



GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MEETING AGENDA

Wednesday, April 24, 2024

4:00 PM

CALL TO ORDER: Pursuant to due notice and call thereof, a Regular Meeting of the Grand Rapids Public Utilities Commission will be held on Wednesday, April 24, 2024 at 4:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street, Grand Rapids, Minnesota.

CALL OF ROLL:

PUBLIC FORUM:

APPROVAL OF MINUTES:

1. Consider a motion to approve the March 13, 2024 Work Session Minutes and the March 27, 2024 Regular Meeting Minutes.

VERIFIED CLAIMS:

2. Consider a motion to approve \$917,114.81 verified claims for March and April 2024.

COMMISSION REPORTS:

CONSENT AGENDA: Any item on the consent agenda shall be removed for consideration by the request of any one Commission member, Utility Staff, or the public and put on the regular agenda for discussion and consideration.

3. Consider a motion to confirm filling the Temporary Part-Time Administrative Assistant-Customer Service Representative position with the preferred candidate and confirm filling the Information Systems Utility Locator/GIS Technician position with the preferred candidate.
4. Consider a motion to approve the procurement contract with Barnum Companies for upgrading the south gate at the combined service center for \$34,470.00 and allow the General Manager to sign the contract.
5. Consider a motion to approve the procurement contract with Trident Process Inc. for one high speed gear box for an aeration basin mixer in the WWT secondary plant for \$41,450.01 and allow the General Manager to sign the contract.

SAFETY REPORT:

6. Review Safety Monthly Report

ADMINISTRATION:

SETTING OF REGULAR AGENDA: This is an opportunity to approve the regular agenda as presented, or add/delete an agenda item by a majority vote of the Commission members present.

BUSINESS SERVICES DEPARTMENT:

- [7.](#) Consider approving the Memorandum of Understanding between the City of Grand Rapids and Grand Rapids Public Utilities Commission related to the Oracle Public Sector Agreement for cloud-based software and services.
- [8.](#) Consider approving a public sector (master) agreement with Oracle NetSuite for Government for the joint purchase of an ERP cloud-based software system and authorize the General Manager to sign agreement.
- [9.](#) Consider a motion to approve Resolution No. 04-24-24-02 accepting the 2023 audited annual comprehensive financial statements and related auditor's letters.

ELECTRIC DEPARTMENT:

- [10.](#) Review Electric Utility Monthly Report

WATER AND WASTEWATER DEPARTMENT:

- [11.](#) Consider a motion to approve and authorize the General Manager to sign the procurement contract with Corona Environmental for professional services for support with addressing Legionella and related water quality concerns for \$327,450.
- [12.](#) Legionella and Drinking Water Update
- [13.](#) Review Water Utility Monthly Report
- [14.](#) Review Wastewater Utility Monthly Report

DEPARTMENT HEAD REPORT:

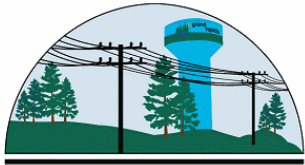
- [15.](#) Administration Department Head Presentation

ADJOURNMENT:

The next Special meeting/Work Session is scheduled for Wednesday, May 8, 2024 at 8:00 AM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

The next Regular Meeting of the Commission is scheduled for Wednesday, May 22, 2024 at 4:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

The GRPUC has adopted a Meeting Protocol Policy, which informs attendees of the GRPUC's desire to conduct meetings in an orderly manner which welcomes all civil input from interested parties. If you are unaware of the policy, please contact our office at 218-326-7024 and we will provide you with a copy of the policy.



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

**GRAND RAPIDS PUBLIC UTILITIES COMMISSION
WORK SESSION
MEETING MINUTES**

Wednesday, March 13, 2024

8:00 AM

President Stanley called the meeting to order at 8:00 AM.

CALL OF ROLL:

PRESENT: President Tom Stanley, Secretary Luke Francisco, Commissioner Nancy Saxhaug, Commissioner Rick Smith

ABSENT: Commissioner Dale Adams with notice

OTHERS: Julie Kennedy, Jean Lane, Chad Troumbly, Steve Mattson, Mike LeClaire

BUSINESS:

1. Consider a motion to approve \$1,074,952.74 verified claims for February 2024.

Motion made by Commissioner Smith, Seconded by Commissioner Saxhaug to approve \$1,074,952.74 verified claims for February 2024.

Voting Yea: President Stanley, Secretary Francisco, Commissioner Saxhaug, Commissioner Smith

2. Legionella and Drinking Water Update

Julie Kennedy provided a Legionella and Drinking Water Update.

3. Review funding options for new utility only and joint city ERP software.

Jean Lane reviewed funding options for proposed ERP software.

4. Review fleet vehicle leasing program with Enterprise Fleet Management

Staff reviewed the new vehicle leasing program in collaboration with the City's program.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 9:20 AM.

Respectfully Submitted,

Julie Kennedy, General Manager



**GRAND RAPIDS PUBLIC UTILITIES COMMISSION
MEETING MINUTES**

Wednesday, March 27, 2024

4:00 PM

President Stanley called the meeting to order at 4:10 PM.

CALL OF ROLL:

PRESENT: President Tom Stanley, Secretary Luke Francisco, Commissioner Nancy Saxhaug, Commissioner Rick Smith, Commissioner Dale Adams

OTHERS: Jean Lane, Chad Troumbly, Steve Mattson, Mike LeClaire

PUBLIC FORUM:

No one from the public was present.

APPROVAL OF MINUTES:

1. Consider a motion to approve the February 14, 2024 Work Session Minutes, and the February 21, 2024 Closed Meeting Minutes and the February 28, 2024 Regular Meeting Minutes.

Motion made by Commissioner Adams, Seconded by Commissioner Smith approve the February 14, 2024 Work Session Minutes, and the February 21, 2024 Closed Meeting Minutes and the February 28, 2024 Regular Meeting Minute.

Voting Yea: President Stanley, Secretary Francisco, Commissioner Saxhaug, Commissioner Smith, Commissioner Adams

VERIFIED CLAIMS:

2. Consider a motion to approve \$656,162.61 verified claims for February and March 2024.

Motion made by Commissioner Smith, Seconded by Commissioner Saxhaug to approve \$656,162.61 in verified claims for February and March 2024.

Voting Yea: President Stanley, Secretary Francisco, Commissioner Saxhaug, Commissioner Smith, Commissioner Adams

COMMISSION REPORTS:

None.

CONSENT AGENDA: Any item on the consent agenda shall be removed for consideration by the request of any one Commission member, Utility Staff, or the public and put on the regular agenda for discussion and consideration.

Motion made by Commissioner Saxhaug, Seconded by Secretary Francisco to approve the consent agenda as presented..

Voting Yea: President Stanley, Secretary Francisco, Commissioner Saxhaug, Commissioner Smith, Commissioner Adams

3. Consider a motion to enter into a lease agreement with Enterprise Fleet Management for non-specialized utility fleet vehicles and allow the General Manager to sign the lease agreements.

Approved on consent agenda.

4. Consider a motion to ratify the procurement contract with Corona Environmental for engineering professional services for support with addressing Legionella and related water quality concerns for \$24,990.

Approved on consent agenda.

5. Consider a motion to approve the procurement contract with Bolton & Menk for engineering professional services for the planning and design of water utility disinfection for \$38,400 and authorize the General Manager to sign the Contract.

Approved on consent agenda.

6. Consider a motion to ratify the procurement contract with Idexx Laboratories, Inc. for Legionella lab testing equipment for the WTP for \$13,647.87.

Approved on consent agenda.

7. Consider a motion to ratify the procurement contract with Luminultra Technologies for lab testing equipment for the WTP for \$8,025.03.

Approved on consent agenda.

8. Consider a motion to approve the procurement contract with Schwing BioSet for one screw section for the custom screw conveyor in the WWT solids process building for \$47,177.02 and allow the General Manager to sign the contract.

Approved on consent agenda.

SETTING OF REGULAR AGENDA: This is an opportunity to approve the regular agenda as presented, or add/delete an agenda item by a majority vote of the Commission members present.

Motion made by Commissioner Adams, Seconded by Commissioner Smith to approve the regular agenda as presented.

Voting Yea: President Stanley, Secretary Francisco, Commissioner Saxhaug, Commissioner Smith, Commissioner Adams

SAFETY REPORT:

- 9. Review Safety Monthly Report

Reviewed Safety Monthly Report.

ADMINISTRATION:

- 10. Consider a motion to approve the GRPU 2023-2028 Strategic Plan.

Motion made by Secretary Francisco, Seconded by Commissioner Smith to approve the GRPU 2023-2028 Strategic Plan.

Voting Yea: President Stanley, Secretary Francisco, Commissioner Saxhaug, Commissioner Smith, Commissioner Adams

- 11. Review Administration Department Monthly Report

Review Administration Department Monthly Report. Noted that there is a joint meeting scheduled for April 18th, 2024.

BUSINESS SERVICES DEPARTMENT:

- 12. Consider a motion to adopt Resolution 03-27-24-01 approving reimbursement of expenditure for the new GRPU Enterprise Resource Planning (ERP) software and implementation.

Motion made by Commissioner Adams, Seconded by Commissioner Saxhaug to adopt Resolution 03-27-24-01 approving reimbursement of expenditure for the new GRPU Enterprise Resource Planning (ERP) software and implementation.

Voting Yea: President Stanley, Secretary Francisco, Commissioner Saxhaug, Commissioner Smith, Commissioner Adams

- 13. Review Business Services Department Monthly Report

Reviewed Monthly Safety Report.

ELECTRIC DEPARTMENT:

- 14. Review Electric Utility Monthly Report

Reviewed Electric Utility Monthly Report.

WATER AND WASTEWATER DEPARTMENT:

15. Review Water Utility Monthly Report

Reviewed Water Utility Monthly Report.

16. Review Wastewater Utility Monthly Report

Reviewed Wastewater Utility Monthly Report.

DEPARTMENT HEAD REPORT:

17. Electric Department Head Presentation

Presentation by the Electrical Department Head, Chad Troumbly.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 4:55 PM.

Respectfully Submitted,



Julie Kennedy, General Manager



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: April 24, 2024

AGENDA ITEM: Consider a motion to approve \$917,114.81 verified claims for March and April 2024.

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

See attached check registers:

Computer check register \$ 156,005.05
Manual check register \$761,109.76

Total \$917,114.81

RECOMMENDATION:

Consider a motion to approve \$917,114.81 of verified claims for March and April 2024.

Grand Rapids Public Utilities
 Accounts Payable
 March/April 2024
 (Meeting Date: 4/24/2024)

Item 2.

NAME	AMOUNT	NAME	AMOUNT
Aerzen	16,905.84	Nextera	606.70
APG Media	1,080.00	North Central Laboratories	360.40
Aramark	126.42	Northern Drug Screening	142.00
Bolton & Menk	14,371.00	NOS Automation	3,447.94
Burggraf's	58.95	Plan-It Software	950.00
Carquest	16.09	Rapids Radio	1,219.50
Central McGowan	1,231.50	Rapids Welding	15.03
City of Grand Rapids	25,060.99	RCB Collections	274.28
Cole Hardware	539.06	RMB	2,941.25
Compass Minerals	9,189.72	Stuart Irby	478.11
Davis Oil	3,225.95	TNT Construction	2,319.00
Environmental Consulting & Testing	2,000.00	Treasure Bay Printing	3,734.00
Fastenal	2,834.07	UPS	71.07
Figgins Truck & Trailer	142.90	Viking Electric	315.64
Governmental Finance Officers	7,500.00	Waste Management	4,559.89
Grainger	2,821.90	Wesco	22.09
Hach	2,052.49	WUSZ-FM	420.00
Hawkins	17,344.17	Xerox	252.16
Herc-U-Lift	19.71		
Idexx	3,418.57	Energy Efficiency Rebate:	
Innovative	356.47	Mcliwain, Barbara	70.00
Itasca County	105.83	MDI	9,151.21
L&M	241.89	Preble, Linda	35.00
McMaster-Carr	748.93		
MN Unemployment	13,227.33		
		Total	156,005.05

March 2024 Check Register

Item 2.

Document Dat Check #	Vendor Name	Document Amount	
3/1/2024 5058	Northeast Service Cooperative	4,186.00	3/31/2024
3/1/2024 5059	Northeast Service Cooperative	60,358.58	3/31/2024
3/11/2024 5060	WEX Health	1,227.17	3/31/2024
3/8/2024 5061	Public Employees Retirement Association	17,492.79	3/8/2024
3/8/2024 5062	MN Department of Revenue	4,861.62	3/8/2024
3/8/2024 5063	Wells Fargo Bank	28,292.17	3/8/2024
3/8/2024 5064	Empower Retirement	9,414.75	3/8/2024
3/13/2024 5065	Public Employees Retirement Association	537.60	3/13/2024
3/13/2024 5066	MN Department of Revenue	217.20	3/13/2024
3/13/2024 5067	Wells Fargo Bank	1,352.06	3/13/2024
3/13/2024 5068	Empower Retirement	230.40	3/13/2024
3/6/2024 5069	Invoice Cloud	3,193.40	3/31/2024
3/8/2024 5070	Wells Fargo Pcard	1,891.67	
3/19/2024 5071	WEX Health	99.00	3/31/2024
3/19/2024 5072	Empower Retirement	3,580.68	3/31/2024
3/21/2024 5073	Public Employees Retirement Association	16,638.44	3/21/2024
3/21/2024 5074	MN Department of Revenue	4,526.27	3/21/2024
3/21/2024 5075	Wells Fargo Bank	26,750.20	3/21/2024
3/21/2024 5076	Empower Retirement	9,173.34	3/21/2024
3/25/2024 5077	WEX Health	1,227.17	3/31/2024
3/18/2024 5078	MN Department of Revenue	78,476.00	3/31/2024
3/25/2024 5079	TASC	72.96	3/31/2024
3/20/2024 5080	4M Fund	200,000.00	3/31/2024
3/20/2024 5081	WEX Health	220.03	3/31/2024
3/1/2024 82791	MN Pollution Control Agency	14,750.00	3/1/2024
3/1/2024 82792	Verizon Wireless	956.44	3/1/2024
3/1/2024 82793	Mattson Steve	23.45	3/1/2024
3/1/2024 82794	Otis Elevator Company Incorporated	2,252.52	3/1/2024
3/8/2024 82795	MN Child Support Payment Center	391.32	3/8/2024
3/8/2024 82796	NCPERS Group Life Insurance	80.00	3/8/2024
3/8/2024 82797	First Net AT & T Mobility	231.46	3/8/2024
3/8/2024 82798	Lake Country Power	60,919.98	3/8/2024
3/8/2024 82799	MN Department of Health	32.00	3/8/2024
3/8/2024 82800	MN Department of Health	32.00	3/8/2024
3/8/2024 82801	MN Department of Health	23.00	3/8/2024
3/8/2024 82802	MN Energy Resources Corporation	30.00	3/8/2024
3/8/2024 82803	Radtke James	4,482.00	3/8/2024
3/8/2024 82804	UPS	47.48	3/8/2024
3/8/2024 82805	UPS	141.13	3/8/2024
3/8/2024 82806	Verizon Wireless	1,090.11	3/8/2024
3/8/2024 82807	Customer Refunds - J. Connor	113.60	3/31/2024
3/8/2024 82808	Customer Refunds - Itasca HRA	107.87	3/31/2024
3/13/2024 82809	City of LaPrairie	15,489.93	3/31/2024
3/15/2024 82840	City of Grand Rapids	16,056.87	3/15/2024
3/15/2024 82841	MN Department of Health	32.00	3/15/2024
3/15/2024 82842	UPS	322.84	3/15/2024

3/15/2024 82843	US Bank Equipment Finance	315.73	3/15/2024
3/15/2024 82844	Waste Management of WI MN	1,984.09	3/15/2024
3/15/2024 82845	Xerox Corporation	123.81	3/15/2024
3/15/2024 82846	Customer Refunds - J. Hanson	62.20	3/31/2024
3/15/2024 82847	Customer Refunds - A. Howard	108.54	3/31/2024
3/15/2024 82848	Customer Refunds - Jeffers	92.05	3/31/2024
3/15/2024 82849	Customer Refunds - Kippenhan/Dilley	61.15	3/31/2024
3/15/2024 82850	Customer Refunds - Kempainen	107.83	3/31/2024
3/15/2024 82851	MN Department of Health	7,853.76	3/31/2024
3/15/2024 82852	City of LaPrairie	1,513.29	3/31/2024
3/21/2024 82853	MN Child Support Payment Center	391.32	3/21/2024
3/21/2024 82854	MN Council 65- VOIDED		3/21/2024
3/22/2024 82855	First Net AT & T Mobility	231.46	3/22/2024
3/22/2024 82856	Grand Rapids Area Community Foundation	203.82	3/22/2024
3/22/2024 82857	MN Energy Resources Corporation	628.75	3/22/2024
3/22/2024 82858	Postage By Phone System- VOIDED		3/22/2024
3/22/2024 82859	UNUM Life Insurance Company of America	3,717.49	3/22/2024
3/22/2024 82860	Xerox Corporation	100.63	3/22/2024
3/22/2024 82861	Customer Refunds - TLC	368.40	3/31/2024
3/22/2024 82862	Customer Refunds - Adams	4.26	3/31/2024
3/22/2024 82863	Customer Refunds - T. Happy	92.32	3/31/2024
3/27/2024 82864	City of Grand Rapids	136.50	3/31/2024
3/27/2024 82865	City of Grand Rapids	72,097.10	3/31/2024
3/28/2024 82910	MN Department of Health	32.00	3/28/2024
3/28/2024 82911	Jones, Jeremy	58.23	3/28/2024
3/28/2024 82912	City of Grand Rapids	72,333.33	3/31/2024
3/31/2024 82913	Postage By Phone System	5,000.00	3/31/2024
3/31/2024 82914	MN Council 65	1,866.20	3/31/2024

Checks Previously Approved ** 0.00

Manual Checks/EFT to be approved 761,109.76

Total Manual Checks 761,109.76



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: April 24, 2024

AGENDA ITEM: Consider a motion to confirm filling the Temporary Part-Time Administrative Assistant-Customer Service Representative position with the preferred candidate and confirm filling the Information Systems Utility Locator/GIS Technician position with the preferred candidate.

PREPARED BY: Chery Pierzina, Human Resources Officer.

BACKGROUND:

At the February 28, 2024, regular meeting, the Commission authorized the internal posting and external advertising for the position of Temporary Part-Time Administrative Assistant-Customer Service Representative and the internal posting and external advertising for the position of Information Systems Utility Locator/GIS Technician position.

Temporary Part-Time Administrative Assistant-Customer Service Representative Position

This position is 20% Administrative Assistant, covering for a leave of absence, and 80% Customer Service Representative (CSR), which will cover for our current CSR's while they train for our new ERP software.

Interviews were scheduled for March 22, 2024. An employment offer was made and accepted by Vicki Probst with an accepted hire date of April 8, 2024. The rate of pay is \$24.09 per hour. This is a temporary part-time position, 30 hours per week (6-hours per day-5 days per week), beginning April 8, 2024, through mid-October, 2024.

There is no expectation of continued employment, in this capacity, at the completion of the Temporary Part-Time Administrative Assistant-Customer Service Representative estimated employment dates.

Information Systems Utility Locator/GIS Technician

GRPU received five (5) applications. Four (4) interviews were conducted for the Information Systems Utility Locator/GIS Technician position on March 19th and March 20th. An employment offer was made and accepted by Jamie Veith with an accepted hire date of April 8, 2024. The rate of pay is \$30.19 per hour. This is a permanent full-time position.

Management staff recommends the Commission formally confirm filling the Temporary Part-Time Administrative Assistant-Customer Service Representative position with the preferred candidate and confirm filling the Information Systems Utility Locator/GIS Technician position with the preferred candidate.

RECOMMENDATION:

Consider a motion to confirm filling the following positions:

Temporary Part-Time Administrative Assistant-Customer Service Representative with preferred candidate, Ms. Vicki Probst effective April 8, 2024.

Information Systems Utility Locator/GIS Technician with preferred candidate, Mr. Jamie Veith effective April 8, 2024.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: April 24, 2024

AGENDA ITEM: Consider a motion to approve the procurement contract with Barnum Companies for upgrading the south gate at the combined service center for \$34,470.00 and allow the General Manager to sign the contract.

PREPARED BY: Steve Mattson

BACKGROUND:

This purchase is part of the approved CSC Capital Budget of \$40,000. \$0 has been spent to date.

The GRPUC Procurement Policy G.030 was followed.

The vendor's Certificate of Insurance has been verified to meet the contract requirement and is on file.

RECOMMENDATION:

Approve a motion to approve the procurement contract with Barnum Companies for upgrading the south gate at the combined service center for \$34,470.00 and allow the General Manager to sign the contract.

Capital Plan

2024 thru 2028

Item 4.

Grand Rapids Public Utilities Commission

Project # CSCW2022
Project Name South Gate Replacement

Department 6-Service Center
Contact Julie Kennedy
Type Unassigned
Useful Life 20
Category Buildings
Priority 02 - Significant Need
Status Active

Total Project Cost: \$40,000

Description
 Replace south gate at CSC so we can card access and mechanical parts protected from outside elements.

Justification
 Facility security

Expenditures	2024	2025	2026	2027	2028	Total
Purchases	35,000					35,000
Labor	5,000					5,000
Total	40,000					40,000

Funding Sources	2024	2025	2026	2027	2028	Total
Rplcmt Fund-Elec share/business	26,000					26,000
Rplcmt Fund-Water share/business	8,000					8,000
Rplcmt Fund-WWC share/business	6,000					6,000
Total	40,000					40,000

Budget Impact/Other

Budget Items	2024	2025	2026	2027	2028	Total
Capital Projects	40,000					40,000
Total	40,000					40,000

PROCUREMENT CONTRACT

This Procurement Contract (“**Contract**”) is by and between the Grand Rapids Public Utilities Commission, located at 500 SE 4th St, Grand Rapids, MN 55744 (“**GRPUC**”), and Barnum Companies, Inc., located at 23950 Lake Blvd N., Forest Lake, MN 55025 (“**Contractor**”). GRPUC and Contractor may be referred to jointly as the “**Parties**” or individually as a “**Party**.”

Recitals

A. GRPUC has solicited and received quotations from contractors for Upgrade South Gate and Operator Replacement (“**Solicitation**”);

B. Contractor provided a response to the Solicitation indicating its interest in and ability to provide the goods or services requested in the Solicitation; and

C. Subsequent to an evaluation in accordance with the terms of the Solicitation and negotiation, the Parties desire to enter into a contract.

Accordingly, the Parties agree as follows:

Contract

1. Term of Contract

1.1 Effective date. The effective date of this Contract is April 1st, 2024. The Contractor must not begin work under this Contract until this Contract is fully executed and the Contractor has been notified by GRPUC’s Authorized Representative to begin the work.

1.2 Expiration date. The expiration date of this Contract is October 1st, 2024, or until all of Contractor’s obligations have been satisfactorily fulfilled, whichever occurs first.

2. Contractor’s Duties

2.1 The Contractor shall: Provide Upgrades and Operator Replacement for the South Gate at the Service Center.

(The services (if any) to be provided by Contractor to GRPUC are referred to as the “**Services**.” The goods (if any) to be provided by Contractor to GRPUC are referred to as the “**Goods**.”). Contractor’s precise duties, specifications, deliverables, and completion dates related to the Goods and Services are more specifically described in **Exhibit C**.

2.2 GRPUC may make changes to the general scope of Goods and Services (including but not limited to, suspension of performance, changes in time of performance, schedule, quantities, or specifications) by written notice, or by oral notice subsequently confirmed by GRPUC in writing within ten (10) days thereafter, to Contractor. If such changes affect the cost of or the time required to provide the Goods and Services, an equitable adjustment in the schedule and compensation under this Contract shall be made. Contractor shall

proceed with providing the Goods and Services as so changed, notwithstanding any dispute regarding such equitable adjustment. Any claim of such adjustment must be submitted to GRPUC in writing within thirty (30) days from the date the change is ordered, and Contractor shall not be entitled to any adjustment unless such written claim is so submitted.

- 2.3 GRPUC may from time to time, require additional Services or Goods from Contractor. Such additional Services or Goods, including the amount of compensation for such additional Services or Goods, mutually agreed upon by and between GRPUC and Contractor, shall be effective when incorporated by written amendment to this Contract. Additional Services or Goods shall not begin until the amendment is executed. Thereafter, such additional Services or Goods shall be subject to the terms of this Contract.
- 2.4 Contractor agrees that all Goods and Services shall be provided in accordance with all applicable laws, rules, regulations, ordinances, codes, and orders of all federal, state, and local governmental authorities, agencies, departments, or bureaus having jurisdiction and which affect the Goods or Services hereunder (“**Legal Requirements**”) without extra charge or expense. Contractor will be responsible for a violation of any such Legal Requirements arising out of the provision of Goods or Services by Contractor and will indemnify, defend, and hold harmless GRPUC from and against any fine or expense, including reasonable attorneys’ fees and disbursements, resulting to it by reason of any such violation by Contractor.
- 2.5 The Goods and Services will be provided in a manner that is consistent with the level of care and skill exercised by members of Contractor’s profession currently working under similar conditions. All Goods and Services not conforming to this standard will be considered defective and Contractor shall, at no cost to GRPUC, promptly and satisfactorily correct all such defective Goods and Services. All Services shall be performed and all Goods shall be produced and delivered to the satisfaction of GRPUC, and in accordance with the Legal Requirements. Payment shall be withheld for Goods or Services found by GRPUC to be unsatisfactory or in violation of the Legal Requirements.
- 2.6 Contractor shall ensure that all persons who perform the Services or produce or deliver the Goods shall be professionally competent and properly qualified. If so requested by GRPUC, Contractor shall remove any person GRPUC deems incompetent, careless, or otherwise objectionable. At all times Contractor will be responsible for the acts, omissions, work, materials, and equipment of its employees, subcontractors, and agents and any other person, directly or indirectly, employed by any of them.
- 2.7 Contractor shall cooperate fully with GRPUC, other GRPUC contractors, municipalities, local government officials, public utility companies, and others as may be directed by GRPUC. This shall include attendance at meetings, discussions, and hearings as may be requested by GRPUC, furnishing data as may be requested from time to time by GRPUC to effect such cooperation, and compliance with all directives issued by GRPUC.
- 2.8 Contractor is solely responsible and assumes full and exclusive liability for the payment of all contributions or taxes to be paid on or to persons employed by Contractor, and for payment of all sales, use, or other taxes of whatever nature levied or assessed against

GRPUC arising out of the furnishing of the Services or production or delivery of the Goods, and will indemnify, defend, and hold harmless GRPUC from any such liability.

- 2.9 Contractor shall be responsible for the health and safety, and shall provide and maintain a safe working environment, for all its employees, agents, subcontractors, and invitees. Contractor shall adopt, supervise, and enforce reasonable and adequate safety requirements, including GRPUC's work safety rules and any safety plan or requirements which may be established by GRPUC, and shall at all times observe and comply fully with all Legal Requirements relating to health and safety.
- 2.10 Contractor is responsible for the handling and distribution of its own tools, equipment, and materials. Contractor shall confine its tools, equipment, and materials, and its operations, to areas directed by GRPUC. Contractor shall organize and coordinate, well in advance of the time required by this Contract, the procurement and delivery of all necessary materials, supplies, and equipment so that they will be available as needed for timely completion of the Goods and Services.
- 2.11 At the time GRPUC accepts the Goods from Contractor, Contractor shall sell, assign, transfer, convey and deliver to GRPUC, all of Contractor's right, title and interest in the Goods, free and clear of any mortgage, pledge, lien, charge, security interest, claim or other encumbrance ("**Encumbrance**"). Contractor shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be necessary to transfer Contractor's right, title and interest in the Goods to GRPUC, free and clear of any Encumbrances. Contractor has all risk of loss until GRPUC accepts the Goods.]

3. Representations and Warranties

- 3.1 GRPUC is authorized to enter into this Contract.
- 3.2 Contractor warrants that it is duly qualified and shall perform its obligations under this Contract in accordance with the commercially reasonable standards of care, skill, and diligence in Contractor's industry, trade, or profession, and in accordance with the specifications set forth in this Contract, to the satisfaction of GRPUC.
- 3.3 Contractor warrants that it possesses the legal authority to enter into this Contract and that it has taken all actions required by its procedures, by-laws, and applicable laws to exercise that authority, and to lawfully authorize its undersigned signatory to execute this Contract, or any part thereof, and to bind Contractor to its terms.
- 3.4 Contractor warrants that at the time GRPUC accepts the Goods: (A) Contractor has good title to the Goods, free and clear of Encumbrances, and (B) the Goods are in good condition and are adequate for the uses to which they are being put, and none of such Goods are in need of maintenance or repairs.]

4. Time

The Contractor must comply with all the time requirements described in this Contract. In the performance of this Contract, time is of the essence.

5. Consideration and Payment

5.1 Consideration. GRPUC will pay for performance by the Contractor under this Contract as follows:

5.1.1 Compensation. The Contractor will be paid Thirty Four Thousand Four Hundred and Seventy Dollars (\$34,470.00) in accordance with **Exhibit D**.

5.1.2 Total obligation. The total obligation and liability of GRPUC under this Contract will not exceed Thirty Four Thousand Four Hundred and Seventy Dollars (\$34,470.00).

5.2 Payment.

5.2.1 Invoices. GRPUC will pay the Contractor after the Contractor presents an itemized invoice for the Services actually performed, and Goods actually delivered to GRPUC, in accordance with Section 1 of **Exhibit A**. Invoices must be submitted timely and according to the schedule set forth on **Exhibit D**.

6. Authorized Representative

GRPUC's Authorized Representative is Steve Mattson at the following business address: 500 SE 4th Street, and the following telephone number: 218.326.7024, or his/her successor or delegate, and has the responsibility to monitor the Contractor's performance.

Contractor's Authorized Representative is Dillon Dempsey at the following business address: [23950 Lake Blvd N., Forest Lake, MN 55025, and the following telephone number: 651.982.1552, or his/her successor. If the Contractor's Authorized Representative changes at any time during this Contract, the Contractor must immediately notify GRPUC.

7. Exhibits

The following Exhibits are attached and incorporated into this Contract. In the event of a conflict between the terms of this Contract and its Exhibits (including any supplements), or between Exhibits (including any supplements), the order of precedence is first the Contract, and then in the following order:

Exhibit A: Contract Terms

Exhibit B: Insurance Terms

Exhibit C: Specifications, Duties, and Scope of Work

Exhibit D: Price and Payment Schedule

[The Signature Page Follows]

Barnum Companies, Inc.

By: Dillon Dempsey

Print Name: Dillon Dempsey

Title: Vice President

Date: 4/8/24

Grand Rapids Public Utilities Commission

By: _____

Print Name: Julie A. Kennedy

Title: General Manager

Date: _____

See below for COI and Quote

Exhibit A: Contract Terms

1. Prompt Payment and Invoicing.

- 1.1 Prompt Payment. GRPUC will pay the Contractor within thirty (30) days following receipt of an undisputed invoice. Terms requesting payment in less than thirty (30) days will be changed to read “Net 30 days.” Notwithstanding the foregoing, GRPUC may pay the Contractor in advance in its sole discretion.

The payment for each invoice will only be made for Goods received or Services actually performed that have been accepted by GRPUC, and meet all terms, conditions, and specifications of the Contract.

- 1.2 Invoicing. The invoice must be in the same format as the sample invoice form approved as **Exhibit D, Supplement 1**, unless an alternative format is approved in writing by GRPUC’s Authorized Representative.

2. Termination.

- 2.1 Termination for Convenience. GRPUC may cancel this Contract at any time, with or without cause, upon thirty (30) days’ written notice to the Contractor. Upon termination for convenience, the Contractor will be entitled to payment, determined on a pro rata basis, for Services satisfactorily performed and Goods satisfactorily produced and delivered.

- 2.2 Termination for Breach. GRPUC may terminate this Contract, with cause, upon thirty (30) days’ written notice to Contractor of the alleged breach and opportunity to cure. If after thirty (30) days, the alleged breach has not been remedied, GRPUC may immediately terminate the Contract.

- 2.3 Termination by Mutual Agreement. The Parties may terminate this Contract at any time by mutual written agreement.

- 2.4 Effect of Termination. Upon receipt of any notice of termination Contractor shall immediately stop performance of the Services and stop production and delivery of the Goods to the extent specified in such notice. In no event shall GRPUC be liable for any loss of revenue or profit incurred by Contractor as a result of any termination.

- 2.5 Return of Information. Upon termination of this Contract, or earlier upon GRPUC’s request, Contractor shall deliver to GRPUC all items requested by GRPUC containing any Confidential Information or work product information or make such other disposition thereof as GRPUC may direct in writing.

3. Force Majeure.

Neither Party shall be responsible to the other or considered in default of its obligations within this Contract to the extent that performance of any such obligations is prevented or delayed by acts of God, war, riot, disruption of government, or other catastrophes beyond the reasonable control of the Party unless the act or occurrence could have been reasonably foreseen and reasonable action

could have been taken to prevent the delay or failure to perform. A Party relying on this provision to excuse performance must provide the other Party prompt written notice of the inability to perform and take all necessary steps to bring about performance as soon as practicable.

4. Confidentiality.

In connection with Contractor's provision of the Goods and Services under this Contract ("**Purpose**") GRPUC may disclose to Contractor, or Contractor may otherwise receive access to, confidential or proprietary information of GRPUC ("**Confidential Information**"). Contractor shall use the Confidential Information solely for the Purpose and shall not disclose or permit access to Confidential Information other than to its employees, officers, and advisors (collectively, "**Representatives**") who: (a) need to know such Confidential Information for the Purpose; (b) know of the existence and terms of this Contract; and (c) agree to be bound by the confidentiality terms contained herein. Contractor shall safeguard the Confidential Information from unauthorized use, access, or disclosure using at least the degree of care it uses to protect its most sensitive information and no less than a reasonable degree of care. Contractor shall promptly notify GRPUC of any unauthorized use or disclosure of Confidential Information and cooperate with GRPUC to prevent further use or disclosure. Contractor will be responsible for any breach of this paragraph caused by its Representatives. If Contractor is required by law or court order to disclose Confidential Information, Contractor shall provide GRPUC with prompt written notice thereof, so that GRPUC may seek a protective order or other appropriate remedy, as well as notice of the terms and circumstances surrounding such request or requirement. Contractor and its Representatives will use reasonable efforts to obtain and will not oppose action by GRPUC to obtain such protective order or other appropriate remedy. If such protective order or other remedy is not obtained, then Contractor will furnish only that portion of the Confidential Information which Contractor is advised by Contractor's legal counsel is legally required and will exercise all reasonable efforts to obtain assurance that confidential treatment, if available, will be accorded such Confidential Information. This Section 4 is subject to any limitations or obligations imposed by the Minnesota Government Data Practices Act ("**MGDPA**").

5. Indemnification.

5.1 In the performance of this Contract, the Indemnifying Party must indemnify, save, and hold harmless GRPUC, its agents, and employees, from any claims or causes of action, including attorney's fees incurred by GRPUC, to the extent caused by Indemnifying Party's:

- Intentional, willful, or negligent acts or omissions; or
- Actions that give rise to strict liability; or
- Breach of contract or warranty.

"**Indemnifying Party**" is defined to include the Contractor, Contractor's reseller, any third party that has a business relationship with the Contractor, and Contractor's agents and employees, to the fullest extent permitted by law. The indemnification obligations of this section do not apply in the event the claim or cause of action is the result of GRPUC's sole negligence. This clause will not be construed to bar any legal remedies the

Indemnifying Party may have for GRPUC's failure to fulfill its obligation under this Contract.

5.2 Nothing within this Contract, whether express or implied, shall be deemed to create an obligation on the part of GRPUC to indemnify, defend, hold harmless or release an Indemnifying Party. This shall extend to all agreements related to the subject matter of this Contract, and to all terms subsequently added, without regard to order of precedence.

6. Subcontracting and Subcontractor Payment.

6.1 Subcontracting. A subcontractor is a person or company that has been awarded a portion of the Contract by Contractor. Only subcontractors that have been approved by GRPUC can be used for this Contract.

After the effective date of the Contract, the Contractor shall not, without prior written approval of GRPUC, subcontract for the performance of any of the Contractor's obligations that were not already approved for subcontracting when the Contract was awarded. During this Contract, if an approved subcontractor is determined to be performing unsatisfactorily by GRPUC, the Contractor will receive written notification that the subcontractor can no longer be used for this Contract.

The provisions of the Contract shall apply with equal force and effect to all approved subcontractors engaged by the Contractor. Notwithstanding approval by GRPUC, no subcontract shall serve to terminate or in any way affect the primary legal responsibility of the Contractor for timely and satisfactory performance of the obligations contemplated by the Contract.

6.2 Subcontractor Payment. Contractor must pay any subcontractor within ten (10) days of Contractor's receipt of payment from GRPUC for undisputed services provided by the subcontractor. Contractor must pay interest of 1-1/2 percent (1.5%) per month or any part of a month to the subcontractor on any undisputed amount not paid on time to the subcontractor. The minimum monthly interest penalty payment for an unpaid balance of \$100 or more is \$10. For an unpaid balance of less than \$100, the Contractor shall pay the actual penalty due to the subcontractor. A subcontractor who prevails in a civil action to collect interest penalties from Contractor shall be awarded its costs and disbursements, including attorney's fees, incurred in bringing the action. So long as it does not conflict with this Contract, subcontractor payments will be set forth in the agreement between Contractor and the subcontractor.

7. Government Data Practices.

The Contractor and GRPUC must comply with the MGDPA, as it applies to all data provided by GRPUC under this Contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Contractor under this Contract. The civil remedies of Minn. Stat. § 13.08 apply to the release of the data governed by the MGDPA, by either the Contractor or GRPUC.

If the Contractor receives a request to release the data referred to in this clause, the Contractor must immediately notify and consult with GRPUC's Authorized Representative as to how the Contractor should respond to the request. The Contractor's response to the request shall comply with applicable law.

8. Intellectual Property Rights.

8.1 Definitions. For the purpose of this Section, the following words and phrases have the assigned definitions:

8.1.1 "**Documents**" are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by the Contractor, its employees, agents, or subcontractors, in the performance of this Contract.

8.1.2 "**Pre-Existing Intellectual Property**" means intellectual property developed prior to or outside the scope of this Contract, and any derivatives of that intellectual property.

8.1.3 "**Works**" means all inventions, improvements, discoveries (whether or not patentable), data, databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, maps, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the Contractor, its employees, agents, and subcontractors, either individually or jointly with others in the performance of this Contract. "**Works**" includes Documents.

8.2 Ownership. GRPUC owns all rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks, and service marks in the Works and Documents created and paid for under this Contract. The Documents shall be the exclusive property of GRPUC and all such Documents must be immediately returned to GRPUC by the Contractor upon completion or cancellation of this Contract. To the extent possible, those Works eligible for copyright protection under the United States Copyright Act will be deemed to be "works made for hire." The Contractor assigns all right, title, and interest it may have in the Works and the Documents to GRPUC. The Contractor must, at the request of GRPUC, execute all papers and perform all other acts necessary to transfer or record GRPUC's ownership interest in the Works and Documents.

8.3 Pre-existing Intellectual Property. Each Party shall retain ownership of its respective Pre-Existing Intellectual Property. The Contractor grants GRPUC a perpetual, irrevocable, non-exclusive, royalty free license for Contractor's Pre-Existing Intellectual Property that are incorporated in the Goods or Services that are purchased through the Contract.

8.4 Obligations.

8.4.1 Notification. Whenever any invention, improvement, or discovery (whether or not patentable) is made or conceived for the first time or actually or constructively

reduced to practice by the Contractor, including its employees and subcontractors, in the performance of this Contract, the Contractor will immediately give GRPUC's Authorized Representative written notice thereof, and must promptly furnish GRPUC's Authorized Representative with complete information and/or disclosure thereon.

- 8.4.2 Representation. The Contractor must perform all acts, and take all steps necessary to ensure that all intellectual property rights in the Works and Documents are the sole property of GRPUC, and that neither Contractor nor its employees, agents, or subcontractors retain any interest in and to the Works and Documents. The Contractor represents and warrants that the Works and Documents do not and will not infringe upon any intellectual property rights of other persons or entities.
- 8.4.3 Indemnification. Notwithstanding any other indemnification obligations addressed within this Contract, the Contractor will indemnify, defend, and hold harmless GRPUC, at the Contractor's expense, from any action or claim brought against GRPUC to the extent that it is based on a claim that all or part of the Works or Documents infringe upon the intellectual property rights of others. The Contractor will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the Contractor's or GRPUC's opinion is likely to arise, the Contractor must, at GRPUC's discretion, either procure for GRPUC the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing works or documents as necessary and appropriate to obviate the infringement claim. This remedy of GRPUC will be in addition to and not exclusive of other remedies provided by law.]

9. Copyright.

The Contractor shall save and hold harmless GRPUC, its officers, agents, servants and employees, from liability of any kind or nature, arising from the use of any copyrighted or noncopyrighted compositions, secret process, patented or nonpatented invention, article or appliance furnished or used in the performance of the Contract.

10. GRPUC Audits.

The Contractor's books, records, documents, and accounting procedures and practices relevant to this Contract are subject to examination by GRPUC for six (6) years from the expiration or termination of this Contract. After reasonable notice, Contractor shall make such books, records, documents, and accounting procedures and practices available to GRPUC for its examination and audit.

11. Publicity and Endorsement.

11.1 Publicity. Any publicity regarding the subject matter of this Contract must identify GRPUC as the sponsoring agency and must not be released without prior written approval from GRPUC's Authorized Representative. For purposes of this provision, publicity includes

notices, informational pamphlets, press releases, information posted on corporate or other websites, research, reports, signs, and similar public notices prepared by or for the Contractor individually or jointly with others, or any subcontractors, with respect to the Goods or Services provided resulting from this Contract.

11.2 Endorsement. The Contractor must not claim that GRPUC endorses its products or services.

12. Debarment by the State, its Departments, Commissions, Agencies, or Political Subdivisions.

Contractor certifies that neither it nor its principals is presently debarred or suspended by the Federal government, state, or any of the state's departments, commissions, agencies, or political subdivisions. Contractor's certification is a material representation upon which the Contract award was based. Contractor shall provide immediate written notice to GRPUC's Authorized Representative if at any time it learns that this certification was erroneous when submitted or becomes erroneous by reason of changed circumstances.

13. Equal Employment, Nondiscrimination, and Affirmative Action.

In connection with the work under this Contract, Contractor agrees to comply with the applicable Legal Requirements related to equal employment opportunity, nondiscrimination, affirmative action, and nonretaliation.

14. General / Miscellaneous.

14.1 Observance of GRPUC Policies. When Contractor's employees are working on the premises of GRPUC, wherever located, they shall observe the working rules, policies, and procedures of GRPUC, including, but not limited to, its respectful workplace policy.

14.2 Independent Contractor. It is understood and agreed that in providing the Goods and Services hereunder, Contractor shall act in the capacity of an independent contractor and not as an employee, partner, joint venturer, or agent of GRPUC. Contractor agrees that unless otherwise instructed in writing it shall not represent itself as the agent or legal representative of GRPUC for any purpose whatsoever. Contractor shall be solely responsible for the remuneration of and the payment of any and all taxes with respect to its employees and contractors and any claims with respect thereto and shall be solely responsible for the withholding and payment of all federal, state, and local income taxes as well as all FICA and FUTA taxes applicable to it, its employees, and its contractors. Contractor acknowledges that as an independent contractor, neither it nor any of its employees or contractors shall be eligible for any GRPUC employee benefits, including, but not limited to, vacation, sick, medical or dental insurance, or pension benefits.

14.3 Further Assurances. Each of the Parties shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions of this Contract and give effect to the transactions contemplated by this Contract.

14.4 Governing Law, Jurisdiction, and Venue. Minnesota law, without regard to its choice-of-law provisions, governs this Contract. Venue for all legal proceedings out of this Contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Itasca County, Minnesota.

14.5 Notices. Any notice or other communication to any Party in connection with this Contract shall be in writing and shall be sent by hand-delivery, email, fax, overnight courier, or United States mail (postage prepaid) addressed to the address set forth below. All periods of notice shall be measured from the date of delivery thereof if hand-delivered, from the date of sending thereof if sent by email or fax (effective upon confirmation of receipt), from the first day after the date of sending if sent by overnight courier, or from three (3) business days after the date of mailing if mailed. Any Party may change such Party’s address for notices by notice given not less than ten (10) calendar days prior to the effective date of the change.

