



GRAND RAPIDS PUBLIC UTILITIES COMMISSION REGULAR WORK SESSION MEETING AGENDA

Wednesday, October 09, 2024

8:00 AM

CALL TO ORDER: Pursuant to due notice and call thereof, a Work Session Meeting of the Grand Rapids Public Utilities Commission will be held on Wednesday, October 9, 2024 at 8:00 AM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street, Grand Rapids, Minnesota.

CALL OF ROLL:

BUSINESS:

1. Consider a motion to approve \$1,314,298.27 verified claims for September 2024.
2. Review and discuss the ERP IT definitive agreement between City and GRPU.
3. Review and discuss the status of the GRPU Wastewater Certified Lab.
4. Review and discuss the Strategic Plan.

ADJOURNMENT:

The next Regular Meeting of the Commission is scheduled for Wednesday, October 23, 2024 at 4:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

The next Joint City Council/GRPU Commission meeting is scheduled for Wednesday, October 30, 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 COMMISSION AGENDA ITEM

AGENDA DATE: October 9, 2024

AGENDA ITEM: Consider a motion to approve \$1,314,298.27 verified claims for September 2024.

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

See attached check registers:

Computer check register \$1,314,298.27

Total \$1,314,298.27

RECOMMENDATION:

Consider a motion to approve \$1,314,298.27 of verified claims for September 2024.

Grand Rapids Public Utilities
 Accounts Payable
 September 2024
 (Meeting Date: 10/9/2024)

Item 1.

NAME	AMOUNT	NAME	AMOUNT
ABM Equipment	2,790.00	Katama Technologies	24,750.00
Accurate Environmental LLC	3,220.00	Lake States Construction	30,749.80
Baldwin Supply	3,532.58	Locators & Supplies	487.46
Cannon Technologies	5,557.76	McMaster-Carr	3,620.70
City of Grand Rapids	35,712.48	MN Energy	30.00
CliftonLarsonAllen	288.75	MN Power	1,050,096.64
Cole Hardware	82.24	Northeast Technical Services	1,103.75
Compass Minerals	4,709.59	Novaspect	14,746.57
Cooperative Response Center	2,219.43	OPG-3	12,450.00
Core & Main	2,265.83	Resco	825.30
Corona Environmental Consulting	13,615.10	RMB	1,959.60
Dakota Supply Group	19,064.08	Rob's Bobcat	42,830.00
Duncan Co	1,902.16	Sandstroms	551.88
Fastenal	3,745.00	TNT Construction	7,934.00
Ferguson Waterworks	899.12	Vestis	421.64
Gopher State One	230.85	Viking Electric	1,805.01
Grainger	777.17	Xerox	156.64
Grand Rapids Area Chamber of Commerce	625.00		
Hach	234.00	Energy Efficiency Rebate:	
Hawkins	14,156.81	Duke, Edward	90.00
Industrial Lubricant	110.12	LaBarre, James	100.00
Innovative Office	3,034.17		
Jamar Company	817.04		
		Total	1,314,298.27



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: October 9, 2024

AGENDA ITEM: Review and discuss the ERP IT definitive agreement between City and GRPU

PREPARED BY: Jean Lane, Business Services Manager

BACKGROUND:

As we've discussed throughout the project, the joint ERP sponsors recommended the City of Grand Rapids and Grand Rapids Public Utilities Commission enter into a Memorandum of Understanding (MOU) agreeing to have focused discussions on establishing written definitive roles and responsibilities in conjunction with the jointly purchased Oracle software and services. This MOU (attached) was approved by both the City of Grand Rapids and GRPU in April 2024.

Since then, the City finance team took the lead in financing the joint ERP software purchase, and the GRPU finance team took the lead in developing the draft definitive agreement.

The agreement will have an eight-year term which is the same as the equipment certificates purchased by the City to fund the ERP software project. There will be an automatic term renewal of four years to allow time for the City and GRPU to continue with the joint ERP software or dissolve the joint software and each party seek software or licenses separately.

It is important for both parties to reach the full term of this agreement, as there is debt connected to this agreement. Therefore, there will be identified financial consequences if either party opts out of the agreement.

The Oracle – NetSuite for Government software was purchased with one license held by the City as the parent and the GRPU as the child. As such, the entities agree the City of Grand Rapids will be the Information Technology (IT) administrator of the joint ERP software.

