

VIA REGISTERED MAIL & EMAIL

Director, Operational Business
Canadian Coast Guard
200 Kent Street (5N177)
Ottawa, Ontario K1A 0E6

RE: MELAMPUS — Goat Island, British Columbia
Incident date: 2017-09-21

SUMMARY AND OFFER OF COMPENSATION

This letter responds to a claim for \$15,106.38, submitted to the Office of the Administrator of the Ship-source Oil Pollution Fund (the “Fund”) by the Canadian Coast Guard (“CCG”). The claim relates to an incident involving the vessel MELAMPUS that occurred on or about 21 September 2017 near Goat Island, British Columbia (the “Incident”).

On 15 August 2019, the Fund received CCG’s claim for costs and expenses related to the Incident. The Fund has now assessed the claim and reached a determination. This letter explains the Fund’s determination and advances an offer of compensation pursuant to sections 105, 106 and 116 of the *Marine Liability Act* (the “MLA”).

The Fund has determined that the CCG’s claim should be allowed, in part. The amount of \$7,072.50 is offered (the “Offer”) with respect to the claim.

The Offer comprises the amount of \$6,522.62 for established costs and expenses, plus the amount of \$549.88 for accrued interest.

The reasons set forth below explain the Offer and provide a detailed description of the claim submitted by CCG, as well as the incident that prompted it.

THE CLAIM SUBMISSION

The CCG claim submission includes a narrative, which describes relevant events relating to the Incident, as well as additional documentation that helps to fill out the narrative, including an initial Pollution Report from the CCG Regional Operations Centre (“ROC”) with subsequent updates. The claim also includes a summary of the costs and expenses, backup documents related to some of those claimed costs and expenses, documentation from three contractors, and a marine survey report. To the extent that this documentation is relevant to the Fund’s determination, its contents are described below.

Narrative

According to the narrative, at 10:00 on 21 September 2017 the CCG Ganges Lifeboat Station was first notified that a 40-foot pleasure craft, later identified as the MELAMPUS, was very low in the water off Goat Island, in Ganges Harbour. CCG personnel from the Ganges Lifeboat Station were dispatched to the MELAMPUS, and they proceeded to pump out the water ingress.

Having temporarily stabilized the vessel, the Ganges Harbour Lifeboat personnel transferred the response to CCG Environmental Response (“ER”) out of Victoria. Two CCG ER personnel arrived on scene and boarded the MELAMPUS. They observed that water ingress continued from an unknown source in its hull. They dipped the vessel’s fuel tanks and estimated they contained 300 litres of diesel. In addition, they observed that the vessel’s “bilge and engine room were both saturated with miscellaneous oils”.

Although CCG ER personnel observed that the pumps were keeping up with water ingress, they determined the MELAMPUS would be at risk of sinking and polluting if not removed from the marine environment. CCG attempts to locate the vessel’s owner were unsuccessful. Accordingly, CCG contracted Eagle Eye Marine Services (“Eagle Eye”) to tow the vessel to the Vector Yacht Services Ltd (“Vector”) facility, near Sidney, where it would be removed from the water.

As Vector was unavailable until the following day, Eagle Eye stored and monitored the MELAMPUS overnight at Ganges, towing it to the Vector facility on 22 September 2017. On receipt, Vector removed the vessel from the water and placed it in storage on the hard.

On 25 September 2017, CCG engaged Building Sea Marine Ltd (“BSM”) to survey the MELAMPUS.

On an unspecified date, CCG resolved to have the MELAMPUS deconstructed. The decision to deconstruct the vessel is explained at page 3 of the narrative as follows:

On Sept 25th 2017 the Melampus was surveyed by [REDACTED] (Building Sea Marine). The purpose of the survey was to look at the vessels sea worthiness, as well as assess the vessel for oil pollution. Ultimately the vessel had no residual value and was unfit for sea. With the marine survey in mind and no known owner, the Melampus would be later destructed at Vector marine treating the vessel as oil pollution waste due to the oily saturated vessel. This incident is considered closed, please refer to attached documentation for further information.

