

Grand Rapids Public Utilities

June 10, 2026

Operational and Capital Updates

GRPU Management Team



**GRAND RAPIDS
PUBLIC UTILITIES**
Service is Our Nature



MISSION VISION VALUES

WHO WE ARE

Grand Rapids Public Utilities (GRPU) is a statutory municipal utility established by the city of Grand Rapids, Minnesota. The Grand Rapids Public Utilities Commission (GRPUC) provides full control, operation and management of the GRPU electric power distribution system, the water production, treatment and distribution systems, and the wastewater collection and treatment systems.



Our Vision

Our vision is to be a dynamic public asset for the thriving community of Grand Rapids, enhancing lives and fostering growth through excellence in the provision of essential utility services.



Our Mission

Our mission is to empower GRPU team members to deliver safe, reliable, affordable, sustainable, and customer-focused utility services for our community.



Our Values

- Safety** We hold paramount the well-being of our employees and the public in all operations.
- Integrity** We uphold ethical standards and foster trust with all stakeholders.
- Customer Focus** We prioritize customer needs and satisfaction in all our decisions and actions.
- Efficiency** We maximize resources to provide cost-effective services without compromising quality.
- Reliability** We consistently deliver high-quality utility services and strive for uninterrupted access.
- Sustainability** We employ environmentally responsible practices in our operations and services.
- Transparency** We openly share information and decision-making processes, promoting informed community involvement.



Uninterrupted, High-Quality Utility Services (US)

Capital: WTP Renovation Update by Steve Mattson

Discussion:

- Review project scope
- Schedule
- Project costs
- Funding
- Impact on rates





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Scope:

- Renovate the 38-year old water plant – past its useful life
- Process upgrades to the various treatment unit operations; aeration, filtration, and softening
- Replacement of all associated tanks, blowers, ducting, valves, motors, media, resin, and instrumentation equipment that support the treatment of the raw water with higher efficiency motors
- Motor control center (MCC) replacement
- Building/roof repairs/ HVAC
- Security improvements
- With disinfection – dedicated chemical rooms





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Schedule:

- Detailed water quality study – completed wells, changes through plant operations
- Preliminary engineering – completed
- Final Design – Started
Includes electrical/mechanical/structural drawings
MDH approval of plans
- Final Design – completion Fall 2026
- Bidding - Winter 2026/27
- Construction – 2027 – 2028 (maybe longer?)





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Project Costs:

- Original estimate (2021) = \$5,170,000
Current estimate = \$13,560,000 (162% increase)
- What changed?
 - First estimate very rough - no contingency
 - Scope changes:
 - Building modifications – chem rooms, equipment delivery, office space ~ \$1.0 Mil
 - Filtration improvements – underdrains ~ \$0.8 Mil
 - Chemical changes (solid to liquid) ~ \$0.3 Mil
 - High service pumps replacement and VFD ~ \$0.7 Mil
 - Legionella - led into chemicals and additional equipment plumbing code changes, painting pipes ~ \$1.5 Mil
 - Design ~ \$0.6 Mil
 - Construction costs surged over 50% since Covid
 - Inflation – 26% since 2021
- Brainerd modifications 2024 - \$10,500,000
Hill City new plant 2023 - \$9,000,000 400 GPD plant
Aurora new plant 2024 - \$25,000,000





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Project Funding:

- State Grant = \$2,500,000
- Federal Community Projects – applied for \$4,000,000 have full support from Sen Amy Klobuchar and Sen Tina Smith (BABA ~20% increase add ~\$1,500,000)
- GRPU Cost = \$8,534,000 – best case scenario
- GRPU Cost = \$11,060,000 – worst case scenario
- Funding options include:
 - G.O. bonds through the city of GR
 - PFA loan
- Useful life for the improvements is 30 years (BMI)



