
From: Matthew Crosse
Sent: 30 January 2008 10:31
To: Stewart McGarrity
Cc: Steven Bell; Susan Clark; Graeme Bissett; Geoff Gilbert
Subject: RE: CEC requirements pre Infraco commitment

Stewart,

Agree with responses so far. My comment on point 1 below:

Until tie has completely reviewed BBS and SDS comments on v3.2, it is difficult to say with any certainty what changes to design scope and cost may be required.

Between 3.1 and 3.2 tie have needed to tighten up on a few areas that were previously relaxed in order to accommodate BBS proposal we have contractualised the language too. Very few of these changes are expected to be material.

The council should take comfort since generally the ER's will be contractually more robust and of a higher standard. The best design example is the quality of the CCTV images. Here we have had to revert to more onerous standards (two frames per second to 15 fps). But this will mean enhancements to the comms systems and more cost.

Regards

Matthew

From: Stewart McGarrity
Sent: 28 January 2008 16:37
To: Geoff Gilbert; Matthew Crosse
Cc: Steven Bell; Susan Clark; Graeme Bissett
Subject: CEC requirements pre Infraco commitment

Geoff/Matthew,

As discussed with Geoff – CEC have the following items under the “Pricing and Funding” heading they want answers/comfort on before recommending to award Infraco. I've drafted in comments based on my knowledge but they require your inputs:

- **What design version was the BBS contract priced against and what changes have subsequently taken place?**

The price we have at present (£218.3m less £2m provisional sum for design which is not required = £216.3m) is stated in the Weisbaden agreement as being based up design information drops up to 25th November and ERs v3.1 (subject to specific qualifications and exclusion mentioned in the agreement) and that the BBS price includes for normal development and completion of design meaning all but changes to “design principle, shape and form and outline specification.”

The price at Financial Close will be based on ERs v3.2 – how would we describe the design version which matches up to v3.2 of the ERs and what specific changes or substance may have taken place since the 25th November design drop. Also will there have been any changes to the qualifications and exclusions as detailed in the Weisbaden deal?

- **Cost per week of not signing contract on time to be estimated by tie?**

We are currently operating on the assumption that any programme slippage as a result of not signing the Infraco/Tramco for a further months will not in itself result in an increase in the price from Infraco / Tramco. However if we were to give the cost of an additional month in the procurement programme now in terms of tie management costs (including the lawyers) I'd put it at c£1m i.e. £250k per week (which is consistent with our forecast cost profile. The question is do we actually increase the budget provisions for tie staff and related third party costs such as DLA at the point of Financial Close to accommodate this extra cost (probably yes!)

- **Does the Infraco contract allow BBS to pre purchase material and equipment prior to design approval? If so how is CEC protected if such materials do not meet CEC approval?**

This is really a programme and internal supply chain issue for BBS whereby they should not be making any advance material purchases or other supply chain commitments which are materially sensitive to a change in spec in getting a prior or technical approval through. In this context I guess forward purchasing steel for rails is not an issue but ordering the tram stops before they have been the subject of prior approval would be a problem. Can you summarise the programme management process which stops this happening and the contractual provisions which make it BBS risk if they do order the wrong stuff.

Cheers,

Stewart

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