



**Remarks to the Fifth Committee**  
**by**  
**Michael Adlerstein**  
**Assistant Secretary-General**  
**Capital Master Plan**

**9 December 2011**  
**10:00 am**  
**NLB Conference Room 3**

[slide 1 – Cover slide]

Mr. Chairman,  
Distinguished Delegates,

Thank you for this opportunity to brief you on the status of the Capital Master Plan.

[slide 2 – Aerial shot of compound]

We are now three and a half years into the construction phase of the Capital Master Plan.

Since groundbreaking in May 2008, we have successfully leased, planned and fitted out the swing space for the entire Organization, relocated approximately 6,000 staff to the various on-campus and off-campus swing space locations, and are midway into the renovation of the Secretariat and Conference Buildings.

[slide 3 – Construction Photo]

Over the past year, the most significant and visible accomplishments include the replacement of the glass curtain wall in the Secretariat Building, and the abatement of asbestos and removals of obsolete materials from the Secretariat and Conference Buildings. Also during this reporting period, major progress was made with the awarding of guaranteed maximum price contracts for additional aspects of the project and with Member States on the coordination of donations for particular rooms.

As of today, the Organization remains within reach of completing the CMP within four percent variance of the original budget. As we all know, completing a multi-year renovation this close to its budget is highly unusual.

Also, as of today, the infrastructure and Secretariat portion of the project is projected to be completed on schedule, and the Conference Building and General Assembly Building will be completed approximately one year behind schedule.

As we have previously discussed, the associated costs of the Capital Master Plan, including the secondary data centre, were not included in the original scope and budget of the Capital Master Plan. In the General Assembly's Resolution 65/269, we were requested to absorb those costs into the CMP budget. We have developed a proposal to partially achieve that goal which I will present this morning.

Over the past year, we made significant progress on the planning for the reoccupancy of the Secretariat Building, the Conference Building and the other buildings within the compound, which we refer to as the Restacking Plan. Based upon these plans, construction is underway on all the floors of the Secretariat and Conference Buildings.

[slide 4 – Secretariat Curtain Wall Replacement]

The most visible achievement over the past year has been the replacement of the curtain wall. The components were sourced from many Member States.

[slide 5 – Secretariat Curtain Wall Replacement]

Removal of the old curtain wall on both the west and east facades began last autumn, and over the course of 2011 the old wall was removed and the new curtain wall was installed.

We have received positive feedback from many Delegates about the appearance of the new glass, which faithfully replicates the crispness of the original installation from the 1950s.

[slide 6 – Secretariat Work]

We have also made significant progress over the past year on the installation of new equipment and walls on many of the floors in the Secretariat Building.

[slide 7 – Secretariat Work]

Old materials have been removed.

[slide 8 – Secretariat Work]

Our construction hoist has brought all debris directly down to the 3B level service drive.

[slide 9 – Secretariat Work]

New ductwork, water and electrical risers, and interior walls have been installed on many floors, and we are currently renovating the elevator systems.

[slide 10 – Secretariat Work]

[slide 11 – Secretariat Work]

Just nine months from now – in July 2012 – our renovation work on the Secretariat Building will be complete, and we will commence the reoccupation process. We will bring back staff to the middle floors first, followed by the lower floors, and then the top bank of floors. As we did on the outgoing move to swing space, in order to minimize disruption to the work of the Organization, between two and three hundred staff will be relocated each weekend. We are forecasting that the entire reoccupancy process for the Secretariat Building will be complete by early December 2012, with the Secretary-General and his staff coming back to the building last.

[slide 12 – Conference Building]

Over the past year, we have undertaken extensive work in the Conference Building. Renovation work commenced in March 2010, beginning with the removals of old materials, which is now complete.

[slide 13 – Conference Building]

This work has consisted of removals of all equipment, furniture, carpeting, ceilings, pipes, ducts, and fixtures, followed by the stripping of the building down to concrete and brick surfaces.

[slide 14 – Conference Building]

We then proceeded with asbestos abatement, architectural demolition, and are now engaged in select structural removals where required.

Soon we will start the work of installing the new mechanical, electrical, plumbing and other infrastructure, and then the finish materials. The work in the Conference Building will generally restore the appearances of most of the large rooms to their historic appearance. However, all the rooms will be more highly functional, more energy efficient and safer.

