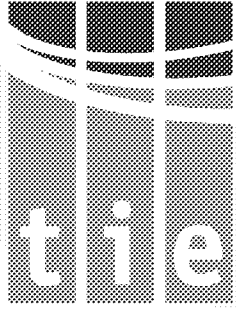


Strictly confidential and Not for Further Distribution

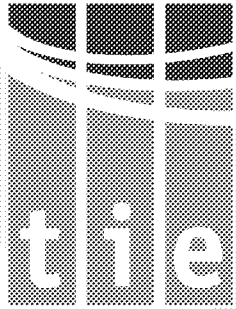
**Report to the MUDFA Group on the evaluation of
the ITN Tender Submissions for the procurement
of the MUDFA Contractor for the Edinburgh
Tram Network**

**tie Limited
6 July 2006**



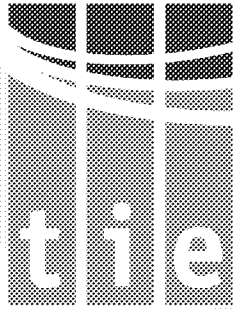
Introduction

- Overview of evaluation process
- Report from each evaluation team
- Discussion on recommendation for CARP Candidates



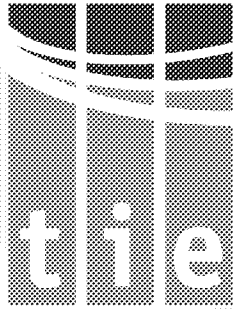
MUDFA procurement programme and process

- OJEU Notice: 30 September 2005
- Invitation to Negotiate issued: 23 February 2006
- Four Tenders returned: 2 June 2006
- Standard and Variant Tender clarifications, interviews and evaluation: 5 June to 5 July 2006
- Intended selection of two CARP Candidates: 6 July 2006
- Present the short-listing process to Key Stakeholders – 10 July 06
- Stakeholder Approval of CARP Candidates – 10 to 17 July 06
- Commencement of CARP process: 17 July 2006
- Recommendation of preferred MUDFA Contractor – 11 August
- Target date for award of MUDFA: 2 October 2006
- Commencement of Pre-Construction – 3 October 2006



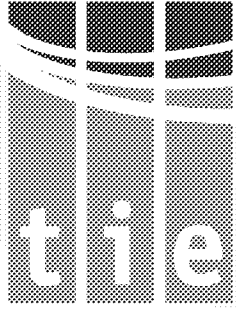
Evaluation methodology

- Six evaluation areas
 - Project team
 - Programme and project execution proposals
 - Technical
 - Commercial
 - Legal
 - Insurance
- Each area covered by separate evaluation team
- Reports from each evaluation team will inform overall evaluation by MUDFA Group
- Tram Project Director receives final evaluation advice on who to invite to participate in CARP from MUDFA evaluation teams at this meeting
- Tram Project Director reports to TEL Board
- TEL Board ratifies decision when satisfied
- Initiation of CARP



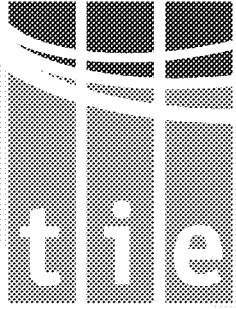
Evaluation team leaders

Project Team	Alasdair Slessor (tie) Allan Hill (Scott Wilson Railways)
Programme and Project Execution Proposals	Alasdair Slessor (tie) Allan Hill (Scott Wilson Railways)
Technical	Alasdair Slessor (tie) Allan Hill (Scott Wilson Railways)
Commercial	Gary Easton (Turner & Townsend) Phil Douglas (tie) Stewart McGarrity (tie)
Legal	Phil Douglas (tie) Sharon Fitzgerald (DLA Piper)
Insurance	Mark Bourke (tie) Graham Nicol (tie) Barry Lidford (Health Lambert Group)



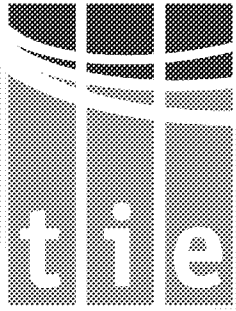
Project team - summary

- Glasgow offer strongest team and resource proposals with in-depth multi-utility capability
- Dundee offer a strong team and can draw from a significant pool of resources as an asset owner.
- Aberdeen's senior team is robust to level taken.
- Edinburgh's project team is not considered acceptable.

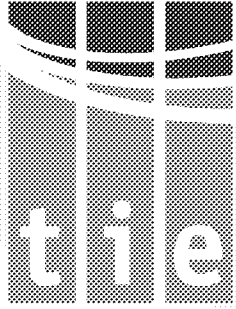


Programme and Project Execution - summary

- None of the Programmes submitted can be assessed as deliverable.
- Aberdeen's phased approach is more realistic than the others.
- For Project Execution
 - Glasgow have demonstrated good industry practice and have the best proposals.
 - Dundee are a close second.
 - Aberdeen are next best.
 - Edinburgh have the weakest proposals.

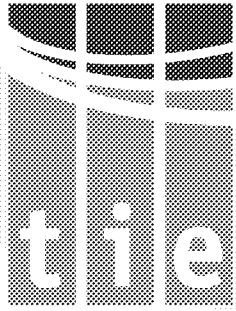


Project team



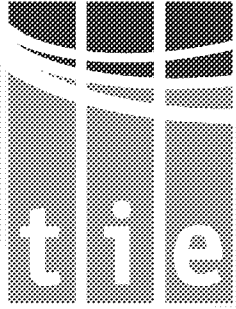
Project team – evaluation process

- Proposed Team structure
- CVs
- Completed Resource Matrices for MT
- Proposals for Maintaining Resources



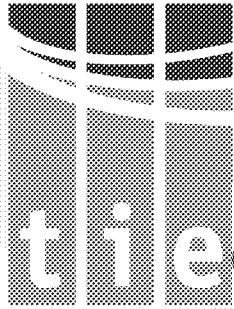
Project team – evaluation criteria

- experience, suitability and competence of the project team and the proposed key personnel including any sub-contractors
- demonstrable relevant multi-disciplinary experience
- availability of relevant, current and competent skill sets
- demonstrable communication skills amongst team leaders
- demonstrable ability in managing sub-contractors
- ability of team leaders to technically lead in the interface with Edinburgh Tram Network stakeholders
- ability to manage resources
- applicable team and key personnel delivery track record
- resource availability
- ability to work with **tie** and **tie**'s existing project team; and
- robustness of management structure



