

Edinburgh Tram Project

Meeting with the BBS Consortium

15 November 2007



Agenda

1. Overview of BBS companies' activities (BBS)
2. Edinburgh Tram - the network
3. Tie's procurement strategy
4. Financial close process and commitment
5. Outline mobilisation plan for Edinburgh (BBS)
6. Construction approach and contract management
7. Discussion

1. Overview of BBS companies' activities



2. Edinburgh Tram - the network



Mission

.....to deliver a world class tram system that is seamlessly and safely integrated into Edinburgh's transport network and urban environment.....

Edinburgh - a world heritage site

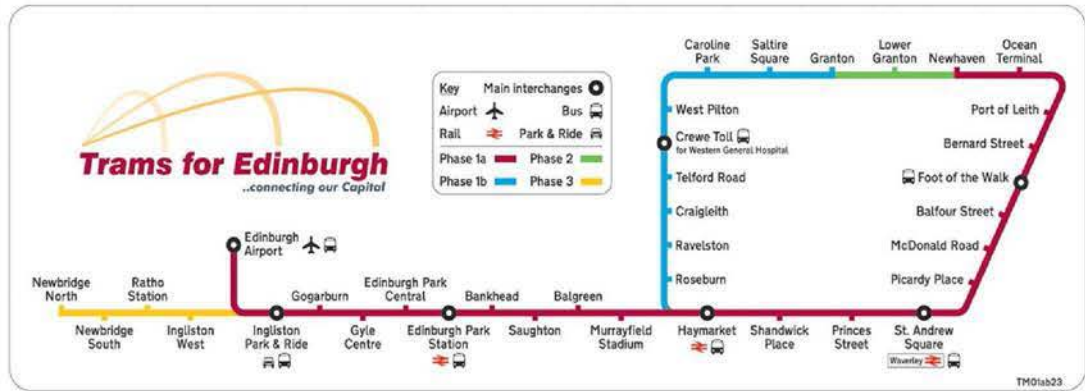


Why Tram?

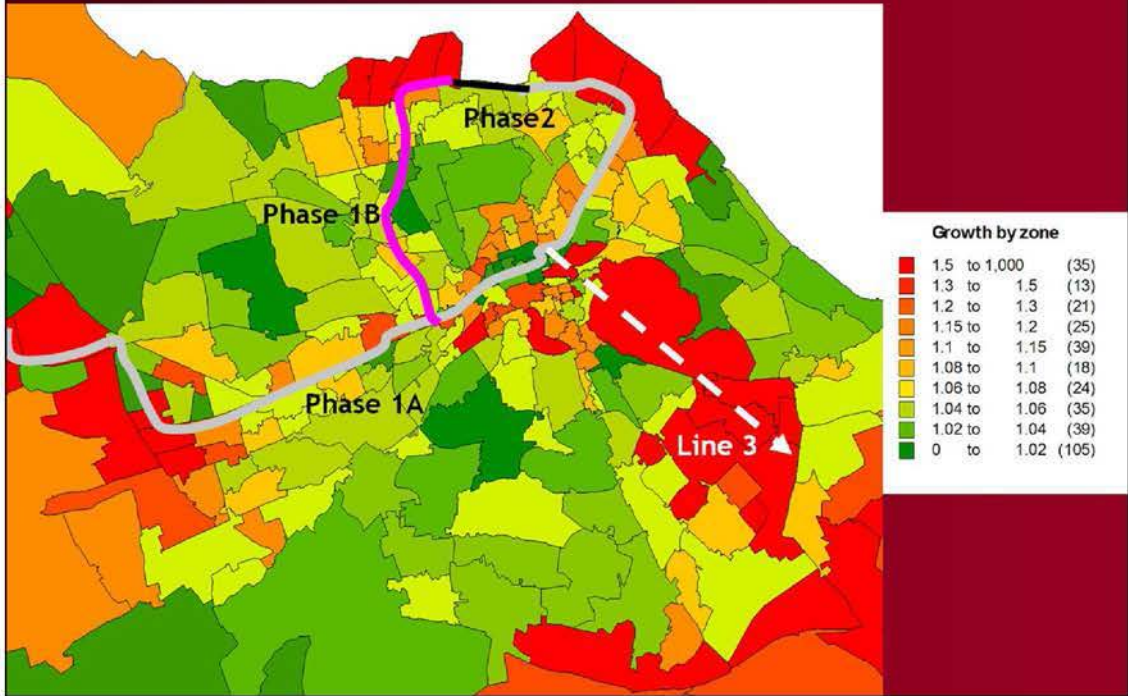
- ▶ Cities compete!
- ▶ Population growth
- ▶ Housing and jobs
- ▶ Regeneration catalyst
- ▶ Environmental
- ▶ Public transport can't cope



