDGET	JUNE 2018
OPERATING REVENUE	22,462,280.00		22,462,280.00	23,844,228.42	106.15%	21,846,998.98
COST OF SALES						
PURCHASED SERVICES	13,343,220.00		13,343,220.00	14,021,604.77	105.08%	13,269,136.06
PRODUCTION	-		-	-		-
TOTAL COST OF SALES	13,343,220.00	-	13,343,220.00	14,021,604.77		13,269,136.06
GROSS PROFIT	9,119,060.00	-	9,119,060.00	9,822,623.65		8,577,862.92
GROSS PROFIT %	40.60%		40.60%	41.19%		39.26%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-			-		-
ENGINEERING	421,730.00	165,107.22	586,837.22	275,182.92	46.89%	413,004.96
DISTRIBUTION	654,250.00	16,241.63	670,491.63	611,079.38	91.14%	533,412.49
SERVICE	129,790.00	1,517.72	131,307.72	46,908.24	35.72%	33,940.22
METERS & REGULATORS	190,620.00	(5,652.81)	184,967.19	154,372.75	83.46%	135,056.89
BAD DEBT	49,700.00	-	49,700.00	77,675.13	156.29%	47,937.60
GENERAL & ADMINISTRATIVE	3,917,080.00	(20,869.23)	3,896,210.77	4,041,345.77	103.73%	3,915,730.51
TOTAL OPERATING EXPENSES	5,363,170.00	156,344.53	5,519,514.53	5,206,564.19	94.33%	5,079,082.67
OPERATING INCOME (LOSS)	3,755,890.00	(156,344.53)	3,599,545.47	4,616,059.46	128.24%	3,498,780.25
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	141,000.00		141,000.00	431,730.48	306.19%	124,521.06
RECOVERIES AND REBATES	-		-	234,181.95		235.28
GAIN/LOSS ON DISPOSAL	7,100.00		7,100.00	(5,071.45)		(8,223.92)
JOBBING INCOME (LOSS)	183,790.00	18,517.66	202,307.66	108,487.86	53.63%	113,684.91
INTEREST ON LONG TERM INDEBTEDNESS	(58,030.00)		(58,030.00)	(58,054.07)	100.04%	(67,222.03)
NET INCOME (LOSS)	4,029,750.00	(137,826.87)	3,891,923.13	5,327,334.23	136.88%	3,661,775.55
OPERATING TRANSFERS IN (OUT)	(3,059,330.00)		(3,059,330.00)	(3,059,330.04)	100.00%	(3,059,330.00)
NET INCOME AFTER TRANSFERS	970,420.00	(137,826.87)	832,593.13	2,268,004.19	272.40%	602,445.55
CONTRIBUTION IN AID	-		-			
REGULAR CAPITAL MAINTENANCE	(974,810.00)	(255,366.54)	(1,230,176.54)	(766,096.21)	62.28%	
CAPITAL PROJECTS	(1,100,000.00)	(2,001,917.26)	(3,101,917.26)	(1,083,496.27)	34.93%	
DEBT SERVICE	(234,390.00)		(234,390.00)	(234,384.89)	100.00%	
DEPRECIATION	1,565,000.00		1,565,000.00	1,559,684.16	99.66%	
CONTINGENCY	(100,000.00)		(100,000.00)	-	0.00%	

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JUNE 30, 2019

ELECTRIC - PRE-CLOSING

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	JUNE 2019	PERCENT OF CURRENT BUDGET	JUNE 2018
OPERATING REVENUE	133,009,810.00		133,009,810.00	118,370,020.68	88.99%	128,282,964.54
COST OF SALES						
PURCHASED SERVICES	102,237,000.00	(359,870.78)	101,877,129.22	92,238,653.59	90.54%	101,622,530.95
PRODUCTION	921,400.00	107,487.88	1,028,887.88	668,183.39		629,455.36
TOTAL COST OF SALES	103,158,400.00	(252,382.90)	102,906,017.10	92,906,836.98		102,251,986.31
GROSS PROFIT	29,851,410.00	252,382.90	30,103,792.90	25,463,183.70		26,030,978.23
GROSS PROFIT %	22.44%		22.63%	21.51%		20.29%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	1,705,580.00	34,744.20	1,740,324.20	1,538,209.05	88.39%	1,475,655.22
ENGINEERING	987,030.00	(28,206.69)	958,823.31	729,178.26	76.05%	746,994.76
DISTRIBUTION	12,446,280.00	549,039.51	12,995,319.51	12,480,050.09	96.03%	12,584,514.82
SERVICE	-	-	-	-		-
METERS & REGULATORS	349,610.00	(953.89)	348,656.11	290,760.75	83.39%	289,731.62
BAD DEBT	309,500.00	-	309,500.00	468,075.84	151.24%	250,220.93
GENERAL & ADMINISTRATIVE	4,543,160.00	479,327.47	5,022,487.47	4,936,485.75	98.29%	5,511,733.68
TOTAL OPERATING EXPENSES	20,341,160.00	1,033,950.60	21,375,110.60	20,442,759.74	95.64%	20,858,851.03
OPERATING INCOME (LOSS)	9,510,250.00	(781,567.70)	8,728,682.30	5,020,423.96	57.52%	5,172,127.20
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	502,000.00	-	502,000.00	1,242,178.83	247.45%	670,637.72
ENERGY EFFICIENCY RECOVERY	-	(864,670.49)	(864,670.49)	(466,573.67)	53.96%	(357,202.60)
RECOVERIES AND REBATES	6,200.00	-	6,200.00	189,099.89	3050.00%	640,635.79
GAIN/LOSS ON DISPOSAL	30,500.00	-	30,500.00	56,982.78	186.83%	(554,660.69)
JOBBING INCOME (LOSS)	77,410.00	(50,219.79)	27,190.21	216,416.62	795.94%	181,637.80
INTEREST ON LONG TERM INDEBTEDNESS	(1,626,050.00)	(12,505.62)	(1,638,555.62)	(1,499,816.91)	91.53%	(816,770.61)
NET INCOME (LOSS)	8,500,310.00	(1,708,963.60)	6,791,346.40	4,758,711.50	70.07%	4,936,404.61
OPERATING TRANSFERS IN (OUT)	(10,071,610.00)		(10,071,610.00)	(10,071,610.04)	100.00%	(10,201,610.00)
NET INCOME AFTER TRANSFERS	(1,571,300.00)	(1,708,963.60)	(3,280,263.60)	(5,312,898.54)	161.97%	(5,265,205.39)

CONTRIBUTION IN AID	-		-	-	
FEDERAL AID - CAPITAL PROJECTS	-		-	-	
REGULAR CAPITAL MAINTENANCE	(3,482,900.00)	(381,322.15)	(3,864,222.15)	(2,400,248.33)	62.11%
CAPITAL PROJECTS	(1,000,000.00)	(14,431,354.66)	(15,431,354.66)	(10,799,203.21)	69.98%
DEBT SERVICE	(2,686,600.00)		(2,686,600.00)	(2,686,607.75)	100.00%
DEPRECIATION	8,635,000.00		8,635,000.00	8,128,235.27	94.13%
CONTINGENCY	(500,000.00)		(500,000.00)	-	0.00%

