



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: March 13, 2024

AGENDA ITEM: Review funding options for new utility only and joint city ERP software.

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

The contract has been executed with SpryPoint for the GRPU only utility software. The total cost is \$474,200. The joint city/utility ERP software costs were received and total \$739,351, of which the city share is \$345,628 and GRPU share is \$393,723. Total cost of both software projects is \$1,213,551.

The GRPU cost for the new utility and ERP software total is \$869,923. Even though the costs for the utility software can be covered by the 2024 budget, the GRPU share of the joint ERP software can only be covered by the 2024 budget if other projects do not go forward in 2024.

GRPU and city have researched three main funding options (debt) with Ehlers.

- Competitive Sale of Equipment Certificates of approximately \$1,000,000
- Internal Loan \$1,000,000
- Lease or Bank Placement \$1,000,000

The funding options are based on total project estimated costs of \$1,225,000 (rounded up from \$1,213,551) with GRPU providing a cash deposit of approximately \$225,000 leaving a balance of \$1,000,000 for debt funding for seven years. Ehlers has provided the attached issue options summary and background financial data.

Each option has pros and cons, and I would like to walk through the options with the GRPU Commission at the work session.

RECOMMENDATION:

Review financing options for utility only and joint city ERP software and receive feedback.