

**REPORT TO PLANNING AND PROTECTIVE SERVICES COMMITTEE
MEETING OF WEDNESDAY, NOVEMBER 17, 2021**

SUBJECT Capital Region Emergency Service Telecommunications Inc. (CREST) Service Agreement Renewal

ISSUE SUMMARY

The service agreement between the Capital Regional District (CRD) and Capital Region Emergency Service Telecommunications Inc. (CREST) is set to expire on Dec 31, 2021, and requires renewal.

BACKGROUND

The CRD has the authority within Bylaw No. 2891, "Capital Regional District Service of Emergency Communications Service Establishment Bylaw No. 1, 2001", to provide an emergency communication service or to make a financial contribution towards the cost of an emergency communication service operated by another person or organization. CREST, under agreement with the CRD, is delivering this service to users within the regional district.

The CRD under Bylaw No. 2893, "CREST Members' Agreement Bylaw No. 1, 2001", entered into a membership agreement with CREST, together with the other partners. Each member, including municipalities, the Provincial Government, and other public agencies hold a single share except the CRD, where the regional district holds three, one for each Electoral Area (EA). The list of members is included in Appendix D.

Each member appoints a representative to the CREST Board of Directors equal to the number of shares held. For the CRD, the appointees represent each EA and are not required to be the elected official. The CREST Board approves the annual operating and capital budgets, appoints the CREST General Manager and approves all other permanent positions.

Within the Member agreement, the "CRD Charge" is capped at the net fees collected under Bylaw No. 2911, Emergency Communications Charge Bylaw No. 1, 2001". The bylaw establishes a fee charged to consumers with active phone lines each month in the region. Currently the rate is set at 66 cents per land phone line per month, commonly referred to as the Call Answer Levy (CAL). Revenue requirements over and above the "CRD Charge" are recovered from members by way of cost sharing. A graphical summary of agreements and the cost sharing methodology is included in Appendix A.

The CRD is billed for the member share of costs for the Electoral Areas and recovers the costs by raising requisition directly from each EA under Bylaw No. 2891.

CAL Revenues vary by year and have been trending down since 2013. The decline in land phone line revenue creates a difference in CREST's revenue requirements. To balance, the CRD has been requisitioning costs over and above the CAL. Historical contributions are included in Appendix B.

Up until 2014, the CRD contribution to CREST equaled net fees collected from the CAL. In 2015 the contribution to CREST exceeded net fees collected and has since been funded regionally, cost apportioned by population.

The expected value of a 5 year renewal agreement exceeds the delegated authority limit to the Chief Administrative Officer.

ALTERNATIVES

Alternative 1

The Planning and Protective Services Committee recommends to the Capital Regional District Board:

That the Chief Administrative Officer be authorized to enter into a new regional service agreement with CREST to provide general emergency radio communications services, with annual contributions limited to inflationary adjustments.

Alternative 2

The Planning and Protective Services Committee recommends to the Capital Regional District Board:

That this report be referred back to staff for additional information.

IMPLICATIONS

Service Delivery Implications

Renewal of the service agreement (Appendix C) will result in continuance of CRD contributions to CREST and in turn, the required operations of an emergency communications service on behalf of the CRD. Service levels and operational oversight are provided by and approved by the CREST Board annually through their planning approval processes.

Legislative Implications

The review by staff identified the fees and charges collected under Bylaw No. 2911 have been lower than the revenue requested by CREST for a number of years and is now trending significantly lower. A review of the service establishment bylaw, fees and charges bylaw and accompanying membership agreement is recommended and will be included in service planning in future years.

Financial Implications

In 2020, CRD contributions equalled 21.6% or \$1,681,602 of total CREST revenue, compared to \$1,262,187 of CAL revenue collected from telephone land lines, resulting in a regional contribution of \$419,415. The 2021 planned contributions under the expiring agreement are \$1,715,234 (a growth of 2% from prior year). With renewal of the service agreement, beginning in 2022, the annual contribution will be adjusted to actual CPI measured within the calendar year by BC Stats.

As included in the 2022 Provisional Plan, CAL revenues are anticipated to be \$1,191,596. Based on renewal of the current agreement with inflation adjustments, the CREST contribution would be

\$1,749,539. The resulting difference is \$557,943. While the annual CRD contribution grows by CPI, the funding difference between CAL and the total CREST contribution grows at a higher rate due to reductions in telephone land line levies. The resulting difference grew by 19.8% in 2021 and 11.0% in 2022.

CONCLUSION

The service agreement between the Capital Regional District (CRD) and Capital Region Emergency Service Telecommunications Inc. (CREST) is set to expire on Dec 31, 2021, and requires renewal. The CRD has the authority within Bylaw No. 2891, "Capital Regional District Service of Emergency Communications Service Establishment Bylaw No. 1, 2001", to provide an emergency communication service or to make a financial contribution towards the cost of an emergency communication service operated by another person or organization. CREST, under agreement with the CRD, is delivering this service to users within the regional district. Renewal of the service agreement will result in continuance of CRD contributions to CREST and in turn, the required operations of an emergency communications service on behalf of the CRD.

RECOMMENDATION

The Planning and Protective Services Committee recommends to the Capital Regional District Board:

That the Chief Administrative Officer be authorized to enter into a new regional service agreement with CREST to provide general emergency radio communications services, with annual contributions limited to inflationary adjustments.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT(S)

Appendix A: CREST Relationship Diagram
Appendix B: Historical Payments to CREST
Appendix C: Service Agreement between CRD and CREST
Appendix D: Membership Agreement