Figure 1: Excerpt from page 3 of the narrative

Cost Summary

The claim submission includes the following summary of costs and expenses claimed by CCG:

POLLUTION INCIDENT			
INCIDENT:	MELAMPUS	PROJECT CODE:	NA
INCIDENT DATE:	September 21, 2017	DATE PREPARED:	11-Jul-19
DEPARTMENT:	CANADIAN COAST GUARD	PREPARED BY:	██████████
			<u>SCH</u>
MATERIALS AND SUPPLIES			1
CONTRACT SERVICES	9,952.92		2
TRAVEL	34.46		3
SALARIES - FULL TIME PERSONNEL	646.45		4
OVERTIME - FULL TIME PERSONNEL	162.09		5
OTHER ALLOWANCES	-		6
SALARIES - CASUAL PERSONNEL	-		7
SHIPS' COSTS (EXCL. FUEL & O/T)	-		8
SHIPS PROPULSION FUEL			9
AIRCRAFT			10
POLLUTION COUNTER-MEASURES EQUIPMENT (PCME)	4,209.50		11
VEHICLES	81.20		12
ADMINISTRATION	17.76		13
TOTAL CCG COST OF INCIDENT	<u>\$ 15,106.38</u>		

Figure 2: Screen capture of CCG Cost Summary

Pollution Report and Logs

CCG submitted an ROC Pollution Report, along with four subsequent ER updates. The ROC Pollution Report indicates that the initial report of the Incident was received at 10:02 on 21 September 2017.

Various internal personnel logs pertaining to the response were also submitted by CCG. The personnel logs indicate that two ER personnel at the GT 04 level worked 10.5 hours each on 21 September 2017, from 06:30 to 17:00, as part of the response to the Incident. The logs indicate that these two personnel each worked 7.5 hours of regular salaried hours (\$43.23 hourly) and 3 overtime hours (54.03 hourly).

In addition to personnel logs, CCG submitted a Daily Log for Equipment as well as a Vessel Log. The former log shows the single-day use of a response vehicle and the vessel CGE 705, a Pollution Response Vessel, Class III ("PRV III"). CCG notes contained within this document indicate that the response vehicle was used to transport ER personnel from Victoria to "IOS" in Sidney, and that CGE 705 was used for travel from "IOS" to Salt Spring Island.

The Vessel Log for the PRV III covers its operations for the entire day of 21 September 2017:

VESSEL LOG CGE 705								
FROM		105		TO		GRANGES	DATE	Sept 21, 2017
TIME	COURSE	SPEED	MILES RUN	DIST OFF	WIND	SEA	REMARKS (BEARINGS, AIDS, DRILLS, INSPECTIONS)	
0800							out of water for pressure wash	
1000							BACK IN	
1005							DEPART FOR GRANGES	
1103							ARRIVE GOAT ISL.	
							GRANGES! ON SCENE	
							PUMPING VESSEL	
1700							DROP NICK @ FUR DOK	
1230							DEPART.	
							SAILING CLUB.	
1300							BACK TO GOAT ISLAND	
1405							DEPART GOAT ISL.	
1500							105	

Figure 3: Screen capture of Vessel Log for CGE 705

Contractor Documentation

The claim submission includes three invoices, one from each of the contractors who provided services in the course of the CCG response to the Incident. No statements of work, contracts, or other similar documents were provided.

The first invoice is from Vector:

