

Adopted Budget - FY 2020

Telecommunications

Calculation of Contribution to(from) Fund Balance/General Fund

	Adopted Budget FY 2019	Adopted Budget FY 2020
Estimated Revenue		
Rev-Use Money/Property	48,950	53,030
Charges for Services	632,200	557,600
Miscellaneous Revenue	0	0
Transfer from Fund Balance	0	0
Total Estimated Revenue	681,150	610,630
Operating Expenses		
Administration Services	14,700	12,320
Operations	872,480	907,090
Purchased Services	63,600	57,000
Capital Expenses	105,000	25,000
Capital Projects	600,000	250,000
Total Operating Expenses	1,655,780	1,251,410
Net Operating Income (Loss)	-974,630	-640,780
Add:		
Depreciation	459,200	476,620
Deduct:		
Debt Service Principal	0	0
Capital Expenditures from Current Operating Funds	0	0
Contribution to City's General Fund	81,000	81,000
Contribution To(From) Retained Earnings	(596,430)	(245,160)

TELECOMMUNICATION FUND

ADOPTED BUDGET - CAPITAL & SPECIAL PROJECTS - FY 2020-2024

Project/Source	PL#	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	5 Yr Total
nDanville							
Fiber to the Home	60844	\$ 250,000	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ 850,000
nDanville Total		\$ 250,000	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ 850,000
Funding Source:							
Utility Fund Revenues		\$ 4,840	\$ -	\$ -	\$ -	\$ -	\$ 4,840
Telecommunication Fund Balance		245,160	300,000	300,000	-	-	845,160
Total Funding		\$ 250,000	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ 850,000

**TELECOMMUNICATIONS FUND
ADOPTED BUDGET - CAPITAL & SPECIAL PROJECTS - FY 2020
FUNDING SOURCES**

	Current Revenues	Fund Balance	Debt Financing	Grants/CIA	Other	Project Total
<i>n Danville</i>						
Fiber to the Home	\$ 3,570	\$ 246,430	\$ -	\$ -	\$ -	\$ 250,000
Total n Danville	\$ 3,570	\$ 246,430	\$ -	\$ -	\$ -	\$ 250,000
Total Projects:	\$ 3,570	\$ 246,430	\$ -	\$ -	\$ -	\$ 250,000

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. Investments earnings are a function of the money marketplace and swings in the revenues reflect higher or lower interest rates. **Rental Income** that is offset by vehicle and equipment charges to the division for 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: This revenue category include consumer fees for services. Other revenues in this category include infrastructure charges to other divisions and departments of the City, charges for telephone and internet services to the School system and revenue for line charges, wide access network and internet service for the School systems reimbursed by the federal e-rate program. Other revenues in this category include penalties for non-payment. The change in revenue from FY18 to FY19 is from the loss of the Danville Public Schools e-rate contract. The loss of revenue from FY19-FY20 is from the updated proposed rates from the biennial rate study that will allow services to be closer to market.

MISCELLANEOUS REVENUE: This revenue represents contribution in aid received from the Virginia Department of Transportation.

TRANSFER FROM FUND BALANCE: The transfer from the Telecommunication fund balance is in support of Fiber to the Home, Telecommunication’s Capital Project.

	FY 2017 Actual	FY 2017 Actual	FY 2019 Adopted	FY 2020 Adopted	Increase/ (Decrease)
Revenues:					
Rev-Use Money & Property	\$ 27,902	\$ 40,214	\$ 48,950	\$ 53,030	\$ 4,080
Charges for Services	1,670,449	1,558,172	632,200	557,600	(74,600)
Miscellaneous Rev	69,223	-	-	-	-
Transfer From Fund Bal	-	-	600,000	246,430	(353,570)
Totals	\$1,767,574	\$1,598,386	\$1,281,150	\$ 857,060	\$ (424,090)

Description

The mission of the Telecommunications Fund is to provide premium network services at affordable costs. The Telecommunications Fund is an e-rate service provider to Danville Public Schools and Pittsylvania County Schools and maintains and operates nDanville, a high-tech fiber optic network. nDanville is currently connected 100 government buildings, 200 businesses, and over 300 residential customers. The City serves its own needs, but is not a commercial telecommunications service provider. nDanville is open to any internet or telecommunications provider. The City and public school districts use nDanville to improve communications and data transmission, support shared use of computer applications and data files enable distance conferencing and learning, expand internet access, monitor and control equipment, and improve the reliability of utility systems.

