

# ITU NEW HEADQUARTER BUILDING



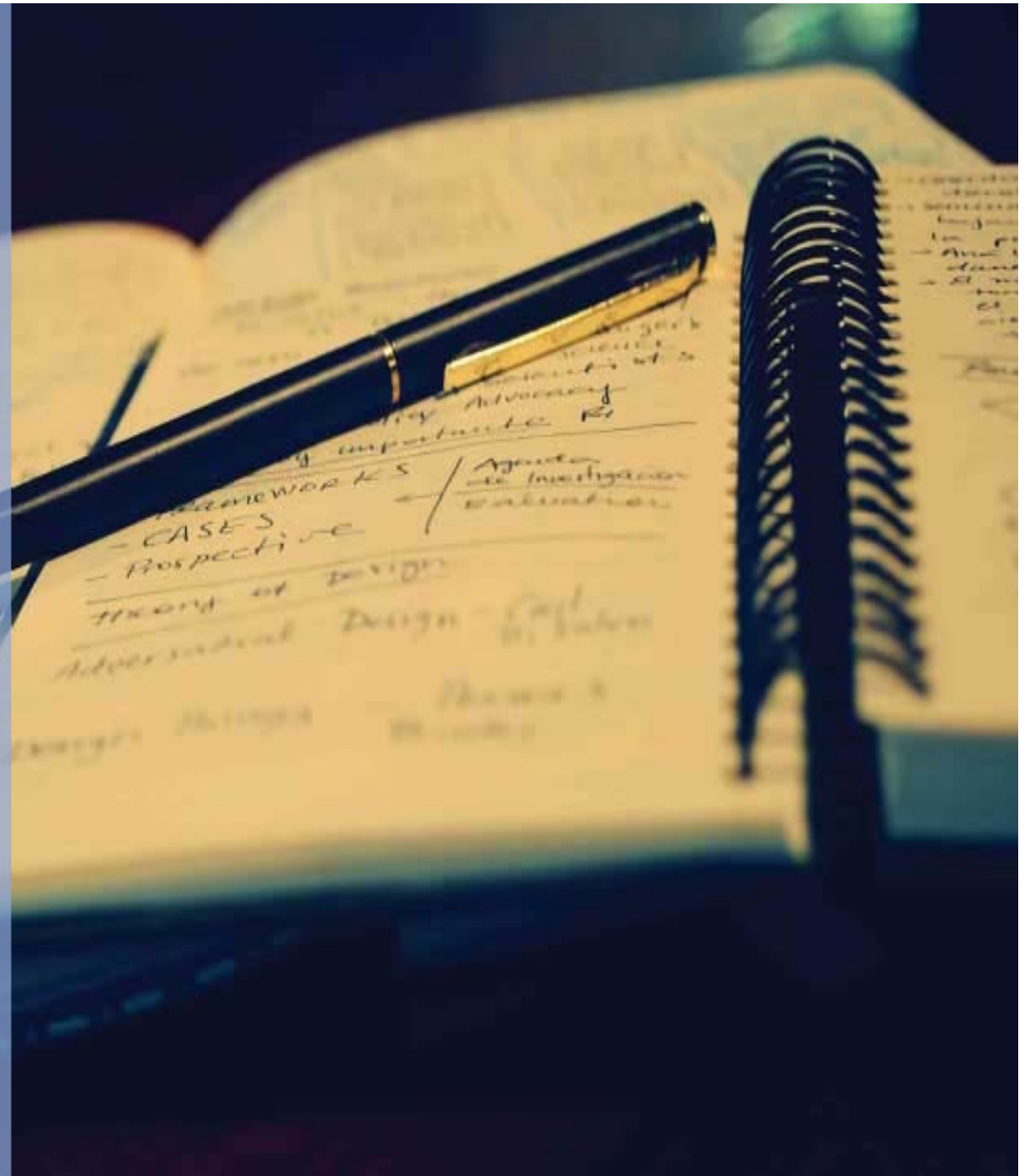
Additional Council Information Session

16 September 2019

Christian

# AGENDA

- Responses to DL/12
- PP18-decision
- Cost optimization
- Total Costs
- Risk Register
- Project Expenditure
- Annexes



- Council 2016 accepts the report of CWG-HQP;
- Council Decision 588:

*“authorizing a maximum budget for total project costs before sale of the Tower of CHF 140 million and an additional contingency fund of CHF 7 million to be used, if necessary, for unforeseen cost overruns”*

