

**Bilfinger Berger-Siemens- CAF Consortium**

Our ref: **25.1.201/MFo/8076**

24 February 2011

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**For the attention of Steven Bell – Project Tram Director**

Dear Sirs,

**Edinburgh Tram Network Infraco  
Project Phoenix Proposal**

Please find attached our Project Phoenix Proposal dated 24 February 2011, which is submitted in the ambit of the forthcoming Mediation.

The Proposal is for a reduced scope of the Infraco Contract Works and comprises for the works between the Edinburgh Airport and Haymarket Viaduct, the Enabling Works in Section 1A and work already executed in Sections 1B, 1C and 1D.

Any other works beyond the East end of Haymarket Viaduct would be required to be carried out under a separate mechanism given that these On-Street works are currently undefined and consequently cannot be included in the Phoenix proposal.

We confirm our readiness to discuss with you avenues as to how these additional On-Street works could be realized and the corresponding mechanisms necessary to deal with them.

We trust that this proposal meets with your approval and we look forward to discussing it with you in the forthcoming Mediation.

Yours faithfully,



**M Foerder**  
Project Director  
Bilfinger Berger Siemens CAF Consortium

cc: Richard Walker – Bilfinger Berger  
Michael Flynn, Alfred Brandenburger – Siemens  
Antonio Campos - CAF

**"PROJECT PHOENIX PROPOSAL"**

**24 February 2011**

**INFRACO CONSIDERS THIS PROPOSAL TO BE CONFIDENTIAL INFORMATION AND SUBMITS IT  
WITHOUT PREJUDICE**

**INFRACO RESERVES THE RIGHT TO REVISE, RESUBMIT, AND/OR WITHDRAW THIS PROPOSAL AT ITS  
CONVENIENCE**

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## PREFACE

tie has requested Infraco to provide a proposal for its consideration and in contemplation of Mediation among the Parties and CEC and Transport Scotland as project funders. It has been agreed that the proposal will be based on the previous Project Carlisle initiative proposals provided to tie by Infraco, dated 29 July 2010 and 11 September 2010. It has further been agreed that the proposal will be called "Project Phoenix".

The scope of this Proposal includes for works between the Airport and Haymarket Viaduct, but does not include for any works east of Haymarket Viaduct, save for the Enabling works in Section 1A and other works already executed in Sections 1B,1C and 1D.

Infraco has taken on the risk for items that it believes are quantifiable at the date of this Proposal. tie must retain the risk for any other items simply due to the fact that tie has full control to prevent these risks materialising and to avoid any additional costs. To clarify, the majority of the remaining risk issues are associated with various items that have continued to remain in flux and are outwith the control of Infraco to resolve.

The Project Phoenix Proposal (PPP) to complete the works between the Airport and Haymarket (East end of Haymarket Viaduct), the Enabling works in Section 1A and work already executed in Sections 1B, 1C and 1D is circa £449 Mio as detailed in the attached price build up.

The PPP Programme has been exclusively developed for the implementation of "Project Phoenix". The PPP Programme is challenging but achievable and Infraco is fully committed to delivering it.

For the avoidance of doubt this Proposal relates solely to the PPP Scope and corresponding PPP Programme and to that extent only shall supersede all estimates and proposals provided in relation with the Edinburgh Tram Network (ETN) once implemented by a tie Change Order or a Minute of Variation acceptable to Infraco.

This Proposal is submitted without prejudice to Infraco's whole rights and remedies and no party may seek to rely on any statement, declaration or representation contained within this Proposal, whether express or implied, in any court proceedings, arbitration, adjudication, mediation or other form of determination or negotiation without the express written consent of Infraco. This Proposal shall not create any legally binding obligation on Infraco.

## EXECUTIVE SUMMARY

### Introduction

Further to tie's request Infraco is able to offer a Project Phoenix Proposal Price of £449,166,366. Infraco believes this is a fair and reasonable price which Infraco hopes will be acceptable to tie.

A detailed breakdown of the Project Phoenix Proposal Price is provided at Appendix 1.

### Project Phoenix Proposal Scope

This Proposal reflects the scope Infraco will be able to agree on. In essence, Infraco will carry out the works shown on the PPP Drawings (see Appendix 3) for the scope of work between the Airport and Haymarket (East end of Haymarket Viaduct), the Enabling works in Section 1A, work already executed in Sections 1B,1C and 1D together with the scope of the Tram Supply Agreement all as further detailed in Appendix 4.

### Revised Change Mechanism

Infraco believes that 'Project Phoenix' offers an excellent opportunity to remedy what has previously been a major source of contention within the Infraco Contract - namely Clause 80. This Proposal will commit Infraco to working whilst Estimates are agreed, subject to payment being received for works carried out during that period.

The revised mechanism would operate as follows in broad terms:

1. tie will be required to issue a tie Notice of Change upon the occurrence of a change event, or upon Infraco notifying tie of such an occurrence, within 5 Business Days.
2. Failure to issue a tie Notice of Change may result in the matter being referred to DRP.
3. Infraco will prepare an Estimate within the existing contractual timescales, following receipt of a tie Notice of Change.
4. A finite period will be allowed for agreement of the Estimate failing which the matter may be referred to DRP.
5. Infraco will commit, if required by tie, to carrying out the works associated with the tie Change in advance of agreement or determination of the Estimate, and where necessary, in advance of the production of an Estimate in accordance with the PPP Programme.
6. tie will pay Infraco, on an interim basis in line with the Estimate.
7. Infraco will continue to build the design set out in the PPP Drawings until it receives a tie Notice of Change instructing otherwise.

It is Infraco's firm belief that the above changes offer an equitable solution for both Parties, allowing uninterrupted progress of the works to continue and a swifter delivery of the Project.

### **Pricing Exclusions**

As a result of the above, Infraco is able to offer a PPP Price on the basis of a minimal number of Pricing Exclusions. Infraco would like to take this opportunity to assure tie that it has minimised the number of Pricing Exclusions to provide greater certainty to both Parties and for the benefit of the Project as a whole.

