



Infrastructure Services

MUDFA Project
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Ref: AMIS/tie/letter/KAG/Projects/409

23rd August, 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
Pre-Construction Services (PCS)

I refer to our recent discussions, correspondence and submissions in connection with the above, and most recently on Monday 20th August 2007.

In recognition of the meeting scheduled for Friday 24th August 2007, AMIS MUDFA wishes to draw the specific attention of tie Limited to the following documentation;

- Report and Recommendation to tie Limited for the Management of the Gateway between Pre-Construction Services and Construction Services, provided under cover of letter Ref; AMIS/tie/letter/AM/Project/101 dated 20th February 2007.

This submission, after a period of 26 weeks, has never been acknowledged or addressed by tie Limited. Fundamental to the planned discussions of Friday 24th August 2007, it demonstrates the dependency and analogous nature of PCS with the sustainable and timely delivery of Construction Services under the MUDFA terms and conditions, i.e. Contract Objectives, Schedule 4 Rates and Prices, Value Engineering Incentive, Schedule adherence et al.

It also addresses the impact of Risk Management, Value Engineering and Early Warning of Potential Construction Delays, while identifying a Proposed Way Forward, an Action Plan for Success and a series of Critical Actions Key to Success. It is essential that tie Limited provide a response or alternatively articulate other solutions for success.

- Tender Query, serial number 58, dated 8th May 2006; a copy of the appropriate documentation is attached for ease of reference. This documentation demonstrates the following:-

Deliverable	Earliest Date	Latest Date
Preliminary Design Complete	7 April 2006	30 June 2006
Detailed Design Complete	25 April 2006	21 July 2006
Receive tie Limited/SUC/ MUDFA Contractor Comments	8 June 2006	4 September 2006
Issue Design for SUC Approval	25 July 2006	12 October 2006
Issue Construction Designs	13 September 2006	21 December 2006



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All these dates are predicated on an "anticipated construction start date in January 2007", with a Contract award date of 1st June 2006; as tie Limited are aware the eventual Contract award date was 4th October 2006 with a corresponding construction start date of 4th April 2007.

This summary table and objective evidence demonstrates, beyond all reasonable doubt, the MUDFA Contractor's input and interventions during PCS, within a clearly defined and demarcated framework with concise timescales and durations.

All IFC Drawings were to be issued before commencement of Construction Services, having been valued engineered and technically verified by the MUDFA Contractor, in accordance with the MUDFA terms and conditions, throughout the five month PCS period, as defined within the tie Limited approved PCS Programme.

It is a matter of record that the PCS was extended to six months, at the request of tie Limited, on the 4th October 2006, immediately prior to execution of the Contract.

Therefore all impacts and dependencies are duly sanctioned, by tie Limited, as Employer, Project Sponsor and Project Manager.

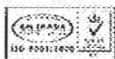
The current recorded and factual delay in the availability of IFC Design and Design related information, based on the information provided by tie Limited during the Tender / CARP process, ranges from thirty seven weeks to forty nine weeks accordingly.

As stated above and consistently advised by AMIS MUDFA to tie Limited, Pre-Construction Services was a critical deliverable and interface opportunity to ensure the safe, sustainable and timely delivery of Construction Services under the MUDFA terms and conditions.

Each and every contract requirement and obligation i.e. the Contract Objectives, Schedule 4 Rates and Prices, Value Engineering Incentive, Schedule adherence et al are all predicated and baselined on the comprehensive availability of detailed design for review, value engineering, technical and buildability input at the point of design maturity; all of which was to be complete prior to submittal to the Statutory Utility Company for detailed review and approval.

This process, together with the defined PCS inputs all form the basis of the MUDFA terms and conditions; these integral and dependent PCS deliverables are summarised below:

- Traffic Management and TTROs,
- Pricing and Cost Control,
- Advance Health, Safety and Environmental Planning,
- Stakeholder Management,
- Buildability Reports,
- Schedule 13 Requirements; and



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- Risk Management (tie Limited Project Risk Management Plan, Project Assumptions Register, Project Risk Register, HAZID and HAZOP).

This list is not intended to be exhaustive.

The attention of tie Limited is also drawn to Part 5, A1 of the AMIS Tender submission that demonstrates the nature of the Buildability Report contemplated under Schedule One.

The breakdown of PCS, as a consequence of the tie Limited Project Management team allowing the design process to be delayed, has had a fundamental, significant and potentially unrecoverable impact on all aspects of the MUDFA terms and conditions, to the extent advised in letter Ref; AMIS/tie/letter/KAG/Projects/333 dated 3rd August 2007.

Please note AMIS MUDFA requires a detailed and substantive response to the above noted letter, in order to address and redress the contractual, commercial and operational frustrations prevalent on the Contract which are escalating as a consequence of the lack of response and reluctance to make appropriate decisions.

It is a matter of record that tie Limited have not been forthcoming in the determination of key and critical decisions which has led to AMIS MUDFA into excessive correspondence.