CANADIAN COAST GUARD 25 HURON STREET Victoria, BC V8V 4V9 <i>2017-0685</i> <i>MELAMPUS - GOAT ISLAND</i>		Date: 10/02/17 Terms: DUE ON RECEIPT Service Order #: 27717 Page: 1 of 2 Printed: 10/06/17																										
ID:	Alt ID:																											
S/N:	Ref.: 35' WOODEN		Hours:																									
Service Rep: KAREN	Cust PO:	Phone: 250-480-8580	Alternate Phone:																									
Work To Be Performed: HAUL BOAT TRAVEL LIFT PRESSURE WASH BLOCK																												
Work Performed: Assisted with hauling out.																												
<table border="1"> <thead> <tr> <th>Charges For Job:</th> <th>Description</th> <th>Quantity</th> <th>Price</th> <th>Extended</th> </tr> </thead> <tbody> <tr> <td>ZZZ11</td> <td>HAUL/LAUNCH BOAT</td> <td>1</td> <td>404.00</td> <td>404.00</td> </tr> <tr> <td>ZZZ131</td> <td>LAY DAYS (PER DAY) 9/22/17</td> <td>6</td> <td>56.00</td> <td>336.00</td> </tr> <tr> <td colspan="2">Sub-totals for job: Labour: 40.00</td> <td>Parts: 740.00</td> <td>Other: 0.00</td> <td></td> </tr> </tbody> </table>				Charges For Job:	Description	Quantity	Price	Extended	ZZZ11	HAUL/LAUNCH BOAT	1	404.00	404.00	ZZZ131	LAY DAYS (PER DAY) 9/22/17	6	56.00	336.00	Sub-totals for job: Labour: 40.00		Parts: 740.00	Other: 0.00						
Charges For Job:	Description	Quantity	Price	Extended																								
ZZZ11	HAUL/LAUNCH BOAT	1	404.00	404.00																								
ZZZ131	LAY DAYS (PER DAY) 9/22/17	6	56.00	336.00																								
Sub-totals for job: Labour: 40.00		Parts: 740.00	Other: 0.00																									
Work To Be Performed: DISPOSE OF VESSEL - CLEAN UP STALL WHEN COMPLETE																												
Work Performed: Extra scrapping. Used pump truck to dispose of fluids onboard (kerosene, diesel & full water tank) Sucked out sea water in bilge. Removed wall to gain access to fuel tanks. Cut shaft. Cleaned up. Assisted with demolition of boat and loading into dump trucks.																												
<table border="1"> <thead> <tr> <th>Charges For Job:</th> <th>Description</th> <th>Quantity</th> <th>Price</th> <th>Extended</th> </tr> </thead> <tbody> <tr> <td>ZZZ133</td> <td>SUB CONTRACT- PUMP FUEL OUT OF BILGE. TRANSPORT DIESEL FOR DISPOSAL</td> <td>1</td> <td>1,237.80</td> <td>1,237.80</td> </tr> <tr> <td>ZZZ1</td> <td>SHOP SUPPLIES</td> <td>1</td> <td>98.28</td> <td>98.28</td> </tr> <tr> <td>ZZZ40</td> <td>ENVIRO - DISPOSAL - DISPOSE OF CONTAMINATED WATER - RUN BATCH IN WATER SEPERATOR UNIT - DISPOSE OF SOLIDS</td> <td>35</td> <td>0.86</td> <td>30.10</td> </tr> <tr> <td colspan="2">Sub-totals for job: Labour: 1,512.00</td> <td>Parts: 1,366.18</td> <td>Other: 0.00</td> <td></td> </tr> </tbody> </table>				Charges For Job:	Description	Quantity	Price	Extended	ZZZ133	SUB CONTRACT- PUMP FUEL OUT OF BILGE. TRANSPORT DIESEL FOR DISPOSAL	1	1,237.80	1,237.80	ZZZ1	SHOP SUPPLIES	1	98.28	98.28	ZZZ40	ENVIRO - DISPOSAL - DISPOSE OF CONTAMINATED WATER - RUN BATCH IN WATER SEPERATOR UNIT - DISPOSE OF SOLIDS	35	0.86	30.10	Sub-totals for job: Labour: 1,512.00		Parts: 1,366.18	Other: 0.00	
Charges For Job:	Description	Quantity	Price	Extended																								
ZZZ133	SUB CONTRACT- PUMP FUEL OUT OF BILGE. TRANSPORT DIESEL FOR DISPOSAL	1	1,237.80	1,237.80																								
ZZZ1	SHOP SUPPLIES	1	98.28	98.28																								
ZZZ40	ENVIRO - DISPOSAL - DISPOSE OF CONTAMINATED WATER - RUN BATCH IN WATER SEPERATOR UNIT - DISPOSE OF SOLIDS	35	0.86	30.10																								
Sub-totals for job: Labour: 1,512.00		Parts: 1,366.18	Other: 0.00																									
Work To Be Performed: PARTS FOR SERVICE ORDER:																												
Work Performed:																												
<table border="1"> <thead> <tr> <th>Charges For Job:</th> <th>Description</th> <th>Quantity</th> <th>Price</th> <th>Extended</th> </tr> </thead> <tbody> <tr> <td>ZZZ104</td> <td>FLOORDRY - L# 706449</td> <td>6</td> <td>18.74</td> <td>112.44</td> </tr> <tr> <td>ZZZ133</td> <td>SUB CONTRACT- DEMOLITION OF BOAT & REMOVAL/DISPOSAL FEE</td> <td>1</td> <td>2,492.40</td> <td>2,492.40</td> </tr> <tr> <td colspan="2">Sub-totals for job: Labour: 0.00</td> <td>Parts: 2,604.84</td> <td>Other: 0.00</td> <td></td> </tr> </tbody> </table>				Charges For Job:	Description	Quantity	Price	Extended	ZZZ104	FLOORDRY - L# 706449	6	18.74	112.44	ZZZ133	SUB CONTRACT- DEMOLITION OF BOAT & REMOVAL/DISPOSAL FEE	1	2,492.40	2,492.40	Sub-totals for job: Labour: 0.00		Parts: 2,604.84	Other: 0.00						
Charges For Job:	Description	Quantity	Price	Extended																								
ZZZ104	FLOORDRY - L# 706449	6	18.74	112.44																								
ZZZ133	SUB CONTRACT- DEMOLITION OF BOAT & REMOVAL/DISPOSAL FEE	1	2,492.40	2,492.40																								
Sub-totals for job: Labour: 0.00		Parts: 2,604.84	Other: 0.00																									
Total Parts: \$4,711.02 Total Labor: \$1,552.00 Total Sublet: \$0.00 Total Disposal: \$0.00 Pickup/Delivery: \$0.00 Service Call: \$0.00		SubTotal: \$6,263.02 PST: \$0.00 Shipping: \$0.00 GST: \$313.15 Total: \$6,576.17 Payment Received: \$6,576.17 Balance Due: \$0.00																										

