

Tram Project Board Critical Issues

1. Negotiations

- Firm prices - 97% fixed leaving Picardy Place and Lindsay Road as re-measurable.
- Value Engineering Schedule - Currently a qualified acceptance with a potential with some other savings if possible in the future - A new schedule of VE to be provided by tie.
- Price Agreement
 - i. Contract
 - ii. Price
 - iii. Inclusions/exclusions
 - iv. VE - Qualifications (Specifications and Approvals)
 - v. Design Development

2. Budget

- Base Cost = Capex + Risk Allowance = £498m (Rebalancing of Capex at approximately £460m and a decrease of £10m in the risk budget to £39m this requires to be justified.
- The revised figures have been discussed with Donald McGougan and accepted?
- The Approvals Risk is now allocated to tie with a £10m provision for Change Control.
 - i. Roseburn Park and Edinburgh Park structures subject to redesign.
 - ii. Tapered poles for on street sections have yet to be included in the bid - please ensure that this is confirmed at the Tram Project Board.
 - iii. Please seek confirmation of the design status of Picardy Place CEC have given instructions for a T junction however SDS have not received this instruction from tie. (Current Capex allowance of £6.3m).
- Risk Allowance for Procurement has made specific provision of £16m and it is likely that £7m of this will be required prior to contract close.

3. Contract - Issues

- Third Party Agreements and Consents
- Security Package - Parent Company Guarantees (PCG) including Scope of Construction, Retention Bond, Hand Back Bond for Maintenance and CEC Guarantee.
- Collateral Warrantee
- Liquidated Damages - Alignment required between Infracore and Tramco
- Exchange Rate - Clarification of Agreement. Note 1% = £0.5m.

4. Governance and Agreements

- Organogram has been agreed and requires integration with Operating Agreements.
- Tie Operating Agreement nearing finalisation - Critical Issue Director's Liabilities which tie demand is removed.
- TEL Operating Agreement - Tie and TEL to provide response to CEC to enable discussions on closing this out by the end of January. Must be available for the next IPG.

5. Third Party Agreements

- BAA - tie to provide to CEC for signing.
- FP - tie expect draft this week
- SRU - In principle details to be agreed with CEC re pitches and revised design of viaduct.
- Network Rail
 - Depot First Scotrail agreement of design and build ability and decontamination to be resolved
 - Station - Commercial Agreement and Compensation for parking spaces
 - All to be agreed prior to 28th January 2008 or some alternative acceptable to the Council.

6. Miscellaneous

- Seek confirmation that the BBS deal has been concluded further to the meeting (last Thursday)
- Employers Requirements and Contractual Conditions to be aligned and subject of a report by DLA prior to 28th January 2008.
- Close out of Agreements noted above.
- Notification to unsuccessful bidders as part of the OJEC procedure to be concluded by 18th January 2008.
- Mudfa - Works will commence again in January of a relatively minor nature, major works will commence in February with a partial closure of Princes Street and will include work on 8 junctions and require rephrasing of signals and the setting up of 4 temporary junctions

18th December 2007