The IT Administrator will be responsible for:

- Application support and maintenance
- Management of updates and enhancements
- Backup and recovery
- Security Administration

- High availability, disaster recovery, and business continuity
- Database Management
- Network configuration and monitoring
- Operations and service delivery management
- Help desk/support
- Technology infrastructure services
- Reporting/Performance measurement
- Working closely with GRPU IT staff to maintain a functioning connection between ERP software – Oracle NetSuite for Government and utility billing SpryPoint.

Key rights and duties of each party will include:

- Quality service from IT Administrator
- Follow processes established by IT Administrator
- Communicate clearly and respond timely
- Clearly communicate the severity of the issue

The IT definitive agreement is currently being finalized with legal counsel and will be brought to the October City Council and Regular Commission meetings for consideration of approval.

RECOMMENDATION:

Review and discussion.

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: October 9, 2024

AGENDA ITEM: Review and discuss the status of the GRPU Wastewater Certified Lab

PREPARED BY: Steve Mattson, Water Wastewater Manager

BACKGROUND:

With the Wastewater Operations Director position currently vacant, we have temporarily outsourced the certified lab tests that were previously conducted in-house. Below is a summary of the current situation, a cost-benefit analysis, and proposed future actions.

Current Situation

GRPU is one of 100 major wastewater facilities in Minnesota and one of only 40 that operate a certified wastewater lab. The responsibility for managing this lab falls under the Wastewater Operations Director, a position currently vacant. Despite efforts, we have not yet identified a candidate who meets the qualifications for this role. During this vacancy, we made the decision to send certified lab tests to an external lab, a process that has gone smoothly. Staff have been able to manage monthly reporting requirements in a timely manner.

Cost-Benefit Analysis

We recently reviewed the costs of maintaining an internal certified lab versus outsourcing. The findings are as follows:

- Cost of internal testing: \$48,800 annually (including MPCA fees, certification tests, lab supplies, and labor).
- Cost of outsourcing: \$34,100 annually.
- Annual savings: \$14,700.

While we generally prefer to keep operations in-house, outsourcing would result in cost savings without impacting our regulatory compliance or reporting efficiency.

Future Steps

We propose developing a modified position description that allows for progressively increasing license qualifications, making internal candidates eligible for promotion into the role. By reallocating the time saved from certified lab duties, staff can focus on other critical projects within the department. If needed, GRPU can choose to re-certify the internal lab at any time in the future.

RECOMMENDATION:

Based on the cost analysis and operational benefits, we recommend outsourcing the certified lab work.



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: October 9, 2024

AGENDA ITEM: Review and discuss the Strategic Plan

PREPARED BY: Julie Kennedy, General Manager

BACKGROUND:

Each year, the Commission and management staff review the organization's SWOT, strategic and operational progress. We will be doing this at Wednesday's Work Session by looking at implications and priorities for operations.

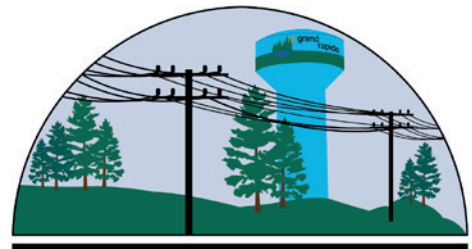
Over the next month, staff will update the Plan and reaffirm the strategic direction given by the Commission. Staff will then create the 2025 annual operating plan that will include SMART goals based on the operating priorities and strategic intent of the Commission. The 2025 budget will be developed to support the successful realization of the 2025 operating plan. The final draft of the operating plan and supporting budget will be brought for Commission action at the December meeting.

RECOMMENDATION:

Review and discuss the Strategic Plan.

