

Telecommunications Fund Highlights

Revenue

Charges for Services

Revenues are forecasted based upon actual data from the prior fiscal year and known changes in contracts for Telecommunication services. For the FY 2020 budget, a 7% increase of \$45,140 is expected based on current market conditions and previous rate study information.

Telecommunications expenditures

Operations Decrease of \$4,590 primarily attributed to a decrease in internal allocations.

Source of Supply No change to expenses and includes phone service for City of Danville schools

Capital Expenses Regular Capital is used to repair any outside plant issues that arise. This is line work involved in maintaining the current cabling. The FY 2021 budget includes \$25,000 for contractor expenses.

Projects

We included \$1,500,000 in CIPs for the following:

nDanville Phase 3 Fiber to the Home

This project will be funded with \$208,730 from fund balance, \$41,270 from revenues and \$1,250,000 from Gas Fund balance as a loan.

Adopted Budget - FY 2021

Telecommunications

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

	Adopted Budget FY 2020	Adopted Budget FY 2021
Estimated Revenue		
Rev-Use Money/Property	53,030	31,000
Charges for Services	557,600	624,770
Non-Revenue Receipts	0	0
Total Estimated Revenue	610,630	655,770
Operating Expenses		
Administration Services	12,320	7,980
Operations	907,090	925,750
Purchased Services	57,000	57,000
Capital Expenses	25,000	25,000
Capital Projects	250,000	250,000
Total Operating Expenses	<u>1,251,410</u>	<u>1,265,730</u>
Net Operating Income (Loss)	-640,780	-609,960
Add:		
Depreciation	476,620	482,230
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	<u>(245,160)</u>	<u>(208,730)</u>

TELECOMMUNICATION FUND

ADOPTED BUDGET - CAPITAL & SPECIAL PROJECTS - FY 2021-2025

Project/Source	PL#	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	5 Yr Total
nDanville							
Fiber to the Home	60844	\$ 1,500,000	\$ 600,000	\$ 300,000	\$ 300,000	\$ 1,300,000	\$ 4,000,000
nDanville Total		\$ 1,500,000	\$ 600,000	\$ 300,000	\$ 300,000	\$ 1,300,000	\$ 4,000,000
Funding Source:							
Utility Fund Revenues		\$ 41,270	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 1,241,270
Loan From Gas Fund		1,250,000	-	-	-	-	1,250,000
To Be Determined		-	-	-	-	1,000,000	1,000,000
Telecommunication Fund Balance		208,730	300,000	-	-	-	508,730
Total Funding		\$ 1,500,000	\$ 600,000	\$ 300,000	\$ 300,000	\$ 1,300,000	\$ 4,000,000

**TELECOMMUNICATIONS FUND
ADOPTED BUDGET - CAPITAL & SPECIAL PROJECTS - FY 2021
FUNDING SOURCES**

	Current Revenues	Fund Balance	Debt Financing	Grants/CIA	Other	Project Total
<i>n Danville</i>						
Fiber to the Home	\$ 41,270	\$ 208,730	\$ -	\$ -	\$ 1,250,000 (1)	\$ 1,500,000
Total n Danville	\$ 41,270	\$ 208,730	\$ -	\$ -	\$ 1,250,000	\$ 1,500,000
Total Projects:	\$ 41,270	\$ 208,730	\$ -	\$ -	\$ 1,250,000	\$ 1,500,000

(1) Loan From Gas Fund

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.

MISCELLANSOUS 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.

Revenues:	FY 2018 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2021 Adopted	Increase/ (Decrease)
Rev-Use Money & Property	\$ 40,214	\$ 38,900	\$ 53,030	\$ 31,000	\$ (22,030)
Charges for Services	1,558,172	886,955	557,600	624,770	67,170
Miscellaneous Rev	-	15,744	-	-	-
Totals	\$ 1,598,386	\$ 941,599	\$ 610,630	\$ 655,770	\$ 45,140

