



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: October 28, 2026

AGENDA ITEM: Consider a motion to approve Resolution Number 10-28-26-07 adopting the Operating Reserve policy.

PREPARED BY: Taylor Bird, Finance Manager

BACKGROUND:

In 2023, the Grand Rapids Public Utilities Commission discussed the establishment of an Operating Reserve Policy; however, the policy was not formally adopted as GRPUC began the implementation of its new Oracle and SpryPoint systems.

While GRPUC maintains cash and investment balances, operating reserves have not been formally established. The proposed Operating Reserve Policy establishes a framework for maintaining adequate operating reserves for the Electric, Water, and Wastewater utilities to address unexpected operating expenses, revenue fluctuations, and operating contingencies.

The policy establishes an operating reserve target equal to three (3) months, or twenty-five percent (25%), of the previous fiscal year's audited annual operating expenses for each utility. Reserve requirements will be calculated annually following completion of the financial audit and monitored by the Finance Department. The policy also outlines procedures for addressing reserve deficiencies and allows excess operating reserves to be transferred to the respective Utility Asset Replacement Reserve accounts.

RECOMMENDATION:

Adopt Resolution Number 10-28-26-07 establishing the Operating Reserve policy.