



ADMINISTRATIVE REPORT

Report Date: September 15, 2014
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VanRIMS No.: 08-2000-20
Meeting Date: October 1, 2014

TO: Standing Committee on Planning Transportation and Environment

FROM: Fire Chief/General Manager of Fire & Rescue Services, Deputy City Manager, General Manager of Financial Services and Chief Purchasing Official

SUBJECT: Contract Award for the Supply of Two Forty-Foot Fire Rescue Boats and Service Contracts to provide proposed Marine Fire Response Service

RECOMMENDATION

- A. THAT Council authorize City staff to negotiate and enter into service contracts between the City and the Vancouver Fraser Port Authority, doing business as Port Metro Vancouver ("PMV"), the District of North Vancouver, the City of North Vancouver, the City of Port Moody and the District of West Vancouver for the City to provide the proposed marine fire response services in accordance with the terms and conditions set out in this report, and any other terms and conditions that may be required by the Director of Legal Services or the City's Chief of Fire and Rescue Services.
- B. THAT, subject to Council's approval of Recommendation A, Council authorize City staff to negotiate and enter into a contract with MetalCraft Marine Incorporated for the purchase and delivery of two forty-foot fire rescue boats at an approximate cost of \$3.1 million plus applicable taxes, with funding to be provided from approved capital budgets on terms and conditions satisfactory to the City's Chief of Fire and Rescue Services, Director of Legal Services, Chief Purchasing Officer and the General Manager of Financial Services;
- C. THAT Council give the Director of Legal Services, in consultation with the City's Chief of Fire and Rescue Services, standing authority to enter into service contracts with other municipalities, regional districts, the provincial government or the federal government for the proposed marine fire response services in accordance with the terms and conditions set out in this report and

any other terms and conditions that may be required by the Director of Legal Services or the City's Chief of Fire and Rescue Services;

- D. THAT the Director of Legal Services be authorized to execute on behalf of the City the contracts contemplated by Recommendations A, B and C;
- E. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A, B and C above unless and until such contract is executed by the Director of Legal Services.

REPORT SUMMARY

The City issued Request for Proposal PS20140321 (the "RFP") in April 2014 for the Supply of Two Forty Foot Fire Rescue Boats. The RFP was advertised on the City of Vancouver's website and BC Bid. The RFP for the work was called in accordance with the terms and conditions of the City's Procurement Policy.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City's Procurement Policy requires that contracts with values over \$2 million be approved by Council following review and recommendation by the City's Bid Committee. The Bid Committee has considered and approved MetalCraft Marine Incorporated as the successful proponent.

Pursuant to Section 309 (e) of the Vancouver Charter, Council may enter into agreements with municipalities, regional districts, the provincial government or the federal government for the provision of the City's firefighting services, or use of the City's firefighting equipment or communication or dispatch systems, inside or outside the city.

In 1990 (City Manager's Report to City Council 901001), Council authorized the City to enter into the Consortium Agreement as defined herein.

In 2011 (RTS 9320), Council authorized an extension of the Consortium Agreement.

BACKGROUND

Fireboat Consortium Agreement

Following the 901001 Council report, in 1991, a twenty-year Operations and Management Agreement was signed to bring into effect a consortium to collectively provide a marine fire response service within the Port of Vancouver (the "Consortium Agreement"). The consortium was made up of six member agencies comprised of PMV and 5 municipalities with responsibility for the foreshore contiguous with English Bay, Vancouver Harbour, Burrard Inlet, False Creek and the North Arm of the Fraser River - the City of Vancouver, the City of Burnaby, the City of Port Moody, the City of North Vancouver and the District of North Vancouver (the "Consortium").

The original mandate of the Consortium was to provide fire protection for inner-harbour PMV properties, through the operation, staffing and maintenance of five fast response fireboats. Two of these boats are moored in Vancouver, one is moored in the City of North Vancouver, one is moored in the District of North Vancouver and one fireboat is moored at Reed Point, Burnaby (serving Port Moody and Burnaby).

