

Holland Board of Public Works
Budget in Brief



2027

July 1, 2026 - June 30, 2027

LOCAL.

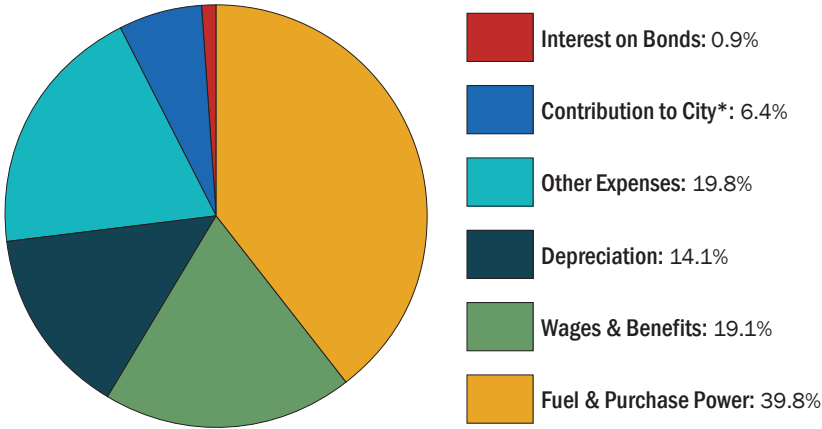
RELIABLE.

EFFICIENT.

Electric • Water • Wastewater • Broadband

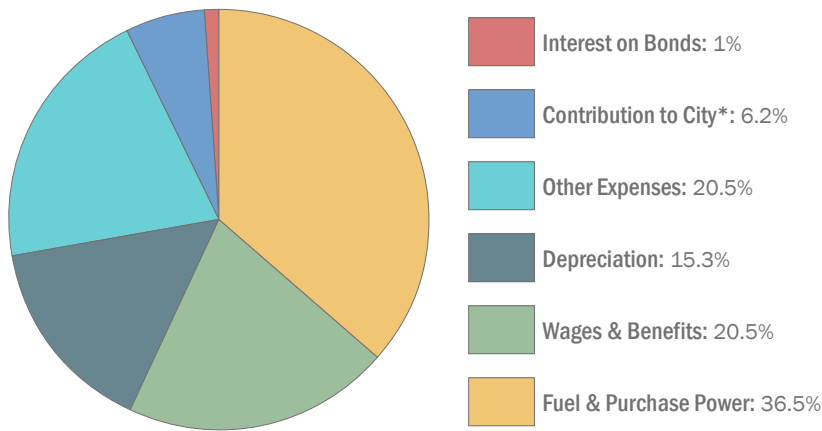
ESSENTIAL.

Overall Budget



FY 2027 Total Budget:
\$153,705,683

Fuel and purchased power represent the largest expense category within BPW operations.



FY 2026 Total Budget:
\$136,279,971

Welcome to the Holland Board of Public Works' (HBPW) Fiscal Year (FY) 2027 budget, which begins July 1, 2026, and continues through June 30, 2027. HBPW continues its long tradition of serving the community with reliable electric, water, wastewater, and broadband services.

This budget reflects HBPW's commitment to reliable infrastructure, transparent and equitable rates, and long-term financial sustainability. Each utility

operates independently and is structured to recover the cost of providing service while maintaining strong financial reserves and investing in the systems that support Holland residents and businesses.

The FY2027 budget is largely a continuation of the FY2026 budget, supporting ongoing operations and previously planned investments. Overall, the budget reflects a 12.79% increase from the prior year, with approximately 64% of that increase driven by Fuel and Purchased Power

costs, primarily due to industrial sales growth and fluctuations in energy market prices. Other factors contributing to the increase include a higher Contribution to the City, which reflects growth in prior-year wholesale revenue (while the calculation formula remains unchanged), as well as increases in Salaries and Benefits due to market wage adjustments and the transition to The Pool for health insurance coverage.

For Fiscal Year 2027, HBPW's total budget is \$153,705,638.

