



MEMO / NOTE DE SERVICE

To / Destinataire	Mayor and Members of Council	File/N° de fichier:
From / Expéditeur	Director, Rail Construction Program Transportation Services Department	
Subject / Objet	Rideau Transit Group - New Notice of Default	Date: October 5, 2021

The purpose of this memo is to advise the Mayor and Members of Council that the City of Ottawa issued a further Notice of Default to Rideau Transit Group (RTG) on September 24, 2021 (the September Notice of Default) as a result of the two derailments that occurred on August 8 and September 19, 2021. The new September Notice of Default is on top of the Notice of Default issued to RTG on March 10, 2020. RTG has still not cured its March 2020 defaults and as a result, remains in a state of extended monitoring by the City.

The September Notice of Default was issued on September 24, 2021 because of RTG's defaults of its obligations under the Project Agreement (PA). RTG failed to meet the basic performance and service level metrics set out in the PA arising out of the derailments and both events led to system unavailability and the erosion of system reliability.

In the September Notice of Default, the City requested that RTG provide a reasonable plan and schedule for remedying its defaults by October 1, 2021. In addition:

- The City will be undertaking ongoing increased monitoring and has notified RTG that all costs associated with the monitoring are to RTG's account;
- The City has given notice of the exercise of targeted remedial rights and notified RTG that any required remedial action, are to be reimbursed in full by RTG, as per the PA; and,
- Notice of replacement of a Key Individual has also been given (the Vehicle Maintenance Manager).

The City is also considering all its legal options under PA and options were discussed at an in-camera session at Finance and Economic Development Committee today, October 5, 2021.

The September Notice of Default represents strong contractual action by the City in response to RTG's failure to provide reliable service to the residents of Ottawa. It is also a step that is required in order to allow the City to use even stronger actions with RTG under the Project Agreement should they be necessary.

Should you have any questions about the information provided in this memo, please do not hesitate to contact me at extension 52718.

*Original signed by
Michael Morgan*

c.c. Senior Leadership Team
Transportation Services Departmental Leadership Team
Director, Public Information and Media Relations
Members of the Transit Commission