The Route



Network linked to demographic growth



Business Case - economic benefits

- ▶ For every £1 spent, provides £1.77 transport benefits
- ▶ Demonstrable congestion reduction in major corridors
- ▶ Bringing forward investment - regeneration
- ▶ Creates 1000 jobs during construction
- ▶ 930 permanent new jobs

Business Case - capital costs

| | Final business case Approved on 25 October | Draft Final Business Case December 2006 |
|--------------------------------|--|---|
| Phase 1a | £498m | £500m |
| Phase 1b | £87m | £92m |
| Total Budget Costs: | £585m | £592m |

Business Case - funding 1A

| | |
|------------------------------|-------|
| Transport Scotland | £500m |
| CEC | £45m |
| TOTAL | £545m |
| Headroom above Phase 1A cost | £47m |

- ▶ Maintaining headroom is critical
 - Council now funder of last resort
 - Release with confidence in delivery team/ procurement structure

The Network Vision

Vision - What is possible?

- Line 1B
- Newhaven and Newbridge
- Line 3
- Tram-Rail-Airport interchange (Gogar)
- New Forth Crossing

Line 3



Progress - 'MUDFA'

Slit trench Leith Walk
Works started July



Progress - depot

Depot excavation:
2-300 lorry loads/day
for five months

Completed 6 weeks ahead
Under budget



Progress - tram procurement



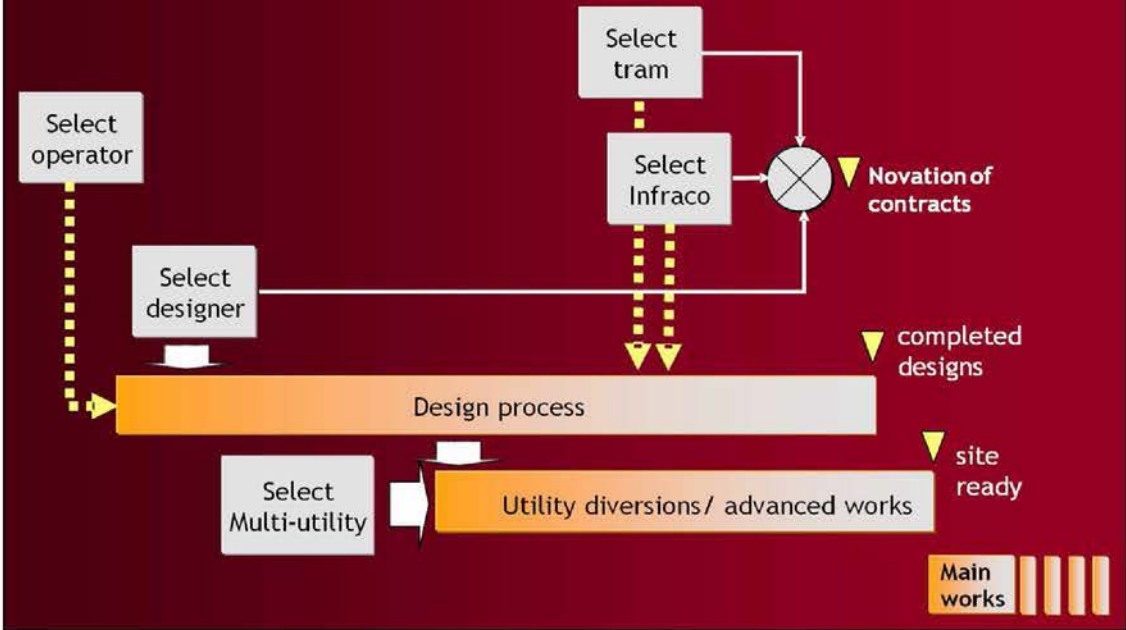
3. Tie's procurement strategy



Project strategy objectives

- ▶ Ensure robust business case
- ▶ Optimal risk balance for delivery
- ▶ Benefits of fixed price turnkey contracting
- ▶ Ensure system designed for passengers
- ▶ Fast track and parallel development activities
- ▶ Avoid high risk premiums at pricing stage
- ▶ Ensure good choice of tram suppliers