Overall Budget

The budget is funded primarily through customer rates, ensuring each utility remains self-supporting.

Utility Percent of Total Budget

HBPW's Four Utilities



Electric



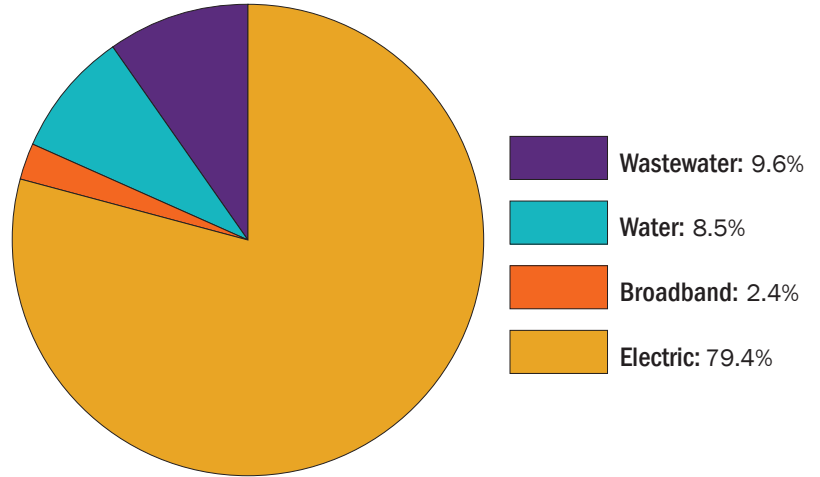
Water



Wastewater

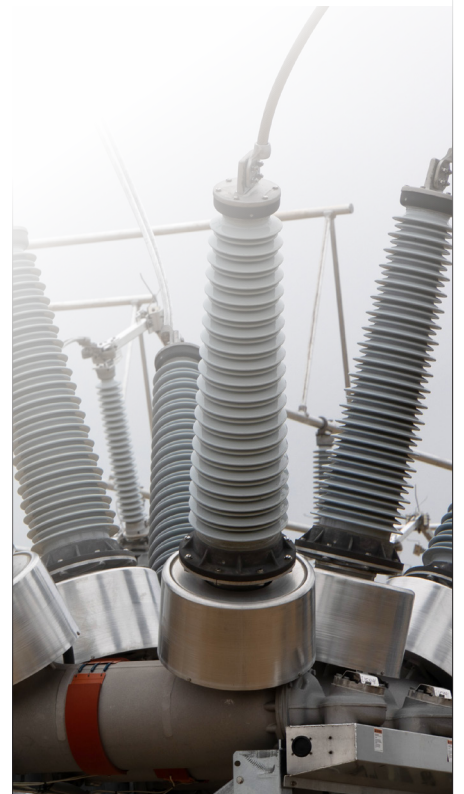
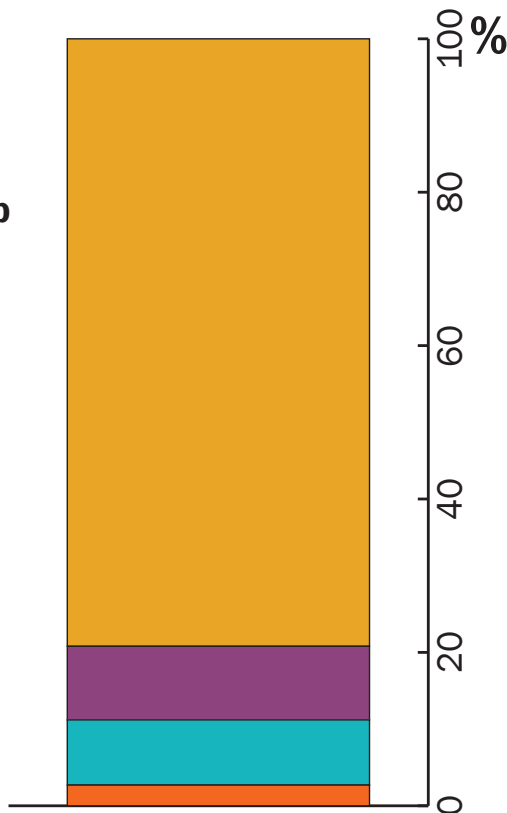
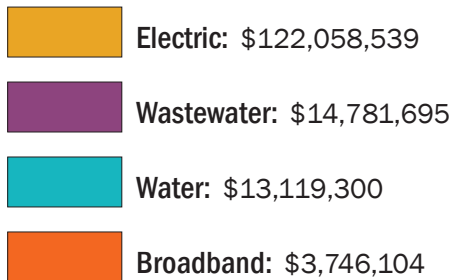


