

Buffalo Pound Water Treatment Plant Corporation - 2019 Annual Report

Date	June 10, 2020
To	Executive Committee
From	Financial Strategy & Sustainability
Service Area	Financial Services
Item No.	EX20-19

RECOMMENDATION

The Executive Committee recommends that City Council receive and file this report at its June 24, 2020 meeting.

ISSUE

The Buffalo Pound Water Treatment Corporation (BPWTC) was established as a non-profit corporation on 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, and the water quality standards regulated by the Province of Saskatchewan. Under the terms of the *Unanimous Membership Agreement (UMA)*, BPWTC is owned jointly by the City of Regina (74 per cent) and the City of Moose Jaw (26 per cent).

Pursuant to the UMA, the BPWTC Directors have the authority to make strategic business decisions, including approval of the operating and capital budgets. This report is presented to City Council as information.

IMPACTS

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 2019 Annual Report and Consolidated Financial Statements at the City's ownership share of 74 per cent.

OTHER OPTIONS

None related to this report.

COMMUNICATIONS

The approved 2019 Annual Report will be published on the Buffalo Pound Water Treatment Corporation website.

DISCUSSION

Section 7.2 of the *Unanimous Members Agreement (UMA)* sets out the following annual report and annual membership meeting requirements presented in this report.

1. BPWTC is required to submit to Council as an information item an annual report which includes the following information:
 - a. The Corporation's annual report, including the audited financial statements for the period ending December 31st and the Corporation's financial and operational performance against stated goals and objectives for the previous year, including a key performance indicators report; and an updated risk 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 2019 Annual Report and the 2020 Operating and Capital Budget are included as appendices to this report. BPWTC conducted its annual general meeting on May 21, 2020.

This provides the requirement needed for compliance with the elements under the *Unanimous Member Agreement*.

2019 Annual Report

Highlights from BPWTC's 2019 Annual Report, attached as Appendix A, include:

- The December 31, 2019 audited statements reflect a \$11.0 million surplus, resulting in a year-end accumulated surplus of \$76.5 million. The annual surplus is comprised of \$3.5 million from the transfer of ownership of assets from the cities of Regina and Moose Jaw to BPTWC (contributed assets) and \$7.5 million from the general operating surplus.
- Major capital asset renewal continued in 2019. Phase 1 of the Electrical Capital Upgrade commenced and completed in 2019. Phases 2 and 3 of the electrical upgrade projects, which includes the Transmission Line and Lake Pump Station Renewal also commenced construction in 2019 with planned completion in 2020. 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 2019 and is continuing.

2020 Budget

- The 2020 Budget adopted by the BPWTC Board of Directors includes the following approved rates:
 - Water Rate \$355.00/ML – no increase
 - Capital Water Rate \$215.00/ML – 14.36 per cent increase
 - Electrical Rate \$0.11799/kWh – 6.4 per cent increase
- The 2020 Operating Budget projects a \$22,200 surplus with the expenditures of \$13 million funded through net revenues of \$13 million, made up of \$12.6 million from water charges, \$402,700 from power charges, and \$85,300 from other revenue sources.
- The Capital Budget continues investment in major infrastructure needs. Surpluses at year-end will be transferred to Operating and Capital Reserves. The Budget is provided in Appendix B.

DECISION HISTORY

Section 7.2 of the UMA outlines the annual reporting requirements for Buffalo Pound to City Council. These requirements include but are not limited to, annual financial statements and subsequent year operating and capital budgets. Buffalo Pound annual submittals were last presented at the August 29, 2019 meeting of City Council.

This report must be forwarded to City Council for informational purposes only.

Respectfully Submitted,

Respectfully Submitted,


June Schultz, Director

6/1/2020


Barry Lacey, Exec. Director, Financial Strategy & Sustainability

6/1/2020

Prepared by: Abiodun Akindele, Financial Management Analyst

ATTACHMENTS

Appendix A 2019 ANNUAL REPORT

Appendix B 2020 BUDGET