



Governing Body

325th Session, Geneva, 29 October–12 November 2015

GB.325/PFA/1

Programme, Financial and Administrative Section
Programme, Financial and Administrative Segment

PFA

Date: 12 October 2015

Original: English

FIRST ITEM ON THE AGENDA

Update on the headquarters building renovation project

Purpose of the document

This paper provides information on the current status of and developments with regard to the renovation of the ILO headquarters building since the 323rd Session of the Governing Body in March 2015.

Relevant strategic objective: None.

Policy implications: None.

Legal implications: None.

Financial implications: None.

Follow-up action required: Further report in March 2016.

Author unit: Headquarters Building Renovation Project (Deputy Director-General for Management and Reform).

Related documents: GB.309/PFA/BS/2(&Corr.); GB.309/PFA/11/1; GB.310/PFA/BS/1; GB.312/PFA/5(&Corr.); GB.313/PFA/INF/2; GB.313/PFA/INF/2(Add.); GB.313/PFA/3/2; GB.315/INS/6/1; GB.316/PFA/3; GB.170/FA/BS/D1/2; GB.317/PFA/2; GB.319/PFA/4; GB.320/PFA/5(Rev.); GB.322/PFA/3; and GB.323/PFA/3.

Key developments

1. The main project works (site installation, demolition works and asbestos removal) commenced at the end of March 2015 and are progressing well. Some issues have been identified and measures continue to be taken to minimize their impact on staff, in coordination with the Staff Union and the user representatives.
2. Following an international competitive bidding process, the management contractor bid was awarded to Steiner SA, a Swiss contractor with an excellent record in large construction projects and, in particular, with the contractual methodology (guaranteed maximum price, open-book and sharing of savings) applying to the project. The contractor has been officially on site since the beginning of September 2015.
3. The preliminary works (Medical Service (MEDSERV) relocation, Department of Communication and Public Information (DCOMM) office space on R1 and renovation of the M3 office space) have been completed within budget.
4. In close cooperation with the competent Swiss authorities, the Office has completed the sale of the non-strategic plot of land located on Avenue Appia (Plot No. 3844) and is finalizing arrangements for the disposal of the leasehold plot located on the Route de Ferney (Plot No. 3924).

Upcoming works

5. Detailed reviews of the proposed works are planned with the management contractor in order to consider any further opportunities to minimize costs while maintaining quality.
6. The refitting works will start in earnest in November 2015, once the design has been reviewed and optimized with the management contractor.

Revised project budget

7. In view of the offers received and the award of the contract to the management contractor, the project budget has been revised to reflect confirmed market prices and the scope of works. The revised budget, as set out in table 1, takes into account the fixed price for the agreed scope throughout the duration of the works. Consequently, the provision for inflation and a proportion of the provision for unforeseen costs have been absorbed within the set guaranteed maximum price. The total budget remains within the limits of the financial plan previously endorsed by the Governing Body namely, some 205 million Swiss francs (CHF).

Table 1. Headquarters building renovation project: Revised project budget

Works	Budget (CHF thousand)
Asbestos survey	200
Kitchens	5 357
Floors 1 to 11	173 722
Preparatory and structural works	51 941
Mechanical, electrical and plumbing works	50 434

Works	Budget (CHF thousand)
Internal fit-out works	30 512
Secondary costs	2 402
Professional fees	38 433
MEDSERV and DCOMM	7 809
Preparatory and structural works	1 490
Mechanical, electrical and plumbing works	3 260
Internal fit-out works	2 000
Secondary costs	70
Professional fees	989
Lower floors	5 529
Project staff	6 689
Temporary offices	2 260
Moving costs	1 500
Subtotal	203 246
Insurance and miscellaneous	900
Unforeseen costs	1 403
Grand total	205 549

8. The scope of the works remains unchanged, limited to the renovation of the main building and the installation of insulated glass in the large bay windows and fire escapes in the conference rooms.

Land sales and financing

9. On 31 August 2015, the Office signed a contract with the Government of Saudi Arabia for the sale of the freehold land located on Avenue Appia. The land will be used to construct residential accommodation for diplomatic staff of the Government of Saudi Arabia. The amount of CHF26 million realized from the sale has been allocated to the renovation project in accordance with the approved financial plan.
10. The agreement relating to the disposition of the leasehold property on Route de Ferney continues to progress through the competent services of the Canton of Geneva. It is expected that the contract will be signed before the end of 2015.
11. Following the conclusion of this contract, the Office will confirm its request to the Swiss Government for loan financing at preferential rates, adjusted for the proceeds from the sale and disposition of land and in accordance with the authorization provided by the International Labour Conference at its June 2015 session.
12. A further report on developments will be provided to the Governing Body at its 326th Session in March 2016.