The main items are summarised as follows:

1. Infraco will build to the PPP Drawings subject to the qualifications set out in Appendix 4 of this Proposal. The PPP Drawings will not be amended and Infraco will not be required to construct anything other than the PPP Drawings, other than by way of a tie Change.
2. CEC shall close out the remaining Informatives listed at Appendix 3.3a and 3.3b and approve the relevant PPP Drawings in expedient fashion and in accordance with the PPP Programme.
3. Infraco will assume the risk of dealing with known quantities of contaminated ground (including by invasive species), as outlined elsewhere in this Proposal (Refer item 22 on Page 147).
4. Infraco will assume the risk of protecting known utilities but will not take any risk associated with the discovery and/or replacement of other utilities or any associated impact on the Infraco design and/or construction works due to utilities.
5. Infraco will assume the risk of removal and replacement of unacceptable materials to the extent identified on the PPP Drawings.
6. Infraco will assume the risk of any occurrence of below ground obstructions save for Fossils and Antiquities (Infraco Contract Clause 39) and item no. 4 above.
7. Infraco and tie shall agree a revised Milestone Payment Schedule acceptable to both Parties with Preliminary Payments to be effected on specific dates.
8. CEC shall grant and tie shall procure that CEC grants all consents and technical approvals for the Integrated Trackform design shown on the PPP Drawings and in accordance with the PPP Programme.

### **Project Phoenix' Proposal Programme**

The PPP Programme is set out at Appendix 5. This shows Sectional Completion Dates of:

1. Section A – 16 December 2011
2. Section B – 24 September 2012
3. Section C – End of construction 11 March 2013 - End of Testing & Commissioning 24 June 2013
4. Section D – 22 September 2013

The PPP Programme which was exclusively set up for the implementation of 'Project Phoenix' is challenging but achievable and Infraco is fully committed to delivering it. The PPP Programme reflects the dates for delivery and commissioning of the trams. The Tram Delivery Dates and Tram Commissioning Dates will be updated accordingly.

### **Priority of 'Project Phoenix'**

Given the innovative nature of 'Project Phoenix' and the impact of our Proposal on the existing Infraco Contract, both Parties would be required to accept that the product of this Proposal will take precedence over any conflicting existing Infraco Contract obligation. The Infraco Contract shall be amended to the extent necessary to implement 'Project Phoenix' if agreed.

### **Conclusion**

Infraco believes that this Proposal provides an excellent opportunity for both Parties to move forward in a positive direction. The key aspects of this Proposal can be summarised as follows:

1. A Project Phoenix Proposal Price which provides tie/CEC with price certainty based on a defined scope.
2. A fully optimised, realistic and achievable PPP Programme providing tie/CEC with a timeframe for delivering the defined scope and to be able to advise Stakeholders and the general public on the timeframe for incremental delivery of the Project.
3. A significantly reduced number of Pricing Exclusions.
4. A simplified Change mechanism which allows progress to continue while Clause 80 runs its course.

Whilst Infraco anticipates that much time and work will be required to align the Infraco Contract with the changes brought about by 'Project Phoenix', not least to the Employer's Requirements and Infraco Proposals, there is an immediate need to resolve the approval of the Permits to Commence work in order to demonstrate the benefit of 'Project Phoenix' to the Stakeholders and the general public.

Notwithstanding the Adjudicator's decision in respect of the "Approval of Key Sub-Contractor sub-contracts" dispute, tie shall approve the form to sub-contract for Key Sub-Contractors which will include an individual Infraco Member as a party to the sub-contract, and not Infraco as per the Adjudicator's decision.

Infraco also believes that the success of the Project could be ensured by the appointment of a mutually acceptable independent third party to resolve differences, and continually engage both Parties in constructive dialogue.

Infraco proposes that, as part of Project Phoenix Proposal, the Parties initiate discussions required to reach agreement regarding Novation of the Tram Supply Agreement (TSA) and the Tram Maintenance Agreement (TMA) from Infraco to tie (in a reverse way from what was agreed at the signature of all project contracts). Infraco considers that this will allow CAF to work with tie as its partner and develop a Whole Life Asset strategy and plan for the tram fleet. The conclusion of the novation will be dependant on agreement being reached in respect of all relevant contractual arrangements and resolution of CAF's financial entitlements.

NOTE: In an effort to simplify your review of this Proposal we have generally maintained the Sectioning as per previous Infraco's Proposals to tie dated 29 July 2010 and 11 September 2010.



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**Definitions used in this Proposal**

**"Project Phoenix Change Order"** for the purposes of this Proposal refers to the issue by tie of a Change Order to incorporate the 'Project Phoenix' initiative and associated Minute of Variation.

**"Project Phoenix Proposal" (PPP)** means, a lump sum fixed price (PPP Price as set out in Appendix 1) on the basis of the PPP Scope, PPP Drawings and PPP Programme referenced in this Proposal, subject to variation in accordance with any Exclusions as set out in this Proposal and the remaining terms of the Infraco Contract.

**"Actual Cost"** means all direct and indirect cost/expenditure incurred whether on or off Site including overheads, finance, and other charges and allowances allocable thereto.

**"Estimated Actual Cost"** means, a reasonable estimate of Actual Costs, based upon the available information, terms, and conditions known at the time of estimation. It is anticipated that Estimated Costs may vary from the Actual Costs.

**"PPP Price"** means the lump sum fixed price as set out in Appendix 1 of this Proposal.

**"PPP Maintenance Price"** means the lump sum fixed price as set out in Appendix 4 of this Proposal.

**"PPP Scope"** means the scope as set out in Appendix 4 of this Proposal.

**"PPP Drawings"** means the Drawings, Specifications, Calculations, Design Submissions and Schedules, listed and included in Appendix 3 of this Proposal.

**"PPP Programme"** means, the Narrative, Programme and Sectional Completion Dates set out in Appendix 5 of this Proposal.

**"Enabling works in Section 1A"** means, Lindsay Road Retaining Wall, Lindsay Road Lowering and the civil works at Tower Place Bridge. The works on Tower Place Bridge include for rail installation on the bridge itself but exclude the transitions and rail expansion joints that are outwith the limits of the bridge.

