



OFFER LETTER

Ottawa, 29 November 2021
SOPF File: 120-898-C1
CCG File: n/a

BY EMAIL

Manager, Response Services and Planning
Canadian Coast Guard
200 Kent Street (Stn 5N167)
Ottawa, Ontario K1A 0E6

**RE: MV *Salish Guardian* – Ganges Harbour, Goat Island, British Columbia
Incident date: 2019-07-24**

SUMMARY AND OFFER

- [1] This letter responds to a claim submitted by the Canadian Coast Guard (the “CCG”) with respect to an incident involving the motor vessel *Salish Guardian* (the “Vessel”), which grounded and partially sank on 24 July 2019 (the “Incident”).
- [2] On 21 July 2021, the Office of the Administrator of the Ship-source Oil Pollution Fund (the “Fund”) received the CCG’s claim for costs and expenses related to the Incident. The claimed costs and expenses total \$98,810.32. The claim has been reviewed and a determination has been reached. This Offer Letter explains the determination and advances an offer of compensation pursuant to sections 105, 106 and 116 of the *Marine Liability Act* (the “MLA”).
- [3] The CCG’s claim is allowed. The amount of \$38,662.05, plus accrued interest is offered with respect to this claim (the “Offer”).
- [4] The reasons which explain the Offer are set forth below.

THE SUBMISSION RECEIVED

[5] The CCG submission includes a narrative which describes relevant events relating to the Incident. It also includes a summary of the costs and expenses claimed, backup documents related to some of those claimed costs and expenses, and photos. To the extent that these submitted documents are relevant to the Fund's determination, their contents are described below.

Narrative

[6] On 24 July 2019, the CCG was notified that the Vessel had grounded on the rocks at Ganges Harbour and deployed lifeboat officers to assess the pollution risk posed by the Incident. Upon arrival, the officers noted that the Vessel was a 55-foot pleasure craft and observed an oily sheen in the water. They did not observe the Vessel's name or registration number.

[7] The CCG contracted nearby Eagle Eye Marine Services ("Eagle Eye"), a marine contracting firm, to aid in assessing the Incident and explore options for refloating the Vessel. Environment and Climate Change Canada and local First Nations were notified of the Incident.

[8] An Eagle Eye employee informed the CCG that he had previously owned the Vessel. The employee advised that it could contain up to 3,000 liters of diesel fuel, and that he had only seen the Vessel moved from its mooring a few times since he sold it making it unlikely that oil had been removed. He also stated that the Vessel had changed ownership several times since he sold it.

[9] A three-member CCG team arrived that morning to assess the Vessel and aid in booming operations. It was observed that the Vessel's keel stem and fiberglass hull were damaged and that the Vessel's port side was underwater, with the Vessel wedged either on a rock or between rocks.

[10] Later that day, despite search efforts by Eagle Eye and the CCG, the identity of the current owner of the Vessel was still unknown. Due to an apparent ingress of seawater and the likely presence of hydrocarbons onboard, it was determined that the Vessel should be removed from the marine environment. The CCG reached out to three marine services companies to request a barge and crane for the salvage operation; none of these companies was able to provide the required machinery.

[11] A non-recoverable oily sheen was noted outside the boomed area around the Vessel, despite the fact that Eagle Eye had plugged the Vessel's fuel vents and port engine room air intake.

[12] That afternoon, the Vessel owner was identified; however, due to his apparent medical issues, his father served as his representative during the salvage operation. His father stated that he could not afford to pay the required salvage costs.