Figures 4-6: Screen captures of the Vector invoice

The second invoice, from Eagle Eye, contains little detail beyond the following description: “Vessel reported sinking in Ganges Harbour — Towed into Ganges, monitored overnight, towed to Vector following day. (no charge for pumping, Monitoring, and moorage)”. It indicates a total charge of \$819.00, including HST, for this service and an annotation indicates it was paid by CCG on 12 October 2017.

Finally, the BSM invoice, dated 2 October 2017, is titled “MELAMPUS: Survey for Condition and Salvage Value, September 25, 2017”. It includes charges of \$2,035.00 for the survey and report, \$336.00 for travel expenses, \$65.00 for photographs, and \$121.75 for GST.

Marine Survey Report

The claim submission includes a survey report prepared by BSM based on his 25 September 2017 attendance on board the MELAMPUS, while it sat on blocks at the Vector facility. The report is dated 1 October 2017, and it consists of nine pages. An additional 35 pages of photographs are attached. The vessel is described as a gasoline-powered, 35-foot wooden motor yacht, constructed in the late 1930s.

The first page of the survey report indicates its purpose was to determine the vessel’s (1) condition; (2) prospects for repair and refloating; (3) prospects for reconstruction; and (4) residual value if deconstructed.

The survey report provides a detailed description of the MELAMPUS’ construction and condition, ultimately concluding that it was a “reasonable candidate for reconstruction” to a seaworthy standard. The surveyor speculates that the intact vessel in its as-surveyed condition was worth \$5,000.00, largely due to its construction, age, and history. The surveyor further determined that the vessel and its components would have no residual value if deconstructed.

With specific reference to oil pollutants, the survey report indicates that the MELAMPUS’ two fuel tanks contained approximately 50 gallons each of a gasoline and water mixture. The surveyor further estimates that 20 gallons of miscellaneous oils were present in the vessel’s engine and its small, diesel-powered cooking stove. The report contains a single reference to oil contamination: “The machinery space bilge is lightly fouled with oil.” Some of the photographs provided with the survey report appear to substantiate this finding.

The report contains a general statement that without various recommended repairs, requiring “modest” resources, “the vessel will remain an immediate risk to the environment and navigable waters of BC if put back into the water as is.