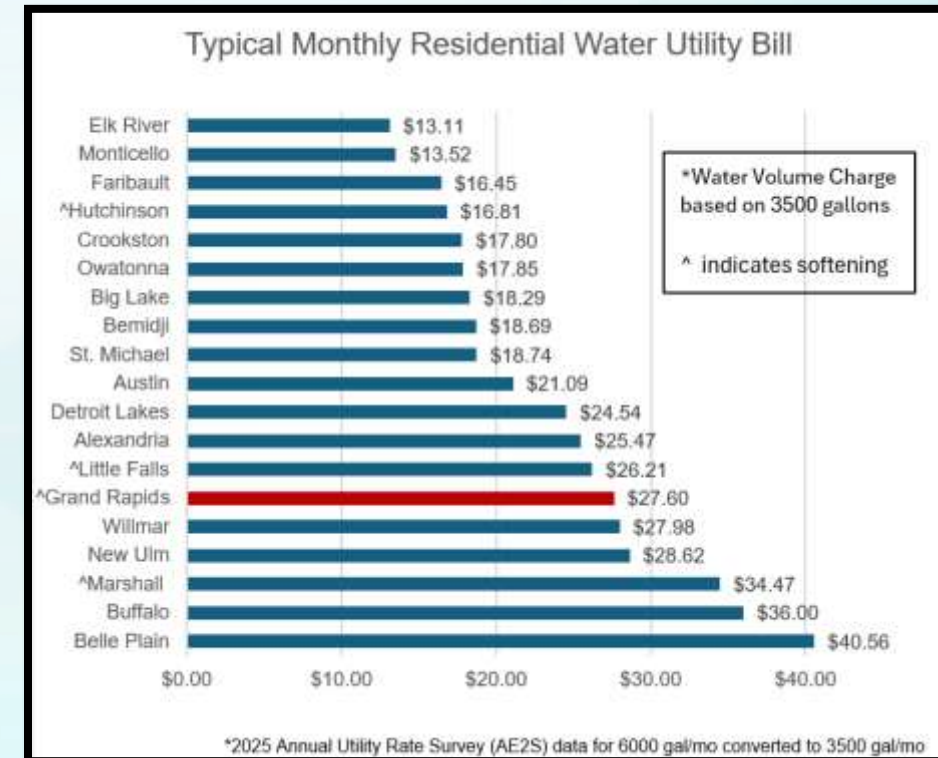


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Existing Rates:

- AVG annual change in water rates (AE2S Midwest study)
 - 2023 – 7.5%
 - 2024 – 7%
 - 2025 – 8%
- GRPU change in water rates (Dave Berg recommended)
 - 2023 – 15%
 - 2024 – 10%
 - 2025 – 10%
- GRPU water bill – residential
3,500 gal/mo
\$27.60/mo
- Affordability Threshold MHI per American Community
\$56.54/mo (3,500 gal/mo) *BMI