Broadband



Electric operations represent the largest portion of the BPW budget due to fuel and purchased power costs required to deliver reliable electricity to the community.

How the Utilities (\$) Stack Up in the Total Budget





Electric Utility Budget

\$122.1 Million

Holland BPW's municipal electric utility delivers lower costs, high reliability, and local decision-making that benefit residents and businesses throughout the community. As a public power utility, HBPW maintains some of the lowest electric rates in Michigan while continuing to invest in reliable infrastructure and long-term system improvements.

Customers in Holland pay significantly less for electricity compared to neighboring investor-owned utilities while experiencing faster outage restoration and dependable service.

Revenue Sources

Residential Customers

- Our residential customers pay **45% less** for electricity compared to investor-owned utilities.
- That adds up to an estimated **\$14 million** in annual **savings** across all residential customers.
- Our customers **save** an average of **\$500/household** per year on electric bills.

Commercial & Industrial Customers

- Attractive rates and top-notch reliability are key contributors supporting economic activity in Holland.

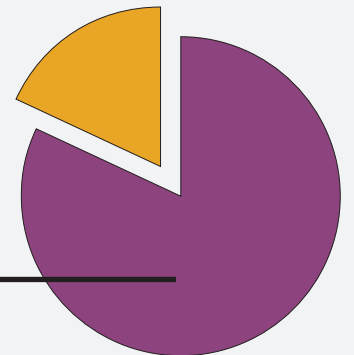
Wholesale Power Sales

- Revenue based on projected MISO auction results and energy market activity.

Street Lighting & Other Services

- This revenue comes from providing and taking care of street lights and other lighting and utility services in the community.

In FY27, C&I Customers will make up **86%** of HBPW's electric load.



32,323

Total Customers

- **27,421** - Residential Customers
- **4,902** - Commercial & Industrial (C&I)

Electric Expense Budget

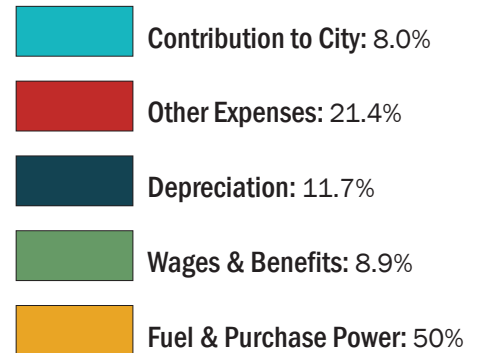
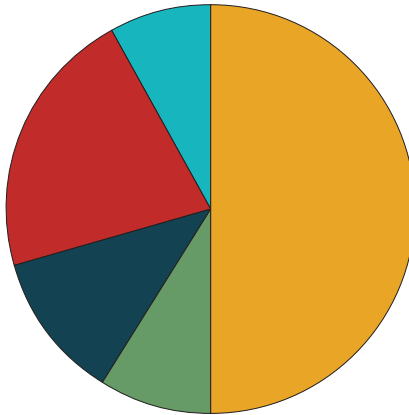
Financing

No debt issuances are planned for FY2027.

BPW continues to maintain strong financial health while funding infrastructure improvements.