GRPUC
Address: 500 SE 4th Street
Grand Rapids, MN 55744
Attn: General Manager
Email: jakennedy@grpuc.org

Contractor
Address: 23950 Lake Blvd N.
Forest Lake, MN 558025
Attn: Dillon Dempsey
Email: dillon@barnumgs.com

14.6 Entire Agreement. This Contract (including any exhibits) represents the only agreement between the Parties concerning the subject matter hereof and supersedes all other prior agreements whether written or oral, relating thereto.

14.7 Modification and Waiver. No purported amendment, modification, or waiver of any provision hereof shall be binding unless set forth in a written document signed by all Parties (in the case of amendments or modifications) or by a Party to be charged thereby (in the case of waivers). Any waiver shall be limited to the circumstance or event specifically referenced in the written waiver document and shall not be deemed a waiver of any other term hereof or of the same circumstance or event upon any recurrence thereof.

14.8 Severability. If any provision of this Contract is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable and this Contract shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never constituted a part hereof, and the remaining provisions shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance therefrom. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Contract a legal, valid, and enforceable provision as similar in terms to the illegal, invalid, or unenforceable provision as may be possible.

14.9 Binding Effect; Assignment. This Contract shall be binding on the Parties and on their respective heirs, devisees, representatives, successors, and assigns. Contractor shall not assign, sublet, or subcontract the Goods or Services or any portion thereof without the prior written

consent of GRPUC. Such consent shall not relieve Contractor of its obligations or liabilities under the Contract.

14.10 Counterparts; Electronic Signatures. This Contract may be executed in separate counterparts with the same effect as if all signatures were on the same Contract. For purposes of this Contract, a telecopy, electronic, or facsimile Contract and signature shall be deemed as, and shall serve as, an original Contract and signature.

14.11 Attorneys' Fees. In the event of any litigation between the Parties hereto with respect to this Contract, the prevailing party (the party entitled to recover the costs of suit, at such time as all appeals have been exhausted or the time for taking such appeals has expired) shall be entitled to recover reasonable attorneys' fees in addition to such other relief as the court may award.

14.12 Survival. The obligations of Contractor hereunder, including, without limitation, obligations concerning indemnity, warranties, confidentiality, intellectual property and defense of GRPUC, shall survive the expiration or earlier termination of this agreement.

[Remainder of Page Intentionally Left Blank]

1.

Exhibit B: Insurance Requirements

1. Notice to Contractor.

- 1.1 The Contractor is required to submit Certificates of Insurance acceptable to GRPUC as evidence of insurance coverage requirements prior to commencing work under this Contract.
- 1.2 Contractor shall not commence work under the contract until it has obtained all the insurance described below and GRPUC has approved such insurance. Contractor shall maintain such insurance in force and effect throughout the term of this Contract, unless otherwise specified in this Contract
- 1.3 The failure of the Contractor to provide a Certificate of Insurance, for the policies required under this Contract or renewals thereof, or failure of the insurance company to notify GRPUC of the cancellation of policies required under this Contract shall not constitute a waiver by GRPUC to the Contractor to provide such insurance.
- 1.4 GRPUC reserves the right to immediately terminate this Contract if the Contractor is not in compliance with the insurance requirements and retains all rights to pursue any legal remedies against the Contractor. All insurance policies must be open to inspection by GRPUC, and copies of policies must be submitted to GRPUC's Authorized Representative upon written request.

2 Notice to Insurer.

The Contractor's insurance company(ies) waives its right to assert the immunity of GRPUC as a defense to any claims made under said insurance.

3 Additional Insurance Conditions. The following apply to the Contractor, or the Contractor's subcontractor:

- 3.1 Contractor's policy(ies) shall be primary insurance to any other valid and collectible insurance available to GRPUC with respect to any claim arising out of Contractor's performance under this Contract.
- 3.2 If Contractor receives a cancellation notice from an insurance carrier affording coverage herein, Contractor agrees to notify GRPUC within five (5) business days with a copy of the cancellation notice, unless Contractor's policy(ies) contain a provision that coverage afforded under the policy(ies) will not be cancelled without at least thirty (30) days advance written notice to GRPUC.
- 3.3 Contractor is responsible for payment of Contract-related insurance premiums and deductibles.
- 3.4 If Contractor is self-insured, a Certificate of Self-Insurance must be attached.

3.5 Contractor's policy(ies) shall include legal defense fees in addition to its policy limits with the exception of professional liability.

3.6 Contractor's insurance companies must either (1) have an AM Best rating of A- (minus) and a Financial Size Category of VII or better, and be authorized to do business in Minnesota, or (2) be domiciled in Minnesota and have a Certificate of Authority/Compliance from the Minnesota Department of Commerce if they are not rated by AM Best.

3.7 An Umbrella or Excess Liability insurance policy may be used to supplement the Contractor's policy limits to satisfy the full policy limits required by the Contract.

4 Coverages. Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:

4.1 Commercial General Liability Insurance. Contractor is required to maintain insurance protecting it from claims for damages for bodily injury, including sickness or disease, death, and for care and loss of services as well as from claims for property damage, including loss of use which may arise from operations under the Contract whether the operations are by the Contractor or by a subcontractor or by anyone directly or indirectly employed by the Contractor under the contract. Insurance minimum limits are as follows: GRPUC does not allow limits lower than \$1.5 M. Contractor can use umbrella coverage to get to the minimum limit amount of \$1.5M

\$1,500,000 – per occurrence

\$1,500,000– annual aggregate

\$1,500,000– annual aggregate – applying to Products/Completed Operations

The following coverages shall be included:

- Premises and Operations Bodily Injury and Property Damage
- Personal and Advertising Injury
- Blanket Contractual Liability
- Products and Completed Operations Liability
- Other; if applicable, please list _____
- **GRPUC must be named as an Additional Insured**, to the extent permitted by law

4.2 Commercial Automobile Liability Insurance. Contractor is required to maintain insurance protecting it from claims for damages for bodily injury as well as from claims for property damage resulting from the ownership, operation, maintenance or use of all owned, hired, and non-owned autos which may arise from operations under this Contract, and in case any work is subcontracted the Contractor will require the subcontractor to maintain Commercial Automobile Liability insurance. Insurance minimum limits are as follows: GRPUC does not allow limits lower than \$1.5 M. Contractor can use umbrella coverage to get to the minimum limit amount of \$1.5M

\$1,500,000 – per occurrence Combined Single limit for Bodily Injury and Property Damage

In addition, the following coverages should be included: Owned, Hired, and Non-owned Automobile.

Evidence of Subcontractor insurance shall be filed with the Contractor.

- 4.3 **Workers' Compensation Insurance.** Except as provided below, Contractor must provide Workers' Compensation insurance for all its employees and, in case any work is subcontracted, Contractor will require the subcontractor to provide Workers' Compensation insurance in accordance with applicable Legal Requirements, including Coverage B, Employer's Liability. Insurance **minimum** limits are as follows:

\$100,000 – Bodily Injury by Disease per employee

\$500,000 – Bodily Injury by Disease aggregate

\$100,000 – Bodily Injury by Accident

If Minn. Stat. § 176.041 exempts Contractor from Workers' Compensation insurance or if the Contractor has no employees in the state, Contractor must provide a written statement, signed by an authorized representative, indicating the qualifying exemption that excludes Contractor from the Minnesota Workers' Compensation requirements.

If during the course of the Contract the Contractor becomes eligible for Workers' Compensation, the Contractor must comply with the Workers' Compensation Insurance requirements herein and provide GRPUC with a certificate of insurance.

- 4.4 **Professional Liability, Errors, and Omissions.** This policy will provide coverage for all claims the Contractor may become legally obligated to pay resulting from any actual or alleged negligent act, error, or omission related to Contractor's professional services required under the Contract. Insurance **minimum** limits are as follows:

\$2,000,000 - per claim or event

\$2,000,000 - annual aggregate

Any deductible will be the sole responsibility of the Contractor and may not exceed \$50,000 without the written approval of GRPUC. If the Contractor desires authority from GRPUC to have a deductible in a higher amount, the Contractor shall so request in writing, specifying the amount of the desired deductible and providing financial documentation by submitting the most current audited financial statements so that GRPUC can ascertain the ability of the Contractor to cover the deductible from its own resources.

The retroactive or prior acts date of such coverage shall not be after the effective date of this Contract and Contractor shall maintain such insurance for a period of at least three (3) years, following completion of the work. If such insurance is discontinued, extended reporting period coverage must be obtained by Contractor to fulfill this requirement.

Exhibit C: Specifications, Duties, and Scope of Work

Contractor shall provide New Upgrade and operator replacement to the South Gate at the Service Center.

Exhibit D: Price and Payment Schedule

- 1.1.1 The total obligation and liability of GRPUC under this Contract will not exceed Thirty-Four Thousand Four Hundred and Seventy Dollars (\$34,470.00). Contractor shall be paid within thirty days of an undisputed invoice.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: April 24, 2024

AGENDA ITEM: Consider a motion to approve the procurement contract with Trident Process Inc. for one high speed gear box for an aeration basin mixer in the WWT secondary plant for \$41,450.01 and allow the General Manager to sign the contract.

PREPARED BY: Steve Mattson

BACKGROUND:

This purchase is part of the approved WWT Capital Budget of \$60,000. \$0 has been spent to date.

This is a custom gearbox and therefore is a single source purchase.

RECOMMENDATION:

Approve a motion to approve the procurement contract with Trident Process Inc. for one high speed gear box for an aeration basin mixer in the WWT secondary plant for \$41,450.01 and allow the General Manager to sign the contract.

Capital Plan

2024 *thru* 2028

Item 5.

Grand Rapids Public Utilities Commission

Project # WWSP1804
Project Name Secondary Aeration Basin Mixer Repairs

Department 4f-WWT Secondary Treatment
Contact Steve Mattson
Type Unassigned
Useful Life 20
Category Equipment
Priority 02 - Significant Need
Status Active

Description **Total Project Cost: \$1,270,000**
 The thirty-plus year old aeration basin mixers need to be overhauled in order to provide the mixing needed within our activated sludge process. This work will include rebuilding the gearbox and replacing the shaft and both lower and upper impellers of two mixers when necessary.

Justification
 Upon inspection of aeration basins, lower impellers have fallen off, mixer shafts have sheared off. Additionally the gearboxes need to be rebuilt. The project will include removing the existing gearbox, shaft and impellers and replacing with a rebuilt gearbox and a new shaft and impellers. We started this process a few years ago and our industrial partner would like us to continue to work at revamping these.

Prior	Expenditures	2024	2025	2026	2027	2028	Total
725,000	Purchases	60,000	135,000	175,000	175,000		545,000
Total	Total	60,000	135,000	175,000	175,000		545,000

Prior	Funding Sources	2024	2025	2026	2027	2028	Total
725,000	Customer Contributions-Cohasset	1,375	4,925	4,011	4,011		14,322
Total	Customer Contributions-LaPrairie	814		2,373	2,373		5,560
	Customer Contributions-UPM	42,000	94,500	122,500	122,500		381,500
	Reserves-Unrestricted	15,811	35,575	46,116	46,116		143,618
	Total	60,000	135,000	175,000	175,000		545,000

Budget Impact/Other
 By replacing the worn components we can extend the life of the mixer for years as well as prevent the hundreds of thousands of dollars for new.

PROCUREMENT CONTRACT

This Procurement Contract (“**Contract**”) is by and between the Grand Rapids Public Utilities Commission, located at 500 SE 4th St, Grand Rapids, MN 55744 (“**GRPUC**”), and Trident Process, Inc., located at JG Cherry Building @ 329 10th Ave SE, #202 Cedar Rapids, Iowa 52401 (“**Contractor**”). GRPUC and Contractor may be referred to jointly as the “**Parties**” or individually as a “**Party**.”

Recitals

A. GRPUC has solicited and received quotations from contractors for providing one high speed gear box head for our lightning mixers (“**Solicitation**”);

B. Contractor provided a response to the Solicitation indicating its interest in and ability to provide the goods or services requested in the Solicitation; and

C. Subsequent to an evaluation in accordance with the terms of the Solicitation and negotiation, the Parties desire to enter into a contract.

Accordingly, the Parties agree as follows:

Contract

1. Term of Contract

1.1 Effective date. The effective date of this Contract is April 3rd, 2024. The Contractor must not begin work under this Contract until this Contract is fully executed and the Contractor has been notified by GRPUC’s Authorized Representative to begin the work.

1.2 Expiration date. The expiration date of this Contract is November 1st, 2024, or until all of Contractor’s obligations have been satisfactorily fulfilled, whichever occurs first.

2. Contractor’s Duties

2.1 The Contractor shall:

Provide One High speed gear box head for one of our 781 Q 125 lightning mixers.

(The services (if any) to be provided by Contractor to GRPUC are referred to as the “**Services**.” The goods (if any) to be provided by Contractor to GRPUC are referred to as the “**Goods**.”). Contractor’s precise duties, specifications, deliverables, and completion dates related to the Goods and Services are more specifically described in **Exhibit C**.

2.2 GRPUC may make changes to the general scope of Goods and Services (including but not limited to, suspension of performance, changes in time of performance, schedule, quantities, or specifications) by written notice, or by oral notice subsequently confirmed by GRPUC in writing within ten (10) days thereafter, to Contractor. If such changes affect

the cost of or the time required to provide the Goods and Services, an equitable adjustment in the schedule and compensation under this Contract shall be made. Contractor shall proceed with providing the Goods and Services as so changed, notwithstanding any dispute regarding such equitable adjustment. Any claim of such adjustment must be submitted to GRPUC in writing within thirty (30) days from the date the change is ordered, and Contractor shall not be entitled to any adjustment unless such written claim is so submitted.

- 2.3 GRPUC may from time to time, require additional Services or Goods from Contractor. Such additional Services or Goods, including the amount of compensation for such additional Services or Goods, mutually agreed upon by and between GRPUC and Contractor, shall be effective when incorporated by written amendment to this Contract. Additional Services or Goods shall not begin until the amendment is executed. Thereafter, such additional Services or Goods shall be subject to the terms of this Contract.
- 2.4 Contractor agrees that all Goods and Services shall be provided in accordance with all applicable laws, rules, regulations, ordinances, codes, and orders of all federal, state, and local governmental authorities, agencies, departments, or bureaus having jurisdiction and which affect the Goods or Services hereunder (“**Legal Requirements**”) without extra charge or expense. Contractor will be responsible for a violation of any such Legal Requirements arising out of the provision of Goods or Services by Contractor and will indemnify, defend, and hold harmless GRPUC from and against any fine or expense, including reasonable attorneys’ fees and disbursements, resulting to it by reason of any such violation by Contractor.
- 2.5 The Goods and Services will be provided in a manner that is consistent with the level of care and skill exercised by members of Contractor’s profession currently working under similar conditions. All Goods and Services not conforming to this standard will be considered defective and Contractor shall, at no cost to GRPUC, promptly and satisfactorily correct all such defective Goods and Services. All Services shall be performed and all Goods shall be produced and delivered to the satisfaction of GRPUC, and in accordance with the Legal Requirements. Payment shall be withheld for Goods or Services found by GRPUC to be unsatisfactory or in violation of the Legal Requirements.
- 2.6 Contractor shall ensure that all persons who perform the Services or produce or deliver the Goods shall be professionally competent and properly qualified. If so requested by GRPUC, Contractor shall remove any person GRPUC deems incompetent, careless, or otherwise objectionable. At all times Contractor will be responsible for the acts, omissions, work, materials, and equipment of its employees, subcontractors, and agents and any other person, directly or indirectly, employed by any of them.
- 2.7 Contractor shall cooperate fully with GRPUC, other GRPUC contractors, municipalities, local government officials, public utility companies, and others as may be directed by GRPUC. This shall include attendance at meetings, discussions, and hearings as may be requested by GRPUC, furnishing data as may be requested from time to time by GRPUC to effect such cooperation, and compliance with all directives issued by GRPUC.

2.8 At the time GRPUC accepts the Goods from Contractor, Contractor shall sell, assign, transfer, convey and deliver to GRPUC, all of Contractor's right, title and interest in the Goods, free and clear of any mortgage, pledge, lien, charge, security interest, claim or other encumbrance ("**Encumbrance**"). Contractor shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be necessary to transfer Contractor's right, title and interest in the Goods to GRPUC, free and clear of any Encumbrances. Contractor has all risk of loss until GRPUC accepts the Goods.

3. Representations and Warranties

3.1 GRPUC is authorized to enter into this Contract.

3.2 Contractor warrants that it is duly qualified and shall perform its obligations under this Contract in accordance with the commercially reasonable standards of care, skill, and diligence in Contractor's industry, trade, or profession, and in accordance with the specifications set forth in this Contract, to the satisfaction of GRPUC.

3.3 Contractor warrants that it possesses the legal authority to enter into this Contract and that it has taken all actions required by its procedures, by-laws, and applicable laws to exercise that authority, and to lawfully authorize its undersigned signatory to execute this Contract, or any part thereof, and to bind Contractor to its terms.

3.4 Contractor warrants that at the time GRPUC accepts the Goods: (A) Contractor has good title to the Goods, free and clear of Encumbrances, and (B) the Goods are in good condition and are adequate for the uses to which they are being put, and none of such Goods are in need of maintenance or repairs.

4. Time

The Contractor must comply with all the time requirements described in this Contract. In the performance of this Contract, time is of the essence.

5. Consideration and Payment

5.1 Consideration. GRPUC will pay for performance by the Contractor under this Contract as follows:

5.1.1 Compensation. The Contractor will be paid Thirty-Nine Thousand Four Hundred and Fifty Dollars and One Cent. (\$39,450.01) Plus a not to exceed price of Two Thousand Dollars for Shipping and Handling in accordance with **Exhibit D**.

Total obligation. The total obligation and liability of GRPUC under this Contract will not exceed Forty One Thousand Four Hundred and Fifty Dollars and One Cent Dollars (\$41,450.01).

5.2

5.3 Payment.

5.3.1 Invoices. GRPUC will pay the Contractor after the Contractor presents an itemized invoice for the Services actually performed, and Goods actually delivered to GRPUC, in accordance with Section 1 of **Exhibit A**.

6. **Authorized Representative**

GRPUC's Authorized Representative is Steve Mattson at the following business address: 500 SE 4th Street, and the following telephone number: 218.326.7024, or his/her successor or delegate, and has the responsibility to monitor the Contractor's performance.

Contractor's Authorized Representative is Tracy Breneman at the following business address: JG Cherry Building @ 329 10th Ave SE #202, Cedar Rapids, Iowa, and the following telephone number: 612.816.8158, or his/her successor. If the Contractor's Authorized Representative changes at any time during this Contract, the Contractor must immediately notify GRPUC.

[The Signature Page Follows]

Trident Process, Inc.

**Grand Rapids Public Utilities
Commission**

By: _____

Print Name: Julie A. Kennedy

Title: General Manager

Date: _____

By: _____

Print Name: Tracy Breneman

Title: ___Vice
President _____

Date: _____4-3-24_____

Exhibit A: Contract Terms

1. Prompt Payment and Invoicing.

- 1.1 Prompt Payment. GRPUC will pay the Contractor within thirty (30) days following receipt of an undisputed invoice. Terms requesting payment in less than thirty (30) days will be changed to read "Net 30 days." Notwithstanding the foregoing, GRPUC may pay the Contractor in advance in its sole discretion.

The payment for each invoice will only be made for Goods received or Services actually performed that have been accepted by GRPUC, and meet all terms, conditions, and specifications of the Contract.

2. Termination.

- 2.1 Termination for Convenience. GRPUC may cancel this Contract at any time, with or without cause, upon thirty (30) days' written notice to the Contractor. Upon termination for convenience, the Contractor will be entitled to payment, determined on a pro rata basis, for Services satisfactorily performed and Goods satisfactorily produced and delivered.
- 2.2 Termination for Breach. GRPUC may terminate this Contract, with cause, upon thirty (30) days' written notice to Contractor of the alleged breach and opportunity to cure. If after thirty (30) days, the alleged breach has not been remedied, GRPUC may immediately terminate the Contract.
- 2.3 Termination by Mutual Agreement. The Parties may terminate this Contract at any time by mutual written agreement.
- 2.4 Effect of Termination. Upon receipt of any notice of termination Contractor shall immediately stop performance of the Services and stop production and delivery of the Goods to the extent specified in such notice. In no event shall GRPUC be liable for any loss of revenue or profit incurred by Contractor as a result of any termination.
- 2.5 Return of Information. Upon termination of this Contract, or earlier upon GRPUC's request, Contractor shall deliver to GRPUC all items requested by GRPUC containing any Confidential Information or work product information or make such other disposition thereof as GRPUC may direct in writing.

3. Force Majeure.

Neither Party shall be responsible to the other or considered in default of its obligations within this Contract to the extent that performance of any such obligations is prevented or delayed by acts of God, war, riot, disruption of government, or other catastrophes beyond the reasonable control of the Party unless the act or occurrence could have been reasonably foreseen and reasonable action could have been taken to prevent the delay or failure to perform. A Party relying on this provision to excuse performance must provide the other Party prompt written notice of the inability to perform and take all necessary steps to bring about performance as soon as practicable.

4. Confidentiality.

In connection with Contractor’s provision of the Goods and Services under this Contract (“Purpose”) GRPUC may disclose to Contractor, or Contractor may otherwise receive access to, confidential or proprietary information of GRPUC (“Confidential Information”). Contractor shall use the Confidential Information solely for the Purpose and shall not disclose or permit access to Confidential Information other than to its employees, officers, and advisors (collectively, “Representatives”) who: (a) need to know such Confidential Information for the Purpose; (b) know of the existence and terms of this Contract; and (c) agree to be bound by the confidentiality terms contained herein. Contractor shall safeguard the Confidential Information from unauthorized use, access, or disclosure using at least the degree of care it uses to protect its most sensitive information and no less than a reasonable degree of care. Contractor shall promptly notify GRPUC of any unauthorized use or disclosure of Confidential Information and cooperate with GRPUC to prevent further use or disclosure. Contractor will be responsible for any breach of this paragraph caused by its Representatives. If Contractor is required by law or court order to disclose Confidential Information, Contractor shall provide GRPUC with prompt written notice thereof, so that GRPUC may seek a protective order or other appropriate remedy, as well as notice of the terms and circumstances surrounding such request or requirement. Contractor and its Representatives will use reasonable efforts to obtain and will not oppose action by GRPUC to obtain such protective order or other appropriate remedy. If such protective order or other remedy is not obtained, then Contractor will furnish only that portion of the Confidential Information which Contractor is advised by Contractor’s legal counsel is legally required and will exercise all reasonable efforts to obtain assurance that confidential treatment, if available, will be accorded such Confidential Information. This Section 4 is subject to any limitations or obligations imposed by the Minnesota Government Data Practices Act (“MGDPA”).

GRPUC
Address: 500 SE 4th Street
Grand Rapids, MN 55744
Attn: General Manager
Email: jakennedy@grpuc.org

Trident Process, Inc.
Address: JG Cherry Bldg @ 329
10th Ave, Se, #202
Cedar Rapids, Iowa, 52401
Attn: Tracy Breneman
Email: tracy@tridentprocess.com

4.1 Entire Agreement. This Contract (including any exhibits) represents the only agreement between the Parties concerning the subject matter hereof and supersedes all other prior agreements whether written or oral, relating thereto.

4.2 Modification and Waiver. No purported amendment, modification, or waiver of any provision hereof shall be binding unless set forth in a written document signed by all Parties (in the case of amendments or modifications) or by a Party to be charged thereby (in the case of waivers). Any waiver shall be limited to the circumstance or event specifically referenced in the written waiver document and shall not be deemed a waiver of any other term hereof or of the same circumstance or event upon any recurrence thereof.

4.3 Severability. If any provision of this Contract is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable and this Contract shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never constituted a part hereof, and the remaining provisions shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance therefrom. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Contract a legal, valid, and enforceable provision as similar in terms to the illegal, invalid, or unenforceable provision as may be possible.

4.4 Counterparts; Electronic Signatures. This Contract may be executed in separate counterparts with the same effect as if all signatures were on the same Contract. For purposes of this Contract, a telecopy, electronic, or facsimile Contract and signature shall be deemed as, and shall serve as, an original Contract and signature.

4.5 Attorneys' Fees. In the event of any litigation between the Parties hereto with respect to this Contract, the prevailing party (the party entitled to recover the costs of suit, at such time as all appeals have been exhausted or the time for taking such appeals has expired) shall be entitled to recover reasonable attorneys' fees in addition to such other relief as the court may award.

4.6 Survival. The obligations of Contractor hereunder, including, without limitation, obligations concerning indemnity, warranties, confidentiality, intellectual property and defense of GRPUC, shall survive the expiration or earlier termination of this agreement.

[Remainder of Page Intentionally Left Blank]

Exhibit B: Insurance Requirements

1. Notice to Contractor.

- 1.1 The Contractor is required to submit Certificates of Insurance acceptable to GRPUC as evidence of insurance coverage requirements prior to commencing work under this Contract.
- 1.2 Contractor shall not commence work under the contract until it has obtained all the insurance described below and GRPUC has approved such insurance. Contractor shall maintain such insurance in force and effect throughout the term of this Contract, unless otherwise specified in this Contract
- 1.3 The failure of the Contractor to provide a Certificate of Insurance, for the policies required under this Contract or renewals thereof, or failure of the insurance company to notify GRPUC of the cancellation of policies required under this Contract shall not constitute a waiver by GRPUC to the Contractor to provide such insurance.
- 1.4 GRPUC reserves the right to immediately terminate this Contract if the Contractor is not in compliance with the insurance requirements and retains all rights to pursue any legal remedies against the Contractor. All insurance policies must be open to inspection by GRPUC, and copies of policies must be submitted to GRPUC's Authorized Representative upon written request.

2 Notice to Insurer.

The Contractor's insurance company(ies) waives its right to assert the immunity of GRPUC as a defense to any claims made under said insurance.

3 Additional Insurance Conditions. The following apply to the Contractor, or the Contractor's subcontractor:

- 3.1 Contractor's policy(ies) shall be primary insurance to any other valid and collectible insurance available to GRPUC with respect to any claim arising out of Contractor's performance under this Contract.
- 3.2 If Contractor receives a cancellation notice from an insurance carrier affording coverage herein, Contractor agrees to notify GRPUC within five (5) business days with a copy of the cancellation notice, unless Contractor's policy(ies) contain a provision that coverage afforded under the policy(ies) will not be cancelled without at least thirty (30) days advance written notice to GRPUC.
- 3.3 Contractor is responsible for payment of Contract-related insurance premiums and deductibles.
- 3.4 If Contractor is self-insured, a Certificate of Self-Insurance must be attached.

3.5 Contractor’s policy(ies) shall include legal defense fees in addition to its policy limits with the exception of professional liability.

3.6 Contractor’s insurance companies must either (1) have an AM Best rating of A- (minus) and a Financial Size Category of VII or better, and be authorized to do business in Minnesota, or (2) be domiciled in Minnesota and have a Certificate of Authority/Compliance from the Minnesota Department of Commerce if they are not rated by AM Best.

3.7 An Umbrella or Excess Liability insurance policy may be used to supplement the Contractor’s policy limits to satisfy the full policy limits required by the Contract.

4 Coverages. Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:

4.1 **Commercial General Liability Insurance.** Contractor is required to maintain insurance protecting it from claims for damages for bodily injury, including sickness or disease, death, and for care and loss of services as well as from claims for property damage, including loss of use which may arise from operations under the Contract whether the operations are by the Contractor or by a subcontractor or by anyone directly or indirectly employed by the Contractor under the contract. Insurance minimum limits are as follows: GRPUC does not allow limits lower than \$1.5 M. Contractor can use umbrella coverage to get to the minimum limit amount of \$1.5M.

- \$1,500,000 – per occurrence
- \$1,500,000– annual aggregate
- \$1,500,000– annual aggregate – applying to Products/Completed Operations

The following coverages shall be included:

- Premises and Operations Bodily Injury and Property Damage
- Personal and Advertising Injury
- Blanket Contractual Liability
- Products and Completed Operations Liability
- Other; if applicable, please list_____
- **GRPUC must be named as an Additional Insured**, to the extent permitted by law

\$1,500,000 – per occurrence Combined Single limit for Bodily Injury and Property Damage

In addition, the following coverages should be included: Owned, Hired, and Non-owned Automobile.

Evidence of Subcontractor insurance shall be filed with the Contractor.

4.2 **Workers’ Compensation Insurance.** Except as provided below, Contractor must provide Workers’ Compensation insurance for all its employees and, in case any work is subcontracted, Contractor will require the subcontractor to provide Workers’

Compensation insurance in accordance with applicable Legal Requirements, including Coverage B, Employer's Liability. Insurance **minimum** limits are as follows.

- \$100,000 – Bodily Injury by Disease per employee
- \$500,000 – Bodily Injury by Disease aggregate
- \$100,000 – Bodily Injury by Accident

If Minn. Stat. § 176.041 exempts Contractor from Workers' Compensation insurance or if the Contractor has no employees in the state, Contractor must provide a written statement, signed by an authorized representative, indicating the qualifying exemption that excludes Contractor from the Minnesota Workers' Compensation requirements.

If during the course of the Contract the Contractor becomes eligible for Workers' Compensation, the Contractor must comply with the Workers' Compensation Insurance requirements herein and provide GRPUC with a certificate of insurance.

- 4.3 **Professional Liability, Errors, and Omissions.** This policy will provide coverage for all claims the Contractor may become legally obligated to pay resulting from any actual or alleged negligent act, error, or omission related to Contractor's professional services required under the Contract. Insurance **minimum** limits are as follows:

- \$2,000,000 - per claim or event
- \$2,000,000 - annual aggregate

Any deductible will be the sole responsibility of the Contractor and may not exceed \$50,000 without the written approval of GRPUC. If the Contractor desires authority from GRPUC to have a deductible in a higher amount, the Contractor shall so request in writing, specifying the amount of the desired deductible and providing financial documentation by submitting the most current audited financial statements so that GRPUC can ascertain the ability of the Contractor to cover the deductible from its own resources.

The retroactive or prior acts date of such coverage shall not be after the effective date of this Contract and Contractor shall maintain such insurance for a period of at least three (3) years, following completion of the work. If such insurance is discontinued, extended reporting period coverage must be obtained by Contractor to fulfill this requirement.

- 4.4 **Privacy Liability Insurance (or equivalent).** The coverage may be endorsed on another form of liability coverage or written on a standalone policy. The Contractor shall maintain insurance to cover claims which may arise from failure of the Contractor to ensure the security of not public data stored on GRPUC's documents, including but not limited to paper, microfilms, microfiche, magnetic computer tapes, cassette tapes, photographic negatives, photos, hard disks, floppy disks, and carbon sheets, while in the Contractor's care, custody, and control. Insurance minimum limits are as follows:

- \$2,000,000 - Per Occurrence
- \$2,000,000 - Annual Aggregate

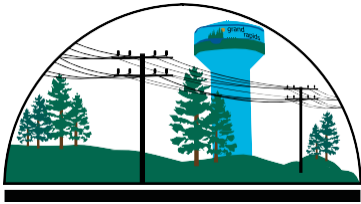
The following coverage shall be included: GRPUC named as an Additional Insured unless the coverage is written under a Professional Liability policy.

Exhibit C: Specifications, Duties, and Scope of Work

Provide 1 high speed gear box head for one of our 781 Q 125 Mixers.

Exhibit D: Price and Payment Schedule

GRPUC will pay the Contractor within thirty (30) days following receipt of an undisputed invoice.



**GRAND RAPIDS
PUBLIC UTILITIES**

Service is Our Nature

500 SE Fourth Street • Grand Rapids, Minnesota 55744

SAFETY REPORT April 2024 Commission Meeting

Safety Topic This Month

Safety Brad trained all employees on ladder safety, performed ladder inspections, and performed hot sticks and grounds testing on April 9th & 10th.

Safety Committee Program Review This Month

Safety Brad led the Committee through a review of GRPU's A Workplace Accident & Injury Reduction (AWAIR) Program on April 9th. Staff are updating the Program and will bring an updated version to the Commission for adoption in the coming months.

Incidents Reported last Month by Department

Administration: None Electric: None
 Business Services: None Water-Wastewater: None

Cumulative Incidents for 2024

Recordable Incidents	0
Lost Time Days 2024	0
Restricted Days 2024	0
First Aid Only (not recordable)	1

Total FROI 1

Recordable Incident 5-year History

	2020	2021	2022	2023	2024
ADMIN	0	0	0	0	0
BUS SVCS	0	0	0	1	0
ELEC	0	0	0	0	0
W-WW	3	1	0	0	0
TOTAL	3	3	0	1	0



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: April 24, 2024

AGENDA ITEM: Consider approving the Memorandum of Understanding between the City of Grand Rapids and Grand Rapids Public Utilities Commission related to the Oracle Public Sector Agreement for cloud-based software and services.

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

The joint ERP core team recommended the City and GRPU purchase Oracle NetSuite for Government cloud-based software and services. The joint ERP sponsors recommended the City of Grand Rapids and Grand Rapids Public Utilities Commission enter into a Memorandum of Understanding (MOU) to have focused discussions on establishing written definitive roles and responsibilities in conjunction with the jointly purchased Oracle software and services.

The intent is for the City and GRPU each to enter into agreements with Oracle NetSuite for Government for software and services with one license and a parent-child relationship.

The MOU is binding in that within the next six months the City and GRPU would jointly develop and enter into a written definitive agreement clearly establishing roles and responsibilities in the Oracle NetSuite for Government one license parent-child relationship for a specific period of time.

RECOMMENDATION:

Approve the Memorandum of Understanding between the City of Grand Rapids and Grand Rapids Public Utilities Commission related to the Oracle Public Sector Agreement for cloud-based software and services.

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this “**MOU**”), dated as of _____, 2024, sets forth certain nonbinding understandings and binding agreements between Grand Rapids Public Utilities Commission, a public utilities commission created under Minnesota Statutes, sections 412.321 to 412.391 (the “**GRPUC**”), and City of Grand Rapids, a Minnesota municipal corporation (the “**City**”), relating to City’s Public Sector Agreement for Oracle Cloud Services, and documents referred to therein or entered into thereunder (collectively, “**Oracle Agreement**”), with Oracle America, Inc. (“**Oracle**”), relating to Oracle-provided Software (as defined in the Oracle Agreement) (“**Software**”) and Oracle’s provision of Services (as defined in the Oracle Agreement) (“**Services**”). GRPUC and City are sometimes referred to individually as a “**Party**” and collectively as the “**Parties**”.

1. MOU Subject to Definitive Agreement. This MOU is for discussion purposes only and is not intended to constitute a legally binding or enforceable agreement or commitment on either Party, except for Section 3 which shall be binding on the Parties in accordance with its terms.

2. Nonbinding Understandings. This Section 2 sets forth the nonbinding understandings of the Parties with respect to the Oracle Agreement. It is the present intention of the Parties that City will enter into the Oracle Agreement with Oracle for use of the Software and Services, and City and GRPUC will have a Parent-Child relationship in relation to the Software and Services, which will allow GRPUC to use the Software and Services for its business needs, all on the terms and conditions set forth in this Section 2. The Parties intend to negotiate a formal written agreement (“**Definitive Agreement**”) that would govern their relationship in relation to the Software and Services and the Oracle Agreement. Binding obligations with respect to the Software and Services and the Oracle Agreement shall only arise upon the execution of the Definitive Agreement by both Parties. Following are the parameters of the Definitive Agreement:

(a) The Definitive Agreement will define the roles and responsibilities of GRPUC and City in relation to the implementation, enforcement, maintenance, use, control, and operation of the Software, Services, and Oracle Agreement.

(b) The Parties will commit to a Parent-Child relationship in relation to the Software, Services, and Oracle Agreement for the term of the Definitive Agreement and the Parties will take such action as is reasonably necessary to ensure that both Parties have the full right to access and use the Software and Services in accordance with the Oracle Agreement as the needs of that organization dictate.

(c) The Definitive Agreement will be binding on the Parties for five (5) to seven (7) years after the date of the Definitive Agreement, subject to standard early termination provisions.

(d) The Definitive Agreement will contain such covenants, conditions, indemnities, representations and warranties as are customary for this type of transaction and as the Parties mutually agree.

3. Binding Agreements. This Section 3 shall constitute a legally binding and enforceable agreement between the Parties. In consideration of the significant expenses that the Parties will incur in pursuing the Oracle Agreement and drafting and negotiating the Definitive Agreement, the Parties agree as follows:

(a) Good Faith Negotiations. The Parties shall negotiate in good faith and use their best efforts to bring about the execution and delivery of the Definitive Agreement at the earliest practicable time, but no later than six (6) months from the date of this MOU.

(b) Costs and Expenses. Each Party shall be responsible for all of its costs and expenses associated with pursuing the Definitive Agreement, including without limitation, the performance of its obligations under this MOU and drafting and negotiating the Definitive Agreement.

(c) Governing Law. This MOU shall be governed by and construed in accordance with the internal laws of the state of Minnesota.

(d) Counterparts. This MOU may be executed in separate counterparts with the same effect as if all signatures were on the same MOU. For purposes of this MOU, a telecopy, electronic, or facsimile MOU and signature shall be deemed as, and shall serve as, an original MOU and signature.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this MOU as of the date set forth above.

Grand Rapids Public Utilities Commission

City of Grand Rapids

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: April 24, 2024

AGENDA ITEM: Consider approving a public sector (master) agreement with Oracle NetSuite for Government for the joint purchase of an ERP cloud-based software system and authorize the General Manager to sign agreement.

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

GRPU currently uses Great Plains (GP) Dynamics for accounting software and Cogsdale for customer service management (utility billing), construction management, and work management (service orders) which integrate into GP Dynamics. GRPU has used this software for the past decade and though this software is operational, many features are very “clunky”. GRPU team members have found workarounds, often outside of the software in other products such as MS Excel to complete their work.

GRPU was given notice in late 2021 that GP Dynamics would only be supported for five additional years. A joint City/GRPU ERP team was formed with a primary purpose to replace both the city and GRPU ERP core software.

March 2022 the joint ERP replacement team defined steps necessary to move forward. Barb Baird, City Finance Director and Jean Lane, Business Services Manager recommended hiring an external consultant for professional services to guide and assist the City/GRPU ERP team and in April 2022 a contract was approved to Government Finance Officers Association (GFOA) for professional services for three tasks (1) project planning and management; (2) process analysis/plan of action; and (3) RFP development. GFOA would be contracted in 2023 to assist with the final two tasks (4) system and vendor selection; and (5) contract negotiations.

A joint RFP was released January 6, 2023, and four vendors responded to the RFP. City and GRPU identified important functional themes for the ERP software as: (1) transparency in customer interactions; (2) self-service portals for customers (employees); (3) interface with key other established City & GRPU software (Golf Course, utility billing, Laserfiche, AMI, GIS, etc.); (4) automation of critical processes; (5) easy to use, and (6) increased reliability of data.

The evaluation team (6 City and 10 GRPU members) invited software vendors to the demonstration and discovery evaluation stages.

After the evaluation stage SpryPoint Services Inc. was determined to be the top vendor for the GRPU replacement of Cogsdale software with utility billing (SpryCIS), customer portal (SpryEngage), integrated field services (SpryMobile) and interval data management (SpryIDM). GRPU approved contracts with SpryPoint Services Inc. in February 2024.

After the demonstration, discovery, and references stage, there was no top vendor for the core ERP software. It was determined the top two current ERP software vendors lacked in some major features required by the joint ERP team. In late September 2023, it was decided to go back into the market and target only financial software vendors with a focused financial only RFP.

The joint ERP team received 10 vendor responses, in October 2023, to the RFP. After additional review two vendors were asked to respond to a full RFP process including demonstrations, discovery, and reference checks. Both vendors use NetSuite for Government as their core financial software. After the evaluation stage, the core ERP team recommended Oracle NetSuite for Government as the vendor for both the City and GRPU.

Upon further financial review and identified efficiencies in operations it was recommended by the joint ERP sponsors to purchase one cloud-based subscription license from Oracle with the City as the parent and GRPU as the child. The City Council will consider approving a public service (master) agreement and a five-year cloud service subscription agreement and the GRPU Commission will consider approving a public service (master) agreement only with Oracle.

For a parent-child license relationship to be effective the ERP joint sponsors determined a written agreement was needed to clearly identify roles and responsibilities. The first step of this written agreement is an MOU to commit to the development of this written agreement between the City and GRPU within six months. The MOU is a separate agenda item for your consideration. All agreements for the City and GRPU have been review by GRPU legal team.

The cost of this ERP project for GRPU is \$508,068. One-time costs to convert data, develop reports, system processes configured, training, testing, cutover, and stabilization of production and travel cost \$365,137 plus \$142,931 for five-years subscription fees. First year costs total \$393,723 with \$365,137 for implementation plus \$28,586 for GRPU share of the year-one single license fee.

The grand total of the GRPU ERP (including utility billing) software for implementation plus year-one license fees is \$867,923. Future annual license fees for ERP (including utility billing) are approximately \$88,586 which is less than GRPU current ERP software system annual costs.

The method of funding the GRPU ERP software project will be equipment certificates (debt) issued, later in 2024, by the City of Grand Rapids jointly for the City and GRPU costs.

RECOMMENDATION:

Approve a public sector (master) agreement with Oracle NetSuite for Government for the joint purchase of an ERP cloud-based software system and authorize the General Manager to sign agreement.


**PROFESSIONAL SERVICES
ORDERING DOCUMENT**
Ordering Document Number: US-16430238

Oracle America, Inc. 500 Oracle Parkway Redwood Shores, CA 94065	Your Name: Grand Rapids Public Utilities Commission Your Address: 500 South East 4 th Street Grand Rapids, MN 55744
--	--

Oracle Representative: Matt Sorrell	Your Billing Contact: Julie A. Kennedy
Address: 2300 Oracle Way Austin, TX 78741	Address: 500 South East 4 th Street Grand Rapids, MN 55744
Phone Number: 262-385-8474	Phone Number: 218-326-7687
Email Address: matt.sorrell@oracle.com	Email Address: jakennedy@grpuc.org

You have ordered the Services listed in the table below and detailed in the attached exhibit(s), which are incorporated herein by reference.

Services	Reference	Fees	Estimated Expenses	Total Fees and Estimated Expenses
Fixed Price Services	Exhibit 1	\$331,937.00	\$33,200.00	\$365,137.00
Total Fees and Estimated Expenses				\$365,137.00

A. TERMS

- Applicable Master Agreement:** This order incorporates by reference the Public Sector Agreement for Oracle Cloud Services (Master Agreement), US-CSA-CPQ-3201888 and all amendments and addenda thereto (collectively, the "Master Agreement"). You acknowledge and agree that the terms and conditions of this order are contingent upon the execution of the Master Agreement by and between City of Grand Rapids and Oracle. If the Master Agreement is not executed on or prior to 31-MAY-2024 this order shall be deemed to have no legal effect, even if executed.
- Professional Services Delivery Policies:** The Oracle Professional Services Delivery Policies ("Policies") available at <https://www.oracle.com/a/ocom/docs/corporate/professional-services-delivery-policies.pdf> apply to and are incorporated into this order. The Professional Services Delivery Policies, current as of the ordering document effective date, is attached as a reference hereto.
- Payment Terms:** Net 30 days from invoice date.
- Currency:** US Dollars.
- Offer Valid through:** 31-MAY-2024.
- Service Specifications:** The Service Specifications shall include any exhibit(s) attached to this order (including referenced or incorporated Oracle documents) and the Policies.
- Order of Precedence:** In the event of any inconsistencies, priority shall be established in the following descending order: (a) any exhibit(s) attached to this order; (b) this order; (c) the Policies; and (d) the Master Agreement.
- Rights Granted:** Upon payment, You have the non-exclusive, non-assignable, royalty-free, worldwide, limited right to use the services and anything developed and delivered by Oracle under this order ("services and deliverables") for Your internal business operations. You may allow Your agents and contractors to use the services and deliverables for Your internal business operations, and You are responsible for their compliance in such use. The services and deliverables may be related to Your right to use cloud or hosted/managed services or Products owned

or distributed by Oracle which You acquired under a separate order. The agreement referenced in that order shall govern Your use of such services or Products, and nothing in this order is intended to grant a right to use such services or Products in excess of the terms of that order, such as the services period or number and type of environments specified in a cloud or hosted/managed service order.

You retain all ownership and intellectual property rights to Your confidential and proprietary information that You provide to Oracle under this order.

