



PROJECT MANAGEMENT • REAL ESTATE DEVELOPMENT • ARCHITECTURAL DESIGN

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May 29, 2019

RE: MTS Non-Delivery 2018 Shipping Season

Dear Shane,

As a member of parliament I wanted to reach out to you concerning the 2018 MTS barge.

We are one of the many businesses/customers who have been serious affected by MTS. We reside in Cambridge Bay and own/operate a small development company (CHOU Consulting & Development Inc.) and a 5 bedroom hotel.

We invested everything into the planned construction of a 4-plex condominium that was to begin construction at the end of August 2018 which was the advertised arrival for the MTS barge into Cambridge Bay.

Needless to say the barge never arrived and our small business has been reeling from the effects of that ever since. Our Clients of the pre-sold condo units have had to walk away from the sale as the additional cost and unknowns mean that we are unable to sell the units at the originally agreed upon price.

I speak for many when I say that MTS throughout this whole process have been dishonest, disorganized and unapologetic, taking no responsibility for their actions. I was hoping I could share my experience with you so that you could understand the other side of the story.

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MTS advertised to customers that they anticipated they would be in Cambridge Bay at the end of August 2018 with a delivery cut off at Hay River of July 1st 2018. Our company chose to use MTS because they were expected to be earlier than the eastern supply barges (NSSI & NEAS). It should be noted that in 2017 MTS arrived into Cambridge Bay mid-August and we had no reason to think that their advertised date was unattainable.

Friday May 18th 2018, unbeknown to us at the time, Corey Dimitruk received an email from Lynda Blair (MTS) that the barge to Cambridge Bay was cancelled. My understanding is that the email was retracted that weekend as MTS had changed their minds once again and were still planning to come to Cambridge Bay at end of August. It should be noted that we had a booking confirmation with MTS dated April 23rd 2018 and were never made aware that MTS had made the decision not to sail to Cambridge Bay. I seriously question the reasoning for MTS taking the decision to cancel the barge to the Kitikmeot. They have never provided an explanation. I can only assume that it may have had something to do with an outside/private contract.

We delivered all of our material to Hay River before the cutoff date of July 01st which by then had been extended to the 8th July. Once all material had been delivered to Hay River, MTS updated their website to say that Cambridge Bay would now receive their freight on the 22nd September. Without explanation, we somehow became MTS's last delivery of the season. Almost a month later than originally advertised and now too late for us to use the eastern barge carriers. Barge delivery dates always slip and that rings even more true if you are the last delivery. A September 22nd date meant that MTS were now betting on possibly getting into Cambridge Bay in October which rarely happens. In 2014 NTCL now MTS (similar management/personnel) decided to bring in Ellis Dons (private contract) 100 man camp into Cambridge Bay first and the communities re-supply last. That year they got stuck due to ice conditions in Hope Bay trying to get into Cambridge Bay in October with the communities supplies. Lessons obviously not learnt.

Our frustrations is that MTS chose to roll the dice on getting into Cambridge Bay in October. I say October as MTS must have realistically know that September 22nd can easily get pushed into October. They were dishonest in their sailing dates to our community and brushed aside our continued concerns on the late sailing. MTS have never spoken to why we were pushed to the back of pack? When did they know that the advertised date of August was not happening? Why did they cancel the sailing in May? Have they ever done contracts in Alaska and why chose to do so? I am confident that if they did not go to Alaska we would have gotten our re-supply in 2018. MTS bit off more than they could chew and we must deal with the consequences of those decisions.

Ice conditions are NOT the reason affecting the trip or the successful delivery of our items. This unsuccessful delivery was a result of the delays created by decisions that were made by the minister, which caused the initial delays, whereby ice became an issue. MTS has continued to use this as the excuse/reason without addressing many of the unanswered questions which I believe ultimately lead to them not getting into Cambridge Bay. It was poor decisions made at a managerial level that were the true reasons the barge did not get here. If your plan is to get into Cambridge Bay in October then you should not be in the barge business. It is also not a coincidence the both eastern carriers NSSI and NEAS continue to make community deliveries. It comes down to management and managing risk which NTCL now MTS has consistently proven it lacks.

Part 2 to our story began in early October when MTS finally admitted that they would not be able to get here due to an "Act of God" and the "worst ice conditions seen in 30 years" as stated by Mr. Briggs.

It was clear early on that MTS were scrambling to try and figure out what the next steps should be. As a customer there was no information coming from MTS and no one to contact. It was obvious that MTS had no plan for such a scenario. Over the next few weeks MTS proceeded to make many promises only to back track on them. They began by stating that everything will be flown in. Then it was everything except cars and sea cans. Then it was everything except building material, sea cans and vehicles. MTS said they would be 70-100 flights between Cambridge Bay, Kugluktuk and Paulatuk. 600 lbs to Cambridge Bay was tendered. We received 7 planes and 172,000 lbs (no building material, vehicles or sea cans). Its all well documented in the attached articles and excel sheet.

MTS have never issued a statement on how many flights and how much freight and what type of freight was actually delivered to the communities affected. It was all a giant publicity stunt to quiet people. Nothing has changed for us and others who had freight on the barge yet the general consensus with the general public is that MTS stepped up and fixed it. This could not be further from the truth.

Our business continues to struggle because of MTS's failures. With everything to loose, we have had to retain legal council as MTS refuse to take responsibility for their actions and decisions. Our most recent request for them to provide me with a flight to Inuvik to inspect our \$700k worth of material was rejected. Instead I had to pay out of pocket and visited the site on the 20th May 2019. I estimate that 25-35% of my drywall for the project is damaged, and most of the crates showed clear signs of damage from fork lift operators. There was moisture and water damage to other crates and it is unknown at this time what the material will look like by the time it gets to Cambridge Bay as it still needs to be handled multiple more times. This is in addition to lost freezable such as paint, mud, spray foam, caulking etc which will cost us over \$30K to replace and ship.

MTS has chosen to take responsibility for nothing and provide us with no guarantees. The condition of our material, when and if it will all arrive, carrying cost, cash flow, unknown additional cost of the project, legal battle ahead, possibility on not being able to sell the units. This is what we are dealing with on a daily basis and are faced with the very sobering possibility of losing everything.

It should be noted that we are just one of many stories of people who have and continue to try and work through this. We really appreciate you taking the time to listen to our story. Thank you. If you have questions or need anything from us please do not hesitate to reach out.

Regards,



Stuart Rostant, Director
CHOU Consulting & Development Inc.