[slide 15 – Conference Building]

During the early work on the Conference Building, heightened security concerns throughout the world resulted in a redesign to a higher level of security. These security upgrades, funded by the Host Country, required additional time to design and install, but will better protect the Delegates and other future users of the facilities for decades.

Between December 2012 and January 2013 the conference functions will be relocated from the temporary North Lawn Building to their new home in the restored Conference Building. We will also bring back the Security Council to its renovated Chamber and suite from its current interim location in the 1B level of the General Assembly.

Once the conference functions are fully relocated out of the temporary North Lawn Building, we will then reconfigure that building to house the functions of the General Assembly Building, which will go into construction in early 2013.

This past July, all Permanent Missions were invited on a tour of the construction site where many Permanent Representatives and Delegates had the opportunity to see the Conference Building work in progress.

[slide 16 – Conference Building]

It is remarkable to see the Conference Rooms stripped bare not only of their curtains, furniture, and equipment, but also of some of their walls.

[slide 17 – Basement Work]

Extensive work in the basement of the compound is underway. Although not visible to staff or delegates, the basements house most of the building's technical support systems, some of which have already been installed. This work has included the central heating, air conditioning, electrical, plumbing, security, telephone and other central services.

[slide 18 – Basement Work]

Over the past year we have also completed permanent space in the basements for support functions, including mail and pouch, documentation, security, and facilities management services.

[slide 19 – Basement Work]

We are installing this complex equipment, along with the required kilometres of pipes, conduit and wires, while still operating a functioning facility for maintenance shops, heating and air conditioning for the General Assembly Building, parking for the Member States, and many other critical functions.

[slide 20 – Procurement]

Regarding procurement for the CMP, the Secretariat continues to work to ensure that all procurement opportunities are communicated as widely as possible with special emphasis on developing countries and countries with economies in transition.

We will continue to communicate procurement opportunities on as wide a basis as possible for the remainder of the project schedule.

In the CMP to date, fifteen percent of the value of trade contracts awarded by the CMP construction manager to subcontractors has been to non-US firms.

The internal and external auditors have acknowledged our efforts and the inevitability of limited success. We will continue our outreach efforts for international procurement opportunities throughout the life of the project.

[slide 21 – Parking]

As previously reported, the CMP will result in the permanent elimination of 350 parking spaces, due to the recommendation by DSS to restrict parking under the General Assembly. Through careful management and close cooperation with OCSS, we have continued to provide above the minimum number of parking spots to which we committed last year.

All construction and repair projects in the garage are being implemented in such a manner as to ensure the lost parking spaces at any given moment do not exceed 350 spaces, to the extent possible without jeopardizing the overall schedule of the Capital Master Plan project. Occasionally, additional short-term impacts might occur, but every effort has been made to ensure that the quantity of spaces made available for Member States is not reduced during the CMP.

[slide 22 — Donations]

The General Assembly authorized a donations programme for the CMP, and several Member States have expressed their willingness to participate in this program and assist in the decoration of a specific room or space.

We are actively working with those Member States which expressed interest, which include Austria, China, Denmark, Qatar, the Netherlands, New Zealand, Norway, Russia, Spain, Sweden, Switzerland, and Turkey.

Discussions are presently under way with other Member States as well regarding potential donations. Architects selected by interested Member States are collaborating with the Office of the Capital Master Plan to provide design input for the space to be supported through each participating Member State's donation.

[slide 23 – Preservation]

Preservation remains a key aspect of the CMP. The project's architects are supervising the preservation of the character-defining aspects of the Secretariat, Conference Building and the General Assembly, to ensure that demolition and preservation activities are not in conflict and that the general appearance of the major spaces of the renovated headquarters reflects their historical appearance.

[slide 24. – Sustainability]

I am pleased to report that the CMP remains on track to meet or exceed sustainability goals relative to energy and water consumption. Energy consumption will be reduced by at least 50 percent as compared with existing conditions, greenhouse gas emissions will be reduced by at least 45 percent, and fresh water consumption will be reduced by at least 40 percent.

The project is also on track to meet or exceed the various applicable 'green building rating' national standards in use by various countries.