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 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 2018 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2021 Adopted	Increase/ (Decrease)
Expenditures:					
Personnel Services	\$ 123,978	\$ 124,713	\$ 127,640	\$ 135,680	\$ 8,040
Employee Benefits	18,381	18,541	24,600	21,900	(2,700)
Purchased Services	107,237	89,463	95,490	105,650	10,160
Internal Service	39,139	36,361	40,580	40,500	(80)
Other Operating Exp	26,352	15,778	17,170	16,370	(800)
Source of Supply	55,590	57,549	57,000	57,000	-
Cost Allocation	114,637	83,324	137,310	131,400	(5,910)
Depreciation	384,722	413,066	476,620	482,230	5,610
Transfer Out	302,000	81,000	81,000	81,000	-
Totals	\$ 1,172,036	\$ 919,795	\$ 1,057,410	\$ 1,071,730	\$ 14,320

Personnel

Position Title	FY 2019 FTEs	FY 2020 FTEs	FY 2021 FTEs
BROADBAND NETWORK ENGNRNG TECH	2.000	1.000	1.000
DIVSN DIR OF TELECOMMUNICATION	1.000	1.000	1.000
Total	3.000	2.000	2.000

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

The capital project, nDanville, includes a loan from the Gas Fund in the amount of \$1,250,000. However, this is not reflected in the budget above as this is handled as an administrative entry and does not require a budget entry.

	FY 2017 Actual	FY 2019 Actual	FY 2020 Adopted	FY 2021 Adopted	Increase/ (Decrease)
Expenditures:					
Personnel Svcs	\$ 950	\$ -	\$ -	\$ -	
Employee Benefits	138	-	-	-	
Purchased Services	448,681	382,311	25,000	25,000	-
Internal Services	403	-	-	-	
Other Operating Exp	156,186	182,751	-	-	-
Capital Outlay	231,063	-	-	-	-
Capital Projects	-	-	250,000	250,000	-
Contingency Approp	-	-	-	-	-
Totals	\$ 836,333	\$ 565,062	\$ 275,000	\$ 275,000	\$ -

Personnel

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

Goals

Continue to expand the nDanville network into the selected neighborhood based on the feasibility study. 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 that are considered unserved broadband areas. The Federal Communications Commission defines broadband as being able to have access to high-speed connection of at least 25 mbps down and 3 mbps upload. The deployment areas will be determined by surveys completed and areas that do not have access to broadband. The long term goal is to have fiber optic nDanville service to every address within the electric service territory. In FY2021, we expect to be able to fund \$250,000 from the Telecommunication fund balance and would request a \$1,250,000 loan from the gas fund.

Justification:

The deployment will continue to expand nDanville into residential neighborhoods. Revenue accumulated from these residential 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.

Comments:

N/A

Funding	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Utility Revenues	41,270	300,000	300,000	300,000	300,000	1,241,270
Loan from Gas Fund	1,250,000	-	-	-	-	1,250,000
To be Determined	-	-	-	-	1,000,000	1,000,000
Telecommunication Fund Balance	208,730	300,000	-	-	-	508,730
Total Funding Sources	1,500,000	600,000	300,000	300,000	1,300,000	4,000,000

Goals/Milestones:

FY 2021	To incrementally expand the nDanville network in order to provider broadband to every customer within our 500 square mile electric service territory. We will continue to utilize our partnership with Riverstreet Networks and other service providers to offer their services across the open access network.
FY 2022	To incrementally expand the nDanville network in order to provider broadband to every customer within our 500 square mile electric service territory. We will continue to utilize our partnership with Riverstreet Networks and other service providers to offer their services across the open access network.
FY 2023	To incrementally expand the nDanville network in order to provider broadband to every customer within our 500 square mile electric service territory. We will continue to utilize our partnership with Riverstreet Networks and other service providers to offer their services across the open access network.
FY 2024	To incrementally expand the nDanville network in order to provider broadband to every customer within our 500 square mile electric service territory. We will continue to utilize our partnership with Riverstreet Networks and other service providers to offer their services across the open access network.
FY 2025	To incrementally expand the nDanville network in order to provider broadband to every customer within our 500 square mile electric service territory. We will continue to utilize our partnership with Riverstreet Networks and other service providers to offer their services across the open access network.