

June 25, 2018

To: His Worship the Mayor
And Members of City Council

Re: Buffalo Pound Water Treatment Plan Corporation - 2017 Annual Report

RECOMMENDATION

**RECOMMENDATION OF THE EXECUTIVE COMMITTEE
- JUNE 13, 2018**

1. That the Buffalo Pound Water Treatment Corporation Annual Report attached as Appendix A and 2018 Capital & Operating Budgets as Appendix B be forwarded to Council for information.
2. That the Executive Director, Financial and Corporate Services, be delegated authority to negotiate, finalize and approve an amendment to the December 29, 2017 Asset Transfer Agreement between the City of Regina, the City of Moose Jaw and Buffalo Pound Water Treatment Corporation as well as any ancillary agreements or documents needed to transfer the following additional parcels of land to Buffalo Pound Water Treatment Corporation:

Surface parcel # 105634346
Blk B Plan CX1058 Ext. 2
As described on Certificate of title 60MJ02148

Surface parcel # 105634357
Blk C, Plan CX1058 Ext. 3
As described on Certificate of title 60MJ02148

3. That the City Clerk be authorized to execute the amendment to the Asset Transfer Agreement as well as any ancillary agreements or other documents to complete the transfer of the two parcels outlined in recommendation #2 above, upon review and approval of the City Solicitor.

EXECUTIVE COMMITTEE – JUNE 13, 2018

Ryan Johnson, representing Buffalo Pound Water Treatment, addressed the Committee.

The Committee adopted a resolution to concur in the recommendation contained in the report.

Recommendation #4 does not require City Council approval.

Mayor Michael Fougere, Councillors: Jerry Flegel (Chairperson), Sharron Bryce, Lori Bresciani, John Findura, Bob Hawkins, Jason Mancinelli, Joel Murray, Mike O'Donnell, Andrew Stevens and Barbara Young were present during consideration of this report by the Executive Committee.

The Executive Committee, at its meeting held on June 13, 2018, considered the following report from the Administration:

RECOMMENDATION

1. That the Buffalo Pound Water Treatment Corporation Annual Report attached as Appendix A and 2018 Capital & Operating Budgets as Appendix B be forwarded to Council for information.
2. That the Executive Director, Financial and Corporate Services, be delegated authority to negotiate, finalize and approve an amendment to the December 29, 2017 Asset Transfer Agreement between the City of Regina, the City of Moose Jaw and Buffalo Pound Water Treatment Corporation as well as any ancillary agreements or documents needed to transfer the following additional parcels of land to Buffalo Pound Water Treatment Corporation:

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3. That the City Clerk be authorized to execute the amendment to the Asset Transfer Agreement as well as any ancillary agreements or other documents to complete the transfer of the two parcels outlined in recommendation #2 above, upon review and approval of the City Solicitor.
4. That this report be forwarded to the June 25, 2018 meeting of City Council for approval.

CONCLUSION

The Buffalo Pound Water Treatment Corporation (BPWTC) has presented its 2017 Annual Report as Appendix A and 2018 Capital & Operating Budgets as Appendix B. The plan has been prepared based on the requirements defined in the *Unanimous Membership Agreement*. This annual report is provided as an information item for Council.

In addition, the Administration is requesting Council authority to finalize the transfer of two parcels of land in the area near the Buffalo Pound Water Treatment Plant that had not been identified in the asset transfer process that had taken place in December 2017.

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

Annual Report

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 an annual report which includes the following information:
 - a) audited financial statements for the period ending December 31, 2017 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.
2. In conjunction with the annual report, BPWTC shall conduct its annual general meeting which will:
 - a. elect the Board of Directors;
 - b. appoint the auditor;
 - c. approve the financial statements; and
 - d. consider any other resolutions that may be brought forward.

The 2017 Annual Report and the 2018 Operating and Capital Budget are included as appendices to this report. BPWTC conducted its annual general meeting on April 27, 2018. This provides the requirement needed for compliance with the elements under the *Unanimous Member Agreement*.

The financial results presented in BPWTC's December 31, 2017 audited statements reflect a \$43,021,334 surplus, increasing BPWTC's accumulated surplus and increasing the year-end surplus to \$45,487,056. The surplus includes \$39,034,070 for contributed assets as a result of the transfer of ownership of the assets from the cities of Regina and Moose Jaw to BPTWC. Without factoring this in, the surplus for BPWTC's would be \$3,987,264 for 2017.

Asset Transfer

The Cities of Regina and Moose Jaw entered into an Asset Transfer Agreement dated December 29, 2017 with BPWTC which was approved by Council through Report CR17-133. The purpose of this Agreement was to transfer all of the assets relating to the Buffalo Pound Water Treatment Plant to BPWTC. As BPWTC is the operator of the Plant and both cities retain their respective membership interests in BPWTC, it made sense for BPWTC to own the assets directly.

Towards the end of the asset transfer process, it was identified that there were two additional parcels of land in the area near the Plant that should also be transferred to BPWTC. As these parcels were not identified earlier, they had not been included in the reports that went to both City Councils. Because of this, these parcels are now being dealt with in this report and the Administration is requesting that Council delegate authority to the Executive Director, Financial and Corporate Services to amend the December 29, 2017 Asset Transfer Agreement to include the transfer of these two parcels of land to BPWTC. The land descriptions are as follows:

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Blk B Plan CX1058 Ext. 2
As described on Certificate of title 60MJ02148

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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 2017 Annual Report and Consolidated Financial Statements at the City's ownership share of 74 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

Public Notice is required for the transfer of the two parcels as this will involve a sale of land for less than fair market value and without a public offering. Public Notice was provided in the Leader Post, the City's public notice board and the City's website on June 2, 2018.

DELEGATED AUTHORITY

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

Respectfully submitted,

EXECUTIVE COMMITTEE

A handwritten signature in black ink, appearing to read 'Jim Nicol', written over a horizontal line.

Jim Nicol, Secretary