INTERNATIONAL LABOUR OFFICE

Governing Body

GB.297/PFA/BS/3(& Corr.)
297th Session

Geneva, November 2006

Building Subcommittee

PFA/BS

FOR DECISION

THIRD ITEM ON THE AGENDA

Renovation plan of the headquarters building: Review of the independent study and financial plan

Introduction

1. The Governing Body at its March 2005 session [1] requested the Office to commission an independent technical study of the headquarters building and to consider further possible sources of financing for a renovation plan for the building.

2. At its March 2006 session, [2] the Subcommittee was informed of the outcome of the bidding process. An international firm of surveyors (Techdata SA) was selected in March 2006 to undertake the study. The completed study was submitted to the Office in August 2006. The study consisted of a comprehensive technical assessment of the renovation needs of the building, a proposal for a three-phase implementation plan and an estimate of costs.

Summary of the main findings of the study

General findings

3. The study found that the ILO headquarters building, which was opened in 1974, was structurally sound and was built in full compliance with the technical standards of that time. The study further revealed that in certain areas such as the choice of materials used, the modular layout of the internal space, the provision for incorporating new technologies and the protection against earthquake damage, the building was more advanced than the standards of that time.

4. The study concluded that some of the technical installations, equipment and materials in the building have deteriorated, come to the end of their useful lives, or would require replacement for reasons of safety and energy efficiency. Taking as a basis two earlier

[1] GB.292/9/1.

[2] GB.295/PFA/14.

independent studies [3] carried out by the Office on the presence of asbestos in the building which found that "the problem of asbestos in the ILO was not significant", Techdata SA undertook further investigation of this matter and their findings and recommendations are summarized in paragraph 13 below.

5. The Subcommittee should note that the terms of reference for the study excluded the restaurants and meeting rooms, which will be renovated separately. [4]

Technical findings

Fire safety [5]

6. The study identified that the building needed to be better compartmentalized to effectively impede the spread of fire and facilitate the safe evacuation of its occupants. For this purpose, the study recommended that fire barriers, emergency lighting, signage and fire detectors be either upgraded or replaced.

7. The study recommended the installation of a sprinkler system throughout the building and additional measures to protect certain steel supporting beams. The installation of such a sprinkler system would require the replacement of the false ceilings. This would in turn eliminate the need for additional stairwells and insulation of the concrete layers between floors.

Car parks

8. The study found that the concrete floors in the car parks have been damaged by chloride and that the reinforcement of the joints between the concrete floor slabs ("Gerber supports") has deteriorated and presented a structural threat to the building. The study identified these problems as requiring urgent remedial work. It recommended that this remedial work include measures to prevent future chloride infiltration. Measures were also recommended to improve floor traction and eliminate the risk of slipping. Improvements in lighting and road markings in the access areas to the car parks were also proposed.

Technical installations

9. The study recommended that the air-conditioning control mechanisms be replaced; it found that the pneumatic system of air regulation was obsolete and recommended that it be replaced by an electric system with thermostatic controls. These measures would reduce energy consumption, regulate and maintain a constant temperature throughout the building and enable the system to be managed remotely.

10. The study recommended the replacement of the entire plumbing system, which has deteriorated due to age and corrosion. This would also present opportunities for greater water conservation.

[3] Franchetti (2003): *Asbestos risk analysis (ILO)* and Carbotech AG Suisse (2004): *Asbestos air measurement tests (ILO).*

[4] GB.297/PFA/BS/2 and GB.292/PFA/9.

[5] Techdata SA based their review of fire safety in the ILO on a report and recommendations prepared by the Institut de sécurité de Neuchâtel (2005).

11. The study found the lighting and electrical systems to be obsolete and recommended their replacement. Further to the recommendation in paragraph 7 above concerning the installation of a sprinkler system and the replacement of false ceilings, the study recommended that the lighting system, electrical cables and distribution boards be replaced at the same time. These measures would also contribute to the reduction of energy consumption in the building and allow for the central monitoring and management of the distribution boards.

Internal areas in the building

12. In conjunction with the replacement of the false ceilings as recommended above, the study proposed that the inter-office wall partitions be replaced. The current partitions consist of two panels of agglomerated wood with an internal insulation panel containing asbestos-cement which was the recommended standard fire-retardant material used at the time of the construction of the building. As this internal layer is not exposed and is protected on both sides by 18 mm panels, health and safety risks would only arise if the protective panels were damaged.

13. The additional investigation of asbestos undertaken by Techdata SA referred to in paragraph 4 above, found that the floor tiles in the toilets and in some of the central filing areas have a 5-10 per cent chrysotile asbestos component. When the Office was informed of this, it immediately arranged for a specialized company with expertise in air-sampling and asbestos analysis to undertake tests in the building. The report prepared by this company confirms that all of the locations analysed were well below the maximum authorized threshold of 500 fibres per cubic metre; the result was less than 95 fibres per cubic metre and therefore not measurable. Notwithstanding these results which confirm that there is no health and safety risk associated with these tiles, the Office is now proceeding to implement a series of preventive measures, using the expertise and services of a specialized company and an independent consultant engineer, to seal any damaged or worn tiles. In accordance with the recommendation of the study, all the affected tiles would be replaced in the course of phase III of the renovation. Special expertise and safety procedures will be put in place to ensure their safe removal and to protect the health and safety of ILO staff and the workers involved in the removal.