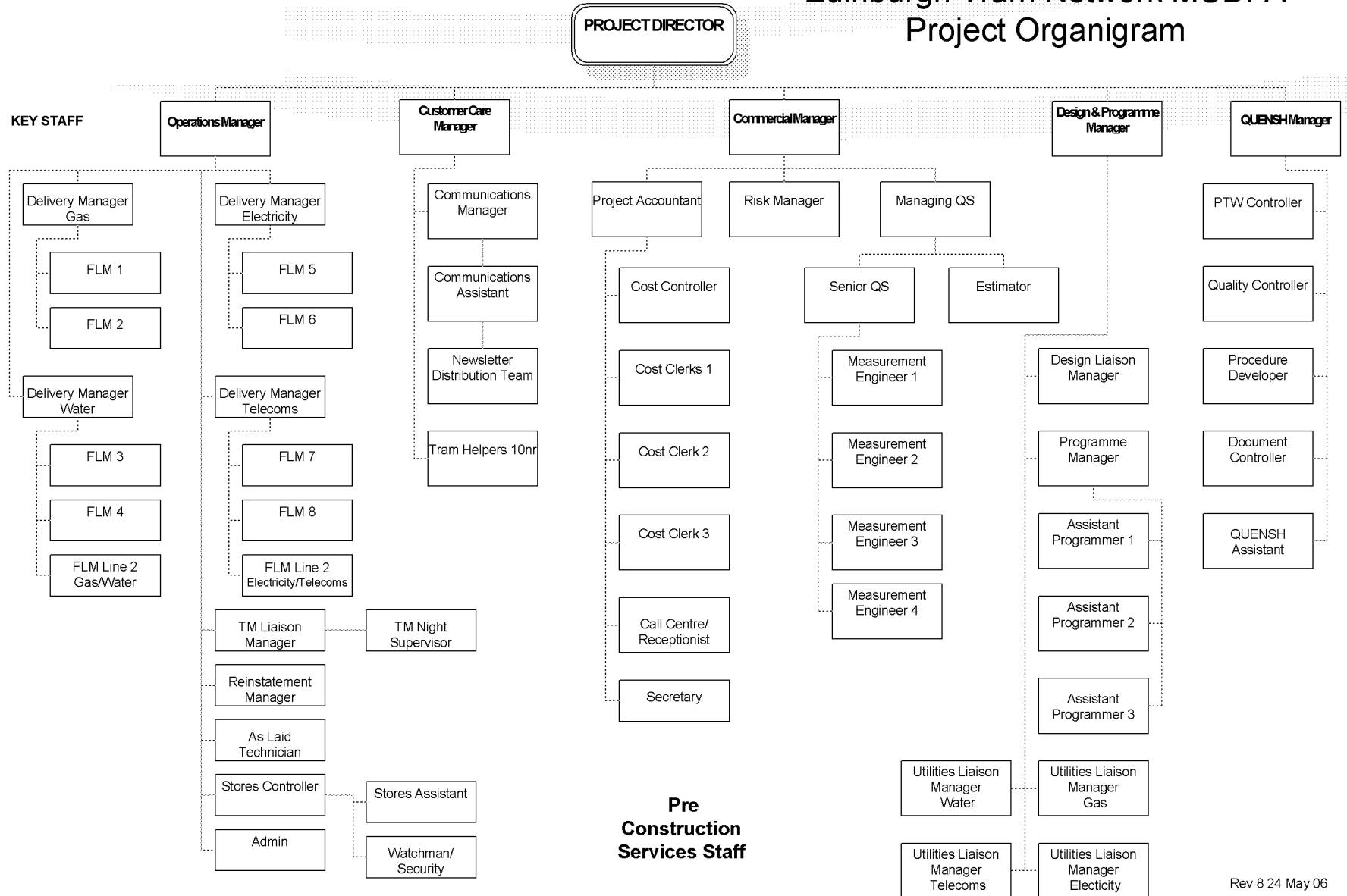
Glasgow Proposals

- Pre-construction: 37 staff (6 named)
- Construction: 61 staff, (6 named)
- Team structure covers all main work areas to supervisor level.
- Phased approach to mobilisation.
- Use own labour for majority of work.
- Propose to use sub-contractor for telecoms.
- 20% of gas, water and electricity to be sub-contracted
- Project office near Murrayfield.

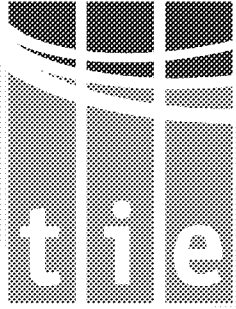


Glasgow - Project team

Edinburgh Tram Network MUDFA Project Organigram

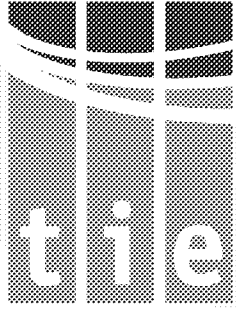


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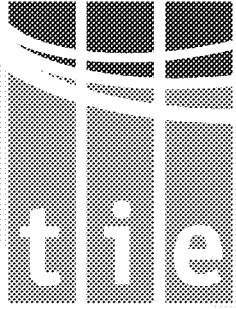
Glasgow Assessment

- Management structure robust to operating level
- Expertise for all utilities
- Key named people are judged competent
- Able to engage/ manage sub-contactors
- Track record of delivery especially on safety
- Currently operating at 70% of peak activity in Scotland
- Stated confidence in providing necessary resources.
- Judged able to work with tie



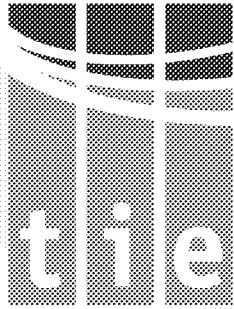
Glasgow Issues

- Confirm sub-contractor credentials, acceptability to telecoms utilities.
- Confirm resource availability.
- Confirm other sub-contracted elements.

