

**Tram Project Board  
Agenda Item 3**

**Project Director – Trams (TPD) Executive Summary**

**1. TPB Project Governance:**

See note attached. TPB is to note that a paper substantially outlining a recommended way forward will be considered by the TEL Board on the 22<sup>nd</sup> November, 2005.

TPB is requested to review the complete Project Governance paper which will be released to Board Members post-TEL Board meeting, including final comments/amendments and pass comments back to TPD for further action.

The TPB should note that **the additional costs of the two-company structure** dictated by the proposal including **potential** TEL management and support, legal costs, accommodation and all other TEL running costs and fees are **not currently included** in the tram project budget.

## **2. Funding/Delay:**

TPB is to note that continued funding of the tram project parliamentary process has been verbally agreed between the SE and tie and the CEC awaits confirmation. This is in the sum of £1.61m.

TPB is to note that funding commitments for the tram project are required to secure the best response from the market for MUDFA, INFRACO and TRAMCO. TPB is to note that the INFRACO and MUDFA markets are made up of substantially the same organisations.

SE advises that detailed meetings between CEC and itself are programmed to occur over the next few weeks. SE also advises that final determination of indexation and CEC commitments will be made known and every effort to resolve before Christmas will be made.

TPB should note that it is unlikely that a final decision regarding INFRACO finance can be made independent of SE/CEC resolutions.

TPD advises that the delivery of the utilities agreement is on the critical path for the project and that delays in reaching agreement beyond the anticipated tender release date of 9<sup>th</sup> January, 2005 will add cost to the total project value at a rate of circa £3.5m per month.

**TPD recommends delaying the MUDFA tender, if necessary, until a funding agreement between the SE and the CEC is achieved.**

**Approved:** \_\_\_\_\_

### **3. Market Consultation – Infraco/Tramco**

Formal consultation was undertaken on the 2<sup>nd</sup> and 3<sup>rd</sup> November, 2005 with potential INFRACO bidders:

- Carillion
- Amec/Spie
- Balfour Beatty
- Sir Robert McAlpine
- Mowlem and
- Ansaldo

and with potential TRAMCO bidders:

- Alstom
- Seimens
- Bombardier
- Ansaldo.

All TRAMCO bidders are fully prepared to bid including maintenance contracts out to 30 years – based upon an assumed maximum vehicle mileage.

All INFRACO bidders fully embraced the proposed contract structure as regards to:

- No revenue risk
- Planning approvals
- Network rail interface risk
- Utility diversions through MUDFA

All INFRACO bidders have a concern as to whether funding would be available for the tram project.

**TPD advises that committed funding is critical to having a successful tendering process. TPD's position is that there will be no tender release unless and until he is satisfied that funding is committed, subject to contract.**

**Approved:** \_\_\_\_\_

Other INFRACO concerns include:

- TRAMCO corporate identity, tram identity
- Actual contracts for INFRACO, SDS, TRAMCO
- Performance risks at completion – SAT's, RAT's
- Completeness of planning approvals
- Interaction with three potential tram suppliers.

Only one potential INFRACO bidder had a structural issue with the procurement strategy. Several INFRACO bidders expressed interest in MUDFA.

TPD has accelerated release of TRAMCO OJEU to end-November 2005 to short-list TRAMCO bidders prior to receipt of INFRACO PQQ's. INFRACO OJEU release remains w/c 2<sup>nd</sup> January, 2006.

**TPD recommends selection of TRAMCO preferred bidder in October 2006 to streamline the tendering process.**

**Approved:** \_\_\_\_\_

#### **4. MUDFA Development:**

Given a funding agreement between the SE and the CEC is achieved the tender release date for MUDFA is 9<sup>th</sup> January, 2006.

**TPD recommends the follows features are included within the MUDFA contract:**

- Incentive sharing agreement between MUDFA and tie
- Award at date of INFRACO & TRAMCO tender release
- No fault termination clause
- Full demobilisation costs including advance materials purchased
- Schedule of rates covering all works
- Associated private connections to be included.

**Approved:** \_\_\_\_\_

**CEC to sterilise tram path for all new utility works immediately legal powers are achieved for either TL1 or TL2.**

**Approved:** \_\_\_\_\_

## **5. JRC and Financial Modelling:**

JRC modelling is a critical input into the alternative TEL business plans, risk management strategy and financing agreements with SE and CEC.

TPB are advised that significant financial advisory costs under the control of the TPD are included in the tram project budget for the development of complete and competent alternative financial models for TEL.

TPB is advised that a significant non-delivery risk on these models exists without agreement of the alternative funding options in December 2005.

TSS key resources are in place to audit the development of the JRC models.

All models will be capable of handling alternate modes permitting alternate service integration patterns.

TPB is advised that multiple sensitivities will be necessary for each phasing option.

TPB is advised that final selection of phasing and service pattern will not be undertaken until September/October, 2006 based upon affordability.

TPB is advised that STAG for Line 1 proposed the removal of 3% or 15 buses but this did not include Line 2 which has been assessed by Transdev as permitting a further reduction of 14 buses - a total of 29 buses. LB current proposals see the removal of 13 buses in total. Competent stretch targets of up to 60 buses can be developed.

**TPD advises that further work continues.**



## **6. Safety Plan & Issues:**

TPD has initiated the development of Safety Management improvements.

TSS has been appointed as Planning Supervisor under CDM.

TPB is advised that there have been no LTI's on the tram project in the last month.

TPB is advised that normal corporate practice is to have the CEO of a company as the person principally responsible for safety and a Director of the company.

**tie is abnormal in this regard.**

TPB is advised that the Executive Management team of **tie** have recommended to the CEO that the following actions are initiated:

- CEO to be made a Director of **tie**
- CEO appoints a part-time Director of Safety
- TPD initiates further development of the **tie** corporate safety management system
- TPD has already facilitated the comparative safety audit of all ongoing **tie** projects

**TPB is requested to support the ongoing development of tie's safety management systems and the modification to CEO's status to be a tie Director.**

**Approved:** \_\_\_\_\_

## **7. Tram Project Accommodation**

TPD has initiated discussions with TSS to provide office accommodation in Buchanan House, Glasgow. This will facilitate improved communications between the tram project and Network Rail.

TPD has initiated discussions with SDS to facilitate co-located **tie**, TSS and SDS project staff outwith **tie**'s corporate office in Haymarket. Adjacency is considered critical to the performance of the tram team.

A solution and Change Order(s) will be presented by TPD when a solution is determined.

**Approved:** \_\_\_\_\_



**8. Change Control/Design Manual:**

CEC Design Manual approval is required within the Requirements Definition Phase of SDS to avoid delays and additional costs. This establishes a deadline of 19<sup>th</sup> December, 2005.

TPD/DTPD meeting with Director of Planning and Director of City Development has facilitated progress towards achieving CEC approval of a modified Design Manual by this deadline.

**tie** has completed its paper regarding the use of **wireless traction** and a paper is attached which recommends **omission of this from further consideration** and from the design manual.

**Approved:** \_\_\_\_\_

Transdev has completed a review of the “**bikes on trams**” paper and has recommended that bikes are **not allowed** on trams for safety and performance reasons.

**Approved:** \_\_\_\_\_

