

---

**From:** Gregor Roberts  
**Sent:** 28 February 2011 08:37  
**To:** Alan Coyle; donald.mcgougan@edinburgh.gov.uk  
**Subject:** Strictly P&C - Phoenix price

Alan, Donald,  
FYI My initial observations below.

Regards,  
Gregor

---

**From:** Gregor Roberts [mailto:gregorroberts@ ]  
**Sent:** 26 February 2011 12:20  
**To:** Richard Jeffrey; Gregor Roberts  
**Subject:** Phoenix price

Richard,

I've had a look at the PPP this morning, and my initial thoughts are that this is a very high price to have so many exclusions. BB+S Construction offer is £368.7m for 11.5km of the original 18.5m Phase1(a) route (or 62.5%). Including the depot the works this is circa 70% of the original project scope. Pro rata-up we are now being offered an equivalent £526.7m price (£368.7m/0.7) against our Phase 1a contract price of £238.6m. 220% of the Original price.

In addition, I honestly think that the £20m allowance that we have made for 'further risk' in our assessment would be insufficient taking into account the proposed exclusions.

Some big red flags inter alia are:

- all of the risk for approvals and consents is pushed back to tie and CEC, no matter what the quality of the submission is (is my reading of it)
- tie still have contamination risk and ground conditons risk
- tie still have unknown utilities, and unidentified materials risk
- the proposed change procedure says that we pay on the Infraco's estimate even if we dispute it (not demonstrable cost), which seems very slanted
- the Infraco dont want to contract as a consortium, and want us to reverse the decision that the adjudicator made (P7)
- SDS believe they are still due £1m 'incentivisation' on top of this price...
- Seimens and CAF are passing on escalation to us for the delay 'financing' of some pretty big numbers (£3m & £1.2m)
- Gogar is still all of our risk (which might be reasonable), but could be significant if not aligned with TS
- tie still have all of the the airport flood risk. If it has to change this is another +£5m for retaining walls etc.
- We carry all of the risk for drawing misalignment
- Infraco don't want any liquidated damages (item 33. p152)
- Infraco want to change all unfavourable maintenance agreement but have proposed no reduction for a shorter route

I hope that this short summary is of help. I am sure the commercial experts will pick out some other issues on Monday.

Have a good weekend  
Regards,  
Gregor

.