

REPORT

Council

Meeting Date: February 27, 2023

FROM: Parks and Open Space Department

DATE: February 21, 2023

SUBJECT: TOWARF Vessel Replacement

LOCATION: 2 Navy Street

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WARD: Ward 3

RECOMMENDATION:

That Council provide direction to staff regarding replacement of the TOWARF vessel.

KEY FACTS:

The following are key points for consideration with respect to this report:

- Town of Oakville Water Air Rescue Force ("TOWARF") is a volunteer agency and operate as a Canadian Coast Guard Auxiliary (CCGA) in search and rescue when "tasked" by the Canadian Coast Guard. Crews operate a town owned vessel based in Oakville harbour.
- TOWARF began in 1954 and was established by the Town under By-Law 1962-127.
- TOWARF's search and rescue vessel is 20+ years old and requires replacement.
- Through the Purchasing department, a Request for Proposal (RFP) was recently issued and closed. The cost of the vessel which meets the requirements is significantly more than is currently available in the boat replacement reserve fund and through a contribution from TOWARF. TOWARF has been annually contributing to the boat replacement reserve fund along with a \$5,000 per year contribution from the Harbours section.
- At present there is \$475,000 available towards the vessel and through the procurement process (RFP-44-2022) the required vessel is approximately \$900,000 leaving a significant funding gap.
- Council direction on this matter is requested.

BACKGROUND:

TOWARF is a volunteer-based organization that function as a Canadian Coast Guard Auxiliary (CCGA) in search and rescue when “tasked” by the Canadian Coast Guard (CCG). Crews operate out of a town owned building in Oakville harbour (2 Navy Street) and operate a town owned vessel. In 2022, TOWARF completed 73 taskings from the CCG. The number of taskings from 2014-2022 is attached as Appendix A.

TOWARF’s current vessel was purchased in 2000 at an outfitted cost of \$100,700. At that time the boat replacement reserve was able to fund the replacement vessel. The current vessel has reached the end of its life cycle and requires replacement to enable TOWARF to continue search and rescues as an Auxiliary Unit of the CCG. This season the vessel will be 23 years old and a new vessel would likely not be in-service until the 2025 boating season.

Through the Town’s Purchasing department, RFP-44-2022 was issued requesting proposals on a new search and rescue vessel. One vendor responded to the RFP. The procurement discussions have been completed and the cost for a new vessel is approximately \$900,000. The current amount in the boat replacement reserve is \$400,000 and TOWARF is willing to contribute \$75,000 of their own funds, leaving a funding deficit of \$425,000. No award has been made and is dependent on the Council direction through this report.

COMMENT/OPTIONS:

TOWARF is not funded through the tax levy. One Member of Council (Councillor Peter Longo) is appointed to the TOWARF Executive. Their operating budget is funded through the Harbours’ program via a TOWARF fee that is assessed to each mooring customer within Oakville and Bronte harbour. The various boat clubs contribute as well, based on their number of mooring slips. The 2023 TOWARF fee is \$26.00 + HST.

TOWARF has contributed annually to a boat replacement reserve since the current boat was purchased in 2000. TOWARF receives funding from taskings issued by the CCG. TOWARF has also contributed to the vessel replacement reserve with surplus operating funds they generate. The Harbours section also contributes \$5,000 per year out of its operating budget to the reserve fund.

Clearly the cost of search and rescue vessels required for TOWARF to fulfill its mandate has escalated tremendously over the last 20 years, considerably outpacing TOWARF’s contributions even though TOWARF’s taskings have markedly increased since 2014. The difference between the cost of the vessel included with the recent RFP and the funds available in the boat replacement reserve is \$425,000.

Staff considered several options in dealing with the shortfall, including, the use of town reserves, increasing the TOWARF fee to boaters, a smaller vessel or not replacing the boat.

The number of “taskings” TOWARF has been called upon to undertake has grown over the past several years. As a result of the increased demand for TOWARF services, not replacing the vessel was not considered to be a viable option as it would bring into question the continued viability of TOWARF.

Requesting TOWARF to develop specifications for a vessel that aligns with the available budget of \$475,000 was also not considered to be a feasible option as it would be unlikely to yield a vessel capable of fulfilling the full roster of “taskings” issued by CCGA. Crew safety, operational capacity and efficiency are required for TOWARF to respond to the “taskings” requested by the CCGA.

This leaves two options for Council to contemplate in considering the funding deficit and direction in this matter.

1. Fund the deficit using Town capital reserves – this would be a departure from the Town’s long-standing policy that Harbours services and asset replacement directly related to the boating community is paid through boater fees.
2. Issue debt and add the debt costs (principal and interest) to the boaters’ fees starting in 2024 (when the debt would be expected to be issued). This would significantly increase the TOWARF fee. Presently all boaters in Oakville and Bronte harbours, including boat clubs, pay an annual fee of \$26.00 which is used to offset TOWARF’s annual operating budget. Adding the debt costs to the boaters would increase the TOWARF fee from \$26.00 to \$80.00 per mooring slip. This represents an approximate 205% increase. This substantial increase would be coupled with the recent introduction of an infrastructure levy that boaters are now paying for harbour infrastructure renewal. That levy will increase in the coming years.

Recognizing that increasing the TOWARF fee by this amount may be unpalatable to the boating community at this time, Council may want to consider funding the shortfall from reserves with the understanding that staff will be bringing back a business plan with recommendations to ensure the long-term financial viability of Harbours. The recommendations will include the fee requirements to ensure all Harbours infrastructure is maintained in a state of good repair and funding is available to replace all Harbours assets at the end of their useful life, including the new TOWARF vessel.

CONSIDERATIONS:

(A) PUBLIC

There has been no dissemination of this report to the public. The TOWARF Commander has been made aware of the report on the February 27, 2023 Council Agenda.

(B) FINANCIAL

The TOWARF replacement vessel through RFP-44-2022 has a cost of \$900,000. There is currently \$475,000 in available funds leaving a deficit of \$425,000. Options to address the funding deficit are discussed within the report.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

The Finance department has been consulted in the preparation of this report.

(D) CORPORATE STRATEGIC GOALS

This report addresses the corporate strategic goal(s) to:

Accountable government and Livability are strategic goals addressed in this report.

(E) CLIMATE CHANGE/ACTION

N/A

APPENDICES:

Appendix A – TOWARF Taskings 2014-2022

Prepared by:

Christopher Mark

Director, Parks and Open Space

Jonathan van der Heiden

Deputy Treasurer & Director of Finance

Recommended & Submitted by:

Colleen Bell

Commissioner, Community Services

Nancy Sully

Commissioner, Corporate Services & Treasurer