

**Statement to the Fifth Committee
on the Capital Master Plan
by
Assistant Secretary-General Michael Adlerstein
Wednesday 4 March 2009
Conference Room 3
10:00 am**

Introduction

Good morning Mr. Chairman and Members of the Fifth Committee. Today I am here to present the Secretary-General's Sixth Annual Progress Report on the Capital Master Plan. I will update you on the progress we've made since the presentation of the Fifth Annual Progress Report, as well as more recent developments since the publication of the most recent progress report late last year. I will then be pleased to answer your questions. I will be joined by the Controller, Mr. Jun Yamazaki, who will address the issues related to the Associated Costs of the Capital Master Plan.

The groundbreaking ceremony for the Temporary Building took place on a beautiful spring day this past May, and some of you were there. Since then, the area has changed dramatically.

As can be seen from the construction activity, the project is well underway. In brief, the CMP is on-schedule and on-track. Our three-story tall Temporary North Lawn Building is taking shape. This slide was taken last week and shows the great progress we've made on the construction of this building. Similar construction progress is underway in the various swing spaces.

In December 2007, the General Assembly approved the Accelerated Strategy as proposed by the Secretary-General in his Fifth Annual Progress Report. The Sixth Annual Progress Report is available on the CMP website (www.un.org/cmp).

I will now update you on the status of our swing spaces, the work within the compound, our budget and schedule, our green initiatives, and other significant topics.

On-Site Swing Space

The renovation will require the temporary relocation of many departments and offices to two categories of swing space – on-site and off-site. The primary on-site swing space is the Temporary North Lawn Building. This slide shows the UN compound while the temporary building is under construction, to the left of the red line, as it is today through September 2009.

This slide shows the compound after the temporary building is operational this fall, with the Secretariat and Conference Building within the red construction zone. During this three-year phase of the project, the vehicular entrance to the compound on First Avenue will be split and shared, with construction activity to the right and Member State access to the left. The completed Temporary Building will first host the functions of the Conference Building, and afterwards it will host the functions of the General Assembly Building. It will also provide office space for the Secretary-General, the President of the General Assembly, the offices of the ACABQ, and a number of other important functions. The South Annex, with the staff cafeteria, will remain in operation during this phase, and the dining area will be divided to create a staff dining area and a delegates' dining area.

The steel structure of the Temporary North Lawn Building has been completed, the concrete slabs are being poured, and the metal skin will soon be installed. Interior work can then commence.

Upon completion, the first floor of the building will house the larger chambers, a few of the smaller conference rooms, the Delegate's Lounge, and the press stake-out area.

The second floor will contain the medium and smaller conference rooms, the ACABQ offices and conference room, the offices of the President of the General Assembly, the temporary Café Austria, lounge areas, office space for security, and other functions that must remain in the compound.

The third floor will host the Secretary-General and the Executive Office of the Secretary-General. By the Fall of 2009, the Temporary Building will be completed. The Secretary-General and his closest staff and the functions of the Conference Building – will move into the Temporary North Lawn Building after the General Debate.

In addition to the Temporary North Lawn Building, we will use existing space in the basements of the complex to provide swing-space for offices and other functions, including temporary storage. The primary data center will migrate out of the Secretariat into the second basement level under the North Lawn, starting in late Fall of 2009. Some demolition work on the Secretariat will also start this year, although the majority of the demolition will occur after the new data center is safely operating in the basement under the north lawn.

Off-Site Swing Space

In addition to using many of our existing leases, we have three new leases in place that will provide for the office needs of the departments as they relocate from the Secretariat. Most staff will be moved either to the newly-leased space or to existing leased space in the vicinity. Two of the three new leases were discussed in last year's progress report: the lease for 305 East 46th Street and the lease for the UNFCU Building in Long Island City. The lease for 380 Madison Avenue was discussed in concept, but was not finalized until after approval of the Accelerated Strategy.

We have prepared, negotiated, and finalized the relocation plan which identifies the appropriate locations for all departments during the renovation period. This decision has guided the design of the swing spaces. As the design work neared finalization, the fit out of each space commenced. At this moment, floors in all three swing space buildings are being fitted out. During the 14 months since approval of the Accelerated Strategy by the General Assembly, some departments have continued to grow. Additional space for these staff is funded through FMS. The CMP and FMS teams closely coordinate the space management program to assure the best efficiencies in the complex leasing needs of the Organization.

1,871 staff will relocate to 380 Madison Avenue. The UN has leased 14 floors of this building.

667 staff will relocate to 305 E 46th Street, on 16 floors.

223 staff will relocate to the UNFCU Building in Long Island City, on 3 floors. We have also leased a fourth floor, which was intended for the secondary tech center. We are currently exploring possible uses for this space.

Staff and Delegate services, including club rooms, classrooms, training rooms and the Medical Service, will be moved to appropriate locations in the swing space buildings.

