



January 24, 2020

Mr. Peter Lauch, CEO  
 Rideau Transit Group GP  
 1545 Carling Avenue  
 Suite 406  
 Ottawa, ON K1Z 8P9

Our reference: OTT-RTG-LET-0294

Dear Mr. Lauch:

**RE: Ottawa LRT Project – Project Agreement dated February 12, 2013 (“PA”) between the City of Ottawa (the “City”) and Rideau Transit Group Partnership (“RTG”) Remedial Rights (S. 32.1(a)(i)(D) and S. 32.1(a)(i)(B)) Reputation and Further Availability Issues**

The City hereby provides notice to RTG pursuant to Section 32.1 of the PA in relation to the City's intent to exercise its remedial rights pursuant to Section 32.1(a)(i)(D) and Section 32.1(a)(i)(B). In the circumstances, the breaches of RTG's obligations under the PA and its acts and omissions have and may potentially compromise the reputation or integrity of the City and/or the nature of the City or the Project, so as to negatively affect public perception of the City and/or the Project. As well, and further to the City's letter of December 18, 2019 (OTT-RTG-LET-0293), ongoing and new issues have arisen which have affected the availability of the System to System Users and RTG continues to be in reactive mode in responding to such issues.

RTG's breaches, acts and omissions, as described in the City's letter of December 18, 2019 (OTT-RTG-LET-0293) and the ongoing failures and lack of availability of the System as described below ("**RTG's Failures**") have compromised the reputation and integrity of the City and the Project. Further, RTG's Failures have negatively affected public perception of the City and the Project.

### **Belated Launch**

The System was belatedly launched in September, after RTG's repeated failures to meet Required Revenue Service Availability Dates it committed to meet. RTG did not meet these dates because it could not meet the requirements in the PA to satisfy this Milestone and, most notably, it could not supply an adequate number of functioning Vehicles, as it admitted repeatedly in the year prior to its belated achievement of Revenue Service Availability. The repeated changes in the dates when RTG advised it would be able to launch the System caused damage to the City's reputation and the reputation of the Project. These delays were directly attributable to RTG's failures to perform its design and construction obligations in accordance with the PA.

Given the previous failures of RTG to launch the System when it said it would do so, it was important for RTG, the City and the Project that the System launch was successful following the

City of Ottawa	Ville d'Ottawa
O-Train Construction	Construction de l'O-Train,
Transportation Services Department	Direction générale des transports,
110 Laurier Avenue West	110, avenue Laurier ouest
Ottawa, ON	Ottawa, ON
K1P 1J1	K1P1J1



September 14, 2019 opening so that transit riders would have a positive experience and so that public confidence in the Project and the City would improve.

### **Public Perceptions of the RTG Failures**

The City has faced serious public criticism about the Project. In the months following the launch of the System, RTG failed to provide the Maintenance Services in accordance with the requirements of the PA and failed to ensure the availability of the System for System Users. This has resulted in a barrage of negative coverage by local and national news outlets and social media. The reputation of the Project and the City has suffered as a result.

In order to respond to the lack of availability of the System, the City has had to repeatedly and consistently initiate single tracking and/or replacement bus service to mitigate the impacts to our customers. Due to the regularity of the System failures, the City has had to take mitigative measures in this regard including but not limited to reserving twenty buses dedicated solely to the replacement service. In the three-month period of October through December of 2019, we have records of over fifty events where bus replacement service and/or single tracking were required. These events cause significant stress and frustration for our customers.

Further to the incidents noted above, there have been more recent, well-publicized failures and lack of availability of the System which are attributable to RTG:

- December 31, 2019: A train stopped just west of the University of Ottawa Station just before 6:00 pm and OC Transpo had to run supplementary buses for six hours, resuming service just before midnight;
- January 15, 2020: The overhead catenary system in the St. Laurent tunnel failed after the morning Peak Period and OC Transpo had to run supplementary buses for the remainder of the day, resuming normal service the following morning; and,
- January 17, 18, and 19, 2020: Ongoing and repeated switch failures occurred on the System resulting in major delays in the operation of the System and reducing the availability of the System to System Users.

More recently, the City has learned of a cascading series of serious errors and failures by RTG that resulted in numerous Vehicles being out of service for extended periods during the Peak Periods. Due to System problems which RTG has not rectified, the wheels of the Vehicles have experienced flattening which require repair on a wheel lathe. The City learned that RTG did not have a functioning wheel lathe and was unable to perform a basic wheel repair function in order to correct the issues in a timely fashion.

The widespread media attention for these incidents as well as the cumulative impact of repeatedly and routinely needing to call buses into service during rush hours is degrading the reputation of the City and the Project. The System that RTG has provided is not reliable and, as noted above, public trust in the System, the Project and the City has understandably eroded.

This is a System that, pursuant to the PA, was to operate reliably with significantly higher passenger loads than are currently being experienced. It was to do so from its launch following



the achievement of Revenue Service Availability. It has not done so. The System is simply not operating at the level required by the PA. The City has borne the brunt of public criticism in the media and is saddled with a deficient System that has inconvenienced transit riders in the City to the point where the City's reputation and the reputation of the Project have suffered considerably.

### Conclusion

In relation to the matters that are the subject of this Notice under Section 32.1(a)(i)(D), RTG has 5 Business Days to cure its breaches, acts and omissions which have compromised the reputation and integrity of the City and the Project so as to negatively affect public perception of the City and the Project. Should RTG fail to do so, the City will be left with no choice but to consider its rectification rights under Section 32.3 of the PA.

The City reserves all of its rights under the PA and at law.

Yours Truly,

A handwritten signature in black ink, appearing to read 'M. Morgan'.

Michael Morgan  
Director, Rail Construction Program

cc.

Lorne Gray, OTC  
Troy Charter, OCT