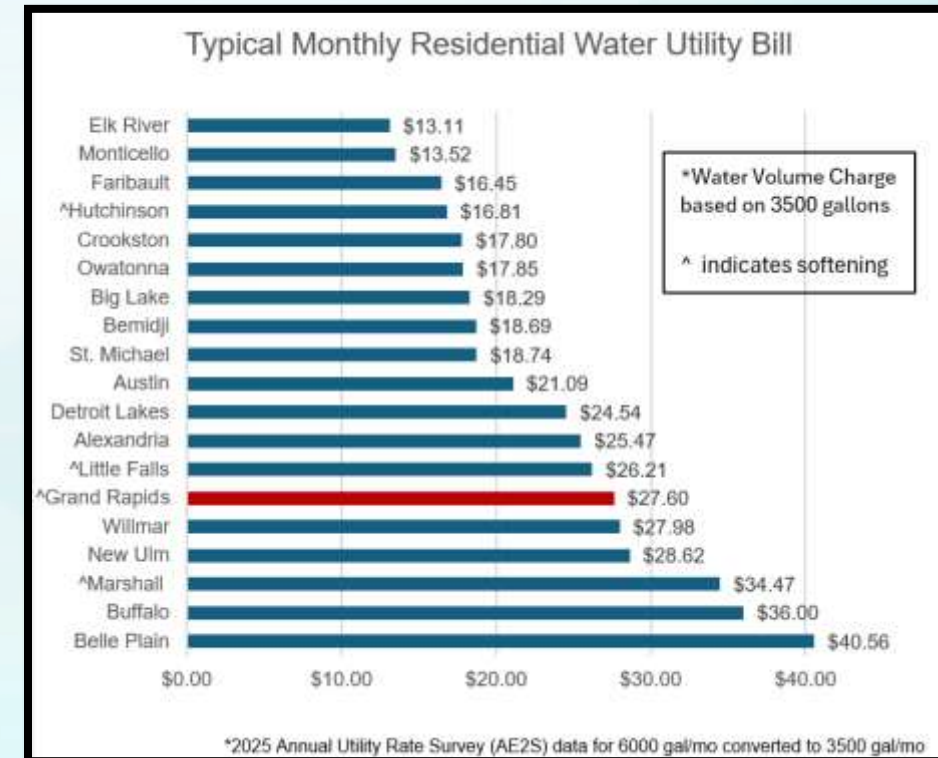


Uninterrupted, High-Quality Utility Services (US)

Capital: WTP Renovation Update by Steve Mattson

Proposed Rates for WTP renovation scenario 1 – worst case (just to cover project costs):

- Assume no replacement funds available
- Assume continuation of 10% increase
- Current debt service \$260,000 annually
- \$11,060,000 WTP reno project costs – state grant applied
- New debt - 3% over 20 years in today's dollars:
\$736,000 additional debt service
2027 – 5.5%
2028 – 12.1%
2029 – 13.6%
- Current residential cost (3,500 gal/mo) = \$27.60/month
- Projected residential cost (3,500 gal/mo) = \$35.56/month



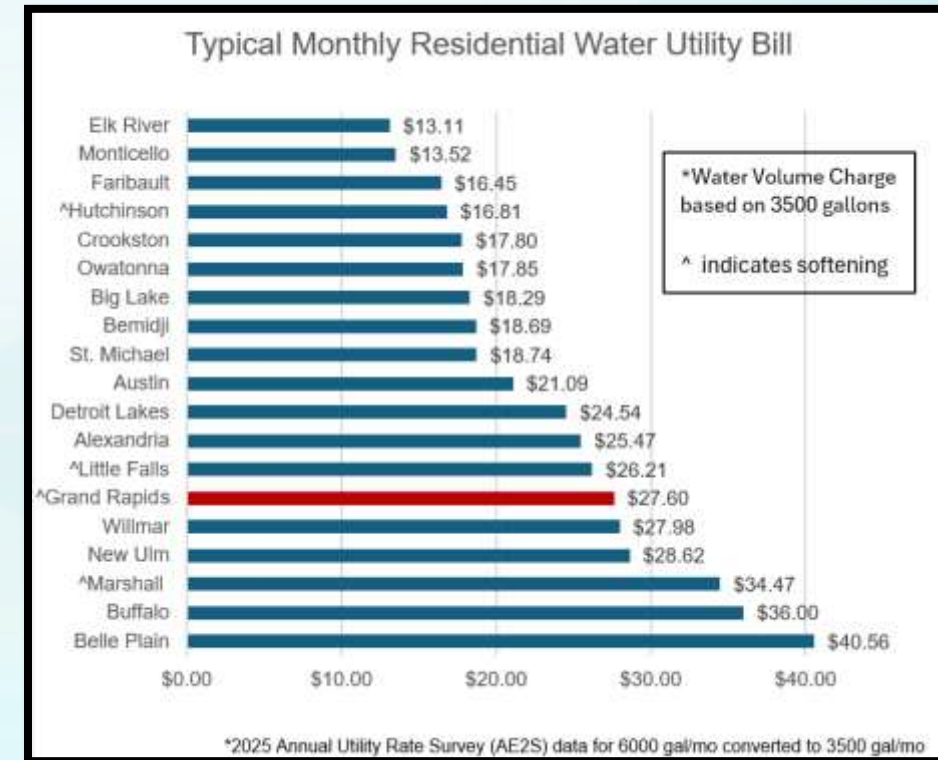


Uninterrupted, High-Quality Utility Services (US)