- Secretary-General delivers the “first message” to Switzerland, requesting an initial loan to cover study, competition and pre-project costs;
- Secretariat engages (2017) a consulting architect to prepare and manage an international architecture competition;

Council 2016 decision triggers the project

- Architectural Contest 2017 – Winning award Christian Dupraz
- Plenipotentiary Conference Dubai, 2018 – Resolution 212

*“resolves that the project will be financed primarily by the loan CHF 150M; that the project financing can be supplemented by the sponsorships and donation, any subsequent sponsorships for the mutually agreed purposes as specified by the Council and the temporary fund established by the Council*

- Additional Council Session 27 September 2019



## **1. Uncertainty on cost estimate**

- Demolition of the existing Varembe building and removal of hazardous materials have been confirmed;
- Construction works related to the rue de Varembe including the move of the transformer and the subsequent road works have been confirmed;
- Security on the ITU construction parcel has been confirmed;
- Movable furniture cost has been revised and validated;
- Active IT requirements were verified and validated;
- Temporary and secured connection between the Tower and Montbrillant has been suppressed for security reasons.

## **2. Realistic contingency**

Contingency included into the project cost has been increased from 5% to 8%.

## **3. Estimation at Concept Design Stage**

Cost estimate at concept design stage is +/- 15% and standard practices.

#### **4. A financial risk analysis**

Potential risks have been identified, probability and impact estimated, mitigation measures established and linked, if quantifiable, to estimated amounts in a comprehensive Risk Register.

#### **5. Security and Safety compliance with UNDSS recommendations**

Security measures on-site are part of the total project cost and are in line with the UNDSS recommendations to meet UN MOSS requirements.

#### **6. Staff relocation during transition phase**

A costed space management feasibility study has been carried out during the summer to confirm the proposal to host staff on site without the need to rent temporary office space off-site.

#### **7. Sponsorship and donations**

Definition of opportunities for sponsorship and donations in line with the project financing and schedule.

## **8. Conference relocation**

Confirmation of collaboration between the Operational Group and CICG to address the needs to host ITU conferences and meetings during the demolition and part of the construction phases.

## **9. Verification of legal impediment for the sale of the Tower bonded to condition of maintaining the use of the Popov Room**

Confirmation that there is no legal impediment for the sale of the Tower bonded to conditions of maintaining the use. However, the Host Country has identified and drawn the Secretariat attention to serious challenges if such a decision were made.

## **10. The preservation of contributions/donations**

Objects and elements present in and around the Varembe building will be considered first as those will have to be removed prior to the building demolition. Items will be stored in a secured and dedicated storage.

Secretary-General instructed the BPD (Building Project Division) to revise the new building design in order to find cost optimizations to fit the total project cost within the currently available funding **CHF 170,140,000**.

- **CHF 150M Host Country Loan subject to approval**
- **CHF 10M Sponsorship from Saudi Arabia for the main 500 seats conference room**
- **CHF 5M Sponsorship from UAE for the 230 seats conference room**
- **CHF 100K Donation from Czech Republic**
- **CHF 40K Donation from Ghana**
- **CHF 5M from 2018 savings moved to dedicated building fund.**

**Available Budget**



### ***Changes compared to the project presented at the Council Session in June 2019***

- Identification of several major and minor opportunities for savings in line with the ITU programme requirements resulting in CHF 11,800,000. The most important being the reduction of the building by one office floor saving CHF 6,400,000 (cf. C19-ADD/2-E point 4.2);
- Reduction of relocation costs after space management feasibility study to CHF 2,900,000;
- Reduction of the furniture costs to CHF 4,030,000.

### ***Whilst***

- Increased contingency from 5% to 8%;
- Addition of CHF 560,242 (0.5% of total construction cost CFC1-CFC4) for escalation and inflation.

**New Building Project Cost : CHF 170,139,000**

<b>New Building Construction Budget</b>	<b>Cost</b>
<i>Categories eligible by the loan</i>	
CFC 1 - 4 construction	112,048
CFC 5 Construction permit, taxes & insurances	1,480
CFC 5 HQP competition	722
CFC 5 Staff relocation	2,900
CFC 6 External Support Services	5,875
CFC 6 CDTK fees	19,932
CFC 6 General contractor fees	4,600
CFC 8 Contingency	12,600
CFC 8 Escalation	560
<i>Categories not eligible by the loan</i>	
CFC 9 Movable furniture	4,030
CFC 9 Active ICT	5,166
Initial staffing cost until December 2018	226
<b>Total Project Cost</b>	<b>170,139</b>
Host Country Loan <sup>1</sup>	150,000
Donations and sponsorships agreed	15,140
Dedicated Fund: Budget surplus 2018	5,000
<b>Available budget including all funding sources</b>	<b>170,140</b>