UTILITY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - UNAUDITED
FOR THE PERIOD ENDED JUNE 30, 2019

TELECOMMUNICATIONS - PRE-CLOSING

	ORIGINAL BUDGET 2018-19	ADJUSTMENTS AND CARRYFORWARDS	CURRENT BUDGET 2018-19	JUNE 2019	PERCENT OF CURRENT BUDGET	JUNE 2018
OPERATING REVENUE	634,600.00		634,600.00	889,155.28	140.11%	1,560,572.11
COST OF SALES						
PURCHASED SERVICES	63,600.00		63,600.00	57,548.58	90.49%	55,589.85
PRODUCTION	-		-	-		-
TOTAL COST OF SALES	63,600.00	-	63,600.00	57,548.58		55,589.85
GROSS PROFIT	571,000.00	-	571,000.00	831,606.70		1,504,982.26
GROSS PROFIT %	89.98%		89.98%	93.53%		96.44%
OPERATING EXPENSES						
TRANSMISSION & TREATMENT	-		-	-		-
ENGINEERING	-		-	-		-
DISTRIBUTION	-		-	-		-
SERVICE	-		-	-		-
METERS & REGULATORS	-		-	-		-
BAD DEBT	-		-	450.85		69.63
GENERAL & ADMINISTRATIVE	873,180.00	33.96	873,213.96	788,039.94	90.25%	812,303.23
TOTAL OPERATING EXPENSES	873,180.00	33.96	873,213.96	788,490.79	90.30%	812,372.86
OPERATING INCOME (LOSS)	(302,180.00)	(33.96)	(302,213.96)	43,115.91	-14.27%	692,609.40
NON-OPERATING REVENUE (EXPENSE)						
INTEREST INCOME ON INVESTMENTS	13,000.00		13,000.00	35,223.07	270.95%	20,110.96
RECOVERIES AND REBATES	-		-	11,961.78		-
GAIN/LOSS ON DISPOSAL	-		-	-		(7,622.05)
JOBBING INCOME (LOSS)	19,550.00	33.96	19,583.96	16,952.08	86.56%	5,748.71
INTEREST ON LONG TERM INDEBTEDNESS	-		-	-		-
NET INCOME (LOSS)	(269,630.00)	-	(269,630.00)	107,252.84	-39.78%	710,847.02
OPERATING TRANSFERS IN (OUT)	(81,000.00)		(81,000.00)	(81,000.00)	100.00%	(302,567.00)
NET INCOME AFTER TRANSFERS	(350,630.00)	-	(350,630.00)	26,252.84	-7.49%	408,280.02
CONTRIBUTION IN AID	-	-	-	-	0.00%	
REGULAR CAPITAL MAINTENANCE	(105,000.00)	(10,000.00)	(115,000.00)	(98,789.63)	85.90%	
CAPITAL PROJECTS	(600,000.00)	(30,750.00)	(630,750.00)	(466,271.51)	73.92%	
DEPRECIATION	459,200.00	-	459,200.00	413,065.79	89.95%	
CONTINGENCY		-	-	-		

KEY IN YELLOW CELLS ONLY. TWEAK THE PCA IN COLUMN "L" TO ACHIEVE THE DESIRED RECOVERY.

