

Note of meeting

St James Quarter Redevelopment, Edinburgh Update Meeting held on 20 June 2016 – Octagon Room, City Chambers

Attendees:

City of Edinburgh Council	Andrew Kerr – Chief Executive Paul Lawrence – Director of Place, Project Owner
	Colin Smith - Senior Responsible Officer on behalf of CEC for the St James Development
Scottish Futures Trust	Tony Rose – Infrastructure Director Neil Rutherford – Senior Associate Director
Scottish Government	Andrew Watson - Deputy Director, Financial Strategy Division
TH Real Estate	Martin Perry - Director of Development Myles White - Director of Retail Stephen Wicks - Director of Shopping Centres Mike Prentice - CBRE

Distribution:

Attendees, plus:

Scottish Futures Trust	Lynne Ward – Manager, Economic Growth Team
Scottish Government	Scott Mackay - Deputy Director, Financial Programme Management
TIAA Henderson	Mike Sales – Head of TH Real Estate Donald Anderson – PPS Scotland

Appendices:



(3) Indemnity Proposal regarding utilities at Picardy Place

[Redacted text block]

2.0 Points Discussed

[Redacted text block]

2.5 [Redacted text block]

Notwithstanding that 90% of the construction cost has been fixed, the risk presented by the Picardy utilities was a risk burden and one that had not been originally envisaged by TH Real Estate.

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

2.11 Colin Smith tabled an indemnity proposal in relation to the utilities at Picardy Place up to £1.50m (see attached as an appendix).

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

On 20 Jun 2016, at 13:26, Martin Perry <Martin.Perry@threalestate.com> wrote:

Colin

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

The value shortfall had been created by the tram system being reduced, creating a substantial drop in projected footfall at the lower level of the scheme which was fed directly from the Picardy Place tram stop.

[Redacted]

As part of the associated public realm works, a figure of £19m was needed to reconfigure Picardy Place works to allow for the future extension of the tram works to avoid damaging the value of the new ESJ development and PWC demonstrated that this sum could also easily also be covered under the capitalised increase of the UBR under TIF rules. CEC asked the Fund to do this work.

[Redacted]

[Redacted]

[Redacted]

The net GAM support for the project as originally consented had effectively reduced to £17m as a result of complying with the state aid legal opinion and Picardy Place cost increases.

[Redacted]

[REDACTED]

[REDACTED]

A failure to conclude the tram element design and logistics of Picardy Place until last month has led to insufficient information being provided to the ESJ contractor to enable pricing to be completed, leading to an inability to provide a final construction cost for the project. This cost certainty cannot now be gained until the end of August at the earliest.

[REDACTED]

[REDACTED]

The risks to investors around Picardy Place (a project that was not part of the ESJ scheme) have increased significantly with the tram changes requested.

[REDACTED]

[REDACTED]

[REDACTED]

[Redacted]

[Redacted]

[Redacted]

Kind regards

Martin Perry

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[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

St James Quarter Redevelopment

Without Prejudice

To be taken to a Memorandum of Agreement

In the event that the Council's elected members agree to proceed with the Tram extension, it is understood from the Section 75 Agreement that should SF3030 Limited or its successors be called upon to make payment in accordance with Clause 4.1 of the Section 75 Agreement then the Council, per Clause 4.2, shall apply the Tram contribution towards the provision of a tram stop at Picardy Place.



It is noted by SF3030 Limited and the City of Edinburgh Council that under the MUDFA Contract, which was managed by tie, utilities under the proposed Tram track slab are reported to have been removed and diverted through the route of the tram track at Picardy.

On that basis, Gardiner & Theobald, the Developer's quantity surveyors, have allowed in the GAM works detail breakdown, see page 19 Picardy Highway works, for the following allowances to be made:

ID 22	Remove water mains	£75,000
ID 23	Divert Scottish Power	£250,000
ID 24	Divert phone / data	£250,000
ID 25	Protection Ducting	£250,000
ID 26	Over Diversions	£250,000
Sub Total excluding Preliminaries, Overheads & Profit		£1,075,000