- [13] It was determined to contract Cold Water Divers to lift the Vessel that night in conjunction with the high tide. Eagle Eye would then tow the Vessel to Vector Yacht Services in Sidney, BC, to be removed from the water.
- [14] That evening, the owner's father informed the CCG that he had arranged for Eagle Eye to tow the Vessel to Maple Bay, in the North Cowichan district municipality of Vancouver Island. Eagle Eye stated that no such arrangement had been made. The CCG communicated this to the owner's father and informed him that, due to the ongoing pollution threat posed by the Incident and the CCG's lack of confidence in his response plan, the CCG would carry on with its planned response.
- [15] That night, efforts to refloat the Vessel were unsuccessful, and due to crew fatigue and the lowering tide, it was determined to suspend operations until the following day.
- [16] On 25 July 2019, Cold Water Divers used air bags to lift the Vessel's transom high enough that the engine room was accessible for inspection. It was observed that the engine room was mostly flooded, with a one-inch layer of oil on the surface. Two five-gallon drums of oil were removed from the Vessel. Cold Water Divers deployed pumps and the Vessel began to roll back onto the rocks on its starboard side. It was noted that a 4,000-liter astern water tank appeared to be full, which was impeding the lifting operation.
- [17] Eagle Eye set up a pump to remove water from the tank. A 120-liter tidy tank, which appeared to be 25%-50% full, was also removed. Pumping operations continued throughout the afternoon.
- [18] At or around 5:25pm, one foot of freeboard had been gained at the stern of the Vessel, allowing the CCG to further inspect the engine room. Based on the location of the observed water ingress and on the fact that the pumps were struggling to maintain water levels in the Vessel, the CCG determined that the Vessel had a hole on its port side. It was determined that the Vessel should be temporarily docked in Ganges Harbour after refloating to perform temporary repairs prior to towing it to Vector Yacht Services.
- [19] That evening, Eagle Eye used its tug vessel to remove the Vessel from the rocks and tow it to a dock in Ganges Harbour. The Vessel was listing to the portside, and Cold Water Divers observed and repaired a 1' x 2' hole in its hull.
- [20] The Vessel was towed to Vector Yacht Services that night and subsequently removed from the water.
- [21] A survey of the Vessel commissioned by the CCG determined that the Vessel would be an immediate risk to the navigable waters and marine environment of British Columbia if it were returned to the water and that its hull, structure, and equipment had no residual value.

[22] After several attempts to contact the owner of the Vessel and his father, it was determined that the Vessel should be deconstructed. Deconstruction was completed by Vector Marie Services on 24 October 2019.

The costs and expenses summary

[23] The submission also included the following summary of the costs and expenses claimed by the CCG:

INCIDENT:	SALISH GUARDIAN	PROJECT CODE:	FHVW5
INCIDENT DATE:	July 24, 2019	DATE PREPARED:	JULY 12/21
DEPARTMENT:	CANADIAN COAST GUARD	PREPARED BY:	██████████

		<u>SCH</u>
MATERIALS AND SUPPLIES	-	1
CONTRACT SERVICES	77,049.10	2
TRAVEL	835.50	3
SALARIES - FULL TIME PERSONNEL	965.58	4
OVERTIME - FULL TIME PERSONNEL	10,729.60	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)	9,048.72	11
VEHICLES	131.14	12
ADMINISTRATION	50.68	13
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TOTAL CCG COST OF INCIDENT	\$ 98,810.32	
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Figure 1 - Screen capture of CCG cost summary

FINDINGS AND DETERMINATIONS

Eligibility of the claimant

[24] The Administrator has determined that the CCG is an eligible claimant and that the Incident occurred within the territorial sea or internal waters of Canada for the purposes of s. 103 of the MLA. As the Vessel posed an identified risk of oil pollution, it is further determined that at least some of the claims submitted by the CCG are eligible for compensation from the Fund.

The pollution threat posed

[25] According to the CCG narrative of events, an oily sheen was observed in the water around the Vessel, and the submission includes photos depicting the poor condition of the Vessel. Additionally, the CCG received information from a former owner of the Vessel indicating that the Vessel likely contained up to 3,000 liters of diesel.

[26] On these grounds, the CCG submission establishes that the Vessel did pose a threat of hydrocarbon oil pollution to the marine environment. Accordingly, it was reasonable for the CCG to take steps to mitigate this threat.

CLAIM AND OFFER DETAILS

[27] The CCG submission broke its claim down into several categories. This section of the Offer Letter reviews each of those categories of claim in detail and provides reasons as to why the claimed costs and expenses have been allowed or disallowed.

Schedule Two – Contract Services \$77,049.10

[28] These costs arise from work performed by four contractors during the response to the Incident. The following table summarizes these costs.

CONTRACTOR	SERVICE	COST incl. GST
Eagle Eye Marine Services	Pump water from Vessel, tow Vessel to Vector Yacht Services facility	\$7,140.00
Vector Yacht Services	Remove Vessel from water, deconstruct Vessel	\$44,476.28
Building Sea Marine	Perform a condition and value survey of Vessel	\$2,286.38
Cold Water Divers	Pump water from Vessel, refloat Vessel	\$23,146.44
Total		\$77,049.10

Table 1 – Claimed contract services costs (Schedule 2)

[29] The costs attributed to Eagle Eye are supported by a single-page invoice that lists the applicable hourly rate for each service performed. Assistance in setting up containment boom, standing by to assist with the removal of the Vessel, and towing the Vessel to the Vector Yacht facility in Sidney are billed at a rate of \$250 per hour. In the case of the latter two services, the portions thereof performed at night (beginning at 8:00pm) are billed at \$300 per hour.