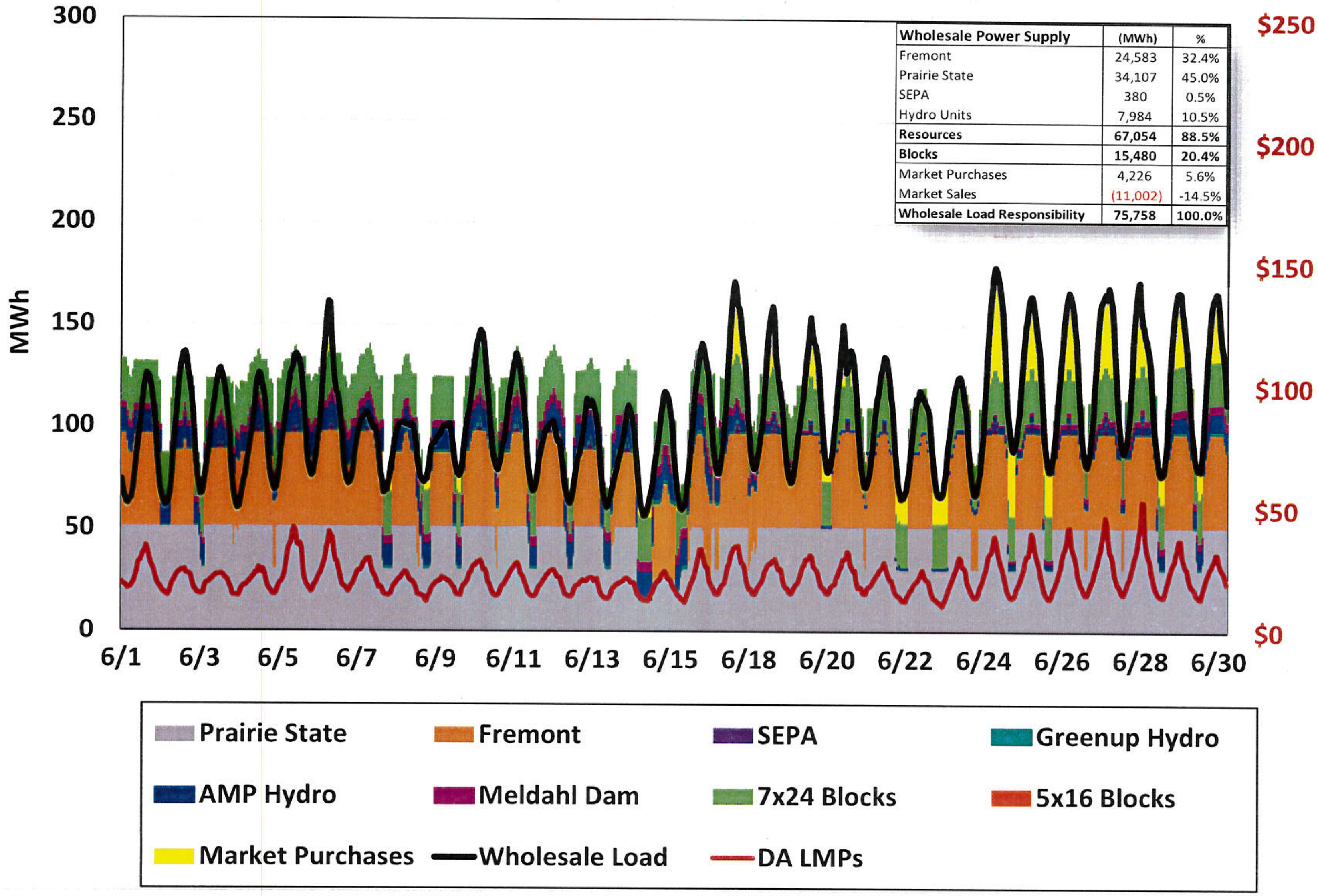
BILLING MONTH	TOTAL POWER COST	HLF POWER COST	**NON-HLF POWER COST**	TOTAL kWh SALES	HLF kWh SALES	**NON-HLF kWh SALES**	PCA / kWh	POWER COST / kWh RECOVERED IN BASE RATE	TOTAL POWER COST / kWh RECOVERED	HLF STRANDED COSTS RECOVERED	**NON-HLF POWER COST RECOVERED**	NON-HLF POWER COST OVER / (UNDER) RECOVERY	ADJUSTMTS	**CUMULATIVE POWER COST RECOVERY NON-HLF CUSTOMERS (+ / - $4,000,000)**	
Jan-19	$ 7,980,103.07	$ 1,064,168.33	**$ 6,915,934.74**	81,312,186	10,843,200	**70,468,986**	$0.007500	$0.086200	$0.093700		**$ 6,602,944.01**	$ (312,990.73)		**$ (7,270,264.73)**	ACTUAL
Feb-19	$ 7,274,271.30	$ 978,018.59	**$ 6,296,252.71**	88,316,008	11,874,000	**76,442,008**	$0.007500	$0.086200	$0.093700		**$ 7,162,616.17**	$ 866,363.46		**$ (6,403,901.28)**	ACTUAL
Mar-19	$ 7,493,172.31	$ 1,093,856.02	**$ 6,399,316.29**	72,922,136	10,645,200	**62,276,936**	$0.012000	$0.086200	$0.098200		**$ 6,115,595.13**	$ (283,721.16)		**$ (6,687,622.43)**	ACTUAL
Apr-19	$ 6,964,238.77	$ 1,179,694.87	**$ 5,784,543.90**	69,247,161	11,730,000	**57,517,161**	$0.030000	$0.086200	$0.116200		**$ 6,683,494.14**	$ 898,950.24		**$ (5,788,672.20)**	ACTUAL
May-19	$ 7,117,261.61	$ 1,291,685.24	**$ 5,825,576.37**	63,951,946	11,606,400	**52,345,546**	$0.030000	$0.086200	$0.116200		**$ 6,082,552.46**	$ 256,976.09		**$ (5,531,696.10)**	ACTUAL
Jun-19	$ 7,212,485.81	$ 1,109,466.05	**$ 6,103,019.76**	77,729,508	11,956,800	**65,772,708**	$0.020000	$0.086200	$0.106200		**$ 6,985,061.58**	$ 882,041.82		**$ (4,649,654.28)**	ACTUAL
Jul-19	$ 8,032,569.00	$ 1,101,822.40	**$ 6,930,746.60**	88,996,547	12,207,600	**76,788,947**	$0.005000	$0.086200	$0.091200		**$ 7,003,151.99**	$ 72,405.39		**$ (4,577,248.89)**	PROJECTED
Aug-19	$ 7,904,363.00	$ 1,069,548.16	**$ 6,834,814.84**	95,655,114	12,943,200	**82,711,914**	**$0.005000**	$0.086200	$0.091200		**$ 7,543,326.59**	$ 708,511.75		**$ (3,868,737.14)**	PROJECTED
Sep-19	$ 7,501,165.00	$ 1,171,310.32	**$ 6,329,854.68**	86,147,684	13,452,000	**72,695,684**	$0.012000	$0.086200	$0.098200		**$ 7,138,716.21**	$ 808,861.53		**$ (3,059,875.62)**	PROJECTED
Oct-19	$ 7,037,097.00	$ 1,240,142.57	**$ 5,796,954.43**	72,382,975	12,756,000	**59,626,975**	$0.020000	$0.086200	$0.106200		**$ 6,332,384.78**	$ 535,430.35		**$ (2,524,445.26)**	PROJECTED
Nov-19	$ 6,876,000.00	$ 1,246,319.09	**$ 5,629,680.91**	66,985,768	12,141,600	**54,844,168**	$0.020000	$0.086200	$0.106200		**$ 5,824,450.66**	$ 194,769.75		**$ (2,329,675.51)**	PROJECTED
Dec-19	$ 7,605,842.00	$ 1,064,170.46	**$ 6,541,671.54**	81,503,841	11,403,600	**70,100,241**	$0.015000	$0.086200	$0.101200		**$ 7,094,144.36**	$ 552,472.82		**$ (1,777,202.69)**	PROJECTED

Future months (still in blue) show projections.

