Grand Rapids Public Utilities

August 12, 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.

Operational Excellence (OE)

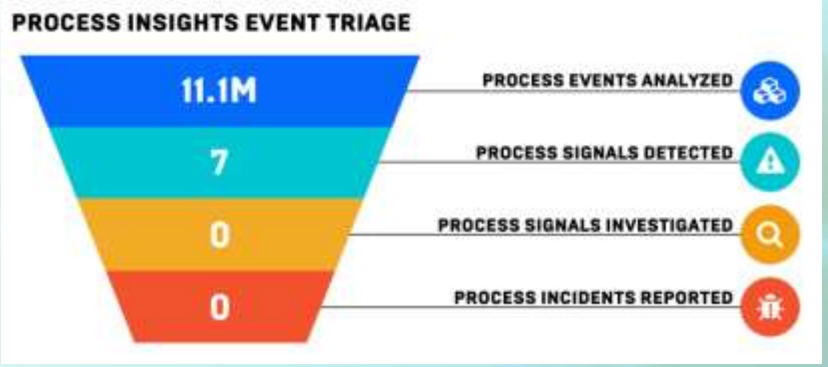
Operations: Cyber Security Update by Mike LeClaire

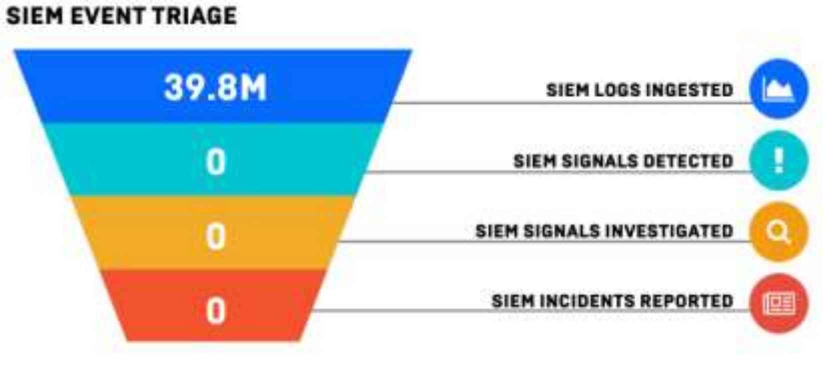
30 Minnesota Community Water Systems affected by coordinated cyber-attack:

- https://mn.gov/mnit/media/blog/?id=38-761869

July Cyber Security monitored by Managed Service Provider (MSP):

- July 11.9 million events analyzed; only 299 signals detected, no investigation or incidents were reported
- Ransomware Canaries with endpoints for 100 users in our system to detect early warning signals for ransomware.
- Process Insights detects precursor process malicious actors use to penetrate systems
- Managed ITDR anomalous logins, suspicious emails, and other hacker tradecraft
    - 2 users identified as high risk, locked down our access from US & Canada to MN only with exceptions to specific users and vendors.
- Security Information and Event Management (SIEM) analyzes and assesses various IT infrastructure sources to mitigate and respond quickly to risks.





Strategic and Sustainable Fiscal Management (FM)

Operations: Financial Reserve Policy by Taylor Bird

Purpose: Develop a comprehensive financial reserve policy that establishes appropriate operating reserve targets for each utility while maintaining long-term financial stability and rate affordability.

Objectives

- Protect utility operations during unexpected events
- Maintain strong financial health
- Improve long-term financial planning
- Support favorable bond ratings and borrowing capacity
- Reduce reliance on emergency rate increases

Strategic and Sustainable Fiscal Management (FM)

Operations: Financial Reserve Policy by Taylor Bird

Work Completed:

- Reviewing industry guidance and peer utilities
- Reviewing historical operating expenses
- Developing reserve calculations
- Building long-term reserve forecasting models

Work in Progress:

- Separating cash balances to each utility
- Determining utility specific reserve balances
- Evaluating long term funding strategy

Strategic and Sustainable Fiscal Management (FM)

Operations: Financial Reserve Policy by Taylor Bird

Critical Questions for Commission:

- Combined cash for all utilities question – is it important to find out whose cash it is?
  - Where do we start?
  - Why is this important?
  - Impact to 2026 financial goals
- How fast do you want to implement policy - aggressively vs. gradually?
  - Impact to customers on rates
    - Water - Commission decision to not increase rates greater than $50 in 5 years?
    - Sewer?
    - Electric?