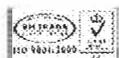
Yours sincerely,

For and on behalf of Alfred McAlpine Infrastructure Services Ltd

Andrew Malkin
MUDFA AMIS Project Director

Copies:-
tie Project Team
John Casserly

MUDFA Project Team
Keith Gourlay
Taryne Lowe



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No: 57		Date: 8 May 2006
Query:	<p>MUDFA Clause 2.5.3</p> <p>What, if any, are the obligations assumed or undertakings given in any Parliamentary Undertakings</p>	
Response	<p>The Parliamentary Undertakings which are relevant to the MUDFA Contractor are comprised in the MUDFA Contractor being obliged to comply with the Tram Legislation and to carry out and comply with the obligations set out in Schedule 13 (Third Party Agreements). Clause 2.5.3 is, therefore, not required and will be deleted.</p>	

No: 58		Date: 8 May 2006
Query:	<p>Can you please clarify the process regarding issue, comment and programming of the SDS Provider's scheme design and detailed designs.</p> <p>Schedule 1 Clause 2.34 indicates that all designs will be available for review during the Pre-construction Phase and that an Anticipated Final Account will be developed 4 weeks after the Effective Date (assumed to be 4 weeks after the start of the Pre-construction Phase?). However, Clause 2.3.10 under the Pre-construction Programme and Clause 2.7.16 under the Construction Programme requires us to develop programmes to ensure that " the SDS Provider's scheme design, detailed designs and construction production information are identified and defined in terms of content and timing". There appears to be some conflict here and we would be grateful if you could clarify the process. It would also be useful if you could provide an example of the level of detail that will be provided in the designs by the SDS Provider at the different stages.</p>	
Response	<p>The intention is to review the Anticipated Final Account periodically throughout the Pre-Construction Phase as the design develops. The initial review is expected to be carried out within 4 weeks of the start of the Pre-Construction Phase. By that time much of the detailed design will be complete. However, there will be further design development before issue of construction drawings which the MUDFA Contractor is expected to take account of in his Pre-Construction Programme in terms of its content and timing. It is possible that some of the planned design may carry forward to the Construction Period. This is now less likely given the new anticipated construction start date in January 2007.</p> <p>The current key dates for design development are shown on the attached Table.</p>	

MUDFA: SDS Design & TTRO Key Dates
 Indicative as at 26/04/2006

SDS Work Section	ITN Work Sector	ITN Work Period	Design					Traffic Management		
			Prelim Design Complete	Detailed Design Complete	Receive tie/ SUC/MUDFA Comments	Issue Design for SUC Formal Approval	Issue Construction Drawings	Initial TTM Design Complete	TTM Design Complete After Consultation	TTRO Process Complete
1 Haymarket to Newhaven Road	1	03/01/07 to 14/01/08								
1A FOW to NER			16/06/2006	14/07/2006	25/08/2006	11/09/2006	01/11/2006	07/07/2006	23/10/2006	18/12/2006
1B MDR to FOW			02/06/2006	23/06/2006	04/08/2006	16/08/2006	15/11/2006	23/06/2006	09/10/2006	04/12/2006
1C PSW to MDR			16/06/2006	14/07/2006	25/08/2006	12/10/2006	04/12/2006	07/07/2006	23/10/2006	18/12/2006
1D HAY to PSW			16/06/2006	07/07/2006	18/08/2006	31/08/2006	19/10/2006	07/07/2006	23/10/2006	18/12/2006
2 Haymarket Corridor	2	28/03/07 to 20/04/07								
2A ROJ to HAY			30/05/2006	20/06/2006	01/08/2006	14/08/2006	03/10/2006	20/06/2006	04/10/2006	29/11/2006
4 Roseburn Junction to Granton Square	3	07/05/07 to 31/12/07								
3A ROJ-CRT			30/06/2006	21/07/2006	04/09/2006	04/10/2006	24/11/2006	14/07/2006	30/10/2006	02/01/2007
3B CRT-CAP			30/06/2006	14/07/2006	25/08/2006	07/09/2006	06/11/2006	14/07/2006	30/10/2006	02/01/2007
3C CAP-GRS			30/06/2006	14/07/2006	25/08/2006	07/09/2006	21/12/2006	14/07/2006	30/10/2006	02/01/2007
3 Granton Square to Newhaven Road	DELETED									
4A GRS to LGR										
4B LGR to NER										
5 Roseburn Junction to Gogar	5	03/01/07 to 22/04/07								
5A ROJ to BAR			23/05/2006	05/07/2006	16/08/2006	31/08/2006	23/10/2006	14/07/2006	30/10/2006	02/01/2007
5B BAR to EDP			10/05/2006	01/06/2006	13/07/2006	25/07/2006	13/09/2006	14/07/2006	30/10/2006	02/01/2007
5C EDP to GOG			23/06/2006	14/07/2006	25/08/2006	07/09/2006	26/10/2006	14/07/2006	30/10/2006	02/01/2007
6 Gogar Depot	6	20/06/07 to 19/03/08								
6 GOGAR DEPOT			07/04/2006	25/04/2006	08/06/2006	29/08/2006	15/10/2006	N/A	N/A	N/A
7 Gogar to Airport	6	20/06/07 to 19/03/08								
7A GOG to AIR			30/06/2006	21/07/2006	04/09/2006	26/09/2006	14/11/2006	21/07/2006	06/11/2006	09/01/2007

MUDFA Pre-Construction Period: 31/07/06 to 22/12/06

MUDFA AFC Submission: 27/10/2006