After PGA's are calculated, hard code them before reconciling the month

Mo Rate Applied	WACOG	WACOG Plus Losses	Demand Rate Firm	Demand Rate Interruptible	Adjustments	PGA (f)	PGA (i)	**DEMAND FYI - Recovers Completely in FY** *(Not included in Commodity Recovery at Right)* **Cumulative Demand Cost**	**Cumulative Demand Recovery**	**Over (Under) Demand Recovery**	**COMMODITY - Rolling Recovery** **Monthly Commodity Cost**	**Monthly Commodity Recovered**	**Monthly Commodity Over (Under) Recovery**	Adjustments	**Commodity Recovery Balance Over (Under)** **+/- $2,000,000**	
Jan-19	$ 3.71492	$ 3.75244	$ 3.12660	$ 0.2500	$ (0.15005)	$ 6.74869	$ 3.87209	$ 1,786,114.23	$ 1,987,511.10	$ 201,396.87	$ 1,655,128.14	$ 1,384,484.76	$ (270,643.38)		$ 115,151.68	Final
Feb-19	$ 3.75423	$ 3.79215	$ 3.12660	$ 0.2500	$ (0.09497)	$ 6.71460	$ 3.83800	$ 2,024,478.67	$ 2,893,716.85	$ 869,238.18	$ 1,177,470.51	$ 1,528,038.03	$ 350,567.52		$ 465,719.20	Final
Mar-19	$ 3.27158	$ 3.30463	$ 3.12660	$ 0.2500	$ (0.14596)	$ 6.36156	$ 3.48496	$ 2,367,283.47	$ 3,416,199.93	$ 1,048,916.46	$ 1,079,291.13	$ 682,473.34	$ (396,817.79)		$ 68,901.41	Final
Apr-19	$ 3.91335	$ 3.95288	$ -	$ 0.2500	$ (0.14596)	$ 3.58558	$ 3.83558	$ 2,681,589.15	$ 3,423,432.84	$ 741,843.69	$ 673,250.93	$ 952,074.26	$ 278,823.33		$ 347,724.74	Final
May-19	$ 3.99924	$ 4.03964	$ -	$ 0.2500	$ (0.14596)	$ 3.52427	$ 3.77427	$ 3,006,620.41	$ 3,428,939.23	$ 422,318.82	$ 528,866.01	$ 557,589.89	$ 28,723.88		$ 376,448.62	Final
Jun-19	$ 4.57326	$ 4.61945	$ -	$ 0.2500	$ (0.14596)	$ 3.68770	$ 3.93770	$ 3,320,926.09	$ 3,435,108.70	$ 114,182.61	$481,941.91	$ 526,837.96	$ 44,896.05		**$ 421,344.67**	Final
Jul-19	$ 3.59969	$ 3.63605	$ -	$ 0.2500	$ (0.16491)	$ 3.84529	$ 4.09529	$ 209,247.15	$ 4,130.95	$ (205,116.20)	$ 433,715.19	$ 435,380.67	$ 1,665.48		$ 423,010.14	Est
Aug-19	**$ 4.07948**	$ 4.12069	$ -	$ 0.2500	$ (0.28008)	**$ 3.84061**	**$ 4.09061**	$ 532,676.91	$ 9,542.55	$ (523,134.36)	$ 415,200.68	$ 447,587.10	$ 32,386.43		$ 455,396.57	Est
Sep-19	$ 3.97212	$ 4.01224	$ -	$ 0.2500	$ (0.30000)	$ 3.71224	$ 3.96224	$ 846,785.94	$ 15,043.30	$ (831,742.64)	$ 452,417.07	$ 431,828.85	$ (20,588.22)		$ 434,808.35	Est
Oct-19	$ 3.68116	$ 3.71834	$ 1.70625	$ 0.2500	$ (0.30000)	$ 5.12459	$ 3.66834	$ 1,170,215.70	$ 90,157.68	$ (1,080,058.02)	$ 611,417.26	$ 458,404.52	$ (153,012.74)		$ 281,795.61	Est
Nov-19	$ 3.72716	$ 3.76481	$ 3.41250	$ 0.2500	$ (0.25000)	$ 6.92731	$ 3.76481	$ 1,503,074.72	$ 431,154.48	$ (1,071,920.24)	$ 960,834.81	$ 674,345.02	$ (286,489.79)		$ (4,694.18)	Est
Dec-19	$ 3.56188	$ 3.59786	$ 3.41250	$ 0.2500	$ (0.22000)	$ 6.79036	$ 3.62786	$ 1,845,879.48	$ 1,147,991.12	$ (697,888.36)	$ 1,198,313.67	$ 1,048,021.95	$ (150,291.72)		$ (154,985.90)	Est

Hourly Danville Wholesale Power Supply
June 2019



Wholesale Power Supply	(MWh)	%
Fremont	24,583	32.4%
Prairie State	34,107	45.0%
SEPA	380	0.5%
Hydro Units	7,984	10.5%
Resources	**67,054**	**88.5%**
Blocks	**15,480**	**20.4%**
Market Purchases	4,226	5.6%
Market Sales	(11,002)	-14.5%
Wholesale Load Responsibility	**75,758**	**100.0%**

Commission Item Number: DUC190826 - 2
Utility Commission Meeting: August 26, 2019
Item: II. C. Danville Utilities Five-Year Strategic Plan

Danville Utilities Five-Year Strategic Plan
Over the past six months, a group of community leaders and employees with various backgrounds met to provide input into the initial draft of a five-year strategic plan for Utilities department. In the plan you will see a proposed mission and vision statement, SWOT analysis, and a group of strategic priorities. The City hired Hometown Connections to facilitate the planning process for the Utilities department.

Recommendation
I move that the Danville Utility Commission approve staff's proposed five-year strategic plan for 2020-2025.

Danville Utilities

Strategic Plan 2020-2025

CUSTOMER CARE • STEWARDSHIP • VALUED WORKFORCE • PROFESSIONALISM • SAFETY

DANVILLE UTILITIES 2025

Contents

Introduction: A Proud History and Bright Tomorrow

Danville Utilities provides high-quality, safe, reliable, and competitively-priced utility services, tailored to the unique needs of the community it serves. To ensure Danville Utilities continues to perform at a high level while promoting local economic development and addressing utility industry changes and challenges, the Danville Utilities staff and the Utility Commission developed this comprehensive five-year strategic plan as their guide.

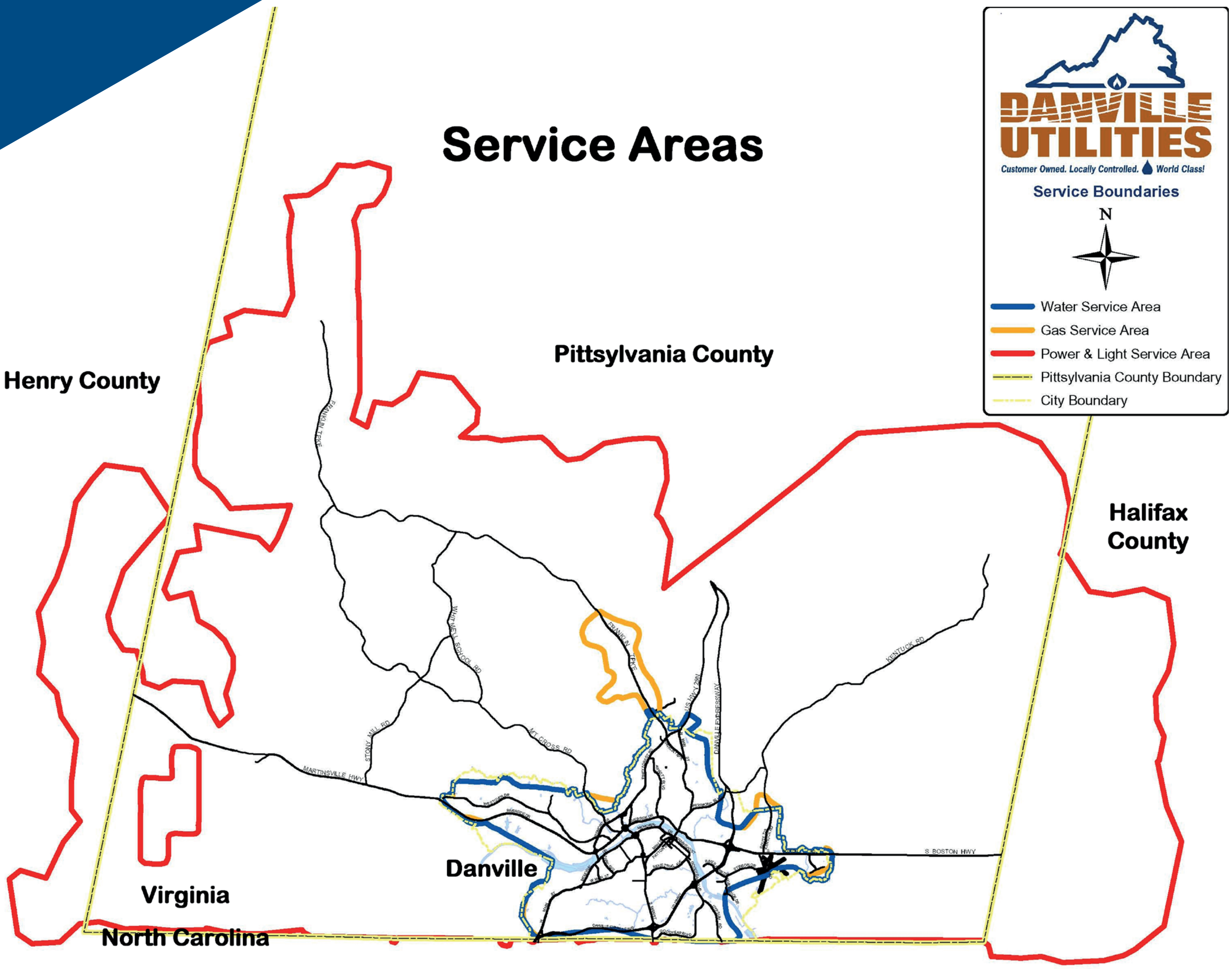
Serving the community since 1875, Danville Utilities provides natural gas, water, wastewater, and telecommunications services in Danville, Virginia and distributes electricity to approximately 42,000 customer locations in a 500-square-mile service territory covering Danville, the southern third of Pittsylvania County, and small portions of Henry and Halifax counties. Danville Utilities is the largest municipally-owned electric power distributor in the Commonwealth of Virginia. Danville Utilities is a department with the City of Danville. The Danville Utility Commission is an advisory board that makes recommendations to the Danville City Council.