Strategic and Sustainable Fiscal Management (FM)

Operations: Financial Reserve Policy by Taylor Bird

Key Policy Question

- **Should all utilities maintain the same reserve target?**

- **Reserve targets should reflect each utilities unique risk**
  - Revenue stability
  - Operational risk
  - Infrastructure age
  - Capital improvement needs
  - Rate stability

Strategic and Sustainable Fiscal Management (FM)

Operations: Financial Reserve Policy by Taylor Bird

Example: Water Utility

Water Utility Budget / Customer Rate Increases		BASELINE	1	2	3	4	5	6	7	8	9	10
	2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
ANNUAL WATER RATE INCREASES	10%	10%	12%	12%	5%	5%	5%	2%	2%	2%	2%	2%
Typ. Res. (5/8-3/4 meter) Monthly Customer Bill	$30.54	$33.61	$37.64	$42.15	$44.26	$46.47	$48.80	$49.77	$50.77	$51.79	$52.82	$53.88
Cumulative Projected Rate Increase(s)			12%	25%	32%	38%	45%	48%	51%	54%	57%	60%
Utility Operating Revenues (rates)	$ 2,367,681	$ 2,682,948	$ 3,004,902	$ 3,365,490	$ 3,533,764	$ 3,710,453	$ 3,895,975	$ 3,973,895	$ 4,053,373	$ 4,134,440	$ 4,217,129	$ 4,301,472
Other Operating Revenues (cell antenna, new svcs)	$ 185,500	$ 184,000	$ 189,520	$ 195,206	$ 201,062	$ 207,094	$ 213,306	$ 219,706	$ 226,297	$ 233,086	$ 240,078	$ 247,281
OPERATING REVENUE	$ 2,553,181	$ 2,866,948	$ 3,194,422	$ 3,560,696	$ 3,734,826	$ 3,917,546	$ 4,109,282	$ 4,193,600	$ 4,279,670	$ 4,367,526	$ 4,457,207	$ 4,548,752
YOY change in Revenue		$ 313,767	$ 327,474	$ 366,274	$ 174,131	$ 182,720	$ 191,735	$ 84,319	$ 86,069	$ 87,856	$ 89,681	$ 91,545
CASH O&M EXPENSES (EXPAND)	$2,454,306	$2,408,353	$2,467,950	$2,396,250	$2,445,657	$2,538,048	$2,634,830	$2,734,946	$2,839,051	$2,947,309	$3,059,890	$3,176,971
Depreciation (not using yet)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ops Reserve Contribution (% of PY O&M Exp)	0.0%	0.0%	1.0%	1.3%	1.6%	1.9%	2.2%	2.5%	2.8%	3.1%	3.4%	3.7%
New Ops Reserve Contribution (Expense)	$0	$0	$24,084	$32,083	$38,340	$46,467	$55,837	$65,871	$76,578	$88,011	$100,208	$113,216
New Ops Reserve Cumulative Balance (no spend)	$0	$0	$24,084	$56,167	$94,507	$140,974	$196,811	$262,682	$339,261	$427,271	$527,480	$640,696
New Ops Reserve % of Exp (shooting for 20% of Exp)	0%	0%	1%	2%	4%	6%	7%	10%	12%	14%	17%	20%
Capital Replacement Fund Contribution (Expense)	$0	$0	$150,000	$187,500	$234,375	$292,969	$366,211	$457,764	$572,205	$715,256	$894,070	$1,117,587
Interest on Existing Debt		$ 101,178	$ 102,204	$ 95,256	$ 87,906	$ 80,431	$ 72,906	$ 65,131	$ 57,529	$ 49,231	$ 41,581	$ 34,031
Interest on New Debt		$ -	$ -	$ 314,193	$ 413,270	$ 403,273	$ 479,817	$ 470,276	$ 542,479	$ 529,501	$ 597,951	$ 581,941
OPERATING CASH	$98,875	$357,416	$450,184	$535,413	$515,278	$556,359	$499,680	$399,613	$191,828	$38,218	-$236,492	-$474,995
Net Non Operating Revenue/Expenses (not using yet)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
NET INCOME (19+21)	$ 98,875	$ 357,416	$ 450,184	$ 535,413	$ 515,278	$ 556,359	$ 499,680	$ 399,613	$ 191,828	$ 38,218	$ (236,492)	$ (474,995)
Add back non-cash item (depreciation-not using yet)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CASH AVAILABLE AFTER DEPRECIATION	$98,875	$357,416	$450,184	$535,413	$515,278	$556,359	$499,680	$399,613	$191,828	$38,218	-$236,492	-$474,995
Existing Debt Principal Payments		$ 143,250	$ 186,500	$ 196,500	$ 195,000	$ 200,000	$ 205,000	$ 210,000	$ 220,000	$ 160,000	$ 175,000	$ 175,000
New Debt Principal Payments		$0	$0	$0	$265,000	$380,000	$390,000	$485,000	$525,000	$625,000	$670,000	$775,000
CIP Replacement Fund - starting balance	$300,000	$300,000	$144,652	$130,652	$139,827	$129,796	$250,507	$563,270	$1,035,475	$1,650,731	$2,444,800	$3,462,387
Planned Capital Projects		$ 305,348	$ 201,500	$ 225,200	$ 303,000	$ 245,500	$ 145,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000
Balance after projects		-$5,348	-$56,848	-$94,548	-$163,173	-$115,704	$105,507	$463,270	$935,475	$1,550,731	$2,344,800	$3,362,387
IS THIS NUMBER >0?	$398,875	$208,818	$206,836	$244,365	$157,105	$240,655	$400,187	$652,883	$907,302	$1,428,949	$1,933,308	$2,712,393