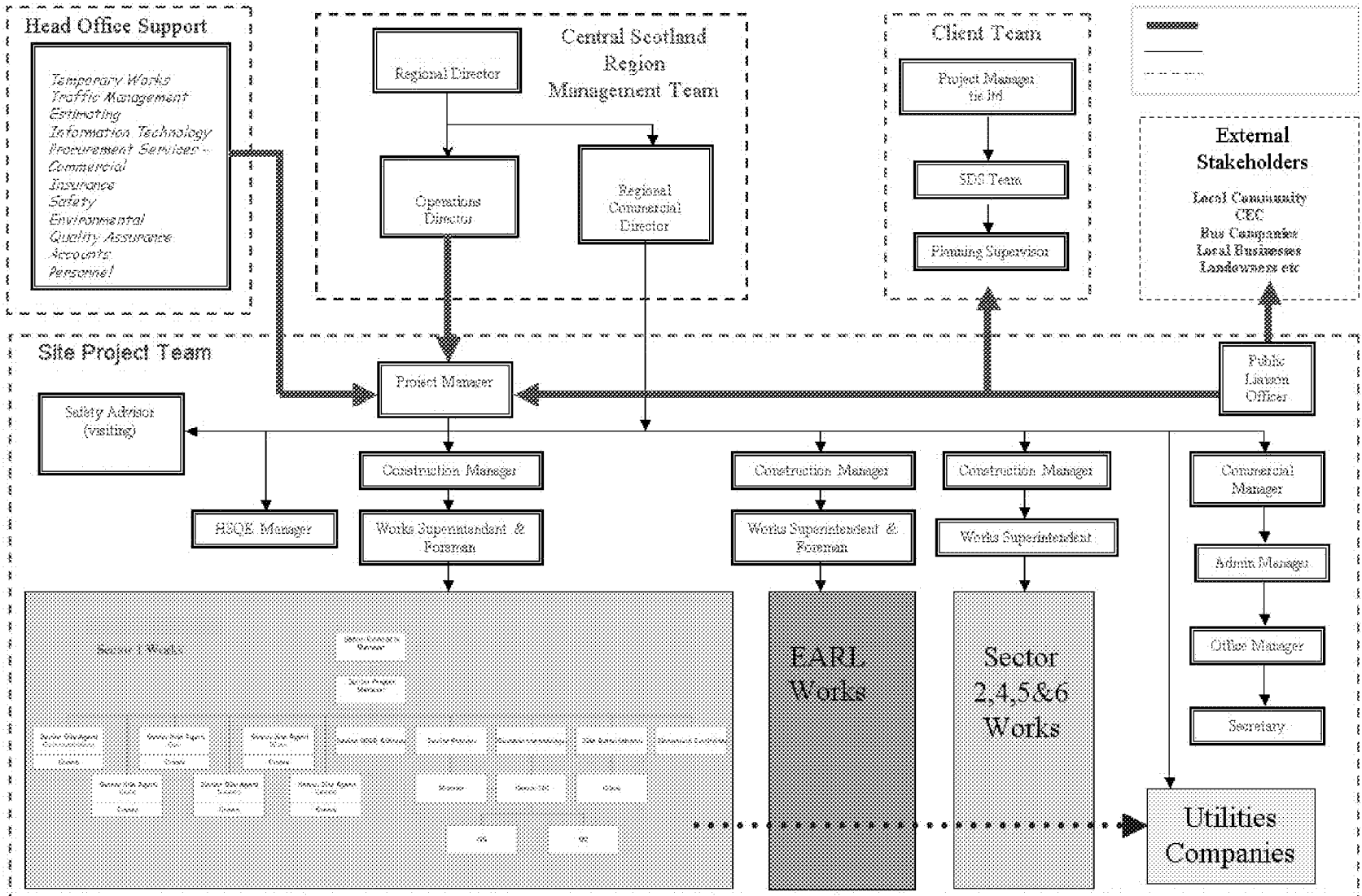


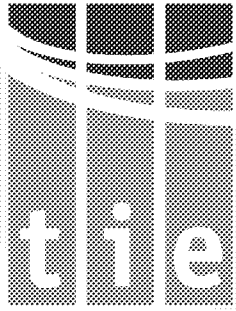
Edinburgh Proposals

- Pre-construction: 16 staff (10 named)
- Construction: 36 staff, (7 named)
- Management team mainly from heavy civils background.
- Main sub-contractor forms part of team.
- Main subcontractor to carry out 85 to 90% of work mainly in Sector 1.
- Allowed premium in rates for bring in resources.
- Intend to resolve resourcing issues during Pre-construction Period
- Project office in west Edinburgh.



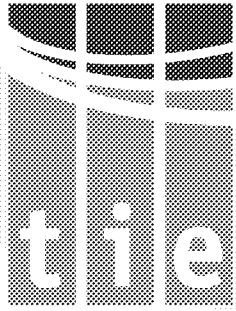
Edinburgh - Project team





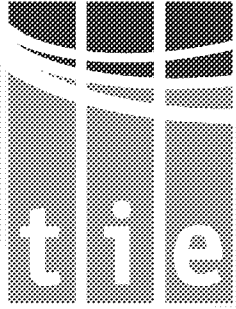
Edinburgh Assessment

- Management structure lacking in utility experience
- Name not given for key position of Public Liaison Manager
- Heavy reliance on sub-contractor for utility expertise
- Able to engage/ manage sub-contactors
- Have not shown confidence in providing necessary resources
- Judged able to work with tie



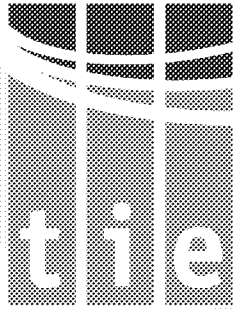
Edinburgh Issues

- Lack of multi-utility expertise in management team.
- Uncertainty regarding resources.



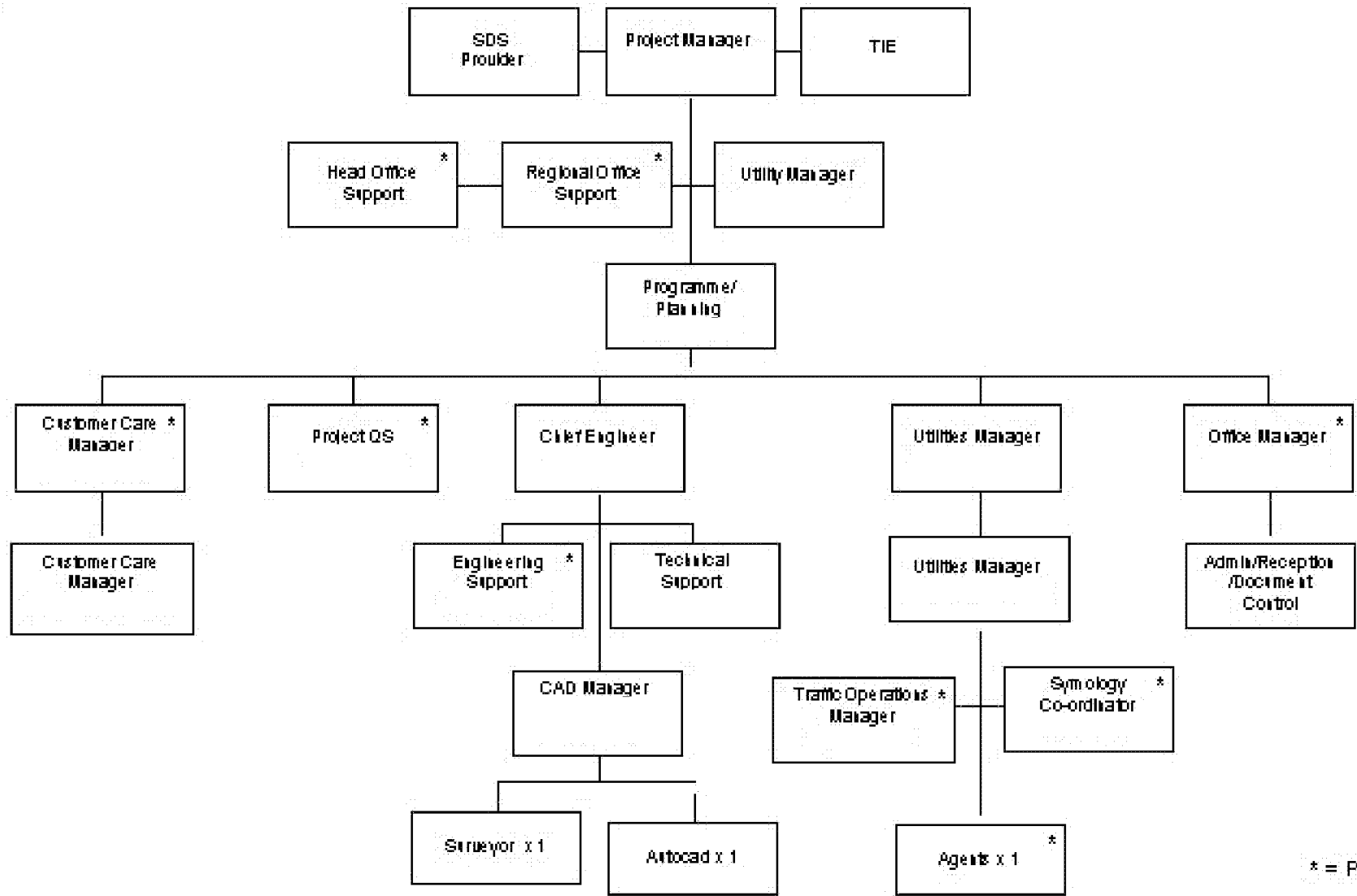
Aberdeen Proposals

- Pre-construction: 19 staff (15 named)
- Construction: 39 staff, (18 named)
- Management team mainly from water and gas background.
- Water, sewers and re-instatements use own operatives
- Telecoms and electricity will engage sub-contractor.
- Gas, HV electricity, sewer rehab, will engage specialist sub-contractors post appointment.
- Traffic Management – will use sub-contractor.
- Project office location undecided – Gogar/ Ingliston/ Leith.

