



## **OFFER LETTER**

Ottawa, 5 April 2022  
*SOPF File:* 120-903-C1  
*CCG File:*

### **BY EMAIL**

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

**RE: *MV Scotia River* — Lax Kw'alaams, British Columbia**  
**Incident date: 2019-11-10**

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### **SUMMARY AND OFFER**

[1] This letter responds to a submission from the Canadian Coast Guard (the “CCG”) with respect to the tug vessel *Scotia River* (the “Vessel”). The Vessel sunk at a marina in Lax Kw'alaams, British Columbia, on 10 November 2019 (the “Incident”).

[2] On 3 November 2021, the office of the Administrator of the Ship-source Oil Pollution Fund (the “Fund”) received a submission from the CCG on behalf of the Administrator. The submission advanced claims under sections 101 and 103 of the *Marine Liability Act*, SC 2001, c 6 (the “MLA”) totaling \$101,618.52 for costs and expenses arising from measures taken by the CCG to respond to the Incident.

[3] The submission has been reviewed and a determination with respect to its claims has been made. This letter advances an offer of compensation to the CCG pursuant to sections 105 and 106 of the MLA.

[4] The amount of \$88,693.78 (the “Offer”), plus statutory interest to be calculated at the time the Offer is paid, in accordance with section 116 of the MLA, is offered with respect to this claim.

[5] The reasons for the Offer are set forth below, along with a description of the submission.

## THE SUBMISSION RECEIVED

[6] The submission includes a narrative that describes events relating to the Incident. It also includes a summary of the costs and expenses that the CCG claims and corroborating documents. To the extent that these are relevant to the determination, they are reviewed below.

### Narrative

[7] According to the narrative, on the afternoon of 10 November 2019 the CCG was notified that the Vessel had sunk at a marina in Lax Kw'alaams, British Columbia. The Vessel was reportedly discharging diesel and hydraulic fluid.

[8] On 11 November 2019, two CCG officers and local first responders deployed containment boom and pads around the Vessel. The officers left additional sorbent materials for the first responders to use as necessary.

*Figures 1 and 2 – The sunken Vessel surrounded by containment boom (photos undated)*

[9] On 13 November 2019, the CCG contacted the suspected owner of the Vessel, who stated that he had sold it; however, he was unable to produce the bill of sale. Contact between the owner and the CCG seems to have ceased by 19 November, and the CCG did not obtain a bill of sale for the Vessel.

[10] Meanwhile, the CCG began searching for a contractor to carry out the salvage operation. One contractor, Wainwright Marine Services Ltd. (“Wainwright Marine”) was available to begin by 22 November. This date was later postponed to 26 November due to poor forecasted weather.

[11] On 15 November 2019, the first responders in Lax Kw'alaams informed the CCG that they had used the provided sorbent materials and would soon need more. Two CCG officers again attended at the scene to deploy additional sorbent materials and recover the used materials on 19 November.

[12] The next day, three CCG officers observed an oily sheen escaping the boomed area. They deployed additional sorbent materials over the next several days. Meanwhile, the CCG searched for a storage site in nearby Prince Rupert where the Vessel's remaining hydrocarbons could be removed.

[13] The salvage operation, led by Wainwright Marine, began on 26 November 2019. Divers attempted to plug the Vessel's vents and hull fittings, and the lifting operation was complete by 12:40pm. During the lifting operation, an oil-water mixture was discharged from the Vessel's openings. Pumps were deployed to dewater the Vessel, and the Wainwright Marine crew attempted to secure points of water ingress. The CCG monitored the operation and deployed and recovered sorbent materials as necessary.

[14] By 4:00pm, the Vessel was secured at a dock but remained attached to Wainwright Marine's crane. Divers identified several points of water ingress and applied an epoxy product to plug the holes; however, the ingress continued from other undetermined points.

[15] Strong winds prevented further crane operations that day. It was determined that the Vessel would remain in the crane's sling to prevent it from sinking again. Throughout the night, crew members maintained an electric pump and deployed spill pads as needed.

[16] The work continued the following day. While efforts were made to pump the oil-water mixture from the interior of the Vessel, much of the oil in the bilge remained inaccessible.

