

August 7, 2019

To: Members  
Executive Committee

Re: Buffalo Pound Water Treatment Plant Corporation - 2018 Annual Report

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RECOMMENDATION

That the Buffalo Pound Water Treatment Corporation 2018 Annual Report attached as Appendix A and 2019 Capital & Operating Budgets as Appendix B be forwarded to the August 26, 2019 meeting of City Council for information.

CONCLUSION

The Buffalo Pound Water Treatment Corporation (BPWTC) has presented its 2018 Annual Report as Appendix A and 2019 Capital & Operating Budgets as Appendix B. The Annual Report and Budgets have been provided as an information item for Council based on the requirements defined in the *Unanimous Membership Agreement*.

BACKGROUND

The Buffalo Pound Water Treatment Corporation was established and became a non-profit corporation as of January 1, 2016. BPWTC is responsible for the operation and maintenance of the Buffalo Pound Water Treatment Plant and provides the cities of Regina and Moose Jaw with a reliable and affordable supply of safe, high quality drinking water which meet the needs and expectations of consumers. Under the terms of the *Unanimous Membership Agreement*, BPWTC is owned jointly by the City of Regina (74 per cent) and the City of Moose Jaw (26 per cent).

The BPWTC Directors have the authority to make strategic business decisions, including approval of the operating and capital budgets for BPWTC and it is presented to City Council as information.

DISCUSSION

BPWTC is exclusively managed by the Board of Directors and are independent from the City of Regina and City of Moose Jaw. They have the full authority to make strategic business decisions. The requirements in the *Unanimous Member Agreement* are as follow:

1. BPWTC is required to submit to Council as an information items an annual report which includes the following information:
  - a) audited financial statements for the period ending December 31, 2018 and the corporation's financial and operational performance against stated goals and objectives for the previous year, including a key performance indicators review;

- b) any revisions to long-term strategic plans or capital asset plans;
- c) an operating and capital budget for the next fiscal year and an operating and capital budget projection for subsequent fiscal years contemplated in the current strategic or capital assets plans;
- d) pro forma audited financial statements prepared in accordance with generally accepted accounting principles;
- e) accomplishments during the fiscal year along with explanations, notes and information as is required to explain and account for any variances between the actual results and the strategic and capital asset plans;
- f) project major capital expenditures in excess of \$1 million;
- g) matters that require the approval of the Cities; and
- h) the projected five-year water demand as provided by each of the Cities.

The 2018 Annual Report and the 2019 Operating and Capital Budget are included as appendices to this report. BPWTC conducted its annual general meeting on April 23, 2019. This provides the requirement needed for compliance with the elements under the *Unanimous Member Agreement*.

Highlights from the Buffalo Pound Water Treatment Corporation Annual Report include:

- The December 31, 2018 audited statements reflect a \$20.0 million surplus, resulting in a yearend accumulated surplus of \$65.5 million. While revenue for the sale of water was higher than budget, \$13.4 million of the surplus is due to the transfer of ownership of the assets from the cities of Regina and Moose Jaw to BPTWC (contributed assets). Without factoring this in, the surplus for BPWTC would be \$6.6 million for 2018.
- Major capital asset renewal continued in 2019. Phase 1 of the Electrical Capital Upgrade commenced and is expected to be completed in mid-2019. Phases 2 and 3 are planned to begin in 2019 and 2021. Funding of \$20.6 million from the Provincial-Territory Infrastructure Component of the New Building Canada Fund will support Phase 2 and 3.
- The Plant Renewal Project, with an estimated cost ranging from \$127 to \$224 million progressed in 2018 and is continuing.
- The 2019 Operating Budget projects a \$285,900 surplus. The Capital Budget continues the investment in major infrastructure needs. Surpluses at yearend will be transferred to the Operating and Capital Reserves.

## RECOMMENDATION IMPLICATIONS

### Financial Implications

As Buffalo Pound Water Treatment Corporation is a municipal corporation of the City of Regina, the audited financial statements have been consolidated into the City's 2018 Annual Report and Consolidated Financial Statements at the City's ownership share of 73 per cent.

### Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

None with respect to this report.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

None with respect to this report.

DELEGATED AUTHORITY

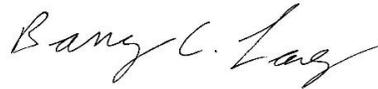
The recommendations contained in this report are within the delegated authority of City Council.

Respectfully submitted,



June Schultz, Director  
Financial Services

Respectfully submitted,



Barry Lacey, Executive Director  
Financial Strategy & Sustainability

Report prepared by:  
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