[30] The CCG submission does not include the contract with Eagle Eye, and the invoice does not note the amount and type of assets brought to the site. It is therefore difficult to determine the reasonableness of these costs based solely on the Eagle Eye invoice. However, booming and towing work was clearly an appropriate measure in this case and that appears to be what Eagle Eye did. Further, based on a review of Eagle Eye's assets listed on its website, a daytime hourly rate of \$250 with a minimum crew of two people is accepted as reasonable.

[31] Neither the Eagle Eye invoice nor the rest of the CCG submission contains an explanation for the night rate of \$300, which represents a 20% increase from the daytime rate. When contacted by the Office of the Administrator, Eagle Eye advised that this cost increase is meant to offset the safety risks generated by working at night in poor visibility. Considering that Eagle Eye's work is usually performed during the day, the difference in daytime and night hourly rates is accepted as reasonable in this case.

[32] The Eagle Eye invoice contains a minor accounting error: the overnight towing of the Vessel to the Vector Yacht facility, which, according to the invoice, was performed from 8:01pm to 3:30am (7.5 hours) is listed as 8.5 hours. Correcting this error reduces the overall cost of the invoice by \$315 (\$300 for one hour of work at the night rate and \$15 representing 5% GST). On the grounds described above, the remaining costs are accepted as reasonable.

Schedule 2 costs attributed to Eagle Eye Marine Services are allowed in the amount of \$6,825.00.

[33] The CCG contracted Vector Yacht Services to remove the Vessel from the water, store it in its facility in Sidney, BC, and later deconstruct it. This invoice is supported by subcontractor invoices from NAPA Auto Parts (for four wheels removed from the Vessel); EMSL Analytical, Inc. (analysis of heavy metals removed from the Vessel); and AREC Environmental Group, Ltd. (survey report of hazardous materials that the Vessel contained).

[34] The invoice contains a note reading "See individual jobs for more details." When contacted by the Office of the Administrator, the CCG confirmed that all available details related to the Vector Yacht Services invoice were submitted as part of its claim to the Administrator.

[35] The costs attributed to Vector Yacht Services are not accepted. Some of the services provided by Vector Yacht Services could plausibly be considered as measures taken with respect to oil pollution, including the haul out of the Vessel. Unfortunately, the evidence as to the cost of those items, as compared to non-oil measures, is not available. The Vector Yacht Services invoice does not contain an itemized breakdown of work performed. The AREC hazardous materials survey makes only a brief mention of the oil that the Vessel contained with no evidence that the Vessel posed an ongoing pollution threat. The claim includes no evidence that the CCG attempted to mitigate the demolition costs or monitor the work from 23 September 2019 to 24 October 2019. In short, while it is possible some of this work constitutes measures taken with respect to oil pollution, it is not possible to attribute a value to those services on the available evidence.

[36] The deconstruction and disposal of a vessel is not inherently an oil pollution response operation. In many cases, such expenses are incurred for wreck removal reasons rather than as a result of a threat of oil. The costs under the invoice identified above relate only tangentially to oil pollution. As the evidence does not establish that these costs and expenses were for measures reasonably taken with respect to oil pollution, those costs and expenses are disallowed.

Schedule 2 costs attributed to Vector Yacht Services are disallowed.

[37] The CCG contracted Building Sea Marine to conduct a survey on the condition and salvage value of the Vessel, which occurred on 5 August 2019. The surveyor noted the relatively poor condition of the Vessel and concluded that it had no residual value. The remaining oil onboard the Vessel was estimated to be over 3,000 liters, consisting of engine lube oil, transmission oil, sump oil, and oil-water mixture in the fuel tanks.

[38] Concerning the condition of the Vessel and the oil pollution threat that it posed, the survey report does not contain information that could not have been captured by a CCG Response Specialist or Senior Response Officer. It is concluded that the costs of the survey were incurred for the purpose of assessing the value of the Vessel prior to deconstruction, rather than as a measure taken with respect to the threat of oil pollution. On these grounds, they are disallowed.

Schedule 2 costs attributed to Building Sea Marine are disallowed.