B. ADDITIONAL ORDER TERMS

- 1. When services will be performed on-site at customer location in the US, as required by US Department of Labor regulations (20 CFR 655.734), You will allow Oracle to post a notice regarding Oracle H-1B employee(s) at the work site prior to the employee’s arrival on-site.
- 2. Use of Subcontractors.
Notwithstanding anything to the contrary in the Policies, Oracle will not retain any third-party subcontractors to perform the Services on Oracle’s behalf unless agreed upon.
- 3. Dispute Resolution.
In the event of any dispute or disagreement between the parties arising out of or relating to the Master Agreement or this order (the “dispute”), the parties will endeavor to resolve the dispute in accordance with this section. Either party may invoke this section by providing the other party written notice of its decision to do so, including a description of the issues subject to the dispute. Each party will appoint a Vice President to discuss the dispute and no formal proceedings for the judicial resolution of such dispute, except for the seeking of equitable relief, may begin until either Vice President concludes, after a good faith effort to resolve the dispute, that resolution through continued discussion is unlikely. The parties shall refrain from exercising any termination right and shall continue to perform their respective obligations under the Master Agreement and this order while the parties endeavor to resolve the dispute under this section, provided that, any party alleged to be in breach promptly makes good faith efforts to cure the breach and pursue the cure in good faith.

Grand Rapids Public Utilities Commission	Oracle America, Inc.
Authorized Signature: _____	Authorized Signature: _____
Name: _____	Name: _____
Title: _____	Title: _____
Signature Date: _____	Signature Date: _____
Ordering Document Effective Date: _____	<i>{to be completed by Oracle}</i>


FIXED PRICE EXHIBIT

Your Name: Grand Rapids Public Utilities Commission
Ordering Document Number: US-16430238
Exhibit Number: 1

1. Description of Services and Deliverables.

A. Services.

Oracle will provide the following technical and functional Services related to the cloud enablement of Oracle NetSuite for Government Cloud Service ("NetSuite for Government") (the "Services").

1. Focus Phase:

- a. Conduct one (1) Finance project kick-off workshop for up to two (2) person days for Your project team to review the project governance processes and complete strategy sessions including:
 1. Scope management process;
 2. Risk management process;
 3. Issue management process;
 4. Communications management process;
 5. Configuration management process;
 6. Quality management process;
 7. Review the welcome packet;
 8. Data conversion strategy session;
 9. Integration strategy session; and
 10. Workflow strategy session.
- b. Create and provide an initial Project Work Plan ("Project Work Plan"), which will include the following:
 1. Tasks, estimated start and end dates, and estimated durations;
 2. Assigned resources from You and Oracle;
 3. Known dependencies; and
 4. Review Your Functional Requirements (included as Appendix A) with You, demonstrate NetSuite for Government functionality mapped against Your Functional Requirements, and advise you on the modification of your existing processes based upon generally available standard functionality of the application.
- c. Conduct one (1) HR/payroll business process review session for up to three (3) person days for Your project team to review the following:
 1. Current human resources processes;
 2. Current payroll process;
 3. Changes to process updates;
 4. Data conversion plan; and
 5. Integration plan.

2. Refine Phase:

- a. Conduct up to six (6) "Finance Data Migration Workshops" for up to two (2) hours each for Your project team to review the following processes for the NetSuite for Government:
 1. Chart of accounts ("COA") setup and fund management;
 2. Entity setup;
 3. Account balances;
 4. Historical data;
 5. Current fiscal year data import; and
 6. Fixed assets.
- b. Following the conclusion of the Finance Data Migration Workshops, document and deliver to You the findings of these workshops in the Finance Migration Engagement Report ("Finance Migration Engagement Report") which sets forth a high-level overview of the workshops and resulting action items assigned to their respective owners with due dates, known risks, and status.
- c. Assist with the loading of general ledger ("GL")/journal and transactional data as follows:

Finance Functional Area	Fiscal years of data to be converted
Journals	Up to ten (10)
Projects	Up to ten (10)
Procurement	Up to ten (10)
Fixed Assets	Up to ten (10)
Budget	Up to two (2)
Planning & Budgeting	Up to two (2)
Accounts Receivable	Up to two (2)
Grants	Up to two (2)

- d. Conduct up to four (4) “Human Resource (“HR”)/Payroll Data Migration Workshops” for up to two (2) hours each for Your project team to review the following processes for the NetSuite for Government:
 1. System configuration and configuration of HR and payroll table data;
 2. Load employee data;
 3. Data review and clean up; and
 4. Load and test data changes.
 - e. Following the conclusion of the HR/Payroll Data Migration Workshops, document and deliver to You the findings from these workshops in an HR/Payroll Migration Engagement Report (“HR/Payroll Migration Engagement Report”) which sets forth a high-level overview of the workshops and resulting action items assigned to their respective owners with due dates, known risks, and status.
 - f. Assist with the loading of up to ten (10) calendar years of historical payroll data.
 - g. Conduct up to five (5) “Finance Configuration Workshops” for up to two (2) hours each for Your project team to review the following processes:
 1. System administration;
 2. Planning and budgeting;
 3. Integrations;
 4. Analytics and reports; and
 5. Workflows and automation.
 - h. Following the conclusion of the Finance Configuration Workshops, document and deliver to You the findings from these workshops in a Finance Configuration Engagement Report (“Finance Configuration Engagement Report”) which sets forth a high-level overview of the workshops and resulting action items assigned to their respective owners with due dates, known risks, and status.
 - i. Conduct up to four (4) “HR/Payroll Configuration Workshops” for up to two (2) hours each for Your project team to review the following processes:
 1. Timecards;
 2. Payroll calculations;
 3. Analytics workflows and reporting;
 4. Payroll configuration.
 - j. Following the conclusion of the HR/Payroll Configuration Workshops, document and deliver to You the findings from these workshops in a HR/Payroll Configuration Engagement Report (“HR/Payroll Configuration Engagement Report”) which sets forth a high-level overview of the workshops and resulting action items assigned to their respective owners with due dates, known risks, and status.
 - k. Configure NetSuite for Government hosted environment based upon the Finance and HR/Payroll Configuration Engagement Reports.
 - l. Set up and configure application programming interface (“API”) integrations for the following third-party applications:
 - a. SpryPoint Utility Billing Systems;
 - b. CityWorks; and
 - c. LaserFiche.
3. Enable Phase:
- a. Assign prerequisite video trainings from Learning Cloud Support for your project team to complete in advance of the functional training sessions in sections 1.A.3.b and 1.A.3.d.

- b. Conduct up to four (4) functional training sessions for up to two (2) hours each for Your project team on the NetSuite for Government Finance module.
 - c. Following the conclusion of the Finance functional training sessions, deliver to You the engagement report resulting from these sessions (the "Finance Functional Training Sessions Engagement Report") which sets forth a high-level overview of the training sessions and resulting action items assigned to their respective owners with due dates, known risks, and status.
 - d. Conduct up to six (6) functional training sessions for up to two (2) hours each for Your project team on the NetSuite for Government HR/Payroll module.
 - e. Following the conclusion of the HR/Payroll functional training sessions, deliver to You the engagement report resulting from these sessions (the "HR/Payroll Functional Training Sessions Engagement Report") which sets forth a high-level overview of the training sessions and resulting action items assigned to their respective owners with due dates, known risks, and status.
 - f. Provide You a User Acceptance Testing Plan ("User Acceptance Testing Plan") which documents processes, test cases, expected results, status, assigned resources, dates, results, and notes. The Functional Requirements specified in Appendix A shall be reviewed and aligned to generally available standard functionality and included within the User Acceptance Testing Plan.
 - g. Provide up to four (4) person days over the course of six (6) weeks to assist with Finance user acceptance testing.
 - h. Assist with up to three (3) HR/Payroll parallel tests.
 - i. Following the conclusion of the first round of parallel testing, deliver to You the engagement report resulting from these sessions ("HR/Payroll Parallel Testing Engagement Report"), which sets forth a high-level overview of the parallel results, action items assigned to their respective owners with due dates, known risks, and status.
4. Live-Operate Phase:
- a. Conduct one (1) "Final Data Migration Workshop" for up to two (2) hours to complete final Finance data cutover.
 - b. Following the conclusion of user acceptance testing, provide You a Finance Go-Live Checklist Workbook ("Finance Go-Live Checklist Workbook") which documents and tracks go-live tasks, assigned resources, dates, and results to validate the environment is "Go-Live Ready".
 - c. Provide up to a combined total of eleven (11) person days of consulting post go-live support to be used within the first thirty (30) calendar days immediately following production go-live for the respective module.
 - d. Within five (5) business days immediately following the first thirty (30) calendar days after Finance production go-live, deliver to You the Finance Post Go Live Activity Report ("Finance Post Go Live Activity Report") which documents issues identified during post go-live and correction action/recommended resolution.
 - e. Within five (5) business days immediately following the first thirty (30) calendar days after HR/Payroll production go-live, deliver to You the HR/Payroll Post Go Live Activity Report ("HR/Payroll Post Go Live Activity Report") which documents issues identified during post go-live and correction action/recommended resolution.
 - f. Facilitate the transition from Your implementation team to the NetSuite for Government support team.

B. Deliverables.

No.	Deliverable Name	Deliverable Description
1	Project Work Plan	Delivery to You of the Project Work Plan as described in Section 1.A.1.b above
2	Finance Migration Engagement Report	Delivery to You of the Finance Migration Engagement Report as described in Section 1.A.2.b above
3	HR/Payroll Migration Engagement Report	Delivery to You of the HR/Payroll Migration Engagement Report as described in Section 1.A.2.e above
4	Finance Configuration Engagement Report	Delivery to You of the Finance Configuration Engagement Report as described in Section 1.A.2.h above
5	HR/Payroll Configuration Engagement Report	Delivery to You of the HR/Payroll Configuration Engagement Report as described in Section 1.A.2.j above
6	Finance Functional Training Sessions Engagement Report	Delivery to You of the Finance Functional Training Sessions Engagement Report as described in Section 1.A.3.b above
7	HR/Payroll Functional Training Sessions Engagement Report	Delivery to You of the HR/Payroll Functional Training Sessions Engagement Report”) as described in Section 1.A.3.d above
8	User Acceptance Testing Plan	Delivery to You of the User Acceptance Testing Plan as described in Section 1.A.3.e above
9	HR/Payroll Parallel Testing Engagement Report	Delivery to You of the HR/Payroll Parallel Testing Engagement Report as described in Section 1.A.3.h above
10	Finance Go-Live Checklist Workbook	Delivery to You of the Finance Go-Live Checklist Workbook as described in Section 1.A.4.b above
11	Finance Post Go Live Activity Report	Delivery to You of the Finance Post Go Live Activity Report as described in Section 1.A.4.d above
12	HR/Payroll Post Go Live Activity Report	Delivery to You of the HR/Payroll Post Go Live Activity Report as described in Section 1.A.4.e above

2. Acceptance of Deliverables. Upon completion of any deliverable set forth in Section 1.B above, Oracle shall provide a copy to You and demonstrate that the deliverable conforms to its description upon Your request. You shall have ten (10) business days after Oracle’s submission of a deliverable (“acceptance period”) to provide written notice of acceptance or rejection. Failure to provide such notice within an acceptance period shall cause a deliverable to be deemed accepted. If your written acceptance or rejection has not been received by Oracle within five (5) business days of the start of the acceptance period, Oracle will send a follow-up email as a reminder of the outstanding acceptance. If You reject a deliverable, You must specify the deficiencies in detail in the written notice. Oracle will use reasonable efforts at no cost to You to promptly cure any such deficiencies, and You shall have a new acceptance period to provide written notice of acceptance or rejection.

3. Fees, Expenses, and Taxes.

A. You agree to pay Oracle the fee specified below for the Services and deliverables, subject to acceptance pursuant to Section 2 (Acceptance of Deliverables). This fee does not include expenses. Once a deliverable is accepted, or deemed accepted, in accordance with Section 2 (Acceptance of Deliverables) above, the corresponding fee for such deliverable specified below becomes due and payable and Oracle shall thereafter invoice, and You shall pay such fee; this payment obligation shall become non-cancelable and the sum paid non-refundable on such acceptance date, in accordance with the applicable payment terms in the Master Agreement and except as may otherwise be provided in the Master Agreement.

Deliverable No.	Deliverable Name	Deliverable Fee
1	Project Work Plan	\$33,193.70
2	Finance Migration Engagement Report	\$33,193.70
3	HR/Payroll Migration Engagement Report	\$33,193.70
4	Finance Configuration Engagement Report	\$26,554.96

5	HR/Payroll Configuration Engagement Report	\$19,916.22
6	Finance Functional Training Sessions Engagement Report	\$26,554.96
7	HR/Payroll Functional Training Sessions Engagement Report	\$33,193.70
8	User Acceptance Testing Plan	\$26,554.96
9	HR/Payroll Parallel Testing Engagement Report	\$26,554.96
10	Finance Go-Live Checklist Workbook	\$19,916.22
11	Finance Post Go Live Activity Report	\$19,916.22
12	HR/Payroll Post Go Live Activity Report	\$33,193.70
Total Fixed Fee		\$331,937.00

Any expenses will be invoiced monthly.

B. Expenses.

Oracle and You agree that expenses under this exhibit shall not exceed \$33,200.00. You acknowledge that such not-to-exceed amount: (i) shall only apply to expenses incurred by Oracle in the course of performing the Services as of the ordering document effective date; (ii) shall not apply if Oracle is unable to perform the Services due to Your failure to provide cooperation; (iii) shall be adjusted to reflect any change in the scope of the Services and associated expenses that is agreed upon in an amendment to the ordering document; and (iv) is exclusive of taxes (e.g., federal, state, local, VAT, compensatory).

4. Project Management.

You and Oracle each agree to designate a project manager who shall work together to facilitate an efficient delivery of the Services. Your project manager shall have the authority to approve Services on Your behalf. Oracle shall have the sole right to exercise direct control and supervision over the work assignments of Oracle resources. Oracle and Grand Rapids Public Utilities Commission shall identify senior level resources with ability to make decisions related to the project for an oversight role on the project (Steering Committee). The Steering Committee shall meet in person or virtually at least once per month to discuss project progress, risks, and make decisions on any relevant issues.

Oracle will provide status reports, and You will provide written replies to such reports, at agreed-upon, periodic intervals, with information on progress, schedule, risks, issues, and problems. The project managers will also meet at times and places agreed upon by them to discuss the Services.

5. Your Cooperation.

- A. Prior to the commencement of Services, designate and identify a project sponsor and a project manager that will be responsible for coordinating Your participation in this project and provide on-going support for Your implementation of the NetSuite hosted environment. Responsibilities include but are not limited to:
 1. Provide user feedback during configuration and validation.
 2. Be available as needed during the project to answer Oracle's questions, provide business decisions and other items as required.
 3. Provide on-going support to internal users following the implementation.
- B. Enable administrator access to allow provisioning of Your NetSuite for Government hosted environment prior to the commencement of Services.
- C. Modify Your processes as necessary to align with the standard functionality of NetSuite for Government.
- D. Complete and return the questionnaire in the NetSuite for Government Welcome Packet to Your Oracle project manager prior to the project kick-off workshop.
- E. Make Your existing procedure and business process documentation available to Oracle at least two (2) weeks prior to the Configuration Workshop.
- F. Notify Oracle within a commercially reasonable timeframe about any inaccuracies or incomplete information in project documentation provided by Oracle to You.
- G. You will accept Oracle NetSuite release upgrades.
- H. You will not film or record Oracle's delivery of Services, Oracle resources, or any Oracle materials
- I. Be responsible for extracting the data from Your legacy system(s), providing it in the format specified by Oracle, and assisting Oracle resources to complete data cleansing and mapping within three (3) weeks from the project kickoff call. Data to be migrated includes the following:

1. Balances of fully qualified accounts (e.g., Fund-Dept-Obj, and other segments).
 2. All general ledger impacting transactions (trial balance details) are summed and compared by each fully qualified account to the provided balances; no transactions are omitted.
 3. Transaction details such as purchase orders, bills, invoices, credits, voids, adjustments, payments, checks, wires, etc. must identify which general ledger impacting transaction it is associated with. The values of these details are compared to the general ledger impacting transaction totals to validate that no details are omitted.
- J. Provide customer-audited data for data migration, including historical years up through the most recent audited fiscal year.
 - K. Validate the final list data and transactional data within two (2) weeks from data upload.
 - L. You are responsible for planning, executing, and managing all aspects of end-to-end and final reviews, including preparation and execution of test cases and plans and reviewing test results.
 - M. Ensure that Your designated Learning Cloud Support passholder training attendee(s) are completing any implementation training courses assigned to them by the Oracle team in the timeline specified as mutually agreed by You and received from the Oracle at the start of the implementation.
 - N. Develop any necessary end-user documentation, including, but not limited to, documenting specific business practices, data examples and organization/end-user specific policies and procedures.
 - O. Implement and maintain the production and consumption of the file-based interfaces with Your existing systems.
 - P. Manage the post-production maintenance and support of Your NetSuite for Government hosted environment.

6. Project Assumptions and Definitions.

- A. A person day is defined as one (1) resource working up to eight (8) hours.
- B. Standard functionality is defined as the functionality described in applicable documentation, for the NetSuite for Government application, provided by Oracle.
- C. A finalized dataset for finance is defined as up to one (1) years' worth of historical data containing all the information that You wish to migrate, as validated by Your project team. Modifying the structure of the data can cause delays in the migration process and/or inconsistencies in the final result. This dataset should have all relevant details comprising the debits and credits against each accounting segment that impacts the general ledger. All transaction lines should be rounded to two (2) decimal places while maintaining balanced debits and credits and aligning with balances for each fiscal year. All transaction detail records (e.g. vendor bills, checks, accounts receivable invoices, cash receipts, etc.) must include an associating reference to the general ledger impacting transaction as well its relationship with other detail transactions such as bills-to-purchase orders or checks-to-bills. Subledger transactions details (i.e., subledger project transaction details) should be free of conflicts from their associated general ledger impact transaction.
- D. A finalized dataset for HR is defined as up to one (1) years' worth of employee data containing all employee assignments and table records for the assignments. This will include positions, deductions, benefits, taxes, and demographic information per each individual employee to be migrated over. Modifying the structure of the data can cause delays in the migration process and/or inconsistencies in the final result. All employee data should be verified by Your project team as accurate and associated with the appropriate table definitions for each of the respective areas (i.e., position details, benefit tables, etc.).
- E. Hosted environment is defined as the combination of systems and supporting resources to which Oracle grants You access as part of the Services ordered by You, that are (i) configured for the Oracle Programs operating on it and for specific uses as part of the Services, and (ii) used by Oracle to perform the Services. The hosted environment consists of the production environment, and any non-production environment(s), as referenced in the applicable ordering document and Services policies.
- F. The implementation methodology for the Services is the Oracle True Cloud Method ("TCM").
- G. Data migration includes the loading of the following:

Finance Functional Area	Fiscal years of data to be converted
Journals	Up to ten (10)
Projects	Up to ten (10)
Procurement	Up to ten (10)
Fixed Assets	Up to ten (10)
Budget	Up to two (2)

Finance Functional Area	Fiscal years of data to be converted
Planning & Budgeting	Up to two (2)
Accounts Receivable	Up to two (2)
Grants	Up to two (2)
Human Resources	Calendar years of data to be converted
Payroll	Up to ten (10)

- H. Data provided by Your organization will be validated by the Oracle Local Government implementation team before being loaded into NetSuite for Government. However, any discrepancies or inconsistencies will be returned to You for correction or clarification, up to three (3) revisions. It is recommended that data validation occur prior to submission of the finalized dataset for loading.
- I. Changes to HR and Payroll configuration or finalized datasets for HR and payroll may only be made prior to the first payroll parallel test.
- J. Upon completion of payroll parallel testing, net pay calculated in NetSuite for Government will match net pay in Your legacy application in accordance with the mutually agreed upon specifications.
- K. The amount of time required to import legacy transactions and associated detail is determined by Your ability to provide reconciled data in the format requested. Delays may impact key implementation dates, including Go-Live.
- L. The NetSuite for Government standard chart of accounts segmentation structure will be used as a default segmentation with localization as required.
- M. Except to the extent expressly stated in the Description of Services section of this document, the use of the terms "integrate" and "integration" throughout this document is not intended to mean that Oracle will ensure (i) the physical or functional integration of Oracle products with external legacy systems, third party products and/or other software applications; (ii) the functioning of Oracle products as a coordinated whole with such external legacy systems, third party products and/or other software applications; or (iii) any non-standard integration between Oracle products. Rather, the terms are used to refer to the overall concept of data exchange between the Oracle products and other systems, products or applications identified in this document, and may include interfacing and/or other methods of integration or interoperation as described in the Description of Services section of this document.
- N. The following are not included in the scope of, or fees for, Services under this exhibit:
1. Performance testing, tuning, or any management of performance.
 2. Testing beyond the activities described in this exhibit.
 3. Customizations to NetSuite for Government.
 4. Oracle Cloud subscription services.
 5. Languages other than U.S. English.
 6. Integrations or data conversions beyond what is explicitly described in this exhibit.
 7. Cloud middleware, database, operating and other hardware activities.
 8. Oracle transactional business intelligence training.
 9. Transformations or data mapping of elements.
 10. Additional workforce structures for future use, expansion, or acquisitions.
 11. Extensions, customizations, or custom reports.
 12. Localizations other than those made to the chart of accounts structure.
 13. Post-production Services exceeding eleven (11) total person days, or thirty (30) calendar days after go-live, whichever comes first.
 14. Anything not expressly listed in the Description of Services.

Appendix A

Grand Rapids Public Utilities Commission - Functional Requirements

Item 8.

Process	Requirement
Asset Acquisition	Allows effective date posting for asset acquisition
Asset Acquisition	System identifies potential fixed assets from purchasing module by chart of accounts (example: purchased from capital account)
Asset Acquisition	System identifies potential fixed assets from purchasing module manually (user flags purchase as fixed asset)
Asset Acquisition	System allows users to identify/classify costs as capitalized costs / non capitalized costs
Asset Acquisition	Allows effective date posting for asset acquisition
Asset Acquisition	System identifies potential fixed assets from purchasing module by chart of accounts (example: purchased from capital account)
Asset Acquisition	System identifies potential fixed assets from purchasing module manually (user flags purchase as fixed asset)
Asset Acquisition	System allows users to identify/classify costs as capitalized costs / non capitalized costs
Asset Set Up	Asset can have multiple account distributions (including multiple funds)
Asset Set Up	System accommodates parent child relationships for assets
Asset Set Up	System must link component units (parent/child relationship) whereby each component maintains its own financial and historical information and depreciable life.
Asset Set Up	Assets identify custodian for the asset (employee linked to asset) (example: cell phone identifies user)
Asset Set Up	Asset can have multiple account distributions (including multiple funds)
Asset Set Up	System accommodates parent child relationships for assets
Asset Set Up	System must link component units (parent/child relationship) whereby each component maintains its own financial and historical information and depreciable life.
Asset Set Up	Asset tracks expiration date of asset
Asset Set Up	Assets identify custodian for the asset (employee linked to asset) (example: cell phone identifies user)
Asset Tracking	System is used to track capitalized items
Asset Tracking	System is used to track non-capitalized items
Asset Tracking	System is used to track city owned land
Asset Tracking	System is used to track capitalized items
Asset Tracking	System is used to track non-capitalized items
Asset Tracking	System is used to track city owned land, land improvements, and non-tangible assets (easements)
Depreciation	System automatically calculate depreciation in accordance with the depreciation method and convention designated for an asset
Depreciation	System can simulate depreciation calculations without being required to post the results
Depreciation	System provides the straight line depreciation method
Depreciation	System prevents the depreciating of an asset's value below zero
Depreciation	System calculates depreciation at the End of Year and/or monthly
Depreciation	System can designate some assets as non-depreciable (i.e., land, assets not in use)
Depreciation	System automatically calculate depreciation in accordance with the depreciation method and convention designated for an asset
Depreciation	System can simulate depreciation calculations without being required to post the results
Depreciation	System provides the straight line depreciation method
Depreciation	System prevents the depreciating of an asset's value below zero
Depreciation	System calculates depreciation at the End of Year
Depreciation	System can designate some assets as non-depreciable (i.e., land, assets not in use)
Depreciation	System knows if an asset is added after the acquisition date to depreciate the correct amount to catchup to when the asset is added into asset management system.
Depreciation	Systems knows if asset is deleted after disposal date to reverse any depreciation posted after disposal date.
Disposal	System stores information on disposed assets
Disposal	Disposed assets are approved via workflow
Disposal	Disposal information is stored in asset record (hazardous materials, chemicals)
Disposal	System stores information on disposed assets
Disposal	Disposed assets are approved via workflow
Disposal	Disposal information is stored in asset record (hazardous materials, chemicals)
Inventory	System flags items below user-defined stock minimums
Inventory	System reconciles stock against purchase orders
Inventory	System flags items below user-defined stock minimums
Inventory	System reconciles stock against purchase orders
Inventory	System supports EOY reconciliation of inventorial items

Appendix A

Grand Rapids Public Utilities Commission - Functional Requirements

Item 8.

Process	Requirement
Depreciation	System knows if an asset is added after the acquisition date to depreciate the correct amount to catchup to when the asset is added into asset management system.
Depreciation	Systems knows if asset is deleted after disposal date to reverse any depreciation posted after disposal date.
Depreciation	System knows if an asset is added after the acquisition date to depreciate the correct amount to catchup to when the asset is added into asset management system.
Create Receivable	System creates receivable for all general billing
Customer File	Single customer master is used for all general receivables in the system
Dunning	Penalties can be applied as flat dollar amounts
Dunning	Penalties can be applied as percentage of original bills
Dunning	System permits write-off of bad debts with workflow approval
Dunning	System allows waivers of penalties with workflow approval
Dunning	Automatically generate dunning letter (s) based on passage of time (example: 30, 60, 90 days) by AR type
Dunning	System to generate letter, with appropriate collection amount, to collection agency after 90 days (need to be able to change collection agency time period for greater than 90 i.e. 120 days or less than 90 i.e. 60 days)
Dunning	System can specify dunning letters by account, customer, project, or account type
Dunning	System allows users to adjust penalties and fees applied to invoices with proper approvals (example: reduce penalties for special situation)
Dunning	The system provides all billing, aging, and tracking capabilities.
General Collections	System can accommodate collection fees by Percentage
General Collections	System can accommodate collection fees: by Dollar Amount
General Collections	System allows user to assess a penalty for NSF checks
General Collections	System can allow for different collections terms. Different due dates and discounts if paid early (2% if paid in 10 days or net in 30 days)
Miscellaneous Billing	Departments will use system to create bills for various charges
Miscellaneous Billing	System accommodates one-time invoices
Miscellaneous Billing	System allows users to create invoices for each type by entering dollar amount
Miscellaneous Billing	System generates customer account statements
Payment Receipt	System records payments against open receivables
Payment Receipt	System generates deposit slip for daily bank deposit
Payment Receipt	System routes deposit slip for workflow approval
Payment Receipt	System applies one payment to multiple receivables (e.g., utilities)
Payment Receipt	System allows using multiple payment types to pay for one invoice (example: cash and credit card)
Payment Receipt	Automatically generate general ledger distribution entries needed to record receipts
Receivable Tracking	System provides receivable tracking and aging reporting capabilities
Receivable Tracking	System stores schedule of penalties and interest to apply to open receivables
Receivable Tracking	Penalties can be flat fee amounts
Receivable Tracking	Penalties can be percentage of original amount
Recurring Billing	System accommodates recurring invoices (regular invoices to occur at set dates or duration) (example: rent)
Recurring Billing	System allows recurring invoices to be set up to handle invoices scheduled at set dates for same amount (example: rent)
Recurring Billing	System allows recurring invoices to be set up to handle invoices scheduled at set dates for different amounts (example: utilities on rental properties)
Recurring Billing	System saves templates for generating invoices (different template for each AR type)
Position Budgeting	Tracks and reports all budgeted positions
Position Budgeting	System can track unfunded and funded positions
Position Budgeting	System to track authorized, budgeted, filled positions
Position Budgeting	Allows the assignment of an employee to multiple positions across organizational boundaries or funds.
Budget Adjustment	System allows departments to propose budget transfers within department authority with workflow approval
Budget Adjustment	System provides workflow based on transfer to/from (example: within department/division/fund or between department/division/fund)
Budget Adjustment	System provides workflow based on transfer based on within or between budget categories (example: salary/supplies/materials/etc.)
Budget Adjustment	System validates and enforces rule that all budget amendments and transfers must balance
Budget Control	Budget control (soft and/or hard) can be set at requisition level
Budget Development	Department budgets are automatically rolled into organization-wide master budget for reporting

Appendix A

Grand Rapids Public Utilities Commission - Functional Requirements

Item 8.

Process	Requirement
Budget Development	System allows budget users to modify all department budget worksheets subject to security roles
Budget Development	System allows budget users to roll an existing budget to start/begin the budget development of the following year
Budget Development	System maintains history of multiple budget versions for the current year including recommended Budget and revisions to recommended budget, adopted Budget, etc.
Budget Development	System allows for past 3 to 5 years of actual revenue and expense with current YTD actuals to download to Excel along with a projected budget column
Budget Requests	Budgets preparation system accommodates entering budget detail for departmental budgets (by accounts within a department)
Budget Requests	Budgets preparation system accommodates entering budget detail for project budget (over multiple years - up to life of project)
Budget Requests	System will allow multiple budget years to be viewed at the same time / screen
Budget Requests	Departments enter budget requests through system including requested budget amount
Budget Requests	Departments enter budget requests through system including changes/additions/deletions of positions
Budget Requests	System supports budgeting for one year and forecasting multiple years
Budget Requests	Department budget requests can accommodate 5 year projections for operations and 10 years for capital projects
Budget Requests	Departments are able to add narrative at the line-item level for budget requests. Narrative for capital projects
Budget Requests	Printing narrative on documents can be optional
Budget Requests	Notes stay with specific revision, or iteration
Budget Requests	Budget requests (decision packages) can be prioritized
Budget Requests	Pre determined budget limit can be calculated as a percentage of previous year adopted budget
Capital Budgeting	Capital budgets development uses actual spending and revenue data
Capital Budgeting	Project budgets created, roll up to create department capital budget and overall capital improvement plan (CIP)
Capital Budgeting	System allows individual capital project budgets created in project module to feed budget module
Capital Budgeting	Capital project budgets to roll forward in system after approval (no manual rekeying of capital projects)
Personnel Budgeting	System allows users to propose new position in proposed budget
Personnel Budgeting	System allows for user to develop budget scenarios for long-term planning and union negotiation purposes which are separate from live historical and adopted budgets
Personnel Budgeting	System provides ability to propose changing position status as part of budget development (funded - unfunded positions)
Personnel Budgeting	System allows users to propose changes to salary amounts as part of budgeting process
Personnel Budgeting	System tracks position vacancies and turnover
Capital Planning	System collects data from users to produce Capital Improvement Plan (CIP) document for printing and/or posting online
Capital Planning	System is able to generate a Capital Improvement Plan document that includes picture of project.
Cash Receipting	System records transactions against receivables
Cash Receipting	System allows decentralized collection of payments on any receivable in system
Cash Receipting	System interfaces with utility billing system (external 3rd party) to upload detailed utility billing invoices
Cash Receipting	System interfaces with the third-party system to upload permit and other billing invoices
Cash Receipting	System tracks one central customer file that all invoices are charged against
Customer Deposit	System tracks customer deposits and applies charges to deposit amount
Customer Deposit	Customer deposits can be applied to customer (available for use on any invoice)
Customer Deposit	Customer deposits can be applied to account
Customer Deposit	System provides bill through accounts receivable if deposit amount is deficient.
Customer Overpayment	System stores overpayment amount on customer accounts and applies to next bill
Customer Overpayment	System provides refund to customer account for overpayment through accounts payable or can apply a credit to the customer account
Recording Payments	System applies one payment to multiple receivables / point of sale transactions
Recording Payments	System allows using multiple payment types to pay for one invoice (example: cash and credit card)
Recording Payments	System allows departments to enter daily deposits into system
Recording Payments	Reversal of receivable for denied transactions, e.g., bounced checks, denied credit card transactions, etc. and automatically add NSF fees to customer's AR balance, with override ability
Recording Payments	When processing payment, system provides capability to look up the customer master file by <u>any</u> value in customer file
Recording Payments	Apply payments to customer and allow system to determine priority order of invoices based on policy

Appendix A

Grand Rapids Public Utilities Commission - Functional Requirements

Item 8.

Process	Requirement
Recording Payments	System generates a receipt to the payee that shows date, time and dollar amount.
Recording Payments	System generates bank deposit slip
Recording Payments	Produces report listing total of all transactions processed by cashier during shift (z-tape report)
Recording Payments	System accepts direct debit online from checking account
Recording Payments	The same amount every month (fees)
Dashboard	System used to provide management dashboards for GR users including directors, managers, and staff
Dashboard	System provides indicators for decision support in dashboard and at system go-live, dashboards are configured to facilitate use
Export	System reporting tools provide export to Excel
Export	System data can be exported for use in other third party systems
Reporting	System used to produce all necessary schedules for City ACFR and standard financial reports – trial balance, income statement, balance sheet, cash flow (using government terminology and formatting).
Reporting	System used to produce all necessary schedules for regulatory compliance reporting – Department of Revenue for sales tax audit.
Reporting	System used to produce monthly financial reports to department managers and quarterly to Council members
Interface	Users can import journal entries from spreadsheet (e.g., Microsoft Excel)
Interface	Imported transactions from spreadsheets are validated using the same business rules as transactions made in the system
Journal Entry	Templated journal entries entered by department users and routed through workflow for review and approval
Journal Entry	Journal entries are validated against balancing entries (make sure all entries balance)
Journal Entry	System allows creation of a journal entry from previously entered journal entry format (copy journal), by: Line item
Journal Entry	System allows users to reverse journal entry with proper security and approvals
Journal Entry	System allows to schedule accrual auto-reversals.
Journal Entry	Users can attach files for documentation to journal entry
Journal Entry	System allows posting of transactions for multiple fiscal years at the same time
Journal Entry	Journal transactions can be entered and scheduled using effective dates (e.g., posting does not occur until effective date)
Chart of Accounts	System provides chart of account structure with multiple independent segments
Chart of Accounts	System provides chart of account structure compliant with FERC reporting requirements. Vendor understands FERC requirements.
Chart of Accounts	System provides chart of account structure compliant with the state of Minnesota’s recommended structure.
Chart of Accounts	Independent chart of account segments are independent of other segments (do not form hierarchical relationship between segments) of different types (fund, org, program, account, etc.)
Chart of Accounts	Chart of accounts support multiple segments for org unit
Chart of Accounts	Chart of accounts support multiple segments for program/activity
Chart of Accounts	Segments of same type (org unit, program/activity, etc.) form hierarchical relationship
Chart of Accounts	Chart of accounts supports project ledger (sub ledger) for detailed cost tracking
Chart of Accounts	General Ledger and project ledger supports alpha numeric accounts
Chart of Accounts	Segments of chart of accounts used in acceptable combinations to form full general ledger account
Chart of Accounts	System supports segments representing programs that can extend across multiple departments
Chart of Accounts	Segments of the Chart of Accounts can be grouped on a user-defined basis into multiple reporting hierarchies
Chart of Accounts	System allows reporting at summary level accounts (for example, accounts 5501, 5502, 5503 can be reported together as 5500)
Chart of Accounts	System provides short cut key functionality to allow users to not enter full account characters
Journal Entry	Journal entries are validated against the chart of account structure for valid accounts
Journal Entry	Journal entries are validated against: Available funds (budget check or cash availability check)
Notification	Posted journal entries provide notification through workflow
Recurring Journal Entry	System provides templates and notifications for recurring journal entries
Recurring Journal Entry	System provides templates and notifications for recurring journal entries with the same dollar value
Recurring Journal Entry	Recurring journal entries occur at regular frequency (can set start and stop dates)
Recurring Journal Entry	System allows journal entries to be scheduled (example: lease/debt schedules)
Contract Administration	System can apply purchase orders/requisitions against contracts
Contract Administration	System tracks and notifies users of expiring contract via workflow
Contract Set Up	Workflow approval process for establishing contract is determined by type of contract

Appendix A

Grand Rapids Public Utilities Commission - Functional Requirements

Item 8.

Process	Requirement
Contract Set Up	Workflow approval process for establishing contract is determined by dollar amount
Contract Set Up	System allows users to attach files to contract
Contract Set Up	System tracks non-purchasing contracts (example: economic development agreements) along with expiration dates
End of Year Process	Any open purchase orders at year end can be rolled to next fiscal year
End of Year Process	Any open purchase order rolled to next fiscal year can roll associated encumbered budget to next fiscal year as an amendment to the original adopted budget
End of Year Process	Any open purchase order can be paid out of old fiscal year in new year prior to old fiscal year close
End of Year Process	Closed purchase orders at end of year release encumbrance on budget and contract
Project	System offers a project ledger to track detailed project expenses
Purchase Order	System allows creation of purchase requisition
Purchase Order	System allows creation of purchase order directly (no purchase requisition)
Purchase Order	System performs budget check for purchase orders created without requisition
Purchase Order	Creation of purchase requisition and/or purchase order creates encumbrance on relevant budget
Purchase Order	System provides for approval process for purchase order prior to being sent to vendor
Purchase Order	Approval process for purchase order can be routed by dollar amount
Purchase Order	System allows for encumbrance of shipping and freight and allows user to add shipping and freight to purchase order
Purchase Order	User can attach files to purchase order at header level, files can be individually printed or printed with document
Purchase Order	Purchase order sent to vendor through Email
Purchase Order	Purchase order sent to vendor through Hard copy (print and mail)
Purchase Order	Purchase order identifies originator of PO and contact information
Purchase Order	Purchase order prints with default contract terms based on type of purchase and commodity code
Purchase Order	System allows purchase orders to be re-sent - System identifies re-printed purchase orders as duplicates
Purchasing Cards	System provides automated transfer of information from bank with purchasing card transaction details
Purchasing Cards	System allows users to identify correct account for each p-card transaction
Purchasing Cards	System allows users to identify correct project (including sub-project) for each p-card transaction
Purchasing Cards	System allows users to identify correct purchase order for each p-card transaction
Purchasing Cards	System allows users to identify correct vendor for each p-card transaction
Purchasing Cards	System provides workflow approval of p-card reconciliation output
Project	Can be either operating or capital projects – tracks all types of costs
Project	Go to record to find out total costs of projects – end of project and interim “cost to date” display or report
Project	System can easily setup projects and templates can be established and used each year for operations and capital projects
Project	System can easily close out projects to operations general ledger expense account(s)
Project	System can budget/forecast costs of new infrastructure projects
Project	System can close out project to capital to fixed assets
Project	System can track construction projects in progress
Project	System can setup emergency projects quickly
Project	System can attach files for documents related to project
Project	System updates the project costs immediately upon receiving data from other ERP systems/modules or CityWorks
Project	System can track vehicle or equipment usage and value the usage cost as part of project costs (receive data from CityWorks or not on vehicle and/or equipment use for specific project)
Project	Work orders (CityWorks) connect to a specific project – either one work order to one project or many work orders to one project
Bank Reconciliation	System gets daily bank activity and balances and reconcile to recorded receipts and disbursements
Bank Reconciliation	System provides automated features for bank reconciliation
Bank Reconciliation	System accommodates reconciliation process that posts in batch or summary of transactions
Bank Reconciliation	Process canceled checks from bank file and create list of outstanding checks
Bank Reconciliation	System allows deposits to be tagged by a type or category (i.e. location code, merchant account code, etc.)
Bank Reconciliation	Create positive pay files for bank for both Payroll and AP checks, vendor verification included
Bank Reconciliation	System provides reports for <i>non-cleared</i> reconciliation items (for example: exception report)
Bank Reconciliation	System can delineate between ACH payments and paper checks, EFT, etc. (i.e. separate report for each)

Appendix A

Grand Rapids Public Utilities Commission - Functional Requirements

Item 8.

Process	Requirement
Bank Reconciliation	System can <i>automatically</i> clear ACH payment batches
Cash Management	System provides cash flow forecasts projecting outstanding payable, outstanding receivables, recurring payments, and current position
Cash Management	System supports use of pooled cash
Cash Receipting	System has interface with other City administrative systems for cashiering (i.e. point of sale systems) ties into Utility Billing, Golf Course.
Personnel Actions	System tracks training completed.
Personnel Actions	System tracks clothing allowance per union contract and other negotiated union contract benefits. Clothing allowance, boot allowance, safety glasses allowance, etc.
Employee Master	System maintains employee file for all employees
Employee Master	System allows files to be attached to employee file
Employee Master	System tracks hire date and service date (first day of actual work)
Employee Master	System tracks multiple hire and rehire dates
Employee Master	System to provide org chart data by individual, position, department
Employee Master	System to track all positions an employee worked (history of all jobs)
Employee Master	System tracks positions an employee has currently assigned (can be multiple)
General	Regular / Part-time
General	Seasonal employee
General	Retired
General	Volunteers
Position Control	One employee can have multiple positions
Position Control	Multiple employees can share a single position
Position Control	System can set FTE limit for position (not always 1)
Position Control	System can set headcount limit for position (not always 1)
Position Control	Ability to override salary adjustments outside the allowed salary range based on exceptions (i.e. out of class pay, Y rate, etc.)
Position Set Up	System maintains information on job classification and position
Position Set Up	Positions are assigned to job classifications
Position Set Up	Positions tied to funding source / chart of account information
Position Set Up	System allows split funded position (funded from multiple accounts/departments/programs)
Position Set Up	System tracks history of all position changes (reclassification)
Position Set Up	System maintains position supervisor relationships and creates org chart with the ability to exclude certain positions (i.e. temporary employees)
Position Set Up	Each position identified by unique position control number
Position Set Up	System allows for position reclassification (moving position to different classification)
Position Set Up	Need all classification history changes to be available after a reclassification.
Position Set Up	System to report all employees that have held a position
Salary Administration	System supports step (longevity) and grade (job classification/type) salary structure
Salary Administration	System records hourly rate for every employee
Salary Administration	System supports salary range (employee salary falls between min and max)
Salary Administration	System supports mass changes for COLA on step grade and/or salary ranges
Salary Administration	Changes to salary tables made through effective dating
Salary Administration	System tracks history of changes to salary tables
Self Service	Employees can use self service to view W-2, including history
Self Service	Employees can use self service to view pay stub
Self Service	Employees can use self service to view pay history
Self Service	Employees can use self service to view leave balances
Skills / Licenses / Certifications	System tracks employee skills and competency information
Check Printing	System support direct deposit for payroll
Check Printing	System provides set up to provide direct deposit to multiple bank accounts based on amount and percentage
Check Printing	System produces electronic file to multiple banks for direct deposit
Check Printing	System support direct deposit for payroll
Check Printing	System produces positive pay file to send to bank
Deductions	System handles deduction frequency of off cycle pay (on demand)

Appendix A

Grand Rapids Public Utilities Commission - Functional Requirements

Item 8.

Process	Requirement
Deductions	System tracks effective dated start and stop dates for benefit deductions
Deductions	System tracks limit to deductions by year (System automatically stops taking deduction after limit is reached)
Deductions	System will alert and track for employees with net pay less than benefit deductions
Deductions	Deductions and garnishments can be prioritized
Deductions	System integrates to accounts payable and generates checks for deductions (to pay amount deducted to provider/vendor)
Deductions	System automatically calculates deduction adjustments based on date driven changes
End of Year Process	System will produce W-2s (and to reprint single W-2)
End of Year Process	System will store W-2s
End of Year Process	System will produce a report showing FICA wages, by individual, W-2 Plan, and in total
End of Year Process	System will produce report to produce all deductions by employee
End of Year Process	System will produce pension reporting with electronic file
End of Year Process	Calculate accrued payroll based on certain pay codes.
End of Year Process	System can calculate old calendar year wage rates for a partial week and the remainder of the week calculate using new calendar year wage rate. Wage rate changes at EOY which has a payroll with old and new wage rates. Ability to change to new rates and complete within one payroll.
Exporting	System exports payroll and benefit cost information to project module for job cost accounting.
FMLA	System tracks FMLA leave
FMLA	System tracks FMLA leave taken on rolling 12 month calendar
FMLA	System accommodates forward and backward rolling calendars
FMLA	System tracks multiple leave periods (multiple FMLA periods within rolling calendar)
FMLA	System allows employees to take FMLA leave and sick leave (or other leave type) at the same time
FMLA	System tracks FMLA leave taken intermittently (example: FMLA leave taken every other day of leave period)
FMLA	System to track employees that have taken FMLA
FMLA	System to track estimated physician return to work date
FMLA	System to track when additional physician notes are required
FMLA	System allows employees to take FMLA leave and workers comp at the same time
FMLA	System to track when the physician approved FMLA and when the employee starts to take FMLA
Garnishments	System records garnishments on employee and can accommodate multiple garnishments with priority order
Garnishments	Garnishments calculated as percentage of disposable income
Garnishments	Garnishments withheld and paid to appropriate agency/organization through accounts payable (integration between garnishment and accounts payable)
Holiday Pay	System stores multiple rates for holiday pay depending on pay code
Leave Accruals	Leave accruals can be different for employees with different levels of service
Leave Accruals	System allows override for employees to be hired with leave (pre-set amount)
Leave Accruals	Employees leave accrual rate based on: (earn X hours of leave per pay period)
Leave Accruals	Leave earned in hours
Leave Accruals	System tracks comp time for employees
Leave Accruals	System tracks and manages the Police departments comp time
Leave Accruals	Comp time can be earned at rate equal to 1.5 time hours worked (1 hour of overtime worked = 1.5 hours of comp time)
Leave Accruals	Earned comp time must be earned as worked
Leave Accruals	Balances may be capped at maximum amount at any time
Leave Accruals	Balances can be capped at maximum amount at anniversary date
Leave Accruals	Balances can be capped at fixed amount
Leave Accruals	All leave balances are printed on pay stub
Leave Accruals	System allows comp time to be earned up to limit (40 hours) (various limits)
Payroll Processing	Payroll process bi-weekly
Payroll Processing	Payroll to process off cycle
Payroll Processing	Payroll to process monthly pay in same cycle
Payroll Processing	System calculates overtime according to FLSA regulations taking into account: Special pays earned
Payroll Processing	System calculates overtime according to FLSA regulations taking into account: Different positions worked
Payroll Processing	System will run pay, deduction, withheld taxes, and net pay calculations as a "proof" run for review prior to final pay run.