**APPENDIX 1****PROJECT PHOENIX PROPOSAL PRICE (PPP Price)**

The Project Phoenix Proposal Price is comprised of the following Infraco Prices (further detailed in Appendix 1.1 – 1.4 respectively), exclusive of Value Added Tax and in Pounds Sterling :

<b>Bilfinger Berger Civil UK Ltd.</b>	<b>£231,837,822</b>
<b>Siemens plc.</b>	<b>£136,881,719</b>
<b>C.A.F. S.A.</b>	<b>£65,306,030</b>
<b>SDS</b>	<b>£15,140,795</b>
<b><u>Total</u></b>	<b><u>£449,166,366</u></b>

**APPENDIX 1.1**

**Bilfinger Berger - PPP Price Breakdown**

Appendix 1.1 – Bilfinger Berger PPP Price Breakdown

**Bilfinger Berger PPP Price Breakdown - Summary**

**1. Direct Cost**

Item	Description	Original SubContract Order	Prelims and Method Related Charges			Construction Works				Risk / Opportunity	Grand Total	
			to 31 March 2011	to Completion		Original Subcontract Work	Change		Construction Works Total			
(1)	(2)	(3)	(4)	(5)	(6)=(4)+(5)	(7)	(8)	(9)	(10)	(11)=(7 to 10)	(12)	(13)=(6)+(11)+(12)
Total for Direct Cost		67,463,439	15,483,365	16,988,401	32,471,766	50,483,975	20,452,080	36,746,891	7,209,505	114,892,451	2,629,383	149,993,600

\* At the 31th January 2011

Previous GMP Exclusions / Qualifications now priced	8,058,450	8,058,450
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**2. SDS Provider**

Item	Description	Original Order	Scope Works			Risk / Opportunity	Grand Total
			Original Work	Change			
(1)	(2)	(3)	(4)	(5)	(6)=(4)+(5)	(7)	(8)=(6)+(7)
Total for SDS Provider		4,983,815	4,983,815	10,156,980	15,140,795	-	15,140,795

\* At the 31th January 2011

**3. In Direct Cost**

Item	Description	Indirect Cost	Risk / Opportunity	Grand Total
(1)	(2)	(3)	(4)	(5)=(3)+(4)
Total for In Direct Cost		46,293,169	5,040,000	51,333,169

**4. Summary of Direct, SDS and Indirect Costs**

		224,526,015.15
Overheads	7%	15,716,821.06
Profit	3%	6,735,780.45
<b>GMP Grand Total</b>		<b>246,978,616.66</b>

GRAND TOTAL											
Item	Description	Original SubContract Order	Prelims and Method Related Charges		Original Subcontract Work	Construction Works			Construction Works Total	Risk / Opportunity	Grand Total
			to 31 March 2011	to Completion		Change	Already Submitted and Agreed*	Already Submitted and Not Agreed*			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(6 to 9)=(10)	(11)	(4)+(5)+(6)+(7)+(8)+(9)+(10)+(11)
1A	McKean & Co	2,762,646	1,279,732	1,069,960	1,628,076	851,563	3,029,402	(236,849)	5,272,192	382,000	8,003,884
1B	Crummock (Scotland) Ltd		196,930			391,755			391,755		588,685
1C	Not Required										
1C/1D	Princes Street Supplemental Agreement	MacKenzie Construction Ltd				6,832,855	1,029,278	228,828	10,068,067		10,068,067
		Crummock (Scotland) Ltd	1,977,106			2,341,626			2,341,626		2,341,626
		Class One				353,950			353,950		353,950
		Others				69,796			69,796		69,796
		Totals	1,977,106			1,977,106	9,598,227	1,029,278	228,828	12,833,439	
	Other Work in 1C/1D (non PSSA)	447,095			447,095	1,728,043	137,682		2,312,820		2,312,820
	1C/1D Totals	2,424,201			2,424,201	11,326,270	1,166,960	228,828	15,146,259		15,146,259
1D	McKenzie Construction Ltd	3,871,941	49,327		3,355,254	(2,865,126)	(490,128)		(0)		49,327
On	Other On Street Works	3,327,111	1,374,031	306,838	1,618,345	(1,415,219)	16,067	1,304,105	1,523,298	13,500	3,217,667
	ON Street Summary	12,385,899	2,900,020	1,376,798	9,025,876	8,289,243	3,722,301	1,296,084	22,333,504	395,500	27,005,822
2A	John Graham (Dromore) Ltd	15,853,507	3,921,340	5,613,934	9,683,666	87,804	4,457,523	416,196	14,645,189	225,000	24,405,463
5	Expanded Ltd	12,207,596	3,120,019	4,699,079	9,198,688	690,719	11,130,591	716,644	21,736,642	1,466,383	31,022,123
6	Barr Limited	12,588,218	2,705,330	129,533	10,451,039	1,232,034	1,726,831	477,258	13,887,162	313,000	17,035,025
7A	Farrans Ltd	5,583,816	1,792,954	1,525,134	4,291,048	2,079,258	7,660,900	728,971	14,760,177	229,500	18,307,765
Off	Other Off Street Works	8,844,403	1,043,702	3,643,923	7,833,658	8,073,022	8,048,745	3,574,352	27,529,777		32,217,402
	OFF Street Summary	55,077,540	12,583,345	15,611,603	41,458,099	12,162,837	33,024,590	5,913,421	92,558,947	2,233,883	122,987,778
	OVERALL SUMMARY	67,463,439	15,483,365	16,988,401	50,483,975	20,452,080	36,746,891	7,209,505	114,892,451	2,629,383	149,993,600

\* At the 31 January 2011 unless otherwise identified on detailed pages

PROGRAMME INFORMATION									
Item	Description	Subcontract Order Start Date	Subcontract Contract Period (wks)	Subcontractor Mobilised and On Site	Actual Start Date on Site	Subcontract Contract Period Revised (wks)	Additional Duration (wks)	Phoenix Programme Subcontract Completion	Weeks from 01/04/11
1A	McKean & Co	19-Jun-09	96	23-Nov-09	09-Mar-10	140	44	23-Feb-12	46
1B	Crummock (Scotland) Ltd	06-Oct-08	n/a	01-Oct-08	13-Oct-08	n/a	n/a	n/a	n/a
1C	Subcontractor Not Yet Appointed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1D	McKenzie Construction Ltd	05-Jan-09	88	05-Jan-09	05-Jan-09	n/a	n/a	n/a	n/a
2A	John Graham (Dromore) Ltd	01-Feb-10	65	23-Nov-09	23-Nov-09	137	72	17-Sep-12	75
5	Expanded Ltd	27-Oct-08	85	27-Oct-08	27-Oct-08	191	106	28-Jun-12	64
6	Barr Limited	03-Nov-08	68	02-Feb-09	17-Aug-09	145	77	15-Aug-11	19
7A	Farrans Ltd	08-Sep-08	56	11-Sep-08	11-Sep-08	198	142	28-Jun-12	64