[17] By 2:00pm, the Vessel had been secured on Wainwright Marine's barge for towing to Prince Rupert. However, due to poor weather conditions, the towing operation was postponed until midnight. The CCG finished recovering oil and oily waste from the boomed area.

[18] The Vessel was towed to Wainwright Marine's yard on the early morning of 28 November 2019 and was offloaded the following day. A marine survey of the Vessel was performed on 2 December.

[19] The CCG solicited a quote from Wainwright Marine for the remaining work, namely decontamination of the interior of the Vessel and removal of all accessible hydrocarbons. Wainwright Marine quoted an estimate of \$14,000.00 but advised that the task would potentially be overly complex. The CCG determined to conduct this work internally.

[20] On 4 December 2019, the CCG assessed the Vessel's interior and made plans to remove debris, deploy sorbent materials to recover oil in the bilge, clean visible oil from accessible surfaces, drain the tanks and reservoirs, and move the Vessel to a recycling facility for disposal.

[21] The CCG received the report of the marine survey the following day, The report confirmed the contamination in the Vessel and stated that the Vessel had no residual value. A local recycling facility agreed to accept the Vessel, provided that it had been reasonably cleaned of debris and oil.

[22] The CCG pumped fuel from one of the Vessel's tanks, recovering three drums of a diesel-water mixture. The CCG also extracted lube oil from the main engine and generator, recovering four liters of an oil-water mixture.

[23] The decontamination work continued on 9 December, when one drum of an oil-water mixture was recovered from the bilges of the Vessel's engine room and below its floorboards. A dumpster that the CCG had rented to hold the recovered debris was emptied of approximately 2,420 kilograms of debris.

[24] The following day, the CCG removed more contaminated debris from the Vessel's interior and recovered approximately 500 liters of oil-water mixture from another fuel tank.

[25] The Vessel was transported to the recycling facility on 12 December 2019. On 17 December, the facility requested the CCG’s presence to address the Vessel’s remaining contaminants. An additional contractor then disposed of the recovered waste and the salvage operation concluded on 19 December.

Cost summary

[26] The CCG submission summarizes its claimed costs as follows:

COST SUMMARY			
POLLUTION INCIDENT			
INCIDENT:	SCOTIA RIVER	PROJECT CODE:	NA
INCIDENT DATE:	November 10, 2019	DATE PREPARED:	Oct 15/21
DEPARTMENT:	CANADIAN COAST GUARD	PREPARED BY:	[REDACTED]
			<u>SCH</u>
MATERIALS AND SUPPLIES	-		1
CONTRACT SERVICES	70,181.03		2
TRAVEL	2,854.65		3
SALARIES - FULL TIME PERSONNEL	9,435.76		4
OVERTIME - FULL TIME PERSONNEL	4,164.36		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)	13,586.66		11
VEHICLES	1,396.06		12
ADMINISTRATION	-		13
TOTAL CCG COST OF INCIDENT	<u>\$ 101,818.52</u>		

Figure 3 – Screen capture of the cost summary (personal information redacted)

[27] While this form does not list any claimed administration (Schedule 13) costs, a Schedule 13 form listing costs in the amount of \$331.18 was submitted with the claim. For the purpose of the Administrator's assessment of the claim, these costs were included in the claimed costs and expenses, bringing the claimed total to \$101,949.70.

#### CCG internal documentation

[28] The claimed travel costs are supported by a Schedule 3 cost form, as well as an Expense Report Statement for each of the three CCG officers who travelled to the scene of the Incident. Also included are a parking receipt, ferry receipts, and an airline receipt.

[29] The claimed salary costs are supported by a Schedule 4 cost form and Personnel & Equipment Daily Log forms dated 11, 15, 19-21, 24, and 26-27 November 2019 and 2, 4-6, 9-10, and 17-19 December 2019.

[30] The claimed overtime costs are supported by a Schedule 5 cost form and an Extra Duty Pay form for each of the four CCG officers who incurred overtime expenses.

