



## Infrastructure Services

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Ref: AMIS/tie/letter/KAG/Projects/353

8<sup>th</sup> August, 2007

**Mr. Graeme Barclay**  
tie MUDFA Utilities Construction Director  
tie Limited.  
Verity House,  
19 Haymarket Yards,  
Edinburgh.  
EH12 5BH

Dear Graeme,

**Subject: MUDFA Alfred McAlpine Infrastructure Services (AMIS) – Contract A150**  
**Longstop Date – 30<sup>th</sup> September 2008 & Programme Revision 06**

As tie Limited are aware the "Longstop Date" for completion of the MUDFA Works is the 30<sup>th</sup> September 2008; i.e. in fifty five working weeks from time now.

### Time for Completion

Clause 35.1 states the MUDFA Contractor "...shall progress the MUDFA Works to achieve timeous delivery and completion of the MUDFA Works".

In recognition of this obligation and those inherent under Clause 37, "Time For Completion", the MUDFA works are to be substantially completed, by the Longstop Date, with the MUDFA Contractor required to "...take all reasonable steps to mitigate the effects of any delay to progress of the MUDFA Works".

Schedule 8 of the MUDFA terms and conditions establishes the duration of Construction Services as fifty nine weeks, covering the period between April 2007 and May 2008, with a further five weeks contemplated for snagging, demobilisation, Final Account resolution and the like.

### Extension of Time for Completion

Approaching 25% of the operational Construction Services duration has already elapsed to date, with limited progress achieved as a consequence of the delay, disruption and dislocation to the Programme, compounded by late and prolonged project approval.

The nature, magnitude and extent of this delay, disruption and dislocation have been notified to tie Limited, under separate cover, in accordance with the obligations of the parties under the MUDFA terms and conditions.

On the basis of these notifications it is apparent that the Longstop Date has been fundamentally compromised, a reality which is already recognised and appreciated by tie Limited, as openly declared at the Edinburgh Retail Committee on 7<sup>th</sup> August 2007 (Mr. John Casserly at 15:25Hrs).



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Without making specific reference to the variety of initiatives, submissions, proposals and correspondence generated by AMIS MUDFA throughout the currency of the Contract to date it is apparent that AMIS MUDFA have used their best endeavours to identify and/or provide, where reasonably practicable;

- The cause of the delays; *predominately late and inadequate SDS Provider Designs.*
- The likely effect of the delay upon the Programme; *AFA submissions.*
- A series of measures to mitigate the delay; *AMIS MUDFA initiatives and submissions.*
- The anticipated cost of the delay; *AFA submissions and correspondence;* and
- Proposals by way of acceleration to mitigate the delay; *Thumbnail sketches and Exemplar Design drawings.*

The ongoing and sustained delay, disruption and dislocation have arisen as a direct and unequivocal result of factors which rests under the exclusive jurisdiction and control of tie Limited as Employer and Project Manager.

As a consequence AMIS MUDFA have had neither the opportunity to control, influence or mitigate these delays, despite our best endeavours to support tie Limited in this respect by providing exemplars and design sketches to assist SDS Provider and add value in terms of technical and buildability contributions.

#### Liquidated and Ascertained Damages

The Longstop Date also activates the application of Liquidated and Ascertained Damages under Clause 45 at the rate of £50,000 per week, where the prescribed time has expired and the final Work Sector is not substantially complete, as agreed between the parties.

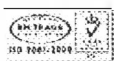
As tie Limited will appreciate this represents a significant risk to AMIS MUDFA specifically and AMIS / Alfred McAlpine plc corporately, as recognised and declared openly within our Risk Register and currently under review by our group sponsors.

In these circumstances AMIS MUDFA believe it appropriate to seek formal compliance with the terms and conditions of the MUDFA Contact under Clause 38, "Extension of Time for Completion".

Additionally the agreement by tie Limited at Revision 05 of the tie Limited and Stakeholder Constrained (formerly Imposed) Programme, which indicates a Substantial Completion Date of April 2009, fulfils the requirements of Clause 38.1 in part; see below.

#### tie Limited and Stakeholder Constrained (formerly Imposed) Programme; Revision 06

The current thinking, in relation to the development of Revision 06, as declared in recent meetings, is a nominal three to four month delay as a consequence of the delayed approval of the Edinburgh Tram Project by the newly elected administration.





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It is important for AMIS MUDFA to reiterate the basis of the above referenced Programme, including Revisions 00 to 05 inclusive, in order to ensure clarity of understanding and appreciation of the risks and opportunities associated with the logic, operational sequence and Worksite durations.