FINDINGS OF THE FUND

Eligibility of the Claim

The Fund finds that the CCG is an eligible claimant for the purposes of section 103 of the MLA, and that this claim was submitted within the limitation periods as set out under subsection 103(2). The Fund has further determined that some of the claimed costs and expenses attach to

reasonable measures taken to “prevent, repair, remedy or minimize” oil pollution damage from a ship, as contemplated under Part 6, Division 2 of the MLA, and are therefore established as compensable.

The Initial Oil Pollution Threat

The Fund has determined that the MELAMPUS was taking on water from an unknown source in its hull throughout the CCG on-water response. While it appears that the pumps deployed on 21 September 2017 were keeping up with water ingress, the Fund is nonetheless satisfied that the vessel remained at risk of sinking and would have required regular monitoring in order to be kept afloat. No owner could be identified, leaving only CCG to respond.

The MELAMPUS contained oil pollutants in its fuel tanks and machinery. This was known to the CCG personnel who boarded the vessel, though the precise volume and type of the pollutants was not known at the time. For instance, the survey report indicates that it was gasoline and not diesel in the vessel’s fuel tanks, but this discrepancy has no bearing on the Fund’s overall assessment of this claim. There is no indication that the MELAMPUS discharged any pollutants in the course of the CCG response, and no sorbent materials were deployed by CCG. If the vessel had sunk completely, however, it would likely have caused a discharge of oil.

Based on the evidence submitted by CCG and the above findings, the Fund concludes that the MELAMPUS posed an ongoing oil pollution threat until it was removed from the water by Vector on 22 September 2017. As a result, some degree of response was reasonable in the circumstances.

That said, the threat posed was a modest one, and the response requires scrutiny from the perspective of proportionality as a result. Furthermore, the Fund cannot accept that the bilge and engine room were oil-saturated, as CCG alleges in its narrative. If the interior spaces of the vessel were indeed oil-saturated, the water ingress would have become contaminated, and it is unlikely that CCG would have pumped contaminated water overboard without deploying sorbent materials.

Deployment of CCG ER Personnel and the PRV III

The narrative is not clear on the specifics of CCG’s ER personnel deployment, but the Fund has been able to piece the facts together from some of the additional documentation submitted. The Fund finds that the two ER personnel who responded to the Incident were already at “IOS”, or the Institute of Ocean Sciences in Sidney, when CCG was notified about the incident at 10:02 on 21 September 2017. This finding accords with the narrative, the ROC Pollution Report, and the Vessel Log for CGE 705, which indicates that the two responding personnel removed the PRV III from the water for power washing at 08:00, placing it back in the water at 10:00 and departing for Ganges at 10:05. They had travelled to IOS as part of their ordinary duties, before receiving notice of the Incident.

The Fund further finds that the roughly one-hour trip by PRV III from IOS to Ganges took place in largely sheltered waters near the shore, and in fair conditions.

Towage and Removal from the Water

CCG contracted Eagle Eye to tow the MELAMPUS to the Vector facility in Sidney on 21 September 2017. Vector could not receive the vessel until the following day, so Eagle Eye stored it alongside a dock at Ganges overnight, dewatering and monitoring as needed. The Fund considers these measures to have been reasonable in the circumstances. The Fund also finds that the removal of the vessel from the water, undertaken by Vector, represented a reasonable measure.

Storage, Survey, and Deconstruction

After removal, the MELAMPUS was placed on blocks at Vector's facility. The Vector invoice provided by CCG indicates a charge for six lay days, running from 22 September 2017 and presumably ending on 27 September. This suggests that the deconstruction began on 28 September. The duration of this operation is not ascertainable on the evidence, though it was probably completed by 2 October 2017, the date on the Vector invoice.

The BSM survey was conducted on 25 September 2017 and the survey report that flowed therefrom is dated 1 October 2017. As the deconstruction of the MELAMPUS began prior to the date on the survey report, it is not clear to the Fund that CCG could actually have relied upon The surveyor's findings when it decided to deconstruct the vessel. This is problematic in that it contradicts the statement in the narrative submitted by CCG (see Figure 1). While it is possible that the surveyor communicated his findings to CCG prior to producing his survey report in writing on 1 October 2017, nothing on the record indicates that this was the case.

