



ADMINISTRATIVE REPORT

Report Date: September 8, 2011
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Meeting Date: September 20, 2011

TO: Vancouver City Council

FROM: Fire Chief/General Manager, Vancouver Fire & Rescue Services (VF&RS)

SUBJECT: Addendum to Extend and Amend the Existing Operating and Management Agreement for Marine Firefighting Services in the Port of Vancouver

RECOMMENDATION

- A. THAT Council authorize VF&RS to continue providing marine-based firefighting and emergency response service beyond September 30, 2011, to be achieved by one of the following three options, all at no increase to the City of Vancouver's annual budget of \$308,000 for marine firefighting services, subject to the 2012 operating budget review:
- i. THAT staff negotiate and enter into an Addendum Agreement with the Corporation of the District of North Vancouver, the Corporation of the District of Burnaby, the Corporation of the City of North Vancouver, the City of Port Moody, and Port Metro Vancouver (PMV) to extend and amend the existing Operating and Management Agreement for Marine Firefighting Services in the Port of Vancouver (referred to as the Consortium Agreement in this report), for the period October 1, 2011 to December 31, 2013.
- OR
- ii. THAT staff extend the Consortium Agreement under existing terms, with a fixed term to be agreed to by all parties.
- OR
- iii. THAT if the existing Consortium Agreement terminates as of September 30, 2011 without an Addendum Agreement being agreed to by all parties to that agreement, that Council authorize VF&RS to continue providing marine-based firefighting and emergency response service within the City of Vancouver's boundaries, including the purchase of any existing fireboats and related equipment; source of funds to be the Fireboat Reserve set aside for this purpose.

- B. THAT Council authorize the Director of Legal Services to execute the addendum to the existing Consortium Agreement to extend the existing harbour fire fighting service as set out in this report on behalf of the City.
- C. THAT Council authorize the City Manager to approve minor adjustments to the proposed program which are consistent with the intent of the existing Consortium Agreement, in order to give effect to the above recommendations.
- D. THAT VF&RS report back to Council on a recommended long-term strategy for water-based fire protection and emergency response services, including any financial implications, prior to mid-2012.

GENERAL MANAGER'S COMMENTS

The Fire Chief/General Manager of Vancouver Fire & Rescue Services recommends approval of the foregoing.

COUNCIL POLICY

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. On October 2, 1990, Council approved the City's participation in the Fireboat Consortium (as defined below) and authorized City staff to enter into the Consortium Agreement.

PURPOSE

This report provides Council with information on the fireboat program that has been in place for the past twenty years and recommends that staff enter into an Addendum Agreement with the Corporation of the District of North Vancouver, the Corporation of the District of Burnaby, the Corporation of the City of North Vancouver, the City of Port Moody, and PMV, known collectively as the "Fireboat Consortium," to extend and amend the existing Consortium Agreement for marine firefighting services protecting PMV property and responding to emergencies on or near the water in the areas of False Creek, Burrard Inlet to Port Moody and Indian Arm, for the period October 1, 2011 to December 31, 2013.

During the term of the Addendum Agreement, the Fire Chief and City Manager's Office will work with neighbouring municipalities and PMV to develop a long-term strategy for water-based fire protection and emergency response services, and report back to Council with a recommended strategy and implementation plan.

BACKGROUND

The Fireboat Consortium Agreement

The Fireboat Consortium was established in 1991 by six member agencies:

- the City of Vancouver,
- the District of North Vancouver,

- the District of Burnaby,
- the City of North Vancouver,
- the City of Port Moody, and
- PMV.

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).

Fireboat Consortium Services

Since early on in the Consortium’s establishment, the fireboats have been used to protect PMV property, and to respond to all emergencies on or near the water in the areas of Burrard Inlet to Port Moody and Indian Arm, and False Creek. 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. Specifically, these incidents could include: 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 Consortium fireboats have been called out an average of 28 times per year over the past three years (Table 1).

TABLE 1: FIREBOAT CALL RESPONSES, 2007 TO 2010

FIREBOAT/MOORAGE LOCATION	2007	2008	2009	2010
Fireboat No. 1 & Fireboat No. 5, Vancouver	6	12	6	13
Fireboat No. 2, North Vancouver City	2	3	5	9
Fireboat No. 3, Burnaby	3	4	2	1
Fireboat No. 3, Port Moody	2	2	6	3
Fireboat No. 4, North Vancouver District	3	7	9	3
Total	16	28	28	29

NOTES TO TABLE

1. Burnaby and Port Moody share Fireboat 3 and rotate responsibility for staffing the fireboat.
2. Where call data not available, the average of other years has been used (Burnaby in 2007 and City of North Vancouver in 2009).
3. This table shows emergency calls for service only; fireboats are also used extensively for non-emergency purposes, e.g., at the Celebration of Lights events, as well as required company training hours.