Contribution to the City

Through local ownership and operations, the electric utility also supports the community financially. HBPW's Contribution to the City is based on past results. This budget includes \$9.8 million to the City's General Fund, helping support public services and community initiatives.



The largest cost driver for the Electric utility is Fuel & Purchased Power.

Total Electric Budget: \$122,058,539

Capital Expense Budget

\$16.6
Million
Capital Investment
in Electric Infrastructure

- **Electric Production**

\$6.4 Million

Investments that keep our power generation facilities reliable and efficient. This includes major equipment replacements and upgrades at the generation facilities, along with improvements that ensure the community continues to receive dependable electricity.

- **Electric Distribution**

\$10.2 Million

Projects that maintain and improve the electric distribution system that delivers power to homes and businesses. This includes work on underground and overhead lines, utility poles, substations, and system upgrades to improve reliability and reduce outages.



\$5.3M of the Electric Distribution department's capital plan is for continuing underground and overhead line improvements in the electric service territory.



Broadband Utility Budget

\$3.7 Million

In August 2022, Holland voters approved a millage that enabled HBPW to expand its community-owned fiber network citywide. Construction is on track toward full city coverage to affordable, local high-speed internet by June 30, 2026.

Fast, Reliable, and Local Internet

Holland City Fiber offers symmetrical internet speeds with two service tiers:

- 2,000 Mbps — \$45/month
- 10,000 Mbps — \$125/month

This community-owned network delivers speeds significantly faster than the national median and provides residents and businesses with reliable connectivity for work, education, healthcare, and entertainment.

Revenue Sources

Fiber Internet Monthly Sales

- The primary revenue sources are residential and business subscribers.
- This broadband utility is seeing tremendous growth as more households convert to Holland BPW Fiber.

Active Ethernet

- Revenue from legacy active Ethernet connections, including installation and recurring monthly service. As customers transition to Fiber Internet service, this category gradually declines. Budget assumes (3%) annual reduction in this revenue.

Dark Fiber

- Revenue from customers leasing dedicated fiber strands for private network connectivity. Primarily used by businesses and institutions requiring secure, dedicated connections. Budget assumes (3%) annual reduction in this revenue.

Shared Gigabit

- Revenue from shared gigabit connections provided to certain commercial or institutional customers outside of the City of Holland.

Other Revenues

- Primarily one-time fees related to project closeouts, service modifications, or miscellaneous customer requests.

5.2X

The number of broadband customers has grown by a little more than 5 times since the citywide fiber expansion began.

4,567

Total Customers

- **3,852** - Residential Customers
- **715** - Commercial & Industrial (C&I)

Broadband

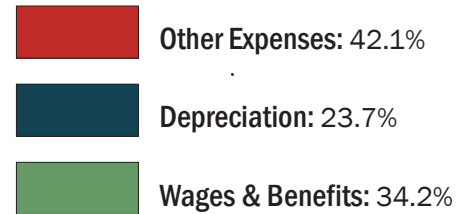
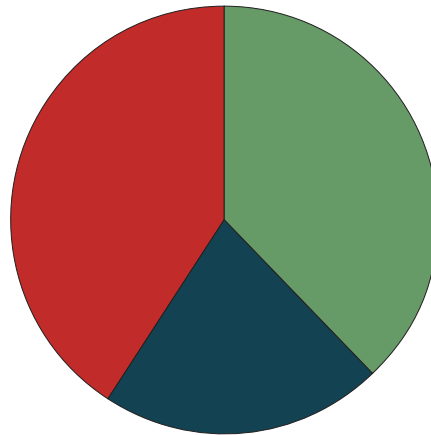
Broadband Expense Budget

Financing

No new debt issuances are planned for FY2027.

Personnel

Addition of 1 Fiber Optic Field Technician to help support the needs of the expanded network.



The largest cost driver for the Broadband utility is Other Operating Costs, which includes Maintenance Supplies and Services, Consulting Fees and Transit Services, etc.