STRATEGIC PLAN

2023-2028



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



CONTACT US



500 SE 4th St,
Grand Rapids, MN 55744



Office hours are M-F
8:30 AM to 4:30 PM



218.326.7024



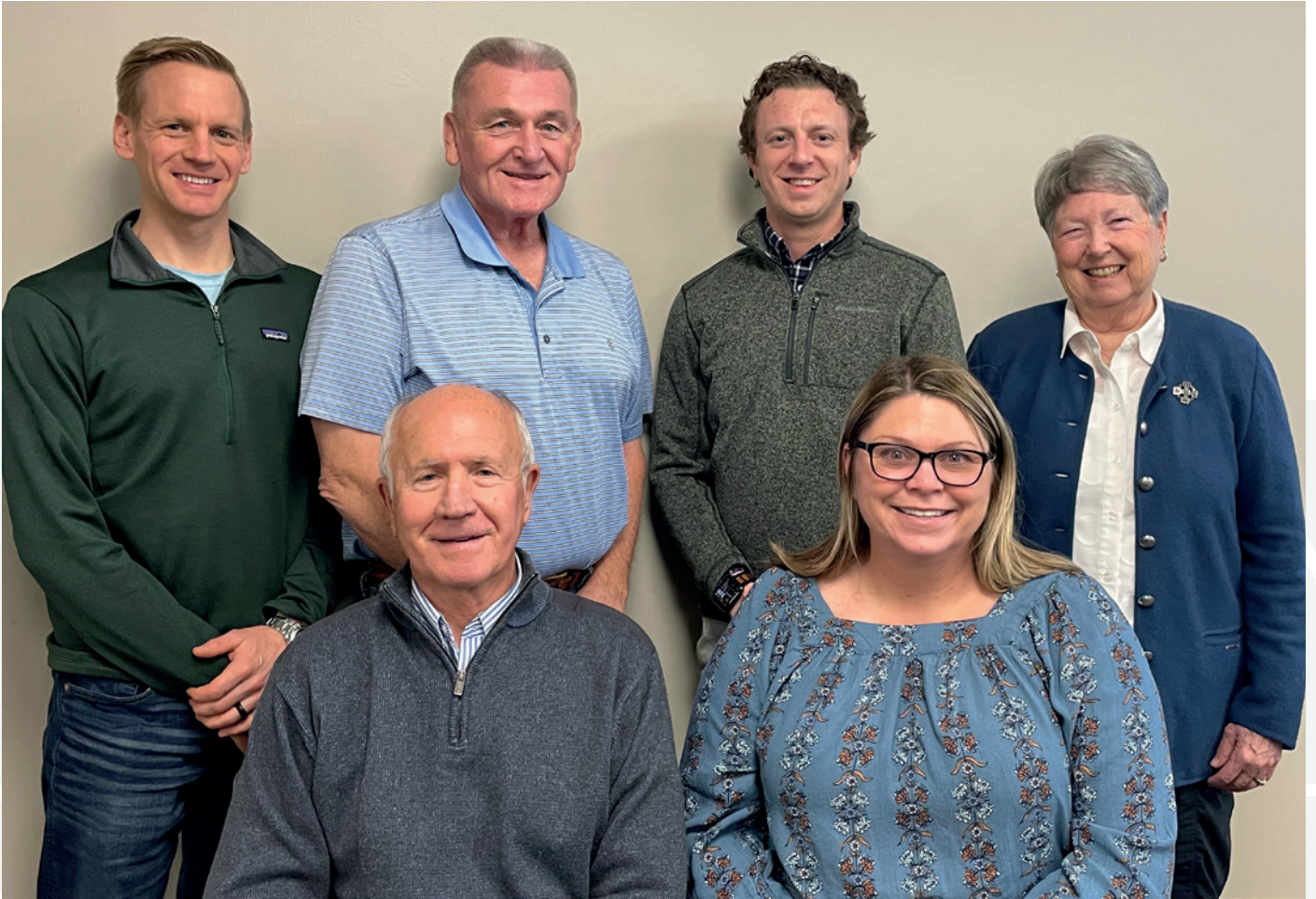
info@grpuc.org

GRPUC.ORG

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GRAND RAPIDS PUBLIC UTILITIES COMMISSION



Front row l-r: Tom Stanley, President, and Julie Kennedy, General Manager and Liaison. Back row l-r: Rick Smith, Commissioner, Dale Adams, City Council Representative, Luke Francisco, Secretary, and Nancy Saxhaug, Commissioner.

A MESSAGE FROM THE COMMISSION

The Grand Rapids Public Utilities Commission (GRPUC) is a branch of the City government 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 in Grand Rapids. We are honored to serve on behalf of our ratepayers.

Grand Rapids has one of the best municipal utilities systems anywhere. From the Commission to the staff team to our energy partners, we all work hard to make sure GRPU meets the needs of our community and operates with excellence.