Brimming with small town charm and assets of a “smart city,” Danville is known as the Heart of Southern Virginia. Danville Utilities has completed a system-wide advanced metering infrastructure (AMI) deployment with approximately 81,000 smart meters installed. Smart meters enable two-way communication between the meter and the utility’s central system, vastly improving access by employees and customers to detailed information on account history and system status.

Customers have access to daily meter readings online through the Danville Utilities website and make energy usage decisions to reduce its costs. Customers currently use the website to view and pay their bills, report a power outage, view an outage map, and alter/stop service.

One technology challenge the Danville Utilities strategic plan addresses is how to provide affordable broadband internet and entertainment services that are on

Introduction: A Proud History and Bright Tomorrow



Danville Utilities serves a territory of 500-square-miles covering Danville, the southern third of Pittsylvania County, and small portions of Henry and Halifax counties.

par with those available in other Virginia communities. The City of Danville requires advanced telecommunications capabilities in order to support the community's economic development and education requirements. Businesses are eager for gigabit connectivity. Danville Utilities is looking to expand its infrastructure in ways that will attract economic growth while remaining cost-effective for the income level of the community. The City deployed one of the first public-private open access broadband networks in the country that bridged the digital divide for Danville Utilities customers.

Like most non-profit public power utilities today, Danville Utilities is contending with how to attract and retain a qualified workforce. Skilled employees are recruited by contractors and other electric utility providers able to offer higher wages and stronger benefits packages. The Danville Utilities strategic plan includes ways to support the hiring and retention of a talented utility staff.

Preserving the Benefits of Community-Owned Utilities

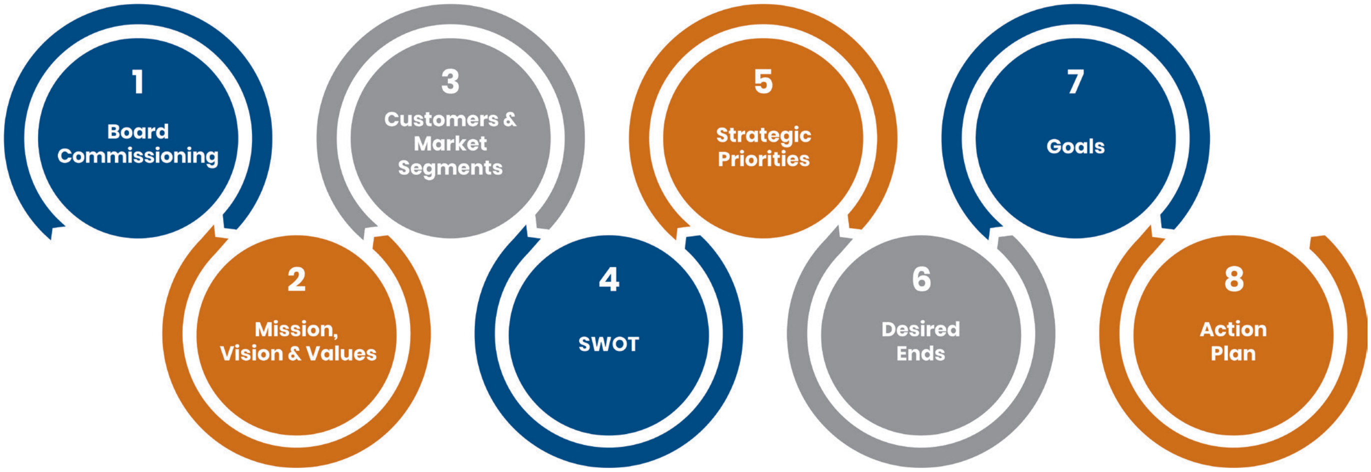
Since the City of Danville launched its first gas service in 1875 and electric service in 1886, the citizens have received services that are community owned and customer focused. Danville Utilities provides services that are locally controlled and operates on a not-for-profit basis. This structure means the City of Danville tailors its utility operations and services to the needs and preferences of the local community. The benefits of living and working in the community include utility rate stability, support for local jobs, policies that are in line with community priorities, and financial support for local government functions. Because it's community-owned, Danville Utilities provides reliable customer service, affordable rates, and economic development opportunities while being held accountable by friends and neighbors. Above all, the City of Danville maintains its commitment to providing innovative, competitively priced, reliable, safe, and environmentally responsible electric, gas, water, wastewater, and telecommunications services. The City strives to provide best-in-class operations and serve as a trusted resource for utility services and community support.

Strategic Planning Process

Danville Utilities selected Hometown Connections, Inc., a leading provider of management consulting services to community-owned utilities and municipalities, to facilitate development of a comprehensive strategic plan with city leaders and staff.

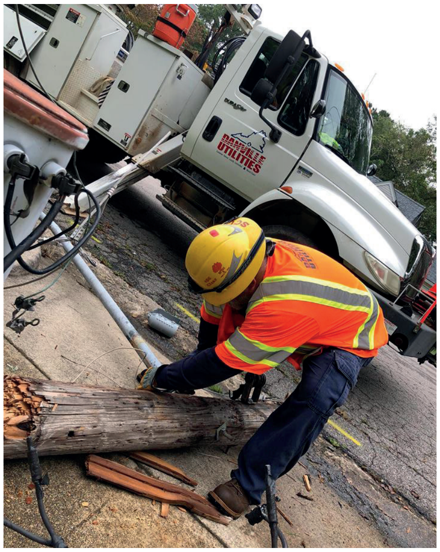
Danville Utilities followed the Strategic Planning Process developed and facilitated by Hometown Connections, Inc.