[39] The CCG contracted Cold Water Divers to refloat the Vessel. According to the Cold Water Divers invoice, on the afternoon of 24 July 2019 one dive team took a truck and trailer to Ganges Harbour by ferry and another dive team took a dive boat to a nearby boat ramp and sailed to the scene of the Incident. Work on scene began around 5:30pm and continued until around 3:00am the following morning. It appears that the work was then temporarily suspended due to fatigue, with two crew members staying in a nearby hotel and two remaining with the Cold Water Divers dive boat (the invoice mentions “floating accommodations in Ganges”).

[40] The refloating work comprised most of the following day and finished around 6:41pm, after which Cold Water Divers supported the tow operation until the Vessel was removed from the water at the Vector Yacht Services facility around 2:10am on the morning of 26 July 2019.

[41] A video posted to the Cold Water Divers Facebook page during the response to the Incident reveals that the hull of the Vessel was impaled by a rock, which complicated the refloating operation and explains why it took longer than would be expected for a similar refloating operation in normal conditions. This complication is not mentioned in the CCG submission.

[42] The invoice contains a relatively detailed description of the work performed and is supported by hotel and ferry receipts. The employee per diem amounts are slightly less than the applicable government travel rates at the time. The labour is charged at an emergency rate of \$650.00 per hour for each of the four dive crew members; this rate is reduced to \$325.00 per hour for pumping and demobilization, which were performed by two members. These amounts, including the \$850.00 attributed to the use of a 22-foot dive boat for one day, are accepted as reasonable.

[43] There appears to be an accounting error in the numbers of hours charged on 24 July 2019 (11.25). According to the invoice, Cold Water Divers was notified of the Incident at 3:45pm, leaving a maximum of 8.25 remaining hours in that day. The three-hour difference is accounted for in the billable hours that appear for the following day, for a duplicate charge of \$2,047.50 (\$1,950.00 and \$97.50 representing 5% GST). Aside from this amount, the remaining costs of this invoice are accepted as reasonable.

Schedule 2 costs attributed to Cold Water Divers are allowed in the amount of \$21,098.94.

[44] The following table depicts the claimed and allowed Schedule 2 costs for contract services:

CONTRACTOR	COST: CLAIMED (incl. GST)	COST: ALLOWED (incl. GST)
Eagle Eye Marine Services	\$7,140.00	\$6,825.00
Vector Yacht Services	\$44,476.28	\$0
Building Sea Marine	\$2,286.38	\$0
Cold Water Divers	\$23,146.44	\$21,098.94
Total	\$77,049.10	\$27,923.94

Table 2 – Claimed and allowed contract services costs (Schedule 2)

This portion of the claim is allowed in part in the amount of \$27,923.94.

[45] The claimed travel costs were incurred by four CCG personnel. The following table provides an itemized breakdown of the travel costs attributed to each person.

OFFICER	COSTS: HOTEL	COSTS: MEALS	COSTS: VEHICLE	TRAVEL EXPENSE REPORT TOTAL	CLAIMED SCHEDULE 3 TOTAL incl. GST
1	\$219.00	\$162.40	\$8.25	\$389.65	\$170.65
2	\$219.00	\$162.40	\$106.70	\$488.10	\$269.10
3	\$219.00	\$162.40	\$30.25	\$411.65	\$192.65
4	\$219.00	\$162.40	\$40.70	\$422.10	\$203.10
Total					\$835.50

Table 3 – Claimed travel costs (Schedule 3)

[46] As shown in the above chart, the claimed expenses are lower than the travel expenses incurred, per the expense reports provided by the CCG in support of its claim. This discrepancy is the result of hotel expense which appear to have been incurred for hotels not used, and which were then not claimed for by the CCG. This is discrepancy is discussed in detail below.

[47] Assessment of the costs claimed in Schedules 3-5 was conducted on the basis of a determination that three Environmental Response (“ER”) personnel, rather than four, would have been sufficient to respond to the Incident. This determination is based on information gleaned from the submitted contractor invoices (see Schedule 2 above); statutes that the CCG is obliged to follow in its operations, such as the *Canada Labour Code*; and a reasonable interpretation of the CCG vessel logbooks and Personnel & Equipment Daily Logs. As it appears, based on the logbook entry and Personnel & Equipment Daily Log for 24 July 2019, that the officer listed as Officer 3 in the above table was the fourth person to arrive on scene on the evening of that day, his travel costs are not accepted as reasonable.

[48] Considering discrepancies in the submitted evidence regarding the number of hours worked by the officers who responded at the scene, this approach approximates what likely occurred during the response to the Incident in a safer and more cost-effective way while simultaneously respecting the response timeline as set forth in the CCG submission.