In any event, the Fund finds that the survey — whether available to CCG at the relevant times or not — was too remote from marine oil pollution mitigation in order to be compensable. The surveyor was not tasked with determining whether the MELAMPUS remained an oil pollution threat. Peripherally, but importantly from an evidentiary perspective, his limited and incidental findings on this front do not suggest that the vessel was “oil saturated” or that it represented an “oil pollution waste”, as CCG alleges in its narrative. The surveyor's most striking finding, that the vessel had a residual value of \$5,000.00 in as-is condition, does not appear to have factored into CCG's decision-making at all.

It is the finding of the Fund that any pollution threat posed by the MELAMPUS was effectively eliminated when a subcontractor engaged by Vector removed and disposed of all fluids on board. At this point, it was not reasonable for CCG to incur an additional expenditure in order to deconstruct the vessel and thereby render it valueless. CCG has presented no evidence to show that it considered and ruled out selling the vessel to mitigate any residual costs, or set off costs already incurred, after the pollutants were removed. Indeed, the narrative, in stating that the survey report contributed to the decision to deconstruct the vessel, suggests that CCG did not consider this option at all.

OFFER OF COMPENSATION BREAKDOWN

CCG presented its claimed costs and expenses to the Fund across several schedules. Each of these schedules is detailed below, and reasons are provided in support of the Fund's ultimate determinations.

Schedule 2: Contract Services *\$9,952.92*

CCG let three contracts in the course of its response to the Incident, each described in detail above.

Because the MELAMPUS represented a pollution threat while still in the water on 21 and 22 September 2017, the Fund finds the towage measures taken by Eagle Eye to have been reasonable. The Fund further finds that the measures taken by Eagle Eye to store, monitor, and pump the vessel were reasonable, but these measures do not appear to have been billed by Eagle Eye. At any rate, this portion of the claim is established in full, in the amount of \$819.00.

BSM was not tasked with assessing the pollution threat posed by the MELAMPUS, and references to oil pollutants on board the vessel in the survey report were limited and merely incidental to the condition assessment tasked by CCG. As a result, the Fund finds that this measure was too remote from marine oil pollution mitigation to merit compensation. The Fund also notes that there is no indication that CCG considered the surveyor's finding that there was residual value in the vessel in as-is condition. This portion of the claim, totalling \$2,557.75, is rejected in full.

The Fund finds that the majority of the measures taken by Vector and its subcontractor, and the majority of the costs associated with these measures (see Figures 4–6), to be established. These include removing the MELAMPUS from the water, removing and disposing of all fluids on board, and all labour costs associated with the foregoing. The deconstruction and disposal of the vessel, however, at a combined cost of \$2,492.40 plus GST, are rejected in full. This leaves a subtotal of \$3,770.62 established, plus applicable GST of \$188.53, for a total of \$3,959.15.

In summary, this portion of the claim is allowed, in part, in the amount of \$4,778.15.

Schedule 3: Travel *\$34.46*

This portion of the CCG claim represents the cost of lunches for the two ER personnel who travelled to Ganges Harbour to respond to the Incident. The amounts claimed are slightly below the Treasury Board allowances in place at the relevant time and are supported by signed individual Travel Claims. Further, the Fund finds that the claimed costs under this schedule arose from measures that were otherwise reasonable as a response to an oil pollution incident.

This portion of the claim is allowed in its entirety.

Schedule 4: Salaries — Full Time Personnel *\$648.45*

CCG claimed for the regular full-day salaries of the two ER personnel who responded to the Incident on 21 September 2017. The two personnel began their days at 06:30 and concluded their

regular salaried hours at 14:00, but the response to the Incident began at 10:00. As such, the Fund will only compensate the hours worked from 10:00 onward. Accordingly, the amount of \$302.61, representing the seven hours already worked prior to the response, has been deducted from the amount claimed under this schedule.

This portion of the claim is allowed, in part, in the amount of \$345.84.

Schedule 5: Overtime — Full Time Personnel \$162.09

The cost summary indicates that CCG claimed an amount corresponding with three hours of overtime, though it provided documentation showing that both of the personnel involved worked three hours of overtime on 21 September 2017. While the Fund considers all of the documented overtime hours to represent a reasonable deployment of resources in the circumstances, the Fund will only compensate claimants to the extent that they explicitly indicate an intention to claim such costs and expenses.

This portion of the claim is allowed in its entirety.