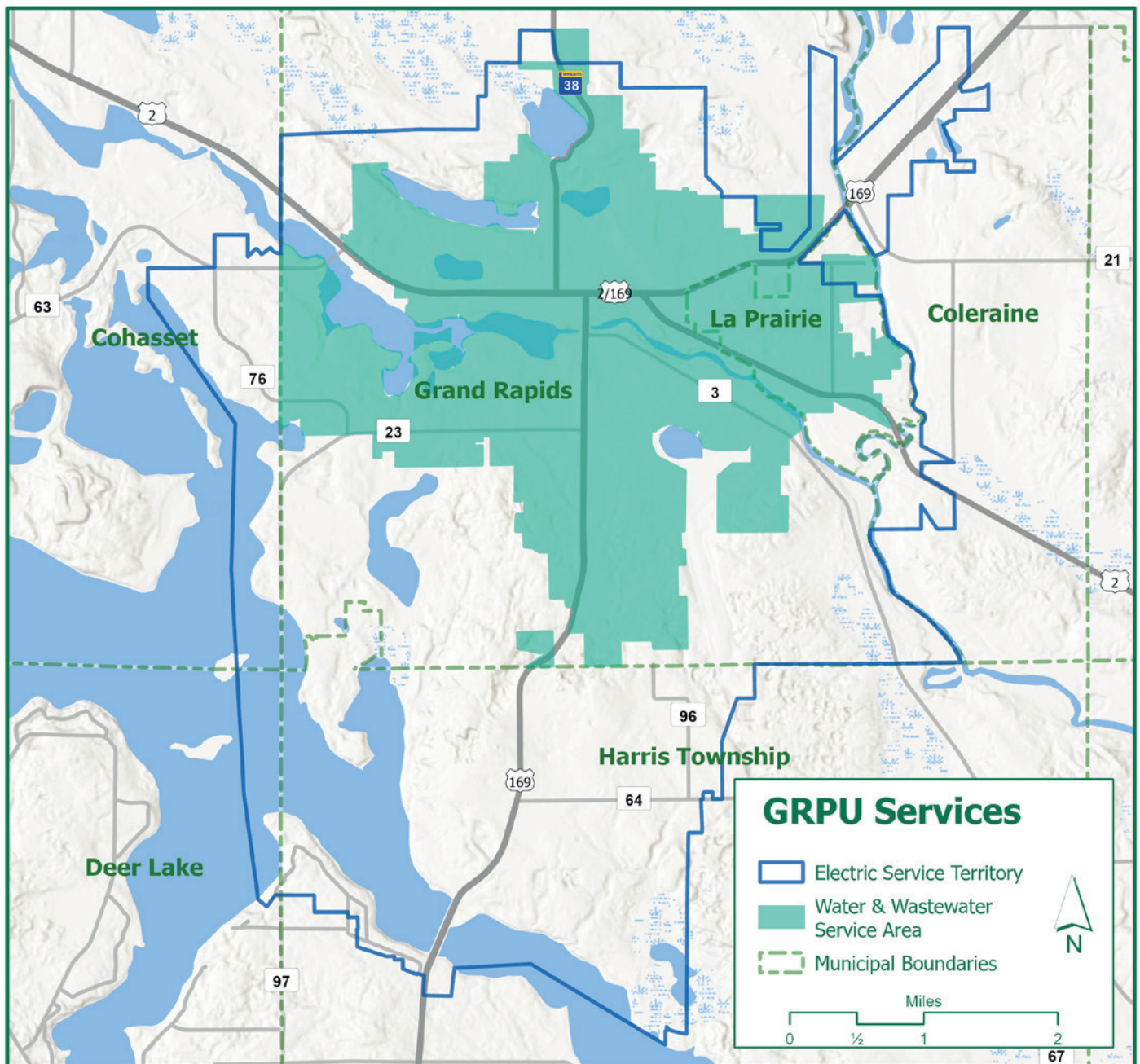
If the past few years have taught us anything, it is that the unexpected can happen. From tornadoes to pandemics to industrial demand changes, our system has to be ready for whatever is happening in Grand Rapids.

So in the spring of 2023, the GRPUC decided to envision, document, and carry out a set of actions that will position our utility — and our community — to thrive regardless of whatever circumstances may lie ahead. The strategic plan you are reading is the result of that work. It will allow us to be proactive in the days ahead and to recover more quickly when outside forces throw us a curve ball.