Construction debris continues to be reused or recycled, diverting waste from landfills at a rate in excess of original projections. Since construction commenced, over 65,000 cubic meters of material have been removed from the site. Ninety-five percent of the debris taken out of the compound has been recycled and diverted from landfills. Ninety-eight percent of the glass, steel and aluminum material from the original Secretariat curtain wall has been recycled.

A state-of-the-art Building Management System will be installed, which will provide 'smart' controls to greatly enhance building performance and lower energy use through automatic adjustments to heating and air conditioning and lighting levels.

A rainwater harvesting demonstration project has been designed, whereby rainwater will be collected from the Conference Building roof, stored in collection tanks in the basements, then treated and recycled for use in flushing toilets and urinals in the General Assembly Building.

Overall, due to the implementation of many water use reduction strategies, fresh water consumption will be reduced by at least 50 percent in the General Assembly Building. We are also continuing to pursue the inclusion of a photovoltaic demonstration into the CMP.

[slide 25 – Advisory Board]

In accordance with Resolution 64/228, the Advisory Board for the Capital Master Plan was established by the Secretary-General, and held two meetings in 2010, and three meetings in 2011.

In June 2011, the Secretary-General, the Secretariat, and the Members of the Advisory Board were saddened to learn of the death of Board Member Professor Stefan Kuryłowicz, an outstanding Polish architect, who perished in an aircraft accident.

The meetings have included presentations on all aspects of the Capital Master Plan, and the feedback from the Board has been very constructive and supportive.

[slide 26 – Discussions with the Host Country]

I would like to say a few words about our relations with the Host Country. Over the past year, the United Nations and the Host Country maintained a constructive dialogue on matters pertaining to the CMP, and the Host City provided assistance and support with respect to the process of reviewing the Organization's design documents.

[slide 27 – Security]

As noted earlier, since the issuance of the previous report, the Host Country provided funding for enhanced security upgrades for First Avenue and for the

Conference Building, which are being incorporated into the design and for which construction is presently underway.

The enhanced security upgrades are being developed in several coordinated packages based upon revised structural and architectural designs for portions of the Conference Building and portions of the basements adjacent to the FDR Drive.

The actual construction work began in mid-2011, and will continue, integrated into the total project scope, until the Conference Building and basements are completed in 2012.

In addition, the security funding will provide an enhanced line of protection along First Avenue, increasing our setback from traffic.

Discussions continue with the Host Country concerning the protection requirements for the structures on the southern perimeter of the Headquarters, namely the Dag Hammarskjöld Library Building and the South Annex Building. Due to concerns about blast threats from vehicles on the off-ramp from the FDR Drive, design and all renovation work on the Library and South Annex Buildings has been suspended pending resolution of the security issues.

[slide 28 – Health and safety]

Improving the safety of occupants and visitors and providing a healthy work environment at United Nations Headquarters is a major objective of the CMP. One of the most important steps in this regard is the removal of all asbestos-containing materials from the Headquarters complex.

Throughout the CMP, asbestos abatement contractors working under the construction manager have been performing the work required for the abatement of asbestos-containing materials in accordance with international and Host Country regulations. Asbestos is being abated in all locations at Headquarters throughout the duration of the project.

Our safety record remains exemplary. Judged against industry averages as compiled by the US Department of Labour, the CMP remains one of the safest projects underway in the Host Country, with the project's lost-time injury rate being less than one third of the industry average. To date, there have been only a few minor lost time work-related injuries to construction workers on our project, which now measures over 3,000,000 person-hours of work.

[slide 29 – Schedule]

As we all know, multi-year construction projects are normally subject to significant delays. We are pleased to report that although some individual tasks have been subject to delays, our schedule for the Secretariat remains unchanged, and we project that the entire renovation of the United Nations

Headquarters will be completed by the end of 2014. A delay for the Conference Building and General Assembly Building was due to the enhanced security upgrade.

The most complex and high-risk phase of the CMP has been the three years of coordinated work to renovate the Secretariat Building.

