

PROFESSIONAL PROJECT MANAGEMENT LTD.



INTERCITY HOUSE - 80 OSWALD STREET - GLASGOW G1 4PL - Telephone: 041-221 2235 - Fax: 041-221 2265

OUR REF: CDM/PMACK

YOUR REF:

21 September 1994

Mr. M. Hudson,
PIK Facilities Ltd.,
Prestwick International Airport,
Prestwick,
Ayrshire,
KA9 2PL.

Dear Matthew,

PRESTWICK INTERNATIONAL AIRPORT STATION

I refer to my Cost Report No. 5 which was presented to you at today's meeting and should like to confirm my advice on the current status of the project.

The Cost Report indicates an estimated final cost of £2,337,980.

The figure is dependent on the accuracy of the Quantity Surveyor in his assessment of the construction costs. These are now being checked in detail by myself and I will be holding meetings with Tarmac and some of their sub-contractors to discuss delays and costs further. The other area of difficulty with the total cost is the Railtrack charges as Railtrack have not submitted any invoice since the end of February, 1994 in connection with the project. I had a brief discussion with a member of their finance department yesterday and the best advice I was able to obtain was that their costs would be 'certainly less than £200,000'.

In addition to the above total I estimate that there will be further claims for delays from the sub-contractors due to the difficulties with the piling, delays in the erection of steelwork and problems with design details. I would estimate that these claims which have still to be quantified would bring the cost to around £2.5m.

I have carried out a preliminary assessment of the likely liability of various parties to the project for this significant cost overrun as follows:-

Contd/...

Directors: C. D. MacCALMAN, C.Eng., F.I.C.E., F.I.H.T., F.I.E.S., M.I.M. (Managing)

Secretary: A. V. MacCALMAN, B.Sc., Ph. D.

Registered in Scotland No. 79423
V.A.T. Registration No. 552 4605 53

1. Delay to piling due to inadequate site investigation by Scott, Wilson, Kirkpatrick	£300,000
2. Delays to site start and completion, mishandling of Method Statements and excessive staff time by Railtrack	£100,000
3. Design errors by Scott, Wilson, Kirkpatrick and their team	<u>£ 50,000</u>
TOTAL	<u>£450,000</u>

In round terms these counter-charges are likely to bring the project cost to £2m. representing a cost over-run on the original budget of £400,000.

I have to advise you that under the terms of the contract the above amounts may well have to be paid by PIK as an outlay prior to recovering it from the above parties with the exception of the Railtrack costs which have not been committed due to the failure to submit invoices by that organisation.

I have made arrangements to meet Ken Chrystie of McClure Naismith along with Andrew Kettles next Tuesday to discuss the implementation of the counter-charges. He has undertaken to advise me on the release of the Ove Arup piling report at that meeting.

I will keep you informed on progress with the finalisation of costs.

Yours sincerely,
PROFESSIONAL PROJECT MANAGEMENT LTD.



CRAWFORD D. MACCALMAN
MANAGING DIRECTOR

c.c. J. Walker, Enterprise Ayrshire + Cost Report No. 5

Encl.

PRESTWICK INTERNATIONAL AIRPORT

STATION

COST REPORT No 5

20/9/94

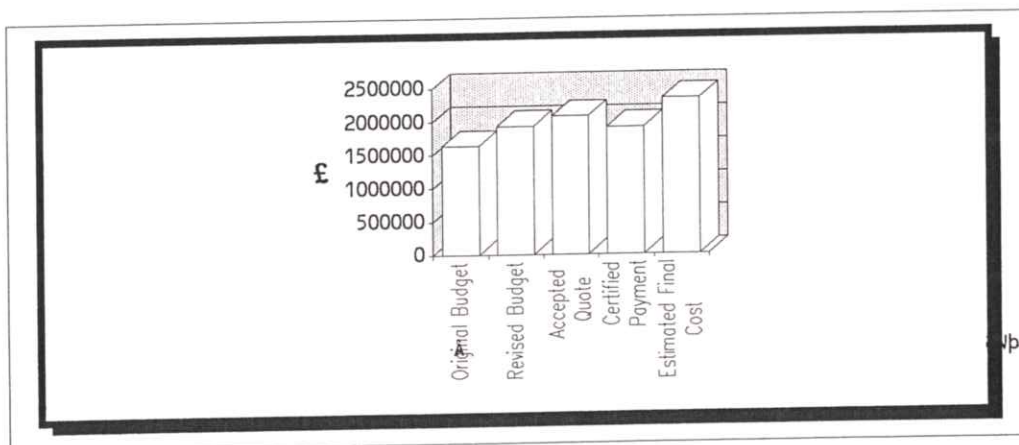
Professional Project Management Ltd
Intercity House
80 Oswald Street
GLASGOW G1 4PL
041-221-2235