The actions described in this plan are intended to ensure the Grand Rapids Public Utilities system is reliable, resilient, and sustainable both economically and environmentally. We didn't create the plan in a vacuum. You, the ratepayers, own this utility from the wires to the water pipes. So we came to you for input over the summer of 2023, and we incorporated your priorities into this roadmap for GRPU's future.

As stewards of this valuable community resource, we will continue to listen to you and adjust the plan as needed in the days ahead. Thank you for allowing us to serve you.

GRAND RAPIDS PUBLIC UTILITIES SERVICE AREA



Esri, NASA, NGA, USGS, FEMA

WHO WE ARE

Grand Rapids Public Utilities (GRPU) is a statutory municipal utility established by the city of Grand Rapids, Minnesota. The Grand Rapids Public Utilities Commission (GRPUC) provides full control, operation and management of the GRPU electric power distribution system, the water production, treatment and distribution systems, and the wastewater collection and treatment systems.



Our Vision

Our vision is to be a dynamic public asset for the thriving community of Grand Rapids, enhancing lives and fostering growth through excellence in the provision of essential utility services.



Our Mission

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



Our Values

Safety

We hold paramount the well-being of our employees and the public in all operations.

Integrity

We uphold ethical standards and foster trust with all stakeholders.

Customer Focus

We prioritize customer needs and satisfaction in all our decisions and actions.

Efficiency

We maximize resources to provide cost-effective services without compromising quality.

Reliability

We consistently deliver high-quality utility services and strive for uninterrupted access.

Sustainability

We employ environmentally responsible practices in our operations and services.

Transparency

We openly share information and decision-making processes, promoting informed community involvement.



Our History and General Information

Founding and purpose. In March 1910, leaders in Grand Rapids established the community's Water, Light, Power, and Building Commission. Their foresight paved the way for the current infrastructure serving our community and an independent public utilities organization answerable directly to ratepayers.

For 113 years—a period spanning nearly six generations—the Grand Rapids Public Utilities Commission (GRPUC) has built infrastructure and made decisions aimed at ensuring accessible and economical public utility services to the greater Grand Rapids area. Grand Rapids Public Utilities (GRPU) is a valuable public asset and plays an integral role in the life of our community.

Governance. The GRPUC is a branch of the city government charged by Section 412.321, Minnesota Statutes, with full control, operation and management of the electric power distribution system, the water production, treatment and distribution systems, and the wastewater collection and treatment systems. The GRPUC is comprised of five Commission Board members ("Commissioners") appointed by the Grand Rapids City Council. A member of the Grand Rapids City Council also serves as one of the five Commissioners.

Service area. The area served by GRPU includes the cities of Grand Rapids, LaPrairie, Cohasset and certain outlying areas nearby.

Electric utility. GRPU distributes electrical power to more than 7,600 customers including approximately 6,000 city customers and 1,200 rural customers (including the City of LaPrairie).

Minnesota Power (MP) provides wholesale electricity under a long-term contract that extends through December 31, 2029. The contract requires no minimum purchase of power and provides that GRPU may add new customer-owned renewable generation capacity up to ten percent (10%) (non-cumulative) of the total GRPU load.

GRPU receives power at 115 kV and transforms it 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; it was financed through reserves. The Tioga 115 kV-to-22.9 kV substation was constructed in 2018 for \$1.4 million dollars. GRPU's electrical distribution system consists of 150 overhead and 222 underground conductor miles. GRPU is responsible for all construction, operation, and maintenance of the electric distribution system.

In 2022, MP and GRPU brought the Itasca Clean Energy solar and battery facility online. This facility includes a 2-megawatt solar array paired with a 1 megawatt, 2.5-hour lithium ion battery. It is surrounded by pollinator-friendly vegetation. The system's solar array began generating power in April 2022, and the battery energy storage system began operating in October 2022. The solar array has an anticipated 25-year lifespan, and the energy stored in the batteries is discharged during peak usage periods to reduce the wholesale power need.





Our History and General Information (continued)

Water utility. GRPU provides potable water for more than 3,300 customers including residents of Grand Rapids, 2 industrial customers, the City of LaPrairie, and MN North College-Itasca Campus.