Appendix A

Grand Rapids Public Utilities Commission - Functional Requirements

Item 8.

Process	Requirement
Payroll Processing	System will cut special or immediate (on-demand) checks.
Payroll Processing	System allows posting new adjustments/corrections for a prior period for tax reporting
Salary Administration	System calculates pay to a four decimal points
Salary Administration	System supports step (longevity) and grade (job classification/type) salary structure
Salary Administration	System alerts when an employee below the minimum salary to the minimum.
Self Service	System will provide employee FMLA history
Special Pay	System supports rates for special pays, shift differentials, and other ad to pays
Special Pay	System calculates add-to-pays and special pay amounts every pay period
Special Pay	Special pay/add-to-pay is calculated as flat amount
Special Pay	Special pay/add-to-pay is calculated as percentage of eligible pay (identify eligible pay for each special pay by pay code)
Special Pay	System to accommodate multiple pay rates and positions during same period



Oracle Professional Services Delivery Policies



Effective Date: April 7, 2023; Version 2.0

These Professional Services Delivery Policies (“Policies”) apply to the consulting services, advanced customer services, and managed services You ordered (“Services”). These Policies do not apply to Oracle Cloud Services. Oracle may update these Policies and the documents referenced herein; however, Oracle updates will not result in a material reduction in the level of performance, functionality, security, or availability of the Services, or in a material increase in the level of Your cooperation, for the duration of Your order.

ON-SITE SERVICES

You and Oracle must agree upon the performance of the Services at one of Your facilities, taking into consideration all applicable laws, regulations, standards, and protocols. If agreed upon, You must provide a safe and healthy workspace for all Oracle resources (e.g., free from recognized hazards that cause, or are likely to cause, serious physical harm or death, and with acceptable ventilation, oxygen concentration and sound levels, and ergonomically correct workstations).

If the performance of on-site Services becomes negatively impacted due to a declared disaster, public health or safety concern, or national or global emergency, Oracle and You shall cooperate in good faith to review such impact and, if necessary, invoke the change control process.

If requested, Oracle resources will obtain a badge to enter Your facilities and comply with Your reasonable physical security and safety policies and procedures while on-site, to the extent they do not violate any applicable law (including privacy laws), place Oracle resources in harm, or require Oracle resources to undergo background checks or other screening (unless set forth in Your order). However, no terms included in any such policies and procedures shall modify the Services, and You shall provide training regarding such policies and procedures as requested.

NETWORK ACCESS

If You and Oracle agree that the Services will be performed remotely, You shall provide remote access to Your systems and environments to enable Oracle to perform such Services, using an Oracle-defined virtual private network, Oracle FastConnect (or similar Oracle technology), or the Oracle Web Conference or other agreed-upon, third-party web conferencing application (collectively, “remote access tools”).

You are responsible for installing the remote access tools prior to the commencement of the Services and maintaining them throughout the Services (e.g., by acquiring any equipment and performing labor) to enable Oracle to perform the Services.

Oracle is not responsible for any network connections or related problems, or for Your failure to provide remote access to Your systems and environments.

THIRD-PARTY COLLABORATION TOOLS

If You and Oracle agree, Oracle will provide You with access to third-party tools (e.g., Confluence or Jira) to promote collaboration related to the Services (each, a “collaboration tool”). Upon such access, You agree to:

- Only use a collaboration tool in connection with the Services, and cease use upon the end of the Services or written notice by Oracle, whichever is earlier.
- Promptly notify Oracle when You authorize an individual to use a collaboration tool and when You revoke such authorization due to reassignment, resignation, or termination.
- Do not store source code or product, security, financial, personal, or production data in a collaboration tool.
- Comply with the terms of service for a collaboration tool; specifically, for Wrike at <https://www.wrike.com/security/terms/>; and for Atlassian (as a “Secondary User”) at <https://www.atlassian.com/legal/software-license-agreement>.

A collaboration tool is offered on an “as is” and “as available” basis without any warranty, express or implied, or indemnity or liability.

YOUR COOPERATION

Oracle’s ability to perform the Services depends upon You providing the cooperation listed below and in Your order and as agreed upon during the Services (collectively, “cooperation”):

1. For Services related to Oracle Cloud Services, obtain and maintain the Oracle Cloud Services under separate contract prior to and during the Services.
2. For all other Services: (a) obtain licenses for all applicable Products under separate contract prior to the commencement of the Services; (b) maintain the properly configured hardware/operating system platform to support the Services; and (c) maintain annual technical support for all such Products with access to software patches and updates made available by Oracle under separate contract during the Services.
3. Provide information, data, and documentation agreed upon for the Services.
4. Allocate agreed-upon functional, technical, and business resources, including from Your third parties, with the skills and knowledge to support the performance of the Services.
5. Provide the rights for Oracle to use, on Your behalf, any agreed-upon third-party products that are part of Your system or used to perform the Services.
6. Provide notices and obtain consents agreed upon for Oracle to perform the Services.

If You fail to provide reasonable cooperation, Oracle will not be responsible for any resulting deficiency in performing the Services.

PRIVACY AND SECURITY

In performing the Services, Oracle will comply with the following documents (which are incorporated herein):

- Oracle Services Privacy Policy, available at <http://www.oracle.com/legal/privacy/services-privacy-policy.html>.
- Oracle Data Processing Agreement for Oracle Services, available at <https://www.oracle.com/corporate/contracts/cloud-services/contracts.html#data-processing>.
- Oracle Corporate Security Practices, available at <https://www.oracle.com/assets/corporate-security-practices-4490843.pdf>.
- Oracle Consulting & Advanced Customer Services Security Practices, available at <https://www.oracle.com/corporate/contracts/consulting/policies.html>.

SUBCONTRACTORS

Oracle may use subcontractors to support its performance of the Services, subject to any applicable terms and conditions in Your Master Agreement or order; provided that Oracle is responsible for its subcontractors' performance to the same extent as its employees' performance.

CHANGE CONTROL PROCESS

All requests for proposed changes to the Services must be in writing, including those related to changes in scope, deliverables, Your cooperation, project assumptions, or any other aspect of Your order.

Oracle shall not be obligated to perform, and You shall not be obligated to pay for, tasks related to any such changes unless agreed upon in an amendment to Your order.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: April 24, 2024

AGENDA ITEM: Consider a motion to approve Resolution No. 04-24-24-02 accepting the 2023 audited annual comprehensive financial statements and related auditor's letters.

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

Cities over 2,500 in population must have an annual audit in accordance with governmental GAAP. The Grand Rapids Public Utilities is a component unit of the City of Grand Rapids and therefore also required to have an annual financial audit performed.

The governing body is required to review the audit and accompanying auditor's letters on management, internal control, and legal compliance. The primary purpose of the audit is to receive an opinion from an independent review which states the GRPU financial statements are accurately presented. The audited financial statements provide valuable information to assist the Grand Rapids Public Utilities Commission in making informed policy decisions.

CliftonLarsonAllen (CLA) LLP has performed the external independent audit of the GRPU for 2023. Mary Reedy, CPA and partner, presented virtually draft financial statements, auditor's letters, and a brief PowerPoint presentation at the April 24, 2024 GRPU Commission work session meeting.

Attached are the 2023 draft audited annual comprehensive financial statements and related auditor's letters.

RECOMMENDATION:

Consider a motion to approve Resolution No. 04-24-24-02 accepting the 2023 audited annual comprehensive financial statements and related auditor's letters.

**GRAND RAPIDS PUBLIC UTILITIES COMMISSION
RESOLUTION NO. 04-24-24-02**

**ACCEPT THE 2023 AUDITED ANNUAL COMPREHENSIVE FINANCIAL
STATEMENTS
AND RELATED AUDITOR’S LETTERS**

WHEREAS, the Grand Rapids Public Utilities (GRPU) is required by statute to perform an annual independent audit of the overall financial records of the GRPU; and

WHEREAS, the Grand Rapids Public Utilities Commission has retained ClfitonLarsonAllen (CLA) LLP to perform the GRPU annual financial audit for 2023; and

WHEREAS, the results of the 2023 annual financial audit, audit opinion, and related auditor’s letters were presented at the April 24, 2024 Commission meeting,

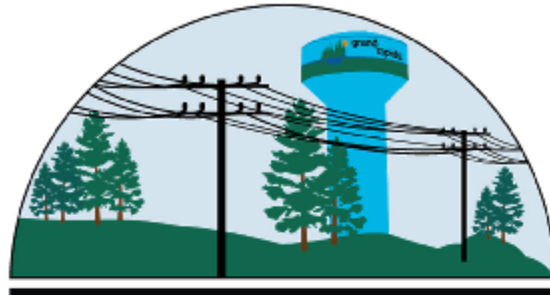
NOW, THEREFORE BE IT RESOLVED THAT the Grand Rapids Public Utilities Commission has reviewed and accepted the 2023 GRPU audited annual comprehensive financial statements and auditor’s letters as presented.

Adopted this 24th day of April, 2024.

President

Witness:

Commissioner



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

**GRAND RAPIDS
PUBLIC UTILITIES COMMISSION**

A Component Unit of the
City of Grand Rapids, Minnesota

Annual Comprehensive Financial Report

As of and for the Fiscal Year Ended December 31, 2023

Prepared by:
Business Services Department

GRAND RAPIDS PUBLIC UTILITIES COMMISSION
A Component Unit of the City of Grand Rapids, Minnesota

TABLE OF CONTENTS
As of and for the Year Ended December 31, 2023

INTRODUCTORY SECTION

Letter of Transmittal	i – ix
Certificate of Achievement	x
Organization	xi
Organization Chart	xii

FINANCIAL SECTION

Independent Auditors' Report	xiii – xv
Required Supplementary Information	
Management's Discussion and Analysis (Unaudited)	xvi – xxiv
Basic Financial Statements	
Statements of Net Position	1 – 2
Statements of Revenues, Expenses, and Changes in Net Position	3
Statements of Cash Flows	4 – 5
Notes to Financial Statements	6 – 30
Required Supplementary Information	
Schedule of Proportionate Share of Net Pension Liability	31
Schedule of Contributions – Pension	31
Notes to Required Supplementary Information	32 – 35
Supplementary Information	
2023 Combining Schedules of Revenues and Expenses	36
Schedule of Changes in Utility Plant	37
Schedule of Changes in Accumulated Depreciation	38
Schedule of Contributions to the City of Grand Rapids	39

GRAND RAPIDS PUBLIC UTILITIES COMMISSION
A Component Unit of the City of Grand Rapids, Minnesota

TABLE OF CONTENTS
As of and for the Year Ended December 31, 2023

STATISTICAL SECTION

Financial Trends

Contents	40
Net Position by Component	41 – 42
Changes in Net Position	43
Operating Revenues by Source	44
Operating Expenses by Source	45 – 46
Nonoperating Revenues and Expenses	47 – 48
Annual Capital Contributions by Source	49 – 50

Revenue Capacity

Electric Production and Distribution	51
kWh Sold or Accounted for by Customer Class	52 – 53
Number of Electric Customer Meters by Type	54 – 55
Electric Rates – City Customers	56
Electric Rates – Rural Customers	57
Water Production and Distribution	58
Water Distribution by Customer Class	59
Number of Water and Wastewater Collection Customer Meters by Type	60
Water and Wastewater Collection Rates – City Customers	61
Water and Wastewater Collection Rates – Rural Customers	62
Ten Largest Customers	63
Wastewater Collection and Treatment	64 – 65

Debt Capacity

Ratios of Outstanding Debt by Type	66
Pledged Revenue Coverage	67

Demographic and Economic Information

Demographic and Economic Statistics	68
Principal Employers	69

Operating Information

Full-Time Equivalent Commission Employees by Function	70 – 71
Operating and Capital Indicators – Electric	72 – 73
Operating and Capital Indicators – Water and Wastewater	74 – 75
Selected Financial Operating and Operating Ratios – Electric	76 – 77

Auditors' Report on Legal Compliance	78
---	-----------

INTRODUCTORY SECTION

DRAFT



500 SE Fourth Street • Grand Rapids, Minnesota 55744

April 22, 2024

Members of the Commission
 Grand Rapids Public Utilities Commission
 500 SE 4th Street
 Grand Rapids, Minnesota 55744

The Annual Comprehensive Financial Report of the Grand Rapids Public Utilities Commission (GRPUC) for the year ended December 31, 2023, is hereby submitted. This report was prepared by the Business Services Department, with the assistance of our independent auditing firm, CliftonLarsonAllen, (CLA) LLP. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the GRPUC. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the GRPUC. All disclosures necessary to enable the reader to gain the maximum understanding of the financial activities of the GRPUC have been included. More information regarding the financial activities of the GRPUC can be found in Management's Discussion and Analysis found in the Financial Section of this report.

The GRPUC is a component unit of the City of Grand Rapids, Minnesota. Management of the GRPUC is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

An independent audit of the GRPUC is performed each year to provide some assurance to the members of the Commission that accounting principles are correctly and consistently applied, and that assets are properly safeguarded. The certified public accounting firm of CLA, LLP conducted this year's audit. Based on the audit, CLA, LLP issued an unmodified opinion on the financial statements for the year ended December 31, 2023. The auditor's opinion accompanies this report.

GENERAL INFORMATION

The City of Grand Rapids is situated on the banks of the Mississippi River, in north central Minnesota. The city is located approximately 175 miles north of the Minneapolis-St. Paul metropolitan area, in northcentral Minnesota, and is the county seat of Itasca County.

On March 30, 1910, the Grand Rapids Village Council adopted a resolution establishing a Water, Light, Power and Building Commission for the Village of Grand Rapids. In 1949, in accordance with state statutes, the Water, Light, Power and Building Commission was changed to a Public Utilities Commission. The Grand Rapids Public Utilities Commission is a branch of the city government charged by Section 412.321, Minnesota Statutes with full control, operation and management of the electrical power distribution system, the water production, treatment and distribution systems, and the wastewater collection and treatment systems. The area served by the GRPUC includes the Cities of Grand Rapids, LaPrairie, Cohasset and certain other outlying areas.

The GRPUC distributes electrical power to 6,082 city customers, 1,214 rural customers (including the City of LaPrairie), and 371 off-peak customers. One industrial customer is also served. Minnesota Power (MP) provides wholesale electric service under a contract that expires December 31, 2029, unless prior to that date, a new customer of GRPU with a 15-minute peak of equal to or greater than 10 MW locates in the IEDC Eco Industrial Park, which would then extend the Term of Agreement through December 31, 2034. The contract requires no minimum purchase of power and provides that GRPUC may add new renewable generation capacity up to ten percent (10%) (non-cumulative) of the total GRPUC load, based on the previous year's average annual billed demand, excluding any existing renewable generation capacity prior to September 1, 2015.

In addition, beginning in 2022, a new electric service agreement was negotiated with the 13 Northeast Minnesota Municipal Power Agency (NEMMPA) Municipal Customers. This contract expires December 31, 2029. The agreement includes a flat customer charge per month, a predetermined yearly base capacity charge, a yearly predetermined base energy charge, a yearly predetermined incremental capacity charge, and a yearly predetermined incremental energy charge.

Power is received at 115 kV and transformed to 22.9 kV for distribution to 6 major substations, 5 rural step-down stations, or directly transformed to consumer applicable voltages. The main 115 kV to 22.9 kV substation was constructed in 2005 at a cost of \$2.3 million dollars and financed through reserves. The Tioga 115 kV to 22.9 kV substation was constructed in 2018 for \$1.4 million dollars. The electrical distribution system consists of 157 overhead and 225 underground conductor miles. The GRPUC is responsible for all construction, operation, and maintenance of the electric distribution system.

The GRPUC provides potable water for 3,290 city customers, 6 industrial customers, the City of LaPrairie, and Itasca Community College. The source of water is five wells with a combined pumping capacity from 1,600 to over 2,500 gallons per minute. The GRPUC owns one water treatment facility capable of treating 3.24 million gallons of water per day. Water treatment consists of aeration, gravity filtration, and zeolite softening. Treated water is stored in a 0.5 million gallon underground water reservoir and pumped to the distribution system using high service pumps. The distribution system includes three 0.5 million gallons elevated storage reservoirs and 82 miles of cast and ductile iron distribution mains consisting mostly of 6", 8" and 12" pipe. The GRPUC is responsible for the construction, operation, and maintenance of the production and treatment facilities and the replacement of the distribution system assets.

Wastewater collection and treatment services are provided to 3,217 city customers and 17 rural customers. The GRPUC also provides treatment for one industrial customer, the City of Cohasset, the City of LaPrairie, and Itasca Community College. Wastewater collection is provided through a 69-mile system of gravity and force mains. The system includes 16 sewage lift stations located throughout the city.

GENERAL INFORMATION (cont.)

The Wastewater Treatment Facilities consist of the Industrial Screening/Pumping Station, the Industrial Primary Treatment Plant, the Secondary Treatment Plant and the Industrial Sludge Landfill. These facilities treat an average of 5.5 million gallons of waste effluent per day; 4.0 million gallons from UPM/Blandin Paper Company and 1.5 million gallons from domestic users. The GRPUC is responsible for the replacement, operation, and maintenance of the wastewater collection system and the construction, operation and maintenance of the wastewater treatment facilities.

In 1996, the Grand Rapids Public Utilities Commission constructed a new service center building to house the Utilities' business office and the Electric, Water Distribution, and Wastewater Collection Departments. The City of Grand Rapids contracts a portion of the building space that is used by the City's Public Works Department. The combined service center facility has allowed the GRPUC and the City to combine certain functions in order to provide better and more efficient services to their constituents.

The GRPUC adopts an annual, non-appropriated budget that includes both capital outlays and operating revenues and expenses. The budget is based on the overall financial plan for the GRPUC, taking into consideration the results of various rate studies that project anticipated revenues and required expenses over a five to seven-year period. Budget-to-actual comparisons are made on a quarterly basis with appropriate action taken at that time.

FACTORS AFFECTING FINANCIAL CONDITION

LOCAL ECONOMY

The City of Grand Rapids is in the heart of a prime resort and recreational area in north central Minnesota and is a major commercial and industrial center for the area. The tourism industry also contributes heavily to the local economy. Recent annexations have increased the City's population from 8,543 in 2005 to 11,346 in 2023.

Forestry and its related products and activities are a major element of the local economy. The UPM Kymmene Blandin Paper Company operates a large paper mill in the city and is a major employer with approximately 225 employees. Another major employer is the Grand Itasca Clinic and Hospital with over 500 employees. In 2005, Grand Itasca completed construction of a \$62 million health care campus.

Independent School District #318 (ISD #318) serves over 4,000 students including the greater Grand Rapids area and has recently completed building two new elementary schools costing over \$60 million. ISD #318 has over 1,000 employees.

The city is the regional headquarters for the Minnesota Department of Natural Resources. Other major employers are the City and County government, Northland Counseling, Arrowhead Promotion & Fulfillment, and Wal-Mart Stores, Inc. Grand Rapids is also home to All Season Vehicles (ASV) holdings, majority owned by Manitex International, an affiliate of Yanmar Holdings. Iron mining and taconite pellet processing are located in nearby communities and contribute to the employment opportunities for City residents and to the area economy.

FACTORS AFFECTING FINANCIAL CONDITION (cont.)

LONG-TERM FINANCIAL PLANNING

The GRPUC contracted with the Minnesota Municipal Utilities Association in 2023 to assist with an update to the 2007 strategic business plan. Input for the update came from employees, customers, stakeholders, and City of Grand Rapids. GRPUC confirmed our mission is to empower the GRPU team members to deliver safe, reliable, affordable, sustainable, and customer-focused utility services for our community. The strategic plan includes five pillars which support the mission and focus on (1) uninterrupted, high-quality utility services; (2) strategic and sustainable fiscal management; (3) engaging and educating the community; (4) use and stewardship of the natural environment; and (5) operational excellence. From the strategic plan and five pillars, annual operational plans will be set.

In 2022, the GRPUC contracted with Dave Berg Consulting, Inc. to complete a Cost of Service and Rate Design Study for the electric, water, and wastewater utilities. The existing electric utility rates were based on the recommendations provided in the 2019 cost of service study. In 2021, GRPUC re-negotiated the wholesale power agreement, and that new agreement structure significantly changed the cost-of-service components. As a result, it was prudent to update the Cost of Service and Rate Recommendation Study. For the water and wastewater utilities, GRPUC had not completed a cost-of-service study in over a decade. In 2019 when GRPUC conducted the electric utility study, the AMI water meter data available was not yet available, therefore; GRPUC chose to postpone the water and wastewater rate study until actual customer meter data was able to be utilized. The 2022 study was able to utilize actual GRPUC AMI customer data.

SEH was hired in 2020 to complete updates to the Comprehensive Water and Wastewater System Plans. The focus of the plans was to analyze existing utility facilities and to anticipate future system needs based primarily on projected growth within the City of Grand Rapids. A general discussion on the ability to serve adjacent communities was also conducted. The Comprehensive Water and Wastewater System Plans serve as a guide for improvements required to continue to provide reliable water and wastewater system services to GRPU customers.

In 2020, Widseth, Smith, Nolting was hired to perform an electric distribution study. The scope of work included engineering work and analysis to diagnose and develop a remediation plan for electric distribution voltage issues and faults within the GRPUC service territory.

RELEVANT FINANCIAL POLICIES

Utility rates are reviewed annually and adjusted per financial plans or as needed. Cost of service and rate design studies are conducted routinely for each of the utilities. Ancillary charges and special service charges, applicable to each utility, are also reviewed and updated as needed. In 2022, David Berg Consulting conducted electric, water, and wastewater collection cost of service and rate design studies to review GRPUC retail electric, water, and wastewater collection rates. The results of the studies were presented to the GRPU Commission with a five-year financial plan and financial performance indicators. In early 2023, ancillary charges were reviewed and some charges were changed.

In 1997, the GRPUC entered into a payment-in-lieu-of-tax (PILOT) agreement with the City of Grand Rapids and amended the agreement in December 2009. The PILOT agreement provides the terms and conditions under which the GRPUC will make payments in-lieu of taxes to the City and how the City will pay for Utility supplied services. Terms of this agreement may be modified by the GRPUC after meeting and conferring with the City Council. Previously, the GRPUC transferred 4.84 mills (one mill equals one-tenth of a cent) per kilowatt-hour sold at retail to the city as an in-lieu of tax payment, with a minimum annual PILOT of \$823,000. Effective January 1, 2013, the payment in-lieu of tax increased to 5.00 mills per kilowatt-hour sold, with a minimum annual payment of \$868,000.

FACTORS AFFECTING FINANCIAL CONDITION (cont.)

MAJOR INITIATIVES

The following major projects were undertaken in 2023:

Electric Department

- > Inspected and replaced a portion of the system power poles.
- > Celebrated with the community the community solar garden plus battery storage project with a ribbon cutting event in June.
- > Worked in conjunction with Minnesota Power to use the battery storage at the community solar garden to offset the community's peak energy usage.
- > Prepared for several commercial and residential customer new requests for services with supply chain challenges.
- > Worked with Itasca County to install electric infrastructure for the Itasca County fairground's campground improvements.
- > Performed vegetation management internally with 365 hours by electric department employees.
- > Participated in the Itasca County mass casualty storm event training in April.
- > Replaced failed AMI Gateways with new models for improved reliability.
- > Continued to analyze electric distribution system low reliability areas and correct issues.
- > Developed new outage management system reports to track electric system outages.
- > Reviewed electric department policies and procedures including interdepartmental policies and procedures.

Water and Wastewater Department

- > Replaced aged water treatment plant turbidity meters.
- > Upgraded communication systems between water treatment plant and remote wells.
- > Worked with the City on Forest Lake School property renovation project.
- > Developed and recommended meter use, water leak, and drought policies.
- > Presented PFAS (per and polyfluoroalkyl) substances information to commission and community.
- > Contracted with Stantec for engineering services for landfill phases 1-4 Kettle D.
- > Installed security fencing around wells and water treatment plant.
- > Purchased land at 902 NE 6th Avenue adjacent to the water treatment plant for future water utility usage.
- > Contracted with Thein Well Company for the rehabilitation of well #2.
- > Completed with the City Sylvan Bay area reconstruction project water and sanitary sewer.
- > Completed with the City phase one on 7th Avenue SE overlay project.
- > Installed generators and switches for lift stations 2 and 3.
- > Replaced aged water treatment plant sludge pump.
- > Upgraded high service pump controls.
- > Finished rehabilitation of Well #1.
- > Rehabilitated Well #2.

FACTORS AFFECTING FINANCIAL CONDITION (cont.)

MAJOR INITIATIVES (cont.)**Business Services Department**

- > Implemented 2022 cost of service rate studies for electric, water, and wastewater collection with rate adjustment approved by the Commission.
- > Developed and presented for adoption a Revenue Policy, Grant Policy, Capital Improvement Plan Policy, and revised Investment Policy and Debt Management Policy.
- > Partnered with the City of Grand Rapids Finance Department to develop an RFP for auditing services. Reviewed and recommended to the City of Grand Rapids and GRPUC new auditors for both the City and GPRUC – CliftonLarsonAllen, LLP.
- > Reviewed and recommended issuing debt for the Grand Rapids/Cohasset Industrial Park Utility Extension/Watermain Loop project and Sylvan Bay Phase 1 infrastructure project. Issued \$4,750,000 of debt in October 2023.
- > Reviewed, recommended, and received commission approval for ancillary service fee changes, multi-family unit residential water rates, and new water irrigation services fee.
- > Reviewed and evaluated responses to the joint enterprise resources planning software request for proposal with the City. Started negotiations with the top vendor response to the RFP.
- > Continued to review, revise, and develop accounting, finance, and customer policies and procedures including interdepartmental policies and procedures.
- > Continued to streamline some inter-governmental billing for services with City of Grand Rapids.

Administration

- > Continued to implement the Policy Governance Model, in collaboration with the Commission, by reviewing and updating Commission policies and internal procedures (SOPs).
- > Hired Executive Assistant, PT Special Engineering Project Coordinator, PT Special ERP implementation project coordinator, and two Wastewater Treatment Plant Operators.
- > Established a new information services department with four positions to be shared with the City of Grand Rapids for increased data utilization in organizational decision making. Developed job descriptions and hired two employees and one internal promotion.
- > Contracted with Gallagher for an employee compensation and classification study.
- > Administered safety management with zero reportable accidents for the calendar year.
- > Sunset external contracted information technology provider and transitioned to joint City of Grand Rapids and GRPU shared information technology services department.
- > Remodeled combined service center lunchroom, replaced coated flooring, and remodeled building space to office city management closer to public works crew.
- > Reviewed and recommended a revised 2023-2024 comprehensive services agreement with the City of LaPrairie.
- > Improved customer communications via updated and improved website.
- > Improved internal communication with an intranet platform for a one-stop shop for all employees “tool box”.
- > Mentored two groups of Itasca Community College engineering students: one group on the Solar Plus Battery Storage Project ribbon cutting event, and another group on a wastewater treatment sludge landfill cover options project.

FACTORS AFFECTING FINANCIAL CONDITION (cont.)

MAJOR INITIATIVES (cont.)**Projects for 2024 include:****Electric Department**

- > Inspect and replace a portion of the distribution system power poles.
- > Improve on monitoring the usage of the solar garden battery to offset the community's peak energy usage.
- > Complete energy saving lighting at combined service center.
- > Prepare for several commercial and residential customer new requests for services with continued supply chain challenges.
- > Finalize phase three implementation of the new outage management system to track electric system outages on a public map interface.
- > Start a redundant power supply to the community business corridor and improve reliability.
- > Convert Maple Street from overhead to underground for improved reliability.
- > Convert alley between SW 1st and 2nd Avenue North of SW 4th Street from overhead to underground for improved reliability.
- > Finalize GIS security lighting location and light replacement to LED.
- > Complete a feasibility study for the Tioga substation expansion.
- > Receive critical aerial bucket truck replacement.
- > Participate in a summer line worker internship program in conjunction with a regional college.

Water and Wastewater Department

- > Upgrade security systems at the water treatment plant.
- > Water treatment plant renovation of critical equipment due to end of useful life.
- > Develop a plan to replace bad sections of wastewater collection mains identified from jetting/televising.
- > Curb stop replacements throughout the city.
- > South tower coating repairs.
- > Finish repairs to Parkson Domestic Screen for domestic waste.
- > Work with the City on Paradise Park additional water infrastructure project.
- > Lift station #3 and #13 controls update.
- > Water and sanitary sewer replacement for 3rd Ave. NE (5th-8th) and 7th Street NE.
- > Well 4 Rehabilitation.
- > New flow meter for services to City of Cohasset
- > Install a permanent pump lifting structure at lift station #1.
- > Lift station #2 force main replacement.

FACTORS AFFECTING FINANCIAL CONDITION (cont.)

MAJOR INITIATIVES (cont.)**Business Services Department**

- > Finish negotiations with preferred joint enterprise resource planning software vendor and begin implementation of software with City of Grand Rapids.
- > Develop an implementation approach to support the successful implementation of new joint enterprises resources planning software with City of Grand Rapids.
- > Successfully assist in implementing new utility billing software, customer portal, and mobile service orders.
- > Implement new audit team processes and completed first year audit with new external auditing firm.
- > Continue to review, revise, and develop accounting, finance, and customer policies and procedures including interdepartmental policies and procedures.
- > Review and improve various workflow processes performed by business service team members.
- > Review treasury and cash management functions to improve and streamline internal processes.

Administration Department

- > Continue implementing the Policy Governance Model, in collaboration with the Commission, by reviewing and updating Commission policies and internal procedures (SOPs).
- > Support the implementation of new utility billing software and enterprise resource planning software.
- > Continue to improve overall efficiency through updated workflows and procedures.
- > Prepare to renegotiate key contracts for water and wastewater services with major customers.
- > Continue to improve customer communications via updated and improved website.
- > Continue to improve internal communication with an intranet platform for a one-stop shop for all employees.
- > Implement quarterly reporting to the governing body for the 2023 revised strategic plan.
- > Roof replacement on the Combined Service Center building.
- > Implement the comprehensive classification and compensation study.
- > Implement a pay for performance structure with the utility management team.
- > Review customer load management programs and discuss revisions or new customer programs.
- > Negotiate a new contract with the local union.
- > Develop new information systems department team and set goals.

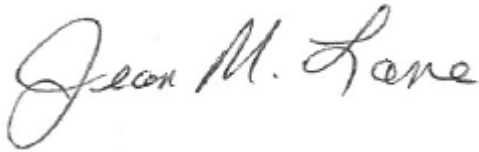
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Grand Rapids Public Utilities Commission for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022. This was the twenty-third year that the GRPUC has received this prestigious award. In order to be awarded a Certificate of Achievement, the utility must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the business services and administration team members of the GRPUC. We would also like to extend our appreciation to the independent auditors who contributed to the preparation of this report and to thank the members of the Commission for their interest and support in planning and conducting the financial operations of the GRPUC in a responsible and progressive manner.

Respectfully submitted,



Jean M. Lane
Business Services Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Grand Rapids Public Utilities Commission
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ORGANIZATION
December 31, 2023

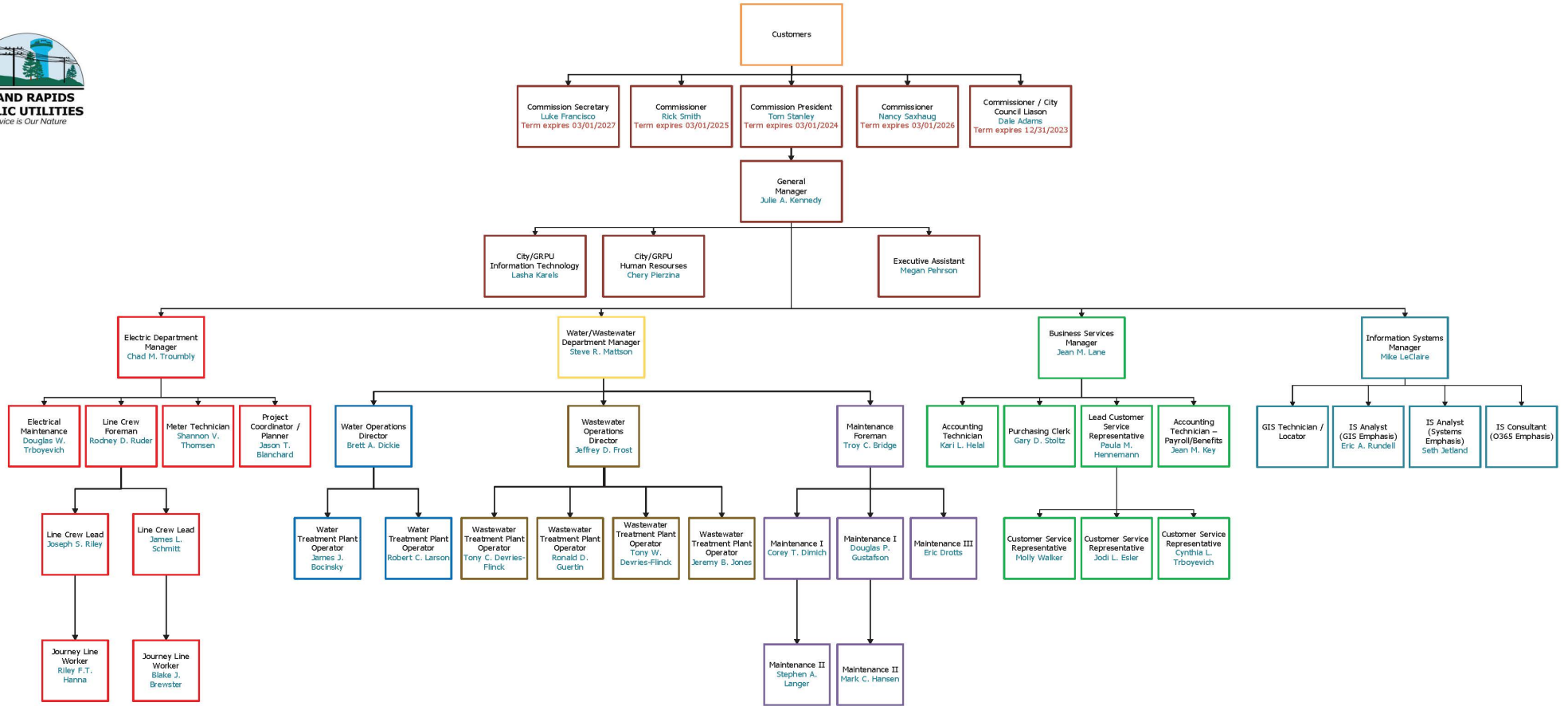
The Grand Rapids Public Utilities Commission, Grand Rapids, Minnesota was established in 1910 by City Council resolution. The members of the Commission are appointed to three-year terms by the City Council. The Commission manages and controls the electric, water, and wastewater collection and treatment of the City.

COMMISSION

<u>Position</u>	<u>Name</u>	<u>Expires</u>
President	Tom Stanley	3/1/2028
Secretary	Luke Francisco	3/1/2027
Commission Member	Nancy Saxhaug	3/1/2026
Commission Member	Rick Smith	3/1/2025
Commission Member	Dale Adams	12/31/2024

ADMINISTRATION

General Manager	Julie A. Kennedy
Business Services Manager	Jean M. Lane
Electric Distribution Manager	Chad M. Troumbly
Water/Wastewater Manager	Steven R. Mattson



Updated 12/28/2023

FINANCIAL SECTION

DRAFT

INDEPENDENT AUDITORS' REPORT

Grand Rapids Public Utilities Commission
Grand Rapids, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Grand Rapids Public Utilities Commission (GRPUC), a component unit of the City of Grand Rapids, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the GRPUC's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the GRPUC as of December 31, 2023, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the GRPUC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 18 to the financial statements, net position was restated for liabilities that were not properly stated in the prior year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the GRPUC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GRPUC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the GRPUC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of net pension liability, schedule of contributions – pension be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the GRPUC's basic financial statements. The 2023 combining schedule of revenues and expenses, schedule of changes in utility plant, schedule of changes in accumulated depreciation, and schedule of contributions to the City of Grand Rapids are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 2023 combining schedule of revenues and expenses, schedule of changes in utility plant, schedule of changes in accumulated depreciation, and schedule of contributions to the City of Grand Rapids are fairly stated in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

CliftonLarsonAllen LLP

St. Cloud, Minnesota
April 22, 2024

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2023 (UNAUDITED)

The management of the Grand Rapids Public Utilities Commission (GRPUC) offers readers of the GRPUC's financial statements this narrative overview and analysis of the financial activities of the GRPUC for the years ended December 31, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page – i - ix of this report.

FINANCIAL HIGHLIGHTS

- > The GRPUC's net position increased by \$3,224,424, after the restatement, or 6.04%, from 2022 to 2023. An increase in total net position is based mainly on increases in capital assets and a decrease in other liabilities.
- > Total operating revenues decreased \$685,343, or 2.57%, between 2022 and 2023. Electric revenues were \$1,129,116, or 5.91%, lower than the previous year due to small decreases in the residential, commercial, and industrial customer sales. Overall, kWh sales were down 2.41% from 2022. Water operating revenues increased by \$472,591, or 25.14%, due to an increase in city and rural sales. The number of water gallons sold increased overall by 4.87%. Wastewater collection revenues were up \$181,860, or 9.78%, from 2022, primarily due to an increase in wastewater collection sales. Wastewater treatment revenues were \$210,678, or 5.50%, lower than in 2022, due to decreased demand costs to treat a major customer wastewater by the GRPUC.
- > Total operating expenses increased by \$1,030,697, or 4.06%, over the previous year. Higher purchased power costs of \$511,983 and combined domestic/industrial wastewater treatment costs of \$404,200 were the main cause of the 2023 increase.
- > Total electric department operating expenses increased by \$628,225, or 3.91%. The increase in the purchased power expense of \$511,983, or 4.34% is the main cause of the increase. Water department operating expenses increased \$350,748, or 19.33%, with increases in production costs of \$103,655, or 17.52%, and in distribution expenses of \$158,224, or 40.62%. Wastewater collection and treatment departments combined operating expenses increased by \$1,098,156 or 16.98%. Increases in treatment expenses for domestic and industrial of \$975,990, or 24.65% account for most of the increase in costs.
- > Non-operating revenues increased \$69,673 or 14.09%, in 2023, due to an increase in investment income. Overall, non-operating expenses were up by \$32,466 or 2.30%, mainly due to an increase in interest expense.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2023 (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS

The GRPUC provides electric distribution, water production, treatment and distribution and wastewater collection and treatment services to the City of Grand Rapids and certain outlying areas. The GRPUC is a component unit of the City of Grand Rapids. The GRPUC's financial information is presented similar to enterprise funds, which are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

An analysis of the GRPUC's financial position begins with a review of the Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position. These two statements report the GRPUC's net position and changes therein. The net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is key to measuring the financial health of the GRPUC. Over time, increases or decreases in the net position value are an indication of whether the financial position is improving or deteriorating. However, it should be noted that the financial position might also be affected by other non-financial factors, including economic conditions, customer growth, weather conditions, and changing regulations.

FINANCIAL ANALYSIS

The Statement of Net Position includes information on all of the GRPUC's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the GRPUC.

Table 1
Condensed Statement of Net Position

	2023	2022	Change
Net Capital Assets	\$ 64,401,730	\$ 58,449,377	\$ 5,952,353
Current Assets	12,810,828	11,870,881	939,947
Other Assets	17,644,006	20,748,723	(3,104,717)
Total Assets	94,856,564	91,068,981	3,787,583
Deferred Outflows of Resources	733,855	1,176,090	(442,235)
Total Assets and Deferred Outflows	\$ 95,590,419	\$ 92,245,071	\$ 3,345,348
Current Liabilities	4,111,342	4,389,354	(278,012)
Long-Term Liabilities	19,533,861	21,233,196	(1,699,335)
Total Liabilities	23,645,203	25,622,550	(1,977,347)
Net Investment in Capital Assets	47,512,259	44,370,092	3,142,167
Restricted Net Position	2,574,040	3,170,872	(596,832)
Unrestricted Net Position	9,634,063	5,786,192	3,847,871
Total Net Position	59,720,362	53,327,156	6,393,206
Deferred Inflows of Resources	12,224,854	13,295,365	(1,070,511)
Total Liabilities, Net Position and Deferred Inflows	\$ 71,945,216	\$ 66,622,521	\$ 5,322,695

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2023
(UNAUDITED)

FINANCIAL ANALYSIS (cont.)

As shown in the above table, net position increased by \$3,222,424, after the restatement, or 2.00%, to \$59,720,362 in 2023. The change was due to increases in current assets and a decrease in other liabilities.

The specific nature or source of these changes becomes more evident in the Statement of Revenues, Expenses, and Changes in Net Position as shown in Table 2.

The Statement of Revenues, Expenses, and Changes in Net Position provides an indication of the GRPUC's financial.

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2023
(UNAUDITED)

FINANCIAL ANALYSIS (cont.)

Table 2
Condensed Statement of Revenues
Expenses, and Changes in Net Position

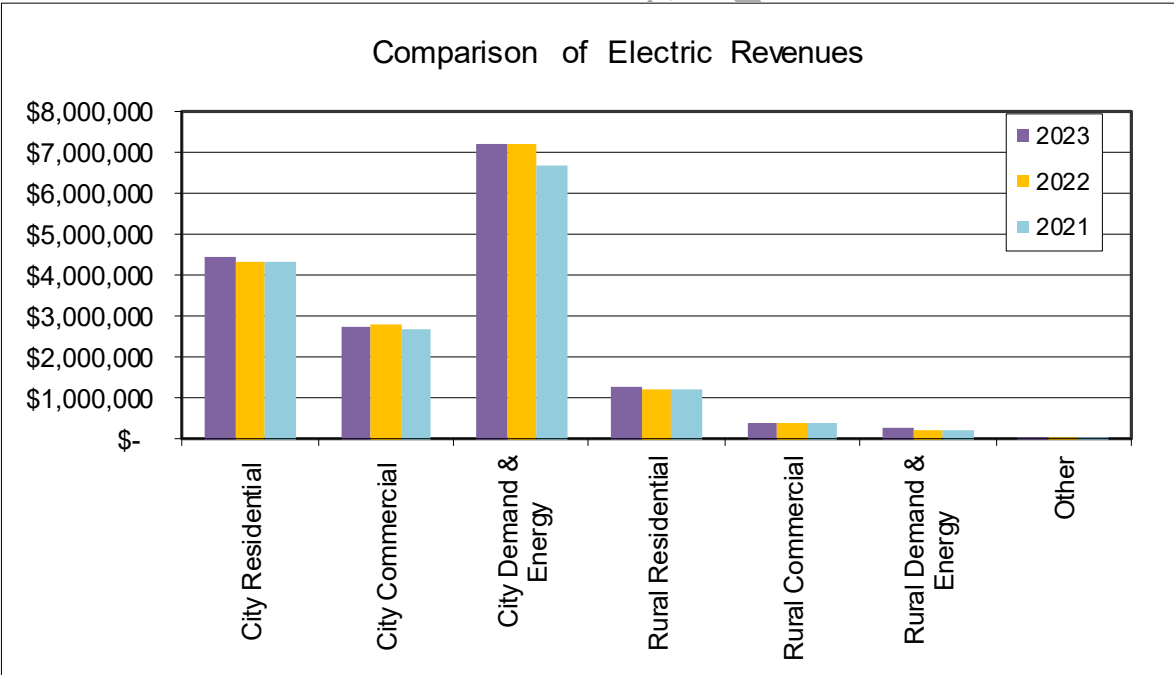
	2023	2022	Change
Operating Revenues			
Electric	\$ 17,991,569	\$ 19,132,451	\$ (1,140,882)
Water	2,352,711	1,874,237	478,474
Wastewater collection	2,041,644	1,853,901	187,743
Wastewater treatment	3,618,951	3,829,629	(210,678)
Total Operating Revenues	26,004,875	26,690,218	
Operating Expenses			
Production	695,313	619,882	75,431
Purchased Power	12,309,911	11,797,928	511,983
Distribution/collection	2,281,669	2,113,977	167,692
Customer accounts	558,476	663,767	(105,291)
Administrative and general	2,103,456	2,104,239	(783)
Service center	194,120	195,345	(1,225)
Domestic wastewater treatment	822,020	604,589	217,431
Industrial wastewater treatment	4,113,584	3,926,815	186,769
Depreciation and amortization	3,350,671	3,371,981	(21,310)
Total Operating Expenses	26,429,220	25,398,523	
Non-Operating Revenues (Expenses)			
Interest income (loss)	232,714	(86,061)	318,775
Demand interest payments	307,421	470,362	(162,941)
Gain (loss) on property disposition	(24,881)	(26,063)	1,182
Interest expense	(492,048)	(416,963)	(75,085)
Bond fees	(3,101)	(3,771)	670
Amortization fees	(22,105)	(38,660)	16,555
City land improvements	(2,856)	(4,402)	1,546
Combined service center contract revenues	24,000	24,100	(100)
Payment in lieu of taxes	(868,840)	(870,377)	1,537
Total Non-Operating Revenues (Expenses)	(849,696)	(951,835)	
Income (Loss) Before Contributions	(1,274,041)	339,860	(1,613,901)
Capital Contributions	4,496,465	1,753,848	2,742,617
Changes in Net Position	3,222,424	2,093,708	1,128,716
Beginning Net Position	56,497,938	54,404,230	
Total Net Position - Ending	\$ 59,720,362	\$ 56,497,938	

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT’S DISCUSSION AND ANALYSIS
 As of and for the Year Ended December 31, 2023
 (UNAUDITED)

FINANCIAL ANALYSIS (cont.)