The re-occupancy of the Secretariat required several precedents: 1) leasing and fitting out appropriate office space for several thousand staff and other required functions; 2) building the temporary North Lawn Building to accommodate the conferencing and General Assembly functions, the Offices of the Secretary-General, and the President of the General Assembly; and 3) the renovation of the basement infrastructure to provide the heating, ventilation, air conditioning, telephone, data, security and other essential services for the buildings above grade.

The projected date of completion of this critical portion of the project is within three months of the original schedule as set out in the Secretary-General's Sixth Annual Progress Report in 2008.

[slide 30 – Financing]

I will now turn to the financial status of the project.

The project procurement is progressing well. As of 7 December 2011, a total of \$1,626.4 million has been committed, which represents 86.7% of the original net CMP budget.

The level of committed funds significantly reduces the risk of unexpected, adverse surprises in the remainder of the project. This reduced risk and our increased knowledge of the complications of working within the UN compound reduce the contingency and escalation provision.

Since the first year of the project under the accelerated strategy, the projected cost overrun of the CMP has been reduced by more than half from \$219 million, or about 10%, over budget.

Careful management of the project since the 2008 groundbreaking, and value engineering initiatives incorporated into the design of the project as well as implementation of many efficiency measures lowered the projected net capital master plan cost to \$1.951 billion, reducing the net construction budget deficit to \$74.3 million by the end of May 2011, slightly down from the deficit of \$80.1 million previously reported to the General Assembly as of September 2010.

The original CMP budget provided for office swing space rent until September 2012. In order to avoid the possibility that a CMP delay could leave the Organization without rental space, the executed leases were committed beyond



the project schedule. The lease costs of the additional months, which vary in each rented building, might be mitigated if the rental market improves and the space can be sublet, or landlords wish to lease the office space to other tenants at higher rent costs. At this time, given the present project schedule, an additional provision for leases in the amount of \$42.6 million has been added to the projected cost-to-complete for the CMP, which will cover the "worst-case" scenario.

In addition to the potential lease costs, the estimated associated costs and costs related to a secondary data centre totalling \$167.5 million have also been included in our projected cost-to-complete. The total resource requirements of the CMP, including the associated costs, will increase the estimated worst-case budget deficit to \$284.3 million.

In accordance with the request of the General Assembly and recommendation of the Board of Auditors for the Secretary-General to submit for consideration of the General Assembly possible options on how to remain within the approved CMP budget, the Ninth Annual Progress Report provides a proposal which, if accepted, would allow the Secretariat to significantly reduce the funding gap with respect to the estimated budget deficit.

The funding for the Capital Master Plan has accrued \$104.1 million during the project, and the working capital reserve holds \$45 million. This Progress Report proposes that these funds be allocated to finance the CMP. If the General Assembly decides to consider this financing proposal the working capital reserve of the CMP and the accrued interest income in the total amount of \$149.1 million as of September 2011 would help resolve a significant portion of the project's funding problem. If the General Assembly permits the interest generated by the CMP fund and the working capital reserve to be applied to the project, all but approximately \$131.9 million of the cumulative net project and associated costs will be covered.

The associated costs of the Capital Master Plan, including the secondary data centre, are outside of the original scope of the CMP. However, after taking into account interest earned and reserves, these associated costs can be partially absorbed. The remainder could require additional financial resources beginning in 2013, requiring an assessment of funds in 2012.

We continue to be hopeful that with prudent management of programme changes, refinements, ongoing value engineering and continuous implementation of cost efficiency measures, we will be able to continue making progress towards reducing our budget deficit, reducing our financial requirements in 2013.

As stated in the ACABQ Report, the CMP requires the authority to use the \$149.1 million in the interest income and the capital reserve in order to enter into necessary commitments for 2012. As we move into the final year of work on the

Secretariat Building and the Conference Building, unfortunately, almost all that commitment authority is required before March 2012. The CMP presently has \$250.3 million of uncommitted funds. Subtracting the previously obligated \$96.3 million for the associated costs and \$13 million for the secondary data center, the project will have \$141 million available to obligate in 2012. In the next 3 months the CMP will sign contracts and raise obligations with the estimated value of \$268.6 million, as well as commitments for \$18.6 million for the associated costs. This will create a shortfall of \$146.2 million. Therefore, in order for the CMP to avoid delays the majority of the \$149.1 million of interest income and Working Capital Reserve funds will need to be available before the first quarter of 2012.