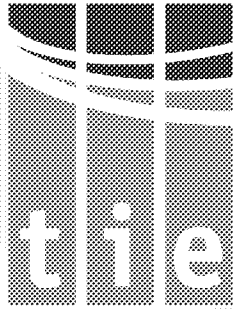


Aberdeen - Project team – Pre-Construction

Preconstruction Phase Organogram

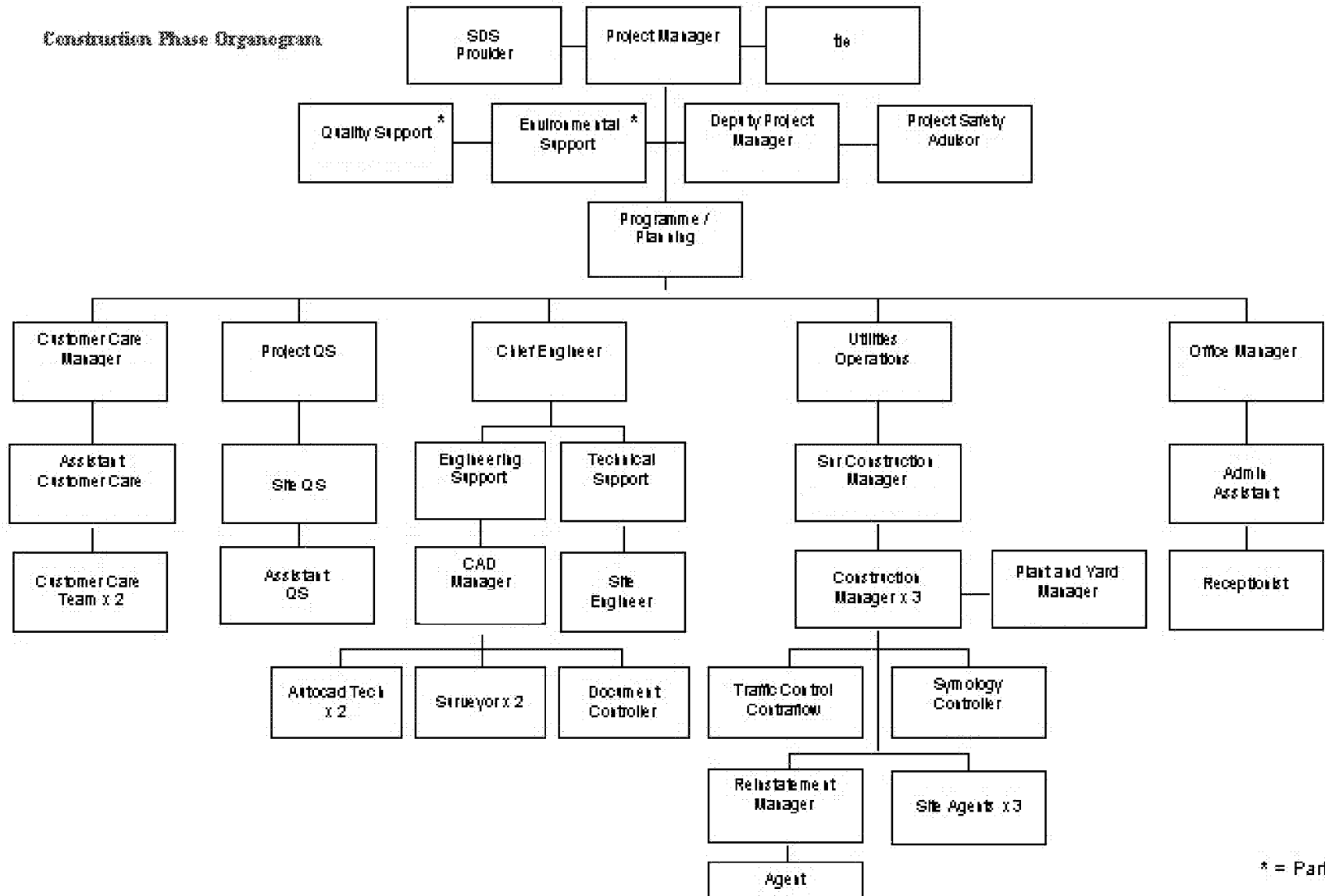


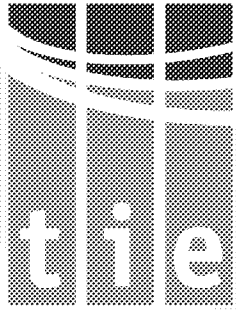
* = Part Time



Aberdeen – Project team – Construction

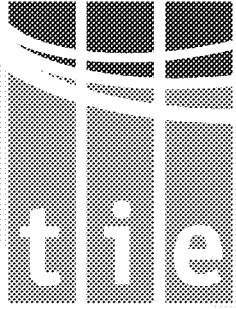
Construction Phase Organogram





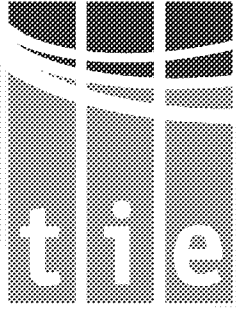
Aberdeen Assessment

- Robust senior management team but not taken down to supervisor level where multi-utility experience required
- Key named people are judged competent but come from mainly water and gas background
- Able to engage/ manage sub-contactors
- Have shown confidence in providing necessary resources
- Judged able to work with tie



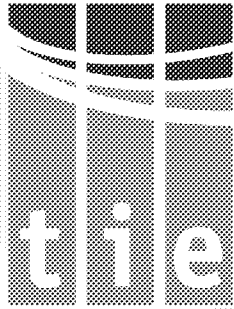
Aberdeen Issues

- Lack of multi-utility expertise in management team.
- Confirm ability to obtain resources.



