



October 01, 2021

Mr. Nicolas Truchon, CEO
Rideau Transit Group GP
805 Belfast Road,
Ottawa, ON K1G 0Z4

Our reference: OTT-RTG-LET-0409

Dear Mr. Truchon:

RE: Ottawa LRT Project – Project Agreement¹ dated February 12, 2013 (“Project Agreement” or “PA”)) between the City of Ottawa (the “City”) and Rideau Transit Group Partnership (“RTG”)

Notice Under Section 10.4(d) – Replacement of Key Individual

We write to provide Notice that the City has determined, acting reasonably, that it is in the best interest of the City and the Project, that a Key Individual, namely the Vehicle Maintenance Manager, Mr. Richard France, be replaced pursuant to Section 10.4(d) of the Project Agreement. This determination has been made following careful consideration of concerns about the current Vehicle Maintenance Manager's competency, capabilities, and failures to perform as reflected in the maintenance issues apparent in relation to the Vehicles, a detailed explanation of which is set out below.

As RTG is well aware, there were two derailments of Vehicles on the System within a six week period:

1. The derailment on August 8, 2021 which resulted in the full grounding of the fleet until August 14, 2021; and
2. The derailment on September 19, 2021 which has again resulted in a full grounding of the fleet with a return to full service not expected for three weeks (collectively, the "**Derailments**").

These Derailments clearly reflect serious defects in the Works in relation to the Vehicles (including the axle bearing assemblies and other components), as well as in relation to the infrastructure of the Project, which RTG has failed to rectify properly and promptly and/or have been caused or exacerbated by the inadequate and improper performance of the Maintenance Services. RTG's ability, and that of its Subcontractors, to properly perform the Maintenance Services in accordance with the Project Agreement is a serious concern to the City. For example, Vehicle Maintenance issues are not being addressed properly or promptly, as demonstrated by the of length of time it is taking to resolve the wheel crack issues which arose in the summer of 2020 and have not yet

¹ All capitalized terms not defined herein shall bear their meanings as defined in the Project Agreement or the City Letters.



been fully resolved. Now, with the two Derailments having occurred within a six week period, and in the absence of a root cause analysis, RTG can no longer ignore the City's concerns as they have reached a critical level. As a result, we require that you take immediate steps to demonstrate that RTG has the commitment to engage competent and capable individuals as Key Individuals, and in other roles to support those Key Individuals.

As Vehicle Maintenance Manager, Mr. France is directly responsible for the performance of the Maintenance Services as it relates to, among other things, the ongoing maintenance of the Vehicles. The City has serious concerns regarding Mr. France's competency to fulfill the obligations of his role given the ongoing issues that have been experienced with Vehicle Maintenance, including notably the recent Derailments.

To be clear, the City is not satisfied with the reliability of the Vehicles nor with RTG's performance of the Maintenance Services as it relates to the Vehicles. Without limiting the generality of the foregoing, and in addition to the issues currently under investigation in relation to the Derailments, the following are a few examples of the many issues affecting Vehicle reliability and Vehicle maintenance that are RTG's responsibility to address:

- The Auxiliary Power Supply units have continued to fail on a frequent basis with little to no information as to the root cause of the failures;
- The Vehicle coupler issues have continued to cause service disruptions and require a technician to attend to Vehicles in service in order to address the failures. In most circumstances, due to the length of the delay with regards to repairs, passengers must be transferred to another Vehicle mid-line, and at times, even between Stations; and
- The improperly functioning HVAC systems continue to require unplanned service requests.

These issues have arisen as a result of and/or during Mr. France's management of the Maintenance Services as it relates to the Vehicles, and their repeated and continued existence speaks to a lack of competency, capability and/or lack of performance on his part and that of RTG.

In addition to the specific issues relating to Vehicles themselves, there are numerous additional issues which are a result of the lack of progress, documentation, training and/or oversight. As Vehicle Maintenance Manager, the occurrence of these serious and ongoing issues speaks to Mr. France's failure to either properly supervise the Vehicle Maintenance, or his lack of authority to make necessary changes to the shop floor, including retaining sufficient, qualified staff.

The City's concerns regarding work orders and overall failures to properly perform the Maintenance Services in accordance with the Project Agreement, including the Output Specifications, include, but are not limited to:

- Incomplete or inaccurate work orders;
- Increasing backlogs of maintenance activities and outstanding modifications/retrofits;



- Closed work orders that are not actually closed including those referencing “logs sent to Thales” with no follow up or documented resolution;
- Vehicles being released into service with open (non-safety) related work orders, and
- Vehicles that have failed to have been properly investigated, resulting in their premature return to service only to have the same issue reoccur.

In addition to the above, the City has concerns regarding the current practices where Vehicles are taken out of revenue service for extended periods of time, thereby limiting the availability of the fleet. To further compound the issue, parts and supplies are frequently cannibalized from out-of-service Vehicles to return other Vehicles back into service, which indicates a parts supply issue, or at the very least, a lack of inventory control processes.

As well, the City has witnessed a trend of unexplained or improperly deferred maintenance activities over the course of 2021. RTG’s backlog of maintenance issues needs to be addressed, and has not been addressed under the watch of Mr. France.

Further, there are repeated issues with the daily inspection process, as well as deficiencies and steps missed in various processes that have been highlighted and documented by the City’s Vehicle Engineer. Finally, numerous required documents that are intended to document roles and responsibilities, as well as corrective actions taken are either missing, are still in draft form or are insufficient for their intended purposes.

It is clear that Mr. France is either unable to appropriately and adequately manage the Vehicle related Maintenance Services responsibilities for the fleet as he is required to do in order for RTG to meet its obligations under the Project Agreement, or he has not been granted sufficient agency to ensure that these Maintenance Services proceed in accordance with such requirements under the Project Agreement.

Pursuant to Section 10.4(d), RTG must, within 30 days of receipt of this Notice, provide the City with relevant information regarding the proposed replacement for Mr. France, which replacement must not be finalized without consultation with the City. Further, pursuant to the Project Agreement, RTG’s replacement for this role must have a minimum of 10 years of relevant experience in a similar role, must either have a P.Eng. or CET designation and must have managed fleets of 50 or more vehicles.

Given the significant nature of the Derailments and issues with the Vehicles to date, the City suggests that RTG consider top-tier international candidates who are qualified and have the necessary relevant experience to take on this important position promptly and provide guidance to the RTM team to address the current serious issues with the Vehicles.

The City is continuing its assessment of the Derailments and RTG’s other failures to perform its obligations under the Project Agreement. In this regard, the City reserves its right to continue to assess RTG’s staffing of the Project to determine whether further changes need to be made and/or whether RTG has brought the necessary resources to bear.



The City continues to reserve all of its rights under the Project Agreement 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, Troy Charter, City
Mario Guerra, RTM