Project strategy



Why we chose BBS

- ▶ Evaluation criteria
- ▶ Commitment to meeting budget targets
 - Final proposal price
 - VE targets
- ▶ Also impressed with
 - Quality and quantity of reference sites
 - Proposed track form
- ▶ Approach towards project and objectives

4. Financial close process and commitment



Dates and obligations

- ▶ **25 Oct 2007** Full Council Meeting on FBC
 - FBC budget included bid price, programme, risk ✓
 - Preferred bidders recommendation ✓
 - Decision to proceed ✓

- ▶ **21 Dec 2007** Final Council Approval on FBC
 - FBC *final* budget, programme and risk
 - Permission to sign contracts
 - Recommendation to Minister for grant approval

- ▶ **11 Jan 2008** OJEU notification
- ▶ **28 Jan 2008** Financial close

Obligations for BBS

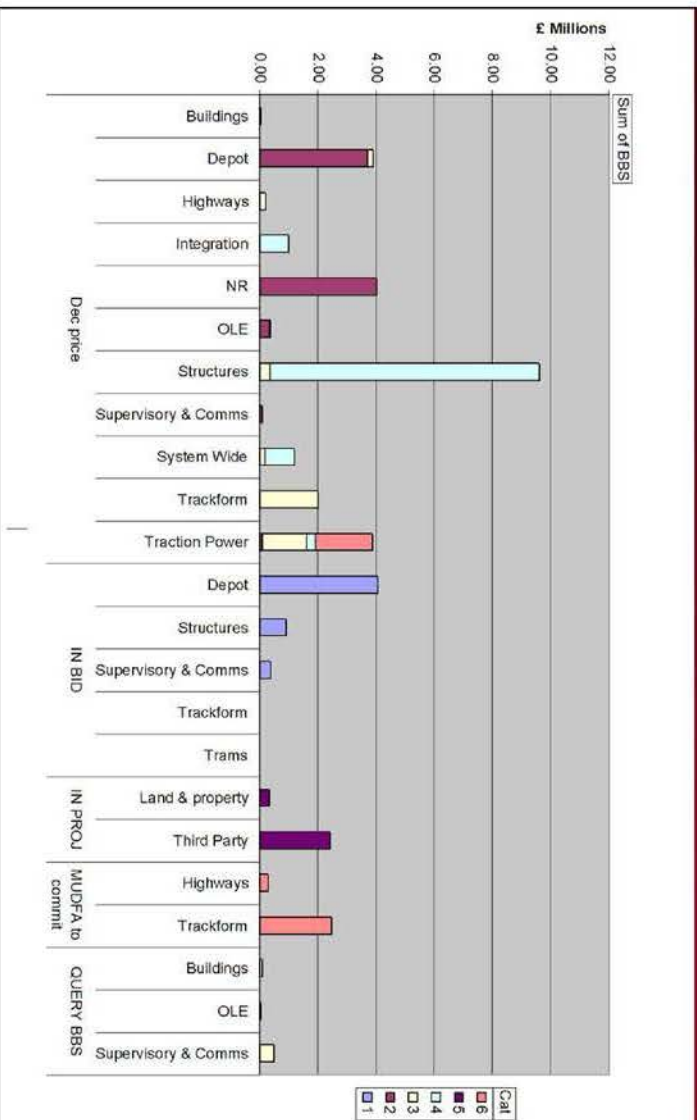
▶ For early December:

- Completion of due diligence
- VE initiatives - develop and incorporate within BBS price
- Firmed up pricing
 - Where quantities are provisional
 - For 1B
- Contract and schedules closure
- Commitment to programme
- Commitment to novation (Tramco/SDS)

▶ For end January:

- Technical alignment (Design/Proposal/Employers Requirements)

VE Targets



5. Outline mobilisation plan for Edinburgh (BBS)



6. Construction approach and contract management



Construction Approach

- ▶ Safe, high quality construction management
- ▶ Construction programme and methodology integrated with urban environment and traffic management experience
- ▶ Strong engagement with CEC
- ▶ Learn from MUDFA experience in Edinburgh

Contract Management

- ▶ Fair & Fit for purpose
- ▶ Contract Framework with practical approach and processes agreed and implemented with Scott
- ▶ Visibility of Issues: “no surprises”
- ▶ Right level of competent resource in the teams

7. Discussion