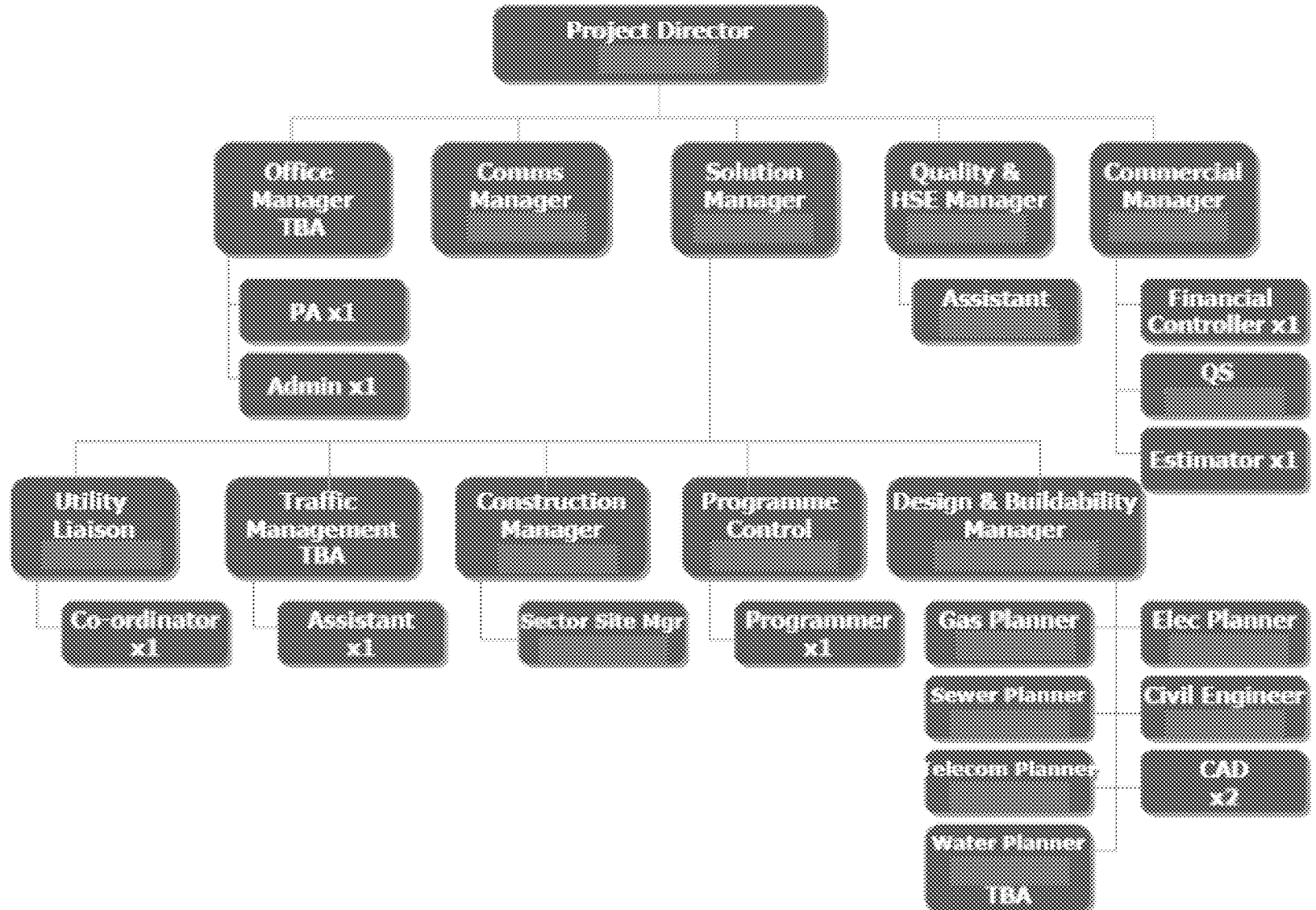
Dundee Proposals

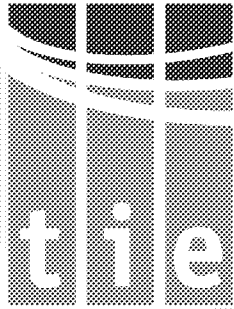
- Pre-construction: 29 staff (18 named)
- Construction: 42 staff, (19 named)
- Management team mainly water related, but cover all utilities at planning and delivery level.
- Use main sub-contractor.
- Plan to engage 2 to 3 other multi-utility sub-contractors to fill gap.
- Project office location in west Edinburgh, fully serviced and ready.