Schedule 11: Pollution Counter-measures Equipment \$4,209.50

The amount claimed under this schedule represents the day-use of a PRV III, which transited from IOS to Ganges Harbour. The Fund notes that the day rate for a PRV III is a substantial expense when compared with that of a PRV II, at \$1,194.23. Both vessels are rated for use in similar conditions, with the 8-metre PRV II being effectively a scaled-down version of the 14.5-metre PRV III. The primary differences between the two vessels are related to carrying capacity and equipment capabilities. Without evidence to support the decision to use a PRV III in response to the Incident, and without evidence to show that any direct measures beyond assessment and monitoring of the situation were contemplated by CCG ER, the Fund cannot see such use as a proportionate measure in the circumstances. Therefore, the amount established under this schedule is reduced to an amount the Fund deems reasonable: the cost of a PRV II.

The amount claimed under this schedule is allowed, in part, in the amount of \$1,194.23.

Schedule 12: Vehicles \$81.20

This portion of the claim covers the use of a response vehicle for travel from Victoria to IOS on 21 September 2017. The Fund has found that the two ER personnel who responded to the Incident were already at IOS on ordinary business when they were instructed to depart to Ganges to attend to the MELAMPUS. As the costs associated with the roundtrip use of a response vehicle would have been incurred by CCG even if the Incident had not occurred, the claimed amount under this schedule cannot be compensable.

The amount claimed under this schedule is rejected in full.

The Fund and CCG have previously agreed to increase payments on CCG claims to account for administrative overhead. The rate previously agreed upon is 2.53%, to be applied to certain internal operating costs.

On this claim, CCG seeks administration costs at a rate of 3.09% of claimed amounts for travel and regular salaried hours, excluding the employee benefits plan. Discussions are currently underway between the Fund and CCG with regard to this new rate, but no agreement has yet been reached. Applying the previously established rate of 2.53%, and taking into account reductions made under Schedule 4, the administration cost is adjusted to \$7.85.

This portion of the claim is allowed, in part, in the amount of \$7.85.

OFFER SUMMARY AND CLOSING

The following table is provided to summarize the amounts claimed and offered with respect to the CCG response to the vessel MELAMPUS.

Schedule	Claim	Offer
2 – Contract Services	\$9,952.92	\$4,778.15
3 – Travel	\$34.46	\$34.46
4 – Salaries – Full Time Personnel	\$648.45	\$345.84
5 – Overtime – Full Time Personnel	\$162.09	\$162.09
11 – Pollution Counter-measures Equipment	\$4,209.50	\$1,194.23
12 – Vehicles	\$81.20	\$0.00
13 – Administration	\$17.76	\$7.85
Total in Principal	\$15,106.38	\$6,522.62
Interest		\$549.88
Grand Total of Offer		\$7,072.50

In considering this Offer, please observe the following options and time limits that arise from section 106 of the MLA.

You have 60 days upon receipt of this Offer to notify the undersigned whether you accept it. You may tender your acceptance by any means of communication by 16:30 Eastern Time on the final day allowed. If you accept this Offer, payment will be directed to you without delay.

Alternatively, you have 60 days upon receipt of this Offer to appeal its adequacy to the Federal Court. If you wish to appeal the adequacy of the Offer, pursuant to Rules 335(c), 337, and 338 of the *Federal Courts Rules*, SOR/98-106 you may do so by filing a Notice of Appeal in Form 337. You must serve it upon the Administrator of the Ship-source Oil Pollution Fund (the

“Administrator”), who shall be the named Respondent. Pursuant to Rules 317 and 350 of the *Federal Courts Rules*, you may request a copy of the Certified Tribunal Record.

The MLA provides that if no notification is received by the end of the 60-day period, you will be deemed to have refused the Offer. No further offer will issue.

Finally, where a claimant accepts an offer of compensation, the Administrator becomes subrogated to the claimant’s rights with respect to the subject matter of the claim. The claimant must thereafter cease any effort to recover for its claim, and further it must cooperate with the Fund in its efforts to pursue subrogation.

Yours sincerely,

Mark A.M. Gauthier, B.A., LL.B.
Deputy Administrator, Ship-source Oil Pollution Fund

c.c.: Superintendent, Environmental Response, Western Region