The City hosted a series of workshops with employees and community leaders to update its vision, mission, and values; review organizational strengths, weaknesses, opportunities, and threats; identify key strategic issues for the next five years; develop objectives to achieve the strategic goals; and identify success measures to track progress of the strategic plan.



Vision, Mission, and Values

Central to Danville Utilities' planning for the future is ensuring all efforts align with its enduring vision, mission, and values.



Vision Statement

Danville Utilities will be the regional leader providing exceptional municipally-owned utility services that enhance the quality of life for the community, customers and employees.

Mission Statement

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

Values

Safety: We are committed to developing a safe work environment for our employees, customers, and the region.

Customer Care: We are responsive to our customers' needs and provide exceptional service at competitive rates supported by innovation and continuous improvement.

Professionalism: We respect our customers and employees, and we collaborate with other city departments to deliver quality services. We conduct business with integrity and are accountable to the region.

Valued Workforce: We support and acknowledge our employees for their contribution towards providing exceptional service to our customers. We are committed to developing our workforce and growing leaders who will successfully navigate the future.

Stewardship: We are committed to fiscal and environmental stewardship of the resources entrusted to us. We make prudent decisions to maintain the balance between financial stability and safe, effective, efficient, and reliable operations.

Strengths, Weaknesses, Opportunities, and Threats

A foundational element of the strategic plan is identifying Danville Utilities' strengths in the marketplace, its vulnerabilities, and its opportunities.

Strengths

- Dependable service and workforce
- Responsive
- Institutional knowledge
- Computer-based training
- Reinvest into system
- Versatility in workforce
- Maintain equipment properly
- River as a water source
- Ample capacity in all utilities (room to grow)
- One-stop shop
- Contribute to General Fund – lessens the tax burden
- Advanced Metering Infrastructure, Geographic Information System, Supervisory Control and Data Acquisition, Meter Data Management
- Distributed generation

Weaknesses

- Aging Infrastructure
- Lack of "ready" workforce
- Hiring and retention
- Retirements
- Lack of succession planning
- Retain institutional knowledge
- City policies/governance is not responsive to utilities, resources and needs
- Asset management
- Under developed
- Address vehicles and equipment needs
- Need a technology roadmap

Opportunities

- Revival of downtown (economic development)
- Technology/new technology (process improvement, drones)
- Changes in legislation (casinos)
- Education
- Growing customer base for all five utilities
- Electric vehicles
- Distributed generation

Threats

- Changes in rates outside of Danville Utilities' control
- Natural disasters
- Changes in customer base
- Procurement – cost of materials
- Cyber attacks
- Terrorist attacks
- Contamination
- Theft of utility services
- Technological advancements
- Regulation changes
- Underground damage

Strategic Priorities and Actions

To take advantage of its organizational strengths and address opportunities for growth and improvement, Danville Utilities identified five strategic priorities to serve as the framework for its strategic plan and created detailed actions for each priority.

Customer Satisfaction

Danville Utilities will be recognized by customers for providing safe, reliable, responsive, and competitive utility services.

Actions:

- Conduct satisfaction surveys and review previous surveys for residential customers.
- Conduct satisfaction surveys for commercial/industrial customers.
- Enhance energy cost savings programs (energy audits, workshops, marketing literature, and rebates).
- Inform public of notification systems developed through the Technology Development and Advancement team.

Our Goals for Setting Customer Satisfaction as a Strategic Priority:

- To achieve 90% customer satisfaction by 2025.
- To increase participating in the rebate programs by 25% by 2025 from 2018 participation figures.
- To proactively inform customers of outages through the notification system.

Cost and Asset Management

Danville Utilities will provide reliable utility services while managing cost and maintaining competitive rates.

Actions:

- Develop electric peak load reduction programs to focus efforts to lower electric load during PJM five coincidental peaks and Americal Electric Power (AEP) one coincidental peak.
- Create an asset and fleet management plan.
- Conduct a rate study every two years to evaluate the current rate structure.
- Implement barcoding system for warehouse inventory.
- Review necessary salary grades compared to market in fiscal year 2021 budget.

Our Goals for Setting Cost and Asset Management as a Strategic Priority:

- To reduce PJM capacity demand by 10% by 2021 from peak demand in 2016.
- To reduce AEP transmission peak demand by 7.5% by 2021 from peak demand in 2016.
- To implement the asset management tool by 2020 within budget.
- To reduce lost and unaccounted materials by 2% annually once the new system is implemented.
- To present a balanced rate study with utility rates in the 60th percentile of comparable utility providers.
- To work with Human Resources to establish salary grades within 5% of market ranges.

Strategic Priorities and Actions

Infrastructure Management

Danville Utilities will maintain and upgrade critical infrastructure to provide quality services.

Actions:

- Complete capital plan within budgeted year and within 5% of allowed budget.
- Develop an infrastructure asset management system for all utilities to determine capital needs.
- Develop a plan to grow all utilities to improve quality of life.

Our Goals for Setting Infrastructure Management as a Strategic Priority:

- To reduce outages 5% per year.
- To achieve targeted take rates for each utility expansion area.
- To assist Economic Development with recruiting new prospects.
- To expand infrastructure capacity in Economic Development enterprise zones in order to serve future customers.

Workforce Planning

Danville Utilities will be an employer of choice.

Actions:

- Develop department specific safety manual to provide clarification on safety procedures.
- Develop an employee on boarding/exit program.

Our Goals for Setting Workforce Planning as a Strategic Priority:

- To achieve a 10% reduction in workplace accidents per year once department specific safety manual is implemented.
- To have five or less vacancies at any one time throughout the department.

Technology Development and Advancement

Danville Utilities will evaluate and explore current and future technologies to determine its value to the customer's experience and to improve communication.

Actions:

- Develop technology plan to prioritize implementation or improvement of customer information systems.

Our Goal for Setting Technology Development and Advancement as a Strategic Priority:

- To improve customer satisfaction levels as determined by 2021 customer survey (scoring of 90% or higher).

Conclusion: Focused on a Future of Excellence

Using the 2020-2025 Strategic Plan as its guide, Danville Utilities will evaluate technology advancements and infrastructure improvements, customer service programs, human resources policies, and financial management strategies that will enable Danville Utilities to chart a course for a successful long-term future. Danville Utilities will use the plan to develop specific tactics for operational planning, employee engagement, new customer initiatives, and a capital improvement program. Danville Utilities will also follow the plan's guidelines when monitoring regulatory and industry changes, exploring growth opportunities, and setting internal goals. The framework of the plan will support Danville Utilities' core focus on continued delivery of reliable and competitive utility services. The Danville Utility Commission and staff will review on a regular basis the progress of the plan implementation.

