



Danville Utility Commission
4:00 p.m. February 24, 2020 Meeting
Council Chambers, City Hall
Minutes

Commission Members Present: Bill Donohue, Ken Larking, Helm Dobbins, Fred Shanks, Sheila Williamson-Branch, Paul Liepe, Bert Eades

Commission Members Absent: Vanessa Cain

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

Others Present: Jerry Shupe, Inframark

Call to Order and Announcements

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

Discussion/Business Items

Minutes of January 27, 2020 Commission Meeting

Chairman Donohue asked for any corrections, deletions, or adjustments to the minutes from January 27, 2020.

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

Review of Utilities' Financial Statements

Ms. Holley presented the December financial statements for each utility fund.

Mr. Grey explained to the Utility Commission that due to the milder winter months, the gas and electric funds both are lower than budgeted. He said this has been the warmest January in the past five years.

Mr. Dobbins said that it would be nice to see the past five to ten years year-by-year to see if the difference between budgets for the winter months averages out. Mr. Grey responded that staff can put this together.

Mr. Eades asked why the General and Administrative Expenses is higher year-to-year for the Telecommunications Fund. Ms. Holley responded that she did not research this, but will get back with the Commission regarding this.

Fiscal Year 2021 Utilities Budget

Ms. Millner presented changes to the proposed 2021 fiscal year budget to the Commission from the last meeting. Corrections included changes to the water and wastewater fund due to the change in the rates in Fiscal Year 2020.

Mr. Shanks requested that the reporting return to the way it was reported in previous years. Mr. Donahue agreed that it was easier to read and was more of a business format than a government format. Mr. Grey responded that the same software has been used and that perhaps an upgrade to the software makes the data appear differently.

Mr. Dobbins asked if it would be possible to add an additional column for projected numbers to simplify the way the report is read rather than having to flip back and forth between pages, much like pages 10 and 11 of the Utility Commission packet. This way the budget would appear more like a general accounting principles format and would better summarize the information. Mr. Grey responded that staff will talk with Information Technology and Finance and see if this can be done.

Mr. Shanks requested a summary of the capital improvement budget for substations – recent and future. Mr. Grey responded that in 2018 the Schoolfield Substation was engineered and is currently being upgraded. In 2019, the Riverside Substation was engineered and is currently being upgraded. In 2020 the Kentuck and Whitmell substations will be engineered and transformers ordered. In 2021, Kentuck and Whitmell Substations will be upgraded. The Southside Substation and New Design substation will be upgraded in FY2022. Westover substation that feeds the west side of Danville will be upgraded in 2023.

Mr. Shanks asked what year is the Westover Substation upgrade. Mr. Grey responded that it is planned for either 2023 or 2024. Mr. Shanks asked if reliability is considered when prioritizing upgrades to substations.

Mr. Shanks stated that he has family in Westover and that he is concerned with how often that substation goes out of service. Mr. Grey responded that the outages have been more due to weather instances than equipment failure and that the upgrades are prioritized by the age of the infrastructure. He would like to see the performance of the Westover Substation to summarize what are the reasons for each time the substation has gone down.

Mr. Donahue requested that information be shared regarding the substations at the next Utility Commission meeting.

Mr. Shanks asked about the funding on page 37 regarding the substation projects. Mr. Grey explained each year's project, the cost, and the timeframe for each project. Mr. Shanks said he understands that some of the substations are under design currently, but he would like to know more about how the order of upgrade was determined.

Mr. Larking stated that a document can be created that shows the criteria that helped determine how each substation was put in the order for upgrade.

Mr. Donahue mentioned that the Westover area has been hit twice by major windstorms and that the substation may need to be reevaluated to ensure that these storms had no effect on the health of the substation.

Mr. Eades asked what was determined to be the problem with the Westover Substation. Mr. Grey responded that a lightning arrester failed that damaged a bushing to the transformer. Unfortunately the bushing was from 1975, so there was not a bushing on hand to fit the transformer so it took time to get a bushing to repair the transformer.

Mr. Eades asked if parts could be standardized in upgrades to make having replacement part inventory less cost prohibitive. Mr. Grey responded that due to the different vendors supplying the substation components, it would not be possible as the parts vary from manufacturer to manufacturer, and the Utility must award the bids to the most qualified, lowest bidders.

A motion was made by Mr. Dobbins and seconded by Ms. Williamson-Branch to approve the Utility Department's Proposed Fiscal Year 2021 Budget for submission to the City Manager and inclusion in his budget proposal to the City Council, with the Commission's recommendation for its adoption by the Council. It was further moved that staff make the budget expenditure adjustments necessary to bring the budgets back into balance and brief the Commission on actions taken at the April 27th meeting, should on-going evaluations reveal revenue shortfalls. All members voted in favor, and the motion carried unanimously.