Total operating revenues in 2023 decreased \$685,343, or 2.57% from 2022. Electric revenues decreased \$1,129,116 or 5.91%, a decrease in the purchased power adjustment pass-through of \$1,286,293 or 50.29% was the main cause of the decrease. Water revenues increased by \$472,591, or 25.14%, due to a 15% rate increase and increase in sales for city and rural classes. Wastewater collection revenues increased by \$181,860, or 9.785%, primarily attributable to a 5% rate increase and increase in city residential and commercial sales. Wastewater Treatment operating revenues decreased by \$210,678, or 5.50%, due to decreased costs covered by a major industrial customer. Total operating expenses increased \$1,030,697 or 4.06%, over the prior year. All expense classes were higher, except purchased power which was lower. The largest increase in expenses were \$380,209 for administration and general or 22.05% higher and \$520,221 or 15.27% for industrial wastewater treatment. Non-operating revenues increased \$69,673 or 14.09%, in 2023, due to an increase in investment income. Overall, non-operating expenses were up by \$32,466 or 2.30%, mainly due to an increase in interest expense.

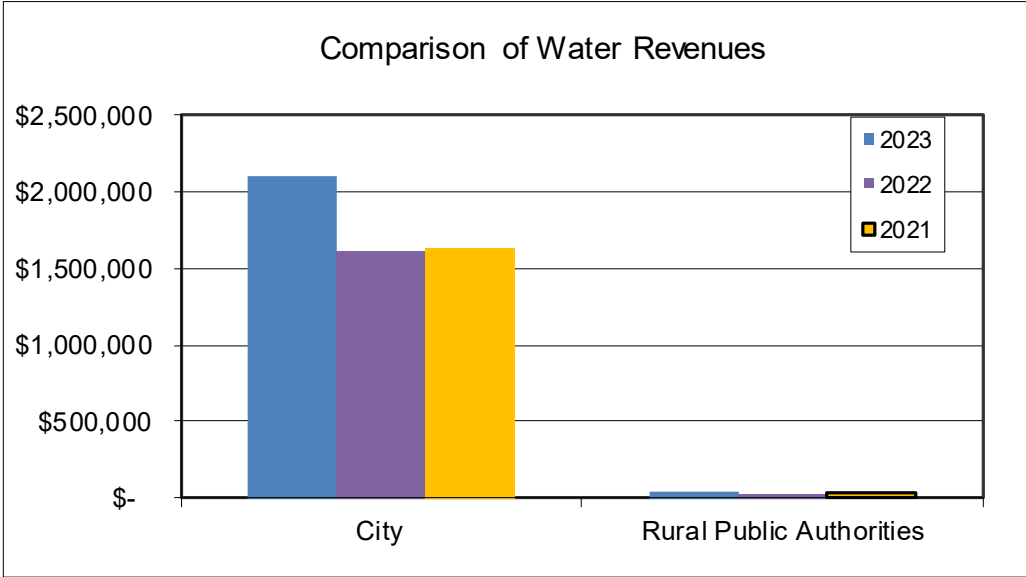


In 2023, electric sales revenues increased \$115,825, or 0.71%, over 2022 sales. Most classes of revenue sales slightly increased over 2022.

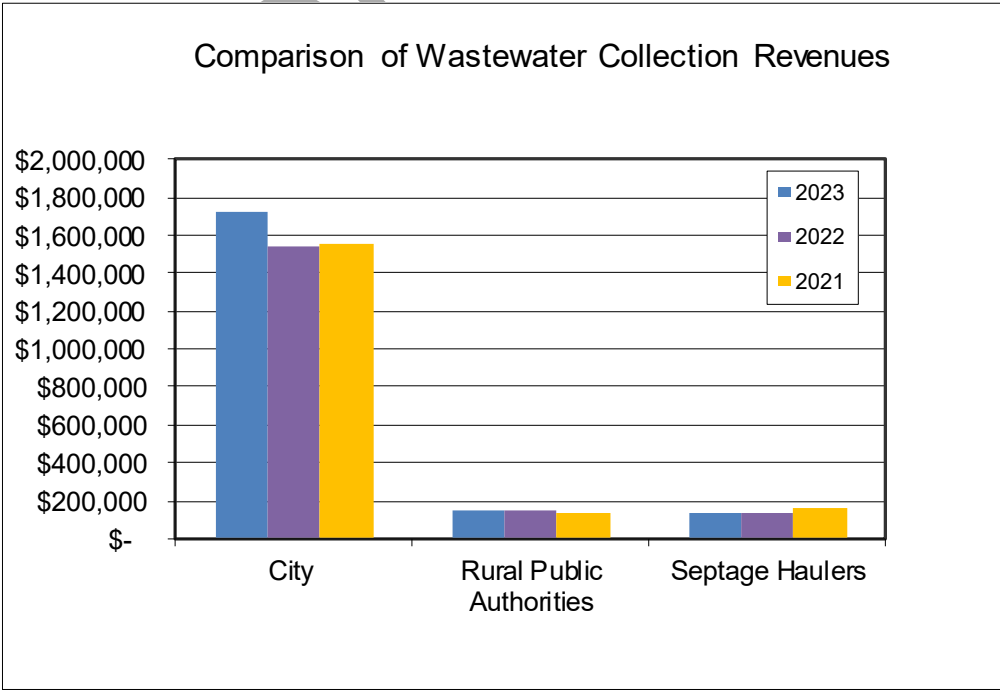
GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2023
(UNAUDITED)

FINANCIAL ANALYSIS (cont.)



Water sales increased \$506,914 or 30.75%, in 2023 over the previous year. Revenues in all customer classes were higher than in 2022.



Wastewater Collection utility revenues for 2023 increased \$191,501 or 10.48%, over 2022 revenues. City & rural public authorities and septic haulers revenue sales classes were all higher.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2023 (UNAUDITED)

FINANCIAL ANALYSIS (cont.)

The Statement of Cash Flows reports the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of debt and capital additions.

Table 3
Condensed Statements of Cash Flows

	2023	2022	Change
Cash Flows From:			
Operating activities	\$ 3,468,590	\$ 4,672,765	\$ (1,204,175)
Noncapital financing activities	(1,191,765)	(404,417)	(787,348)
Capital and related financing activities	(2,306,441)	(3,307,198)	1,000,757
Investing activities	(2,596,240)	(478,329)	(2,117,911)
Net Change in Cash and Cash Equivalents	(2,625,856)	482,821	(3,108,677)
Cash and Cash Equivalents - End of Year	\$ 3,366,929	\$ 5,992,785	\$ (2,625,856)

Cash and Cash Equivalents decreased by \$2,625,856 in 2023. A decrease in cash from operating activities, noncapital financing activities, and investing activities was offset by an increase in cash from capital and related financing activities were the major impacts on cash balances.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2023 (UNAUDITED)

FINANCIAL ANALYSIS (cont.)

During 2023, net capital assets increased 9,601,239 or 7.88%. Electric department capital assets increased \$839,361, or 2.32%. Additions due to several overhead to underground projects were most of the increase. Water department capital assets increased \$4,390,070, or 24.40% resulting from one new water main and one replacement main project. Wastewater Collection capital assets increased \$4,129,481 or 51.37% resulting from one new sanitary sewer main and one replacement project. Wastewater Treatment assets increased by \$242,327, or 0.419%, mainly due to replacement of equipment. The decrease in Construction Work in Progress was related to several completed projects.

Table 4
Condensed Schedule of Capital Assets

	2023	2022	Change
Capital Assets - Electric			
Distribution	\$ 32,136,198	\$ 31,436,713	\$ 699,485
General	4,837,423	4,697,547	139,876
Total Electric Capital Assets	<u>36,973,621</u>	<u>36,134,260</u>	<u>839,361</u>
Capital Assets - Water			
Production	4,769,885	4,613,342	156,543
Distribution	16,765,132	12,531,606	4,233,526
General	844,887	844,886	1
Total Water Capital Assets	<u>22,379,904</u>	<u>17,989,834</u>	<u>4,390,070</u>
Capital Assets - Wastewater Collection			
Collection	11,322,865	7,193,385	4,129,480
General	844,887	844,886	1
Total Wastewater Collection Capital Assets	<u>12,167,752</u>	<u>8,038,271</u>	<u>4,129,481</u>
Capital Assets - Wastewater Treatment Facilities			
Treatment Facilities	59,895,677	59,653,350	242,327
Total Wastewater Treatment Capital Assets	<u>59,895,677</u>	<u>59,653,350</u>	<u>242,327</u>
Total Capital Assets	131,416,954	121,815,715	9,601,239
Less: Accumulated Depreciation	(67,211,409)	(63,997,856)	(3,213,553)
Construction Work in Progress	196,186	631,518	(435,332)
Net Capital Assets	<u>\$ 64,401,731</u>	<u>\$ 58,449,377</u>	<u>\$ 5,952,354</u>

More detailed information on capital asset activity can be found in Note 6 of the *Notes to Financial Statements*.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Year Ended December 31, 2023 (UNAUDITED)

LONG-TERM DEBT

On December 31, 2023, the GRPUC had four bond issues, one revenue note, and zero long term capital leases outstanding.

Late in 2009, the \$28,509,779 Taxable General Obligation Wastewater Revenue Note, Series 2009E was issued. This financing was used to fund the construction of the Wastewater Treatment Facility Phase 1 Improvements Project. Proceeds from the note were released as project costs were incurred. The project was completed in 2012, with the final debt principal amount of \$26,370,232. The repayment of this note is secured by a letter of credit for which 91.8% of the principal and interest payments are due on the debt.

The General Obligation Utility Revenue Bonds, Series 2012D were issued in April 2012 to fund the wastewater collection lift station #1 reconstruction project for \$265,000 and the Pokegama Avenue/4th Street South water and wastewater collection main replacement projects for \$1,760,000. These bonds were called in 2021 with a current refunding and issuance of General Obligation Utility Revenue Refunding Bonds, Series 2021D. The General Obligation Utility Revenue Refunding Bonds, Series 2021D were issued December 2021 with a principal of \$1,120,000. The General Obligation Utility Revenue Bonds, Series 2012D bond principal of \$1,270,000 was paid off on February 1, 2022.

In September 2013, the General Obligation Utility Revenue Bonds, Series 2013C were issued in the amount of \$2,305,000 to fund construction of the Industrial Force Main, Segment B project. These bonds were called in 2021 with an advanced refunding and issuance of \$1,210,000 Taxable General Obligation Revenue Refunding Bonds, Series 2021C. The General Obligation Utility Revenue Bonds, Series 2013C bond principal of \$155,000 was paid off on February 1, 2023.

In October 2015, the GRPUC entered into a tax-exempt lease/purchase agreement for \$1,700,000 to finance the acquisition of an Advanced Metering Infrastructure and Automated Meter Reading (AMI/AMR) System for its electric, water and wastewater collection customers. The lease/purchase agreement was paid off in November 2021 with the issuance of \$775,500 General Obligation Revenue Refunding Bonds Series, 2021A with a maturity of October 2025.

The General Obligation Utility Revenue Bonds, Series 2023B were issued in November 2023 to fund the sanitary sewer and water main replacement projects for Sylvan Bay phase one project for \$2,750,000 and the sanitary sewer extension and water main loop for the Grand Rapids/Cohasset Industrial Park project for \$1,825,000.

Additional information on the GRPUC's long-term debt can be found in Note 10 of the Notes to Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Grand Rapids Public Utilities Commission finances to all those with an interest in the GRPUC's finances. If you have questions about this report, or need additional financial information, contact the Business Services Manager, Grand Rapids Public Utilities Commission, 500 SE 4th Street, Grand Rapids, MN 55744.

BASIC FINANCIAL STATEMENTS

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENT OF NET POSITION As of December 31, 2023

ASSETS		2023
CURRENT ASSETS		
Cash and investments	\$	6,947,782
Accounts receivable		3,014,529
Lease receivable		179,129
Due from City of Grand Rapids		115,442
Materials and supplies		760,068
Interest receivable		83,587
Prepaid expenses		157,979
Restricted accounts receivable - current portion		1,552,312
Total Current Assets		12,810,828
NONCURRENT ASSETS		
Designated cash and investments		2,309,721
Restricted accounts receivable - non-current portion		8,397,538
Capital Assets		
Plant in service		131,416,954
Accumulated depreciation		(67,211,409)
Construction work in progress		196,185
Other Assets		
Other long-term receivables		73,418
Lease receivable		1,352,222
Other Assets		109,416
Non-utility property (net of amortization)		485,297
Financial assurance landfill closure		4,916,394
Total Noncurrent Assets		82,045,736
Total Assets		94,856,564
DEFERRED OUTFLOWS OF RESOURCES		
Service territory acquisition		116,905
Loss on refunding of debt		63,360
Pension		553,590
Total Deferred Outflows of Resources		733,855

See accompanying notes to financial statements.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENT OF NET POSITION As of December 31, 2023

LIABILITIES		2023
CURRENT LIABILITIES		
Accounts payable	\$	1,273,752
Due to City of La Prairie		16,795
Sales tax payable		78,799
Due to City of Grand Rapids		90,646
Accrued compensated absences		214,287
Accrued interest		21,935
Accrued payroll		69,553
Current liabilities:		
Current portion of due to primary government		1,968,000
Customer deposits		377,575
Total Current Liabilities		4,111,342
NONCURRENT LIABILITIES		
Due to primary government, net premium and discount		14,984,831
Accrued compensated absences		98,534
Net pension liability		2,108,142
Landfill closure/post closure costs		2,342,354
Total Noncurrent Liabilities		19,533,861
Total Liabilities		23,645,203
DEFERRED INFLOWS OF RESOURCES		
Demand payment deferral		9,949,850
Other deferred credits		28,497
Leases		1,531,351
Pension		715,156
Total Deferred Inflows of Resources		12,224,854
NET POSITION		
Net investment in capital assets		47,512,259
Restricted for		
Financial Assurance		2,574,040
Unrestricted		9,634,063
TOTAL NET POSITION	\$	59,720,362

See accompanying notes to financial statements.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Year Ended December 31, 2023

	2023
OPERATING REVENUES	
Electric	\$ 17,991,569
Water	2,352,711
Wastewater collection	2,041,644
Wastewater treatment	<u>3,618,951</u>
Total Operating Revenues	<u>26,004,875</u>
OPERATING EXPENSES	
Production	695,313
Purchased power	12,309,911
Distribution/collection	2,281,669
Customer accounts	558,476
Administrative and general	2,103,456
Service center	194,120
Domestic wastewater treatment	822,020
Industrial wastewater treatment	4,113,584
Depreciation and amortization	<u>3,350,671</u>
Total Operating Expenses	<u>26,429,220</u>
OPERATING INCOME (LOSS)	<u>(424,345)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income (loss)	232,714
Demand interest payments	307,421
Gain (loss) on property disposition	(24,881)
Interest expense	(492,048)
Bond fees	(3,101)
Amortization of debt premiums and discounts	2,067
Amortization of regulatory asset	(13,612)
Amortization of loss on refunding	(10,560)
Combined service center contract revenues	24,000
City land improvements	(2,856)
Payment in lieu of taxes	<u>(868,840)</u>
Total Nonoperating Revenues (Expenses)	<u>(849,696)</u>
Income (Loss) Before Contributions	(1,274,041)
CAPITAL CONTRIBUTIONS - CONNECTION FEES	100,625
CAPITAL CONTRIBUTIONS - FROM MUNICIPALITY	5,233,264
CAPITAL CONTRIBUTIONS - TO MUNICIPALITY	<u>(837,424)</u>
CHANGES IN NET POSITION	3,222,424
NET POSITION - Beginning of Year	53,327,156
Correction of an error	<u>3,170,782</u>
NET POSITION - Beginning of Year, As Restated	<u>56,497,938</u>
NET POSITION - END OF YEAR	<u>\$ 59,720,362</u>

See accompanying notes to financial statements.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2023

	2023
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers	\$ 26,013,902
Combined service center contract revenues	24,000
Paid to suppliers for goods and services	(19,671,867)
Paid to employees for services	(2,897,445)
Net Cash Flows From Operating Activities	3,468,590
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Demand interest payments	304,283
Payments to financial assurance account	(543,322)
City land improvements	(2,856)
Transfer to primary government	(949,870)
Net Cash Flows From Noncapital and Related Financing Activities	(1,191,765)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(4,831,440)
Acquisition of service territory	34,337
Lease payments	179,489
Principal payments on long-term debt	(1,920,500)
Proceeds from debt issue	4,575,000
Premium on debt issue	152,736
Interest paid on long-term debt and lease payments	(496,063)
Net Cash Flows From Capital and Related Financing Activities	(2,306,441)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income (loss)	165,281
Sale of investments	3,611,779
Purchase of investments	(6,373,300)
Net Cash Flows From Investing Activities	(2,596,240)
Net Change in Cash and Cash Equivalents	(2,625,856)
CASH AND CASH EQUIVALENTS – Beginning of Year	5,992,785
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 3,366,929

See accompanying notes to financial statements.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENT OF CASH FLOWS (CONTINUED) For the Year Ended December 31, 2023

	2023
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH	
FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (424,345)
Adjustments to reconcile operating income (loss) to cash from operating activities	
Nonoperating revenue	(155,489)
Depreciation and amortization	3,350,671
(Increase) Decrease in assets and deferred outflows of resources:	
Accounts receivable	302,802
Financial Assurance Landfill	976,464
Deferred outflows of resources - Pension	397,338
Supplies	29,234
Prepays	(20,545)
Increase (Decrease) in assets and deferred inflows of resources:	
Accounts payable	(151,880)
Accrued liabilities	(49,827)
Landfill closure/post closure costs	(379,712)
Unearned revenue	(117,024)
Change in net pension liability	(909,391)
Change in deferred inflows of resources - pension	620,294
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 3,468,590
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION	
Cash and investments	\$ 6,947,782
Designated cash and investments	2,309,721
Sub-totals	9,257,503
Less: Noncash equivalents	(5,890,574)
CASH AND CASH EQUIVALENTS	\$ 3,366,929

See accompanying notes to financial statements.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Grand Rapids Public Utilities Commission (GRPUC) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GRPUC provides water supply and distribution, electric distribution and wastewater collection and treatment operations to properties within the City of Grand Rapids (municipality) as well as to certain other areas outside the municipality. GRPUC accounts for the cost of water, electric and wastewater operations on a continuing basis and is governed by the Grand Rapids Public Utilities Commission (Commission), which is appointed by the city council. Customer rates and service rates are established by the Commission. The significant accounting principles and policies utilized by GRPUC are described below.

REPORTING ENTITY

GRPUC is a component unit of the municipality. Component units are legally separate organizations for which elected officials of the primary government (municipality) are financially accountable. Component unit status is determined using the following criteria:

The municipality is financially accountable if it appoints a voting majority of the organization's governing body and is either:

1. Able to impose its will on that organization, or
2. There is a potential for the organization to provide specific financial benefits to, or impose financial burdens on the municipality. The municipality may be financially accountable if an organization is fiscally dependent on the municipality.

Since GRPUC is responsible for payment of certain general obligation debt, it has the potential to impose a financial burden on the municipality. This capability qualifies GRPUC as a component unit of the municipality.

There are no component units of GRPUC.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

The term measurement focus is used to denote what is being measured and reported in GRPUC's operating statement. GRPUC is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether GRPUC is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on GRPUC's operating statement. GRPUC uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (cont.)

GRPUC is presented as a component unit of the municipality. GRPUC is presented similar to enterprise funds which are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Deposits and Investments

GRPUC's cash and cash equivalents are considered to be cash and investments having original maturities of three months or less from the date of acquisition.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 2. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair values may have changed significantly after year end.

GRPUC has adopted a formal investment policy. The policy follows the state statute for allowable investments.

Designated Assets

GRPUC has established various accounts to maintain assets designated for various purposes. Designated assets are designated for the following purposes:

Electric Replacement Funds – represents funds set aside for specific future capital improvement projects.

Watermain Replacement Funds - represents funds set aside for specific future capital improvement projects.

Wastewater-Sewer Main Replacement Funds - represents funds set aside for specific future capital improvement projects.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Receivables/Payables

Outstanding balances between GRPUC and the primary government are reported as due from/to the City. Transactions between GRPUC and the primary government that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from the City.

An allowance for doubtful accounts is recorded annually based on historical experience and management's evaluation of receivables at the end of each year. Bad debts are charged against revenue when deemed uncollectible. Receivables are reported net of the allowance for doubtful accounts of \$413,148 at December 31, 2023.

Leases

GRPUC is a lessor because it leases capital assets to other entities. As a lessor, GRPUC reports a lease receivable and corresponding deferred inflow of resources in the financial statements. GRPUC continues to report and depreciate the capital assets being leased as capital assets.

Materials and Supplies

Materials and supplies are generally used for construction, operation and maintenance work, not for resale. They are valued using the average cost method and charged to construction or expense when used.

Prepaid Expenses

Prepaid expenses are recorded for insurance, maintenance, and service contracts. Costs under these agreements are expensed over the time periods covered by the agreements.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

Non-utility Property

GRPUC has multiple constructed landfill sites. The costs incurred to construct the sites are shown as non-utility property.

Capital Assets

Capital assets are defined by GRPUC as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Capital Assets (cont.)

Capital assets are recorded at cost or the estimated acquisition value at the time of contribution to GRPUC. Major outlays for capital assets are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings	50
Production systems	20 – 25
Distribution systems	25 – 33
Machinery and equipment	10
Intangibles	10

Donated capital assets are valued at their estimated acquisition value at the date donated.

Compensated Absences

Sick Leave and Vacation

Under GRPUC’s plan, PTO is earned and accrued monthly. Unused PTO that exceeds the maximum accrual may be transferred to a post-employment Health Care Savings Plan (HCSP). There is also a limited accrual for Extended Illness Benefit (EIB). Unused EIB may be converted to the HCSP at termination of service with GRPUC. A liability is recognized for all PTO and EIB accrued under the GRPUC’s compensated absence benefit plan. When unused benefits are converted to HCSP accounts, the funds are transferred to the trustee of the plan, and GRPUC no longer has a liability for these amounts.

Minnesota statutes authorize Minnesota State Retirement System (MSRS) to offer health care savings plans (HCSP) to governmental employees. The plan allows employees to save money, tax-free, to use upon termination of employment to pay for eligible health care expenses. MSRS acts as trustee of the plans and the State Board of Investment manages the investment of employee funds.

Customer Deposits

Customer deposits are recorded for security deposits paid by customers to receive utility services. Deposits are returned to customers with good credit history in accordance with criteria established in GRPUC policies. Customers are paid interest on deposits at the rate established annually by the Minnesota Department of Commerce.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Due to Primary Government

Long-term debt and other obligations are reported as the City of Grand Rapids liabilities paid for by GRPUC. Bond premiums, discounts and the loss on refunding of debt are deferred and amortized over the life of the bonds using the effective interest method.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pension

In June 2015, the GASB issued Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This statement establishes standards of accounting and financial reporting for OPEB expense and related OPEB liabilities or assets. OPEB refers to postemployment benefits other than pension benefits such as postemployment healthcare benefits. GRPUC elected not to implement GASB Statement No. 75 due to the fact that the implementation would not have any material impact on its financial condition, results of operations, and footnote disclosures.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period. GRPUC will not recognize the related outflow until a future event occurs.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Demand Payment Deferral

GRPUC has contracts with UPM Blandin Paper Company (UPM Blandin) whereby UPM Blandin pays demand charges for principal and interest on certain debt issues. For ratemaking purposes, the commission has elected to defer the recognition of the revenue until the debt service for the bonds is made. Revenue is recognized as nonoperating revenues or capital contributions depending on the purpose of the debt issue.

REVENUES AND EXPENSES

GRPUC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a utility's principal ongoing operations. The principal operating revenues of GRPUC are charges to customers for sales and services. Operating expenses for component units include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Charges for Services

Billings are rendered and recorded monthly based on metered usage. The commission does accrue revenues beyond billing dates.

Capital Contributions

Cash and capital assets are contributed to GRPUC from customers, the municipality or external parties. The value of property contributed to GRPUC is reported as revenues on the statements of revenues, expenses and changes in net position.

Electric Power Costs

Monthly bills from the wholesale power supplier, which are for power costs to the last day of the month are reflected in the accounts.

ADOPTION OF NEW ACCOUNTING STANDARDS

In May 2020, the Governmental Accounting Standards (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

GRPUC adopted the requirements of the guidance effective January 1, 2023, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not result in any material agreements begin identified.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS

The GRPUC's cash and investments at year end were comprised of the following:

Petty Cash	\$ 1,000
Deposits	3,365,929
Investments	5,890,574
Total	<u>\$ 9,257,503</u>

Reconciliation to the financial statements per statement of net position:

Designated Cash and Investments	
Electric Replacement Funds	\$ 1,247,342
Watermain Replacement Funds	790,364
Wastewater-Sewer Main Replacement Funds	272,015
Current Cash and Investments	6,947,782
Total	<u>\$ 9,257,503</u>

Investment of GRPUC funds is restricted by state law, bond fund resolutions and GRPUC investment policy to:

- > Government bonds, notes, bills, mortgages, and other securities, which are direct obligations of the United States or its agencies.
- > Negotiable or non-negotiable instruments that are issued by commercial banks and insured by the Federal Deposit Insurance Corporation (FDIC). Interest bearing deposits in authorized depositories must be fully insured or collateralized.
- > Repurchase agreements fully collateralized by securities described above, if the repurchase agreements are only entered into with an entity which is a primary reporting dealer to the Federal Reserve Bank of New York, or one of the 100 largest U.S. commercial banks.
- > Any security which is general obligation of the State of Minnesota or any of its municipalities.
- > Commercial paper issued by the United States corporations or their Canadian subsidiaries that is the highest quality and matures in 270 days or less.
- > Statewide investment pools that invest in authorized investments according to MN Statutes 118A.
- > Money market mutual funds that invest in authorized instruments according to MN Statutes 118A.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts (interest bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

At December 31, 2023, the entire bank balance, deposits and investments were covered by federal depository insurance, Securities Investor Protection Corporation or by collateral held by GRPUC's agent in GRPUC's name.

GRPUC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. GRPUC uses the yield based metric approach to value its certificates of deposits, and U.S. Agencies which is a level 2 input. The fair value of investments in entities that calculate a net asset value (NAV) per share are determined using the NAV in lieu of the leveling methodology described above. The Minnesota Municipal Money Market Fund (The Fund) is measured at net asset value (NAV). The fund is an external investment pool not registered with the SEC that follows the same regulatory rules of the SEC under rule 2a7 and is managed by the Board and Minnesota Statutes. The fair value of the pool is the same as the value of the pool shares. The investment in the Fund is not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement No. 40.

The categorization of financial assets at December 31, 2023 consisted of the following:

Type	Level 1	Level 2	Level 3	Total
Term Series	\$ -	\$ 250,000	\$ -	\$ 250,000
Government Agencies Notes	-	999,565	-	999,565
CD's	-	4,052,236	-	4,052,236
Total	\$ -	\$5,301,801	\$ -	
NAV Funds				588,773
Total Investments				\$5,890,574

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, GRPUC's deposits may not be returned to the utility.

GRPUC does not have any deposits exposed to custodial credit risk.

GRPUC's investment policy addresses this risk by requiring deposits to be fully insured or collateralized.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, GRPUC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

GRPUC does not have any investments exposed to custodial credit risk.

GRPUC's investment policy does not address this risk.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

As of December 31, 2023, GRPUC's investments were rated as follows:

Investment Type	S & P Rating
Negotiable CDs	NA
Government Agencies Notes	AA+
Term Series	AA+
Money Market	NA

* NA - Not Rated

GRPUC's investment policy does not address this risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. GRPUC's investment policy does not address this risk.

Interest Rate Risk

Interest rate risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

As of December 31, 2023, GRPUC's investments were as follows:

Investment Type	Investment Maturities (in Years)			Fair Market Value
	Less Than 1	1-5	6-10	
Negotiable CDs	\$ 1,993,800	\$ 2,058,436	\$ -	\$ 4,052,236
Government Agencies Notes	-	999,565	-	999,565
Term Series	250,000	-	-	250,000
Money Market	588,773	-	-	588,773
Total	\$ 2,832,573	\$ 3,058,001	\$ -	\$ 5,890,574

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

GRPUC's investment policy addresses this risk. The policy recommends no more than 40% of the total deposits and investments extend beyond five years and in no circumstances should any extend beyond ten years.

NOTE 3 – RECEIVABLES/PAYABLES TO PRIMARY GOVERNMENT

The following is a schedule of balances as of December 31, 2023.

Due to City of Grand Rapids	
Utility Bills and Service Center Operating Costs	\$ 115,442
Due from City of Grand Rapids	
General Operating and Capital Costs	\$ 90,646

GRPUC has a contract agreement with the municipality whereby the City is contracted to pay a portion of the Public Works/Public Utilities Service Center. The contract expires on September 1, 2095; however, the contract may be terminated by the City on September 1 of any year, by notice of termination not later than the preceding July 1.

The contract payments are subject to annual appropriation by the City and are based on 41% of the service center operating costs.

Total contract revenues were \$24,000 for 2023.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 4 – LEASES

LONG-TERM- LEASE RECEIVABLES

GRPUC, acting as lessor, leases space for antenna on the roof of their building under long-term, noncancelable lease agreement. The lease expires in 2035. During the year ended December 31, 2023, the GRPUC recognized \$179,489 and \$9,951 in lease revenue and interest revenue, respectively, pursuant to the contract.

Total future minimum lease payments to be received under the lease agreement are as follows:

Lease Receivable			
Year Ending December 31,	Principal	Interest	Total
2024	\$ 179,129	\$ 5,540	\$ 184,669
2025	184,504	5,706	190,210
2026	190,039	5,877	195,916
2027	195,741	6,054	201,795
2028	172,538	5,336	177,874
2029-2033	534,585	16,533	551,118
2034 - 2035	74,815	2,314	77,129
Total	\$ 1,531,351	\$ 47,360	\$ 1,578,711

Changes in the lease receivable for the year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Lease Receivable	\$ 1,705,262	\$ -	\$ 173,911	\$ 1,531,351

NOTE 5 – RESTRICTED ASSETS

REVENUE BOND ACCOUNTS

Certain receivables from UPM are restricted for the payment of debt:

Demand Payment Accounts Receivable	
Receivables to be used for future repayment of wastewater treatment debt	\$ 9,949,850

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE 6 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for 2023 follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 631,518	\$ 5,935,448	\$ 6,370,780	\$ 196,186
Land and Land Rights	1,964,831	44,786	-	2,009,617
Total Capital Assets, Not Being Depreciated	<u>2,596,349</u>	<u>5,980,234</u>	<u>6,370,780</u>	<u>2,205,803</u>
Capital Assets, Being Depreciated/Amortized				
Intangibles	711,725	-	-	711,725
Infrastructure	47,196,464	8,945,240	-	56,141,704
Buildings and Improvements	34,194,508	377,788	-	34,572,296
Machinery and Equipment	37,748,187	363,015	129,590	37,981,612
Total Capital Assets, Being Depreciated/ Depreciated/Amortized	<u>119,850,884</u>	<u>9,686,043</u>	<u>129,590</u>	<u>129,407,337</u>
Less Accumulated Depreciation/Amortization for:				
Intangibles	(533,396)	(62,855)	-	(596,251)
Infrastructure	(21,159,799)	(1,235,381)	-	(22,395,180)
Buildings and Improvements	(24,519,897)	(693,167)	-	(25,213,064)
Machinery and Equipment	(17,784,764)	(1,324,927)	(102,777)	(19,006,914)
Total Accumulated Depreciation/Amortization	<u>(63,997,856)</u>	<u>(3,316,330)</u>	<u>(102,777)</u>	<u>(67,211,409)</u>
Total Capital Assets, Being Depreciated/ Amortized, Net	<u>55,853,028</u>	<u>6,369,713</u>	<u>26,813</u>	<u>62,195,928</u>
Net Capital Assets	<u>\$ 58,449,377</u>	<u>\$ 12,349,947</u>	<u>\$ 6,397,593</u>	<u>\$ 64,401,731</u>

Reductions in accumulated depreciation may exceed deletions of capital assets due to the cost of removal.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 7 – NON-UTILITY PROPERTY AND DEFERRED CREDITS

LANDFILL SITES

During 2011-2012, GRPUC constructed landfill sites to dispose of industrial waste from UPM Blandin Paper. Cost of the sites is deferred and expensed over the estimated useful life of the individual site. A portion of the cost for the Landfill Phase 8 site was reimbursed by UPM Blandin Paper and is recorded as a deferred credit. These deferred credits are amortized as revenue over the life of the landfill. A portion of the 2011A bonds were issued for the landfill phase 8 project that finished construction in January 2013. UPM Blandin Paper pays a demand charge in amounts sufficient to pay principal and interest on these bonds. For rate making purposes, the Commission has elected to defer the demand charge revenue until the debt service is paid.

	Landfill Phase 8
Cost	\$ 1,068,608
Estimated useful life	20 years
Remaining useful life	9 years, 1 month
2023 non-utility property	\$ 485,297
2023 expense amortization	\$ 53,430
2023 deferred revenue	\$ 28,498
2023 revenue amortization	\$ 3,137

NOTE 8 – SERVICE TERRITORY ACQUISITION

In 2015, GRPUC acquired an electric service territory from another utility. The transaction qualified as a government acquisition under GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. The total purchase price of the service territory was \$181,424 which consisted of \$44,468 of depreciated assets, and \$136,956 of lost revenues to the seller. The lost revenues are considered net position acquired and are shown as a deferred outflow on the Statement of Net Position. The deferred outflow of resources will be amortized over ten years beginning in 2015.

In 2019, GRPUC acquired an electric service territory from another utility. The transaction was similar in nature to the transaction listed above. The total purchase price of the service territory was \$281,549 which consisted of \$75,130 of depreciated assets, and \$206,419 of lost revenues to the seller. The lost revenues are considered net position acquired and are shown as a deferred outflow on the Statement of Net Position. The deferred outflow of resources will be amortized over ten years beginning in 2019.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE 9 – Due to Primary Government and LONG-TERM DEBT

Long-term bonds consist of the following as of December 31, 2023:

Description of Issue	Interest Rate	Issue Date	Final Maturity	Original Issue	Principal Outstanding
Direct Placement Bonds -					
2009E Taxable GO WW Revenue Note	2.900%	11/10/2009	8/20/2029	\$ 26,370,232	\$ 9,575,000
2021A GO Utility Revenue	0.25 - 0.63%	5/27/2021	10/15/2025	872,000	389,000
2021C GO Utility Revenue	0.45 - 1.25%	9/2/2021	2/1/2029	1,210,000	1,160,000
2021D GO Utility Revenue	2.0 - 3.0%	12/9/2021	2/1/2033	1,120,000	1,025,000
2023B GO Utility Revenue	4.0 - 5.0%	11/9/2023	2/1/2039	4,575,000	4,575,000
Total Due to Primary Government				<u>\$ 34,147,232</u>	<u>\$ 16,724,000</u>

General obligation revenue bonds requirements to maturity follow:

Year Ending	Direct Placement		Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 1,484,000	\$ 277,675	\$ 484,000	\$ 192,443
2025	1,527,000	234,639	650,000	241,103
2026	1,571,000	190,356	525,000	225,959
2027	1,617,000	144,797	540,000	209,330
2028	1,664,000	97,904	555,000	191,709
2029-2033	1,712,000	49,648	2,155,000	693,563
2034-2038	-	-	1,825,000	283,813
2039	-	-	415,000	8,819
Total	<u>\$ 9,575,000</u>	<u>\$ 995,019</u>	<u>\$ 7,149,000</u>	<u>\$ 2,046,737</u>

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2023 was \$2,331,998. Total customer gross revenues as defined for the same periods were \$26,105,490. Annual principal and interest payments are expected to require 9% of gross revenues on average.

Long-term obligation activity for the year ended December 31, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-Term Debt	\$ 3,052,500	\$ 4,575,000	\$ 478,500	\$ 7,149,000	\$ 484,000
Long-Term Debt - Direct Placement	11,017,000	-	1,442,000	9,575,000	1,484,000
Unamortized Premium and Discounts	83,705	152,736	7,610	228,831	-
Compensated Absences	280,634	246,396	214,209	312,821	214,287
Landfill Closure Costs	2,722,066	-	379,712	2,342,354	-
Total	<u>\$ 17,155,905</u>	<u>\$ 4,974,132</u>	<u>\$ 2,522,031</u>	<u>\$ 19,608,006</u>	<u>\$ 2,182,287</u>

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 9 – Due to Primary Government and LONG-TERM DEBT (cont.)

REFUNDING TRANSACTIONS

On May 27, 2021, the 2021A bonds in the amount of \$872,000 were issued with an average interest rate of 0.40% to current refund \$850,525 of the 2015 AMI and AMR Contract.

On August 10, 2021, the 2021C bonds in the amount of \$1,210,000 were issued with an average interest rate of 0.450% to advance refund \$1,100,000 of outstanding bonds with an average interest rate of 3.89%.

The cash flow requirements on the old bonds prior to the advance refunding for 2021C bond were \$1,660,538 from 2022 through 2029. The cash flow requirements on the new bonds are \$1,583,395 from 2022 through 2029. The advance refunding resulted in an economic gain of \$74,189.

On November 23, 2021, the 2021D bonds in the amount of \$1,120,000 were issued with an average interest rate of 1.4% to current refund \$1,170,000 of outstanding bonds with an average interest rate of 2%.

The cash flow requirements on the old bonds prior to the current refunding was \$1,375,425 from 2023 through 2033. The cash flow requirements on the new bonds are \$1,296,161 from 2023 through 2033. The current refunding resulted in an economic gain of \$74,586.

NOTE 10 – NET POSITION

GASB Statement No. 34 requires the classification of net position into three components – net investment in capital assets, restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – The component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is GRPUC’s policy to use restricted resources first, then unrestricted resources as they are needed.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 11 – EMPLOYEES’ RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLANS – STATEWIDE

Plan Description

The GRPUC participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA’s defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA’s defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

All full-time and certain part-time employees of the GRPUC are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan benefits are based on a member’s highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA’s Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 11 – EMPLOYEES’ RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2023. The GRPUC was required to contribute 7.50% for Coordinated Plan members in calendar year 2023. The GRPUC contributions to the General Employee Fund for the year ended December 31, 2023 was \$2,949,611. The GRPUC’s contributions were equal to the required contributions as set by state statute.

Pension Costs

At December 31, 2023 the GRPUC reported a liability of \$2,108,142 for its proportionate share of the General Employees Fund’s net pension liability. The GRPUC’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$16 million in 2023. The State of Minnesota is considered a non-employer contributing entity and the state’s contribution meets the definition of a special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the GRPUC totaled \$58,055, for a total net pension liability of \$2,166,197. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The GRPUC’s proportionate share of the net pension liability was based on the GRPUC’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2023, the GRPUC’s proportion share was .0377% at the end of the measurement period and .0381% for the beginning of the period.

For the year ended December 31, 2023, the GRPUC recognized pension expense of \$326,967 for its proportionate share of the General Employees Plan’s pension expense. In addition, the GRPUC recognized an additional \$261 as pension expense (and miscellaneous revenue) in 2023 for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 11 – EMPLOYEES’ RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

Pension Costs (cont.)

At December 31, 2023, the GRPUC reported its proportionate share of the General Employees Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 69,232	\$ 14,523
Changes in Actuarial Assumptions	341,279	577,824
Difference Between Projected and Actual Investment Earnings	-	78,837
Changes in Proportion	30,582	43,972
Contributions Paid to PERA Subsequent to the Measurement Date	112,497	-
Total	<u>\$ 553,590</u>	<u>\$ 715,156</u>

The \$112,497 reported as deferred outflows of resources related to pensions resulting from GRPUC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amounts
2024	\$ 35,198
2025	(306,708)
2026	43,179

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 11 – EMPLOYEES’ RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

Actuarial Methods and Assumptions (cont.)

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions occurred in 2023:

- > The investment return assumption and single discount rate were changed from 6.5% to 7.00%.

The following changes in plan provisions occurred in 2023:

- > An additional one-time direct state aid contribution of \$170,1 million will be contributed to the Plan on October 1, 2023.
- > The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- > The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- > A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100.0%	

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 11 – EMPLOYEES’ RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.00% in 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the GRPUC’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the GRPUC’s proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate.

The sensitivity analysis of December 31, 2023 follows:

Description	1% Higher	Current Discount Rate	1% Lower
General Employees Fund Discount Rate	6.00%	7.00%	8.00%
GRPUC's Proportionate Share of the General Employees Fund Net Pension Liability	\$ 3,729,472	\$ 2,108,142	\$ 774,536

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 12 – POST-EMPLOYMENT HEALTH CARE SAVINGS ACCOUNT

Minnesota Statutes Chapter 352.98 authorizes Minnesota State Retirement System (MSRS) to offer plans for health care savings accounts (HCSA) to governmental employees. MSRS received its private letter ruling establishing these plans as tax exempt benefits on July 29, 2002. The plans allow employees to save money, tax-free, to use upon termination of employment to pay for eligible health care expenses. MSRS acts as trustee of the plans and the State Board of Investment manages the investment of employee funds.

CONTRIBUTIONS TO HCSA

Unused PTO that exceeds the maximum accrual per the collective bargaining agreement on the employees anniversary date is transferred into an extended illness bank (EIB). Unused EIB that exceeds the maximum accrual per the collective bargain agreement on the employees anniversary date is transferred into a post-employment health care savings plan (HCSA). Upon retirement, or being declared permanently totally disabled, or upon resignation after twenty (20) years of service or more the balance of an employee's EIB account shall be paid into a post-employment HCSA per the adopted HCSA Plan Policy. This same PTO, EIB, and HCSA benefits are available to non-union employees per the GRPUC personnel policy. There are no other provisions for contributions to the HCSA plan. When unused benefits are converted to an employee's HCSA, the funds are transferred to the trustee of the plan, and the GRPUC no longer has a liability for these amounts.

CHANGES TO HCSA PLANS

Any changes in contributions to the HCSA must be agreed to by the employer and the collective bargaining unit. In the case of employees not covered by the collective bargaining unit, amounts to be contributed must be outlined in the written personnel policy.

NOTE 13 – PAYMENTS IN LIEU OF TAXES

Effective January 1, 1997, GRPUC and the City of Grand Rapids established a formal agreement for payments in lieu of taxes (PILOT) from the GRPUC to the City. This payment was equal to 7% of gross retail electric sales for the prior year. Beginning January 1, 2010, the PILOT agreement was modified, and the annual cash payment changed to 4.84 mills per kWh sold, with a minimum annual payment of \$823,000. The agreement was modified again in 2012. Beginning January 1, 2013, the annual cash PILOT was increased to 5.00 mills per kWh sold, with a minimum annual payment of \$868,000. In 2015, a resolution was approved to exclude kilowatt hours sold in electric service territory acquisitions made after January 1, 2015, for a period of time equivalent to the time basis used in the lost revenue calculation; typically a period of ten years from the date of the electric service territory acquisition.