Acknowledgements

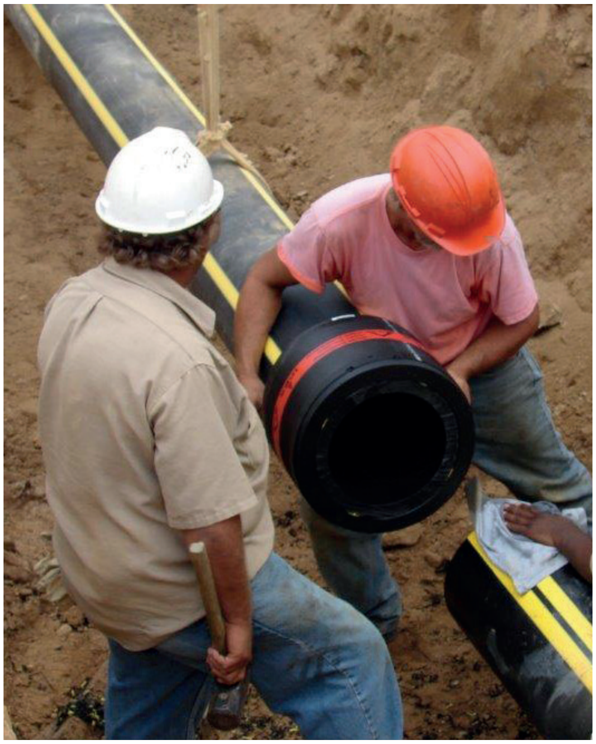
The strategic planning process captured the “voice” of the Danville community through the presence of the Advisory Team. The Advisory Team provided guidance on the strategic direction, identified roadblocks and gave input during the planning process. Danville Utilities thanks the members of the Advisory Team for their efforts and participation:

- **Telly Tucker,** Danville Economic Development Director
- **Fred Shanks,** City Councilman/Danville Utility Commissioner
- **Mark Custer,** Plant Manager, Blue Ridge Fiberboard
- **Hampton Wilkins,** Owner, Wilkins Realty
- **Kerrigan Smith,** President and Chief Operating Officer, Virginia International Raceway
- **Ernecia Coles,** Executive Director, Danville Neighborhood Development Corporation

Comprised of Danville Utilities’ management and staff representatives, the Implementation Planning Team (IPT) developed the components of the Strategic Plan and are leading the implementation of the strategic and action plans. The IPT is ultimately responsible for executing the actions necessary to move forward the strategic priorities defined.

Danville Utilities thanks the members of the IPT for their dedication and participation in developing the 2020-2025 Strategic Plan and for leading the efforts to achieve Danville Utilities’ vision and mission.

- **Jason Grey**
- **Janet Davis**
- **Ryan Thornberry**
- **Philip Haley**
- **Robert Eanes**
- **David Witcher**
- **Donald Ricketts**
- **Keith Daniel**
- **Mark Guill**
- **Eddie Smith**
- **Dwayne Hatcher**
- **Kelly Kinnett**
- **Becky Meadows**
- **Tim Love**
- **Jason Holley**
- **Patrick Thompson**
- **Scott Jarrett**
- **Wesley Scearce**
- **Lori Millner**
- **Betty Custer**
- **Mike Spencer**
- **Jody Tate**
- **Alan Johnson**
- **David Stiles**
- **Jerry Shupe**



DANVILLE UTILITIES
434 799 5270
www.danvilleutilities.com

Commission Item Number: DUC190826 - 3
Utility Commission Meeting: August 26, 2019
Item: II. D. Berry Hill Industrial Park Water and Wastewater Services

Berry Hill Industrial Park Water and Wastewater Services

Pittsylvania County has approached the City about providing water and wastewater services to the Berry Hill Industrial Park. Most of the water would be purchased and provided from a connection from the City of Eden, NC. More information will be shared at the meeting regarding expected pay back periods after the infrastructure is installed and a tenant is operating in the park. Telly Tucker, the City's Director of Economic Development Director, will also be available to answer any questions.

Recommendation

I move that the Danville Utility Commission recommend to City Council providing water and wastewater services to the Berry Hill Industrial Park under option 1C.

Berry Hill Industrial Park Water and Wastewater Services

Danville Utility Commission
August 26, 2019

Water and Wastewater Services

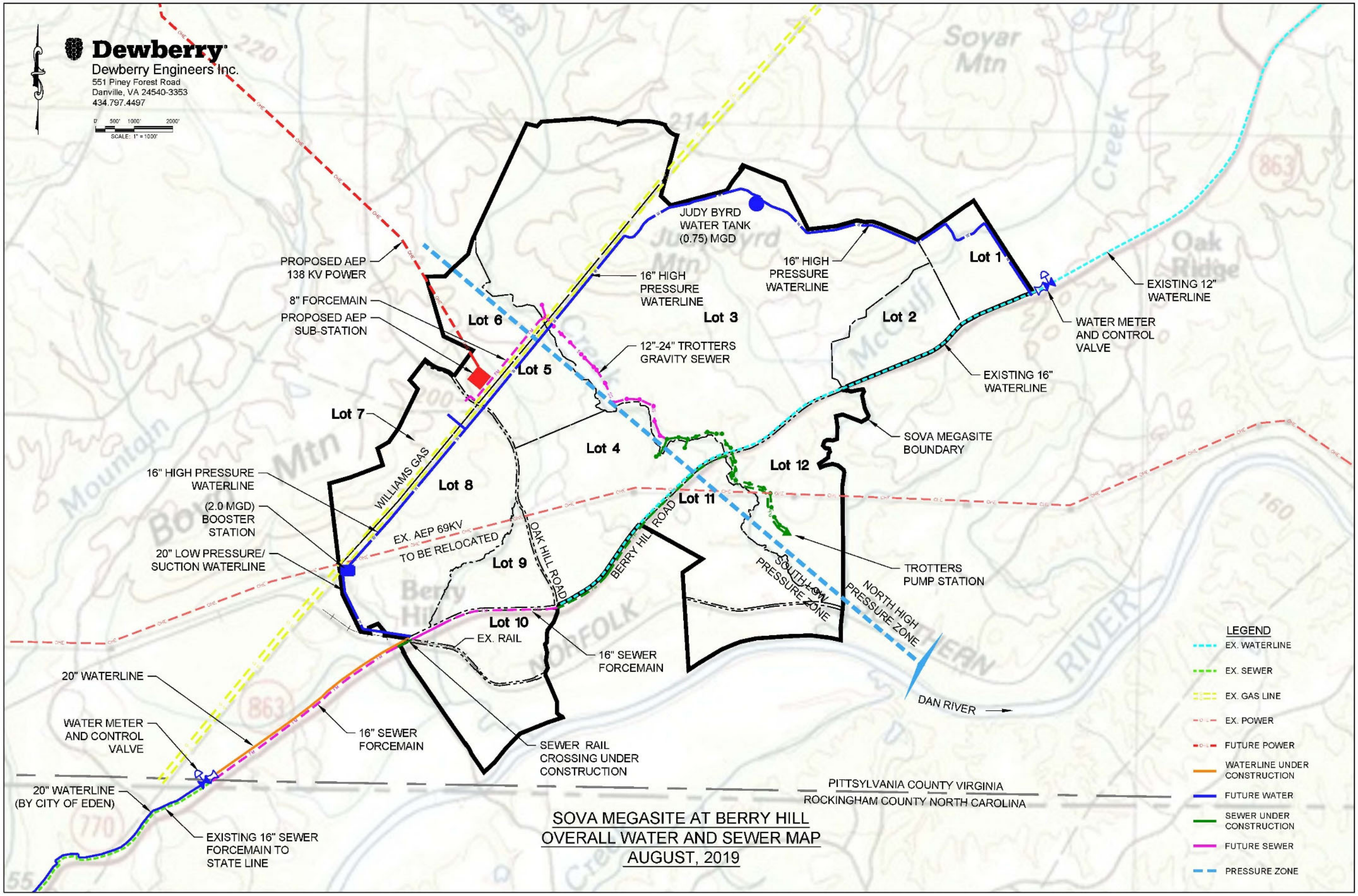
- Current 20-year agreements between City of Eden, NC and Pittsylvania County Service Authority
- Pittsylvania County has requested that the Danville provide water/wastewater service within the industrial park
- Eden would be the major supplier of water. Danville could provide up to 1 mgd of the total 7 mgd of water capacity in park