Kentuck Substation Property Acquisition

Mr. Haley told the Commission that as part of the Kentuck substation upgrade, an additional half acre of land is needed to accommodate the open-air design needed to upgrade the station to meet current design standards. Staff has been able to negotiate a purchase price of \$15,000 with the current property owner for a half acre of land adjoining the substation.

Mr. Liepe made a motion and Ms. Williamson-Branch seconded that the Danville Utility Commission recommend to City Council purchasing a half acre adjacent to Kentuck substation for \$15,000 in order to expand the Kentuck substation footprint. All members voted in favor, and the motion carried unanimously.

Department Discussions

Mr. Larking stated the budget will be presented at the second meeting in March.

Mr. Eades suggested that the board packets be sent electronically rather than mailed out. Mr. Grey asked if the Utility Commission would be okay with utilizing tablets and a link would be mailed out prior to the meeting for review. The Commission agreed that this would be acceptable.

Mr. Todd Turner, City resident, spoke regarding the gas budget. He pointed out that there are a lot of City residents off Westover Drive and in the Glenwood community that have not received gas service. He asked if there was any consideration to serve these areas prior to Pittsylvania County residents. Mr. Grey responded that the extensions are based on a feasibility assessment. The assessment will be completed in May, and will be dependent on the return on investment.

Mr. Gordon Lyles spoke regarding his neighborhood on Halifax Road. He stated that a lot of crashes have occurred in that area and would like an installation of a guardrail to be addressed. Mr. Larking responded that this would be a matter for Public Works and not Danville Utilities, and that he will relay the message. Mr. Donahue requested that Danville Utilities look into the lighting in the area to make sure it is adequate to avoid accidents.

Mr. Grey presented updates to the Strategic Plan and the progress to the plan. Mr. Liepe asked about the reliability item in the plan. He asked if Danville Utilities has not been tracking outages as they occur. Mr. Grey stated that currently outages are not tracked, but there is a software that Danville Utilities is working to obtain that will track the outages and will provide this information.

Mr. Liepe was also concerned about the Strategic Plan mentioning the implementation of a safety manual. Mr. Grey stated that the City has a manual, but each division of Danville Utilities does not. The industry standard's manual is followed for each type of utility. Danville Utilities is planning on crafting safety manuals specific to each division within the Utility.

Mr. Donahue asked about the Strategic Plan item regarding Danville Utilities being an employer of choice. Mr. Grey responded that Danville Utilities has begun a robust on boarding process. There will also be a larger push to find out why people exit from Danville Utilities. Mr. Grey said employee retention has been better over the past few years.

Mr. Eades asked had the cost been figured out to the total dollar cost impact for each goal in the Cost and Asset Management category. Mr. Grey responded that it has not as of yet. Mr. Eades recommended that this action be taken.

Mr. Grey stated a presentation will be put together for the March meeting on the Westover Substation and future planning on its upgrades. Mr. Donahue asked for benchmark information on what other utilities are doing in the area. Mr. Shanks asked Mr. Grey to check with Appalachian Power to see what impact they have weather-wise with their substations. Mr. Grey responded that Piney Forest and West Fork were not affected by the storm the way that Westover was, so staff can check, but it may not show any differences since Danville Utilities other nearby substations didn't experience the same conditions as Westover. Mr. Shanks requested at least 10 years of history.

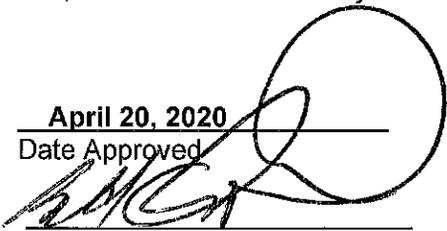
Mr. Grey updated the Commission on renewable energy credits. He stated that they are a high commodity, and that the market may be more aggressive in the future.

Mr. Grey mentioned that the legislation that has been passed does not affect Danville Utilities since it is municipality-owned. A good goal for total renewable energy however, would be 2050.

Adjournment

Chairman Donohue stated the next meeting is scheduled for March 23, 2020. Mr. Liepe made a motion to adjourn the meeting, and the motion was seconded by Mr. Dobbins. All members voted in favor. There being no further business, Chairman Donohue adjourned the meeting at 5:38 p.m.

Submitted by Janet C. Davis
Secretary to the DUC

April 20, 2020
Date Approved

Chairman
Danville Utility Commission