Dundee – Project team – Pre-Construction

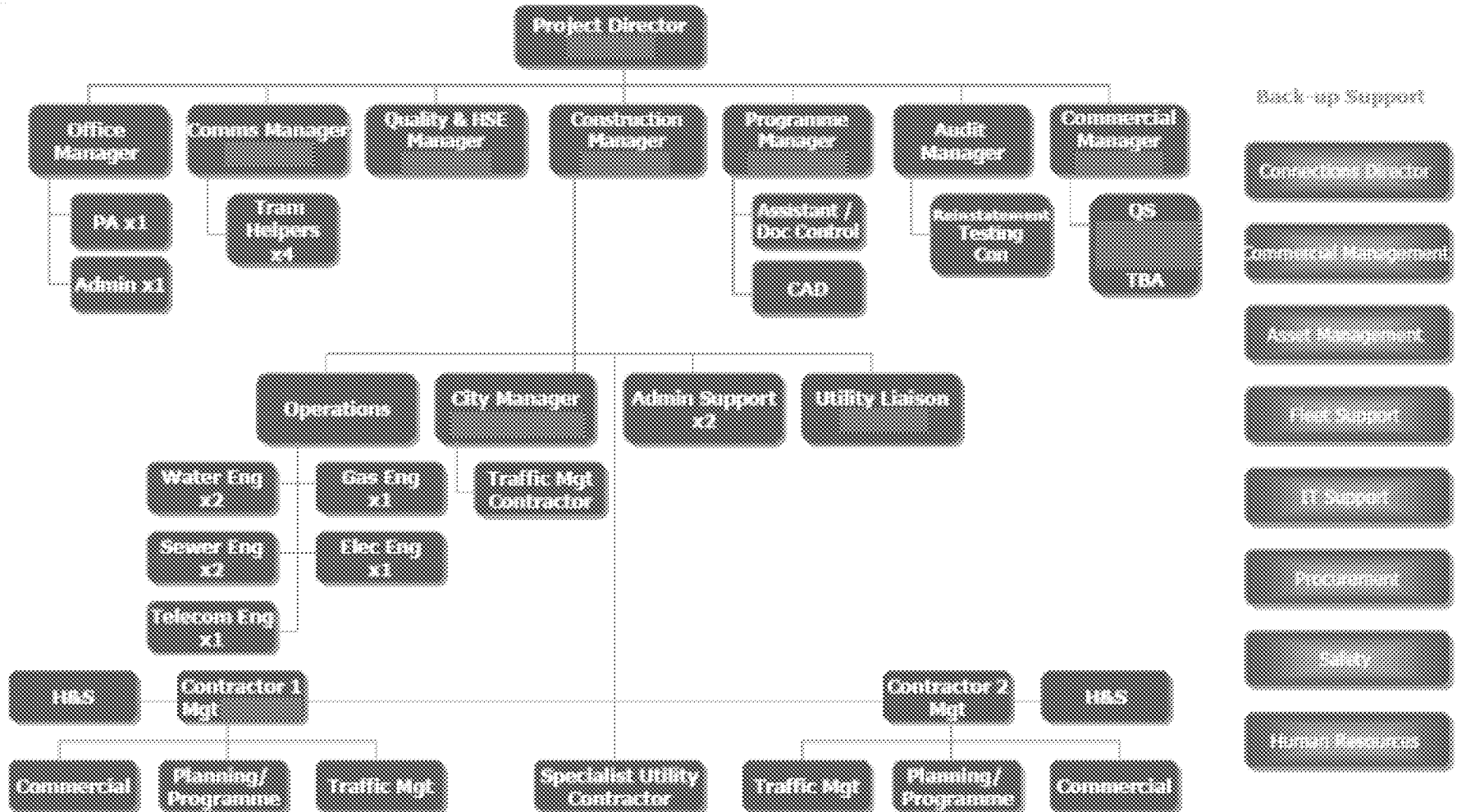
Pre-Construction Structure

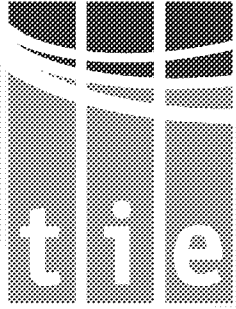




Dundee – Project team –Construction

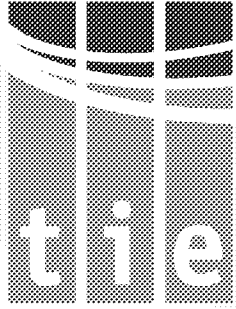
Construction Stage Structure





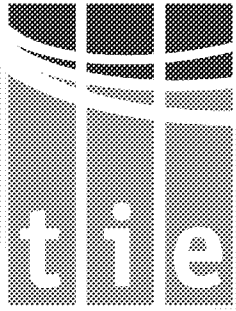
Dundee Assessment

- Robust senior management team taken down to supervisor level where multi-utility experience required.
- Key named people are judged competent but come from mainly water background.
- Able to engage/ manage sub-contactors
- Proposed team has a track record of delivery.
- Have shown confidence in providing necessary resources through sub-contracts.
- Judged able to work with tie.

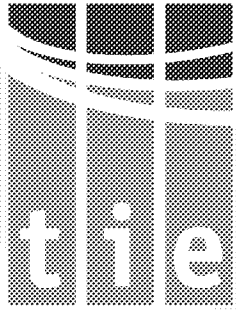


Dundee Issues

- Confirm ability to obtain resources through sub-contacts and the scope of these sub-contacts.

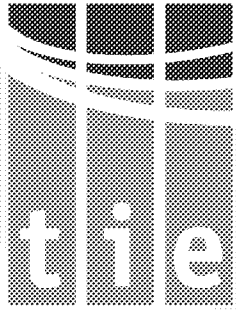


Programme and Project Execution



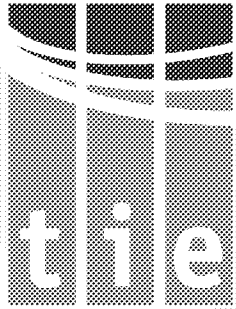
Programme/Project Execution – evaluation process

- 12 questions asked in ITN including
 - Programme
 - Work Break Down Structure
 - Communication Strategy
 - Procedures
 - Management of Supply chain
- Answers evaluated
 - Acceptability?
 - Advantages/ Disadvantages
 - Weaknesses/ Strengths



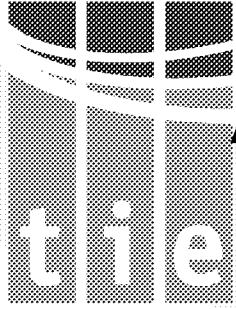
Programme/Project Execution evaluation criteria

- robustness and comprehensiveness of the Tenderer's proposals
- ability to deliver the required works to programme and within budget
- approach to risk management
- robustness of communications strategy
- ability to manage and programme the MUDFA Works on a large, complex site
- overall understanding of the Tenderer's responsibilities



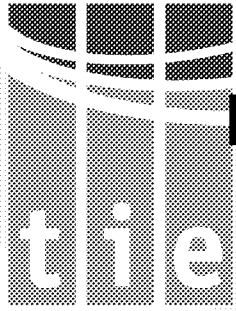
Glasgow Programme & Execution Assessment

- Glasgow have put forward robust proposals for Project Execution that demonstrate good industry practice in managing a project of this type and scale.
- Their programme assume availability of a number of working areas at any one time which would not be acceptable to CEC.
- Production rates look reasonable and may be able to be improved on.



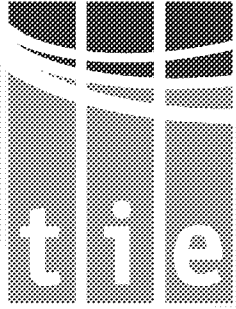
Aberdeen Programme & Execution Assessment

- Aberdeen have put forward very generic proposals for Project Execution that were limited in areas.
- They do not fully understand the responsibilities of SDS, in that they have assumed that they would be doing traffic modelling and radar surveys.
- Of the bidders, Aberdeen's programme is the most deliverable as it has included a staged approach.
- Production rates are relatively high compared to the other bidders.



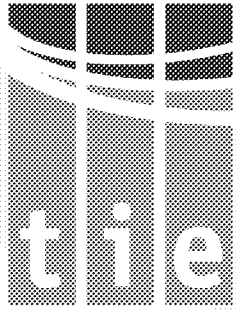
Edinburgh Programme & Execution Assessment

- Overall Edinburgh have shown ability to manage a project of this complexity and scale to a degree. However, their proposals for administration are weak.
- The programme that they have given will not be acceptable to CEC, as it assumes occupation of a large number of work areas at the same time in Work Sector 1.
- Production Rates look reasonable and may be able to be improved on.

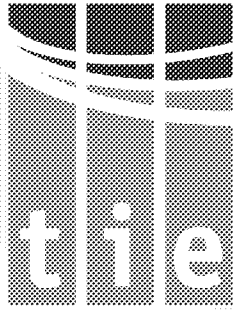


Dundee Programme & Execution Assessment

- Dundee have robust and comprehensive proposals for Project Execution.
- Their programme has been well thought through, but will not be deliverable as it assumes availability of a number of working areas at any one time which would not be acceptable to CEC.
- Production Rates look reasonable and may be able to be improved on.

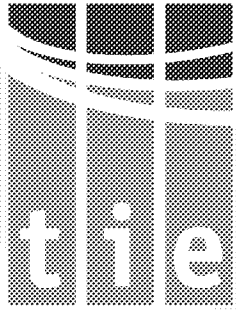


Technical



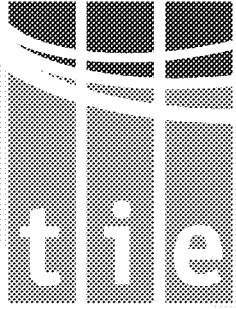
Technical – evaluation process

- 20 Questions asked in ITN including:
 - Interaction with SDS
 - Innovation
 - De-scoping
 - Dealing with Undiscovered Utilities
 - Health and Safety
 - Traffic Management
 - Maintaining access to properties
 - Third Party Liaison
 - Co-ordination of Utilities Activities
- Answers Evaluated
 - Acceptability?
 - Advantages/ Disadvantages
 - Weaknesses/ Strengths



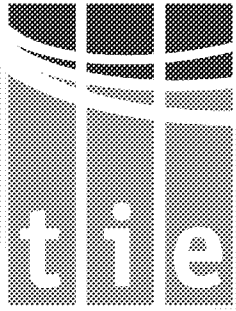
Technical – evaluation criteria

- robustness and comprehensiveness of the Tenderer's proposals and plans
- overall understanding of MUDFA Contractor's responsibilities
- demonstration of awareness of constraints on working within the specifications required by the Utilities
- alignment of response to technical questions with **tie's** aims and objectives
- ability to manage out any unforeseen difficulties
- robustness, quality and comprehensiveness of method statements
- ability to manage the requirement of property owners and occupiers



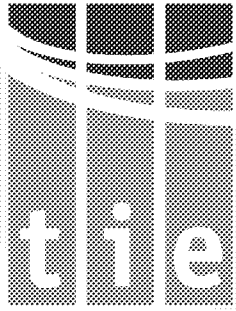
Technical Assessment

- Glasgow, in their written submission, have offered very robust and comprehensive proposals and plans. They further enhance their credentials in all areas at the interview.
- Aberdeen's plans and proposals are robust, however a number of issues require to be clarified in relation to responsibilities and procedures.
- Edinburgh's proposals and plans tend to be generic and lack in detail in specific areas. What they have proposed is sound, but there are issues with responsibilities and with their sub-contractor's attitude to safety.