[49] As noted above, the CCG incurred hotel expenses but its response officers did not stay in a hotel. The \$219 hotel expense per officer is considered appropriate and is somewhat less than the hotel expense incurred for the contractors. The claim provides

no explanation as to why the CCG officers did not stay in the hotel and resume work in the morning. It appears that notwithstanding that the hotels were not used, the CCG incurred the expense of a hotel stay, presumably as a result of the reservations not being cancelled in time.

[50] As is discussed in the section of this offer letter which addresses overtime, the decision to have the response officers return to Victoria by road, and then return to the scene on only a few hours of rest is not reasonable. In light of deductions made to the overtime claim, the hotel expense is allowed in the amount of \$219 for three officers.

[51] The claimed meal costs do not exceed the allowed amounts included in travel rates that were in effect at the time. They are therefore accepted as reasonable for three officers also.

[52] The personal motor vehicle costs are not accepted as reasonable because, based on the Personnel & Equipment Daily Logs and salary and overtime forms, they are not established as having been incurred in accordance with Article 28.10 of the collective agreement between the Treasury Board and the Public Service Alliance of Canada regarding reimbursement of transportation expenses.

[53] Namely, considering that the CCG had made hotel reservations in the Ganges area, it is not determined that the officers reasonably had to drive back to Victoria on the early morning of 25 July on overtime hours in order to report back to the scene just hours later. Additionally, the Personnel & Equipment Daily Log for 25 July suggests that the officers reported at the scene that morning, worked for the day and much of the night on overtime hours, and returned to Victoria on the early morning of 26 July. The evidence does not indicate that the officers were required to report back to work for overtime or work on a day of rest, pursuant to Articles 28.05(b)-(c) and 28.06(c). The personal motor vehicle costs are therefore disallowed for each officer.

This portion of the claim is allowed in part in the amount of \$1,144.20.

Schedule Four – Salaries for Full Time Personnel \$965.58

[54] The claimed salary costs are attributed to three of the four CCG personnel who responded to the Incident. A total of 7 work hours per person is claimed for 24 July 2019.

[55] The salary costs for the three personnel were charged at a rate of \$45.98 per hour, which was calculated by dividing the GT-04 annual salary by 52 (representing the number of weeks per year) and then by 37.5 (representing the number of working hours per week). This results in an error.

[56] The salary costs should instead be calculated by dividing the annual salary by 52.176 (representing the number of weeks per year and accounting for leap years) and

then by 37.5, which provides a corrected hourly rate of \$45.82 (including an EBP contribution of 20%).

[57] Due to discrepancies in the Personnel & Equipment Daily Log sheets and the Extra Duty Pay sheets, three ER personnel were considered over the two-day duration of the response (the morning of 24 July until the morning of 26 July). Considering that this work occurred during the working week, and on the same grounds described in Schedule 3 regarding the allocation of employee working time, it is determined that 15 hours (two standard workdays) of salary time for three officers at an hourly rate of \$45.82 best aligns with the work performed. These costs total \$2,061.90.

This portion of the claim is allowed in full in the amount of \$2,061.90.

Schedule Five – Overtime for Full Time Personnel \$10,729.60

[58] The CCG claims a total of 145 overtime hours for the four personnel, divided among them as follows: 33 hours, 37.5 hours, 37 hours, and 37.5 hours. The claimed overtime costs more than ten times higher than the claimed salary costs. This is problematic for an approximately 46-hour response that took place during the working week (approximately 7:00am on 24 July 2019 to 5:00am on 26 July 2019).

[59] The timeline required for the overtime claim made does not allow near the eight consecutive rest hours between work periods required by subsection 169.2(1) of the *Canada Labour Code*. The claim documentation does not indicate why this safety rule was not followed. Further, the claim documentation includes no explanation or justification as to why the 7.5 normal working hours on 25 July were charged at double time in addition to the standard salary rate.

[60] Additionally, as noted in Schedule 3 above, it appears that the CCG had booked hotel accommodations for the officers for the night of 24 July/morning of 25 July but ultimately cancelled the reservation. The documentation shows that, rather than switching out personnel or resting and resuming work in the morning, the officers incurred additional overtime hours by driving back to Victoria and returning only three hours later.

[61] This approach can be contrasted with that taken by the Cold Water Divers personnel, who stayed in a local hotel during that night and resumed work the next day. Indeed, the CGE logbook entry for 24 July, which notes a four-hour CCG absence on that day, indicates that a constant CCG presence on-scene was not strictly necessary in the circumstances.