The amount of the PILOT, including cash and utility supplied services, to the City for 2023 was \$868,840.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE 14 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Commission to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 20 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Commission reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date, in accordance with Governmental Accounting Standards Board Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*.

The \$2,342,354 reported as the landfill closure and postclosure care liability at December 31, 2023, represents the cumulative amount reported to date based on the use of 47.64% of the estimated capacity of the currently permitted landfill. GRPUC will recognize the remaining costs of closure and postclosure care of \$2,574,040 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2023. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations.

Under the 1996-2001 permit, landfill sites C, D, E and F were filled to capacity. The 2001 - 2006 permit included Kettle D and landfill Phases One through Four. Phases Five through Eight were added under the new permit effective September 2006 to September 2011. Kettle D was filled in 2006 and closed in 2008. Phases One-Four were filled and began the closure process in 2007. Final closure on Phases One – Four was completed in 2010. Construction of Phases Five and Six was completed in 2008. Phases Five and Six were put into service in 2008 and have an estimated life of 10 years. Phase 7 was constructed in 2010 and placed into service in 2010 with an estimated life of 10 years. Construction of Phase 8 began in 2011 and was placed into service in 2013.

On February 15, 2023, UPM Blandin Paper Company established an irrevocable letter of credit for \$4,916,394 with Nordea Bank on behalf of GRPUC. The purpose of the letter of credit is to provide assurance that funds will be available when needed for closure, post-closure care of, and/or contingency action of the landfill.

Closure costs relate to open and planned landfill sites. There are no sites that will be closed within one year. Post-closure costs cover all sites, including those that are already closed. No issues have been identified that would require post-closure costs to be incurred, and no issues are anticipated in the next year.

NOTE 15 – RISK MANAGEMENT

GRPUC is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 16 – MAJOR CUSTOMER AND DEMAND PAYMENT DEFERRAL

GRPUC has a contract with UPM Blandin Paper Company (UPM Blandin) where UPM Blandin reimburses GRPUC for expenses associated with the operations of the industrial wastewater treatment plant. Amounts charged for wastewater treatment service was \$3,618,951. GRPUC also has contracts with UPM Blandin whereby UPM Blandin pays demand charges for principal and interest on the General Obligation Revenue Bonds Series 2009E and 2021C. For ratemaking purposes, the commission has elected to defer the recognition of the revenue until the debt service on the bonds are paid. The total demand charges paid by UPM Blandin for 2023 was \$1,666,177.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

POWER CONTRACT

Minnesota Power (MP) provides wholesale electric service under a contract that expires December 31, 2029, unless prior to that date, a new customer of GRPUC with a 15-minute peak of equal to or greater than 10 MW locates in the IEDC Eco Industrial Park. The contract requires no minimum purchase of power and provides that GRPUC may add new renewable generation capacity up to ten percent (10%) (non-cumulative) of the total GRPUC load, based on the previous year's average annual billed demand, excluding any existing renewable generation capacity prior to September 1, 2015.

In addition, beginning in 2022, a new electric service agreement was negotiated with the 13 Northeast Minnesota Municipal Power Agency (NEMMPA) Municipal Customers. This contract expires December 31, 2029. The agreement includes a flat customer charge per month, a predetermined yearly base capacity charge, a yearly predetermined base energy charge, a yearly predetermined incremental capacity charge, and a yearly predetermined incremental energy charge. The contract also contains a base energy adjustment which reflects the sum of (1) a projection of fuel and purchased power costs for the upcoming service year; and (2) a true-up of any variances between projected and actual fuel and purchased power costs for services to NEMMPA Municipal Customers. Grand Rapids Public Utilities Commission is a member of NEMMPA. The peak power requirements for 2023 was 30,231 kW.

GRPUC entered into a Municipal Minnesota Interconnect agreement on September 16, 2021, with MP. The GRPUC, as the area EPS Operator, and MP, as the Interconnect Customer, both agree to allow each party to connect to the other party's area electric power system related solar equipment at the Itasca Clean Energy Solar Plus Battery Storage project in Grand Rapids, Minnesota.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 17 – COMMITMENTS AND CONTINGENCIES (cont.)

OPEN CONTRACTS

GRPUC has several active projects as of December 31, 2023. At year end, GRPUC's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Procise Solutions, Inc. for IT professional Services	\$ 2,301	\$ 2,949
Altec Industries - Model AT41ME Bucket Truck	-	238,071
Stantec Consulting - engineering services Landfill 1-4-Kettle D	17,217	6,723
Neslon Roofing - reroof north portion CSC	50,244	51,653
MMUA - professional services strategic planning	6,193	3,807
CLA - professional services contract 2023-2028	-	220,834
MMUA - safety professional services	6,830	27,320
CLA - professional services regulatory accounting report	630	4,370
Procise Solutions - professional services consulting	-	11,550
Procise Solutions - IT professional services	-	10,000

PENDING CLAIMS AND LEGAL PROCEEDINGS

From time to time, GRPUC is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and GRPUC's attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on GRPUC's financial position or results of operations.

GRANTS

The GRPUC has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE 18 – RESTATEMENT

GRPUC restated the December 31, 2022 Statement of Net Position, Statement of Revenues, Expenses and Changes in Net position, and Statement of Cash Flows for the correction of an error related to the landfill closure/postclosure costs. It was noted in the prior year that the liability was overstated and did not account for the capacity used.

The following table summarizes the breakdown of the current year restatement relate to the prior period adjustment:

Net Position - Beginning of Year, as Previously Reported	\$ 53,327,156	
Correction of an error	3,170,782	
Net Position - Beginning of Year, as Restated	\$ 56,497,938	

DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
General Employees Retirement Fund
Last Ten Years* (Unaudited)

Fiscal Year Ending June 30,	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	State Proportionate Share of the Net Pension Liability	Total Share of Employer's Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2023	0.0377%	\$ 2,108,142	\$ 58,055	\$ 2,166,197	\$ 2,949,611	73.44%	83.10%
2022	0.0381%	3,017,533	88,652	3,106,185	2,857,386	108.71%	76.70%
2021	0.0370%	1,580,066	48,214	1,628,280	2,820,276	57.73%	87.00%
2020	0.0387%	2,320,242	71,560	2,391,802	2,763,178	86.56%	79.10%
2019	0.0370%	2,045,647	63,664	2,109,311	2,618,728	80.55%	80.20%
2018	0.0394%	2,185,750	198,631	2,384,381	2,648,413	90.03%	79.50%
2017	0.0404%	2,579,109	32,422	2,611,531	2,602,004	100.37%	75.90%
2016	0.0389%	3,158,487	41,243	3,199,730	2,415,909	132.44%	68.90%
2015	0.0404%	2,093,738	-	2,093,738	2,372,323	88.26%	78.20%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

SCHEDULE OF CONTRIBUTIONS
General Employees Retirement Fund
Last Ten Years*

Year Ended December 31,	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contributions in (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a % of Covered Payroll (b/d)
2023	\$ 224,650	\$ 224,650	-	2,995,333	7.50%
2022	214,304	214,304	-	2,857,387	7.50%
2021	211,521	211,521	-	2,820,280	7.50%
2020	205,333	205,333	-	2,737,773	7.50%
2019	205,477	205,477	-	2,739,693	7.50%
2018	194,844	194,844	-	2,597,920	7.50%
2017	199,725	199,725	-	2,663,000	7.50%
2016	189,105	189,105	-	2,521,400	7.50%
2015	175,652	175,652	-	2,342,027	7.50%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2023 (Unaudited)

NOTE 1 – Changes in Significant Pension Plan Provision, Actuarial Methods, and Assumptions

2023 Changes

The following change in actuarial assumptions occurred in 2023:

- > The investment return assumption and single discount rate were changed from 6.5% to 7.00%..

The following change in plan provisions occurred in 2023:

- > An additional one-time direct state aid contribution of \$170,1 million will be contributed to the Plan on October 1, 2023.
- > The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- > The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- > A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

The following change in actuarial assumptions occurred in 2022:

- > The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

The following change in plan provisions occurred in 2022:

- > There were no changes in plan provisions since the previous valuation.

2021 Changes

The following change in actuarial assumptions occurred in 2021:

- > The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- > The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

The following change in plan provisions occurred in 2021:

- > There were no changes in plan provisions since the previous valuation.

2020 Changes

The following change in plan provisions occurred in 2020:

- > Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2023 (Unaudited)

The following changes in actuarial assumptions occurred in 2020:

- > The price inflation assumption was decreased from 2.50% to 2.25%.
- > The payroll growth assumption was decreased from 3.25% to 3.00%.
- > Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- > Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- > Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- > Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- > The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- > The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- > The assumed spouse age difference was changed from two years older for females to one year older.
- > The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 Changes

The following change in plan provisions occurred in 2019:

- > The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

The following changes in actuarial assumptions occurred in 2019:

- > The morality projection scale was changed from MP-2017 to MP-2018.

2018 Changes

The following change in plan provisions occurred in 2018:

- > The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- > Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- > Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2023 (Unaudited)

- > Contribution stabilizer provisions were repealed.
- > Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- > For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- > Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

The following changes in actuarial assumptions occurred in 2018:

- > The morality projection scale was changed from MP-2015 to MP-2017.
- > The assumed post-retirement increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

2017 Changes

The following change in plan provisions occurred in 2017:

- > The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- > The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

The following changes in actuarial assumptions occurred in 2017:

- > The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and non-vested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for non-vested deferred member liability.
- > The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

2016 Changes

The following change in plan provisions occurred in 2016:

- > There have been no changes since the prior valuation.

The following changes in actuarial assumptions occurred in 2016:

- > The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- > The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- > Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

GRAND RAPIDS PUBLIC UTILITIES COMMISSIONNOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2023 (Unaudited)*2015 Changes*

The following change in plan provisions occurred in 2015:

- > On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

The following changes in actuarial assumptions occurred in 2015:

- > The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

DRAFT

SUPPLEMENTARY INFORMATION

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

COMBINING SCHEDULE OF REVENUES AND EXPENSES
For the Year Ended December 31, 2023

	Electric	Water	Wastewater Collection	Wastewater Treatment	Totals
OPERATING REVENUES					
Utility revenues - city	\$ 14,387,509	\$ 2,111,286	1,725,901	\$ 3,618,951	\$ 21,843,647
Utility revenues - rural	1,925,276	44,131	293,065	-	2,262,472
Security lighting	40,339	-	-	-	40,339
Total Retail Sales	16,353,124	2,155,417	2,018,966	3,618,951	24,146,458
Purchased power adjustment pass-through	1,271,597	-	-	-	1,271,597
Total Utility Revenues	17,624,721	2,155,417	2,018,966	3,618,951	25,418,055
Other Operating Revenue					
Pole rentals	27,942	-	-	-	27,942
Other	124,013	197,294	22,678	-	343,985
Penalties	214,893	-	-	-	214,893
Total Operating Revenues	17,991,569	2,352,711	2,041,644	3,618,951	26,004,875
OPERATING EXPENSES					
Production	-	695,313	-	-	695,313
Purchased power	12,309,911	-	-	-	12,309,911
Distribution/collection	1,310,474	547,719	423,476	-	2,281,669
Customer accounts	373,127	106,164	79,185	-	558,476
Administrative and general	1,348,222	483,216	272,018	-	2,103,456
Service center	194,120	-	-	-	194,120
Domestic wastewater treatment	-	-	822,020	-	822,020
Industrial wastewater treatment	-	-	-	4,113,584	4,113,584
Depreciation and amortization	1,124,230	356,754	268,673	1,601,014	3,350,671
Total Operating Expenses	16,660,084	2,189,166	1,865,372	5,714,598	26,429,220
OPERATING INCOME (LOSS)	1,331,485	163,545	176,272	(2,095,647)	(424,345)
NONOPERATING REVENUES (EXPENSES)					
Interest income (loss)	222,763	9,951	-	-	232,714
Demand interest payments	-	-	-	307,421	307,421
Gain (loss) on property disposition	1,931	-	-	(26,812)	(24,881)
Interest expense	(18,744)	(76,417)	(10,104)	(386,783)	(492,048)
Bond fees	-	(488)	(263)	(2,350)	(3,101)
Amortization of debt premiums and discounts	-	2,709	(642)	-	2,067
Amortization of regulatory asset	(2,996)	(642)	1,459	(11,433)	(13,612)
Amortization of loss on refunding	-	-	-	(10,560)	(10,560)
Combined service center contract revenues	8,000	8,000	8,000	-	24,000
City land improvements	(2,856)	-	-	-	(2,856)
Payment in lieu of taxes	(868,840)	-	-	-	(868,840)
Total Nonoperating Revenues (Expenses)	(660,742)	(56,887)	(1,550)	(130,517)	(849,696)
INCOME (LOSS) BEFORE CONTRIBUTIONS	670,743	106,658	174,722	(2,226,164)	(1,274,041)
CAPITAL CONTRIBUTIONS - CONNECTION FEES	93,349	-	1,000	6,276	100,625
CAPITAL CONTRIBUTIONS - FROM MUNICIPALITY	-	1,683,555	1,921,133	1,628,576	5,233,264
CAPITAL CONTRIBUTIONS - TO MUNICIPALITY	-	(559,061)	(278,363)	-	(837,424)
CHANGES IN NET POSITION	\$ 764,092	\$ 1,231,152	\$ 1,818,492	\$ (591,312)	\$ 3,222,424

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF CHANGES IN UTILITY PLANT
As of December 31, 2023

	Balance 1-1-23	Increases	Decreases	Adjustments	Balance 12-31-23
ELECTRIC DEPARTMENT					
Distribution					
Land and land improvements	\$ 263,320	\$ -	\$ -	\$ -	\$ 263,320
Intangibles	89,359	-	-	-	89,359
Structures and improvements	411,762	-	-	-	411,762
Distribution system	28,465,151	593,384	-	-	29,058,535
Street and security lighting system	189,586	2,435	-	-	192,021
Machinery and equipment	2,017,535	168,256	64,590	-	2,121,201
Total Electric Department	31,436,713	764,075	64,590	-	32,136,198
WATER DEPARTMENT					
Production					
Land and land improvements	255,508	44,786	-	-	300,294
Structures and improvements	1,691,894	-	-	-	1,691,894
Wells, pumps and accessories	489,826	43,852	-	-	533,678
Water treatment plant equipment	2,176,114	67,905	-	-	2,244,019
Total Production	4,613,342	156,543	-	-	4,769,885
Distribution					
Distribution system	12,275,231	4,233,526	-	-	16,508,757
Intangibles	1,467	-	-	-	1,467
Machinery and equipment	254,908	-	-	-	254,908
Total Distribution	12,531,606	4,233,526	-	-	16,765,132
Total Water Department	17,144,948	4,390,069	-	-	21,535,017
WASTEWATER COLLECTION DEPARTMENT					
Distribution					
Land	75,041	-	-	-	75,041
Treatment plant	460,477	-	-	-	460,477
Collection system	5,966,256	4,074,480	-	-	10,040,736
Intangibles	2,804	-	-	-	2,804
Machinery and equipment	688,807	55,000	-	-	743,807
Total Wastewater Collection Department	7,193,385	4,129,480	-	-	11,322,865
WASTEWATER TREATMENT DEPARTMENT					
Land	773,038	-	-	-	773,038
Domestic treatment facility	2,293,972	106,673	-	-	2,400,645
Screen house	5,359,481	-	-	-	5,359,481
Industrial treatment facility	6,710,437	-	-	-	6,710,437
Industrial primary plant II	25,688,117	71,854	65,000	-	25,694,971
Sludge disposal	1,089,470	-	-	-	1,089,470
Service center building	3,069,356	-	-	-	3,069,356
Secondary treatment facility	14,669,479	128,800	-	-	14,798,279
Total Wastewater Treatment Department	59,653,350	307,327	65,000	-	59,895,677
GENERAL PLANT					
Land and improvements	597,924	-	-	-	597,924
Intangibles	618,095	-	-	-	618,095
Service center	4,697,545	139,878	-	-	4,837,423
Communications equipment	110,691	-	-	-	110,691
Automated meter read equipment	363,064	-	-	-	363,064
Total General Plant	6,387,319	139,878	-	-	6,527,197
Total Utility Plant in Service	121,815,715	9,730,829	129,590	-	131,416,954
Construction Work in Progress	631,518	5,935,448	6,370,780	-	196,186
TOTAL INVESTMENT IN UTILITY PLANT	\$ 122,447,233	\$ 15,666,277	\$ 6,500,370	\$ -	\$ 131,613,140

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF CHANGES IN ACCUMULATED DEPRECIATION
As of December 31, 2023

	Composite Depreciation Rates	Balance 1-1-23	Increases	Decreases	Adjustments	Balance 12-31-23	Percent of Plant Balance
ELECTRIC DEPARTMENT							
Distribution							
Intangibles		\$ 40,794	\$ 12,985	\$ -	\$ -	\$ 53,779	
Structures and improvements		168,037	9,453	-	-	177,490	
Distribution system		13,269,877	832,079	-	-	14,101,956	
Street and security lighting system		61,022	7,097	-	-	68,119	
Machinery and equipment		1,813,179	71,018	64,590	-	1,819,607	
Total Electric Department	2.9%	15,352,909	932,632	64,590	-	16,220,951	50.5%
WATER DEPARTMENT							
Production							
Structures and improvements		1,199,573	32,570	-	-	1,232,143	
Wells, pumps and accessories		403,645	7,074	-	-	410,719	
Water treatment plant equipment		2,058,102	30,856	-	-	2,088,958	
Total Production		3,661,320	70,500	-	-	3,731,820	
Distribution							
Distribution system		5,302,113	248,669	-	-	5,550,782	
Intangibles		1,467	-	-	-	1,467	
Machinery and equipment		210,715	13,588	-	-	224,303	
Total Distribution		5,514,295	262,257	-	-	5,776,552	
Total Water Department	1.7%	9,175,615	332,757	-	-	9,508,372	44.2%
WASTEWATER COLLECTION DEPARTMENT							
Distribution							
Treatment plant		279,111	6,754	-	-	285,865	
Collection system		2,184,164	146,045	-	-	2,330,209	
Intangibles		2,804	-	-	-	2,804	
Machinery and equipment		277,933	91,876	-	-	369,809	
Total Wastewater Collection Department	2.6%	2,744,012	244,675	-	-	2,988,687	26.4%
WASTEWATER TREATMENT DEPARTMENT							
Domestic treatment facility		1,523,429	93,758	-	-	1,617,187	
Screen house		1,913,132	135,333	-	-	2,048,465	
Industrial treatment facility		6,331,685	42,563	-	-	6,374,248	
Industrial primary plant II		10,685,331	910,801	38,189	-	11,557,943	
Sludge disposal		582,495	50,849	-	-	633,344	
Service center building		1,105,526	103,202	-	-	1,208,728	
Secondary treatment facility		10,945,880	264,508	-	-	11,210,388	
Total Wastewater Treatment Department	2.7%	33,087,478	1,601,014	38,189	-	34,650,303	57.9%
GENERAL PLANT							
Intangibles		488,331	49,869	-	-	538,200	
Service center		2,905,634	133,264	-	-	3,038,898	
Communications equipment		83,617	3,008	-	-	86,625	
Automated meter read equipment		160,260	19,113	-	-	179,373	
Total General Plant	3.2%	3,637,842	205,254	-	-	3,843,096	58.9%
TOTAL ACCUMULATED DEPRECIATION	2.6%	\$ 63,997,856	\$ 3,316,332	\$ 102,779	\$ -	\$ 67,211,409	51.1%

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF CONTRIBUTIONS TO THE CITY OF GRAND RAPIDS
For the Year Ended December 31, 2023

	<u>2023 Payment in Lieu of Taxes</u>
CASH	
Annual cash payment	\$ 868,000
LABOR AND MATERIALS PROVIDED	
Miscellaneous city services	<u>840</u>
TOTAL CONTRIBUTIONS	<u>\$ 868,840</u>

This schedule does not include:

1. Administrative costs
2. Employee benefits
3. Water used for City purposes
4. Improvements to City land made by the utility

DRAFT

STATISTICAL SECTION

DRAFT

Grand Rapids Public Utilities Commission
STATISTICAL SECTION (UNAUDITED)

This portion of the Grand Rapids Public Utilities Commission's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commission's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time.	41 - 50
Revenue Capacity	
These schedules contain information to help the reader assess the Commission's most significant revenue source, utility revenues.	51 - 65
Debt Capacity	
These schedules present information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future.	66 - 67
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place.	68 - 69
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides.	70 - 77

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

Net Position by Component,
Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Primary government				
Net investment in capital assets	\$ 37,929,100	\$ 38,291,017	\$ 39,374,349	\$ 40,813,404
Restricted	787,591	958,832	1,181,470	939,416
Unrestricted	<u>7,673,506</u>	<u>5,712,824</u>	<u>5,162,793</u>	<u>5,579,512</u>
Total primary government net position	<u>\$ 46,390,197</u>	<u>\$ 44,962,673</u>	<u>\$ 45,718,612</u>	<u>\$ 47,332,332</u>

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

Net Position by Component (Continued),
Last Ten Fiscal Years

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 41,199,607	\$ 43,027,147	\$ 45,010,756	\$ 43,337,623	\$ 44,370,092	\$ 47,512,259
880,250	1,252,688	796,279	3,537,622	2,768,460	2,574,040
5,834,183	5,676,390	5,537,754	4,358,203	6,188,604	9,634,063
<u>\$ 47,914,040</u>	<u>\$ 49,956,225</u>	<u>\$ 51,344,789</u>	<u>\$ 51,233,448</u>	<u>\$ 53,327,156</u>	<u>\$ 59,720,362</u>

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

CHANGES IN NET POSITION
Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Total Nonoperating Revenues/ (Expenses)	Income/ (Loss) before Capital Contributions	Capital Contributions	Change in Net Position
2014	\$ 22,519,788	\$ 23,232,724	\$ (712,936)	\$ (469,479)	\$ (1,182,415)	\$ 1,795,836	\$ 613,421
2015	22,765,420	23,357,337	(591,917)	(502,478)	(1,094,395)	1,740,699	646,304
2016	22,520,487	23,527,444	(1,006,957)	(412,909)	(1,419,866)	2,175,805	755,939
2017	23,704,579	23,445,121	259,458	(1,021,838)	(762,380)	2,376,100	1,613,720
2018	22,691,518	22,976,721	(285,203)	(871,255)	(1,156,458)	1,738,166	581,708
2019	22,544,185	22,931,149	(386,964)	(777,878)	(1,164,842)	3,207,027	2,042,185
2020	22,497,289	22,940,754	(443,465)	(677,080)	(1,120,545)	2,509,109	1,388,564
2021	25,314,524	26,024,361	(709,837)	(1,128,233)	(1,838,070)	1,726,729	(111,341)
2022	26,690,218	25,398,523	1,291,695	(951,835)	3,398,600	1,753,848	2,093,708
2023	26,004,875	26,429,220	(424,345)	(849,696)	(1,274,041)	4,496,465	3,222,424

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING REVENUES BY SOURCE Last Ten Fiscal Years

Fiscal Year	Electric Revenues	Water Revenues	Wastewater Collection Revenues	Wastewater Treatment Revenues	Total
2014	\$ 14,822,539	\$ 1,581,167	\$ 1,535,584	\$ 4,580,498	\$ 22,519,788
2015	14,944,554	1,668,295	1,515,178	4,637,393	22,765,420
2016	14,764,345	1,622,794	1,413,578	4,719,770	22,520,487
2017	15,849,263	1,689,970	1,665,847	4,499,499	23,704,579
2018	15,419,378	1,709,315	1,729,956	3,832,869	22,691,518
2019	15,418,632	1,831,540	1,808,115	3,485,898	22,544,185
2020	15,331,223	1,778,042	1,796,436	3,591,588	22,497,289
2021	18,212,360	1,881,458	1,866,283	3,354,423	25,314,524
2022	19,120,685	1,880,120	1,859,784	3,829,629	26,690,218
2023	17,991,569	2,352,711	2,041,644	3,618,951	26,004,875

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING EXPENSES BY SOURCE Last Ten Fiscal Years

Fiscal Year	Production	Purchased Power	Distribution/ Collection	Customer Accounts	Administrative and General
2014	\$ 509,114	\$ 10,867,361	\$ 1,446,044	\$ 483,864	\$ 1,509,813
2015	566,272	10,507,885	1,444,665	509,824	1,601,170
2016	497,804	10,423,456	1,514,328	528,368	1,862,302
2017	502,694	10,991,941	1,490,156	485,147	1,640,048
2018	496,597	11,169,489	1,302,074	520,420	1,723,205
2019	508,915	11,336,920	1,460,272	524,056	1,640,373
2020	543,700	11,069,792	1,440,341	451,528	1,675,285
2021	591,648	13,611,143	1,996,952	655,130	1,724,030
2022	619,882	11,797,928	2,113,977	663,767	2,104,239
2023	695,313	12,309,911	2,281,669	558,476	2,103,456

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING EXPENSES BY SOURCE (CONTINUED) Last Ten Fiscal Years

<u>Service Center</u>	<u>Communications</u>	<u>Domestic Wastewater Treatment</u>	<u>Industrial Wastewater Treatment</u>	<u>Depreciation and Amortization</u>	<u>Total Operating Expenses</u>
\$ 174,823	\$ -	\$ 514,602	\$ 4,945,000	\$ 2,782,103	\$ 23,232,724
146,593	480	558,669	4,982,319	3,039,460	23,357,337
141,329	-	577,033	5,069,119	2,913,705	23,527,444
176,784	-	524,932	4,617,591	3,015,828	23,445,121
141,992	-	543,806	3,973,241	3,105,897	22,976,721
170,066	-	520,359	3,626,299	3,143,889	22,931,149
144,214	-	514,032	3,640,009	3,461,853	22,940,754
164,112	-	553,020	3,406,594	3,321,732	26,024,361
195,345	-	604,589	3,926,815	3,371,981	25,398,523
194,120	-	822,020	4,113,584	3,350,671	26,429,220

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NONOPERATING REVENUES AND EXPENSES Last Ten Fiscal Years

Fiscal Year	Investment Income (Loss)	Demand Interest Payments	Landfill Contribution	Grant Revenues	Gain (Loss) on Property Disposition	Interest Expense	Bond Fees
2014	\$ 13,622	\$ 805,596	\$ 395,000	\$ -	\$ 9,942	\$ (946,263)	\$ (2,325)
2015	37,376	674,892	415,000	-	-	(888,317)	(2,875)
2016	40,886	692,800	430,000	-	(761)	(854,681)	(4,713)
2017	38,310	640,948	200,000	-	(392,642)	(776,953)	(3,175)
2018	26,473	600,024	200,000	-	(90,353)	(726,421)	(5,167)
2019	50,825	545,700	210,000	10,000	(82,422)	(659,524)	(4,719)
2020	30,745	486,434	110,000	145,672	(547)	(589,496)	(4,995)
2021	20,730	445,886	110,000	84,329	26,246	(538,572)	(3,750)
2022	(86,061)	470,362	-	-	(26,063)	(416,963)	(3,771)
2023	232,714	307,421	-	-	(24,881)	(492,048)	(3,101)

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NONOPERATING REVENUES AND EXPENSES (CONTINUED) Last Ten Fiscal Years

Capitalized Interest	Amortization of Debt Premiums, Discounts, Regulatory Asset and Loss on Refundng	Combined Service Center Contract Revenues	Payment in Lieu of Taxes	Special Pension Funding Contribution Revenue	City Land Improvements	Total Nonoperating Expenses
\$ -	\$ (26,356)	\$ 152,472	\$ (871,167)	\$ -	\$ -	\$ (469,479)
9,494	(26,356)	151,682	(873,374)	-	-	(502,478)
18,899	(24,308)	146,927	(870,255)	12,297	-	(412,909)
-	(22,845)	167,417	(872,898)	-	-	(1,021,838)
-	(22,845)	23,866	(876,832)	-	-	(871,255)
-	(22,583)	46,761	(871,916)	-	-	(777,878)
-	(19,707)	38,351	(873,537)	-	-	(677,080)
-	(23,298)	26,124	(882,288)	-	(393,640)	(1,128,233)
-	(38,660)	24,100	(870,377)	-	(4,402)	(951,835)
-	(22,105)	24,000	(868,840)	-	(2,856)	(849,696)

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ANNUAL CAPITAL CONTRIBUTIONS BY SOURCE Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Electric Connection Fees</u>	<u>Water Connection Fees</u>	<u>Wastewater Collection Connection Fees</u>	<u>Water Capital Contributions (Refunds)</u>
2014	\$ 61,913	\$ 11,870	\$ 200	\$ -
2015	22,402	8,302	200	-
2016	31,138	25,049	5,780	-
2017	26,990	12,842	900	-
2018	13,463	8,896	8,839	-
2019	19,797	11,549	900	-
2020	25,285	10,098	1,000	-
2021	66,954	20,953	1,400	-
2022	142,203	18,556	1,200	-
2023	93,349	6,276	1,000	1,124,494

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ANNUAL CAPITAL CONTRIBUTIONS BY SOURCE (CONTINUED)
Last Ten Fiscal Years

Wastewater Collection Capital Contributions (Refunds)	Wastewater Treatment Capital Contributions (Refunds)	Municipality Contribution for Capital Projects	Grants for Capital Projects	Total
\$ -	\$ 1,721,853	\$ -	\$ -	\$ 1,795,836
-	1,709,795	-	-	1,740,699
-	2,113,838	-	-	2,175,805
-	2,335,368	-	-	2,376,100
-	1,706,968	-	-	1,738,166
-	3,174,781	-	-	3,207,027
-	2,087,661	75,000	310,065	2,509,109
-	1,637,422	-	-	1,726,729
-	1,591,889	-	-	1,753,848
1,642,770	1,628,576	-	-	4,496,465

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC PRODUCTION AND DISTRIBUTION
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Power Purchased (kWh)</u>	<u>kWh Sold or Accounted for</u>	<u>Unaccounted for kWh</u>	<u>Percent Line Loss</u>	<u>Peak Demand (kW)</u>	<u>Average Peak Demand for Year (kW)</u>	<u>Average Load Factor for Year</u>
2014	173,983,760	164,329,995	9,653,765	5.6%	30,560	26,413	75.4%
2015	175,232,840	168,465,879	6,766,961	3.9%	30,892	26,558	75.7%
2016	172,648,880	159,786,606	12,862,274	7.4%	30,540	26,056	75.7%
2017	164,976,040	157,576,190	7,399,850	4.5%	29,024	25,543	73.9%
2018	162,918,560	156,835,682	6,082,878	3.7%	29,960	25,768	72.7%
2019	158,656,040	150,836,024	7,739,965	4.9%	29,488	24,963	72.8%
2020	156,479,120	150,501,080	5,696,609	3.6%	30,004	24,467	73.5%
2021	159,330,440	152,984,662	6,345,778	4.0%	31,868	25,666	71.6%
2022	163,132,152	156,690,841	6,441,311	4.0%	29,859	25,412	73.3%
2023	159,352,627	152,909,054	6,443,573	4.0%	30,231	26,318	69.6%

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

kWh SOLD OR ACCOUNTED FOR BY CUSTOMER CLASS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Residential</u>	<u>City Commercial</u>	<u>City Demand and Energy</u>	<u>Rural Residential</u>	<u>Rural Commercial</u>
2014	35,244,349	24,477,249	59,109,959	9,450,486	2,896,935
2015	34,835,964	23,315,674	64,893,170	9,471,678	2,881,858
2016	33,843,733	22,508,782	59,632,888	8,867,254	2,847,978
2017	34,200,970	23,477,446	56,899,637	8,686,092	3,011,103
2018	36,061,124	23,128,684	57,746,351	9,370,894	3,004,178
2019	34,223,484	22,702,020	56,712,411	8,949,898	2,918,739
2020	37,254,052	21,801,229	54,270,228	9,536,982	2,876,997
2021	37,531,633	21,776,800	55,195,224	9,845,575	3,224,425
2022	36,863,676	22,383,198	57,247,640	9,310,494	3,258,792
2023	35,915,175	22,557,609	57,646,461	9,315,365	3,122,815

Note: All data in kWh

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

kWh SOLD OR ACCOUNTED FOR BY CUSTOMER CLASS (CONTINUED)
Last Ten Fiscal Years

Rural Demand and Energy	Industrial	Dual Fuel	Street Lighting	Security Lighting	Total kWh Sold or Accounted for
2,629,303	21,953,868	6,965,635	1,315,943	286,268	164,329,995
2,772,963	22,840,000	5,803,624	1,371,223	279,725	168,465,879
2,314,820	22,893,934	5,292,302	1,306,067	278,848	159,786,606
2,195,613	21,855,145	5,727,004	1,242,582	280,598	157,576,190
2,434,108	17,488,247	6,241,085	1,077,931	283,080	156,835,682
2,463,562	15,945,355	5,650,533	980,732	289,290	150,836,024
2,203,449	15,874,761	5,443,937	931,259	308,186	150,501,080
2,262,462	17,338,841	4,622,712	882,943	303,794	152,984,409
2,324,586	19,685,238	4,471,442	836,290	309,485	156,690,841
2,349,544	16,280,261	4,601,690	810,594	309,540	152,909,054

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NUMBER OF ELECTRIC CUSTOMER METERS BY TYPE Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Residential</u>	<u>City Commercial</u>	<u>Rural Residential</u>	<u>Rural Commercial</u>
2014	4,407	1,179	1,000	158
2015	4,493	1,190	999	163
2016	4,577	1,192	1,005	163
2017	4,582	1,191	1,008	160
2018	4,572	1,197	1,011	164
2019	4,717	1,214	1,006	177
2020	4,716	1,214	1,006	181
2021	4,678	1,210	1,015	186
2022	4,830	1,233	1,007	215
2023	4,811	1,132	1,024	183

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NUMBER OF ELECTRIC CUSTOMER METERS BY TYPE (CONTINUED)
Last Ten Fiscal Years

<u>Industrial</u>	<u>Dual Fuel</u>	<u>Total Electric Customers</u>	<u>Security Lights</u>	<u>Water Heater Control Customers</u>	<u>Windsense Customers</u>
9	366	7,119	445	705	98
10	374	7,229	441	707	99
12	372	7,321	441	699	-
12	370	7,323	437	700	-
11	366	7,321	440	685	-
11	378	7,503	469	694	-
12	375	7,504	471	685	-
22	345	7,456	352	683	-
22	374	7,681	445	681	-
20	371	7,541	451	682	-

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC RATES - CITY CUSTOMERS Last Ten Fiscal Years

	<u>2014</u> <u>(Aug)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u> <u>(Mar)</u>	<u>2018</u> <u>(Sept)</u>	<u>2019</u>	<u>2020</u> <u>(Sept)</u>	<u>2021</u> <u>(April)</u>	<u>2022</u> <u>(April)</u>	<u>2023</u>
City Residential :										
Customer Charge	\$ 6.65	\$ 6.65	\$ 6.65	\$ 6.89	\$ 9.50	\$ 9.50	\$ 9.75	\$ 10.00	\$ 10.25	\$ 10.40
All kWh per month	-	-	-	-	-	-	-	-	-	-
First 500 kWh per month	0.0779	0.0779	0.0779	0.0807	0.0837	0.0837	0.0854	0.0871	0.0888	0.0900
Over 500 kWh per month	0.1012	0.1012	0.1012	0.1048	0.1078	0.1078	0.1100	0.1122	0.1144	0.1159
City Commercial:										
Customer Charge	12.80	12.80	12.80	13.26	17.75	17.75	18.25	18.75	19.25	19.55
All kWh per month	0.0934	0.0934	0.0934	0.0967	0.0997	0.0997	0.1017	0.1037	0.1058	0.1072
First 10,000 kWh per month	-	-	-	-	-	-	-	-	-	-
Over 10,000 kWh per month	-	-	-	-	-	-	-	-	-	-
Load Management Heating:										
Customer Charge	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40
Energy Charge: Per kWh	0.0561	0.0561	0.0561	0.0581	0.0611	0.0611	0.0623	0.0635	0.0648	0.0699
Load Management - Storage Heat:										
Customer Charge	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40
Energy Charge: Per kWh	0.0467	0.0467	0.0467	0.0484	0.0514	0.0514	0.0524	0.0534	0.0545	0.0630
Load Management Cooling - Continuous Control:										
Customer Charge	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40
Energy Charge: Per kWh	0.0561	0.0561	0.0561	0.0581	0.0611	0.0611	0.0623	0.0635	0.0648	0.0699
Load Management Cooling - Cycled Control:										
Customer Charge	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40
Energy Charge: Per kWh	0.0779*	0.0779*	0.0779*	0.0807*	0.0837	0.0837	0.0837	0.0871	0.0888	0.0888
* kWh chged @ normal rate for customer class										
Monthly Credit	8.75	8.75	8.75	9.06	9.83	9.83	9.83	9.83	9.83	9.83
Controlled Water Heating:										
Monthly Credit	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Demand & Energy:										
Customer Charge	-	-	-	-	17.75	17.75	25.00	26.00	27.00	28.00
Demand Charge: Per kWh	15.85	15.85	15.85	16.41	16.41	16.41	16.74	17.07	17.41	17.64
Energy Charge: Per kWh	0.0437	0.0437	0.0437	0.0453	0.0483	0.0483	0.0493	0.0503	0.0513	0.0520
Minimum kW/month	10	10	10	10	10	10	10	10	10	10
Industrial:										
Customer Charge	-	-	-	-	17.75	17.75	25.00	26.00	27.00	28.00
Demand Charge: Per kW	15.85	15.85	15.85	16.41	16.41	16.41	16.74	17.07	17.41	17.64
Energy Charge: Per kWh	0.0437	0.0437	0.0437	0.0453	0.0483	0.0483	0.0493	0.0503	0.0513	0.0520
Minimum kW/month	10	10	10	10	10	10	10	10	10	10
Entertainment Lighting Rate:										
Seasonal Evening										
Customer Charge	9.10	9.10	9.10	9.42	12.75	12.75	12.75	12.75	12.75	12.75
Energy Charge: Per kWh/mo	0.0968	0.0968	0.0968	0.1002	0.1032	0.1032	0.1032	0.1032	0.1032	0.1032

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC RATES-RURAL CUSTOMERS Last Ten Fiscal Years

	<u>2014</u> <u>(Aug)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u> <u>(Mar)</u>	<u>2018</u> <u>(Sept)</u>	<u>2019</u>	<u>2020</u> <u>(Sept)</u>	<u>2021</u> <u>(April)</u>	<u>2022</u> <u>(April)</u>	<u>2023</u>
Rural Residential:										
Customer Charge	\$ 7.65	\$ 7.65	\$ 7.65	\$ 7.92	\$ 10.50	\$ 10.50	\$ 10.75	\$ 11.00	\$ 11.25	\$ 11.40
All kWh per month	-	-	-	-	-	-	-	-	-	-
First 500 kWh per month	0.0814	0.0814	0.0814	0.0843	0.0873	0.0873	0.0890	0.0907	0.0922	0.0936
Over 500 kWh per month	0.1047	0.1047	0.1047	0.1084	0.1114	0.1114	0.1136	0.1158	0.1180	0.1195
Rural Commercial;										
Customer Charge	13.80	13.80	13.80	14.29	18.75	18.75	19.25	19.75	20.25	20.55
All kWh per month	0.0971	0.0971	0.0971	0.1006	0.1036	0.1036	0.1056	0.1076	0.1097	0.1111
First 10,000 kWh per month	-	-	-	-	-	-	-	-	-	-
Over 10,000 kWh per month	-	-	-	-	-	-	-	-	-	-
Load Management Heating:										
Customer Charge	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40
Energy Charge: Per kWh	0.0561	0.0561	0.0561	0.0581	0.0611	0.0611	0.0623	0.0635	0.0648	0.0699
Load Management - Storage Heat:										
Customer Charge	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40
Energy Charge: Per kWh	0.0467	0.0467	0.0467	0.0484	0.0514	0.0514	0.0524	0.0534	0.0545	0.0630
Load Management Cooling - Continuous Control:										
Customer Charge	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40
Energy Charge: Per kWh	0.0561	0.0561	0.0561	0.0581	0.0611	0.0611	0.0623	0.0635	0.0648	0.0699
Load Management Cooling - Cycled Control:										
Customer Charge	6.65	6.65	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40
Energy Charge: Per kWh	0.0814*	0.0814*	0.0814*	.0807*	0.0837	0.0837	0.0837	0.0837	0.0888	0.0888
* kWh chged @ normal rate for customer class										
Monthly Credit	8.75	8.75	8.75	9.06	9.83	9.83	9.83	9.83	9.83	9.83
Controlled Water Heating:										
Monthly Credit	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Rural Demand & Energy:										
Customer Charge	-	-	-	-	18.75	18.75	25.00	26.00	27.00	28.00
Demand Charge: Per kWh	16.65	16.65	16.65	17.24	17.24	17.24	17.59	17.07	17.41	17.64
Energy Charge: Per kWh	0.0473	0.0473	0.0473	0.0490	0.0520	0.0520	0.0530	0.0540	0.0550	0.0557
Minimum kW/month	10	10	10	10	10	10	10	10	10	10

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER PRODUCTION AND DISTRIBUTION Last Ten Fiscal Years

Fiscal Year	Gallons of Water Pumped	Gallons of Water Used in Processing	Gallons of Water to System	Gallons of Water Distributed	Unaccounted for Gallons	Percent System Loss
2014	445,065	49,915	395,150	329,199	65,951	16.7%
2015	530,167	138,781	391,386	351,196	40,190	10.3%
2016	535,997	152,819	383,178	312,765	70,413	18.4%
2017	507,151	131,338	375,813	319,578	56,235	15.0%
2018	361,329	13,859	347,470	308,695	38,775	11.2%
2019	374,602	34,422	340,180	307,253	32,698	9.6%
2020	399,832	56,480	343,352	298,465	43,946	12.8%
2021	454,165	84,684	369,481	331,125	38,356	10.4%
2022	462,231	111,530	350,701	314,260	36,441	10.4%
2023	521,606	156,315	365,291	329,576	36,085	9.9%

Note: Data in 1000's of gallons

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER DISTRIBUTION BY CUSTOMER CLASS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Residential</u>	<u>City Commercial</u>	<u>City Industrial</u>	<u>Rural Industrial</u>	<u>System Maintenance</u>	<u>Total Water Gallons Distributed</u>
2014	99,195	154,695	46,666	12,922	15,721	329,199
2015	99,848	163,164	51,413	12,441	24,330	351,196
2016	95,217	156,454	46,810	11,208	3,076	312,765
2017	94,029	157,087	43,717	9,829	14,916	319,578
2018	93,541	162,494	38,815	9,357	4,488	308,695
2019	91,068	165,426	34,730	9,518	6,511	307,253
2020	92,271	153,309	36,191	9,654	7,040	298,465
2021	100,328	168,860	46,783	10,424	4,730	331,125
2022	92,464	156,578	46,660	9,426	9,132	314,260
2023	100,276	176,351	40,611	9,633	4,032	330,903

Notes: Data in 1000's of gallons.

