



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: July 13, 2022

AGENDA ITEM: Consider ratification of Water/Wastewater Department and Electric Department request to reallocate the approved 2022 operations and capital budget per the adopted Budget and Financial Planning policy.

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BACKGROUND:

The Budget and Financial Planning Policy was adopted by the Grand Rapids Public Utilities Commission on May 11, 2022. Copy of the adopted policy is attached for your reference.

This policy delegates authority to the General Manager (GM) to reallocate a budgeted dollar amount among the line items within the approved total annual capital and operating budgets without prior approval by the Commission. The GM will present for ratification by the Commission any reallocation greater than 5% of annual revenue for each individual utility enterprise or \$500,000.

This policy also allows the GM to reallocate a future capital budgeted dollar amount within the adopted five-year capital improvement plan provided the total five-year capital improvement dollar value does not change. The GM will present for ratification by the Commission any reallocation within the adopted five-year capital improvement plan.

REQUEST TO REALLOCATE 2022 BUDGET WATER & WASTEWATER:

GRPU has \$501,000 approved for the Wastewater Collection Operation and Maintenance budget for the sanitary televising project. The engineer's estimate for the project was \$501,146. The low bid GRPU received was \$642,925. Because the low bid was 28% over the budget management decided not to pursue the project for 2022.

Manager Mattson requested reallocate of the funds from the operations budget to go towards the joint capital project from Itasca County / City of Grand Rapids for redoing the intersection of SE

7th Ave and River road. GRPU assets underneath that intersection are between 47 and 64 years old.

The required capital investment for the GRPUC would be \$369,848 for wastewater and \$144,245 for water and a total of \$514,093. Funding for this project will come from the Wastewater Collection Main Replacement which has a current balance of \$526,815 and the Water Main Replacement which has a current balance of \$873,350.

REQUEST TO REALLOCATE 2022 BUDGET ELECTRIC

The Electric Department is unable to procure transformers for 2022 and postponed 2022 adopted and planned capital conversion projects that require these transformers. Specifically, ELEC2210 Crystal Springs Conversion budgeted cost \$146,000 and ELEC2221 SW 1st Avenue Conversion budgeted cost of \$30,000.

The Electric Department request is to reallocate the above listed 2022 adopted and budgeted capital projects to future capital projects originally planned for 2023. Specifically, 2023 cable replacement projects replacing older cross-linked poly cable and replacing this cable with newer EPR type cable budgeted cost \$176,000.

Both of the above requests to reallocate the 2022 budget, per the Budget and Financial Planning Policy, require presentation to the Commission and ratification by the Commission. The request to reallocate the water/wastewater 2022 budget from operations to capital will also require an estimated additional capital allocation of \$13,093 from current approved 2022 capital projects. In essence, a 2022 adopted capital project or combination of projects need to be under budget by \$13,093 to cover the additional capital cost in the reallocation of water/wastewater budget request.

RECOMMENDATION:

Ratify the Water/Wastewater Department and Electric Department requests as presented to reallocation the approved 2022 operations and capital budget per the adopted Budget and Financial Planning policy.