Conference Building Renovation

The migration of the conference function out of the Conference Building to the Temporary North Lawn Building will start this November. As the conference functions move, room by room, the renovation for the temporary home for the Security Council will also be under way in Conference Rooms 4, 5 and 6. After all the conference functions have completed their migration by early 2010, the Conference Building renovation will start. Less than two years later, in late 2011, the Conference Building renovation will be completed and those functions will return to their home. The Temporary North Lawn Building will be reconfigured to host the functions of the General Assembly and the renovation of the General Assembly Building will start in late 2011.

Secretariat Building Renovation

We have already completed some early moves of staff off campus, such as library staff to the Daily News building. Last summer, we also relocated our own office – the CMP office – from the Daily News Building to offices in the Dag Hammarskjöld Library Building. The main bulk of moves, including staff, files, commercial services, the press, and other functions, will occur between June and August, when it is least disruptive to the work of the Organization. The move schedule was distributed to all Departments and Offices this past January. Most offices will be relocated during the weekends, again to limit disruptions. We anticipate that approximately 400 to 500 workstations will be moved each weekend.

Sustainable Design

We can all be proud of the level of sustainable design we have been able to incorporate into the project – the “greening of the United Nations.” The environmental performance of the Headquarters complex will be significantly improved upon completion of the Capital Master Plan. We will reduce energy consumption by a projected 44% as compared to existing conditions. This is an improvement over the 40% figure reported last year. This major reduction in energy consumption will be achieved by the implementation of design initiatives in two key areas.

First, our sustainability work will focus on improving the “building envelope.” This includes the replacement of the existing single-glazed curtain wall with a new high performance double-glazed curtain wall. We will also install automated interior shades or blinds to control heat gain and maximize the use of natural light. New insulation and other energy conserving measures will be installed on roofs and exterior walls to reduce the heat transfer in both the summer and winter. The goal is to assure that our building envelope will leak less energy. We are currently in the final rigorous stages of selecting a curtain wall manufacturer, through Skanska, and I am pleased to tell you that all signs are good that this significant purchase will be within our budget.

We are undertaking significant efforts to improve the system that generates our heating, ventilating and air conditioning. We presently have four steam chillers, two of which are very old. We will replace the old, low-efficiency steam chillers with high efficiency electric chillers. These electric chillers, together with the remaining steam chillers will result in a very efficient hybrid electric-steam chiller plant. We will also replace the existing distribution system with a new air-water mixed distribution system, and install a sophisticated building management system which will automate the central controls of the building’s antique thermostat systems. The combination of a more secure building envelope and a higher-technology heating and air conditioning system will save operating costs, and lower our carbon footprint, for decades.

We will install a dramatically more efficient lighting system, replacing all light fixtures with high-efficiency lamps, and install occupancy sensors in rooms throughout the complex which will turn off lights when a space is unoccupied. We also will employ a “daylight harvesting system,” which will automatically control artificial light levels in response to natural light levels.

If our budget permits, we are considering at least two demonstration projects. We plan to install rooftop photovoltaic cells on the Library roof. We are also designing a far more comprehensive photovoltaic installation that will be set into the new glass curtain wall of the Secretariat. This very visible and strong statement of the UN’s commitment to alternative power generation, will complement solar roof panels that are budgeted within the project. The complete installation will require a donor, within our donation program that I will discuss. A wind energy demonstration project, and other sustainable measures, are also under study.

Security

A critical goal of the CMP is to improve the security conditions within the compound. Our project will significantly upgrade all security and safety systems and infrastructure. We work very closely with the UN’s Department of Safety and Security (DSS), which is in regular communication with the Host Country on all aspects of building security. The United Nations and the Host Country are in full agreement on the security standards that apply to the CMP. Many security improvements will incorporate hardening our buildings, while other improvements will require altering the travel patterns of vehicles in our basements.

Service Drive

Mainly due to security concerns, the CMP will result in changes to the use of the Service Drive by delivery trucks. The CMP goal is to remove all trucks from under the occupied portions of the compound. At the completion of the project, passenger vehicles will enter the parking garage either from the Circle off First Avenue, or from the south at 42nd Street. Trucks will enter and leave from the north at 48th Street.

A new loading dock on the north end of the Service Drive will eliminate the need for trucks to pass completely under the length of the compound. We are in discussions with the Host Country and City about this concept. This will result in a safer United Nations.

Parking

The CMP will also require the closure of certain areas of the parking garage under the General Assembly Building. As discussed last year, due to the security requirement that we eliminate parking under the General Assembly Building, about 350 parking spaces will be taken out of parking use. We will optimize reuse of this space for mechanical systems, storage and other administrative purposes. As we progress through the next five years, the areas of closure will vary due to construction requirements, and we will coordinate the activities to limit the closures to the absolute minimum. However, as we have seen in the past few months, there will be less parking. We have been in touch with all Member States about the long term strategy for the parking areas, and have asked for cooperation. We have also been in touch with the staff, and are limiting staff usage of the parking as much as possible. We will continue to work with all parties concerned to find optimal solutions for the future, trying to balance the needs of the Member States and the staff as much as possible.