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NUMBER OF WATER AND WASTEWATER COLLECTION CUSTOMER METERS BY TYPE Last Ten Fiscal Years

Fiscal Year	City Residential	City Commercial	Rural Residential	Rural Commercial	City Industrial	Rural Industrial	Total Water Customers
2014	2,533	643	-	-	6	2	3,184
2015	2,547	652	-	-	6	2	3,207
2016	2,552	677	-	-	6	2	3,237
2017	2,561	685	-	-	6	2	3,254
2018	2,565	692	-	-	6	2	3,265
2019	2,570	698	-	-	6	2	3,276
2020	2,577	697	-	-	6	2	3,282
2021	2,581	704	-	-	6	2	3,293
2022	2,585	698	-	-	6	2	3,291
2023	2,607	681	-	-	6	2	3,296

Fiscal Year	City Residential	City Commercial	Rural Residential	Rural Commercial	City Industrial	Rural Industrial	Total Wastewater Collection Customers
2014	2,539	605	4	13	1	3	3,165
2015	2,553	611	4	13	1	3	3,185
2016	2,557	626	4	13	1	3	3,204
2017	2,564	630	4	11	1	4	3,214
2018	2,573	625	4	9	1	4	3,216
2019	2,578	629	4	9	1	4	3,225
2020	2,582	626	4	9	1	4	3,226
2021	2,586	623	4	9	1	4	3,227
2022	2,590	618	4	9	1	3	3,225
2023	2,594	623	4	11	1	2	3,235

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER AND WASTEWATER COLLECTION RATES - CITY CUSTOMERS Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u> (Mar)	<u>2018</u> (Sept)	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Water Rates										
Base rate (meter size)										
5/8" - 3/4"	\$ 6.08	\$ 6.08	\$ 6.08	\$ 6.25	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.67	\$ 9.90
1"	8.51	8.51	8.51	8.70	11.84	11.84	11.84	11.84	12.08	13.80
1 1/4"	10.94	10.94	10.94	11.20	13.61	13.61	13.61	13.61	13.87	15.85
1 1/2"	10.94	10.94	10.94	11.20	15.24	15.24	15.24	15.24	15.54	17.76
2"	17.63	17.63	17.63	18.10	24.63	24.63	24.63	24.63	25.12	28.70
3"	66.88	66.88	66.88	68.55	93.26	93.26	93.26	93.26	95.13	108.70
4"	85.12	85.12	85.12	87.20	118.64	118.64	118.64	118.64	121.01	138.27
6"	127.68	127.68	127.68	130.85	178.02	178.02	178.02	178.02	181.58	207.48
Usage rate (<i>per 1,000 gallons</i>)										
First 10,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 30,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 210,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 250,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Residential:										
First 4,000 gallons	3.58	3.58	3.58	3.65	3.72	3.72	3.72	3.72	3.79	4.36
Next 4,000 gallons	4.48	4.48	4.48	4.60	4.69	4.69	4.69	4.69	4.78	5.50
Next 22,000 gallons	5.59	5.59	5.59	5.75	5.87	5.87	5.87	5.87	5.99	6.89
All gallons over 30,000	8.95	8.95	8.95	9.20	9.38	9.38	9.38	9.38	9.57	11.01
Commercial:										
First 40,000 gallons	3.09	3.09	3.09	3.20	3.26	3.26	3.26	3.26	3.33	3.94
Next 360,000 gallons	3.86	3.86	3.86	3.95	4.03	4.03	4.03	4.03	4.11	4.87
All gallons over 400,000	4.94	4.94	4.94	5.05	5.15	5.15	5.15	5.15	5.25	6.22
Industrial:										
First 400,000 gallons	2.69	2.69	2.69	2.75	2.81	2.81	2.81	2.81	3.33	3.76
All gallons over 400,000	3.36	3.36	3.36	3.45	3.52	3.52	3.52	3.52	4.11	4.64
Wastewater Base Charge	6.56	6.56	6.56	8.00	10.80	10.80	10.80	10.80	11.02	11.50
Wastewater Collection Rates (<i>per 1,000 gallons</i>)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Residential	3.50	3.50	3.50	4.25	4.35	4.35	4.35	4.35	4.44	4.68
Commercial	3.86	3.86	3.86	4.70	4.80	4.80	4.80	4.80	4.90	4.99

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER AND WASTEWATER COLLECTION RATES - RURAL CUSTOMERS Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u> (Mar)	<u>2018</u> (Sept)	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u> (Feb)	<u>2023</u>
Water Rates										
Base rate (meter size)										
5/8" - 3/4"	\$ 6.69	\$ 6.69	\$ 6.69	\$ 6.85	N/A	N/A	N/A	N/A	N/A	N/A
1"	9.36	9.36	9.36	9.60	N/A	N/A	N/A	N/A	N/A	N/A
1 1/4"	12.03	12.03	12.03	12.35	N/A	N/A	N/A	N/A	N/A	N/A
1 1/2"	12.03	12.03	12.03	12.35	N/A	N/A	N/A	N/A	N/A	N/A
2"	19.39	19.39	19.39	19.90	N/A	N/A	N/A	N/A	N/A	N/A
3"	73.57	73.57	73.57	75.40	N/A	N/A	N/A	N/A	N/A	N/A
4"	93.63	93.63	93.63	95.95	N/A	N/A	N/A	N/A	N/A	N/A
6"	140.45	140.45	140.45	143.95	N/A	N/A	N/A	N/A	N/A	N/A
Usage rate (per 1,000 gallons)										
First 10,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 30,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 210,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 250,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Residential:										
First 4,000 gallons	3.94	3.94	3.94	4.00	N/A	N/A	N/A	N/A	N/A	N/A
Next 4,000 gallons	4.93	4.93	4.93	5.05	N/A	N/A	N/A	N/A	N/A	N/A
Next 22,000 gallons	6.15	6.15	6.15	6.30	N/A	N/A	N/A	N/A	N/A	N/A
All gallons over 30,000	9.85	9.85	9.85	10.05	N/A	N/A	N/A	N/A	N/A	N/A
Commercial:										
First 40,000 gallons	3.40	3.40	3.40	3.50	N/A	N/A	N/A	N/A	N/A	N/A
Next 360,000 gallons	4.25	4.25	4.25	4.35	N/A	N/A	N/A	N/A	N/A	N/A
All gallons over 400,000	5.43	5.43	5.43	5.55	N/A	N/A	N/A	N/A	N/A	N/A
Industrial:										
First 400,000 gallons	2.67	2.67	2.67	2.75	2.92	2.92	2.92	2.92	2.92	2.92
All gallons over 400,000	3.34	3.34	3.34	3.40	3.64	3.64	3.64	3.64	3.64	3.64
Wastewater Base Charge	7.22	7.22	7.22	8.80	11.80	11.80	11.80	11.80	12.04	12.04
Wastewater Collection Rates (per 1,000 gallons)										
Residential	3.85	3.85	3.85	4.70	4.80	4.80	4.80	4.80	4.90	4.99
Commercial	4.24	4.24	4.24	5.15	5.25	5.25	5.25	5.25	5.36	5.45

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

TEN LARGEST CUSTOMERS Current Year and Nine Years Ago

Customer	Fiscal Year 2023			
	Water Revenue		Wastewater Collection Revenue	
	Amount	%	Amount	%
UPM Blandin Paper Co.	\$ 100,268	4.88%	\$ 23,479	1.26%
City of Cohasset	-	-	115,829	6.21%
Zips Car Wash LLC	71,321	3.47%	61,389	3.29%
Wastewater Treatment Plant	49,746	2.42%	-	-
City of LaPrairie	43,519	2.12%	29,349	1.57%
Grand Itasca Clinic & Hospital	35,964	1.75%	33,324	1.79%
School District 318	30,572	1.49%	24,369	1.31%
Housing and Redevelopment	29,883	1.45%	21,394	1.15%
City of Grand Rapids	27,459	1.34%	8,885	0.48%
Grand Hospitality LLC	20,836	1.01%	17,676	0.95%
Majestic Pine Grand LLC	18,096	0.88%	13,092	0.70%
Subtotal (10 largest)	427,663	20.82%	348,787	18.69%
Balance from other customers	1,626,401	79.18%	1,517,637	81.31%
Grand Totals	<u>\$ 2,054,064</u>	<u>100.00%</u>	<u>\$ 1,866,424</u>	<u>100.00%</u>

Customer	Fiscal Year 2014			
	Water Revenue		Wastewater Collection Revenue	
	Amount	%	Amount	%
Blandin Paper Co.	\$ 112,049	7.81%	\$ 117,716	8.50%
City of Cohasset	-	-	79,906	5.77%
Wastewater Treatment Plant	41,124	2.87%	-	-
City of LaPrairie	41,451	2.89%	22,244	1.61%
Grand Itasca Clinic & Hospital	26,968	1.88%	23,822	1.72%
Housing and Redevelopment	24,847	1.73%	17,985	1.30%
School District 318	18,331	1.28%	16,937	1.22%
Grand Hospitality LLC	13,883	0.97%	13,075	0.94%
YMCA	10,844	0.76%	10,257	0.74%
Evergreen Terrace	11,922	0.83%	11,552	0.83%
Pine Ridge Apartments	10,877	0.76%	12,325	0.89%
Subtotal (10 largest)	312,296	21.77%	325,819	23.54%
Balance from other customers	1,122,306	78.23%	1,058,425	76.46%
Grand Totals	<u>\$ 1,434,602</u>	<u>100.00%</u>	<u>\$ 1,384,244</u>	<u>100.00%</u>

Notes: Dollar values reflected include base rate charges, as well as multiple meters on various accounts

Due to changes in Minnesota state statutes, the Commission is no longer allowed to disclose information on its electric customers.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WASTEWATER COLLECTION AND TREATMENT Last Ten Fiscal Years

Fiscal Year	Influent					
	Flow			Total Suspended Solids		
	Domestic (1,000 gal.)	Industrial (1,000 gal.)	Total Flow (1,000 gal.)	Domestic (tons)	Industrial (tons)	Total Suspended Solids (tons)
2014	463,292	1,806,423	2,269,715	656	15,950	16,606
2015	456,310	1,931,150	2,387,460	623	14,729	15,352
2016	500,030	1,927,860	2,427,890	533	14,335	14,868
2017	486,150	1,936,610	2,422,760	558	14,604	15,162
2018	460,390	1,557,460	2,017,850	588	11,207	11,795
2019	553,030	1,419,130	1,972,160	619	8,839	9,458
2020	516,680	1,416,590	1,933,270	568	7,357	7,925
2021	466,790	1,520,450	1,987,240	623	7,928	8,551
2022	513,820	1,539,690	2,053,510	574	9,732	10,306
2023	509,460	1,303,060	1,812,520	598	6,571	7,169

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WASTEWATER COLLECTION AND TREATMENT (CONTINUED)
Last Ten Fiscal Years

Biochemical Oxygen Demand			Effluent			
Domestic (tons)	Industrial (tons)	Total BOD (tons)	Flow (1,000 gal.)	Total Suspended Solids (tons)	Biochemical Oxygen Demand (tons)	Landfill Solids (cubic yards)
471	6,999	7,470	2,275,943	23	24	61,812
379	6,683	7,062	2,398,538	24	22	60,084
410	4,887	5,297	2,446,389	27	27	58,956
440	7,905	8,345	2,439,620	23	25	60,874
482	5,520	6,002	2,029,600	17	27	51,312
503	3,069	3,572	1,985,330	18	28	41,136
441	2,981	3,422	1,946,180	18	33	35,928
467	4,603	5,070	1,979,620	29	78	44,700
488	6,758	7,246	2,063,990	34	65	48,612
511	4,439	4,950	1,821,690	21	33	33,912

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years

Fiscal Year	General Obligation Revenue Bonds	G.O. Revenue Notes (1)	Long-Term Payable to City	Leases Payable	Total		As a Share of Personal Income
					Amount	Per Capita	
2014	8,315,000	21,526,000	435,800	-	30,276,800	2,785.61	N/A
2015	7,406,386	20,315,000	223,600	268,233	28,213,219	2,595.75	N/A
2016	6,438,149	19,068,000	114,400	1,549,353	27,169,902	2,499.76	N/A
2017	5,684,912	17,785,000	-	1,492,754	24,962,666	2,183.01	N/A
2018	4,925,000	16,464,000	-	1,469,887	22,858,887	2,007.10	N/A
2019	4,135,000	15,105,000	-	1,221,038	20,461,038	1,796.56	N/A
2020	3,420,000	13,781,000	-	964,292	18,165,292	1,594.85	N/A
2021	4,767,187	12,419,000	-	-	17,186,187	1,508.88	N/A
2022	3,052,500	11,017,000	-	-	14,069,500	1,246.96	N/A
2023	7,149,000	9,575,000	-	-	16,724,000	1,474.00	N/A

(1) The 2011 G.O. Revenue Bond amount includes \$2,990,000 issued to refund 2001A G.O. Wastewater Revenue Bonds in 20

(1) In 2013, \$20,470,482 (\$22,299,000 x 91.8%) in G.O. Revenue Notes are secured by a Bank Letter of Credit

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

PLEDGED REVENUE COVERAGE Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Gross Expenses (1)	Net Revenue Available for Debt Service	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2014	25,159,990	21,321,788	3,838,202	2,165,200	951,267	3,116,467	123%
2015	25,341,316	21,191,251	4,150,065	2,323,200	892,280	3,215,480	129%
2016	25,167,258	21,484,755	3,682,503	2,476,847	865,130	3,341,977	110%
2017	26,130,624	21,694,833	4,435,791	2,341,570	797,146	3,138,716	141%
2018	24,961,381	20,838,009	4,123,372	2,338,115	736,683	3,074,798	134%
2019	24,973,471	20,741,598	4,231,873	2,397,849	681,623	3,079,472	137%
2020	25,238,556	20,352,985	4,885,571	2,295,745	607,455	2,903,200	168%
2021	27,641,962	23,584,917	4,057,045	3,167,792	609,813	3,777,605	107%
2022	27,102,618	22,926,982	4,175,636	3,030,000	465,198	3,495,198	119%
2023	26,569,010	23,947,389	2,621,621	1,920,500	338,386	2,258,886	116%

(1) Excludes interest expense, bond fees, amort of issuance costs and depreciation

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2014	10,869	N/A	N/A	9.90%
2015	10,869	N/A	N/A	7.60%
2016	10,869	N/A	N/A	6.70%
2017	11,435	N/A	N/A	8.47%
2018	11,389	N/A	N/A	10.60%
2019	11,389	N/A	N/A	6.10%
2020	11,390	N/A	N/A	5.60%
2021	11,390	N/A	N/A	5.28%
2022	11,283	N/A	N/A	4.61%
2023	11,346	N/A	N/A	4.00%

Source: Minnesota Department of Employment and Economic Development

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

PRINCIPAL EMPLOYERS Current Year and Nine Years Ago

Taxpayer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
ISD #318 (1)	716	1	8.94%	624	1	6.68%
Grand Itasca Clinic & Hospital	526	2	6.57%	600	2	6.43%
Itasca County	421	3	5.26%	420	4	4.50%
Northland Counseling Center, Inc.	250	4	3.12%	-	-	-
ASV Inc. (3)	250	5	3.12%	450	9	4.82%
UPM Blandin Paper Mill	226	6	2.82%	460	3	4.93%
North Homes, Inc.	250	7	3.12%	-	-	-
Arrowhead Promotion & Fulfillment	220	8	2.75%	290	7	3.11%
Wal-Mart	183	9	2.29%	300	5	3.21%
City of Grand Rapids (1)	179	10	2.24%	234	8	2.51%
Grand Village Nursing Home (2)	-	-	-	160	10	1.71%
Magnetation (4)	-	-	-	300	6	3.21%
Total	3,221		40.24%	3,838		41.10%
All other employers	4,784		59.76%	5,500		58.90%
Total	8,005		100.00%	9,338		100.00%

Source: Minnesota Department of Employment and Economic Development

- (1) Includes full- and part-time employees.
 (2) Itasca County Nursing Home dba Grand Village
 (3) Formerly Terex Corp., Inc.
 (4) Includes all employees in the State of Minnesota

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

FULL-TIME EQUIVALENT COMMISSION EMPLOYEES BY FUNCTION Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Administration	2	2	3	2
Customer Service and Billing	4	4	4	4
Electric	10	10	9	10
Finance and Accounting	4	4	4	4
Meter Reading	2	2	2	1
Wastewater Treatment	11	11	11	11
Water Distribution/Wastewater Collection	4	4	4	4
Water Treatment	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total Employees	<u>39</u>	<u>39</u>	<u>39</u>	<u>38</u>
Commissioners	5	5	5	5

Source: GRPUC payroll records

Notes:

All managers and supervisors are included with their departments

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

FULL-TIME EQUIVALENT COMMISSION EMPLOYEES BY FUNCTION (CONTINUED)
Last Ten Fiscal Years

2018	2019	2020	2021	2022	2023
2	2	2	2	2	2
4	5	5	5	4	4
10	9	9	9	10	10
4	5	6	6	5	6
1	0	0	0	0	0
11	11	9	9	10	10
3	3	2	2	2	2
2	2	3	3	3	3
<u>37</u>	<u>37</u>	<u>36</u>	<u>36</u>	<u>36</u>	<u>37</u>
5	5	5	5	5	5

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING AND CAPITAL INDICATORS - ELECTRIC Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Electric</u>				
Number of substations	5	5	5	5
Main substation capacity (MVA)	54	54	54	54
Distribution transformer capacity (KVA)	131,843	99,403	116,723	116,723
Miles of electric overhead line (not including neutral conductor)	145	150	149	150
Miles of electric underground line	199	205	211	211

Source: GRPUC mapping system

MVA = megavolt ampere - added Tioga Substation

KVA = kilovolt ampere

N/A = not available

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING AND CAPITAL INDICATORS - ELECTRIC (CONTINUED)
Last Ten Fiscal Years

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
5	6	6	6	6	6
54	54	54	73	73	73
112,741	116,723	118,396	119,632	121,437	124,460
149	150	150	157	157	157
222	222	222	219	221	225

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING AND CAPITAL INDICATORS - WATER AND WASTEWATER Last Ten Fiscal Years

	2014	2015	2016	2017
<u>Water</u>				
Number of treatment plants	1	1	1	1
Treatment capacity (MGD)	3.24	3.24	3.24	3.24
Water Storage Capacity (MG)	2	2	2	2
Number of wells	5	5	5	5
Number of booster stations	1	1	1	1
Number of pressure districts	3	3	3	3
Miles of water main	79	81	81	81
<u>Wastewater</u>				
Number of treatment plants	2	2	2	2
Treatment capacity (MGD)	15.2	15.2	15.2	15.2
Number of lift stations	11	11	13	13
Number of pump stations	1	1	2	2
Miles of wastewater collection main	68	68	68	68

Source: GRPUC GIS mapping system

MGD = millions of gallons per day

MG = million gallons

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING AND CAPITAL INDICATORS - WATER AND WASTEWATER (CONTINUED)
Last Ten Fiscal Years

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
1	1	1	1	1	1
3.24	3.24	3.24	3.24	3.24	3.24
2	2	2	2	2	2
5	5	5	5	5	5
1	1	1	1	1	1
3	3	3	3	3	3
81	81	81	81	81	82
2	2	2	2	2	2
15.2	15.2	15.2	15.2	15.2	15.2
13	14	14	14	14	16
2	2	2	2	2	2
68	68	68	68	68	69

DRAFT

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC DEPARTMENT SELECTED FINANCIAL AND OPERATING RATIOS (Unaudited)

	2023	2022	Industry Average (2023)*
FINANCIAL RATIOS			
Electric revenue per kWh			
All retail customers	\$ 0.107	\$ 0.104	\$ 0.105
Residential customers	\$ 0.119	\$ 0.112	\$ 0.121
Commercial customers	\$ 0.108	\$ 0.104	\$ 0.111
Industrial customers	\$ 0.088	\$ 0.086	\$ 0.081
Electric operating ratio	0.898	0.067	0.901
Net income (loss) per electric revenue dollar	\$ 0.065	\$ 0.180	\$ 0.041
Uncollectible accounts per electric revenue dollar	\$ 0.0228	\$ 0.0204	\$ 0.0005
OPERATING RATIOS			
Retail customers per non-power-generation employee	766	850	272
Total electric O&M expense per kWh sold	\$ 0.083	\$ 0.083	\$ 0.091
Total electric O&M expense (excluding power supply expense) per retail customer	\$ 170	\$ 150	\$ 616
Total power supply expense per kWh sold	\$ 0.081	\$ 0.075	\$ 0.073
Purchased power cost per kWh purchased	\$ 0.077	\$ 0.072	\$ 0.071
Retail customers per meter reader	7,668	7,652	7,260
Distribution O&M expense per retail customer	\$ 170	\$ 150	\$ 192
Distribution O&M expense per circuit mile	\$ 3,447	\$ 3,041	\$ 6,772

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC DEPARTMENT SELECTED FINANCIAL AND OPERATING RATIOS (CONTINUED) (Unaudited)

	2023	2022	Industry Average (2023)*
Customer accounting, service and sales expense per retail customer	\$ 49	\$ 62	\$ 75
Administrative and general expense per retail customer	\$ 148	\$ 141	\$ 218
Energy loss percentage	4.04%	3.95%	3.31%
System load factor	69.6%	73.3%	56.6%

* APPA "Financial and Operating Ratios of Public Power Utilities"
published December 2022, using 2021 data.

MINNESOTA LEGAL COMPLIANCE INDEPENDENT AUDITORS' REPORT

Grand Rapids Public Utilities Commission
Grand Rapids Public Utilities

We have audited, in accordance with auditing standards general accepted in the United States of America, the financial statements of Grand Rapids Public Utilities Commission as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Grand Rapids Public Utilities Commission's basic financial statements, and have issued our report thereon dated April 22, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that Grand Rapids Public Utilities Commission failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Grand Rapids Public Utilities Commission's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This purpose of this report is solely to describe to the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit for Cities* and the results of that testing and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

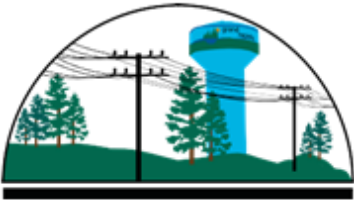
St. Cloud, Minnesota
April 22, 2024

Electric Utility

April 24, 2024, Commission Meeting

Pole Change Out





**GRAND RAPIDS
PUBLIC UTILITIES**

Service is Our Nature

500 SE Fourth Street • Grand Rapids, Minnesota 55744

ELECTRIC DEPARTMENT MONTHLY REPORT April 2024 Commission Meeting

Reliability Report Last Month

SAIDI:	0.05	Avg Minutes / Customers Served	CAIDI:	19.98	Avg Minutes / Customer Out	Total Customers Out:	19
SAIFI:	0.00	Cust Outages / Customers Served	CAIFI:	0.316	Avg Outages / Customer Out	Total Reported Hours:	6
Active:	7644	Active Electric Customers	Outages:	6	Total Number of Outages	Total Customer Hours Out:	24
ASAI:	99.99996	Average Percent System Available					

During March, the GRPU electrical system encountered a scheduled outage for the replacement of a worn-out utility pole. Additionally, issues arose from a deceased tree, a faulty connection, and three occurrences of unknown causes.

Outage Time	Restored Time	Outage Type	Duration (Hours)	Customers Out	Customer Hours
3/3/2024 12:31:15 PM	3/3/2024 3:32:07 PM	Tree -r-	3.01	1	3.01
3/10/2024 9:48:45 PM	3/10/2024 9:50:11 PM	Unknown -r-	0.02	1	0.02
3/13/2024 1:31:18 PM	3/13/2024 2:50:14 PM	Scheduled -r-	1.32	10	13.16
3/19/2024 3:32:33 AM	3/19/2024 5:00:33 AM	Unknown -r-	1.47	5	7.33
3/19/2024 12:07:15 PM	3/19/2024 12:34:01 PM	Equipment -r-	0.45	1	0.45
3/19/2024 2:27:00 PM	3/19/2024 2:30:33 PM	Unknown -r-	0.06	1	0.06

Figure 1: Outage Information by Type

Electric Load Graph Last Month

The peak power consumption for March reached 22,818 kW on the 26th. Solar production, battery dispatching, and load control were employed intermittently throughout the month. The following represents an eleven-day timeframe: (Figure 3-Red is battery dispatch, Tan is solar production,

Blue is full feed NEMMPA)

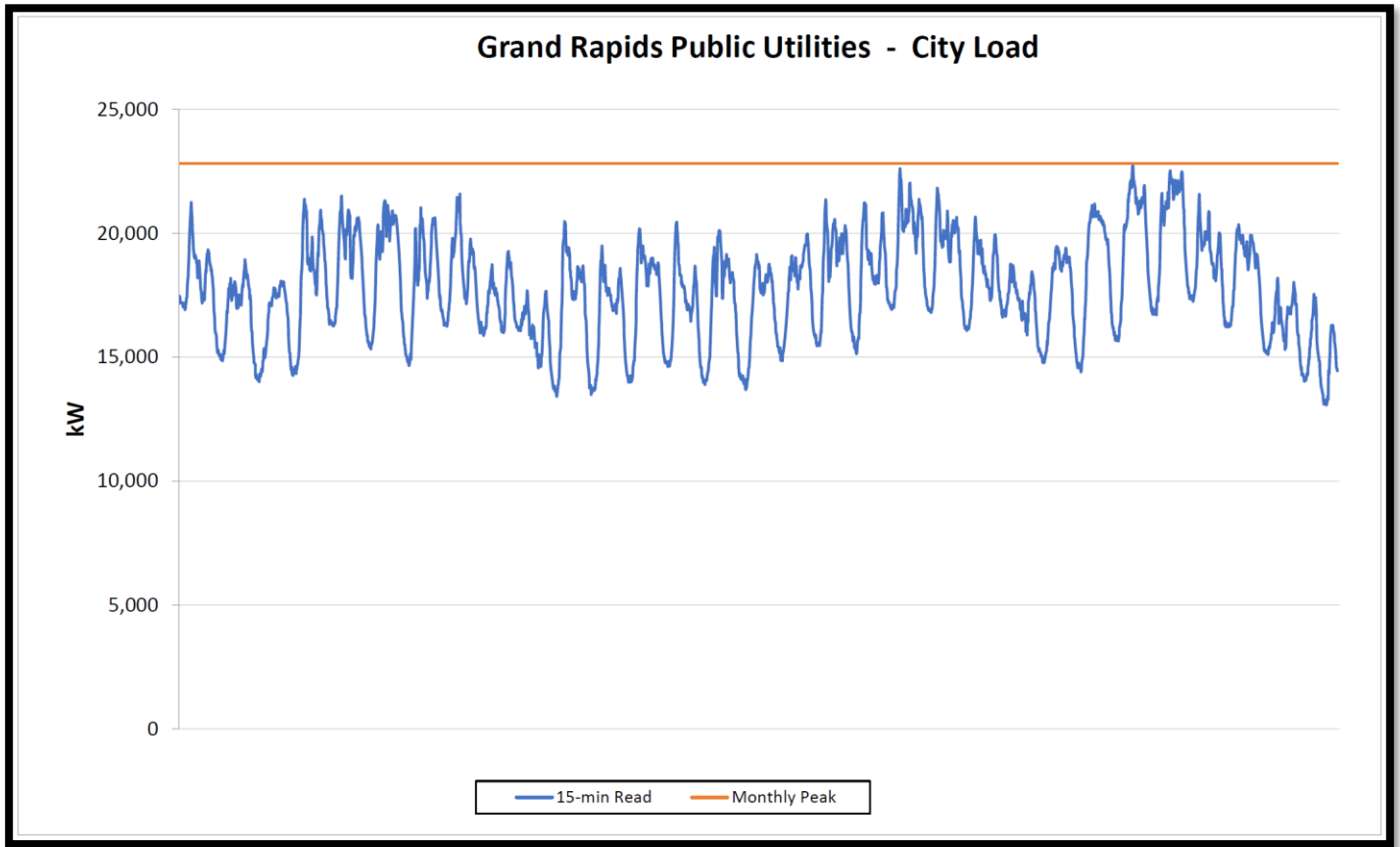


Figure 2: 22,818 kW GR Peak

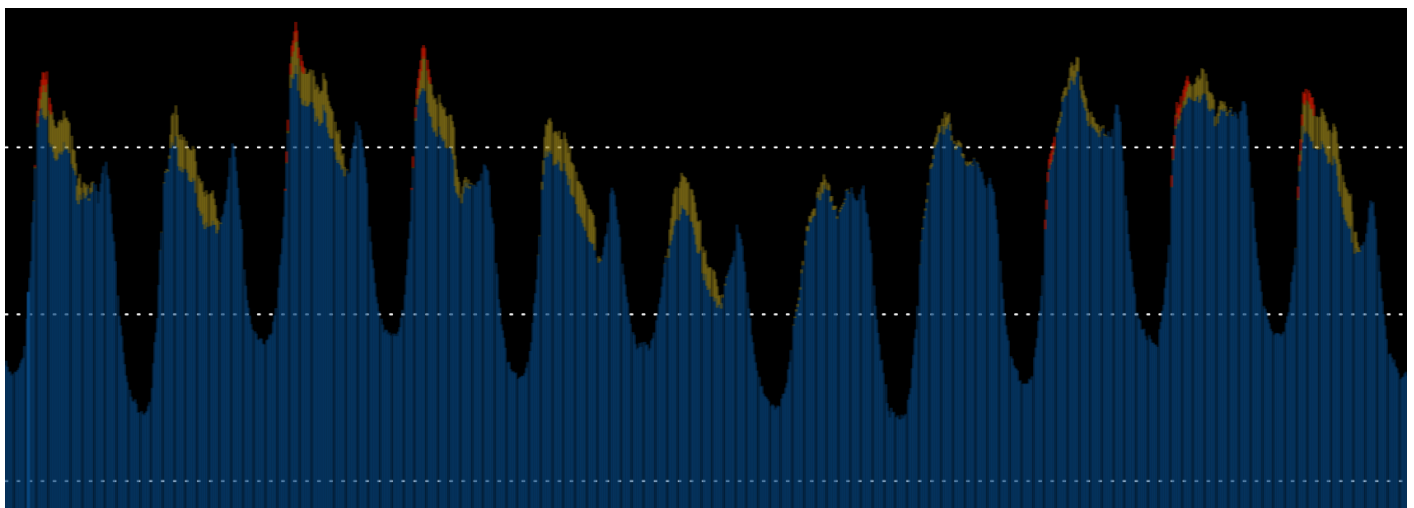


Figure 3: NEMMPA Load with Battery & Solar. 3/18-3/28.

NEMMPA vs. non-NEMMPA Peak Last Month

The attached graph shows the aggregated NEMMPA peak versus non-NEMMPA peak.

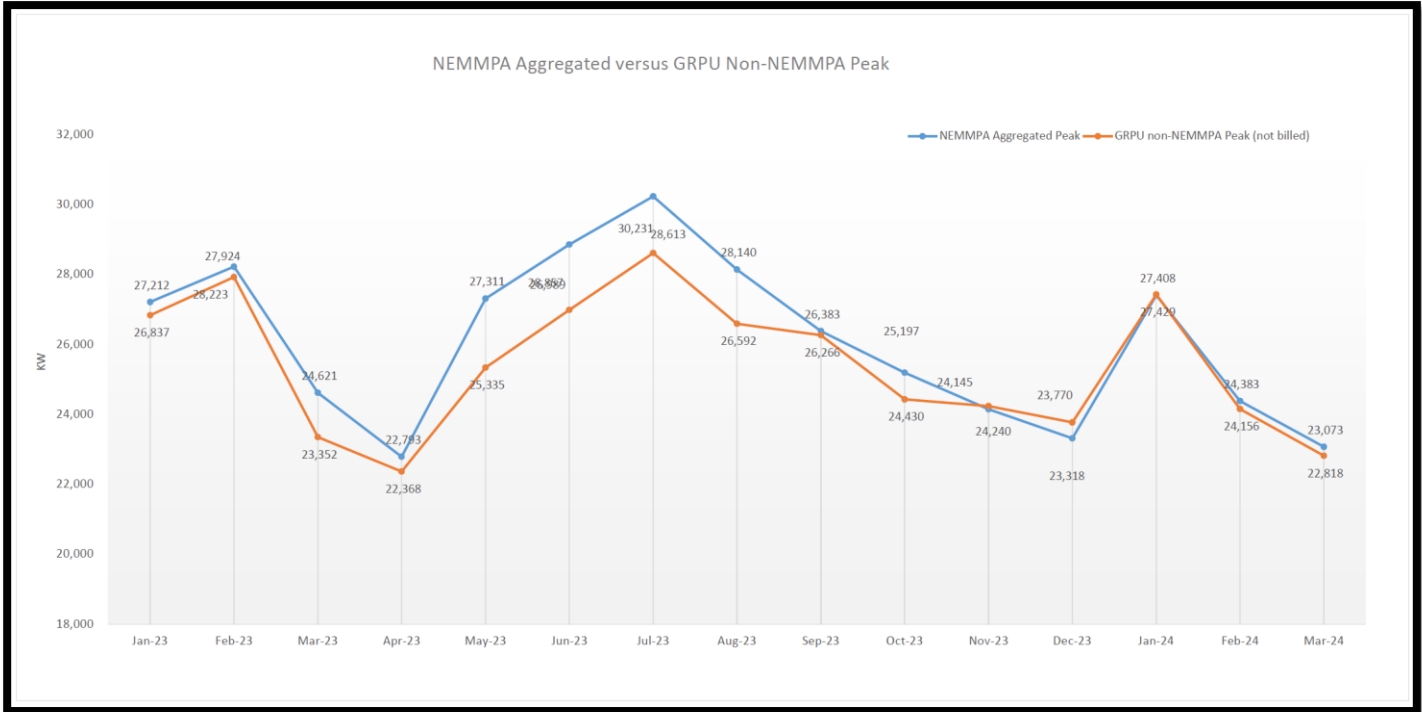


Figure 4: NEMMPA Peak -vs- non-NEMMPA

Effective Wholesale Electric Power Rate Last Month

The attached graph shows the effective wholesale electric rate.

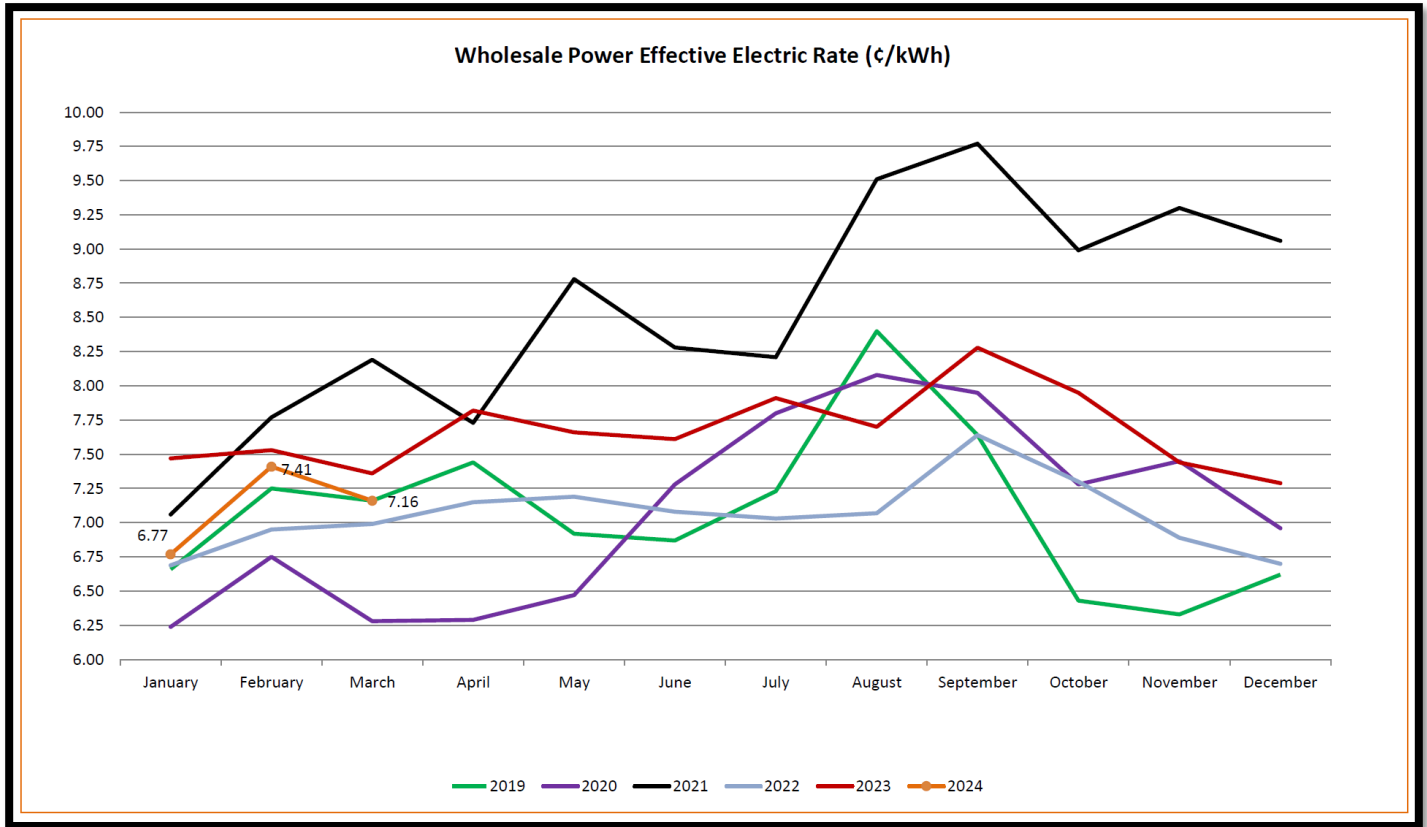


Figure 5: Wholesale Power Effective Elect Rate

Capital and Operations Project Summary

Continued work on parts ordering and prepping.

Doing pole changes.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: April 24, 2024

AGENDA ITEM: Consider a motion to approve and authorize the General Manager to sign the procurement contract with Corona Environmental for professional services for support with addressing Legionella and related water quality concerns for \$327,450.

PREPARED BY: Julie Kennedy, General Manager

BACKGROUND:

This is an unbudgeted procurement. GRPU staff and their consultants are working with federal and state officials to secure funding to defray the significant costs GRPU has incurred at the direction of MDH in order to address the unique public health situation with the water supply.

The vendor's Certificate of Insurance has been verified to meet the contract requirement and is on file.

RECOMMENDATION:

Consider a motion to approve and authorize the General Manager to sign the procurement contract with Corona Environmental for professional services for support with addressing Legionella and related water quality concerns for \$327,450.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: April 24, 2024

AGENDA ITEM: Legionella and Drinking Water Update

PREPARED BY: Julie Kennedy, General Manager

BACKGROUND:

Update on the latest efforts.

RECOMMENDATION:

Update on the latest efforts.

Grand Rapids Public Utilities

April 24, 2024 Commission Meeting

Legionella Update

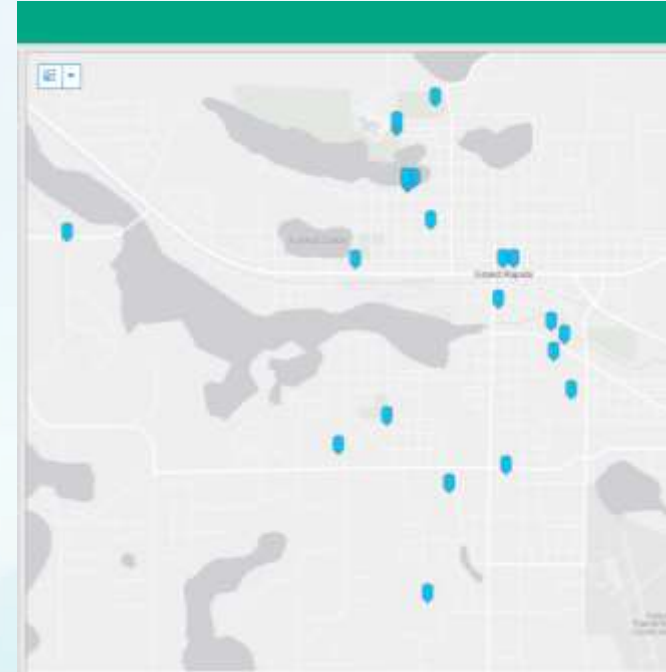


**GRAND RAPIDS
PUBLIC UTILITIES**
Service is Our Nature

GRPU Water– Legionella Update

Water System and Water Quality Monitoring.

- GRPU continues to work with national experts and MDH.
- GRPU started Legiolert testing in April.
- 10 distribution / 10 building plumbing samples weekly.
- To date: no positive samples found in distribution system. Positives found within building plumbing. Customers notified immediately. All results to be shared on website.
- Building water management plan success.
- Testing to continue for foreseeable future.
- Wells, storage tanks and full breadth of distribution system.



Disinfection Planning.

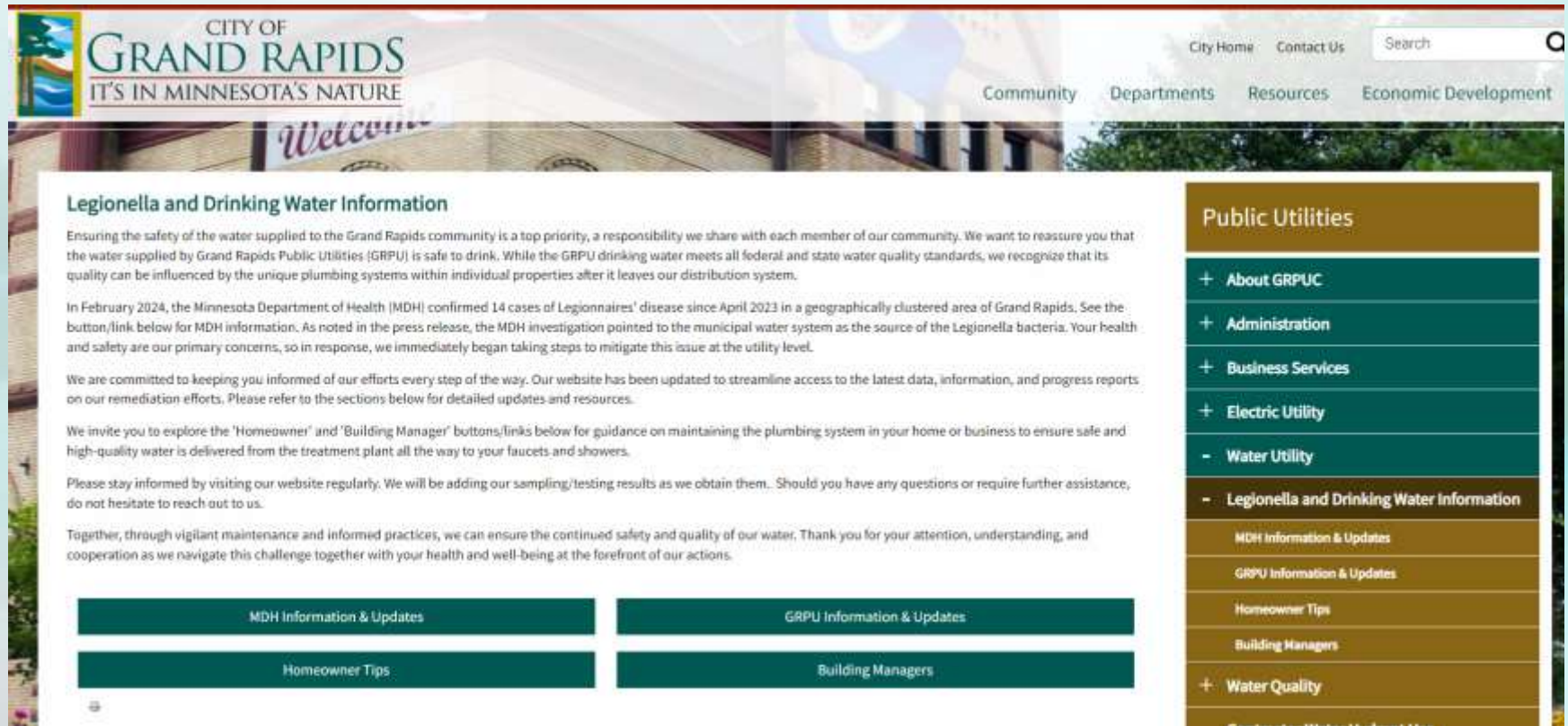
- GRPU water tested at lab for disinfection by-product formation.
- Established an expert advisory panel to aide in decision making. Consists of experts from EPA, CDC, MDH, academia and consultants. Meet 2x monthly.
- Finalizing temporary disinfection plan soon. MDH review.
- Utilizing a water model of GRPU distribution system to look for low flow areas etc.
- Working with national experts on a plan for uni-directional flushing in key areas.

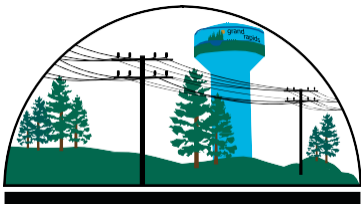


GRPU Water– Legionella Update continued..

Customer Communication.

- CSR drafting communication for upcoming disinfection.
- Scheduling community (town hall) meeting to discuss disinfection.
- Publishing relevant data / information to website.