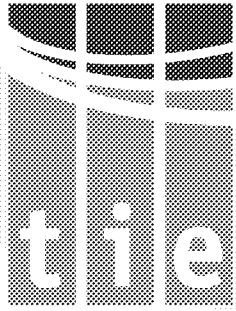


Technical Assessment (Cont)

- Dundee's proposals are comprehensive in most of their written responses. However their response to the activities from start to handover was particularly weak. This was redeemed at interview in their response to set Question 1.
- In terms of ranking, Glasgow is well in front of Dundee with Aberdeen and Edinburgh following close behind, in that order.



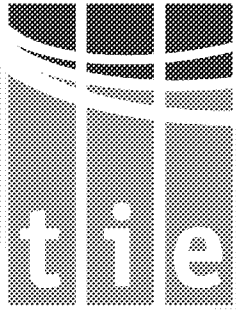
Commercial



Commercial – evaluation process

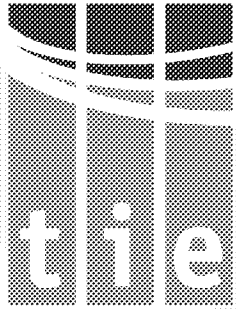
Evaluation of Tenderers included:

- Summary of each tender submission.
- A review of the clarifications received.
- Comparative analysis of commercial submission.
- Arithmetical check of tenders.
- Written analysis of each tender section.
- Recommendation of Tenderers to go forward to CARP



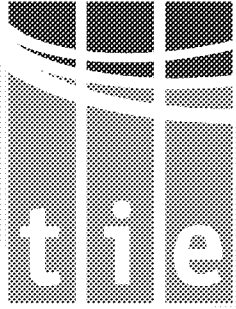
Commercial – evaluation criteria

The commercial submission included by Tenderers as part of the Tender Submission (and as clarified and refined in CARP) will be evaluated in order to determine the acceptability of the rates and prices contained in Tenderer's completed Pricing Schedules and Bills of Quantities. The rates and pricing proposed by Tenderers will be further evaluated to assess whether they offer value for money



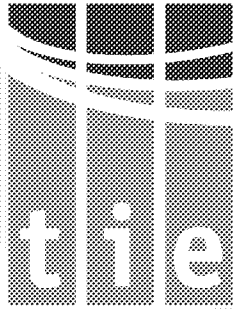
Pre-construction

Edinburgh	<ul style="list-style-type: none">• Costs low relevant to scope of services.
Glasgow	<ul style="list-style-type: none">• Costs high, lump sums provided rather than full breakdown.
Aberdeen	<ul style="list-style-type: none">• Costs low relevant to scope of works.
Dundee	<ul style="list-style-type: none">• Costs high relevant to the scope of works.



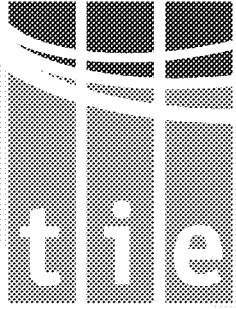
Preliminaries

Edinburgh	<ul style="list-style-type: none">• 12%, low Work Sector Prelims included in BQ rates
Glasgow	<ul style="list-style-type: none">• 24%, in line with current market norms
Aberdeen	<ul style="list-style-type: none">• 37%, high but inclusive of £1.4M risk item
Dundee	<ul style="list-style-type: none">• 9%, low Work Sector Prelims included in BQ rates



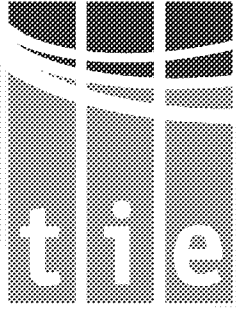
Bills of Quantities - Rates

Edinburgh	<ul style="list-style-type: none">• High and inclusive of Work Sector Prelims.
Glasgow	<ul style="list-style-type: none">• Consistent with PTE.
Aberdeen	<ul style="list-style-type: none">• Low, but more compliant with pricing requirements than other Tenderers.
Dundee	<ul style="list-style-type: none">• High, concern that rates are loaded in favour of Prelims.



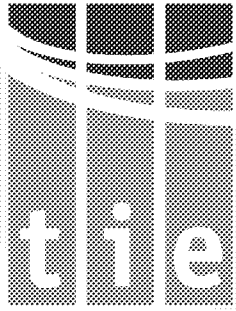
Clarifications

Edinburgh	<ul style="list-style-type: none">• Excludes a number of key pricing requirements (rock, bends)
Glasgow	<ul style="list-style-type: none">• Includes a number of key pricing requirements (rockers and bends included)
Aberdeen	<ul style="list-style-type: none">• Includes the majority of the key pricing requirements (rock included)
Dundee	<ul style="list-style-type: none">• Excludes a number of key pricing requirements (rock, bends)

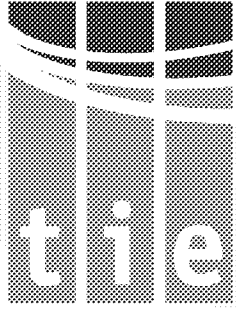


Commercial – summary

- Edinburgh £12M higher than lowest tender and non compliant on several key requirements.
- Glasgow £5M higher than lowest tender and compliant on several key requirements.
- Aberdeen Lowest tender and compliant on the majority of requirements.
- Dundee £19M higher than lowest tender and non compliant on several key requirements.

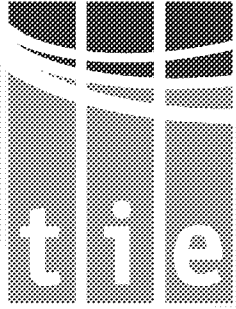


Legal



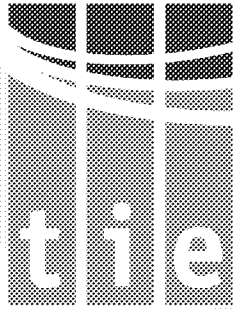
Legal evaluation process

- Each Tenderer was asked to submit a MUDFA Compliance Matrix
- Any amendments were to be marked-up in full on the contractual documents
- Varying approaches were taken by the Tenderers
- All Tenderers were asked to comment on the "non-negotiable" clauses
- Negotiation/clarification process