Edinburgh Tram Network  
Project Phoenix Proposal: Price  
Subcontractor PPP Price Summary  
Subcontractor : McKean & Co (Glasgow) Ltd  
Section 1A : Enabling Works

					GRAND TOTAL								
Item	Description	Original SubContract Order	De-Scope for Project Carlisle	Balance of Original SubContract Order	Prelims and Method Related Charges		Construction Works				Risk / Opportunity	Grand Total	
					to 31 March 2011	to Completion	Original Subcontract Work	Change					Construction Works Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(8 to 11)=(12)	(13)	(8)+(7)+(12)+(13)
1	Preliminaries & General Items	1,679,780	545,210	1,134,570	1,279,732	1,069,960					-	422,000	2,771,692
2	Method Related Charges	18,800	18,800								-		
3	Track and Formation	1,063,265	1,014,910	48,355			48,355				48,355		48,355
4	Tramstops	448,537	448,537										
5	Accommodation Works	2,050	200	1,850			1,850	750	66,774		69,374		69,374
6	Highways	841,184	841,184					3,816	1,506,726	19,500	1,530,042		1,530,042
7	Buildings - Substation	26,276	26,276										
8	Structures	1,777,120	199,249	1,577,872			1,577,872	809,905	487,506	91,867	2,967,149		2,967,149
9	OHLE	88,214	88,214						5,916		5,916		5,916
10	Lindsay Road Realignment							37,092	962,479	41,827	1,041,399		1,041,399
11	Reduction for 0-230 ESTIMATED									(390,044)	(390,044)		(390,044)
12													
13	Risk Review Transfer / Deletion											(40,000)	(40,000)
14													
	<b>Total</b>	<b>5,945,227</b>	<b>3,182,581</b>	<b>2,762,646</b>	<b>1,279,732</b>	<b>1,069,960</b>	<b>1,628,076</b>	<b>851,563</b>	<b>3,029,402</b>	<b>(236,849)</b>	<b>5,272,192</b>	<b>382,000</b>	<b>8,003,884</b>

\* At the 31 January 2010

Section 1B: Leith Walk

			GRAND TOTAL								
Item	Description	Original SubContract Order	Prelims and Method Related Charges		Construction Works				Construction Works Total	Risk / Opportunity	Grand Total
			to 31 Dec 2010	to Completion	Original Subcontract Work	Change		New Submission			
(1)	(2)	(3)	(4)	(5)	(6)	Already Submitted* and Agreed	Already Submitted* and Not Agreed	(9)	(6 to 9)=(10)	(11)	(4)+(5)+(10)+(11)
1	Preliminaries & General Items		196,930	-					-		196,930
2	Method Related Charges								-		-
3	Track and Formation					391,755			391,755		391,755
4									-		-
5									-		-
6									-		-
7									-		-
8									-		-
9									-		-
10									-		-
11									-		-
12									-		-
	<b>Total</b>		<b>196,930</b>	<b>-</b>		<b>391,755</b>			<b>391,755</b>		<b>588,685</b>

\* At the 31st January 2011







Section 1D reduced to West End of Princes St

GRAND TOTAL											
Item	Description	Original SubContract Order	Prelims and Method Related Charges		Original Subcontract Work	Construction Works			Construction Works Total	Risk / Opportunity	Grand Total
			to 31 March 2011	to Completion		Already Submitted* and Agreed	Already Submitted* and Not Agreed	New Submission			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(6 to 9)=(10)	(11)	(4)+(5)+(10)+(11)
1	Preliminaries & General Items	516,687	49,327	-					-	-	49,327
2	Method Related Charges	-	-						-		-
3	Accommodation Works	-			-			-	-		-
4	Highways	1,584,666			1,584,666	(1,464,329)		-	120,337		120,337
5	Landscaping	-			-			-	-		-
6	Overhead Electrics	110,047			110,047	(96,642)		-	13,405		13,405
7	Sub-stations	-			-			-	-		-
8	Trackwork	1,054,934			1,054,934	(742,455)		-	312,479		312,479
9	Tramstops	158,803			158,803	(158,803)		-	-		-
10	Drainage	156,500			156,500	(112,593)		-	43,907		43,907
11	Traffic Signal Ducting	111,068			111,068	(111,068)		-	-		-
12	Street Lighting Ducting (less original bill items)	104,572			104,572	(104,572)		-	-		-
13	Tactile Paving at Crossings	22,833			22,833	(22,833)		-	-		-
14	Bus Stop Shelters	25,421			25,421	(25,421)		-	-		-
15	CBR Testing on Trackbox	26,410			26,410	(26,410)		-	-		-
16	Deduct - 380m completed under PSSA	-			-		(490,128)		(490,128)		(490,128)
17	Risk Review Transfer / Deletion	-			-				-		-
	<b>Total</b>	<b>3,871,941</b>	<b>49,327</b>	<b>-</b>	<b>3,355,254</b>	<b>2,865,128</b>	<b>490,128</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>49,327</b>