GRAND RAPIDS
PUBLIC UTILITIES

Service is Our Nature

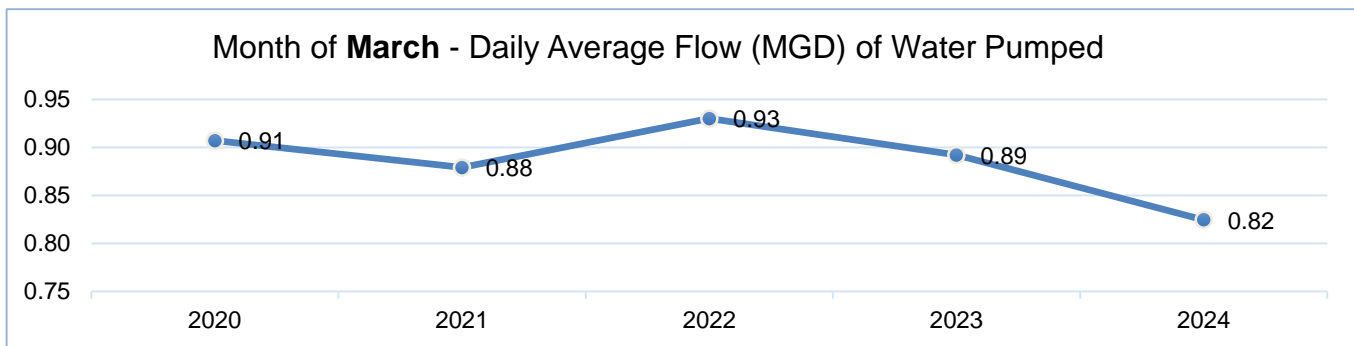
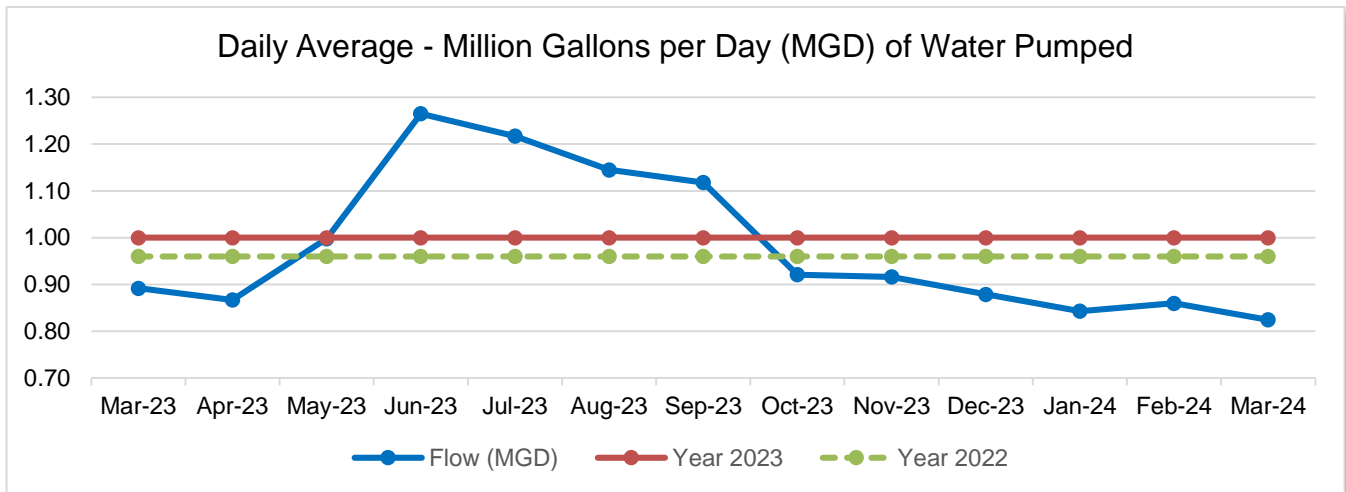
500 SE Fourth Street • Grand Rapids, Minnesota 55744

WATER UTILITY MONTHLY REPORT April 2024 Commission Meeting

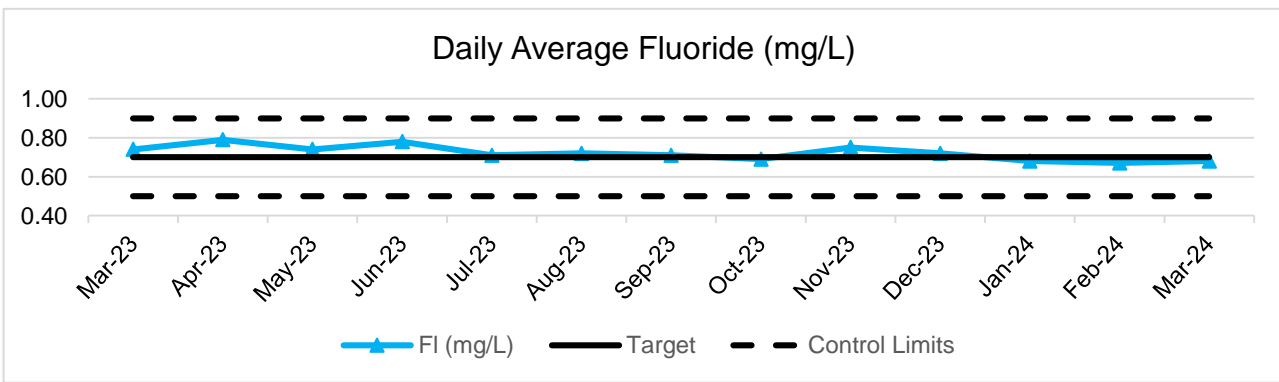
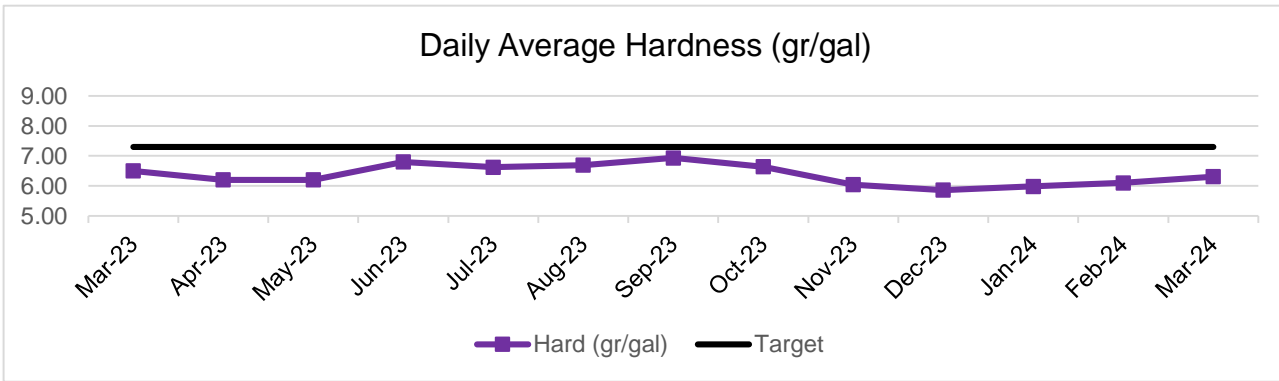
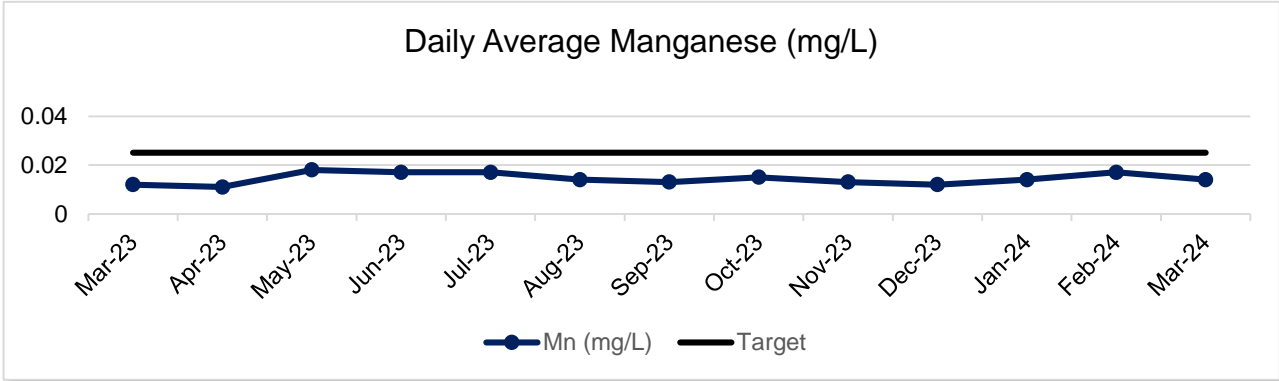
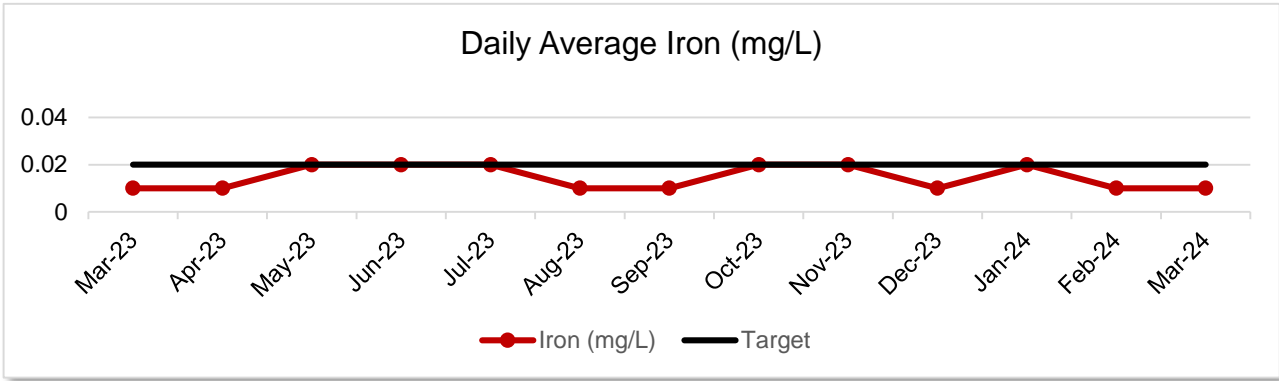
Water Operations

The water plant pumped an average of 0.82 million gallons of water per day (MGD) with a peak of 0.97 million gallons during last month which is nine percent less than typical for this time of the year. However, as previously mentioned, a new effluent flow meter was installed so it is expected to be different.

Unaccounted flow for 2023 was 8.9%. Which is less then the state target of 10%.



All water quality analysis was normal for the month as seen in the graphs below.



Capital and Operations Project Summary

WTP Renovation Project Update:

Working on the project scope through a project management methodology called Work Breakdown Structure. Employees are currently providing input on specific parts of the project. In the end, there will be a deliverable that the engineer can use to aid in their detailed design.

COMMISSION REPORT CONTENTS										
Agency Lead	Dept	Proj Desc	Proj #	Budget	Amount Spent	Percent Spent (calc'd)	Percent Complet	Status	Noted Issues / Highlights	
GRPU	WATER	Water Plant Renovation	WATR2213	\$3,500,000	\$50,000	1%	1%	In Progress		
City	WATER	3rd Ave NE & 7th st NE	WATR2002	\$790,000	\$0	0%	0%	In Progress		
GRPU	WATER	Booster Station Panel View	WATR2302	\$30,000	\$500	2%	5%	In Progress		
GRPU	WATER	South Tower Coating Repairs	WATR2310	\$150,000	\$0	0%	0%	Not Started		
City	WATER	Paradise Park	WATR2313	\$85,000	\$0	0%	0%	Not Started		

Status Definitions

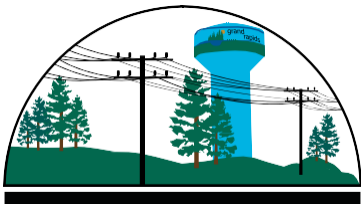
- Not Started - no human or financial resources utilized
- In Progress - time or money spent on the project
- In Service - operational but final close out needed
- Completed - done and closed out
- On Hold - waiting on some type of significant action

Water Utility



April 24, 2024 Commission Meeting

- Legionella efforts (disinfection planning, water quality monitoring, flushing, MDH).
- Unaccounted flow.
- Aerator media replacement and cleaning of detention tank.
- Paradise Park – Mid May.



**GRAND RAPIDS
PUBLIC UTILITIES**

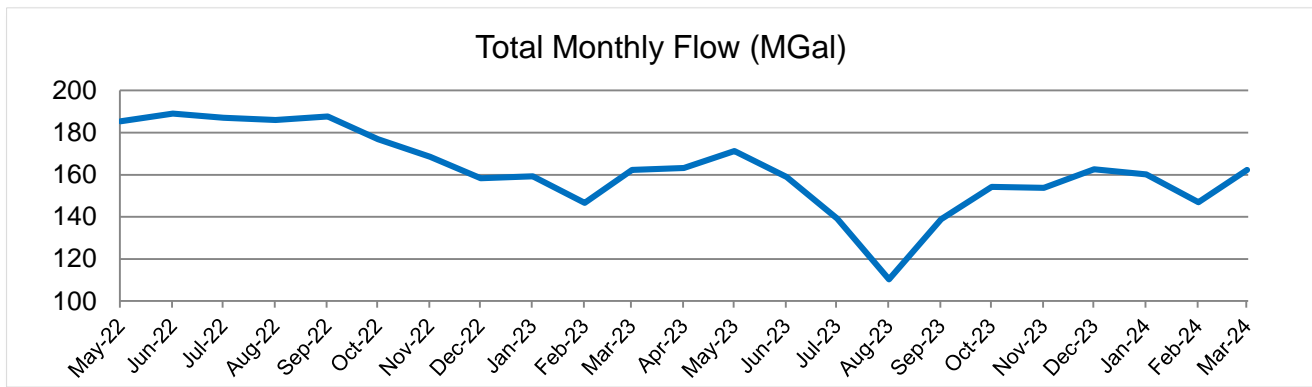
Service is Our Nature

500 SE Fourth Street • Grand Rapids, Minnesota 55744

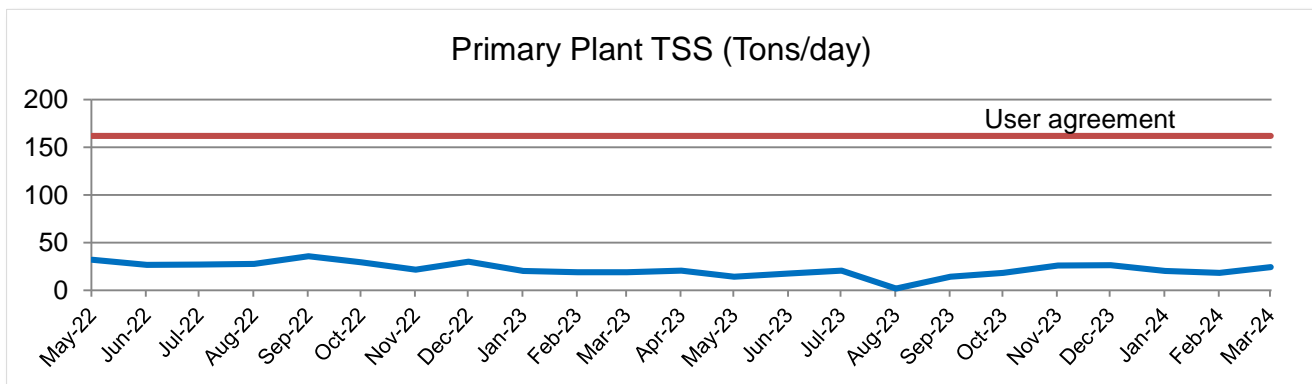
WASTEWATER UTILITY MONTHLY REPORT April 2024 Commission Meeting

Wastewater Operations

The Wastewater Treatment Plant (WWTP) met all National Pollutant Discharge Elimination System (NPDES) permit requirements last month. We treated 162 million gallons of water removing 99.7% of the Total Suspended Solids (TSS) and 99.7% Biochemical Oxygen Demand (cBOD).



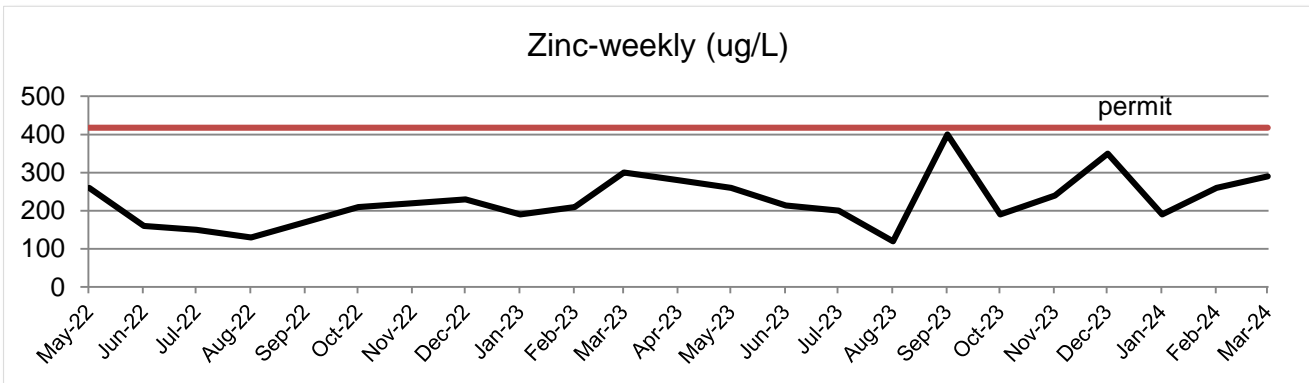
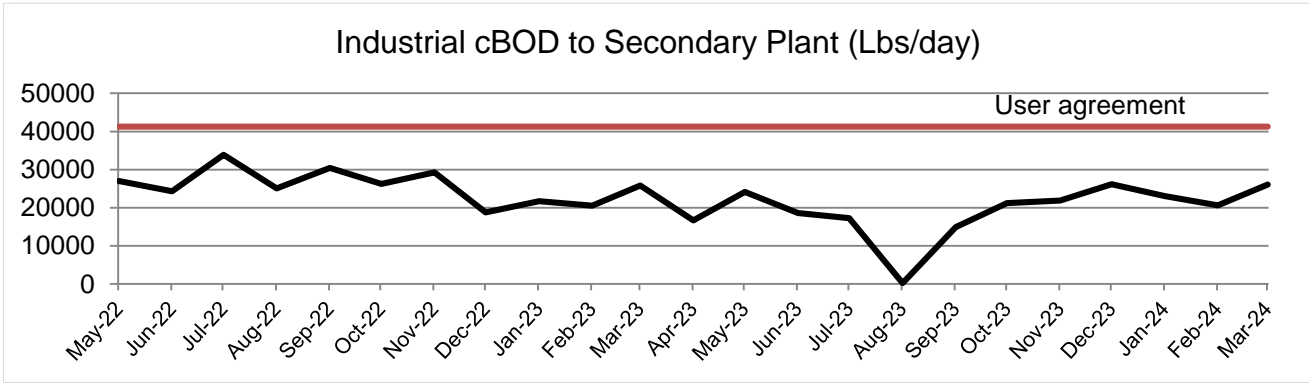
	Design Limits (monthly AVG)	Actual Results
<u>Primary Plant</u>		
Flow (MGD)	13.25	4.0
TSS (Tons/day)	162	24.3
TSS Peak (Tons/Day)	284	105.7



Design Limits (monthly AVG) Actual Results

Secondary Plant

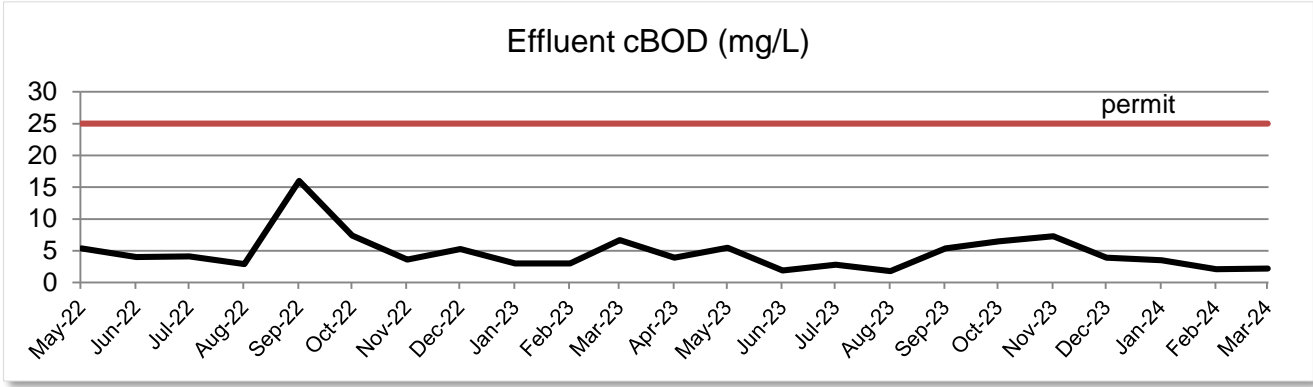
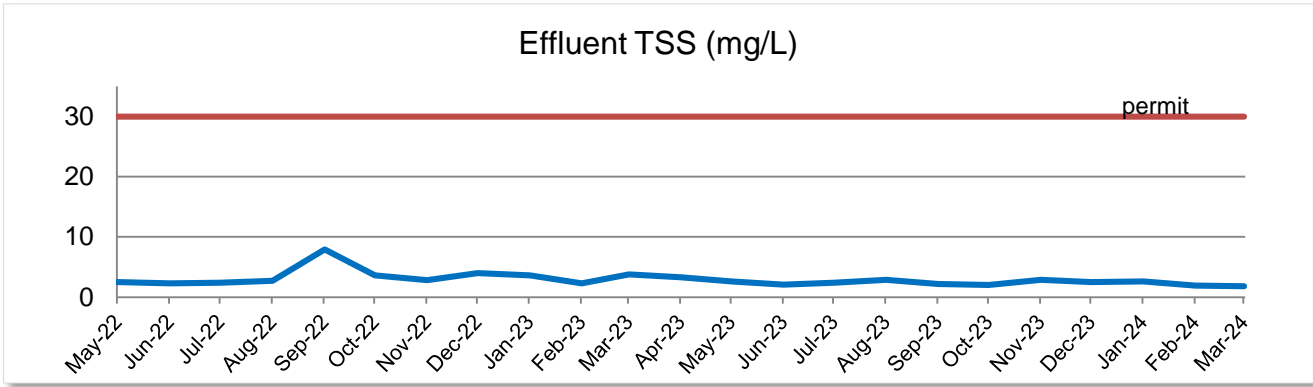
Flow (MGD)	15.25	5.2
cBOD (lbs/Day)	41,300	26,891
Peak cBOD (lbs/Day)	57,350	43,602
Zinc-weekly (ug/L)	418	290
% GRPUC		25.8%



Permit Limits (monthly AVG) Actual Results

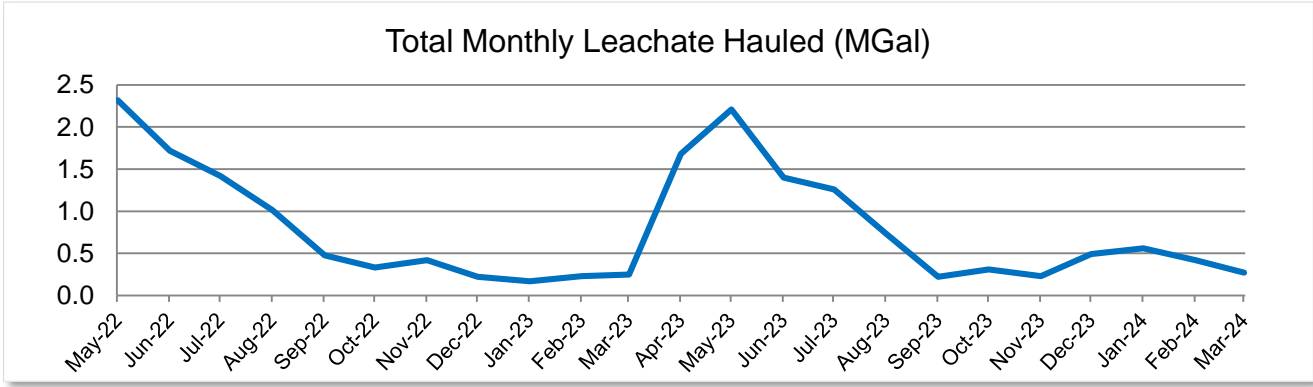
Effluent

TSS (mg/L) – monthly average	30	1.8
cBOD (mg/L) – monthly average	25	2.2
Dissolved Oxygen (mg/L)	>1.0	9.6



Sludge Landfill Operations

- 0.27 million gallons of leachate were hauled last month which is abnormally low.
- 3024 cubic yards of sludge solids were hauled to the landfill



Capital and Operations Project Summary

COMMISSION REPORT CONTENTS									
Agency Lead	Dept	Proj Desc	Proj #	Budget	Amount Spent	Percent Spent (calc'd)	Percent Comple	Status	Noted Issues / Highlights
City	WWC	3rd Ave NE, 7th St NE	WWCO2002	\$270,000	\$0	0%	0%	Not Started	
GRPU	WWC	Jetting		\$150,000	\$0	0%	0%	Not Started	
GRPU	WWC	Lift Station 3 Controls Update	WWCO2403	\$25,000	\$0	0%	5%	In Progress	
GRPU	WWC	Lift Station Pumps	WWCO2005	\$35,000	\$0	0%	5%	In Progress	
GRPU	WWT	Septic Hauler Dump Station	WWDO2403	\$553,500	\$0	0%	2%	In Progress	
GRPU	WWT	Trash Compactor	WWDO2302	\$90,000	\$0	0%	5%	In Progress	

Status Definitions

- Not Started - no human or financial resources utilized
- In Progress - time or money spent on the project
- In Service - operational but final close out needed
- Completed - done and closed out
- On Hold - waiting on some type of significant action

Wastewater Utility

April 24, 2024 Commission Meeting



Item 14.

- Passed whole effluent toxicity (WET) tests.
- Landfill – haul road maintenance and pumping surface water.
- Repairs of belt conveyor at industrial screen house.

Grand Rapids Public Utilities

April 24, 2024 Commission Meeting

Administration Department Head Presentation


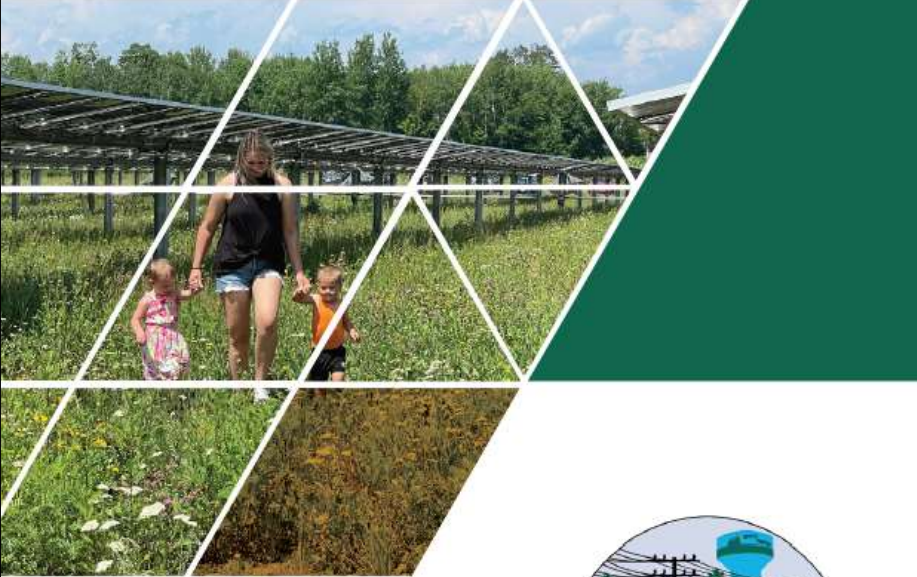
Julie Kennedy – General Manager



2023-2028 Strategic Plan

STRATEGIC PLAN

2023-2028




GRAND RAPIDS PUBLIC UTILITIES
Service is Our Nature

Strategic Plan GRAND RAPIDS PUBLIC UTILITIES/2023 03

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 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.

Our Mission



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

2023-2028 Strategic Plan



STRATEGIC PILLARS

Following are GRPU's objectives for the next five years. They are aspirational, and will be attained through the process of breaking the objectives down into specific, measurable, achievable, relevant, and timely (SMART) goals. These will be documented annually in the period's operating plan and supported by the approved budget.

Uninterrupted, High-Quality Utility Services (US)

GRPUC recognizes that nothing else we do matters more to our customers than the delivery of reliable, affordable, and sustainable services. GRPU's Strategic Plan sets the following goals for the next five years related to ensuring uninterrupted, high-quality utility services now and in the future.

1. GRPU will develop and begin to execute a long-term (i.e., no less than five year, no greater than twenty year) infrastructure replacement plan that also accounts for anticipated system growth of up to 20% and gradual undergrounding of the electrical system.
2. GRPU will complete the renovation of its water treatment facility to improve operations and ensure adequate future capacity.
3. GRPU will complete the process of jetting its sanitary sewers.
4. GRPU will assess and address customer expectations regarding future technology upgrades they may expect or desire as our system evolves.
5. GRPU will adopt policies and develop contingency plans to:
 - a. manage risks to infrastructure that may result from the activities of bad actors.
 - b. manage risks associated with grid failures or the inability of our single source of power to meet its obligations.

Strategic and Sustainable Fiscal Management (FM)

GRPUC aims to be proactive with its resources, recognizing that all decisions are made on behalf of past and future ratepayers. GRPU's Strategic Plan sets the following goals for the next five years related to ensuring strategic and sustainable fiscal management to support ongoing operations and inter-generational equity.

1. GRPU will develop a financial forecast model that accounts for capital expenditures as described in objective US-1 above, including inflation assumptions, target dates, key performance indicators, and decision criteria. The model will account for supply chain issues that may require placing orders years in advance of anticipated project execution.
2. GRPU will take preparatory steps to ensure debt or emergency funding can be obtained quickly should an unexpected infrastructure failure require unplanned expenditures that cannot be addressed with existing resources.
3. GRPU will explore and, when both feasible and practical, adopt an updated rate structure that accounts for the evolving use patterns resulting from electrification (e.g., transition to electric vehicles, distributed energy resources/adoption of solar by home and business owners, etc.).

OPERATIONAL PLANNING, REPORTING AND ACCOUNTABILITY

PLANNING



Each year in September, the GRPUC and GM will review the organization's SWOT, strategic and operational progress. Over the next month, the strategic plan will be updated. Implications and priorities for operations will then be discussed with the GRPUC in October.

Following updated and reaffirmed strategic direction from the GRPUC, the GM and staff will create an annual operating plan. This plan will include SMART goals based on the operating priorities and strategic intent of the GRPUC.

The annual budget will be developed to support the successful realization of the operating plan. Each year GRPU's Audit and Finance Committee will review the budget in November and provide feedback. The final draft of the operating plan and supporting budget will be referred to the GRPUC for action at their December meeting.

REPORTING



Monthly staff reports to the GRPUC will align with and reference the approved operating plan. Items requiring action by the GRPUC will be placed on the agenda.

The GM will report to the GRPUC on progress toward achieving each approved goal/deliverable in a report card prepared in advance of GRPUC meetings in the months following the end of each quarter (April, July, October, and January).

Timelines and/or other details regarding achievement of the SMART goal(s) will be adjusted as needed when conditions require doing so.

SMART goals will not be fully discarded unless they are being replaced with another tactic that will achieve the strategic objective they support. GRPUC action is required to alter or eliminate a strategic objective.


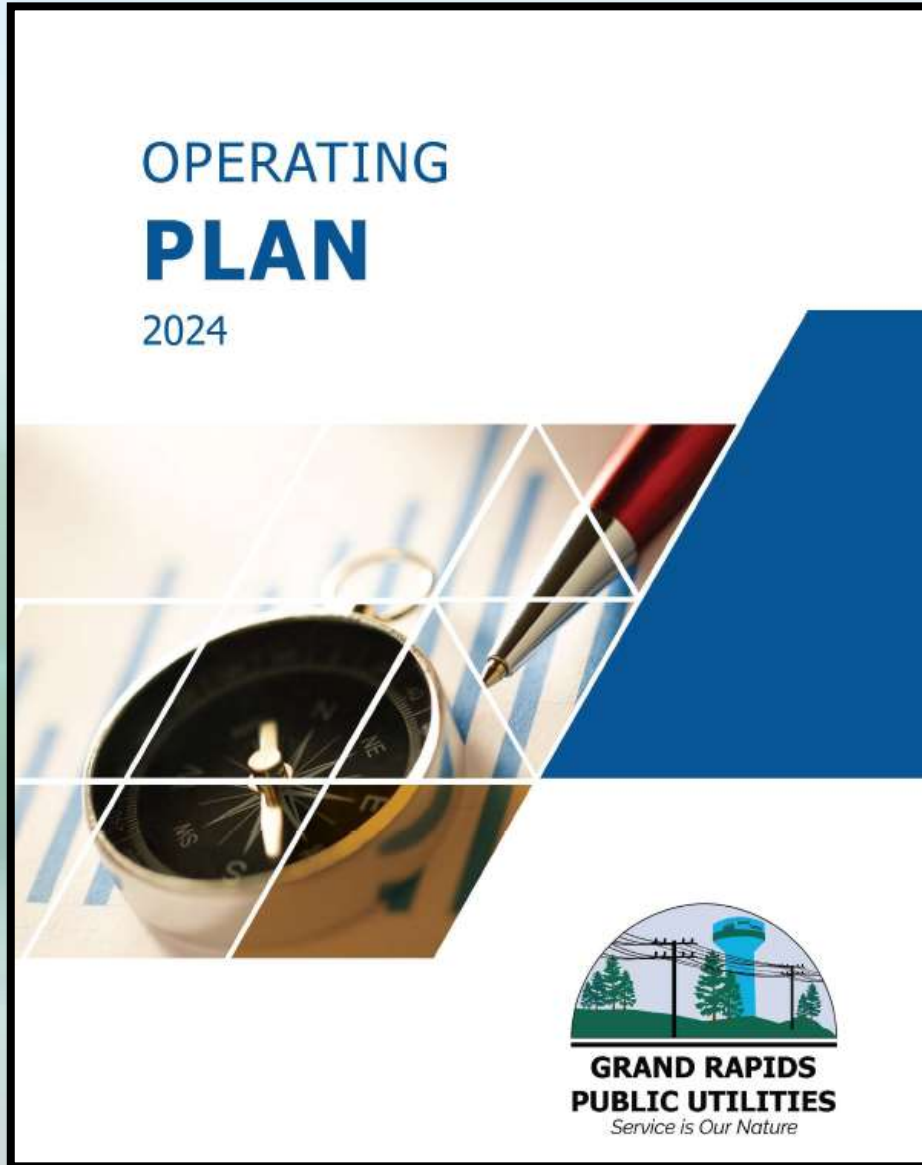
STAFF ACCOUNTABILITY



Each year, employees work toward individual performance goals that support GRPU's objectives and aid in their own professional development.

Beginning in 2024, annual employee goals will align with the SMART goals in GRPU's operating plan, and we will foster an organizational culture that is consistent with GRPU's vision, mission, and values as described in the Strategic Plan.

Supervisors will provide ongoing feedback to employees in a manner determined by the GM and consistent with relevant union contracts. Our intent is to ensure that each GRPU team member feels fully connected to the organization's strategic path, knows how they uniquely contribute to achieving our goals, and are supported by the entirety of GRPU in carrying out their roles.



ANNUAL PLANNING PROCESS

In 2023, the Grand Rapids Public Utilities Commission (GRPUC) developed a new strategic plan. It is intended to serve as a roadmap for the future development and growth of utility services in our community.

To accomplish this going forward, a practical, realistic, and easily implemented process for breaking our long-range plan into clear, attainable goals is necessary. To that end:

- In the fall of each calendar year the Grand Rapids Public Utilities Commission will review and update the organization's Strategic Plan. Inherent in this process is a discussion of the most pressing matters to be addressed and the actions that are necessary to achieve the GRPUC's organizational intent.
- Grand Rapids Public Utilities (GRPU) staff takes this Commission-directed information, aligns it with known and anticipated operational exigencies, and proposes a results-focused work plan and budget for the upcoming year. The suggested operational and budget plan is then reviewed, revised if necessary, and eventually approved by the Commission at its December meeting.
- Once this vote has occurred, staff performance plans, accountability metrics, and reporting mechanisms are put into place so that everything is ready for the start of the new fiscal year.

ASSUMPTIONS AND CRITICAL SUCCESS FACTORS

This plan assumes the following conditions:

- There will be no major technical or infrastructure failures, cyber or security breaches during the year.
- There will be no game-changing regulatory or legislative mandates that impact operations in the near term.
- The supply chain will be predictable and reliable.
- There is no significant change in staffing levels or skill sets.
- GRPU will not have to cope with significant natural disasters that cause lengthy outages or require unplanned infrastructure replacements.
- The status of the utility and its relationship to the City of Grand Rapids will be unchanged.
- There will be no unanticipated impacts on large ratepayers and no significant changes (gain/loss) of the customer base).
- Agencies will review submitted plans in a timely manner.
- The contract settlement does not result in significant unanticipated downstream effects that require resources to manage.
- There are no major safety incidents resulting in injury and/or investigation.

1

Feb 12 2024
MDH Press
Release tying
Legionnaires'
disease
outbreak to
GRPU Drinking
Water

2024 Annual Work Plan Scorecard (Q1)

Item 15.

Goal	Deliverable	Responsible	Target Date	Q1	Q2	Q3	Q4	Comments
Strategic Pillar: Uninterrupted, High Quality Utility Services (US)								
US-1	Initial draft of 10-year CAPEX plan	Steve, Chad	07/31/24	In Process				Collaborative with City - develop plan both can fund/follow
US-1, US-4, FM-1, OE-2	Substantially operating ERP system (est 90% of modules functioning and collecting data)	Jean	12/31/24	In Process				
US-1, US-4, FM-1, OE-2	Select ERP platform with cap plan feature and customer portal	Jean	02/29/24	In Process	!!			Contractual work (legal reviews) pushed this decision into Q2
US-2	WTP renovation project progress includes scoped, engineered, bids received and contractor selected	Steve	12/31/24	In Process				
US-3, NE-1	100% televised WWC system	Steve	10/31/24	Caution				Possibly need to reallocate labor to accomplish <i>Legionella</i> mitigation tasks
US-4, EC-2	Public outage map is live and optimized according to defined expectations, then publicly promoted	Chad, Mike, Julie	5/31/24, ongoing promo	In Process				
US-5	Risk management policy adoption	Julie	04/30/24	Postponed				Postponed to Q3



GRPU 2024 Operating Plan Scorecard
As of April 24, 2024

Exceeding	Blue
In Process	Light Green
Ongoing	Green
Completed	Dark Green with !!

Caution	Yellow
At Risk	Red
Postponed	Pink

NA for now	Grey
Abandoned	Purple
Added	Orange

2024 Annual Work Plan Scorecard (Q1)

Item 15.

Goal	Deliverable	Responsible	Target Date	Q1	Q2	Q3	Q4	Comments
Strategic Pillar: Strategic and Sustainable Fiscal Management (FM)								
US-1, US-4, FM-1, OE-2	Select ERP platform with cap plan feature and customer portal	Jean	02/29/24	In Process	Completed			Contractual work (legal reviews) pushed this decision into Q2
US-1, US-4, FM-1, OE-2	Substantially operating ERP system (est 90% of modules functioning and collecting data)	Jean	12/31/24	In Process				
FM-1, FM-2	Final adoption of operating reserve policy (includes emergency funding)	Jean	03/31/24	Postponed				Postponed to Q2 to include insight and knowledge of new auditors
FM-3	Collect data and be prepared to kick off a full rate study in early 2025	Jean	12/31/24	In Process				
NE-2, FM-3, EC-2	Quarterly POGM meetings on Solar Plus Battery Storage Optimization	Chad, Julie	12/31/24	Completed	Ongoing			



GRPU 2024 Operating Plan Scorecard
As of April 24, 2024

Exceeding	Blue
In Process	Light Green
Ongoing	Green
Completed	Dark Green with !!

Caution	Yellow
At Risk	Red
Postponed	Pink

NA for now	Grey
Abandoned	Purple
Added	Orange

2024 Annual Work Plan Scorecard (Q1)



GRPU 2024 Operating Plan Scorecard
As of April 24, 2024

Exceeding	Blue
In Process	Light Green
Ongoing	Green
Completed	Dark Green with !!

Caution	Yellow
At Risk	Red
Postponed	Pink

NA for now	Grey
Abandoned	Purple
Added	Orange

Goal Deliverable Responsible Target Date Q1 Q2 Q3 Q4 Comments

Strategic Pillar: Engaging and Educating the Community (EC)

EC-1	Follow comprehensive customer campaign plan developed in 2023 for the 2024 year by month (including fact sheets and legal notices)	Julie, Jean, Paula	12/31/24	Green	Green			
EC-1, EC-2, NE-3	Be present in some form at the 2024 home show to educate the community for electric and water (e.g. "Wipes Clog Pipes" and rebate programs)	Chad, Steve, Paula	01/31/24	!!	Green			Participated in local home show for the first time, evaluating feasibility of attending
EC-1, EC-2, EC-3	Plan and carry out website content updates on a cyclical basis	Megan, Julie	3/31/24 and ongoing	Green				Updated water utility section in Q1
US-4, EC-2	Public outage map is live and optimized according to defined expectations, then publicly promoted	Chad, Mike, Julie	5/31/24, ongoing promo	Light Green				
EC-2	Publish annual report summarizing projects and financial results	Julie	07/31/24	Yellow				Possibly will need to abandon this year pending Legionella mitigation tasks effort needed
EC-3, OE-2	Hold two joint council and commission meetings to align City of GR and GRPU on policies and projects jointly owned, report on prior year's results	Julie	4/30/24 8/31/24	Light Green	!!			Review date for 2nd meeting - Aug, Sept, or Oct?

2024 Annual Work Plan Scorecard (Q1)

Item 15.

Goal	Deliverable	Responsible	Target Date	Q1	Q2	Q3	Q4	Comments
Strategic Pillar: Use and Stewardship of the Natural Environment (NE)								
US-3, NE-1	100% televised WWC system	Steve	10/31/24	Caution				Possibly need to reallocate labor to accomplish <i>Legionella</i> mitigation tasks
US-5c, NE-2	WWTP landfill cover reconstruction substantially complete including new demand agreements in place	Steve	12/31/24	Postponed				Delayed to 2025 to meet industrial customer's needs
NE-2, FM-3, EC-2	Quarterly POGM meetings on Solar Plus Battery Storage Optimization	Chad, Julie	12/31/24	Ongoing				
EC-1, EC-2, NE-3	Be present in some form at the 2024 home show to educate the community for electric and water (e.g. "Wipes Clog Pipes" and rebate programs)	Chad, Steve, Paula	01/31/24	Completed	Ongoing			Participated in local home show for the first time, evaluating feasibility of attending
EC-1, EC-2, NE-3,	Market the "wipes clog pipes" campaign	Steve	03/31/24	In Process				Will be the July customer campaign



























GRPU 2024 Operating Plan Scorecard As of April 24, 2024

Exceeding	Blue
In Process	Light Green
Ongoing	Green
Completed	Dark Green with !!

Caution	Yellow
At Risk	Red
Postponed	Pink

NA for now	Grey
Abandoned	Purple
Added	Orange

2024 Annual Work Plan Scorecard (Q1)

 GRPU 2024 Operating Plan Scorecard As of April 24, 2024		Exceeding  In Process  Ongoing  Completed 		Caution  At Risk  Postponed 		NA for now  Abandoned  Added 		
Goal	Deliverable	Responsible	Target Date	Q1	Q2	Q3	Q4	Comments
Strategic Pillar: Operational Excellence (OE)								
US-1, US-4, FM-1, OE-2	Select ERP platform with cap plan feature and customer portal	Jean	02/29/24					Legal contractually work pushed this decision into Q2
US-1, US-4, FM-1, OE-2	Substantially operating ERP system (est 90% of modules functioning and collecting data)	Jean	12/31/24					
OE-1	Purchase identified safety equipment including a woodchipper, shop hood, clinic lift station lifting structure, and others as identified throughout the year	Chad, Steve	1/31/2024 routine; 6/30/24 custom					Shared equipment procurement with City
OE-1	Implementation of classification compensation and approval of the labor contract	Julie	03/31/24					Delayed - anticipated completion by 5/31/2024
OE-1	Success sharing	Julie	03/31/24					Following labor negotiations
OE-1	Quarterly all employee to improve clear communication process and lead to improved NPS per annual survey	Julie, Meg	Dates pending from Julie					Abandoned Q1 meeting for Legionella mitigation efforts, Q2 meeting scheduled for May 9
OE-1	Robust comprehensive organizational training and development program	Julie	06/30/24					Behind schedule - will be pushed into Q3 but to be completed before 2025 budget
OE-1	Succession planning for business services manager transition	Julie, Jean, Chery	08/31/24					To be completed before 2025 budget
OE-1	Implement employee resource portal	Jean	12/31/24					
EC-3, OE-2	Hold two joint council and commission meetings to align City of GR and GRPU on policies and projects jointly owned, report on prior year's results	Julie	4/30/24 8/31/24					Review date for 2nd meeting - Aug, Sept, or Oct?

Questions / Comments

April 24, 2024 Commission Meeting

Department Head Presentation

Julie Kennedy – Administration Department Manager