Capital: WTP Renovation Update by Steve Mattson

Proposed Rates for WTP renovation scenario 2 – best case (just to cover project costs):

- Assume no replacement funds available
- Assume continuation of 10% increase
- Current debt service \$260,000 annually
- \$8,534,000 WTP reno project costs – state grant applied
- New debt - 3% over 20 years in today's dollars:
\$568,000 additional debt service
2027 – 7.0%
2028 – 7.0%
2029 – 7.0%
- Current residential cost (3,500 gal/mo) = \$27.60/month
- Projected residential cost (3,500 gal/mo) = \$33.73/month



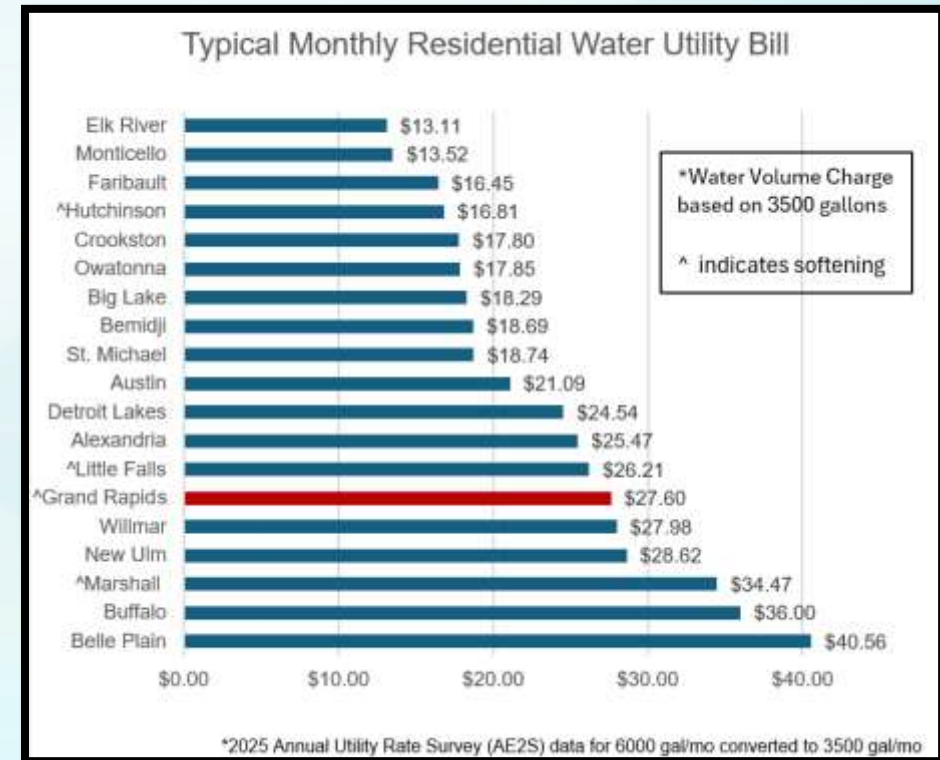


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Capital: WTP Renovation Update by Steve Mattson

Proposed Rates for five-year scenario (covering all capital costs, no federal funds):

- Assume no replacement funds available
- Current debt service \$260,000 annually
- \$15,665,000 in capital over the next 5 years – state grant applied
WTP reno, Sylvan Bay phase 2, tower reconditioning
* We do not have sufficient replacement funds to cover the major capital projects requiring us to bond
- New debt - 3% over 20 years in today's dollars:
\$1,043,000 additional debt service
2027 - 8% 2030 – 8%
2028 – 8% 2031 – 8%
2029 – 8%
- Current residential cost (3,500 gal/mo) = \$27.60/month
- Projected residential cost (3,500 gal/mo) = \$38.86/month





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Scenario Planning:

- Current plan is to complete the project over a two-year period.
Costs will be split over the 2 years. Debt payment due following year.
- Can the project move forward without federal funding?
Which means 41% increase over 5 years
- What is a reasonable \$/month increase for a household?



Grand Rapids Public Utilities

Upcoming Commission Meetings

Regular Meeting: June 24, 2026

Work Session: July 8, 2026



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