[62] Based on the submitted documentation, it appears that a rest period of at least 8.5 hours was possible on the early morning of 25 July 2019, which would be compliant with the *Canada Labour Code*. Considering this, it would have been reasonable to

charge for 15 hours of overtime at the 1.5 salary rate and 7.5 hours of overtime at the double salary rate for three officers. These hours account for work performed on the evening and night of 24 July, night of 25 July, and early morning of 26 July.

[63] The claimed overtime rate of \$38.32 was incorrectly calculated similarly to the claimed salary rate discussed in Schedule 4. The corrected hourly overtime rate is \$38.19. This rate was used to calculate the accepted overtime costs discussed in the previous paragraph, for a total of \$4,296.37.

This portion of the claim is allowed in part in the amount of \$4,296.37.

Schedule 11 - Pollution Counter-Measures Equipment \$9,048.72

[64] These costs arise from the use of a CGE 705 boat, four fuel transfer pumps, two 2000-watt generators, and 300 feet of 24-inch containment boom, all for two days. They are substantiated by Personnel & Equipment Daily Log sheets for 24-25 July 2019.

[65] Given the mixture of oversight, pollution mitigation, and salvage support functions that the CCG performed during the response to the Incident, the use of the electric pumps, generators, and containment boom, as well as the associated costs, which match those provided in the CCG costing manual, are accepted as reasonable.

[66] The PRV III charge-out rate of \$4,209.50 per day is not accepted as reasonable. PRV III boats have a LOA of 14.318 meters and a gross register tonnage of 14.74 tons. By contrast, the CGE 705 has a LOA of 9 meters and a gross register tonnage of only 1.73 tons. Since both vessels have an LOA of at least 9 meters, however, they are listed at the same rate in the CCG costing manual.

[67] The estimated \$757,710.79 replacement cost of PRV III boats, as provided in the CCG costing manual, is much higher than that of the CGE 705 as a result of the relatively recent construction of the PRV III. Because the two boats differ substantially in their operational capabilities and are only linked by their LOA, the PRV II rate of \$1,194.23 per day is most appropriate in this instance.

[68] Together, the costs for the two-day use of the CGE 705 at the PRV II rate and the costs of the pump, generator, and containment boom total \$3,018.18.

This portion of the claim is allowed in part in the amount of \$3,018.18.

Schedule 12 – Vehicles

\$131.14

[69] The CCG claimed for the use of a Ford F350 truck for two days at a daily rate of \$65.57. The total amount of \$131.14 represents only the daily rate for the use of the vehicle for two days and does not include any additional mileage costs.

[70] No vehicle log or fuel receipts were included in the CCG submission. Nonetheless, based on the circumstances of the Incident, it is reasonable to conclude that a vehicle was necessary for at least two days to facilitate travel between the CCG base in Victoria, BC, and the Institute of Ocean Sciences in Sidney, BC.

[71] On these grounds, the vehicle costs are accepted as claimed.

This portion of the claim is allowed in its entirety in the amount of \$131.14.

Scheduled 13 – Administration

\$49.90

[72] Pursuant to an agreement with the Administrator, the CCG may claim for administrative costs at the rate of 3.09% for costs related to the time required to prepare a claim and costs incurred to support a pollution response (including travel and salary costs, excluding EBP contributions).

[73] In this case, the sum of the allowed travel and salary costs (excluding EBP) is \$2,793.72. Applying the 3.09% administrative cost rate to this amount yields a total of \$86.33.

This portion of the claim is allowed in full in the amount of \$86.33.

OFFER SUMMARY AND CLOSING

[74] The following table is provided to summarize the claimed and allowed expenses with respect to the CCG claim for the *Salish Guardian*.

SCHEDULE	CLAIM	OFFER
2: Contract Services	\$77,049.10	\$27,923.94
3: Travel	\$835.50	\$1,144.20
4: Salaries	\$965.58	\$2,061.90
5: Overtime	\$10,729.60	\$4,296.37
11: Pollution Countermeasures Equipment	\$9,048.72	\$3,018.18
12: Vehicles	\$131.14	\$131.14
13: Administration	\$49.90	\$86.32
Total	\$98,810.32	\$38,662.05

Table 4 – Claimed and allowed expenses (all schedules)

[75] The amount of the Offer is \$38,662.05, plus statutory interest accrued to the time payment is made.

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

[77] 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.

[78] 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 on Form 337. You must serve it upon 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.

[79] 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.

[80] Finally, where a claimant accepts an offer of compensation from the Fund, the Fund 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