1- Subject to approval of loan request by the Host Country

**Direct Costs**

Department	Description	Cost	Duration	Schedule	Potential Funding Sources	
					Surplus 2019-2023	Draft Financial Plan 2024-2027
SPM	Temporary P3-level for internal and external communications related to the new building construction to address proposed communication strategy.	150K/year	6 years	2020 to 2026	600K	300K
ISD	Additional services desk support for staff.	70K/year	4 years	2023-2026	70K	210K
ISD-SSD	Cost for additional security guards during construction.	460K/year	4 years	2023-2026	460K	1,380K
HRMD	Use of an individual consultant/s for the design of a "Staff Working Condition Strategy and Implementation Plan" (over 1 year), and during the implementation phase the support of an individual consultant/s (over 3 years).	300K Additional implementation work will be accomplished by our existing HRMD resources.	4 years (split over the entire relocation and construction period)	2020-2026	Use of existing resources	300K
FRMD	Dedicated resource during construction phase for invoicing and change order process	Use of existing resources	3 years	2024-2026	-	Use of existing resources
C&P	Conference and meeting coordinator to liaise with staff and project team during construction phase	Use of existing resources	4 years	2023-2026	Use of existing resources	Use of existing resources
ISD	AV specialist/consultant to liaise with construction company and equipment supplier	Use of existing resources as far as possible	2 years	2025-2026	-	Use of existing resources as far as possible
ISD	Development of file classification and retention policy to move towards a paperless environment. Cost for scanning of documents to be retained and saved as electronic versions	1,070K	2 years	2021-2022	1,070K	-
JUR	Notary fees for support in establishment of new easement installments	100K	Over entire project duration	2020-2026	50K	50K
FMD	Cost for decluttering/disposal of old furniture, etc.	Included in regular budget		2021-2022	Included in regular budget	-
Contingency	Unforeseen for Bureaux/GS	100K	4 years	2023-2026	25K	75K
<b>TOTAL</b>					<b>2,275K</b>	<b>2,315K</b>

## Indirect Costs

## **SUMMARY OF COSTS:**

**New Building Project Cost for the building to be functional and ready to move in:**

<b>New Building:</b>	<b>CHF 157,539,000</b>
<b>Contingency for unforeseen (8%):</b>	<b><u>CHF 12,600,000</u></b>
<b>TOTAL:</b>	<b>CHF 170,139,000</b>

