
From: Gill Lindsay
Sent: 22 February 2008 14:52
To: Jim Inch
Subject: FW: Tram - Contract Close

Jim

For info. Further readjustment to timetable to close received. I will be speaking to Graeme Bissett shortly in absence of WG to obtain further details. Appears that BBS are not yet fully on target with new timeline to close proposals. I will keep you update if any significant issues emerge. Due to further slippage, my view is we maintain close consideration from a strategic level .

Gill

From: Susan Clark [mailto:Susan.Clark@tie.ltd.uk]
Sent: 22 February 2008 10:01
To: Andrew Holmes; Gill Lindsay; Donald McGougan; Duncan Fraser; Rebecca Andrew; Alan Coyle; Colin MacKenzie; Nick Smith
Cc: Graeme Bissett (external contact); Steven Bell; Stewart McGarrity; Jim McEwan
Subject: Tram - Contract Close

Dear All

This is strictly a tie / CEC outline and must not be released to any of the third parties.

At LAC on Monday we committed to providing an update on the contract close programme.

The present programme anticipates Notification of Award being issued on 4th March with Financial Close following as soon as the 10-day period expires. The programme was established with full buy-in from the contractors (BBS and SDS) but their actual contributions to delivery are now 3-4 days in arrears in the critical areas. The principal areas which are proving more difficult to expedite than planned are :

- SDS Novation Agreement
- Alignment of SDS design (and related warranty) with Infraco Proposal
- Alignment of Employers' Requirements with Infraco Proposal

The three are related : the SDS warranty arrangements will be embedded in the Novation Agreement ; the Infraco Proposal is overdue from BBS and the alignment work cannot be done until it is received ; the extent and means of managing non-alignment affects both the SDS Novation agreement and the Infraco contract. That said, we do not anticipate wide-scale non-alignment and believe also that the areas where this needs debate are already understood. The work to clear these areas includes a commitment from BBS to deliver the outstanding Proposal documentation today, circulation and review by tie / CEC / BBS before Monday 25th, an all parties session on Monday 25th to clear out the issues and Tuesday / Wednesday to finalise the Novation Agreement and the relevant sections of the Infraco contract.

There are a range of other, mostly legal, matters to be agreed including important aspects of the parent guarantee arrangements. The Pricing Agreement and Milestone Schedule, also require significant short-term and overdue input from BBS.

Notwithstanding the slippage, there is substantive evidence that the BBS parties are now mobilising both in deal completion terms and physical preparation. SDS as always are a worry but have again committed to play their part to deliver the programme. We need these people to walk the talk and the conference call with their senior people, our senior project team and our Chairman appeared to get the right level of commitment.

Taking all these factors into account, it would be surprising if the 4th March date were met, but the delay beyond that time is likely to be days rather than weeks. We have limited tools of coercion but we have influence and are actively managing inputs and issues. The critical period is Monday – Wednesday next week. If that goes well, with acceptable outcomes, a further week's work should resolve all remaining documentation. If difficulties arise early next week, or late attempts are made to improve bidder positions unjustifiably, we will require to recalibrate.

The threats of project termination, bidder de-selection and impending Council meetings have not proved to be wholly influential with the bidders. We have little alternative but to plan and drive the process as hard as possible to an acceptable conclusion. Mindful of the Council meeting on the 13th and the need to report to the Council on the project (papers to be finalised by the 5th), the following shape is our best estimate of the completion plan :

Friday 22 nd 25 th	Review of all critical areas by tie team and preparation of detailed management plan for w/b
Monday 25 th	Infraco proposal / SDS design / ER alignment meeting (all parties)
Tues / Wed 26 th / 27 th	SDS Novation, Infraco terms, finalisation of alignment matters
Mon / Thurs 25 th / 28 th	Progress all other areas
Thursday 28 th	Programme review – all parties, plan to complete, update to CEC
Monday 3 rd	Issue of Close Report
Tues / Wed 4 th / 5 th	CEC Briefings
Wed 5 th	Finalisation of Council Report [content to be evaluated nearer the time]
Mon-Fri 3 rd -7 th	Finalisation all contract areas
Monday 10 th or thereby	Notification of Award
Thursday 13 th	Council meeting

Regards

Susan

Susan Clark

Deputy Project Director - Tram


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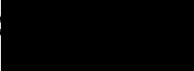
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