Expenditures

	FY 2017 Actual	FY 2017 Actual	FY 2019 Adopted	FY 2020 Adopted	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 120,689	\$ 123,978	\$ 127,580	\$ 127,640	\$ 60
Employee Benefits	23,945	18,381	23,950	24,600	650
Purchased Services	86,144	107,237	103,380	95,490	(7,890)
Internal Service	37,682	39,139	42,050	40,580	(1,470)
Other Operating Exp	19,373	26,352	52,360	17,170	(35,190)
Source of Supply	154,985	55,590	63,600	57,000	(6,600)
Cost Allocation	132,401	114,637	78,660	137,310	58,650
Depreciation	355,894	384,722	459,200	476,620	17,420
Transfer Out	302,000	302,000	81,000	81,000	-
Totals	\$1,233,113	\$1,172,036	\$1,031,780	\$ 1,057,410	\$ 25,630

Personnel

This budget proposes the elimination of one position. The position is vacant.

Position Title	FY 2019 FTEs	FY 2020 FTEs
BROADBAND NETWORK ENGNRNG TECH	2.00	1.00
DIVSN DIR OF TELECOMMUNICATION	1.00	1.00
Total	3.00	2.00

Description

This project includes the expansion of fiber optics into residential communities. To date, nDanville has helped attract economic prospects to Southside Virginia and has passed over 2,000 homes. All industrial parks are nDanville fiber ready. The deployment will continue the residential expansion of nDanville. Revenue accumulated from residential and commercial connections will be reinvested into future neighborhood deployments pending City Council's approval. This project will act as an investment towards the future of our community that is driven by information and technology. The change in revenue from FY18 to FY19 is from the loss of the Danville Public Schools e-rate contract. The loss of revenue from FY19-FY20 is from the updated proposed rates from the biennial rate study that will allow services to be closer to market.

Expenditures

	FY 2017 Actual	FY 2017 Actual	FY 2019 Adopted	FY 2020 Adopted	Increase/ (Decrease)
Expenditures:					
Personnel Svcs	\$ -	\$ 950	\$ -	\$ -	
Employee Benefits	-	138	-	-	
Purchased Services	490,335	448,681	92,500	25,000	(67,500)
Internal Services	-	403	-	-	
Other Operating Exp	110,817	156,186	12,500	-	(12,500)
Capital Outlay	20,400	231,063	-	-	-
Capital Projects	-	-	600,000	250,000	(350,000)
Contingency Approp	-	-	-	-	-
Totals	\$ 621,552	\$ 836,333	\$ 705,000	\$ 275,000	\$ (430,000)

Personnel

There are no employees exclusively or specifically assigned to telecommunication capital projects. Installations are performed by contractors.

Accomplishments

In FY19, nDanville was expanded to the Grove Park community passing almost 300 homes. Overall, nDanville has passed over 2,000 homes and has connected approximately 12% of those customers. Customer counts are increasing year-to-year as more customers are using and telling their friends and neighbors about their nDanville experience.

Goals

Continue to expand the nDanville network into the Starmont neighborhood. This area has approximately 1,000 homes and require at least three years to complete. Staff is also reviewing newer wireless technologies that will allow nDanville to be deployed faster without having to deploy fiber in every neighborhood.

FY 2020 FIVE-YEAR CAPITAL & SPECIAL PROJECTS PLAN
PROJECT DESCRIPTION

Project Title: nDanville Ph 3 Fiber to the Home
Project No: TBd

Department: Utilities
Division: Telecommunications
Section: N/A

Description:

This project will involve installing nDanville fiber optics in residential neighborhoods in order to pass approximately 500 homes per year. To date, nDanville has helped attract economic prospects in Southside Virginia and has passed over 1,500 homes. All industrial parks are nDanville fiber ready.

Justification:

The deployment will continue to expand nDanville into residential neighborhoods while operating debt free. The expansion areas will begin to have a positive payback by year three and continue to show profits every year forward. The projects will not rely on taxpayer or utility ratepayer revenue. Revenue accumulated from these residential connections will be reinvested into future fiscal budgets and used for future neighborhood deployments pending City Council's approval. The residential project would act as an investment towards the future of our community that is driven by information and technology.

Comments:

N/A

Funding	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total
Utility Revenues	3,570	-	-	-	-	3,570
Telecommunication Fund Balance	246,430	300,000	300,000	-	-	846,430
Total Funding Sources	250,000	300,000	300,000	-	-	850,000

Goals/Milestones:

FY 2020	Funds will be spent on materials (conduit, fiber optic cable, and electronics) and labor (engineering and construction) to install nDanville accerss to the homes in prospective neighborhoods with approximately 400-500 homes. The neighborhoods will be selected based on customer feedback and from surveying service providers
FY 2021	Funds will be spent on materials (conduit, fiber optic cable, and electronics) and labor (engineering and construction) to install nDanville accerss to the homes in prospective neighborhoods with approximately 400-500 homes. The neighborhoods will be selected based on customer feedback and from surveying service providers
FY 2022	Funds will be spent on materials (conduit, fiber optic cable, and electronics) and labor (engineering and construction) to install nDanville accerss to the homes in prospective neighborhoods with approximately 400-500 homes. The neighborhoods will be selected based on customer feedback and from surveying service providers
FY 2023	N/A
FY 2024	N/A