At the end of 2011, the Consortium Agreement was extended to the end of 2013 (see RTS 9320) while negotiations on a new service model took place. The Consortium Agreement has been extended on a month-to-month basis since December 31, 2013. At the end of 2013, Burnaby exited the Consortium and in 2014 one of the fireboats was sold - leaving four fireboats. Over the past five years, service has transitioned from a Consortium funded and staffed model - to a VF&RS-led model.

Fireboat Consortium Services

Since the Consortium's establishment, the fireboats have been used to protect shoreline property and to provide firefighting, rescue support and other emergency capabilities to operate in the sheltered waters of English Bay, Vancouver Harbour, Burrard Inlet, False Creek and the North Arm of the Fraser River; the vessels must also be capable of operating in Georgia and Juan de Fuca Straights. The role of fireboats includes responding to land and limited sea based fires, hazmat incidents, and for providing an unlimited water source to land-based engine companies as part of the dedicated fire protection system response. These incidents have included: marine fire emergencies, such as docks and waterfront structures, water rescue, smaller boat fires and medical emergencies, responding to individuals or vessels in distress, or as standby for events such as fireworks, high security gatherings or incidents.

The fireboats currently being used by the Consortium are now beyond their expected life span of 20 years. The advanced age of the current fleet has led to mounting maintenance costs of repairing these boats. In addition, there are also capacity challenges for some Consortium members to continue to staff their boats into the future. The municipalities have stated they would like Vancouver to take over providing service as they do not have the on-shift staffing capacity to continue with the required training of their staff to operate the boats.

City staff has been negotiating the terms by which the City will provide marine fire response services to PMV and the municipalities for over two years. The terms have been settled and PMV has entered into a non-binding term sheet with the City. Also, terms have been settled with the municipalities who are in the process of entering into non-binding term sheets with the City.

STRATEGIC ANALYSIS

The RFP for fire boats was issued in accordance with the City's Procurement Policy. The City received one proposal in response to the RFP. The proposal was evaluated through the work of an evaluation team under the stewardship of Supply Chain Management to determine if the proposal offered the best overall value to the City. The evaluation team was comprised of representatives from VF&RS and Supply Chain Management. In determining if the proposal offered the best overall value to the City, the evaluation team examined, among other factors:

- Financial offering
- Technical Capabilities including Design, Performance & Structural Requirements
- Warranty and Demonstrated Service Levels & Service Support
- Quality Programs
- Safety Compliance
- Financial & Risk Management
- Sustainability

Based on the overall evaluation, the team concluded that the proposal submitted by MetalCraft Marine Incorporated met the City's requirements and provided the best overall value to the City.

New Proposed Marine Fire Response Services

The two forty-foot fire rescue boats will allow VF&RS to offer and operate the proposed marine fire response service to Vancouver's coastline and parties within the service area shown in Figure 1 below. The parties to which Vancouver will be providing marine fire response service are PMV and at least four municipalities: the District of North Vancouver, the City of North Vancouver, the City of Port Moody and the District of West Vancouver. It is anticipated that other municipalities will want to contract for such services in the future.

The marine fire response service will be comprised of two fireboats, each with a pumping capacity of maximum 7,000 gallons per minute at 150 psi, two boat sheds and a complement of 40 specially trained firefighters.

Approximate service area boundaries for services to both PMV and the municipalities are delineated in red in Figure 1 and extended service area boundaries for services to PMV only are delineated in yellow in Figure 1.

FIGURE 1. VANCOUVER MARINE FIRE RESPONSE SERVICE, APPROXIMATE SERVICE AREA & EXTENDED SERVICE AREA



Service area shorelines for which marine fire response services will be provided to both PMV and the municipalities are within the District of North Vancouver, the City of

North Vancouver, Port Moody, West Vancouver from its eastern boundary to Horseshoe Bay, the northern shoreline of the north arm of the Fraser River, the UEL and Vancouver.

Extended service area shorelines for which marine fire response services will be provided to PMV properties are: Richmond, Delta (north shore and PMV shore only), Burnaby north & south shore, New Westminster, Coquitlam, Surrey (north shore only, east to Port Coquitlam boundary), Belcarra & Anmore and Electoral Area A - provincial shore.