Procurement

Skanska, our construction manager, is responsible for awarding all subcontracts. This process is overseen by the Procurement Division, as well as by the Capital Master Plan. Specifically, the UN has approved the process for Skanska's pre-qualification of subcontractors, the UN approves all bid lists, is present during all bid openings, and approves all subcontract awards.

To ensure increasing procurement opportunities for vendors from developing countries and countries with economies in transition, procurement opportunities are widely communicated by all appropriate methods, including advertisement on the Skanska website (which is linked to the CMP website and the UN Procurement website), regional outreach and trade show outreach, as well as courtesy notifications to all Permanent Missions with regard to upcoming significant procurements.

Donations

All Permanent Missions have received communications over the past year from the Department of Management concerning gifts. As the Secretariat has no funds available for restoration or conservation of artwork, some Member States have agreed to temporarily assume custody of gifts. The CMP will require the relocation of most of the gifts that the Organization has received over the years. The relocation of exterior artwork on the North Lawn has already been completed, and the planning for the other gifts is underway.

For those gifts that remain, the Temporary North Lawn Building will be used as a display area for the gifts, when feasible. The goal is to reduce the risk and expense of sending artwork out of the compound to temporary storage. I want to assure all member states that all the artwork will be properly cared for during the renovation.

Many Member States have contacted us regarding the prospects for special donations toward specific rooms, spaces or building elements in the complex. In previous resolutions, the General Assembly encouraged the Secretary-General to seek donations for the Capital Master Plan.

A donation policy was promulgated through a Note Verbale to all Member States, on 16 January. In brief, we have developed a list of building rooms, spaces and building elements, and are inviting Member States to make a cash donation toward the renovation of a space or building element. I am very pleased with the response so far: I have met with a considerable number of Member States who have expressed interest in participating in the donations initiative. The donor toward a specific space will have design input, and be recognized and identified as the donor of that space. We will send another Note Verbale to all Member States soon which reiterates the call for interest and establishes a deadline for expressions of interest so that we can finalize a list of possible donations.

Budget and Schedule

The green line on this slide represents our approved budget, \$1.876 billion. Last year, in our Fifth Annual Progress Report, the estimated cost of the project, the brown line at the top of the page, was about \$219 million above the approved budget level. This year's progress report reflects that we have reduced the estimated cost for the project by about \$120 million.

The adoption of the accelerated strategy, and the accomplishment of additional design and value engineering exercises, have resulted in a projected cost-to-complete that is \$97.5 million over the approved budget of \$1.876 billion. We are still over-budget, but the gap has been halved. We will continue to seek opportunities to align the project to the budget, and I remain confident that we will complete the project within the approved budget.

Taking into account the value of all expenditures and commitments such as construction contracts and rental agreements as of 31 January, our actual commitment amounts to approximately \$679 million, the blue shaded area. Over 35% of the project is therefore already bought, so the level of budget risk is diminishing and our confidence that we will be able to reduce the overrun further is growing. The current global economic crisis will likely have a positive impact on future CMP bids, although the crisis raises risks of business failures.

This slide shows the Estimated Construction Cost per square feet of the UN renovation, the swing space and Temporary North Lawn Conference Building.

Similar buildings in New York City are in the range \$385 to \$750 psf. It can be seen that the UN refurbishment, excluding UN specific requirements, compares favorably at \$343 psf.

Also the TNLB, excluding the UN specific requirements, is estimated at \$584 psf, which compares favorably with a typical conference facility at \$615 psf.

Our progress has allowed us to sharpen our schedule. Today I can report that we remain on schedule, and the project will be completed by mid-2013. As originally conceived, this is five years after last May's ground breaking and consistent with the dates reported in last year's progress report.

Given the outstanding support we have received from financial contributions from Member States, the financial position of the project is strong.

The need for additional funds for the project itself is not foreseen. However, at this point, I am not optimistic that we will be able to also absorb the associated costs within our budget.

Audit

Both OIOS and the Board of Auditors issued reports over the past year. We fully endorse the findings of all reports so far, and are grateful for their very helpful recommendations.

Summary of Progress

In closing, the Capital Master Plan has made significant progress during the past year:

Since the General Assembly approved the Accelerated Strategy, groundbreaking was celebrated, and the construction work is now well underway. All swing space leases have been finalized, some early relocations have been completed, and the bulk will be completed before the General Debate in the fall.

Significant progress was achieved in the design of the project, taking into account the changes required by the accelerated strategy, the changes agreed upon in the value engineering exercise, the incorporation of substantial greening measures and the incorporation of blast protection.

The associated costs being requested by various departments in the Secretary-General's report A/63/582 are crucial to the support and success of the CMP. Those costs need to proceed on the same timeline as the CMP so as not to delay the project.

I'd be pleased to answer any questions you may have.