Total Broadband Budget: \$3,746,104

Capital Expense Budget

\$1.9 Million

Capital Investment in Broadband Infrastructure

- Broadband**
\$1.9 Million

Investments in the community's high-speed internet network include expanding service to new areas, installing customer drops, and upgrading equipment that supports faster and reliable service.

Customer Drops make up \$1.6M of the Broadband department's capital plan. This supports the growth of the Holland BPW fiber service.



A drop is the connection that brings fiber internet from the street directly into a home or business.



Water Utility Budget

\$13.1 Million

Water is a critical service that supports public health, fire protection, and economic development in Holland. The FY2027 Water Utility budget focuses on maintaining safe, reliable service while continuing investments in infrastructure, conservation, and long-term sustainability.

The utility operates under a cost-of-service model, meaning rates support operations, system maintenance, and future capital improvements.

Revenue Sources

Water Revenues by Source

- Revenue is based on average customer use over the past three years and does not assume major new customer growth in FY27 as conservation efforts continue.
- FY27 is the final year of planned 13% rate increases designed to stabilize finances and support future infrastructure needs.

Residential Water Sales

- Water used in homes across Holland

Commercial Water Sales

- Local businesses and offices

Industrial Water Sales

- Manufacturing and large facilities

Wholesale Water Sales

- Water provided to the City of Zeeland,

Fire Protection and Hydrants

- Fire safety infrastructure across the city

Trunkage and Assessments

- Fees paid for connecting new developments or properties to the water system and helping fund major system infrastructure.

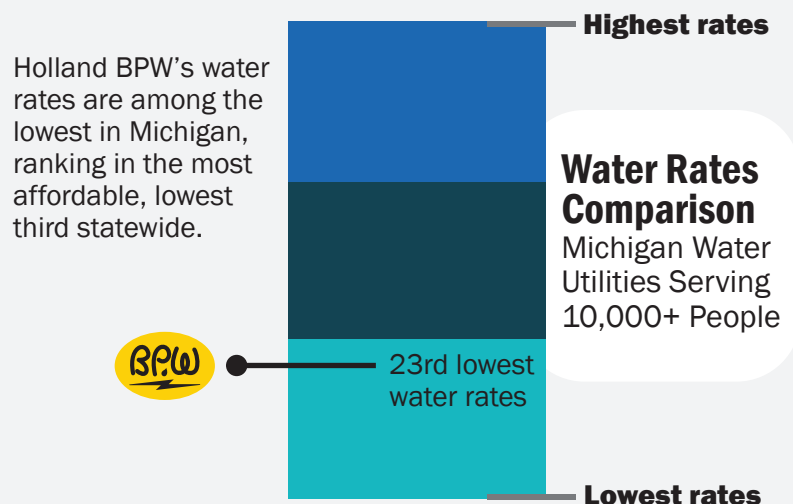
Other Revenues

- Miscellaneous service fees and smaller revenue sources.

18,502

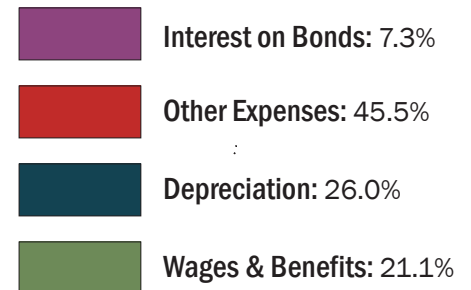
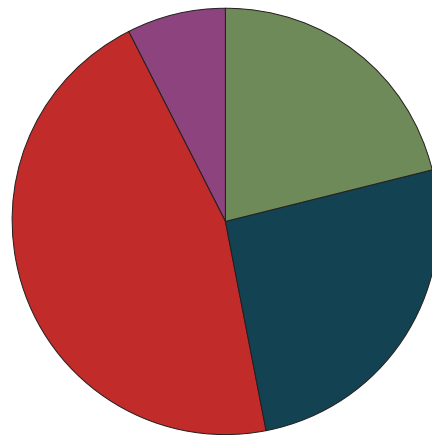
Total Customers

- **15,213** - Residential Customers
- **3,289** - Commercial & Industrial (C&I)



Water Expense Budget

The FY2027 budget continues major investments in maintaining water infrastructure while protecting public health and ensuring reliable service. This budget focuses on continuing the lead service line replacement program, water conservation, investing in water system reliability and resiliency, and planning for future growth and system upgrades.