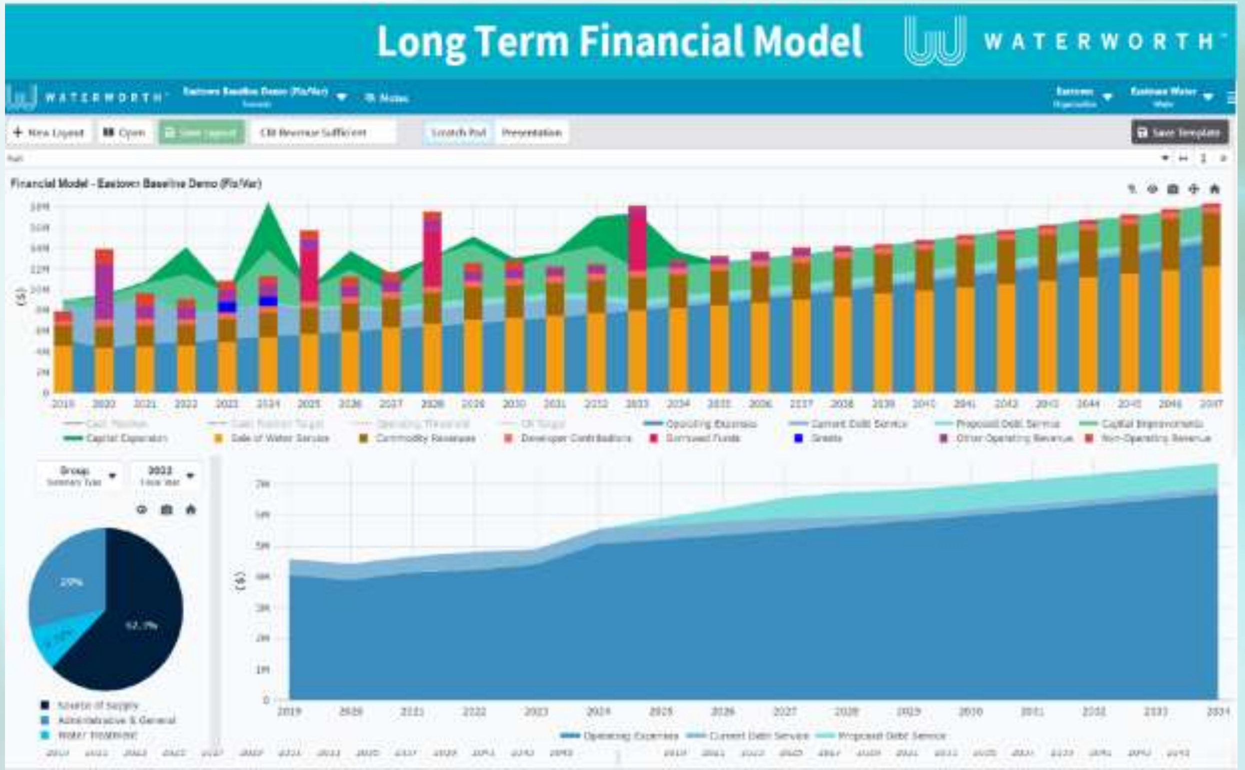
Strategic and Sustainable Fiscal Management (FM)

Operations: Muniworth by Taylor Bird

What is Muniworth: a cloud-based software platform designed specifically for utilities to support long-term financial planning and data-drive decision making.