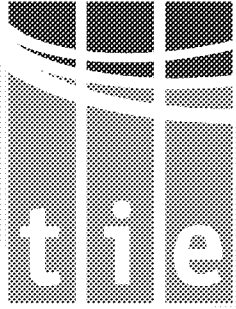
Legal evaluation criteria

- The Tenderer's approach to overall risk allocation
- The extent to which the Tenderer has supported any proposed revisions in the MUDFA Compliance Matrix with reasons acceptable to **tie**
- The extent to which the Tenderer has taken a pragmatic approach on proposed revisions to the MUDFA



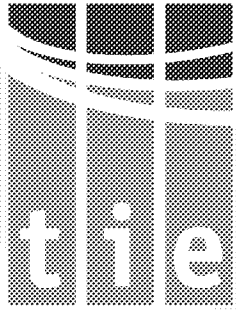
Overview of legal submissions

	ACCEPTED	NOT ACCEPTED	NOT ACCEPTED but proposal accepted in principle	NEGOTIATE IN CARP
Glasgow	50	44	18	26
Edinburgh	63	31	8	23
Aberdeen	60	34	17	17
Dundee	61	33	5	28



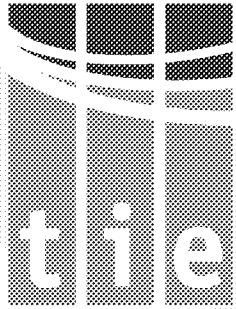
Common issues of concern

- ground conditions risk
- termination triggers
- Land Consents
- additional extensions of time



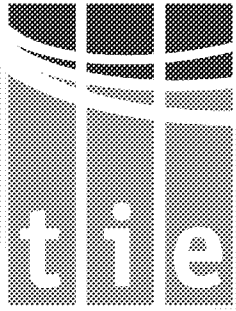
Key legal issue: indemnities and caps on liability

Glasgow	5% of the Final Account
Edinburgh	£300k in respect of BT charges only
Aberdeen	25% of the Contract Price
Dundee	£1.3m



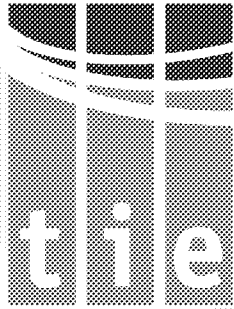
Key legal issue: 5 years defects correction period

Glasgow	In principle – but not priced
Edinburgh	Agreed
Aberdeen	Agreed – but not priced
Dundee	Discuss at CARP



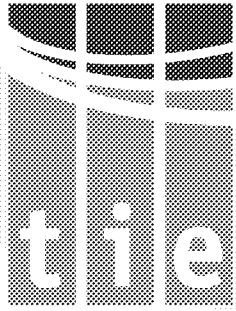
Key legal issue: bond, parent company guarantee and warranties

Glasgow	All available – detail to be negotiated during CARP
Edinburgh	On-demand bond is not available
Aberdeen	All available – detail to be negotiated during CARP
Dundee	All available – detail to be negotiated during CARP

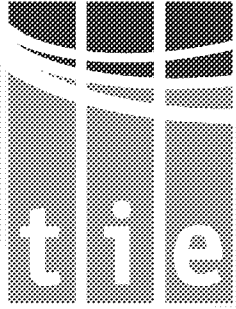


Summary - legal

- There are a number of legal issues to be discussed with each Tenderer
- We are clear on the scope of the required negotiations with each Tenderer
- Dependent on approach of CARP Candidates and **tie** negotiating team, no obvious reason preventing achievement of contract close to programme with any Tenderer
- There are less legal issues to negotiate with Edinburgh and Aberdeen than Glasgow and Dundee
- But the approach of the Glasgow team has been the most pragmatic in terms of concluding negotiations
- The approach of the Glasgow and Aberdeen teams is closest to the key principles of the original MUDFA

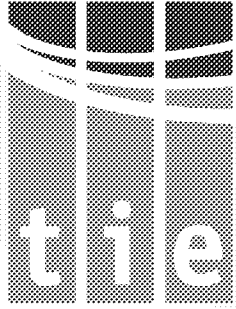


Insurance



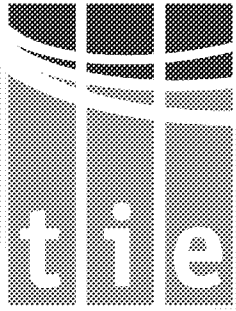
Insurance evaluation process

- Review of Insurance Questionnaire-providing information on Public & Products Liability; Employer's Liability; Professional Indemnity; Motor Insurance and Contractors Plant All Risk Insurance
- Review of Clauses 55 and Schedule 12 of Contract
- Support provided by Heath Lambert Group and DLA Piper regarding evaluation



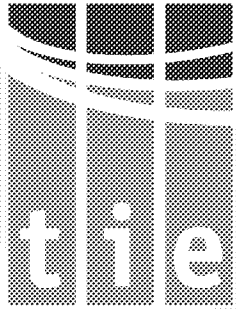
Insurance evaluation criteria

The insurance submission included by Tenderers as part of the Tender Submission (and as clarified and refined in CARP) will be evaluated to determine the acceptability of the Tenderer's insurance proposals



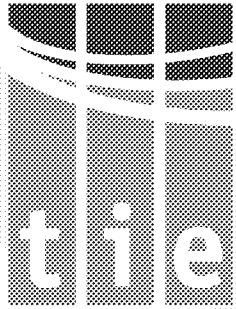
Key Commercial Issue: Broker's Letter of Undertaking

Glasgow/ Alfred McAlpine	Agreed
Edinburgh/ Balfour Beatty	Agreed
Aberdeen/ Morgan Est	Agreed
Dundee/ United Utilities	Deleted. Stated that their Broker would not be comfortable signing a Letter of Undertaking.



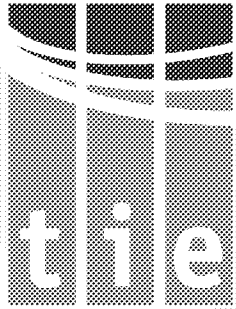
Key Commercial Issue: Waiver Of Subrogation

Glasgow/ Alfred McAlpine	Accepted
Edinburgh/ Balfour Beatty	Accepted
Aberdeen/ Morgan Est	Accepted
Dundee/ United Utilities	Rejected. Stated that they would be looking to have the right make a claim against tie.



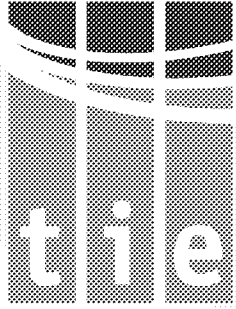
Insurance - summary

- Of all the tenderer's Dundee demonstrated definite issues with the contract in terms of Insurance, they have now demonstrated a willingness to negotiate if required to.
- All tenderer's provided the required levels of insurance as a minimum and therefore this is not a concern
- The other issues raised by all tenderer's are not threatening to the process and can be dealt with during the CARP Process.



Evaluation summary of recommended CARP Candidates

Project Team	Glasgow	Dundee	Aberdeen	Edinburgh
Programme	Glasgow	Dundee	Aberdeen	Edinburgh
Technical	Glasgow	Dundee	Aberdeen	Edinburgh
Commercial	Aberdeen	Glasgow	Edinburgh	Dundee
Legal	Glasgow	Aberdeen	Edinburgh / Dundee	
Insurance	Edinburgh / Glasgow / Aberdeen			Dundee



Recommendation

- Aberdeen and Glasgow should be taken forward to CARP