
From: Dave Anderson [Dave.Anderson@edinburgh.gov.uk]
Sent: 15 July 2011 20:54
To: Steven Bell
Cc: Colin Smith; Alan Coyle; Dennis Murray
Subject: Re: Siemens On Street Price

Steven I can't see the justification for this figure given that the claims were supposed to have been swept up in the overall price agreed following mediation. We certainly need visibility on the numbers and should start from the point of knocking this back and escalating it as an issue if their view remains fundamentally different from ours. Regards Dave

Dave Anderson
Sent from my iPhone

On 15 Jul 2011, at 13:32, "Steven Bell" <Steven.Bell@tie.ltd.uk> wrote:

Dave / Colin

Dennis and I raised this matter at the Commercial meeting on Wednesday and Dennis met Alfred Brandenburger and Axel Eikhorn on Thursday morning again to further amplify our concerns regarding the Siemens submission. Nothing discussed causes us to change our view that there is no supporting argument for ~£14m of the price based on our understanding of the Mar Hall agreement.

I have attached some of the previous correspondence and a diagram highlighting the difference in understanding / positions. Happy to discuss to help any points of understanding

How do you wish to take this matter forward as we see it as an important red flag item? I know Colin and Alastair Maclean are undertaking intensive discussions with Infracore to try and close out a number of issues on the Settlement Agreement and I want to ensure a coherent approach.

Regards

Steven

Steven Bell

Project Director

Edinburgh Trams

Citypoint

65 Haymarket Terrace

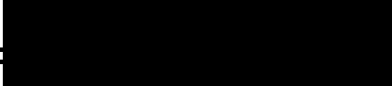
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Steven,

Copy of my response to Alan Coyle on Friday FYI.

Dennis

From: Dennis Murray
Sent: 08 July 2011 17:12
To: 'Alan Coyle'
Subject: RE: Siemens

Alan,

A brief note on this matter is as follows:

I had been invited by Axel to comment on the Siemens proposal for the Target Sum for onstreet works. The price was submitted as £20m.

My estimate using the Contract Price Analysis for the on street works was just over 4.5 million. I had many technical questions prepared for discussion with Axel suggesting that the on street price was not correct but it became clear in our discussions that the price difference was for reasons other than the actual price to carry out the on street works.

At the meeting with Axel yesterday he explained that he had priced all Siemens project resources from September 2013 to May 2014 as if it were an Extension of Time claim to cover the total programme movement from the Project Phoenix proposed end date (Sept 2013) to the current Rev 3a programme end date (May 2014). This programme shift however is not solely representative of the on street works – it picks up an overall programme shift from the Offstreet works which ought to be included the lump sum Settlement price. The resulting price is therefore not only for carrying out the Onstreet works.

Having established this fact Axel went on to say that it was his understanding that the agreement at Mar Hall was such that any programme movement would be picked up in the on street Target Sum and illustrated the following:

Phoenix Siemens Price was circa £140m

Agreement at Mar Hall reduced to £126m.

A reduction of £14m. He believes that the reduction was on the understanding that the cost of any programme shortfall was to be picked up in the onstreet Target Sum price.

Axel's view is that the actual price for carrying out the onstreet works is £4m (which compares with my 4.5m) and an explanation of the current proposal was reconciled as - the shortfall of £14m added to the actual cost of £4m to carry out the onstreet works and add £2m for changes post Mar Hall to arrive at a total of £20m.

I have a complete break down of all my figures reconciled with Siemens figures if you wish to see them.

Hope the above is clear – please call me if you wish to discuss further.

Regards

Dennis

From: Alan Coyle [mailto:Alan.Coyle@edinburgh.gov.uk]
Sent: 08 July 2011 14:37
To: Dennis Murray
Subject: Siemens

Dennis,

Steven gave me a heads up to a £14m add on Siemens would like to build into the on street price. Can you give me a concise summary of what this is? It doesn't sound like something I'd like to pay!

Thanks

Alan

Alan Coyle

City of Edinburgh Council

2/6 Waverley Court - 4 East Market Street, Edinburgh

EH8 8BG

Phone 

Mobile 

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<Siemens on street price.xlsx>

<Narrative for Siemens on street price.xlsx>