Consortium Cost Sharing

The initial capital costs of the five fireboats (\$3.2 million) were shared among the six Consortium members according to an agreed formula. The ongoing operating and maintenance budget (\$538,000 in 2011) are also shared according to a (different) formula. Appendix A shows the cost-sharing details.

DISCUSSION

Developing a New Long-Term Water-Based Firefighting and Emergency Response Strategy

The existing twenty-year Consortium Agreement was set to expire on August 27, 2011 and was extended by the parties until September 30, 2011. The five fireboats currently being used by the Consortium are nearing the end of their useful lifespan. It is the City’s intention to extend a modified version of this current Agreement until December 31, 2013, in order to ensure Consortium services continue while a new long-term strategy for water-based fire protection and emergency response services is developed. If this extension is not agreed to by the other Consortium members, VF&RS will make arrangements to buy back existing fireboats and equipment as needed to continue to provide marine-based firefighting services in the interim period until a new long-term strategy has been designed and implemented.

There are a number of options for developing a long-term strategy in collaboration with various other municipalities and agencies; City staff will be reporting back to Council in the second quarter of 2012 with a recommended approach and implementation plan. The timeline for the development of this new long-term strategy is shown in Table 2.

TABLE 2: TIMELINE TO DEVELOP LONG-TERM MARINE FIREFIGHTING & EMERGENCY REPOSENSE STRATEGY

DATE	MILESTONE
August 27 - September 30, 2011	ONE-MONTH EXTENSION OF EXISTING AGREEMENT: the Fireboat Consortium has agreed to a brief extension of the existing Consortium Agreement on the same terms and conditions to allow Consortium members time to get approval for Addendum Agreement that will extend and modify the Consortium Agreement to end-December 2013.
October 1, 2011	INTERIM MARINE-BASED FIREFIGHTING SERVICE STRUCTURE IN PLACE: At this juncture, either (i) a Addendum Agreement to extend and modify the existing Consortium Agreement will be put in place for twenty-seven months, (ii) the current Consortium Agreement will be extended on a month-to-month basis, or (iii) the Consortium Agreement and all of the rights and obligations under it will expire. If the Consortium is dissolved, VF&RS will make arrangements to continue providing service within the City of Vancouver’s boundaries until a long-term strategy has been deployed.
April 30, 2012	NEW STRATEGY RECOMMENDED TO COUNCIL: Staff to report back to Council with recommendations for approach and implementation of a new long-term marine-based firefighting and emergency response strategy. (It is noted that procurement of new fireboats is anticipated to take several months, once Council approves the strategy.)

September 30, 2013	NEW STRATEGY DEPLOYED: The new long-term marine-based firefighting and emergency response strategy is put into place.
December 31, 2013	MODIFIED CONSORTIUM AGREEMENT ENDS: If in place, the Addendum Agreement to extend existing (slightly modified) Consortium Agreement ends.

Options for Interim Marine-Based Firefighting Service Structure

The Consortium is discussing three possible approaches to continuing marine-based firefighting and emergency response services while a long-term strategy is being developed and implemented.

- 1) EXTEND MODIFIED VERSION OF CURRENT CONSORTIUM AGREEMENT TO DECEMBER 2013: Continue with marine firefighting protection with some or all of the parties involved, either through a cost-sharing arrangement as exists now or by the City of Vancouver providing response and charging a fee-for-service for those not wanting or able to staff the boats themselves.

While the scope of service will not change during the term of the Addendum Agreement, Vancouver will be solely responsible for training and staffing the fireboats to be berthed in Vancouver (one at Burrard Civic Marina and one at berths provided by PMV) and providing marine fire protection services to PMV, Vancouver, North Vancouver District, and the City of North Vancouver while the City of Port Moody and possibly the City of Burnaby may continue to staff and operate a shared boat in their jurisdiction. This model reduces the number of boats in the water from the current five boats to three. The remaining boats will either be sold or held for parts as determined most advantageous by the Consortium.