[31] The claimed pollution countermeasures equipment costs are supported by a Schedule 11 cost form, which lists costs incurred for the use of a PRV II boat, various sorbent materials, an oil snare, Tyvek suits, a waste bag, an anchor package, a pump, and a generator. The Personnel & Equipment Daily Log forms are also referenced in support of these costs. Also included is what appears to be an internal CCG form listing the equipment used and the oily waste recovered from the Vessel, totaling 3,280 liters.

[32] The claimed vehicle costs are supported by a Schedule 12 cost form and cover the use of two vehicles, one of which was used for four days and one of which was used for 15 days. These costs include a daily rate of \$67.57 and a per-kilometer fuel rate of \$0.22, charged on the total of 511 kilometers that the vehicles were driven. No vehicle log is included.

[33] The claimed administration costs are supported by a Schedule 13 cost form. This form shows that these costs were calculated as a rate of 3.09% against the total claimed amounts for regular salaries and travel, less employee benefit plan contributions.

#### Contractor documentation

[34] The claimed contractor costs are summarized as follows. The invoices attributed to the contractors and subcontractors are discussed thereafter.

				SCHEDULE #2
INCIDENT:	SCOTIA RIVER	PROJECT CODE:	NA	
INCIDENT DATE:	November 10, 2019	DATE PREPARED:	Oct 15/21	
DEPARTMENT:	CANADIAN COAST GUARD	PREPARED BY:	[REDACTED]	
CONTRACT SERVICES	AMOUNT	GST	TOTAL	REFERENCE
Quality Marine Surveyors Ltd.	1,170.00	0.00	1,170.00	INV 7042 Paid Dec/19
Kristoff Trucking	2,000.00	100.00	2,100.00	INV 11216 Paid by GAC
Wainwright Marine	57,723.29	2,886.16	60,609.45	INV 7044 Paid Mar 2020
Wainwright Marine	937.50	46.88	984.38	INV 7073 Paid Mar 2020
Terrapure	3,521.44	176.07	3,697.51	INV 93044760 Paid by GAC
Green leaf Construction and Rentals	770.00	38.50	808.50	INV 294775 Paid Jan 2020
Rupert Disposal	772.56	38.63	811.19	INV 35899 Paid Jan 2020
			-	
			-	
			-	
			-	
TOTAL CONTRACT SERVICES			<u>70,181.03</u>	

Figure 4 – Screen capture of contractor costs summary (personal information redacted)

#### *Wainwright Marine*

[35] Invoice 7044, dated 30 November 2019, lists costs in the amount of \$60,609.45 for the work performed from 25-28 November 2019, when the Vessel was removed from the water and towed to the Wainwright Marine facility. Included in this total are \$25,873.29 paid to subcontractors Green Leaf Construction and Rentals Ltd. (“Green Leaf”) and Adam’s Diving and Marine Services Ltd. (“Adam’s Diving”) for the use of a crane and divers, respectively.

[36] A second Wainwright Marine invoice, numbered 7073 and dated 16 December 2019, lists costs in the amount of \$984.38 for the use of an excavator in deconstructing the Vessel.

#### *Green Leaf Construction and Rentals Ltd.*

[37] Invoice 294775, dated 13 December 2019, lists costs in the amount of \$808.50 for the crane used to lift the Vessel for transportation to the recycling facility on 12 December, as well as labour costs.

#### *Terrapure Environmental*

[38] Invoice 93044760, dated 27 January 2020, lists costs in the amount of \$3,697.51 for the disposal of oily waste and used sorbent materials. It notes that 16 drums of solid waste were removed from the Vessel. The invoice is accompanied by a Bill of Lading and movement document.

# TERRAPURE

## Invoice

CANADIAN COAST GUARD  
PO Box 3670  
PRINCE RUPERT BC V8J 3R1  
CANADA  
Customer #: 110464  
Customer GST #: 121491807  
Customer PST #: LICENSE PENDING

Invoice Number: 93044760  
Date of Invoice: 01/27/2020  
Bill of Lading: 85336994  
Sales Order: 55279581

Terrapure Environmental  
Revolution Environmental Solutions LP  
9203 Rock Island Road  
Prince George BC V2N 5T4

Location: CANADIAN COAST GUARD  
Truck Ticket #:

Payment Terms: Net 30 Days

<u>Date</u>	<u>Product/Service</u>	<u>Mat #</u>	<u>Manifest</u>	<u>QTY</u>	<u>Unit Price</u>	<u>Total</u>
01/20/2020	Alternative Fuels, Filters, Rags, Absorbents	76139		16.00 DR	\$208.30	\$3,332.80
	Surcharge, Fuel	70577		166.64 EA	\$1.00	\$166.64
	Manifest, Documentation	70116		1.00 EA	\$22.00	\$22.00

Invoice Sub-Total: \$3,521.44  
GST (81968 3590RT0001): \$176.07  
Total in CAD: \$3,697.51

Scotia River solid waste. 98 bags into 16 drums



Figure 5– Terrapure Environmental invoice #93044760

### *Kristoff Trucking*

[39] Invoice 11216, dated 13 December 2019, lists costs in the amount of \$2,100.00 for the transportation of the Vessel from the Wainwright Marine facility to the recycling facility for disposal.

### *Rupert Disposal*

[40] Invoice 35899, dated 13 December 2019, lists waste disposal costs in the amount of \$811.19.

### *Quality Marine Surveyors Ltd.*

[41] Invoice 7042, dated 4 December 2019, lists costs in the amount of \$1,170.00 for the marine survey of the Vessel that was conducted on 2 December.

[42] The submission also includes a copy of the five-page survey report. The portion of the report that details the Vessel’s general condition, pollutants, and estimated salvage value is reproduced below.

VESSEL'S GENERAL CONDITION:

Derelict, water logged, oily and filthy. The wooden interior linings are rotting and falling apart. Other wooden parts are rotten and deteriorated. The underlying fibreglass insulation is salt water and oil soaked and falling out with the headliner. The interior of the hull suffers from advanced flaky rust throughout and the cabin is rusted through in numerous locations. All interior surfaces are coated with diesel fuel and oil residue. The exterior of the hull also shows advanced flaky rust. Zincs sighted were totally wasted. The vessel is a total wreck and derelict and can never be returned to service.

POLLUTANTS REMAINING ON BOARD:

Main engine crankcase:	dipstick shows oily water mix
Marine gear:	dipstick shows oily water mix
Genset crankcase:	dipstick shows oily water mix
Steering system:	disconnected
Hydraulics & tanks:	tank not sounded
Bilge water:	oily water mix
Fuel tanks:	diesel fuel oil residue

SURVEYORS NOTES:

This report is issued for condition and valuation purposes only.

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**Present salvage value: no salvage value**

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Figure 6– Portion of Quality Marine Surveyors Ltd. marine survey report for the Scotia River

## **DETERMINATIONS AND FINDINGS**

### **The CCG submission presents potentially eligible claims**

[43] The Incident resulted in the threat of oil pollution damage within the territorial seas or internal waters of Canada, as well as in costs and expenses to carry out measures to prevent such damage. As a result, claims arising from the Incident are potentially eligible for compensation.

[44] The CCG is an eligible claimant for the purposes of section 103 of the MLA.

[45] The evidence suggests that a discharge of oil occurred, and the submission arrived prior to the limitation period set out under paragraph 103(2)(a) of the MLA, which applies where there has been oil pollution damage.

[46] Some of the claimed costs and expenses arise from what appear to be 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, or under the International Convention on Civil Liability for Bunker Oil Pollution Damage, and are therefore potentially eligible for compensation.



[47] Accordingly, the submission presents claims that are potentially eligible for compensation under section 103 of the MLA.

Identification and description of the *Scotia River*

[48] The marine survey report describes the Vessel as a “shallow draft steel tug boat” that was built in 1949. It had a gross tonnage of 20.83, overall length of 45.6 feet, depth of 4.5 feet, and breadth of 12 feet. It was powered by a single diesel engine. The design of the Vessel suggests that it was made for use in the logging industry.

[49] The Vessel was registered at the port of Vancouver under the Official Number 192021. Its registration was closed on 5 February 2019.

*The facts of the Incident as set out by the CCG are generally accepted*

[50] The CCG included with its submission a narrative and supporting documents that set out the facts of the Incident and the response thereto in some detail. The descriptions of material events contained in the CCG’s documentation are accepted as accurate, save for some evidentiary shortcomings detailed below.