GRPU's source of water is five wells with a combined pumping capacity ranging from 1,600 to over 2,500 gallons per minute. In 1987, GRPU constructed the 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-gallon elevated storage reservoirs and 81 miles of cast and ductile iron distribution mains consisting mostly of 6", 8", and 12" pipe. GRPU is responsible for the construction, operation, and maintenance of the production and treatment facilities and the replacement of the distribution system assets.

Wastewater utility. Wastewater collection and treatment services are provided to 3,209 city customers and 14 rural customers. GRPU also provides primary and secondary treatment for one large industrial customer, the City of Cohasset, the City of LaPrairie, and MN North College-Itasca Campus.

Wastewater collection is provided through a 68-mile system of gravity and force mains. The system includes 18 sewage lift stations located throughout Grand Rapids. The wastewater treatment facilities consist of the industrial screening/pumping station, the industrial primary treatment plant, the secondary treatment plant, and the sludge landfill. The 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. GRPU is responsible for the replacement,

operation, and maintenance of the wastewater collection and treatment facilities.

Administrative facilities. In 1996, GRPU constructed a combined service center building to house GRPU staff who are not located at the Water Treatment or Wastewater Treatment Plants. The City of Grand Rapids leases a portion of the building for the City's Public Works Department. The combined service center facility has allowed GRPU and the City to combine certain functions in order to provide better and more efficient services to their constituents.

Community contributions. In addition to GRPU's direct impact on the community through the vital utility services it provides, GRPU returns more than \$882,000 annually from its electric utility to the city as a "Payment in Lieu of Taxes" or PILOT. The PILOT makes GRPU the largest taxpayer to the city, while it still maintains electric service rates competitive with regional cooperative and investor-owned electric utilities.

Financial management. Each December, 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 GRPU, taking into consideration the results of various cost-of-service studies that project anticipated revenues and required expenditures over a five-to-seven-year period.

Budget-to-actual comparisons are made on a quarterly basis, and appropriate corrective action is taken if necessary. To date, the annual financial plan has not been linked with a comprehensive strategic plan, although periodic capital improvement plans and project-specific planning has occurred at various times in the past.

PLANNING PROCESS AND ASSUMPTIONS

Since its founding, GRPU has consistently evolved to meet the needs of its customers and the ever-changing economy in Grand Rapids. GRPU provides excellent utility services, having benefitted over the years from robust community support, strong leadership from the Grand Rapids Public Utilities Commission (GRPUC), and dedicated, knowledgeable staff.

Rationale for Adopting a Comprehensive Planning Process

Throughout its 113 years, GRPU has engaged in various planning processes aimed at ensuring the utility is prepared for the changing requirements of the town. However, there has not been an ongoing, consistent, strategic planning and execution process. In early 2023, the GRPUC and its General Manager (GM) committed to adopting such a disciplined approach for the utility in order to facilitate the achievement of the organization's stated objectives in the years ahead.

To begin the new process, the GRPUC articulated the following aims:

- To pause and listen to stakeholder feedback in a structured manner, giving us insight into their current perceptions of GRPU's services and expectations around changing needs;
- To create an initial strategic plan that articulates a vision for the future that is actionable and supports intentional decision-making over time;
- To use the resulting plan as the framework for annual work plans that are practical, measurable, and financially feasible;
- To produce outcomes that align with the current and anticipated requirements of the Grand Rapids community; and

- To commit to an annual, systematic process of reviewing and updating our plans in light of changing needs and circumstances, thus positioning GRPU as a dynamic public asset worthy of enthusiastic ongoing support by its stakeholders.

To accomplish these aims, we:

- Met in an initial work session with key staff members and a facilitator from the Minnesota Municipal Utilities Association (MMUA) to map out a process to achieve these goals;
- Conducted an anonymous electronic survey of ratepayers, staff, and other stakeholders;
- Reviewed data from a variety of sources including GRPU, MMUA, and the American Public Power Association (APPA);
- Referred to the strategic plans and processes from related organizations in the utilities space including APPA, MMUA, and others; and
- Surveyed available information related to the forces impacting utilities in general and municipal utilities in particular.

With all this information in mind, the GRPUC and key staff members met in a subsequent multi-day planning session to determine the path forward that will best serve our ratepayers and strengthen our utility services in the coming five years or so.