\* At the 31 January 2011

Other On Street Works

GRAND TOTAL											
Item	Description	Original SubContract Order	Prelims and Method Related Charges		Original Subcontract Work	Construction Works			Construction Works Total	Risk / Opportunity	Grand Total
			to 31 March 2011	to Completion		Change	Change	Change			
(1)	(2)	(3)	(4)	(5)	(6)	Already Submitted* and Agreed	Already Submitted* and Not Agreed	New Submission	(6+(7)-(8)-(9))	(11)	(4)+(5)+(6)+(7)+(8)+(9)+(10)+(11)
1	RD Anderson					1,441			1,441		1,441
2	Lothian and Borders Police					2,845			2,845		2,845
3	Hunter Demolition					14,500			14,500		14,500
4	Raeburn					368			368		368
5	Harper Generators					330			330		330
6	Daver Steels (Bar & Cable Syst					2,412			2,412		2,412
7	Scottish Water					755			755		755
8	Harper Generators					1,800			1,800		1,800
9	Gallagher Groundworks Ltd/					1,110			1,110		1,110
10	Instalcom Ltd					4,550			4,550		4,550
11	Stanger Testing Services Limit					1,510			1,510		1,510
12	Beattie Chalmers Limited/					8,854			8,854		8,854
13	Traffic Signs under estimate Section 1A						16,067		16,067		16,067
14	Traffic Signs under estimate Section 1C3/1D						-		-		-
15	On Street TM	1,646,163	1,217,068	301,434					-		1,518,502
16	Substation Housing Design (Portastor)	37,337	37,337		74,517	17,740			92,257		129,594
17	Tram Stop Shelter and Ancillary Equipment Design (RWS)	51,351	119,626	-					-		119,626
18	Street Lighting	1,592,260		5,404	1,543,828	(1,473,219)	-	-	70,609	13,500	89,513
19	Fencing (Forth Ports Acc Works)							48,250	48,250	-	48,250
20	Enhanced Design at Road/Rail Joint							1,255,855	1,255,855	-	1,255,855
	<b>Total</b>	<b>3,327,111</b>	<b>1,374,091</b>	<b>306,838</b>	<b>1,618,345</b>	<b>(1,415,003)</b>	<b>16,067</b>	<b>1,304,105</b>	<b>1,523,513</b>	<b>13,500</b>	<b>3,217,882</b>

\* At the 31 January 2011

Section 2A and 5A (part)

			GRAND TOTAL								
Item	Description	Original SubContract Order	Prelims and Method Related Charges		Construction Works				Risk / Opportunity	Grand Total	
			to 31.03.11	To completion	Original Subcontract Work	Change					Construction Works Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(6 to 9)=(10)	(11)	(4)+(5)+(10)+(11)
1	Preliminaries & General Items	6,169,841	3,921,340	5,613,934						225,000	9,760,274
2	Method Related Charges										
3	Section 1D - All Works	64,076			64,076		(64,076)				
4	Haymarket Viaduct	1,139,067			1,139,067	41,790	222,731	15,342	1,418,930		1,418,930
5	2A Trackwork inc Drainage etc	1,083,745			1,083,745	44,000	1,002,499	112,827	2,243,071		2,243,071
6	Haymarket Terrace Sub-Station	116,191			116,191		21,964		138,155		138,155
7	Haymarket Station Tramstop	174,548			174,548		27,900	13,019	215,467		215,467
8	S20 - Russell Road Underbridge	828,643			828,643		530,472		1,359,115		1,359,115
9	Russell Road Sub-Station	73,459			73,459		(73,459)		(0)		(0)
10	W18 Retaining Wall	790,597			790,597		317,985		1,108,582		1,108,582
11	5A Trackwork inc Drainage etc	623,008			623,008		805,493	58,447	1,486,948		1,486,948
12	Murrayfield Tramstop	284,529			284,529		205,900	13,332	503,761		503,761
13	Roseburn Viaduct	2,853,229			2,853,229		84,447	33,799	2,971,475		2,971,475
14	S21B - Murrayfield Ret Walls	1,462,165			1,462,165		615,128	78,284	2,155,577		2,155,577
15	S21C - Murrayfield Underpass	190,409			190,409	2,014	280,357		472,780		472,780
16	Schedule 4 Notified Departures						480,182	91,146	571,328		571,328
	<b>Total</b>	<b>15,853,507</b>	<b>3,921,340</b>	<b>5,613,934</b>	<b>9,683,666</b>	<b>87,804</b>	<b>4,457,523</b>	<b>416,196</b>	<b>14,645,190</b>	<b>225,000</b>	<b>24,405,464</b>

\* At the 31 January 2011

Section 5 : Structures

GRAND TOTAL											
Item	Description	Original SubContract Order	Prelims and Method Related Charges		Construction Works				Risk / Opportunity	Grand Total	
			to 31 March 2011	to Completion	Original Subcontract Work	Change		Construction Works Total			
(1)	(2)	(3)	(4)	(5)	(6)	Already Submitted* and Agreed	Already Submitted* and Not Agreed	New Submission	(6 to 9)=(10)	(11)	
						(7)	(8)	(9)		(4)+(5)+(6)+(7)+(8)+(9)+(10)+(11)	
1	Prelims	3,008,908	3,120,019	4,619,079							
2	Performance Bond			80,000						80,000	
3	Risk								1,466,383	1,466,383	
4	S27 Edinburgh Park Bridge	3,388,189			3,388,189	349,137	574	7,128	3,745,028	3,745,028	
5	S23 Carrick Know Bridge	789,453			789,453	7,541	219,180	14,272	1,030,446	1,030,446	
6	W3 Russell Rd RW						1,215,370	105,869	1,321,239	1,321,239	
7	W4 Russell Rd Phase 1						541,076	6,716	547,792	547,792	
8	W4 Russell Rd Phase 2						2,824,304	107,020	2,931,324	2,931,324	
9	S22a&b Balgreen Rd Bridges						951,559	34,262	985,821	985,821	
10	S32 Depot Access Bridge	1,554,606			1,554,606	30,581	1,713,513	100,623	3,399,323	3,399,323	
11	A8 Underpass	1,034,444			1,034,444	303,460	824,805	127,256	2,289,965	2,289,965	
12	S26 South Gyle Access Bridge	632,202			632,202		895,707	40,607	1,568,515	1,568,515	
13	S21E Water of Leith Bridge	717,787			717,787		111,031	23,050	851,868	851,868	
14	S21D Murrayfield Tp RW	415,965			415,965		453,948	24,685	894,598	894,598	
15	W8 Baird Drive RW	479,832			479,832		778,725	75,644	1,334,201	1,334,201	
16	W9 Balgreen Rd	32,722			32,722		254,375	10,112	297,209	297,209	
17	W11 Bankhead Dr RW	81,334			81,334		410,087	18,005	509,427	509,427	
18	W19 Tramstop RW	209,110			209,110		208,930	21,395	439,436	439,436	
19	Discount Exc S27&S23	(136,956)			(136,956)		(272,593)		(409,549)	(409,549)	
	<b>Total</b>	<b>12,207,596</b>	<b>3,120,019</b>	<b>4,699,079</b>	<b>9,198,688</b>	<b>690,719</b>	<b>11,130,591</b>	<b>716,644</b>	<b>21,736,642</b>	<b>1,466,383</b>	<b>31,022,123</b>