*The response to the Incident was generally reasonable*

[51] As the Vessel was completely submerged when the salvage operation began, the amount of oil onboard could not be accurately determined. However, pictures included in the submission show discharged oil and soiled sorbent materials within the boomed area surrounding the Vessel. Relatedly, the internal CCG form mentioned above notes that 3,280 liters of oily waste were removed from the Vessel.

[52] On these grounds, it is accepted that the Vessel sunk on or around 10 November 2019 and posed an oil pollution threat due to the unknown amount of hydrocarbons it contained. It was reasonable for the CCG to take measures to respond accordingly and remove the Vessel from the marine environment.

[53] As well, deconstruction and disposal of the Vessel is accepted as a reasonable pollution response measure in this case. As a result of the sinking, the Vessel’s interior was contaminated with inaccessible oil. The Vessel reportedly had been neglected for years, and the owner seems to have taken no measures to recover possession. On the evidence, it was reasonable to treat the Vessel itself as posing a risk of oil pollution.

**CLAIM AND OFFER DETAILS**

[54] The CCG presented its costs and expenses across seven schedules, each of which is outlined below. To the extent that reasons are not already set out in this letter, the below explains why certain portions of the CCG’s claim have been allowed while others have been disallowed.

*Wainwright Marine*

[55] Most of the claimed contract services expenses arise from services rendered by Wainwright Marine and its subcontractors, as listed on invoice 7044.

[56] The first page of the invoice lists costs totaling \$23,000.00, arising primarily from the use of a tug to remove the Vessel. One hour of forklift work and 12 hours of work by an additional crew member are included.

[57] The hourly operational and standby rates for the tug (\$440.00 and \$300.00, respectively) are reasonable. The former rate was charged for crew mobilization and demobilization, as well as transit to and from the site of the Incident. It is accepted.

[58] The latter rate was charged from 5:30pm on 26 November to 10:00am on 27 November 2019, when the Vessel was held in the crane due to inclement weather. Although the claim includes no supporting weather data, it is reasonable that the weather in late November on the northern coast of British Columbia would have entailed a delay in a towing operation of this nature. Accordingly, the standby rate is also accepted.

[59] The use of the operational rate for 10:00am-3:00pm on 27 November, after the Vessel was dewatered and loaded aboard the tug barge, is not accepted. During this time, it would not have been necessary to move the Vessel, and the submitted pictures show that the barge was secured alongside the wharf. It would have been more cost efficient to maintain the standby rate for this period. Therefore, this cost of \$2,200.00 is reduced to an accepted total of \$1,500.00, which represents five hours at the standby rate.

[60] The second page of invoice 7044 lists the remainder of the costs, totaling \$37,609.45. The rates charged for the use of the Wainwright Marine barge, skiff, salvage gear, and pumps are accepted as reasonable.

[61] However, there was no requirement for a D8 bulldozer. The Vessel was raised and loaded onto the tug barge using a crane. There was no foreseeable necessity to move the Vessel across the deck of the barge using a bulldozer. As well, upon arrival at the Wainwright Marine facility, the Vessel was transferred by crane to a flatbed trailer for transport to its storage site. None of the submitted materials indicates how a bulldozer could have been used. This cost, in the amount of \$2,400.00, is disallowed.

[62] Invoice 7044 also includes the costs of two subcontractor invoices, one charged by Green Leaf and one charged by Adam's Diving.

[63] The costs listed in the former subcontractor invoice are reasonable and accepted as presented, save for two points. First, no justification is provided for the \$53.00 ferry charge on 25 November 2019, when the crane was loaded onto the tow barge in preparation for the towing operation. Second, the \$74.00 ferry charge on 26 November is higher than the

\$64.00 that is charged for a round trip ferry ticket between Prince Rupert and Lax Kw'alaams. There is no combination of fees that amounts to \$74.00, and the \$10.00 difference is not justified by the evidence.

[64] The costs listed in the latter subcontractor invoice cover diving services performed by Adam's Diving and subcontractor SGS Vancouver Diving. The hourly regular and overtime rate for the Adam's Diving divers, as well as the charges for the use of a dive boat and equipment, are accepted as reasonable.