[slide 31 – Last Slide]

The Capital Master Plan has made significant progress during the past year and remains on a very positive course.

The Secretariat Building is on schedule and the remainder of the project will be completed by 2014. Since approval in 2007 and groundbreaking in 2008, the completion of the five-year project has slipped only one year. Most importantly in this time of tight budgets, the work remains very close to the original approved budget.

As indicated in the Secretary-General's Ninth Annual Progress Report, we are seeking authorization to use the interest income and the working capital fund in 2012. However, we need authorization to commit those funds in the next 3 months. This authority is necessary in order for us to keep the CMP on track in 2012.

Mr. Chairman,  
Distinguished Delegates,

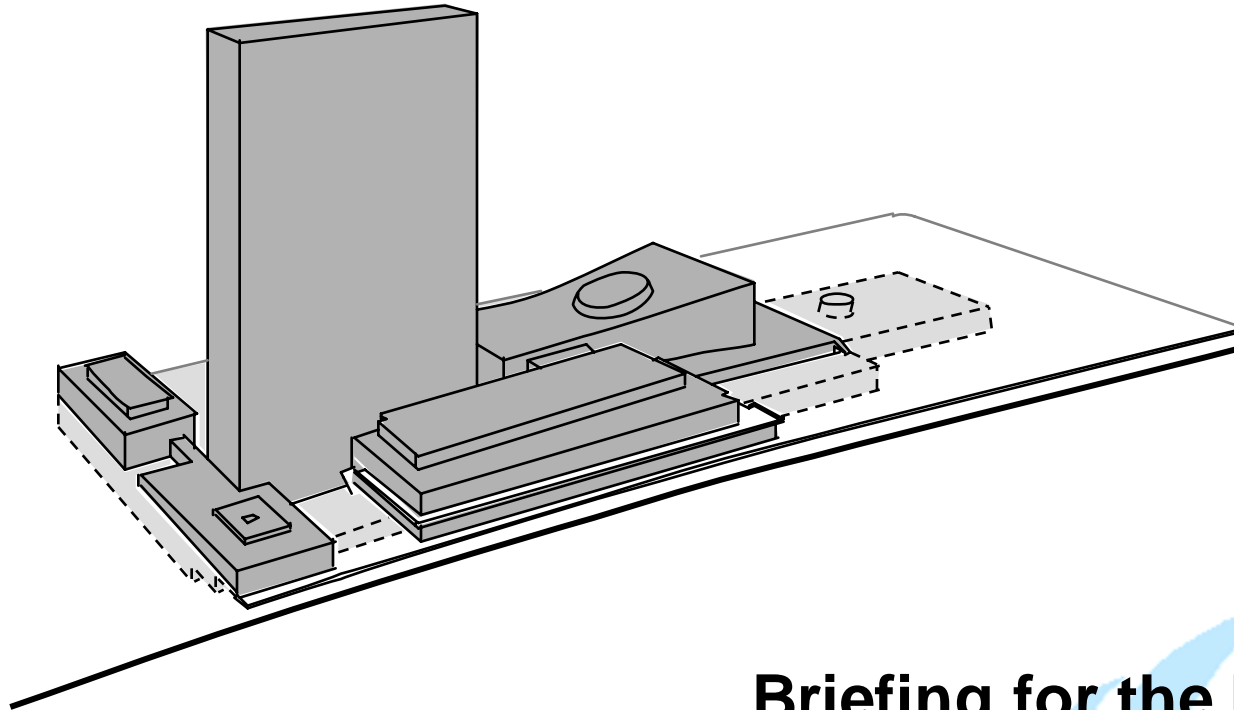
The CMP is a very complex and multi-layered project which is successfully reaching very important benchmarks in less than six months, the completion of the Secretariat followed by the completion of the Conference Building. These benchmarks can only be achieved with the necessary resources. We must maintain a sufficient balance of appropriations to proceed with contracting services and payments in the first 3 months of 2012 to meet the project schedule, including the ability to respond to unforeseen conditions and other changes that are required to stay on schedule and budget.