Financing

No new debt issuances are planned for FY2027.

The largest cost driver for the Water utility is Other Expenses, including things like electric, chemicals, maintenance services, etc.

Total Water Budget: \$13,119,300

Capital Expense Budget

\$11.7
Million
Capital Investment
in Water Infrastructure

- Water Production**
\$3.3 Million

Upgrades and improvements at facilities that treat and produce safe drinking water. Projects include improvements to treatment processes, chemical storage buildings, and facility renovations that help ensure consistent, high-quality water.

- Water Distribution**
\$8.4 Million

Projects that maintain and replace the infrastructure that delivers drinking water throughout the community, include water mains, valves, hydrants, and other system improvements that help maintain pressure, reliability, and water quality.



The Water Treatment Plant (WTP) has been carefully modernized to ensure it continues delivering safe, reliable drinking water. A major capital project is underway to relocate chemical storage from the third floor to the ground floor, increasing safety and storage capacity. This improvement allows the WTP to maintain essential chemical reserves and meet the growing needs of our community.

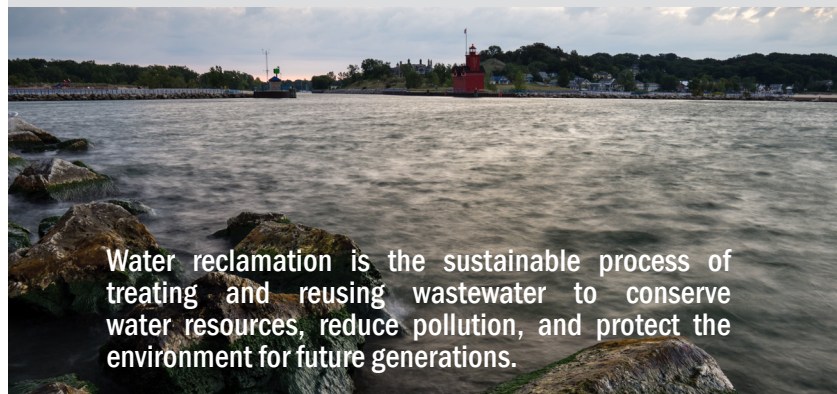


Wastewater Utility Budget

\$14.8 Million

Our Wastewater Utility continues to prioritize innovation within the physical constraints of our downtown location. By leveraging technology like our anaerobic digester, we are turning waste into resources while maintaining a sustainable financial path for the community. Innovative Disinfection: With land restraints near Lake Macatawa and downtown, we are now turning our focus to improving our final disinfection step to maximize treatment capacity within our existing footprint.

We utilize a mix of retail sales, specialized fees, and regional partnerships to fund our operations. This year's budget includes a modest 3% average rate adjustment to ensure long-term system sustainability (4.2% Readiness-to-Serve and 2.0% Commodity). The assets of the WRF are owned 100% by HBPW but the capacity is split 50% with the Northern Services Area.



Water reclamation is the sustainable process of treating and reusing wastewater to conserve water resources, reduce pollution, and protect the environment for future generations.

Revenue Sources

Residential Wastewater Service Sales

- Service for homes across the Holland area based on a stable three-year average of actual usage.

Commercial Wastewater Service Sales

- Local businesses and offices, with volumes adjusted for the Holland Energy Park (HEP) blow-down diversion.

Industrial Wastewater Service Sales

- Manufacturing and large facilities, adjusted to reflect the resolution of specific customer metering issues.

Wholesale Wastewater Service Sales

- Treatment services provided to neighboring regional systems and partners.

Surcharges and Pollution Control Fees

- Fees applied to high-strength waste and monitoring services to manage the environmental impact of non-standard discharges.