14. The study contained a range of proposals on better use of space including the introduction of more open-plan areas, common service areas, improved archiving and storage areas, and fire-barrier safety zones. The recommendations on better design and layout of space are intended to improve the working environment and to facilitate better communication and more collaborative working arrangements in the Office. This better use of space would also create opportunities for third party rentals.

Lifts

15. The study recommended the complete refitting of 32 of the 33 lifts in the building for reasons of safety, improvements in the quality of service, and to reduce the high maintenance costs. The study recommended the replacement of all the cables, the lift machinery, the internal and external controls and switches, the safety equipment, electrical and light fittings. The outer frame of the lifts and the guide rails could be retained.

External areas of the building

16. The study found that the roof of the main building and the roofs of the east and west terraces were in need of urgent repair and recommended that they be renovated as a matter

of priority. It recommended that the roofs of the north and south terraces be repaired during phase III.

17. The study recommends that the ground-level floor (R1 north and central) immediately above the underground parking areas should be insulated to prevent heat loss and conserve energy.

18. The study found that the joints between the window frames and the concrete facade were ineffective in terms of insulation. To correct this, it recommended that internal insulation and seals be fitted below each window. This measure would have the additional advantage of isolating the reinforced concrete panels, which contain asbestos fibres. Removal of these panels is not recommended by the study because of their inaccessibility and the minimal risk as the asbestos is sealed within the concrete panels.

19. The study found that the double glazing was reaching the end of its useful life and should be replaced. It revealed a number of problems, including defective seals, a low insulation coefficient, and no protection in the event of an explosion. In addition, the study recommended that safety should be improved by ensuring that windows only open partially at the top by tilting.

20. The external blinds on the windows are regularly damaged by storms and high winds and have to be constantly repaired or replaced. The study proposed that this problem be addressed when replacing the double glazing as recommended above. This would require replacing all the blinds and enclosing them between the two panes of glass. They would also be linked to a centralized control system, which would enable them to be raised and lowered electronically.

Renovation plan

21. The study proposed a renovation plan consisting of three overlapping phases as follows:

Phase I (2007-09)

Specified urgent repairs.

Preparation of a master plan.

Bidding and contract administration processes for phases II and III.

Phase II (2009-13)

All work associated with the medium-term renovation.

Phase III (2009-16)

All work associated with long-term renovation.

22. The study proposed the preparation and completion of a master plan before any work starts under phase II. This master plan should aim to avoid any relocation of staff to premises outside the headquarters building. The quality of the master plan will have a direct impact on the standard, duration and cost of the overall project.

Costs and planning

23. The estimated total cost of the renovation is 119.5 million Swiss francs. No provision is made for inflation. The total estimate includes the direct costs of 91.6 million Swiss francs as detailed below for each of the three phrases and provision for:

– professional fees and expenses (preparation of master plan, bidding and contract administration and technical supervision of work), initial outlays and insurance (12.3 million Swiss francs representing 13.5 per cent of the direct costs);

– unforeseen costs (15.6 million Swiss francs representing 17 per cent of the direct cost. The industry standard in Switzerland for unforeseen costs is set at between 15 and 20 per cent of direct costs).

24. The breakdown of direct costs under each of the three phases of the plan is set out below.

Phase I: Urgent repairs (2007-09)

- 2.1 million Swiss francs to restore the concrete joints ("Gerber supports") in the car parks.
- 3.9 million Swiss francs to redo the roof of the main building and the east and west terraces.
- 0.3 million Swiss francs to refit two service lifts (one located on the north side and one on the south side of the building).

Phase I: 6.3 million Swiss francs.

Phase II: Medium-term renovation work (2009-13)

- 2.2 million Swiss francs to refit 16 lifts and one service lift in the kitchen area.

Phase II: 2.2 million Swiss francs.

Phase III: Long-term renovation work (2009-16)

Car parks

- 5.1 million Swiss francs to treat the concrete, address the carbonization and chloride corrosion, and apply a layer of resin to the surface of the floors.
- 1.3 million Swiss francs to install a sprinkler system.
- 0.4 million Swiss francs for lighting and road marking.

Total for car parks: 6.8 million Swiss francs.

Remaining roof areas

- 5.1 million Swiss francs to redo the roofs of the north-end and south-end terraces.

Total for remaining roof areas: 5.1 million Swiss francs.

Building

- 17.6 million Swiss francs to refurbish floors 1-11 of the central area of the building.
- 17.7 million Swiss francs to refurbish floors 1-11, south end of the building.
- 17.6 million Swiss francs to refurbish floors 1-11, north end of the building.
- 16.1 million Swiss francs to refurbish the service floors (S2-R3).
- 0.5 million Swiss francs to treat concrete damaged by carbonization.