We are now at the most intense phase of the construction, with over a thousand construction workers coming to the project each day. A funding shortfall at this time will immediately slow down or stop work, postponing the reoccupancy of the Secretariat and Conference Buildings, and due to the interconnected nature of the CMP, a delay in the start and completion of the work on the General Assembly Building into 2015.

I appeal to this Committee for additional funding authority in the amount of \$149.1 so the CMP Office can proceed and deliver the product in which we have already invested 4 years and over a billion dollars.

Thank you for your attention, and I would be pleased to answer any questions you may have at this time.

# UN Capital Master Plan



## Briefing for the Fifth Committee

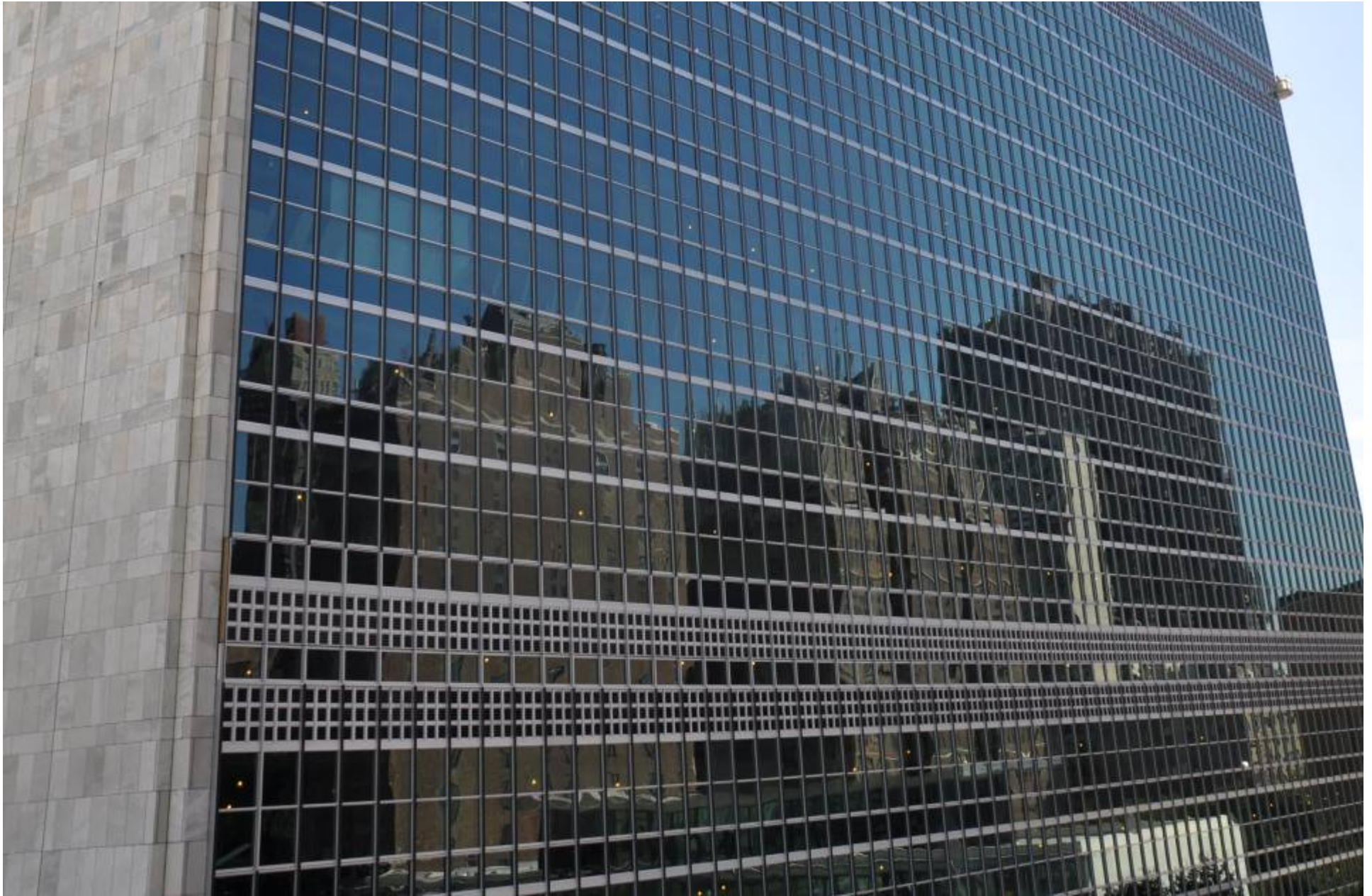
**Michael Adlerstein,  
Assistant Secretary-General and Executive Director**

