

Infrastructure Services

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Ref: AMIS/tie/letter/KAG/Projects/563

31st October, 2007

Mr. Graeme Barclay
tie MUDFA Utilities Construction Director
tie Limited.
Verity House,
19 Haymarket Yards,
Edinburgh.
EH12 5BH

Dear Graeme,

Subject: MUDFA Alfred McAlpine Infrastructure Services (AMIS) – Contract A150
Technical Specification of IFC Designs and Design Related Information

I refer to the prolonged correspondence in relation to the quality and integrity of the IFC Utility Design and Design related information issued by SDS Provider, under the management and direction of tie Limited as Project Manager of the design authority and technical outputs.

In addition to the previously demonstrated concerns, in relation to schedule adherence and impaired exactitude there are a number of other issues and concerns which AMIS MUDFA wish to express at this juncture.

Given that the assessments to date are only based on circa 14% of the IFC Utility Design and Design related information an opportunity exists for a step-change in the performance of the SDS Provider and the following observations should be considered and adopted by tie Limited going forwards as a minimum requirement:

1. None of the IFC Utility Designs issued to date correlate with the appropriate Schedule 3 Specifications, as defined under the MUDFA terms and conditions. In order to ensure technical compliance all IFC Utility Design drawings should define the requirements of the detailed design in the context of the appropriate Specification or Specifications for the permanent Works.
2. The ongoing absence of a Bill of Materials, in support of the IFC Designs remains a significant issue of concern, as reported previously. In recognition of the inefficiency set out under item 1 above AMIS MUDFA are being excessively burdened with an inappropriate level of procurement, commercial and technical compliance risk, which will, in all aspects, transfer in full to tie Limited under the MUDFA terms and conditions following the failure, by tie Limited, to comply with the requirements of Clause 8, AMIS/tie/letter/KAG/Projects/560 dated 29th October 2007 refers; Non-Conformance Report 005, among other areas of Non-Conformance which will be the subject of correspondence and appropriate submissions in the future.
3. The magnitude of change currently being experienced is disproportionate to the value of the Works and pricing structure contemplated in the preparation and agreement of the Schedule Four rates and prices. This level of MUDFA Contractor challenge and intervention, through Technical





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Queries and the necessity for excessive CVI's, in relation to rudimentary design related issues, i.e. configuration, sustainability of service, viability of proposed solution, existing site conditions et al, have all had and will continue to have a detrimental impact on the sustainability and efficiency of Construction Services, with schedule adherence being compromised and escalating cost most likely to result.

4. As a consequence of these issues and concerns the accuracy and proficiency of the MUDFA Contractor Red Line Drawings cannot be considered as totally accurate, fully configured and/or design change reconciled and/or warranted; please refer to letter Ref: AMIS/tie/letter/KAG/Projects/546 dated 25th October 2007.
5. Given the difficulties experienced in this area to date, on what AMIS MUDFA envisaged as the more accessible Worksites, there is growing disquiet within the AMIS MUDFA Health, Safety and Operational teams on the accuracy, availability and sustainability of the IFC Utility Designs and Design related information to adequately serve Construction Services in heavily congested areas, together with complex areas and Worksites.

These have been identified as 'hot spot' locations and applied with 'degrees of complexity' uplifts within the AMIS MUDFA Anticipated Final Account (AFA), Revision 05, submitted under cover of letter Ref: AMIS/tie/letter/KAG/Projects/342 dated 7th August 2007.

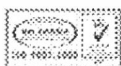
The prudent approach adopted by AMIS MUDFA has been subsequently challenged by tie Limited and it is a matter of record tie Limited has elected to withdraw this adjustment within their proposed AFA, please refer to letter Ref: AMIS/tie/letter/KAG/Projects/523 dated 19th October 2007 expressing our concern with this approach.

In order to ensure the risk associated with this adjustment to the MUDFA Contractor's AFA, by tie Limited, is managed in a proactive and diligent manner, AMIS MUDFA strongly recommend that proactive action is taken by SDS Provider and tie Limited, in fulfillment of their role as Employer, Project Sponsor and Project Manager to improve the quality and accuracy of IFC designs and design related information.

Additional and enhanced IFC Designs and Design related Information, by way of supplementary surveys and the like, should be requested to support Construction Services, thereby ensuring schedule adherence and the cost certainty already reflected in the tie Limited sponsored AFA.

Unless this matter is addressed to the satisfaction of AMIS MUDFA all works carried out in these areas, as evidenced by the appropriate uplifts in AFA Revision 05 shall not be carried out under the Schedule Four rates and prices, with the MUDFA Contractors actual and substantiated costs being recovered in full, plus 15% for overheads and profit.

The key 'hot-spot' areas which should be actively considered by tie Limited, as a priority are;





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- Picardy Place
- St. Andrews Square
- The Mound
- Princess Street / Lothian Road Junction
- Haymarket Junction; area of major interaction
- South Gyle Shopping Centre Junction

AMIS MUDFA looks forward to an early and considered response from tie Limited in respect of the above noted concern, in order to ensure the successful delivery of the MUDFA Works, in recognition of the agreed Contract objectives.

Yours sincerely,
For and on behalf of **Alfred McAlpine Infrastructure Services Ltd**



Andrew Malkin
MUDFA AMIS Project Director

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