COST REPORT No 5 SUMMARY
PRESTWICK INTERNATIONAL AIRPORT
STATION

	Original Budget £	Revised Budget	Accepted Quote £	Certified Payment £	Estimated Final Cost £
1.0 LAND/LEGAL FEES	10000	10000	0.00	0.00	10000
2.0 CONSTRUCTION	1411613	1552009	1559856.00	1635004.00	1895295
3.0 SITE INVESTIGATIONS	9485	10000	9327.00	12340.60	12341
4.0 STATUATORY FEES	5802	6000	0.00	5802.00	5802
5.0 SCOTRAIL ^{RAILTRACK} CHARGES	55000	153000	282000.00	55471.00	164942
6.0 AIRPORT ALTERATIONS	0	15000	20500.00	0.00	38100
7.0 PROFESSIONAL FEES	142100	181000	205000.00	198871.75	211500
PROJECT TOTAL	1634000	1927009	2076683.00	1907489.35	2337980 *

*Costs exclude VAT

Note Tarmac's estimate of delay to pilng is £137,165
 giving revised Project Final Cost of £2,200,815



* say £2.5 with claims.

1.0 LAND/LEGAL FEES		Budget	Accepted Quote	Certified Payment	Estimated Final Cost
Firm	Item	£	£	£	£
1.01					0
1.02					
TOTAL		10000	0.00	0.00	10000

2.0 CONSTRUCTION		Budget*	Accepted Quote	Certified Payment	Estimated** Final Cost
Contractor	Item	£	£	£	£
2.01 Shanks&McEwan	Excavations/concrete	179261	333258.00	407013.00	444531
2.02 Bachy	Piling	125000	106553.00	122634.00	167113
2.03 TBA	Drainage	7500			0
2.04 Solway Engineerin	Steelwork	257150	254317.00	230256.00	258909
2.05 Shanks&McEwan	Blockwork	51458	0.00	0.00	0
2.06 Gray&Dick	Cladding	213763	179342.00	189952.00	218661
2.07 E J Stiell	Electrical	69340	71315.00	63768.00	79775
2.08 Thyssen	Lifts	58000	56647.00	56647.00	61813
2.09 O&K	Escalators	252000	245138.00	252617.00	257636
2.10 Not needed	Joinerwork	2600	0.00	0.00	0
2.11 SMC	Metalwork	48800	73589.00	70445.00	79576
2.12 Not needed	Decoration	140	0.00	0.00	0
2.13 Not needed	Asphalt	12040	0.00	0.00	0
2.14 Shanks&McEwan	Terminal structure	19865	22844.00		23628
2.15 Neslo	Terminal finishes	23615	26376.00	19938.00	33227
2.16 TBA	Scaffolding	41000			7200
2.17 Tarmac	Preliminaries	159558	159558.00	215580.00	232307
2.18 Tarmac	Management Fee	30919	30919.00	30588.00	30919
2.19 Tarmac	Offset costs	0	0.00	0.00	
Less Retention				-24434.00	
TOTAL		1552009	1559856.00	1635004.00	1895295

*Based on EPC of Management Contract less contingency allowance
**Based on Q S's Report No 9

3.0 SITE INVESTIGATIONS		Budget	Accepted Quote	Certified Payment	Estimated Final Cost
Contractor	Item	£	£	£	£
3.01 Wimpey	Soils investigation		8337.00	11350.60	11351
3.02 Loy Surveys	Survey		990.00	990.00	990
TOTAL		10000	9327.00	12340.60	12341

4.0 STATUTORY FEES		Budget	Accepted Quote	Certified Payment	Estimated Final Cost
Authority	Item	£	£	£	£
4.01 Kyle&Carrick D C	Planning			4085.00	4085
4.02 Kyle&Carrick D C	Building Warrant			1717.00	1717
TOTAL		6000	0.00	5802.00	5802.00

Noted from Enterprise Ayrshires files

RAILTRACK5.0 ~~SCOTRAIL~~ CHARGES

Contractor	Item	Budget*	Accepted Quote**	Certified Payment	Estimated Final Cost
		£	£	£	£
5.01 ScotRail	Platform monitoring	5000	50000.00	0.00	5000
5.02 ScotRail	Cable diversions	36000	44000.00	0.00	36000
5.03 ScotRail	O/H line alterations	6000	6000.00	4478.00	6000
5.04 ScotRail	LLPA (dial up)	0	9000.00	1100.00	0
5.05 ScotRail	Design&manage	7000	26000.00	4172.00	7000
5.06 ScotRail	Possessions	68000	64000.00	22255.00	78442
5.07 ScotRail	Project management	10000	34000.00	21828.00	10000
5.08 ScotRail	Vetting,meetings	12000	40000.00	1638.00	13500
5.09 ScotRail	Legal fees	9000	9000.00	0.00	9000
TOTAL		153000.00	282000.00	55471.00	164942.00