**9 December 2011**









































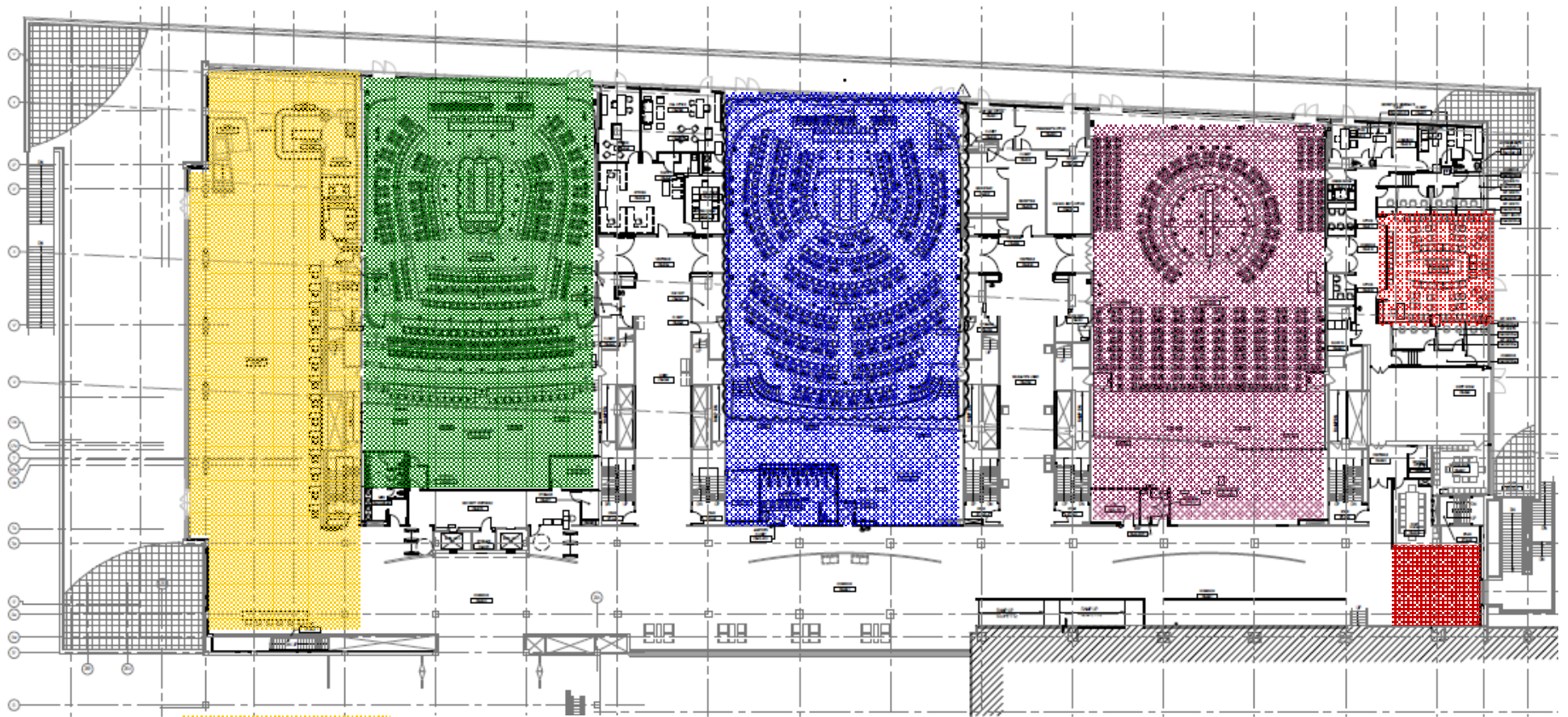


Procurement



## Diplomatic Vehicles & Parking





THE NETHERLANDS

SWEDEN

DENMARK

NORWAY

RUSSIA

TURKEY

## Donations Programme



Preservation