- 2) EXTEND EXISTING VERSION OF CURRENT CONSORTIUM AGREEMENT WITH FIXED TERM: Extend the Consortium Agreement on a month-to-month basis, without the modifications discussed in Option 1 above. This option is not recommended by staff because without a fixed term, there may not be the impetus among Consortium members to collaborate in a timely manner to evolve a new long-term strategy, and also the modifications described in Option 1 required to optimise service delivery would not be made. The Consortium Agreement could be extended with a fixed term.
- 3) ALLOW CONSORTIUM AGREEMENT TO EXPIRE: The Consortium may also agree to allow the Consortium Agreement to expire on September 30, 2011, leaving each party the option of providing marine firefighting protection in their jurisdiction or to possibly seek out others to provide the service. In accordance with the terms of the Consortium Agreement, the fireboats and equipment would be sold and the resale proceeds, together with the remainder of the contingency reserve established in accordance with the Consortium Agreement (the "Reserve"), would be distributed to participating members in proportion to that party's capital contribution and percentage contribution to the operating costs. The current balance of the Reserve is approximately \$1.2 million. As noted in Appendix A, Vancouver is entitled to 57.20% of the Reserve amount upon expiry of the Consortium Agreement and would be entitled to 28.60% of the proceeds of distribution from the sale of the fireboats.

VF&RS will continue to provide an uninterrupted extension of the fireboat program within the City of Vancouver's boundaries, regardless of which of these three approaches is taken. If the Consortium Agreement were to expire, Vancouver would need two fireboats to continue the existing service in our boundaries. Existing berth arrangements would remain and the funding and resources are all in place to staff the boats, to conduct required training and operational response.

Consortium Contingency Reserve During Interim Period

The current Consortium budget is set under the terms of the Consortium Agreement and includes operating costs such as: a Reserve charge, mechanical labour, maintenance, repairs, parts, fuel, moorage, insurance, utilities, dry-docking, cleaning, painting and overheads, but does not include the salaries of firefighters who staff the fireboats.

Under the terms of the expiring Consortium Agreement, the Reserve charge contributed by each Consortium member was managed by the City of Vancouver to provide for the major capital maintenance on and the eventual replacement of the Consortium's fireboats. As the boats have aged, the drawdown on the reserve for major repairs has increased in recent years. If the Consortium Agreement expires, any Reserve balance will be returned to the parties in the same percentages or operating costs as they originally contributed (Appendix A).

Some Consortium members have asked that, during the interim period to end-2013, the contingency charge be discontinued as a temporary budget reduction measure for fireboat costs. Staff believe the current Reserve balance of \$1.2 million (prior to any 2011 major repair charges) will be sufficient to keep three boats operational until end-2013. This modification may be agreed to as the specific terms of the Addendum Agreement are developed.

Considerations for a New Long-term Strategy

Lessons learned over the twenty-year term of the Consortium Agreement as well as consideration of emerging priorities and needs, means marine-based firefighting service delivery will change in the future. The key drivers of change include:

- 1) GEOGRAPHIC CONSIDERATIONS: Expansion and amalgamation of the port authority, whose boundaries now stretch well beyond the existing response area. As of January 1, 2008, there is an integrated port authority for the Lower Mainland. The Fraser River Port Authority, the North Fraser Port Authority and the Vancouver Port Authority have amalgamated to form the Vancouver Fraser Port Authority, known as Port Metro Vancouver (PMV). This extends the jurisdiction of the PMV well beyond the geographical boundaries of the current Consortium members, i.e., from the mouth of the Fraser River, eastward to the Fraser Valley, south to Delta Port and north along the Pitt River to Pitt Lake.
- 2) RANGE OF SERVICES PROVIDED & EQUIPMENT USED: New risks and hazards on the water such as PMV looking for expanded service in the future with shipboard fire fighting. Currently, VF&RS conducts limited awareness level training in ship-board firefighting; however, for response readiness this would require additional training to meet required standards.

Given recent seismic events in New Zealand, Japan, and other jurisdictions, an ongoing benefit is that fireboats will continue to provide an unlimited supply of water should the City's water main systems fail. There have been significant changes to waterfront sites since 1990 and risk would be evaluated on the types of facilities, uses and operations, products stored, handled and transferred, existing fixed firefighting systems and include any vessels in port with firefighting capabilities such as tugs or spill response vessels. Future response options may include the use of a barge with pumping capacity or through collaboration with external providers such as Seaspan, etc.