Service area waters within which marine fire response services will be provided to both PMV and the municipalities are: English Bay, False Creek, Indian Arm, and along the West Vancouver shoreline to Horseshoe Bay.

Extended service area waters within which marine fire response services will be provided to PMV only are: the north, middle and south arms of the Fraser River to the western Port Coquitlam boundary, along the Richmond and Delta shorelines to Deltaport, and the waters off of Duke Point.

The City may respond to calls from non-member municipalities or the provincial government for marine fire response service on an as-available basis and in exchange for a fee, so long as that the municipality or the provincial government has signed an agreement with the City.

PMV and the municipalities will pay the following annual fees to the City for the marine fire response service:

- PMV will pay approximately \$300K per year. In exchange, the City will provide PMV with 15 calls per year, each call of unlimited length within the service area. Beyond the annual limit of 15 calls, PMV will pay \$10K per call within the service area. Beyond the service area, PMV will pay \$1.5K per hour for calls within the extended service areas.
- Each municipality will pay approximately \$40K per year. In exchange, the City will provide each municipality 4 calls per year, each call upto a limit of 4 hours. Beyond the annual limit of 4 calls, the municipality will pay \$6K per call. Hourly rate for call over 4 hours will be \$1.5K per hour.

The term of the marine fire response service agreement between the City and each of the municipalities, and of the agreement between the City and PMV, will be 15 years, which reflects the amortization of the capital investment for new fire boats.

Given that roles regarding first response will continue to evolve and that the marine environment and activity may also change significantly over 15 years, reviews after years two, five and nine will take place to reassess the cost structure, service levels and equipment needs.

FINANCIAL IMPLICATIONS

The total cost of the two medium-sized fireboats is estimated at approximately \$3.1M plus applicable taxes (\$3.3M). Vancouver Fire & Rescue Services and Financial Services have reviewed the financing for the purchase and concur that \$3.3M funding is available from approved capital budget Fire Boat Replacement 2014 (RTS 10267).

The future annual on-going operating budget for the fireboat service is estimated at \$1.025M. The operating costs include fuel, maintenance, training, funding for future capital replacement and other variable expenses. Actual costs will vary depending on call volume and geographic distribution of calls as outlined in the service agreements. The operating budget for the total program when implemented reflects an increase of approximately \$450K over the current operating budget for the marine fire service, primarily because the budget now includes a provision for future replacement of the boats.

It is anticipated that funding for the annual operations will be provided by an annual contribution from Port Metro Vancouver (\$300K), a \$40K annual fee from each of the municipalities of District of North Vancouver, the City of North Vancouver, Port Moody, District of West Vancouver (\$160K), and the City of Vancouver's annual contribution of approximately \$565K. Other revenues beyond these will reflect calls responded to outside of the fixed annual limit of calls for participating municipalities and PMV. The net impact will result in an annual operating budget increase for the COV portion of \$257K, which will be brought forward as part of the 2015 operating budget.

ENVIRONMENTAL IMPLICATIONS

The MetalCraft Marine Incorporated designed fireboats will be able to deliver the latest clean-diesel technology that meets the Environmental Protection Agency (EPA) Marine Tier 3 certification with no additional engineering. Marine EPA Tier 3 calls for a 20 percent reduction in nitrogen oxides (NOx) and hydrocarbons (HCs) and a 40 percent reduction in Particulate Matter (PM).

MetalCraft Marine Incorporated has a Global Environmental Sustainability Policy. They strive to "lead the industry" in sustainability and environmental best practices in all their activities by focusing on the following proactive measures: Management, Supply Chain and Human Resources.

CONCLUSION

In summary, City staff recommends that Council authorize the City to enter into a contract with MetalCraft Marine Incorporated for the supply and delivery of two forty-foot fire rescue boats and enter into service contracts with each of PMV, the District of North Vancouver, the City of North Vancouver, the City of Port Moody and the District of West Vancouver. This combination of new boats and service agreements will enable the City to protect its own shoreline and waters and offer marine fire response services to PMV and other municipalities, which will assure firefighting services of the marine and shoreline environment are in place.

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