[65] It appears that Adam's Diving could supply only two of the four divers required for underwater diving; therefore, although costly, bringing in two additional divers from SGS Vancouver Diving was a more cost-effective measure than accumulating high standby costs while waiting for local divers to become available.

[66] The listed labour, travel, and *per diem* costs for these two divers, who flew from Vancouver, are accepted as reasonable. It is noted that these costs amount to \$3,652.02, rather than the listed \$3,316.02. This is presumed to be a mathematical error.

[67] However, the \$892.76 attributed to flights by two other unknown individuals cannot be reconciled with the other invoices and are disallowed. Also disallowed is the excessive 15% markup on the travel costs, which is replaced with a more reasonable 10% markup.

[68] **Applying the above deductions to the invoice 7044 total of \$60,609.45 along with the 5% GST rate yields an accepted total of \$56,025.04.**

[69] The other Wainwright Marine invoice, totaling \$984.38, relates to vessel deconstruction, specifically the removal of the deck structure. This was necessary to move the remaining steel hull to the recycling facility. Therefore, the costs for the excavator and fuel surcharge are accepted as reasonable. However, there is no justification for the use of a "hiboy" trailer for 13 days. This cost, \$650.00, is disallowed, **leaving an accepted total of \$301.87 (including GST) for this invoice.**

*Green Leaf Construction and Rentals Ltd.*

[70] The CCG claimed \$808.50 for costs charged by Green Leaf for the use of a crane, which was used on 12 December 2019 to load the remnants of the Vessel's hull onto a trailer for delivery to the recycling facility.

[71] Crane rentals for marine salvage operations can be very costly depending on the provider, the duration of the rental, and whether a crane operator is required. As a general estimate, these costs can exceed \$1,000 per day.

[72] It appears that, although Wainwright Marine provided the CCG with an excavator and allowed the CCG to carry out much of the deconstruction of the Vessel on its property, it chose not to perform this work. As a result, Green Leaf, an additional contractor, had to be engaged.

[73] **The number of hours involved in this operation and the resulting hourly rate are accepted as reasonable in the amount of \$808.50.**

*Terrapure Environmental*

[74] The CCG claimed \$3,697.51 for costs charged by Terrapure Environmental for the disposal of contaminated debris and oily waste. These costs are substantiated by the submitted pictures, which show contaminated sorbent pads in the boomed area around the Vessel.

[75] Transportation of contaminated sorbent pads for disposal was a necessary measure, and the resulting costs are proportionate to the amount of soiled pads that required disposal. **These costs are accepted in the amount of \$3,697.51.**

*Kristoff Trucking*

[76] The CCG claimed \$2,100.00 for the use of a low bed trailer from Kristoff Trucking to transport the Vessel's hull to the recycling facility for disposal.

[77] Without a truck and operator, low bed trailers capable of performing this work cost approximately \$800.00 per day. While this amount makes the incurred costs seem excessive, the required preparation work to transport the hull makes them reasonable in the circumstances. **Accordingly, these costs are accepted in the amount of \$2,100.00.**

*Rupert Disposal*

[78] The CCG claimed \$811.10 for costs charged by Rupert Disposal to supply a 12-yard container for the debris removed from the Vessel, which Rupert Disposal emptied in a landfill on 9 and 12 December 2019.

[79] Since this debris was dumped into a landfill, which would not have accepted oil-contaminated debris, it is concluded that this debris was not oil-contaminated. While the removal of certain uncontaminated debris was a reasonable step to access oil remaining in the hull, these costs are deemed not to relate to the oil pollution response portion of the operation and are disallowed.

*Quality Marine Surveyors Ltd.*

[80] The CCG claimed \$1,170.00 for the cost of a marine survey performed on 2 December 2019. The report includes general descriptions of the hull machinery and ancillary equipment, as well as two pictures. It notes the locations of oil-water mixtures remaining onboard but does not provide estimates of the amounts of these mixtures.