Water Supply

Demand	Average Daily Demand MGD	Eden	Danville
1	0-0.30	0	0-0.30
2	0.30-0.60	0.20-0.50	0.1
3	0.60-0.80	0.45-0.65	0.15
4	0.80-1.0	0.60-0.80	0.2
5	1.0-1.5	0.70-1.2	0.3
6	1.5-6.4	1.1-6.0	0.4
7	6.4-7.0	6	0.40-1.0

Project estimates

- Wastewater ~$3.1M complete infrastructure
- Water $1M-$8.9M
- Water Phase 1A-Water from Eden to 0.75MG tank-$6.3M
- Water Phase 1B-Water from Eden only to property line of Lot 7-$1M
- Water Phase 1C-Water from Danville through 0.75MG tank to Lot 6-$4.5M
- Water Hybrid 1A &1C-Water from Eden and Danville through 0.75MG tank-$8.9M


Dewberry
Dewberry Engineers Inc.
551 Piney Forest Road
Danville, VA 24540-3353
434.797.4497
PROPOSED AEP 138 KV POWER
8" FORCEMAIN
PROPOSED AEP SUB-STATION
16" HIGH PRESSURE WATERLINE
JUDY BYRD WATER TANK (0.75) MGD
12"-24" TROTTERS GRAVITY SEWER
EXISTING 12" WATERLINE
WATER METER AND CONTROL VALVE
EXISTING 16" WATERLINE
SOVA MEGASITE BOUNDARY
TROTTERS PUMP STATION
Lot 1
Lot 2
Lot 3
Lot 4
Lot 5
Lot 6
Lot 7
Lot 8
Lot 9
Lot 10
Lot 11
Lot 12
WILLIAMS GAS
(2.0 MGD) BOOSTER STATION
20" LOW PRESSURE/ SUCTION WATERLINE
EX. AEP 69KV TO BE RELOCATED
OAK HILL ROAD
BERRY HILL ROAD
SOUTH LOW PRESSURE ZONE
NORTH HIGH PRESSURE ZONE
EX. RAIL
16" SEWER FORCEMAIN
20" WATERLINE
WATER METER AND CONTROL VALVE
SEWER RAIL CROSSING UNDER CONSTRUCTION
20" WATERLINE (BY CITY OF EDEN)
EXISTING 16" SEWER FORCEMAIN TO STATE LINE
DAN RIVER
PITTSYLVANIA COUNTY VIRGINIA
ROCKINGHAM COUNTY NORTH CAROLINA
LEGEND
EX. WATERLINE
EX. SEWER
EX. GAS LINE
EX. POWER
FUTURE POWER
WATERLINE UNDER CONSTRUCTION
FUTURE WATER
SEWER UNDER CONSTRUCTION
FUTURE SEWER
PRESSURE ZONE
SOVA MEGASITE AT BERRY HILL
OVERALL WATER AND SEWER MAP
AUGUST, 2019

Return on Investment

Water

200,000	gallons/day
267	CF/day
$2.60	CF/day (Danville)
$1.60	gallon (Eden)
260	days

$694.20	day
$180,492.00	annual
$320.00	Eden Daily cost
$83,200.00	Eden annual cost
$97,292.00	**COD Total**

Wastewater

160,000	gallons/day
214	CF/day
$2.38	CF/day (Danville)
$2.00	gallon (Eden)
260	days

$509.32	day
$132,423.20	annual
$320.00	Eden daily cost
$83,200.00	Eden annual cost
$49,223.20	**COD Total**

Water

1,000,000	gallons/day
1333.333333	CF/day
$2.60	CF/day (Danville)
$1.60	gallon (Eden)
260	days

$3,466.67	day
$901,333.33	annual
$1,600.00	Eden Daily cost
$416,000.00	Eden annual cost
$485,333.33	**COD Total**

Wastewater

800,000	gallons/day
1066.666667	CF/day
$2.38	CF/day (Danville)
$2.00	gallon (Eden)
260	days

$2,538.67	day
$660,053.33	annual
$1,600.00	Eden daily cost
$416,000.00	Eden annual cost
$244,053.33	**COD Total**

Return on Investment

Water

3,000,000	gallons/day
4000	CF/day
$2.60	CF/day (Danville)
$1.60	gallon (Eden)
260	days

$10,400.00	day
$2,704,000.00	annual
$4,800.00	Eden Daily cost
$1,248,000.00	Eden annual cost
$1,456,000.00	**COD Total**

Wastewater

2,400,000	gallons/day
3200	CF/day
$2.38	CF/day (Danville)
$2.00	gallon (Eden)
260	days

$7,616.00	day
$1,980,160.00	annual
$4,800.00	Eden daily cost
$1,248,000.00	Eden annual cost
$732,160.00	**COD Total**

Water

5,000,000	gallons/day
6666.666667	CF/day
$2.60	CF/day (Danville)
$1.60	gallon (Eden)
260	days

$17,333.33	day
$4,506,666.67	annual
$8,000.00	Eden Daily cost
$2,080,000.00	Eden annual cost
$2,426,666.67	**COD Total**

Wastewater

4,000,000	gallons/day
5333.333333	CF/day
$2.38	CF/day (Danville)
$2.00	gallon (Eden)
260	days

$12,693.33	day
$3,300,266.67	annual
$8,000.00	Eden daily cost
$2,080,000.00	Eden annual cost
$1,220,266.67	**COD Total**

Possible Funding Sources

- Virginia Tobacco Commission
- Virginia Resource Authority
- Loan from another utility fund balance
- Water fund balance
- Defer current CIP project until FY2021

Questions?