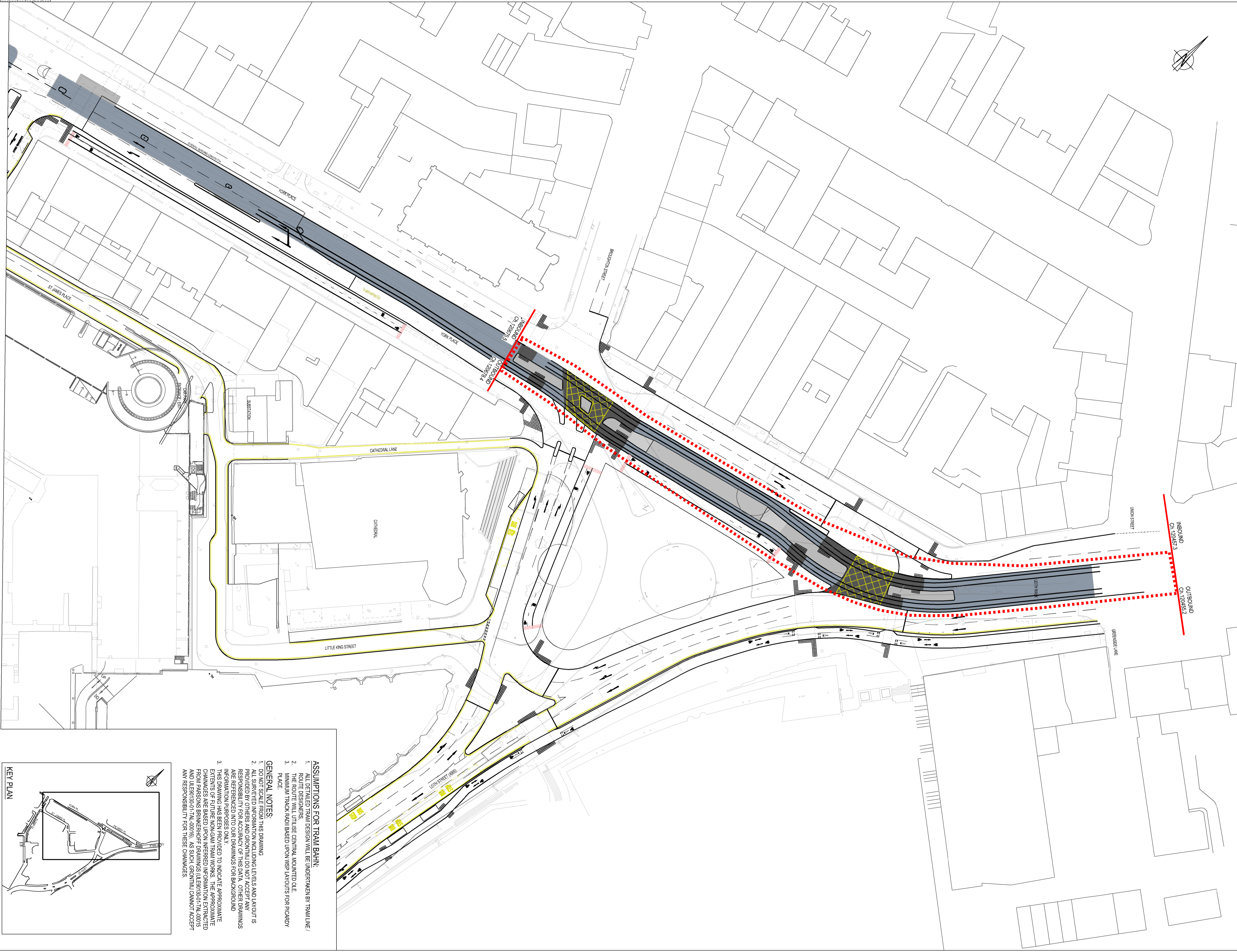
Proposal

It is proposed that should utilities not have been removed by tie per the tram track corridor in Picardy and the cost to remove these utilities exceeds £1,075,000, then the Council shall contribute up to £1.40m for utilities removal from the Tram Extension Budget should the tram extension project be approved in summer 2017.