[81] The survey report does not appear on its face to be a measure taken with respect to oil pollution. Rather, it appears to be a survey of the Vessel's condition. As well, to the extent oil pollution is documented in the survey, those observations could have been made from CCG officers attending the scene. To the extent the survey report addresses oil pollution, its effort was duplicative of other allowed expenses. **This expense is therefore not accepted.**

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[82] The table below provides an overview of the allowed and disallowed contract services expenses regarding the *Scotia River*.

Contractor	Work Description	Invoice Dates	Claimed	Allowed
Wainwright Marine	Vessel removal and deconstruction	2019-11-30 2019-12-16	\$61,593.83	\$56,326.91
Green Leaf Construction & Rentals Ltd.	Crane rental and operator labour	2019-12-13	\$808.50	\$808.50
Terrapure Environmental	Disposal of oily waste and debris	2020-01-27	\$3,697.51	\$3,697.51
Kristoff Trucking	Transport hull to recycling facility	2019-12-13	\$2,100.00	\$2,100.00
Rupert Disposal	Rental of disposal container	2019-12-13	\$811.19	\$0
Quality Marine Surveyors Ltd.	Marine survey	2019-12-04	\$1,170.00	\$0
<b>Totals</b>			<b>\$70,181.03</b>	<b>\$62,932.92</b>

*Table 1 – Summary of contract services amounts claimed and allowed*

**The contract services portion of the submission is allowed in the amount of \$62,932.92**

Schedule 3 – Travel

Claimed: \$2,854.65

[83] The claimed travel costs are attributed to three CCG officers. There is a discrepancy between the totals listed in the Schedule 3 cost summary form and the totals listed in the officers' Expense Report Statements. For example, the former lists one officer's claimed travel costs as \$213.41, whereas the corresponding Expense Report Statement totals \$217.77.

[84] These differences are attributed to the handwritten calculations involving tax for meals and incidental expenses on the Statements. For the purposes of the Administrator's assessment of this Schedule, the slightly higher totals detailed in the Expense Report Statements were considered as the claimed travel costs, for a total of \$2,900.55.

[85] The costs attributed to the use of a personal vehicle for each officer are disallowed. There is no evidence of personal vehicles being used to travel to or from the site of the Incident.

[86] The hotel, airfare, and parking costs for the officer who flew to the area from Victoria, totaling \$1,488.56, are also disallowed. The need for this person to travel, instead of tasking another officer from the Prince Rupert CCG base, is not established on the evidence.

[87] The remaining expenses, namely ferry and meal costs, are in conformity with National Joint Council of the Public Service of Canada guidelines and are accepted.

**The travel portion of the submission is allowed in the amount of \$1,334.60.**

Schedule 4 – Salaries – Full Time Personnel

Claimed: \$9,435.76

[88] The claimed salary costs are attributed to six CCG officers: five Response Specialists paid at the GT-04 level and one Senior Response Officer paid at the GT-05 level.

[89] Based on the Personnel & Equipment Daily Log forms, it appears that the CCG took a reasonable approach to salary costs. The number of CCG officers was limited to those who performed tasks such as recovering contaminated sorbent materials, operating a vessel, and pumping oily water from the Vessel, with minimal management.

[90] There is a discrepancy in the calculation of salary hours for two of the Response Specialists. In both cases, the claimed hours are somewhat higher than what is substantiated by the Personnel & Equipment Daily Logs. The unsubstantiated hours total 7.6 and are presumed to be due to an accounting or documenting error.

[91] Accordingly, the claimed salary costs are accepted based on what can be reconciled with these forms, resulting in a reduction of \$395.43.

**The salaries portion of the submission is allowed in the amount of \$9,040.33.**

Schedule 5 – Overtime – Full Time Personnel

Claimed: \$4,164.36

[92] The claimed overtime costs are attributed to four of the CCG officers for whom salary costs are claimed. While these costs are substantiated by Extra Duty Pay forms, only one of these was determined to have evidentiary value. The others cannot be reliably cross-referenced with the Personnel & Equipment Daily Logs. As a result, greater reliance was placed on the latter forms.

[93] Because the overtime costs as calculated from the Personnel & Equipment Daily Log forms are higher than the claimed overtime hours, the claimed amount was used as the base for the purposes of this Schedule.