Key Capabilities:

- Long-term financial forecasting
- Capital improvement planning
- Asset replacement planning
- Utility rate modeling (upgraded package)
- Scenario modeling for future projects & financing

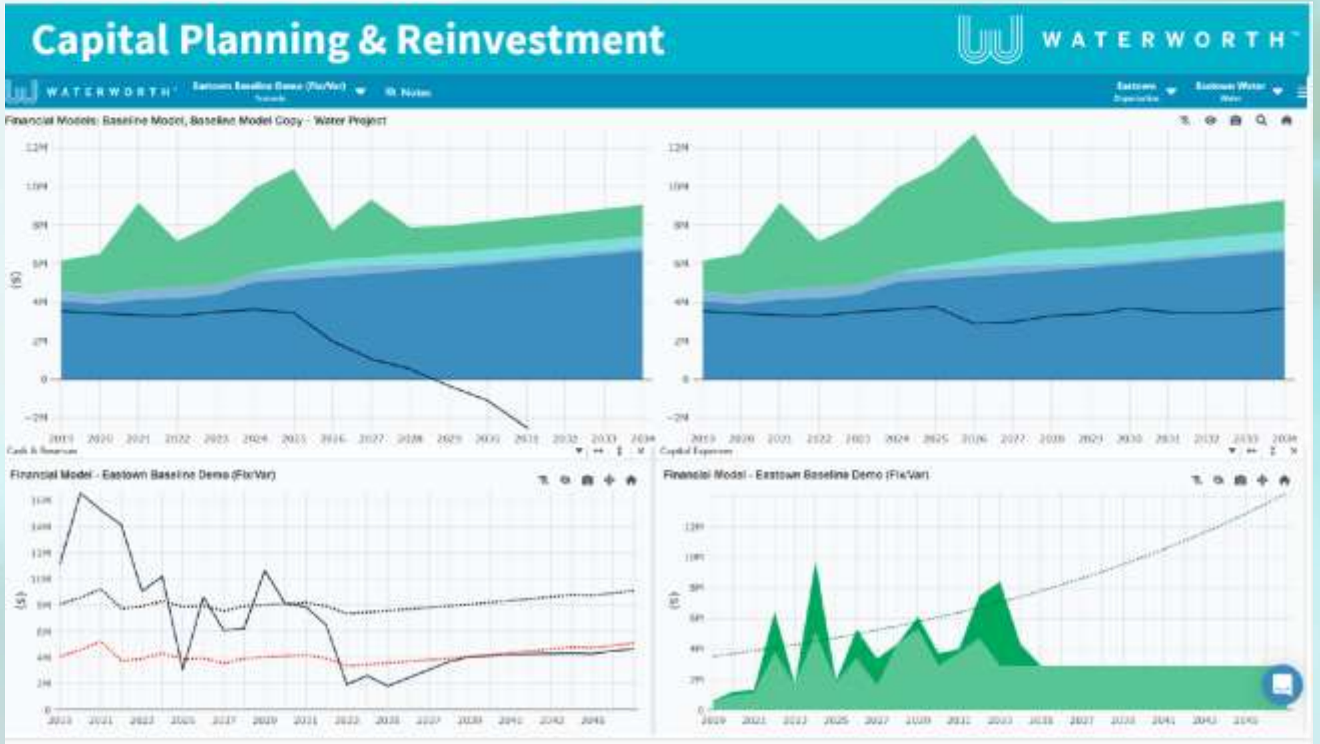


Strategic and Sustainable Fiscal Management (FM)

Operations: Muniworth by Taylor Bird

Why Muniworth?

- Aligns with GRPU's current financial initiatives
- Supports reserve policy development
- Assists with capital planning
- Provides financing and rate scenario planning



Strategic and Sustainable Fiscal Management (FM)

Operations: Muniworth by Taylor Bird

Initial Priorities: During the first year, staff plans to use Muniworth to support:

- Financial reserve policy
- Long-term financial forecasting
- Debt planning
- Scenario modeling for decision making
- Future capital improvement planning

Strategic and Sustainable Fiscal Management (FM)

Operations: Financial Reserve Policy by Taylor Bird

Commission Directives:

- Combined cash for all utilities vs. separated cash for each of Electric, Water, Wastewater?

- How fast do you want to implement the new policy - aggressively vs. gradually?

Grand Rapids Public Utilities

Upcoming Commission Meetings

Regular Meeting: August 26, 2026

Work Session: September 9, 2026

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