**Organizational costs to accompany the New Building Project:**

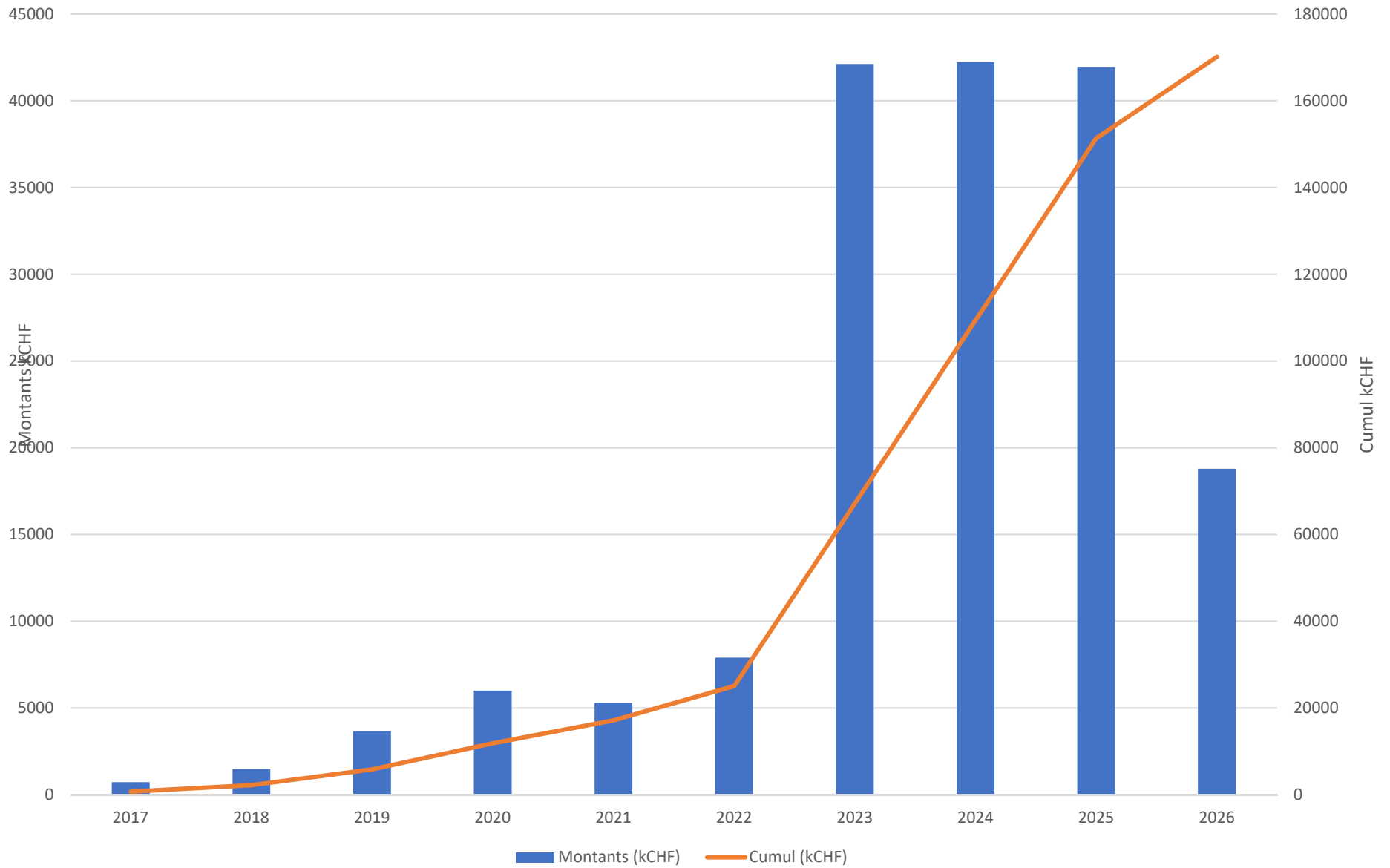
<b>Indirect Costs 2019-2023</b>	<b>CHF 2,275,000</b>
<b>Indirect Costs 2024-2027</b>	<b><u>CHF 2,315,000</u></b>
<b>TOTAL:</b>	<b>CHF 4,590,000</b>

**Total Project Costs**

## Estimation of worst-case at current project status (in CHF)

Risk Code	Risk Name	Risk Owner	Probability	Impact	Rate	Maximum Cost	Mitigation
0003	Unforeseen geotechnical localized conditions at start of excavation.	<i>BPD</i>	0.50	0.40	0.20	1'274'800	Ensure geotechnical survey is done prior to the start of the construction and sufficient test are done
0026	Problems with Swiss Loan second instalment.	<i>DSG</i>	0.50	0.40	0.20	5'030'000	Liaise with the FIPOI and the permanent representation of Host Country regarding Swiss loan second instalment approval. Anticipate questions / objections from the parliamentarians.
0066	Availability of conference facilities in Geneva during the initial construction period (approx. duration - 18 month)	<i>C&amp;P</i>	0.50	0.40	0.20	2'500'000	Provide complete calendar with ITU's conference room request as soon as possible. Seek for donor to host ITU conferences.
0074	Reduction of total project costs	<i>BPD</i>	0.50	0.50	0.25	2'795'000	Confirmation of estimated costs at the beginning of the next project stage.
0076	Security measures to be implemented outside the ITU construction parcel	<i>ISD-SSD</i>	0.50	0.40	0.20	6,000,000	Collaboration with security working group and local authorities
<b>TOTAL</b>						<b>17,599,800</b>	

# CASHFLOW BASE SUR PLANNING PREVISIONNEL CDTK DU 18/06/2019



**Project Expenditure 2017 - 2026**



**List of Annexes provided in the document:**

**Annex A - Risk Register**

**Annex B - Contingency Definition, Benchmark**

**Annex C - Estimation at Concept Design Stage**

**Annex D - Staff Relocation Feasibility Study**

**1- Cost estimate**

**2- Montbrillant floor plans, -2, 0 , 2 & 6**

**3- Tower typical floor plan**

**4- Tower floor plans -2, -1 & 0**

**Annex E - Input from the Staff Council**

**Annex F - Draft Decision**