[94] In this matter, overtime work was limited to the initial response, removing and

replacing used sorbent materials, and the towing operation. No overtime was incurred after the Vessel arrived at the Wainwright Marine facility on 28 November 2019.

[95] Due to the disallowance of the travel expenses incurred by the officer who traveled from Victoria, the overtime costs incurred during travel are also disallowed. This represents a reduction of \$626.34.

**The overtime portion of the submission is allowed in the amount of \$3,538.02.**

Schedule 11 – Pollution Countermeasures Equipment Claimed: \$13,586.66

[96] The use of a CGE 752 in this matter is justified as a cost-saving measure in response to the local ferry schedule. If the CCG officers who attended at the scene had relied on the ferry, operational capacity would have been impacted and their work days would have lasted a minimum of 11 hours, with considerable salary and overtime costs for the CCG. Therefore, despite the lack of a vessel log, the costs attributed to the CGE 752 are accepted as reasonable.

[97] As well, the amount of containment boom used and the number of days during which it was required are accepted as reasonable. However, the claimed daily rate of \$.67 per foot is not supported by the CCG Charge Out Manual, and is therefore replaced by the appropriate rate of \$.35 per foot.

[98] The other materials that the CCG used are supported by the internal CCG form and are accepted as reasonable. As some of the claimed rates do not conform to the Charge Out Manual, they are replaced with the appropriate rates. In the case of Tyvek suits, for which there is no price in the Manual, an average cost of \$20, gleaned from a survey of Tyvek suit suppliers, is accepted as claimed.

[99] Applying the Manual rates to the listed equipment yields a total of \$10,341.81.

**The pollution countermeasures equipment portion of the submission is allowed in the amount of \$10,341.81.**

Schedule 12 – Vehicles Claimed: \$1,396.06

[100] These costs cover the use of two vehicles for 19 days, while the Personnel & Equipment Daily Log forms indicate that the vehicles were used for 17 days. Additionally, both vehicles are listed as having been used on 17 and 19 December 2019 without justification. On these grounds, the use of a single vehicle for 17 days is accepted.

[101] The daily vehicle rate of \$67.56 conforms to the CCG Charge Out Manual. Additionally, while no fuel receipts are included in the claim, the claimed per-kilometer rate of \$.22 has been accepted as generally reasonable in past CCG claims and is accepted

here. As the 511 kilometers claimed are less than the 547 kilometers calculated from the Personnel & Equipment Daily Logs, the former distance is accepted as claimed.

**The vehicles portion of the submission is allowed in the amount of \$1,260.94.**

Schedule 13 – Administration

Claimed: \$331.18

[102] This portion of the CCG’s claim represents 3.09% of the claimed amounts for travel and salary costs excluding the markup associated with employee benefit plan costs. This method of calculating administration costs has been generally accepted.

[103] The reductions made under this Schedule correspond to the portion of travel and salary costs that are disallowed. Excluding the 27% employee benefit plan costs and applying the 3.09% rate to the accepted travel and salary costs yields a total of \$245.16.

**The administration portion of the submission is allowed in the amount of \$245.16.**

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**OFFER SUMMARY AND CLOSING**

[104] The following table summarizes the claimed and allowed expenses in the *Scotia River* matter:

Schedule	Claimed	Allowed
2 – Contract Services	\$70,181.03	\$62,932.92
3 – Travel	\$2,854.65	\$1,334.60
4 – Salaries – Full Time Personnel	\$9,435.76	\$9,040.33
5 – Overtime – Full Time Personnel	\$4,164.36	\$3,538.02
11 – Pollution Countermeasures Equipment	\$13,586.66	\$10,341.81
12 – Vehicles	\$1,396.06	\$1,260.94
13 – Administration	\$331.18	\$245.16
<b>Totals</b>	<b>\$101,949.70</b>	<b>\$88,693.78</b>

*Table 2 – Summary of amounts claimed and allowed*

[105] Costs and expenses in the amount of \$88,693.78 are accepted and will be paid together with statutory interest calculated at the date of payment if the Offer is accepted.

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

[107] 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.

[108] 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.

[109] 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.

[110] 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 subrogation efforts.

Yours sincerely,

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