\* At the 31 January 2011

Section 6 : Depot

			GRAND TOTAL								
Item	Description	Original SubContract Order	Prelims and Method Related Charges		Construction Works				Risk / Opportunity	Grand Total	
			to 31 March 2011	to Completion	Original Subcontract Work	Change		Construction Works Total			
(1)	(2)	(3)	(4)	(5)	(6)	Already Submitted* and Agreed	Already Submitted* and Not Agreed	New Submission	(6 to 9)=(10)	(11)	(4)+(5)+(10)+(11)
1	Preliminaries & General Items	2,137,178	2,705,330	129,533					-		2,834,863
2	Method Related Charges								-		0
3	Earthworks	92,000			92,000	43,843	100,685	1,441	237,970		237,970
4	Sub-structure - Depot Building	1,116,433			1,116,433	90,385	95,051	7,579	1,309,448		1,309,448
5	Sub-structure - Sub Station Building	57,983			57,983	-	-	15,351	73,334		73,334
6	Sub-structure - Power Building	55,155			55,155	-	-	728	55,883		55,883
7	Frame	1,160,334			1,160,334	376,398	137,132	237	1,674,100		1,674,100
8	Upper Floors	102,651			102,651	-	-	-	102,651		102,651
9	Cladding	1,206,649			1,206,649	78,790	41,954	1,875	1,329,268		1,329,268
10	Stairs	8,800			8,800	-	22,403	-	31,203		31,203
11	External Blockwork	108,406			108,406	16,613	75,000	-	200,019		200,019
12	Internal wall and Partitions	241,098			241,098	-	17,500	1,922	260,520		260,520
13	Internal Doors	146,900			146,900	-	29,964	6,053	182,917		182,917
14	Wall Finishes	117,785			117,785	-	5,000	-	122,785		122,785
15	Floor Finishes	202,247			202,247	-	8,991	-	211,238		211,238
16	Ceiling Finishes	93,242			93,242	-	3,170	-	96,412		96,412
17	Decoration	35,926			35,926	-	-	-	35,926		35,926
18	Fittings and Furnishings	62,182			62,182	-	18,185	3,697	84,064		84,064
19	M&E	2,302,000			2,302,000	72,560	97,608	162,433	2,634,601		2,634,601
20	BWIC Services	25,000			25,000	-	-	-	25,000		25,000
21	Site Work	2,880,802			2,880,802	554,405	1,097,107	5,370	4,537,684		4,537,684
22	Sub Station Building	123,035			123,035	-	-	-	123,035		123,035
23	Power Building	109,846			109,846	-	650	-	110,496		110,496
24	Sundries	202,565			202,565	-	52,248	2,045	256,858	313,000	569,858
25	Transfer from Risk Register							191,750	191,750		191,750
	<b>Total</b>	<b>12,588,217</b>	<b>2,705,330</b>	<b>129,533</b>	<b>10,451,039</b>	<b>1,232,994</b>	<b>1,802,649</b>	<b>400,479</b>	<b>13,887,161</b>	<b>313,000</b>	<b>17,035,025</b>

\* At the 20th January 2011

Section 5C(part) and 7A

GRAND TOTAL											
Item	Description	Original SubContract Order	Prelims and Method Related Charges		Construction Works				Risk / Opportunity	Grand Total	
			to 31 March 2011	to Completion	Original Subcontract Work	Change		Construction Works Total			
(1)	(2)	(3)	(4)	(5)	(6)	Already Submitted* and Agreed	Already Submitted* and Not Agreed	New Submission	(6 to 9)=(10)	(11)	(4)+(5)+(10)+(11)
1	Preliminaries & General Items	524,460	808,770	503,008				17,552	17,552		1,329,330
2	Method Related Charges	768,308	984,184	1,022,126							2,006,310
3	Enabling Works	112,091			112,091	593,681	1,339,427	153,189	2,198,388		2,198,388
4	Track and Formation	1,661,460			1,661,460	254,227	1,541,446	35,435	3,492,568		3,492,568
5	Tramstops	363,026			363,026			47,433	410,458		410,458
6	Tramstop Equipment	30,209			30,209				30,209		30,209
7	Drainage					1,011,137	146,094	(28,899)	1,128,332		1,128,332
8	Ducting	379,295			379,295	(38,554)	69,391	(2,686)	407,446		407,446
9	Highways	101,853			101,853		233,054	(2,395)	332,512		332,512
10	7A Ingliston P&R Substation	50,586			50,586	1,430		22,549	74,565		74,565
11	7A Gogarburn Bridge S29	885,140			885,140	123,010	85,442	(11,059)	1,082,533		1,082,533
12	7A Gogarburn Culvert 1 S30	54,653			54,653	21,145	15,931		91,728		91,728
13	7A Retaining Walls	337,396			337,396		3,945,116	460,365	4,742,878		4,742,878
14	7A Culvert 2 S31	113,053			113,053	(22,294)			90,759		90,759
15	7A Culvert 3 S32	73,408			73,408	6,345			79,753		79,753
16	OHLE	128,878			128,878	129,131		37,486	295,495		295,495
17	Risk Review Transfer / Deletion						285,000		285,000	229,500	514,500
	<b>Total</b>	<b>5,583,816</b>	<b>1,792,954</b>	<b>1,525,134</b>	<b>4,291,048</b>	<b>2,079,258</b>	<b>7,660,900</b>	<b>728,971</b>	<b>14,760,177</b>	<b>229,500</b>	<b>18,307,765</b>

\* At the 31 January 2011



Edinburgh Tram Network  
 Project Phoenix Proposal: Price  
 Subcontractor PPP Price Summary  
 Subcontractor : Various

