



GRAND RAPIDS PUBLIC UTILITIES

Service is Our Nature

Revenue Policy

**GRAND RAPIDS PUBLIC UTILITIES
COMMISSION**

August 2023

Grand Rapids Public Utilities Commission (GRPUC)

Revenue Policy

A. Introduction

Sufficient and stable revenues are needed to consistently produce the services provided by GRPUC. Revenue policy establishes standards and guidelines that support efficient and fair revenue streams.

GRPUC will manage revenues in terms of diversifications and stabilization, equity, relation to economic development, and collections.

B. Policy Statement

GRPUC strives to maintain a revenue system that meets the GRPUC immediate and long-term service delivery needs. This revenue policy shall be inclusive of all revenue sources of the GRPUC.

Services that benefit specific users, GRPUC shall establish and collect user fees to fully recover the costs of providing those services and cost of service rate studies to determine the appropriate cost recovery level in the established fees.

Rural customers shall pay the full cost charge determined in the cost of service rate studies and this rate is higher than a residential, commercial, industrial property tax payer within City of Grand Rapids corporate limits.

GRPUC shall seek to recover full direct and indirect costs. User fees shall be reviewed on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure, and to recommend adjustments where necessary.

Utility rates shall be set at levels sufficient to recover operating expenses, meet debt obligations, provide funding for capital improvements, provide adequate levels of working capital and operations reserves, and deposit money in a capital replacement sub-account.

Non-recurring (one-time) revenues should not be used on a continual basis for operations or to balance the budget. One-time revenues shall be applied only towards one-time expenses, including capital purchases or projects.

New revenue sources will be evaluated in terms of their fairness, economic impact, and cost.

GRPUC will seek available grants which support the GRPUC strategic plan, Capital Improvement Plan, or annual operations budget.

C. Authorization

The General Manager (GM) is responsible for management of the Revenue Policy. The GM can delegate detailed management activities/tasks to the utility managers.

D. Definitions

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources, together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying out specific activities or attaining certain objectives.

Non-Recurring Revenues – Revenues that are one-time in nature causing a spike in revenues.

User Fees – A revenue or charge for services assessed to recover all or a portion of the cost of providing the services rendered.

Rural – customers geographically outside the City of Grand Rapids corporate boundaries.

President

Date

Secretary

Date

Adopted Date:

Revised Date: