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tie
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Attention: Ailsa McGregor

Dear Ailsa

Systems Design Services (SDS): P3e Version 9 Programme Slippages

I refer to your letter of 16 January 2007. I would like to start by stating that we have provided to you our list of deliverables which have contractual dates attached and which have been highlighted on our programme. Many of the items to which you refer in your letter are not programme deliverables and several items remain outstanding because of lack of resolution on Charette issues which remain outwith our control. I would respond to the points in your letter as follows:-

1) Badger Sett 3 - This is not a project programme deliverable and should not be confused as such. SDS has undertaken a considerable amount of work in the development of the design of the relocated badger setts. We have made all reasonable endeavours to progress the design of the badger setts as expediently as possible. This has been done jointly with tie and you are aware fully of the issues with which we have been faced in dealing with Badger Sett 3. Badger Sett 3 will be issued on 24 January.

2) Section 1A Constitution Street Utilities Design - The difficulties relating to the issue of the utilities deliverables to SUC for section 1A have been well documented with tie and relate to the Charette works associated with the relocation of the Foot of the Walk tram stop into Constitution Street. The lack of prompt resolution by tie of this Charette issue has caused us delay and this has been highlighted to you several times in separate correspondence.

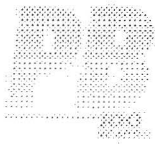
SDS has undertaken a considerable amount of work on the special planning for utilities on Constitution Street. In order to mitigate these ongoing design issues SDS has split section 1A into two deliverables, with the first of these having been issued on 12 Jan for the section between Newhaven to the Northern end of Constitution Street. For the remainder of Section 1A the Statutory Utility Companies have expressed a strong preference to have all utilities removed from Constitution Street as agreed between the SUCs and tie. SDS is awaiting the proposals for the relocation of these services onto adjacent streets. On the basis of a timely proposal from the utility companies, the SDS proposal is to submit utility design to the SUC to be delivered mid May and mid May to propose IFC drawings. This meets the requirements of the AMIS construction programme. SDS is working with AMIS and the SUCs to secure this programme.

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3) Revised OPS Documents - This is not a project programme deliverable and should not be confused as such. The OPS documents were issued by SDS to tie on 9 June 2006 and your ROR comments were not received by SDS until 13 November i.e. five months later. Several close out meetings have taken place since that time, which were only concluded late in December. SDS has worked with tie in updating these documents and the majority of the OPS documents will be issued today and the remainder by 26 January.

4) Deliverables Register - This is not a project programme deliverable and should not be confused as such. SDS is finalising the deliverables register which is a live document. This will be issued on 26 January. It is correct that SDS had intended to issue this document earlier but recognising its importance we feel that it is necessary to spend the time to get this document right.

5) Street Lighting Strategy - This is not a project programme deliverable and should not be confused as such. SDS does not recognise the promise date of 8 January and would appreciate guidance as to when and by whom this promise was made. SDS submitted the Draft Lighting Strategy report to tie on 30 August 2006 and is still awaiting comments from tie. In the absence of these SDS has been in detailed discussion with CEC to resolve the lighting design. A fundamental part of our design strategy will be the revised street lighting strategy currently being developed by CEC which will be necessary to inform the SDS lighting strategy. This is yet to be received by SDS. Tie should be reassured that SDS is working closely with the Council, Historic Scotland and Edinburgh World Heritage Trust (in the form of the Tram Design Working Group) in the development of the street lighting strategy despite tie's failure to participate in the process.

6) Cash Flow Forecast - This is not a project programme deliverable and should not be confused as such. A cash flow forecast was presented by SDS on 5 Jan. SDS was advised that greater detail was required which SDS is currently developing and the revised forecast will be issued on 26 January.

7) Prior Approvals Applications - SDS has met all Prior Approvals Applications and has included tie in the initiation of these processes via copy of letter. The only exception to this was roads section 1A which we informed tie under cover of letter on 15 Jan for reasons explained therein, again because of Charette issues, and also St Georges access bridge due to a slip in the design progress of 22 January.

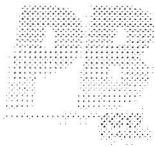
8) SDS Programme Update - This is not a project programme deliverable and should not be confused as such. The updated plan up to 11 December was submitted on 22 December. Tie have requested that SDS do not assume progress to the end of the month. The next update of the design programme is due on 31 January '07. SDS do not recognise the date of the 12 January as a programme update deliverable. Please advise.

