



January 16, 2019

Tina Iacoe, CPPO, CPPB
Manager of Procurement
City of Hamilton
120 King Street West, 9th Floor
Hamilton Ontario L8P 4V2

RE: COMMERCIAL RELATIONSHIP BETWEEN THE CITY OF HAMILTON AND CENTURY GROUP INC.

Dear Ms. Iacoe,

This letter is in response to the December 11, 2018 letter from the City of Hamilton as it pertains to the Commercial Relationship between the City of Hamilton and Century Group Inc. In your letter the City identifies "CGI's performance of this Contract has resulted in several instances of poor vendor performance and non-performance, poor scheduling causing extensive delays, and deficiencies in meeting specifications set out in the Contract." Your letter further concludes the relationship between CGI and the City has been impaired and the City will receive recommendation from City staff that the City not accept any bids nor enter into future contracts with CGI.

I joined CGI in March 2018 and have since restructured the team to include folks who, like me, have worked in the Toronto construction market for more than 25 years. Our careers have been spent with PCL, Eastern Construction, and EllisDon, and we have known each other for a long time. Since coming on board, we have started and completed projects for the City of Brampton and the City of Burlington, and completed projects for the City of Toronto, and the City of Mississauga. We were brought into the company to better represent the values of ownership, and overcome issues that were most evident on the Grightmire Arena project.

CGI has been in business since 1978 and over that time we have successfully completed projects for clients across Canada. We strive to be a trusted partner for our clients, trades, and consultants, and make lasting contributions to our community. I have known CGI for more than 10 years, having hired them on the Woodbine Casino project. The perception the City has of CGI is not the one I carried into the company, and certainly not the one shared by our other clients since. We take seriously the City's concerns, and appreciate the opportunity to address them.

Century Group Inc. has been contracted by the City of Hamilton to provide General Contracting Services to the Addition and Renovations to the J.L. Grightmire Arena project. It is important to understand CGI has no control of or responsibility for the consultants or the design. We build. On this project, that is what the City has hired us to do.

As the General Contractor CGI is responsible for the care and control of the project site, and are therefore the most prominently visible participant on the project. We know this visibility causes folks to turn to us when things do not go well, but we also know the community and the City's Audit, Finance & Administration Committee is limited in the information before them. This letter provides a general outline of design and site issues on the project that have impacted our ability to execute the work and, in light of your letter and the public reporting on the project, have tarnished our name. We believe however this letter offers a broader understanding of the services that continue to be provided by CGI.

1. Delays to completing the parking lot

- a. The completion was delayed in the first instance as the parking lot was turned over to Century Group one month late to accommodate the City.
- b. The civil design of the cistern was deficient and took more than one month for the consultant to resolve.
- c. The designed drain to the headwall did not conform to the as-built condition, nor the uncovered condition.
- d. Throughout the course of the work Change Directives were issued that did not resolve the observed issues on site. When addressed by Century Group, we were directed to proceed irrespective of the issues. The civil consultant resolved continuing issues with drawing revisions that did not update the year with the revision, setting an inaccurate historical record for the revision. The dates were eventually resolved in most cases after the issue was addressed by Invizij.
- e. CD-001 directed Century Group to create a new path into an existing intake headwall that went into the creek. The work was delayed +/- 3 weeks waiting for approvals from the Hamilton Conservation Authority.
- f. The design called for asphalt removal and proof rolling of the base. Spot elevations provided with the grading plan for new curbs did not follow the existing grades which caused a significant change in the grades from the existing condition.
- g. The existing catch basin at the south east corner of the arena was discovered to have no bottom on the chamber. The design called for Century Group to install a new storm line into this chamber. At the direction of the civil consultant Century Group bypassed the chamber and connected to the storm line discharge to the creek. This approach saved the City the cost of a new chamber. The additional cost for the piping work continues to reside with the City without payment to the trade.
- h. The grading plan did not conform to the existing conditions and caused significant change to the topography of the finished site. Spot elevations provided with the design that did not conform to the adjacent structures caused drainage issues for the site that had to be resolved through changes.
- i. Invizij provided correspondence to Century Group to coordinate the architectural and civil designs, for Century Group to read architectural then coordinate with the civil consultant to determine whether the civil needs are to

- supplant the architectural design. Design coordination is not part of our Agreement with the City.
- j. Century Group recognized the existing granular and the design did not provide for heavy-duty asphalt in the fire route. CD-002 was issued to resolve this condition. Resolution of the work took 6-weeks.
 - k. During our execution of CD-002, Century Group uncovered additional grading issues with the site, with discrepancies of as much as 400mm. Invizij voiced their position these discrepancies were 'low spots' to be filled. The issue is a significant change to the civil design that impacted the schedule and cost for the work.
 - l. The existing sanitary line on the SW corner of the building follows an entirely different route from a MH located in an entirely different location than is noted by the design. A change was issued to support a permit revision to resolve this condition and Century Group executed the work of the revision. The timing of this change impacted our ability to pave the walkway in this location.
 - m. The civil design identifies swales in the location of existing light standards that are to remain. Century Group raised the issue with the civil consultant and was directed to 'figure it out'.
 - n. The elevation 101.14 was provided with the tender documents for the existing floor elevation. CD-003 changed the existing floor elevation to 100.98. This change impacted the completed site services at the north elevation, causing modification to the exterior grades as well as the location of the precast slab on the interior and the constructed works on top of the precast slab, including but not limited to the glazing work.
 - o. Century Group uncovered through the progression of the work the existing sanitary MH adjacent to the Theatre was a man-made brick structure covered in plywood. The design called for the sanitary work to tie into this chamber. A change was issued to relocate the new MH adjacent to the crosswalk to the location of the brick structure and re-route the sanitary services to suit the new location.
 - p. Delay was caused by a dispute with Invizij to overcome Invizij's concern the base material was contaminated. Century Group engaged the project's geotechnical consultant who determined there was no contamination of the base material and the base was constructed in accordance with the design.

Without submitting a cost to the City, Century Group added a second Superintendent to the project in July 2018 to help overcome these issues. While the allocation of our people in this way is disruptive to our business, we believed it was necessary to navigate the ongoing issues, and is representative of our efforts to deliver the project as expeditiously as possible to the City.

With considerable effort by Century Group, the base asphalt was completed the week of December 10, 2018. Century Group continued to coordinate our subcontractor for installation of the topping. The City discussed the topping work directly with Century Group's subcontractor

and in consideration of the historical weather, issued CD-006 on December 10, 2018 to Century Group to delete the topping. The change directive further added temporary line painting. The temporary line painting was coordinated and completed on December 29, 2018. The parking lot was turned over to the City on January 4, 2019.

2. Changes

- a. Changes currently amount to over 14% of the contract price, excluding those changes that are not fully priced or for which we are waiting on submission of the change from the consultant.
- b. Potential Change work has proceeded without Change Order so as not to impact the progression of the work. It is important to note that CGI has taken on considerable risk by working in this way; it has been done to help move the changes forward without adding to the impact to the City.
- c. Since December, we have received from the Consultants the following changes:
 - i. CD-007 was issued on December 11 and withdrawn on January 10 so that the consultant can revise the issued drawing for the storm water line leaving the mechanical room sump pit;
 - ii. CD-008 is a mechanical revision that requires us to remove the built fire rated assembly as the original design did not include insulation on the sprinkler branch lines;
 - iii. CD-009 is a revision to the electrical breaker to meet the mechanical design requirements for the sump power;
 - iv. CD-010 asks us to provide curb cuts to solve a grading discrepancy in the civil design;
 - v. CD-011 has to do with emergency power related to the elevator sump pit;
 - vi. PC-040 for additional line painting beside the Zamboni area. The line painter completed his work December 29th, yet the PC was issued January 2nd. The trade now needs to remobilize;
 - vii. PC-041 for infill openings around pre-engineered columns (noted below);
 - viii. PC-042 was issued on January 15, 2019 for Fire Ratings that were not provided in the design for the columns, nor the second-floor canopy, nor the ceiling assembly at the second floor. The PC was withdrawn on January 16, 2019 for revision by the consultant.

3. Significant and persistent issues with the building design

- a. While we have not provided a complete summary of the issues with this letter, the following are a few examples of the issues:
 - i. Existing gridlines and room dimensions are noted a +/- which varies wildly from the numeric when measured on a linear plane. This lack of precision in the design caused significant impact to fabrication and construction of the building components. We presume this is a

consequence of no survey of the building being undertaken to support the schematic design which, given the scope of this project, we reasoned would have been an obvious and necessary function to support the design.