- 3) **SERVICE DELIVERY MODEL:** There are capacity challenges of some Consortium members to continue to staff their boats into the future. Both the City of North Vancouver and the District of North Vancouver 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.
- 4) **GOVERNANCE, ROLES & RESPONSIBILITIES:** The development of this long-term strategy is an opportunity to thoughtfully evaluate the water-based firefighting and emergency response requirements of the City of Vancouver, of PMV, and of the region as a whole, and to determine what the best role for the City of Vancouver is in delivering these services to Vancouver's citizens and businesses, and potentially to the greater region. It is also critical to the long-term effectiveness and efficiency of the program that, should a collaborative approach to marine-based firefighting be pursued, the appropriate governance structure and agreement terms be put in place.

FINANCIAL IMPLICATIONS

The recommendations in this report would maintain the current \$308,000 annual operating budget cost for the City's fireboat program. While it is expected that the City of Vancouver's contribution to the Consortium will decrease to approximately \$169,000 in each of 2012 and 2013 (see Table 3), staff is recommending that the annual budget allocation for the City's fireboat program remain at \$308,000 in each of these two years and the difference be contributed to the Reserve, to be invested in the future marine-based firefighting and emergency response program. This will smooth the budget and avoid any large increases that may be required to reinstate and fund possible increased costs in 2014 going forward.

The projected decrease in the Consortium operating budget in 2012 and 2013 will be largely dependent on (a) eliminating two of the five fireboats, and (b) all members suspending contributions to the Contingency Reserve. It is noted that the forecasted figures in Table 3 are estimates at this point, subject to the specific terms of the Addendum Agreement that are yet to be established.

TABLE 3: FIREBOAT CONSORTIUM OPERATING BUDGET PROJECTIONS, 2012 TO 2014 (\$000s)

CONSORTIUM MEMBER	%	2011 ACTUAL	2012 FORECAST	2013 FORECAST
District of North Vancouver	11.6%	\$62.5	\$34.3	\$34.3
City of Burnaby	16.0%	\$86.1	\$47.3	\$47.3
City of North Vancouver	10.6%	\$57.1	\$31.3	\$31.3
City of Port Moody	4.6%	\$24.8	\$13.6	\$13.6
City of Vancouver	57.2%	\$308.0	\$169.2	\$169.0
Port Metro Vancouver	0.0%	\$0	\$0	\$0
TOTAL		\$538.5	\$295.7	\$295.5

CONCLUSION

This report provides Council with information on the fireboat program that has been in place for the past twenty years and recommends that staff enter into an Addendum Agreement with the Fireboat Consortium to extend and amend the existing *Consortium Agreement for Marine Firefighting Services in the Port of Vancouver* for the period October 1, 2011 to December 31, 2013. VF&RS will report back to Council with a recommended long-term strategy for water-based fire protection and emergency response services by mid-2012.

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APPENDIX A
FIREBOAT CONSORTIUM COST-SHARING, 1991-2011

The following tables show the cost-sharing proportions for the Fire Boat Consortium from 1991 through to 2011, per the 1991 *Operating and Management Agreement for Marine Firefighting Services in the Port of Vancouver*.

**TABLE 1: FIREBOAT CONSORTIUM COST SHARING,
1991 INITIAL CAPITAL COSTS (1991 DOLLARS)**

MEMBER	CAPITAL COST CONTRIBUTION	%
District of North Vancouver	\$185,600	5.8%
City of Burnaby	\$256,000	8.0%
City of North Vancouver	\$169,600	5.3%
City of Port Moody	\$73,600	2.3%
City of Vancouver	\$915,200	28.6%
Port Metro Vancouver	\$1,600,000	50.0%
Total	\$3,200,000	100.0%

**TABLE 2: FIREBOAT CONSORTIUM COST SHARING,
2011 OPERATING & MAINTENANCE COSTS (2011 DOLLARS)**

MEMBER	2011 OPERATING COST CONTRIBUTION	%
District of North Vancouver	\$62,500	11.6%
City of Burnaby	\$86,100	16.0%
City of North Vancouver	\$57,100	10.6%
City of Port Moody	\$24,800	4.6%
City of Vancouver	\$308,000	57.2%
Port Metro Vancouver	\$0	0.0%
Total	\$538,500	100.0%

NOTES TO TABLE

1. Percentage share of operating costs among Consortium members is constant from year to year.
2. The Consortium Agreement was originally entered into with Vancouver Port Corporation, now doing business as Port Metro Vancouver.