Colin Smith FRICS MAPM
20 June 2016

St James Quarter Redevelopment
Without Prejudice

Appendix I
York Place / Picardy Place Tram Route GAM Chainages
(Drawing No. ESJ-GRO-Z1-GAM-DR-TR-01103)



INBOUND CH 12607.3
OUTBOUND CH 12652

LINCOLN STREET

GREENSIDE LANE

LEITH WALK

GREENSIDE LANE

BRIDGE STREET

YORK PLACE

CATHEDRAL LANE

LITTLE KING STREET

CATHEDRAL

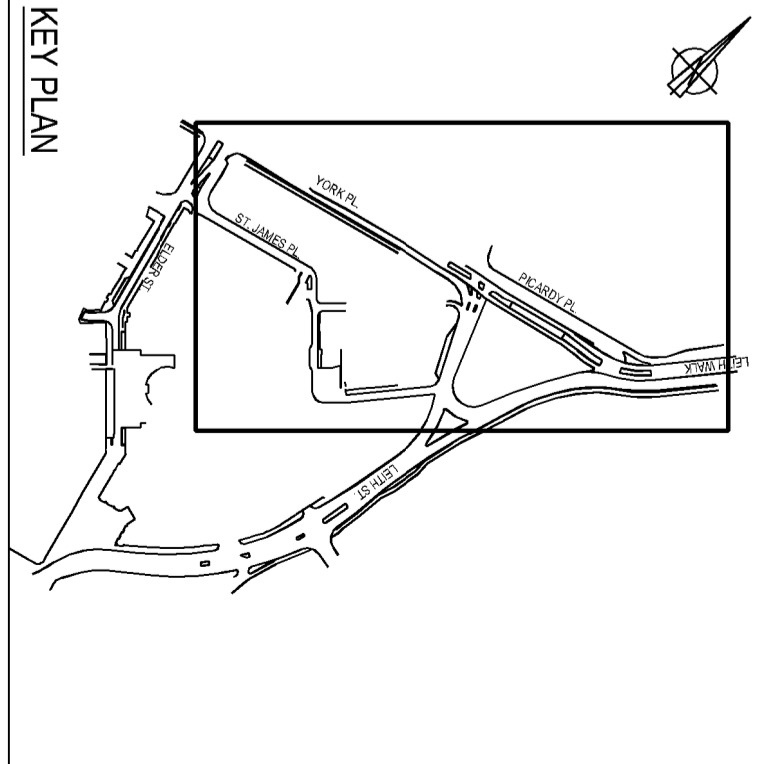
YORK PLACE

SUBSTATION

ST JAMES PLACE

BRIMBLETON

- ASSUMPTIONS FOR TRAM BAHN:**
1. ALL DETAILED TRAM DESIGN WILL BE UNDERTAKEN BY TRAMLINE / ROUTE DESIGNERS.
 2. THE ROUTE WILL UTILISE CENTRAL MOUNTED OLE PLATE.
 3. MAIN TRACK RADIUS BASED UPON VSP LAYOUTS FOR PICARDOY PLACE.
- GENERAL NOTES:**
1. DO NOT SCALE FROM THIS DRAWING
 2. ALL SURVEYED INFORMATION INCLUDING LEVELS AND LAYOUTS IS PROVIDED BY OTHERS AND GRONITIJL DO NOT ACCEPT ANY RESPONSIBILITY FOR ACCURACY OF THIS DATA. OTHER DRAWINGS ARE REFERENCED INTO OUR DRAWINGS FOR BACKGROUND INFORMATION PURPOSES ONLY.
 3. THIS DRAWING HAS BEEN PROVIDED TO INDICATE APPROXIMATE CHANGES TO BE MADE TO THE EXISTING TRAMLINE. APPROXIMATE CHANGES ARE BASED UPON REFERRED INFORMATION EXTRACTED FROM PARSONS BRINCKERHOFF DRAWINGS (LES01304-174L-00015 AND LES01304-174L-00016). AS SUCH GRONITIJL CANNOT ACCEPT ANY RESPONSIBILITY FOR THESE CHANGES.



KEY PLAN

REV	ISSUED FOR INFORMATION	AMENDMENTS	ED	GR	NH	DATE
01						03.03.16

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EDINBURGH
ST JAMES
PUTTING EDINBURGH FIRST

YORK PLACE / PICARDOY PLACE
TRAM ROUTE
GAM CHAINAGES

STATUS
S1 - ISSUED FOR INFORMATION

DRAWN	CHECKED	APPROVED
ED	GR	NH

DATE	DATE	DATE
03.03.16	03.03.16	03.03.16

DRAWING SCALE: 1:500 @ A1 ORIGINAL DRAWING SIZE: 594 x 841 - A1

DRAWING NO: ESJ-GRO-Z1-GAM-DR-TR-01103 REV: 01