Whilst AMIS MUDFA recognises and accepts the responsibility for programme and planning there has been no Master Schedule at Level 1 or 2 (or similar) received from tie Limited since the inception of the MUDFA Contract.

The attention of tie Limited is drawn to the schedule of notes attached to letter Ref; AMIS/tie/letter/AM/Projects/176 dated 18<sup>th</sup> April 2007, items 1 to 18. Predominate among these considerations, in relation to the proactive management of risk and timescale dependencies are;

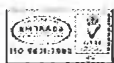
- \* Worksite durations are based upon the SDS Provider preliminary drawings (dated June and July 2006) issued to AMIS MUDFA in October 2006; these drawings provide limited technical definition and while diversions are identified in plan to a scale of 1:200, insufficient or no detail is provided as to depth, width, utility specification and the like.

Please note the current and latest IFC designs are significantly disparate from the above noted preliminary drawings.

- \* No provisions have been made for the impact of Schedule 13 Agreements; the MUDFA Contract comprises twenty two draft agreements of circa three pages per Agreement. The documentation received on 27<sup>th</sup> July 2007, under cover of your letter Ref; DELMUDFA.1616.GB comprises eighty two agreements comprising circa 5,000 pages in total.
- \* IFC design and related information availability, represented by ☆ and ★ on the Schedule/Key.
- \* No allowance has been made for interfacing or inter-dependencies associated with INFRACO; and
- \* Traffic Management constraints and considerations have been made in recognition of those identified at the time, i.e. early to mid April 2007.

This list is not intended to be exhaustive, our intention is to provide an appraisal of the critical 'front end' issues under the control of the newly appointed project management team (in April 2007) and their impact on the integrity and viability of the Programme at Revision 05, i.e. time now with progress to date considerations.

Given the lack of basic and fundamental technical detail and definition, amongst other critical data and information, at Revisions 00 to 05 inclusive, it is an imperative that Revision 06 is predicated by an appropriate level of detail and definition and in recognition of the timescales and dependencies inherent within the agreed SDS Provider Programme by tie Limited.



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Please note AMIS MUDFA have never been issued nor had sight of any SDS Provider Utility Programmes up to and including Revision 013, which coincided with Revision 05 of the MUDFA Programme.

Current revision is unknown by AMIS MUDFA and actual physical progress versus planned, earned value and forecast completion remains our major concern in relation to creating a robust and baselined Revision 06.

The successful incorporation of these critical dependencies will ensure that AMIS MUDFA would be in a position, going forward under Construction Services to;

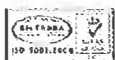
- i. Readily identify and quantify the likely effect of current and all future delays upon the overall Programme and the Longstop Date presently subject to movement.
- ii. Facilitate the development and implementation of 'right first time' measures to mitigate the delay.
- iii. Provide a sustainable platform for the anticipated cost of the delay to be determined; and if required:
- iv. Establish viable proposals by way of acceleration to mitigate the delay on a business case basis; and
- v. Readily identify and facilitate 'Left Shift' Initiatives through integration with and appreciation of the demarcation, controls and dependencies associated with the INFRACO Contractor's operations and Programme.

### Conclusion and way Forward

In accordance with the provisions of Clause 38.2 to 38.4 inclusive AMIS MUDFA formally request tie Limited grant AMIS MUDFA an Extension of Time (EoT) in recognition of the tie Limited and Stakeholder Constrained Programme at Revision 05.

Please be reminded this will be an interim award and will need to be reviewed further following development of the tie Limited and Stakeholder Constrained Programme at Revision 06 awards.

AMIS MUDFA would also be grateful if tie Limited would consider the acceleration powers contemplated under Clause 39.2 to 39.7 inclusive. Using Revision 06 of the Programme as a platform these powers are available, upon agreement, to ensure schedule adherence is achieved, if considered and deemed practical.



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Additionally, AMIS MUDFA would also be very grateful if tie Limited addressed, as a matter of urgency, the various initiatives, contractual, design and Work Order initiatives raised by AMIS MUDFA with shared vision, concern and genuine commitment to the successful delivery of the Edinburgh Tram Project.

These issues are time and cost critical and the previously requested "*Revolution*" is now a project imperative, as opposed to the prevailing "*Evolution*" that does not best serve Construction Services, the shared objectives of the MUDFA Contract, or the aspirations / expectations of the Edinburgh Tram Project Stakeholders, who have committed funding and confidence in the current delivery model.

Yours sincerely,  
For and on behalf of Alfred McAlpine Infrastructure Services Ltd



Andrew Malkin  
MUDFA AMIS Project Director

Copies:-  
tie Project Team  
John Casserly

MUDFA Project Team  
Keith Gourlay  
Taryne Lowe  
Steve Hudson



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