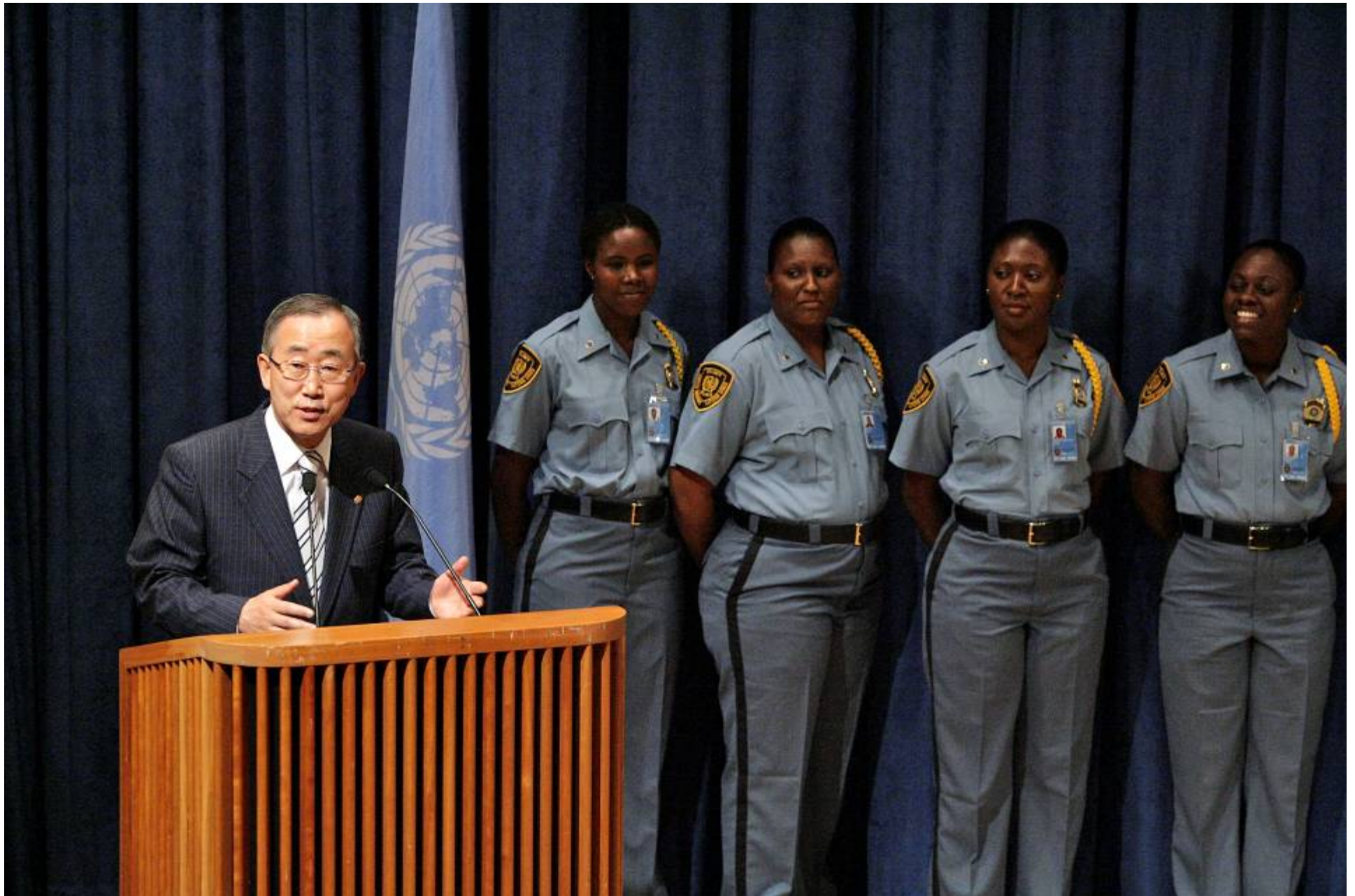
Sustainability



CMP Advisory Board



Discussions with the Host Country



Security



Health & Safety



# Schedule







Financing



For Further Information

[www.un.org/cmp](http://www.un.org/cmp)