9) Traction Power System Design Report -- This is linked directly to the tram design modelling and the output of the tram design model is used as the basis of the Traction Power System Design Report. SDS has received instruction from tie on revised requirements for service patterns and tram modelling generally and these are the subject of a Change Request. This has delayed the submission of the traction power system design report. In constructing the traction power programme a series of interactive activities between the Power Modelling team and the Traction Power team occur that allow validation of the developed Traction Power Design through power modelling and allow the Traction Power System team to develop a final traction power supplies report.

The tram run time model programme has moved for well known reasons, again charette changes primarily, and as a consequence the power modelling work has now also been pushed back in the programme.

The difficulty this creates is that although we can finalise a robust design based on numerical calculations this will not be validated through modelling until June '07.

In light of the ongoing delays caused by tie, we have had to re-schedule power simulation report tasks A1830 to A1860 of our programme to align with power modelling in June '07.



10) The Traffic Model Report PD2 for Charette elements has been delayed due to the failure of both tie and CEC to secure a resolution of the Charette options through Section 1B, 1C and 1D despite the protracted Charette and Planning Summit process and all of the optioneering done to address the issues/concerns raised. Our letter of 22 Dec ULE 90130-01-Let-00058 refers. This details the outstanding issues for which SDS has repeatedly advised tie of our position and requested support in their resolution. Through this and numerous meetings on these issues tie are fully aware of the impact on the delivery of the traffic modelling report. Through the Charette and Planning Summits meetings and numerous other related meetings SDS has attempted to resolve these issues. Until these issues are resolved it will be impossible to conclude the PD2 modelling work.

11) Preliminary Charette design for Leith Walk and St Andrew Square – again these have been delayed due to the failure of both tie and CEC to secure a resolution of the Charette options. We have been frustrated in our efforts to resolve the outstanding issues at St Andrew Square. At the planning Summit on 22 September, SDS was given the direction by Andrew Holmes that twin offset side platforms were the preferred solution for St Andrew Square. This decision was subsequently reversed on 06 December at the Design Approval Panel and the preference is now for an island platform, with consideration for a secondary side platform. This was confirmed under cover of tie letter received by SDS on 15 Jan. On 22 Dec SDS advised tie in two separate letters of the delays to the Preliminary design and Detailed design deliverables for both of these locations due to the comments received at the Design Approval Panel meetings. A meeting was specifically called on 15 December to discuss the Foot of the Walk. This was attended by tie TEL and CEC in order to resolve the issues raised at the DAP. This meeting again failed to achieve closure. To include issues such as this on a letter chasing progress is unjustified and we are surprised at the apparent lack of understanding of the progress on these issues from a tie perspective.

12) Rail Section Report - This was completed on time although we can find no record of its issue so have re issued today.

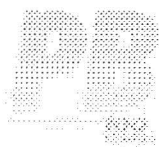
13) EMC Management Plan - Version 4 of the EMC Management Plan will be issued today. This was due on 5 December. A major review of this document has been undertaken to reflect comments received from tie on version 3.

14) Substation Sites and DNO Requirements Summary Report - Several key issues have required resolution prior to the finalisation and issue of the Substation Sites and DNO Requirements Summary Report. With this aim, SDS arranged a meeting with the DNO on 16 January, attended by Stuart Parsons on behalf of tie. At the meeting clarification was received from the DNO on these key points required to complete the report. The report will now be submitted on 29 Jan.

15) Pantograph Specification - Tie wrote to SDS confirming that the pantograph is no longer part of the OLE design package and would instead be incorporated within the rolling stock package and will be the subject of a Change Request. On the basis of this letter of 11 December SDS has removed this element of works from the OLE scope of works. SDS has previously identified design and performance parameters for the pantograph to assist in the procurement of this component and this is covered in the Overhead Line Equipment and Pantograph Equipment Specification ULE90130-SW-SPN-00016.

16) The MUDFA TTRO schedules were issued early on 11 December, against a scheduled delivery date of 12 January, so we are confused by your comments.

With respect to the points above we continue to be disappointed by the constant reference to 'promise dates' outside of the project programme and the constant reference to late deliverables that are either not late, not programme deliverables or the subject of ongoing delays that are with tie. The style of these letters infer that SDS is behind programme for all points made which is clearly not the case and we find this style of correspondence not constructive and misleading. We would request that in further such letters clear distinction be made on the status of the document being requested.



Please be assured that we are working hard to mitigate delays from whatever source they arise.

Yours sincerely



David Hutchison
Parsons Brinckerhoff

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