
From: Julie Thompson
Sent: 07 August 2009 09:53
To: Stewart McGarrity
Subject: Last email to Keysberg & Scheppendahl below

From: Julie Thompson
Sent: 18 June 2009 15:48
To: Steven Bell; Jim McEwan; Graeme Bissett (external contact); David Mackay; Fitchie, Andrew
Subject: Email to BSC sent on behalf of Richard Jeffrey

All

Copied below is the final email sent to Dr Keysberg and Dr Schneppendahl today.

Regards

Richard

STRICTLY PRIVATE & CONFIDENTIAL

Dear Dr Keysberg and Dr Schneppendahl

I am looking forward to meeting you on Monday and I thought it might be useful to set out some thoughts and ideas for consideration in advance of the meeting.

I believe that the project is at a critical stage and in need of some major breakthroughs during the course of this summer if we together are to stand any chance of this project being a success for all our organisations. I fear that without such breakthroughs the project is heading for a long, expensive and ill-tempered dispute with consequential costs and reputational damage for all concerned. Under these circumstances, I am not sure I can predict or manage the reaction of my shareholders and the consequences for the future of the project.

I see the issues as being capable of being grouped into four distinct areas (of course this is a gross simplification but I believe helpful in trying to get to grips with the many complex interlinked issues). It is not possible for me, or, I believe sensible to continually talk about global project numbers. However, by breaking down the project difficulties into more manageable elements, we might be able to agree a way forward on each, which in time will allow us to more easily reach financial solutions and produce the substantiation I require for my shareholders.

The four elements are On-street works, Off-street works, On-site supervision and Delays. Taking each of these areas in turn:-

On-street works

I have discussed within **tie** the possibility of entering into new area specific Supplemental Agreements similar to that used for Princes Street as a means of managing risks and genuine unforeseeable conditions or changes equitably and quickly. I would be interested in whether or not you feel such Supplemental Agreements would unlock more rapid progress for the On-street works.

Off-street works

Our teams have tried through PMP to reach agreement on the Top 10 issues relating to the design changes for the off-street works. Whilst the teams have moved closer together they have not yet reached any meaningful agreements and I would like to propose that we redouble our efforts to reach such agreements.

I believe there are a number of things we can do together to enhance the chances of success: for example employing a full-time facilitator, any other independent experts we may feel useful and for the senior members of our teams to take a hands-on approach to these discussions whilst of course not disempowering our Project Directors. I would be willing to consider a more flexible approach to some of the financial issues if this would produce more on-site progress and commitment.

On-site supervision

As I already indicated, I am unhappy with the level of site supervision, behaviours and respect for the City of Edinburgh. I would like us to consider a more joined-up approach using the personnel from **tie** and the Consortium working together to increase the levels of on-site performance.

Delays

Being a Civil Engineer, I believe I can make a reasonable assessment of the scale and complexity of the works still to be completed. Whilst the overall project is complex it seems to me to be made up of a discrete number of relatively straight-forward engineering activities. I would be interested to discuss with you how, with the right commitment from your side and reassurance from our side, we can look at higher levels of productivity on-site whilst bringing forward the overall completion date from that in your latest programme submission and thus reducing the potential delay costs to everyone.

As I have already mentioned in my meeting with Richard Walker, Michael Flynn, Antonio Campos and others, I am more used to working in a "one-team" environment and I believe this will produce better results for everyone concerned.

I am aware that time slippage is not helping anyone and would propose that we seek to reach understanding on a way forward at our meeting on Monday, with suitable agreements concluded on the material issues by end of June or early July at the latest.

We cannot ignore the current status of our relationship, the current status of the project or the fact that we have a detailed contractual relationship. However, with at least two years still to run on this project, and many millions of pounds still to be spent, I believe it is not too late to try and build a different approach to the relationship, one where we can all be proud of and excited by the project on which we have embarked.

Yours sincerely

Richard Jeffrey

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