



## Interview with the city of Amsterdam: A customized index

Martijn Gesink is head cost management at the department Metro and Tram for the **City of Amsterdam**. This means he leads and assists a team of cost experts. He also directs a number of contracts himself. Examples are contracts for maintenance, such as the management and maintenance of stations and rails, but also train security.

Martijn Gesink plays part in the construction of the North/South line. This is a big and long-lasting project, concerning the development of a metro line in Amsterdam. This metro line connects the north of Amsterdam with the south. The length of the metro line is 9,7 kilometers, of which 7 kilometers go underground in tunnels and 3 kilometers are drilled. During the work several subsidences caused problems and at two of the stations, the project had to be put on hold. In 2009 the organization expanded the budget, and the work was continued with extra safety measures and a modified communication strategy. From this moment on Martijn was included in the project, with the role as cost manager. He holds an overview on the price levels of the contractors offers to see if they are reliable. Furthermore, he makes sure the risks in the project are being controlled.

The reason Martijn contacted BDB was because he needed a customized index for the completion of the North/South line. The North/South line is a big and complex project, that includes many different contracts for all the specializations that are part of the project. This caused discussions on how to index. An independent index was required. "We wanted one particular index, specifically for

**"We wanted one particular index, specifically for the contract and offer from the contractor. BDB is able to deliver this customized figure."**

✘ City of  
✘ Amsterdam  
✘

The city of Amsterdam is a big organization with different departments. Metro and Tram is part of one of these four departments: Economic Services Departments. Metro and Tram owns the rail infrastructure in Amsterdam and mainly focusses on the construction, management and maintenance of the metro and tram network in Amsterdam.

the contract and offer from the contractor. BDB is able to deliver this customized figure. There are several indices in the market, but these are generic. BDB has a unique product in offering and delivering customized indices."

Based on the specific components in the contract, BDB created a project specific and detailed index for the North/South line project. This offers insight in the structural costs within the project and risks can be limited. The entire offer of the contractor is translated by BDB into one particular index. This index is created based on the wages, materials and equipment in this offer. The index figure is periodically indexed based on a set starting position. This is the tender date: September 2011. If the contractor is making changes in the offer, these changes will be based on the prices of that date, and raised with the BDB project index. "A project this big has many disagreements that have to come to agreements, but the index is never an issue. This way the BDB index created some peace."

"Every quarter of the year the figure is being indexed. This is happening separate from the city of Amsterdam and is independent and reliable. Because of the good experiences with BDB, I recently recommended their products in a different project. Currently a lot is happening at the market: capacity is scarce and the CLA wages in the construction sector are rising. People are talking about scarcity in the market. This brings along many risks. By using an index you can make sure you are prepared for all the changes that come along with these developments. A good index regulation that matches the project can take away part of the risks and insecurities. BDB can deliver these indices." •