PLANNING ASSUMPTIONS

The utilities industry overall is experiencing rapid change. Climate-related factors, governmental initiatives, and advancing technologies are all driving system evolution at a speed not seen in more than a century. The surge in demand for renewable energy sources, focus on environmental sustainability, conversion to electric vehicles, new demands from customers such as data miners and those seeking interconnection with co-generators, grid updates, evolving water and land rights, aging infrastructure, and more, are all producing enormous challenges for utilities similar to GRPU.

Whether utilities like GRPU are responsible for electricity, gas, water, wastewater, storm sewer, or any other municipal utility services, they must strive to develop intelligent solutions and efficient operations. If the utilities are not reliable, affordable,

and sustainable, their customers and communities may fail to see the value in local ownership. While balancing these concerns, municipal utilities are obligated to ensure their infrastructure is safe and secure, both in today's environment and into the future.

Municipal utility leaders like the GRPUC bear much of the responsibility for successfully navigating the immense transitions that will occur in the next twenty years. It is a heavy load to carry, yet we accept the challenge. As we do so, we assess our 2023 baseline circumstances (strengths, weaknesses, opportunities, and threats or SWOT) as follows.

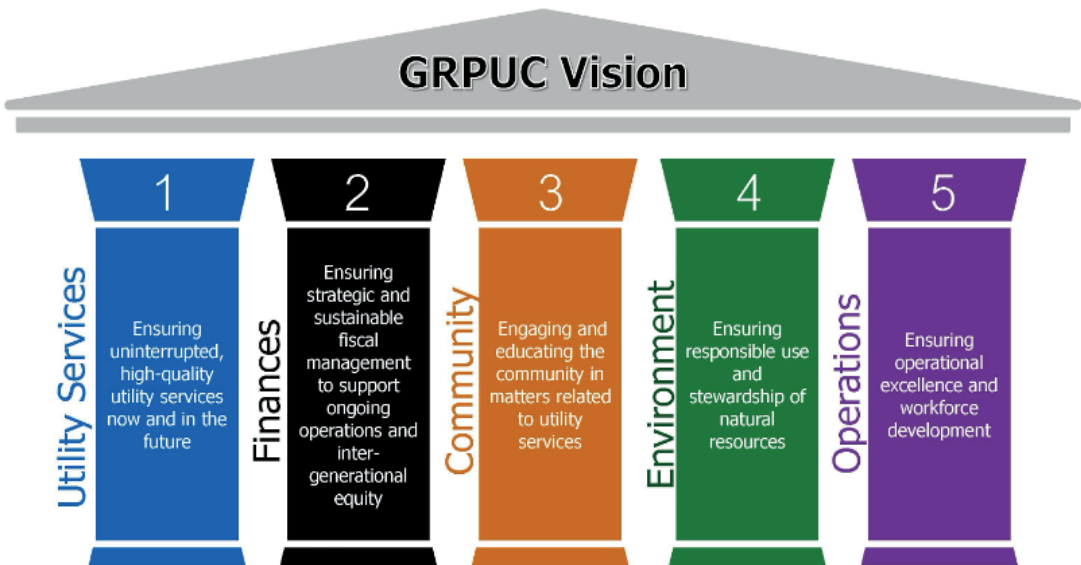


OUR STRATEGIC INTENT: A DYNAMIC PUBLIC ASSET

This strategic plan is designed to ensure GRPU is behaving in a proactive manner with respect to its present operations and its anticipated future needs. In short, we aspire to strengthen the organization as we see it through the energy transition that is underway and as our community evolves due to changing demographic patterns in our region, the actions of state and local government, local business decisions, and individual preferences.

Whatever may happen that is outside of our control, GRPU aims 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.

The plan that follows will move us toward this vision. It is organized around five “pillars” of activity and intended results areas. These, we believe, are essentially timeless and represent the major components of any sound utility operation. They can be depicted as shown in the diagram on the following page.



The Strategic Pillars Supporting Our Mission

GRPUC Values

We also recognize that conditions change, and we must be able to respond to circumstances as they arise. It is our intention to fulfill this plan and to adjust it periodically to address emerging realities.

We provide the following principles to guide our decision-making between plan revisions and as we consider alternatives throughout the plan period.