- ii. The existing utility light standard at the SW corner of the building is drawn in the design residing inside the new stair at the front of the building. This would appear to be a CAD layering issue missed during design coordination. Century Group was directed through a PC to disconnect the electrical services, coordinate with Bell, have Bell reinstate their services to the Theatre in a new location adjacent to the Theatre, and route Bell from the opposite side of the building for the Arena service. As of this date we do not have a CO to route Bell from the corner of the building to the building phone system. This omission impacts our ability to complete the fire alarm and elevator work and attain SP and Occupancy.
- iii. There have been significant structural changes pertaining to the existing structure and our new construction, including omissions in the structural steel causing Century Group to procure additional steel members while the construction of the work was ongoing.
- iv. The existing structure did not have footings in locations. This caused changes to the design to enable our new build, and likely contributed to the observed issues with the existing structure at the entrance to the ice surface.
- v. Changes were issued to all lintels at the door headers in the basement.
- vi. Mechanical sprinkler room design and coordination among the disciplines caused a number of issues, i.e. the mechanical and electrical services work resided in the same physical location causing relocation of services during the build. This would appear to be a CAD layering issue missed during design coordination.
- vii. Omission of a check valve to the elevator pit is causing water to fall into the pit. There is an outstanding RFI to the consultants to resolve this issue.
- viii. FRR has not been designed to be applied to the existing structure where the new structure ties into the existing building. This issue was identified by the Building Department.
- ix. FRR has not been continually designed to the roof deck at the gallery wall separating the new and existing. This was identified by the Building Department.
- x. +/- 200mm gaps around the existing columns leaves large openings in the floor-to-floor fire separation. This issue was identified by the Building Department.
- xi. Hazardous Materials (asbestos and lead) were uncovered during the course of the build and resolved by Change Order.

- xii. In accordance with the Specifications, moisture readings are too high on the basement slab causing a delay to the installation of the flooring. The work is hold while as are waiting on direction from the consultants.
- xiii. Toilet partition installation is delayed awaiting a Change for structural supports for the toilet partitions. The Architectural design allowed for framing, whereas the specifications called for ceiling hung partitions. The designed detail will not support the partitions.
- xiv. Century Group together with our site and office team has and continues to work diligently to achieve Substantial Performance as it is outlined by Item 8 "Scheduling" in this letter.

In your letter, the City outlines "deficiencies in meeting the specifications" as one cause supporting the City's observation of non-performance by CGI. It is important to recognize the following:

4. Deficiencies

- a. Century Group has not been provided a 'Deficiency List'.
- b. "Observations and Comments" have been provided by the Architect, Mechanical, and Electrical within their Field Reports. The Structural consultant in email. Century Group have requested but have not received anything from the remaining consultants.
- c. Century Group developed an initial consolidated "Deficiency List" based on the consultant reports and provided it to the City on December 11, 2018.
- d. What we understand to be deficiencies noted in the Reports have been enacted upon and are ongoing within the course of the work. These items will continue to be worked on during the ongoing progress of the work.
- e. To date we have noted 75% of the consolidated "Deficiency List" is complete and are awaiting on confirmation from the consultants.

Given these points, it is difficult for CGI to understand the City's position that "deficiencies in meeting the specifications" are a cause supporting the City's observation of non-performance by CGI.

This has not been an ideal project for CGI by any stretch. We recognize it has been difficult for the City and for the surrounding community. We are though steadfast in our belief that with a responsible and collaborative effort by the consultants, the ongoing commitment of the City, Century Group and the project team will deliver a facility that makes a lasting contribution to the community.

We can not understand why the City would seek to exclude CGI from future work for the City. Surely having a contractor populated by veterans of landmark buildings such as the TIFF Bell Lightbox, the Ripley's Aquarium, Bridgepoint Hospital, and several large design-build projects for the University of Toronto, a contractor who continually provides services and strives to deliver a



project fraught with significant design and existing site issues, a contractor who does not pursue conflict with the project participants despite the issues, who rather seeks to help resolve issues, surely the City would want a contractor like CGI bidding your work.

We certainly hope the City amends its position.

Should you have any questions or concerns related to this, please let me know. As we have been, Century Group remains committed to working for the City of Hamilton.

Yours truly,

CENTURY GROUP CONSTRUCTORS INC.

A handwritten signature in black ink, appearing to read 'Eric Zvaniga'.

Eric Zvaniga
Vice President Eastern Region