Note: Total invoices submitted to date - £55471.00

* Based on PPM estimate 2 November 1993

** Based on ScotRail letter 25 October 1993

6.0 AIRPORT ALTERATIONS

Contractor	Item	Budget	Accepted Quote	Certified Payment	Estimated Final Cost
		£	£	£	£
6.1 PIK Facilities	HV electrical supply	15000	20500.00		16500
6.2 PIK Facilities	Luggage trollies	0	6600.00		6600
6.3 E Adams	Road crossings	0			8000 *
6.4 National Signs	Signs		2277.00		7000
6.5 PIK	SMA mirrors				11504
6.6 Tarmac	SMA bases				10000
TOTAL		15000	29377.00	0.00	38100

* Does not include for permanent crossings

7.0 PROFESSIONAL FEES

Consultant	Item	Budget	Accepted Quote	Certified Payment	Estimated Final Cost
		£	£	£	£
6.01 Scott,Wilson&K	Engineering	150000	150000.00	140371.75	150000
6.02 PPM	Project Management	31000	55000.00	55000.00	55000
6.03 Ove Arup	Independant Engineer	0		3500.00	3500
6.04 Scott,Wilson&K	Additional work	0			3000
TOTAL		181000.00	205000.00	198871.75	211500

	FY03	FY04	FY05	FY06	Notes
Insurance	10,000.00	10,000.00	10,000.00	10,000.00	£5m+
	1,500.00	1,500.00	1,500.00	1,500.00	£5m+
	12,750.00	12,750.00	12,750.00	12,750.00	£20m+
	16,500.00	16,500.00	16,500.00	16,500.00	£30m+
	68,985.00	68,985.00	68,985.00	68,985.00	£95m+
Lifts/escalators	4,000.00	695.00			
Miscellaneous	184.24	53.03	690.00	333.00	
	1.85	102.02	486.50	266.40	
	6.97	112.40	150.00		
	6.97	470.86	1,014.72		
	108.06	278.00	1,022.40		
	2.68	713.67	64.86		
	24.00	115.99	174.00		
	184.24	3,737.00	380.00		
	14.50	628.30	85.25		
	98.34	3,737.00	5.24		
	856.48	220.00	100.00		
	577.00	740.00	56.25		
	40.00	25.00	91.89		
	500.00	59.71	36.80		
	133.62	74.52	690.00		
	195.00	102.02	75.00		
	398.67		148.09		
	66.22		556.00		
	6.50		85.24		
	99.22		220.00		
	12.00		600.00		
	380.00		99.25		
	755.00				
	3.98				
	203.47				
Plant room	640.00				
swipe access	549.90				
	15.40				
	13.90				
	5.93				
Platform door repairs	1,442.53				
	1,442.53				
Mandatory detailed structural examination	11,985.00				
Escalator repair		11,955.00			
Works recommended from annual inspection			150.00		
			500.00		
			366.50		
			476.50		
			985.00		
Development works			485.00		
Storm damage			86.02		
			90.56		
			720.00		
			15,747.55		
Security	4,159.75	4,159.75	4,159.75	4,159.75	
Rail consultant	16,000.00	16,000.00	16,000.00	16,000.00	
Rail audit	4,000.00	4,000.00	4,000.00	4,000.00	
HMRI fees	3,333.33	3,333.33	3,333.33	3,333.33	
Lease	7,715.00	7,715.00	7,715.00	7,715.00	
Rates	30,000.00	30,000.00	30,000.00	30,000.00	
Total operating expenditure	199,897.28	198,762.60	201,381.70		
Average FY03-05			200,013.86		

Matthew C Hudson
 Chairman - GPA
 9 August 1994

RAIL STATION OPERATION
ESTIMATED COSTS - PER ANNUM

1.	Public Liability Insurance	£50,000
2.	Floor covering (waiting rooms & Skywalk) (£7,000 every 24 months)	£3,500
3.	Trolley maintenance cost [initial outlay 50 x £135 = £6750]	£2,500
4.	Staffing levels :	
	(a) Cleaning staff	£7,000
	(b) Check in staff	£30,000
	(c) Billy Watson 10% time allocation	£1,800
	(d) MAC 10% time allocation	£7,300
5.	Window Cleaning over track one annual clean (Including isolation and possession)	£3,000
	Other Windows	£1,500
6.	Electricity Charges including running of lifts and escalators	£10,000
7.	Maintenance Charges for equipment	
	Escalators (4)	£11,600
	Lifts (2)	£2,800
8.	Maintenance charges for Station including Painting etc.	£4,000
9.	Security	£12,500

	<u>TOTAL</u> per annum	<u>£147,500</u>