- **Growth should be embraced.** As our community grows and its needs evolve, GRPU should position itself to have maximum flexibility in how it meets the increasing requirements on its system. We will consider expanding GRPU’s service territory whenever doing so can be justified in light of the costs and expected future load.
- **Our financial approach** must balance both short-term needs and long-term priorities. We prefer to be proactive in the repair, replacement, and expansion of utility infrastructure, even if that means incurring debt from time to time.
- **Our relationship with key stakeholders** should balance their needs and priorities with our own. We recognize that certain business decisions will always be, either due to necessity or preference, transactional in nature. However, we do not wish to operate with a purely transactional mindset with respect to our important relationships. When possible, practical, and in the best interests of our ratepayers, GRPU will cultivate a shared future with key stakeholders.
- **The natural environment** is a resource we all share, and it is one of the greatest added values to the quality of life in Grand Rapids. Consequently, GRPU will pay attention to the impact its operations and future decisions may have on the environment and take pains to minimize any negative impact. Simultaneously, we will attend to the requirements of system

reliability and cost. We will listen to our ratepayers when these interests seem to collide and we have discretion over the paths that may be chosen.

- **Our employees** are valuable partners in the achievement of our goals and the delivery of the utility services on which our community depends. We will compensate them fairly, train, encourage, and help them to develop careers within our organization, and hold both them and ourselves to the highest standards of professional conduct.



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)

GRPU 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)

GRPU 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.).



Engaging and Educating the Community (EC)

GRPU will strive to operate in a manner where communication is perceived to be relevant, effective, frequent, and respectful. To that end, GRPU's Strategic Plan sets the following goals for the next five years related to engaging and educating the community in matters related to utility services.

1. GRPU will develop and execute a comprehensive community education plan for adults and children to increase community knowledge of GRPU utility services, provide tactics ratepayers can employ to influence usage and costs, and teach interested parties about environmental impact.
2. GRPU will develop and execute a robust community communication plan for the purpose of informing stakeholders about GRPU's activities, explaining the impact of GRPU initiatives such as the battery plus storage installation, inviting their involvement in important GRPU initiatives, and fostering an increase in the perceived value of hometown utility services vis-à-vis the alternatives.
3. Supported by the work in objectives EC-1 and EC-2, GRPU will work with city and county stakeholders to position the features and benefits of GRPU's services as an important value-add for those seeking a new residential or commercial home.



Use and Stewardship of the Natural Environment (NE)

Our natural environment is one of the reasons people choose to live and work in Grand Rapids. It is a public good, and GRPU recognizes the important role the utility plays in ensuring these resources are unharmed. GRPU's Strategic Plan sets the following goals for the next five years for ensuring responsible use and stewardship of natural resources.

1. GRPU will operate in a manner that is 100% compliant with all environmental regulations.
2. GRPU will develop and promote programs that demonstrate the sustainability of the utility's operations.
3. GRPU's employees will have the resources and training to necessary to demonstrate to the community that we are protecting the environment while conducting our operations.



Operational Excellence (OE)

Behind the scenes, people, activities, and systems support the more visible work of running an effective utility. We recognize the important role these things play in our success, and our intent is to strengthen them as we work toward our larger objectives. GRPU's Strategic Plan sets the following goals for the next five years with the aim of ensuring operational excellence and workforce development.

1. GRPU will create a workplace environment that fosters employee satisfaction, engagement, and well-being, leading to increased productivity, reduced turnover, and enhanced overall organizational performance by:
 - a. Enhancing workplace culture through clear communication, tracking, and reporting structures using tools and manners that resonate with team members.
 - b. Investing in employee growth through a robust training and development program that provides opportunities for continuous improvement, learning and upskilling through both internal and external resources.
 - c. Prioritizing work-life balance with flexible work arrangements to the extent that is feasible, encouraging employees to take regular breaks and vacations, and fostering a culture that respects employees' time outside of work.
 - d. Recognizing and rewarding excellence through regular feedback, competitive compensation and benefits, and appropriate public recognition to attract and retain the talented individuals who will help us achieve our vision while treating our customers with skill and respect.
 - e. Fostering a collaborative environment both within GRPU and in our work with other stakeholders (e.g., City of Grand Rapids, Minnesota Power, etc.) by promoting teamwork, cross-functional projects, and knowledge sharing; facilitating team-building activities and events to strengthen relationships and trust among team members; and providing tools and technology that enhance communication.
2. GRPU will collaborate with the City of Grand Rapids to select and implement new enterprise resource planning (ERP) software to lower operational costs, improve decision-making at all levels with more accurate and timely data, and promote proactive planning, funding and accomplishment of capital improvement projects throughout the community.