Trunkage and Assessments

- Fees paid for connecting new developments or properties to the sewer system and helping fund major system infrastructure.

Other Revenue

- Miscellaneous service fees, interest income, and smaller revenue streams.

13,425

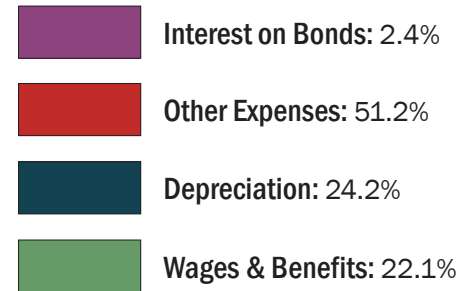
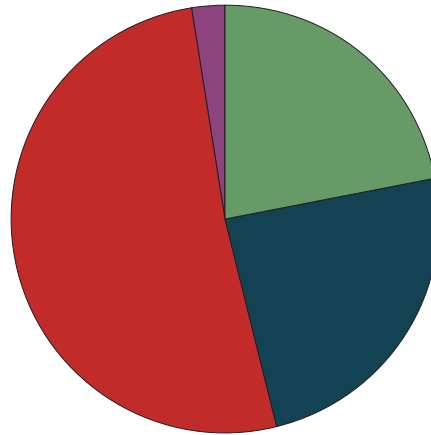
Total Customers

- **11,477** - Residential Customers
- **1,948** - Commercial & Industrial (C&I)

Wastewater

Wastewater Expense Budget

The FY2027 Wastewater budget focuses on maximizing treatment capacity through innovative technology, such as the anaerobic digester, while overcoming the physical land restraints of our downtown facility. This budget prioritizes long-term cost savings through renewable energy generation, the stabilization of chemical costs, and critical investments in improving the final disinfection process to protect Lake Macatawa.



Financing

No new debt issuances are planned for FY2027.

The largest cost driver for the Wastewater utility is Other Expenses, including things like electric, chemicals, maintenance services, etc.

Total Wastewater Budget: \$14,781,695

Capital Expense Budget

\$11.5

Million

Capital Investment in Wastewater Infrastructure



Example of a UV disinfection unit.
Photo credit: Trojan.

- **Water Reclamation Facility (WRF)**

\$6.2 Million

Investments at the wastewater treatment plant to ensure safe and effective treatment before water is returned to the environment. Projects include improvements to disinfection systems (UV), building upgrades, and equipment replacements.

- **Wastewater Collection**

\$5.3 Million

Projects that maintain and improve the collection system that carries wastewater from homes and businesses to the treatment facility. This includes sewer line replacements, lift station upgrades, and improvements that reduce the risk of backups or overflows.



Holland Board of Public Works

625 Hastings Ave., Holland, MI 49423 | www.hollandbpw.com

Budget in Brief

By: Jenessa Carter

Design: Julie DeCook

Who makes the budget?

Senior Staff

Every department leader at Holland BPW develops a detailed budget each year. These budgets are built from the ground up, based on the expected needs of each utility for the coming fiscal year, rather than relying on the prior year's budget. This approach helps create a reliable estimate of costs needed to safely operate and maintain utility services and infrastructure.

Finance Team

The Holland BPW Finance Team reviews departmental budgets to ensure they are accurate, financially sustainable, and aligned with long-term planning requirements. Finance evaluates operating and capital needs, develops a financial plan, and recommends utility rates that balance affordability with the cost of maintaining reliable services and infrastructure.

Approval

The budget goes through multiple levels of review before it is finalized. Executive Staff reviews departmental budgets and provides a recommendation to the General Manager. A Board Budget Committee—made up of Board members and staff—then reviews the budget in detail. After committee review, the full Board of Directors considers the budget for approval. Once approved by the Board, the budget recommendation is sent to City Council for final adoption.

The budget process runs from August through May, and we appreciate the collective effort and commitment to excellence that make it possible.