Subcontractor : Other Off Street Works

			GRAND TOTAL								
Item	Description	Original SubContract Order	Prelims and Method Related Charges		Construction Works				Risk / Opportunity	Grand Total	
			to 31 March 2011	to Completion	Original Subcontract Work	Change		Construction Works Total			
(1)	(2)	(3)	(4)	(5)	(6)	Already Submitted* and Agreed	Already Submitted* and Not Agreed	New Submission	(6 to 9)=(10)	(11)	(4)+(5)+(10)+(11)
1	Preliminaries & General Items			1,190,250							1,190,250
2	Method Related Charges			50,000							50,000
3	Track and Formation	2,908,517			2,908,517	812,884	3,004,061	588,615	6,136,847		6,136,847
4	Tramstops	1,414,483			1,414,483		197,573	134,368	1,351,278		1,351,278
5	Utilities works						279,660	41,511	321,171		321,171
6	Highways	2,837,172			2,837,172	1,435,551	1,295,598	385,757	5,954,078		5,954,078
7	Buildings	291,299			291,299		27,570	-	318,869		318,869
8	Accommodation Works						73,480	-	73,480		73,480
9	OHLE	382,187			382,187		75,662	-	457,849		457,849
10	S27 Edinburgh Park				incl in Col 7	1,164,295	-	-	1,164,295		1,164,295
11	A8 Underpass				incl in Col 7	1,510,153	243,546	270,632	2,024,331		2,024,331
12	S26 Sth Gyle Access Bridge						125,456	125,456	-		-
13	S21E Water of Leith						430,000	-	430,000		430,000
14	W4 Russell Rd RTW				incl in Col 7	1,019,500	41,511	41,511	1,019,500		1,019,500
15	Other Structures				incl in Col 7	391,844	-	-	391,844		391,844
16	Miscellaneous				incl in Col 7	165,000	2,649,775	2,520,014	5,334,789		5,334,789
17	Off Street TM	1,010,745	1,043,702	2,403,673			-	-	-		3,447,375
18	Depot				incl in Col 7	1,350,497	-	-	1,350,497		1,350,497
19	Depot to Airport				incl in Col 7	223,298	-	-	223,298		223,298
20	Farrans Qualifications by BBUK							530,576	530,576		530,576
21	Barr Qualifications by BBUK							447,076	447,076		447,076
	<b>Total</b>	<b>8,844,403</b>	<b>1,043,702</b>	<b>3,643,923</b>	<b>7,833,658</b>	<b>8,073,022</b>	<b>8,048,745</b>	<b>3,574,352</b>	<b>27,529,777</b>		<b>32,217,402</b>

\* At the 31 January 2011

**APPENDIX 1.2**

**Siemens - PPP Price Breakdown**

Appendix 1.2 - Siemens PPP Price Breakdown

# SIEMENS

Edinburgh Tram Network  
Project Phoenix Proposal  
Siemens Price Breakdown

Appendix 1.2  
Page 1 of 2

## Overall Summary

<b>Siemens Transport Solutions (UK)</b>	<b>£84,967,487.47</b>	
<b>Project Management</b>		<b>£17,599,044.51</b>
Overall Project Management		£4,795,055.92
Commercial/Contract Management & Legal		£6,237,597.37
SQE/Scheduling		£2,311,844.41
PML		£745,757.03
Site Management		£2,701,385.78
Technical Contract Management		£807,404.00
<b>Track Work</b>		<b>£48,753,566.44</b>
<b>System Engineering</b>		<b>£3,710,675.95</b>
<b>Depot Workshop Equipment</b>		<b>£2,230,573.11</b>
<b>Core HVLV</b>		<b>£1,997,897.20</b>
<b>Infrastructure</b>		<b>£3,516,934.84</b>
Storage		£1,954,240.00
Security		£320,398.00
IT Infrastructure		£585,186.64
Site offices temp		£171,284.01
Other -office costs		£485,826.19
<b>Inclusions for Insurance, Bonds, Guarantees</b>		<b>£372,686.88</b>
<b>Finance Costs</b>		<b>£3,129,591.54</b>
Risk		3656517
<b>Subcontracts:</b>		
<b>Rail Automation UK</b>	<b>£11,484,175.13</b>	
Telecomms (FTN York)		£5,059,277.30
Control & Information (Ashby ,Transmitton)		£6,424,898.83
<b>Electrification UK</b>	<b>£6,130,889.31</b>	
<b>Traffic Solutions UK</b>	<b>£1,980,353.40</b>	
<b>Siemens AG (Germany)</b>	<b>£30,153,187.24</b>	
<b>Subtotal</b>	<b>£134,716,092.55</b>	
<b>Changes</b>	<b>£2,165,626.82</b>	
<b>Total</b>	<b>£136,881,719.37</b>	

# SIEMENS

## Edinburgh Tram Network Project Phoenix Proposal Siemens Price Breakdown

Appendix 1.2  
Page 2 of 2

### Change Orders

Identifier	Topic	Price including mark-ups	Price excluding mark-ups
INTC-0111	E&B Checking Impact on: -- Gogarburn Bridge	3,394.88	2,729.14
INTC-0115	E&B Checking Impact on: Carricknowe Bridge	3,394.88	2,729.14
INTC-0160	E&B Checking Impact on Edinburgh Park Station Bridge	3,394.88	2,729.14
INTC-0258	New Ingliston Limited (design)	343,478.00	276,121.96
INTC-0277	Airport canopy (OLE impact)	30,216.76	24,291.25
INTC-0305	Crawley Tunnel (Princes St.) - Abortive costs for TRW	10,144.00	8,154.76
INTC-0377	Amend OLE systems design (SDS-Misalignment cost)	161,950.37	137,981.72
INTC-0411	Trackform changes Off-Street + 2 Dock-Bridges	318,302.00	255,882.98
INTC-0412	Depot Turntable (design & construction)	32,974.00	26,507.80
INTC-0515	Floating Slab Report	121,847.31	97,953.05
INTC-0521	Disaster Recovery Centre	44,199.00	35,531.58
INTC-0547	HV Scottish Power Connections (Gogar-Depot Change): Maybury Road Overbreak	54,330.00	43,675.89
INTC-0588	Shallow Depth -- Trackform-Design	45,381.00	36,481.79
INTC-0612	OLE related planning consents	66,704.00	53,623.35
INTC-0643	HV Scottish Power Connections: Switching Station location change at Gogar Depot	125,943.82	101,246.24
INTC-0644	HV Ingleston Wayleave Problems (Survey only)	7,218.00	5,802.55
INTC-0645	HV Jenners Addl Reinforcement	65,414.00	52,586.31
INTC-0659	Roseburn Street Viaduct (VE) TRW & OLE	63,045.64	50,682.39
INTC-0717	HV Non-Contestable Costs HV & LV Costs update	3,407.00	2,738.89
SV-0041	VE-4: Track Maintenance Equipment	27,500.00	22,107.25
SV-0057	VE-21 UPS lease instead of purchase	300,000.00	241,170.00
SV-0100a	TLC -- installation hindrance on Princes Street	18,265.00	18,265.00
SV-0112	Trackwork works disruption due to Princes Street works	135,000.00	108,526.50
SV-0168	Airport Kiosk Comm Equipment	66,301.28	50,786.78
SV-0025	OLE Changes (Newhaven - Haymarket &	113,821.00	91,496.00
		2,165,626.82	1,749,801.46

**APPENDIX 1.3**

**CAF - PPP Price Breakdown**

**Appendix 1.3 - CAF PPP Price Breakdown**

*[Faint, illegible text, likely a table or list of items]*

## ***CAF cost associated with Project Phoenix***

### **Assumptions:**

- The Delay Costs below are generated by delays incurred by the project and formalized with Project Phoenix, now Project Phoenix. They include the claims presently held by CAF for other delay claims (MUDFA, ETN, etc.). There would be no double recovery, so if Project Phoenix would be retained by tie, the other claims for delay generated costs would be settled with these amounts. (The amounts in way of agreement formalization already (MUDFA) have not been taken into account in this update, and are therefore still included in these Totals as pending of agreement.)
- To obtain the total amount that would be due to CAF, we add two concepts: Delay Costs, as explained above, and normal Contractual Payments pending as of January 2011 (certified milestones or not, all payments until completion of TSA). As both are in different currencies, a rate (the one of the original contract) has been used to consolidate. The rate would have to be updated at the date of agreement.
- CAF has assumed tie will continue to pay Tram Delivery Milestones as it is doing today. CAF has assumed the Commissioning Milestones will not be paid until the infrastructure allows Commissioning tests to occur, and therefore they will be delayed, incurring Delay Costs.
- CAF has analyzed the Infrastructure availability during the Commissioning phase and has had to re-schedule the tram commissioning programme to ensure that there will be enough trams commissioned so that no delay is introduced in the start of service. As required by the Consortium in Project Phoenix, these delays in tram commissioning should not generate LDs to CAF (as the tramways are being delivered to date and are available for commissioning as contractually required).
- The cost of the maintenance of tramways will decrease due to less kilometres of service per year, while the line is not completed. We estimate the number of kilometres will amount to a quantity smaller than what is foreseen in the TMA, and therefore needs to be agreed, logically the cost per kilometre will be higher than the costs agreed, although the total Maintenance Cost according to the TMA will be smaller. CAF has not the information to estimate that TMA price reduction (year – kilometres targeted by tie under Project Phoenix), and it is not included in the amounts below. The Delay costs have been estimated according to the Project Phoenix Proposal Programme Rev 2.



SDS Price Breakdown

Item	Description	Original SubContract Order	Scope Works		Total (excl Risk & Opportunity)	Risk / Opportunity	Grand Total
			Original Subcontract Work	Change & New Submission			
1	PH III Detailed Design Deliverables		2,204,792	-	2,204,792		2,204,792
2	Changes		-	4,234,948	4,234,948		4,234,948
3	Design Coordination			495,000	495,000		495,000
4	PH IV Construction Phase		1,104,023	123,290	1,227,313		1,227,313
5	Design Support Team		675,000	369,266	1,044,266		1,044,266
6	Extended Construction Support		1,000,000	2,921,089	3,921,089		3,921,089
7	Additional Technical Resources (ATRs)		-	355,795	355,795		355,795
8	Disruption Claim			500,000	500,000		500,000
9	Prolongation			1,157,593	1,157,593		1,157,593
10	Incentivisation						
<b>Total</b>		-	<b>4,983,815</b>	<b>10,156,980</b>	<b>15,140,795</b>		<b>15,140,795</b>

Incentivisation has been specifically excluded from the SDS pricing on the basis that this proposal has been developed in support of the BSC input to the Project Phoenix Pricing. Incentivisation is payable directly by tie to SDS under Clause 8 of the Novation Agreement. Current valuation of the Incentivisation payment by SDS is £973,214.28 as detailed in the attached schedule.



**SDS - Project Phoenix Proposal Pricing Summary**

SDS ref:	Type			Fee to Complete	Certified to Date (1)	Overall Fee
ULE90390A	Core Scope			£ 220,013	£ 1,984,779	£ 2,204,792
ULE90390A	Changes			£ 1,424,875	£ 2,810,073	£ 4,234,948
ULE90485A	DC - Design Coordination			£ 70,714	£ 424,286	£ 495,000
ULE90391A	Phase IV			£ 378,453	£ 848,860	£ 1,227,313
ULE90393A	DS - Design Support			£ 186,308	£ 857,958	£ 1,044,266
ULE90392A	ECS - Extended Construction Support			£ 1,859,021	£ 2,062,068	£ 3,921,089
ULE90392A	ATR			£ 150,000	£ 205,795	£ 355,795
ULE90390A	Disruption			£ 500,000	£ -	£ 500,000
ULE90474A	Prolongation			£ 957,593	£ 200,000	£ 1,157,593
ULE90390A	Incentivisation (2)					
<b>Total</b>				£ 5,746,977	£ 9,393,818	£ 15,140,795

**Assumptions:**

(1) Certified on 04/01/11 for works up to 03/12/10

Fee for MUDFA/Utility works associated with the Collateral Warranty in favour of tie from the SDS Provider is not included in this Summary and is not therefore considered to be included in the 'Overall Fee' for this scope of works.

(2) Incentivisation has been specifically excluded from the SDS pricing on the basis that this proposal has been developed in support of the BSC input to the Project Phoenix Pricing. Incentivisation is payable directly by tie to SDS under Clause 8 of the Novation Agreement. Current valuation of the Incentivisation payment by SDS is £973,214.28 as detailed in the attached schedule.