Total for refurbishment of floors: 69.5 million Swiss francs. [6]

Lifts

- 1.7 million Swiss francs for refitting the 14 remaining lifts.

Total for remaining lifts: 1.7 million Swiss francs.

Phase III: 83.1 million Swiss francs.

25. The following table summarizes the total costs of the renovation plan.

Cost (million Swiss francs) not including tax	Work	Fees and expenses	Unforeseen expenses	Total
Phase I	6.3	6.3	1.9	14.5
Phase II	2.2	0.2	0.3	2.7
Phase III	83.1	5.8	13.4	102.3
Total	91.6	12.3	15.6	119.5

26. The chart presented in Appendix I gives the sequence for the three phases of the plan envisaged over a ten-year period together with the estimated costs.

Financing options

27. Financing to implement this renovation plan will be required over a period of time and as such, different sources of financing must be considered.

28. The Building and Accommodation Fund (BAF) has a balance of 8.1 million Swiss francs including an amount reserved for the maintenance of headquarters technical installations of 4.5 million Swiss francs. The Subcommittee has previously indicated its support for a more realistic level of funding of the BAF at an annual rate of 1 per cent of property values. Under this methodology and based on the current age of other ILO-owned properties, an accumulated amount of 1 million Swiss francs should be retained in, or replenished to, the BAF in respect of these properties.

[6] The cost of refurbishing the different floors is broken down as follows: 72 per cent for sprinkler system, safety (including the removal of asbestos as recommended by the study) and internal office fixtures; 28 per cent on heating, lighting, electrical work and water and plumbing.

29. It may be possible to sell surplus land belonging to the ILO adjacent to the headquarters building and to renounce the leasehold on an adjoining property. The sale of the surplus land could realize between 35 to 45 million Swiss francs. Appendix II includes an annotated plan identifying the two parcels of land, which could be sold (Nos. 4057 and 3844) and the parcel of land on which the leasehold could be renounced (No. 3924).

30. The balance of the resource needs identified in the study (between 66.4 and 76.4 million Swiss francs) would not be required until 2011 and could be sought from one or more of the following sources:

(a) An interest-free loan amortized over 50 years: this would be similar to the arrangement now applying to the initial construction costs of the headquarters building, which would require an annual budgetary charge up to 1.53 million Swiss francs. As previously reported, informal consultations with the host government indicate that such a loan to cover renovation costs is unlikely to be approved. Other member States could consider offering or contributing to such a loan facility under similar terms.

(b) Voluntary contributions from member States: such contributions would not require repayment and would reduce the borrowing requirement and subsequent interest and amortization charges to the budget.

(c) A one-off assessment on member States: this would be allocated among member States in accordance with the approved scale of assessments.

(d) A commercial loan: at current interest rates and assuming a 30-year amortization (the current maximum offered by one banking partner), the budgetary impact in the first year [7] would be up to 5.5 million Swiss francs. In addition, administrative and legal costs of establishing the secured loan could amount to some 3 million Swiss francs.

31. The study envisages that at the completion of the renovation work, additional space would be available in the building to lease to third parties. At current rental rates, the potential annual income is estimated at 300,000 Swiss francs. In accordance with the Financial Rules and Regulations, any rental income, net of charges, would be credited to the BAF and reduce the required budgetary provisions in future biennia.

32. The study recommended that the urgent structural work identified under phase I be undertaken without further delay. It further recommended that this work be undertaken irrespective of decisions that may be made subsequently on the implementation of phases II and III. In addition to the estimated direct costs of 6.3 million Swiss francs identified in paragraph 24, professional fees and expenses of 850,000 Swiss francs and a provision of 500,000 Swiss francs for unforeseen costs must be taken into account. Therefore, the total estimated cost for the urgent work is 7.7 million Swiss francs. The Office is proposing that funds available in the BAF be allocated for this purpose.

33. Approval is being sought for the Office to offer for sale the land identified in Appendix II and to credit the net proceeds of the sale to the BAF to partially offset the overall cost of the renovation. Approval is also being sought to renounce the leasehold on the parcel of land identified in Appendix II.

34. The Office will report to the Subcommittee during the 298th Session (March 2007) and subsequent sessions of the Governing Body on progress made and seek further authorizations as necessary.

[7] The amount would abate in subsequent years due to the declining amount of the loan.

35. ***The Subcommittee may wish to propose that the Programme, Financial and Administrative Committee recommend to the Governing Body that:***

- ***up to 7.7 million Swiss francs of the cost of the urgent repairs identified in phase I of the renovation of the headquarters building be charged to the Building and Accommodation Fund;***

- ***the Office be authorized to offer for sale the surplus land located at Geneva and identified in Appendix II (parcels 4057, 3844); and***

- ***the Office be authorized to renounce the leasehold on the parcel of land located at Geneva and identified in Appendix II (parcel 3924).***

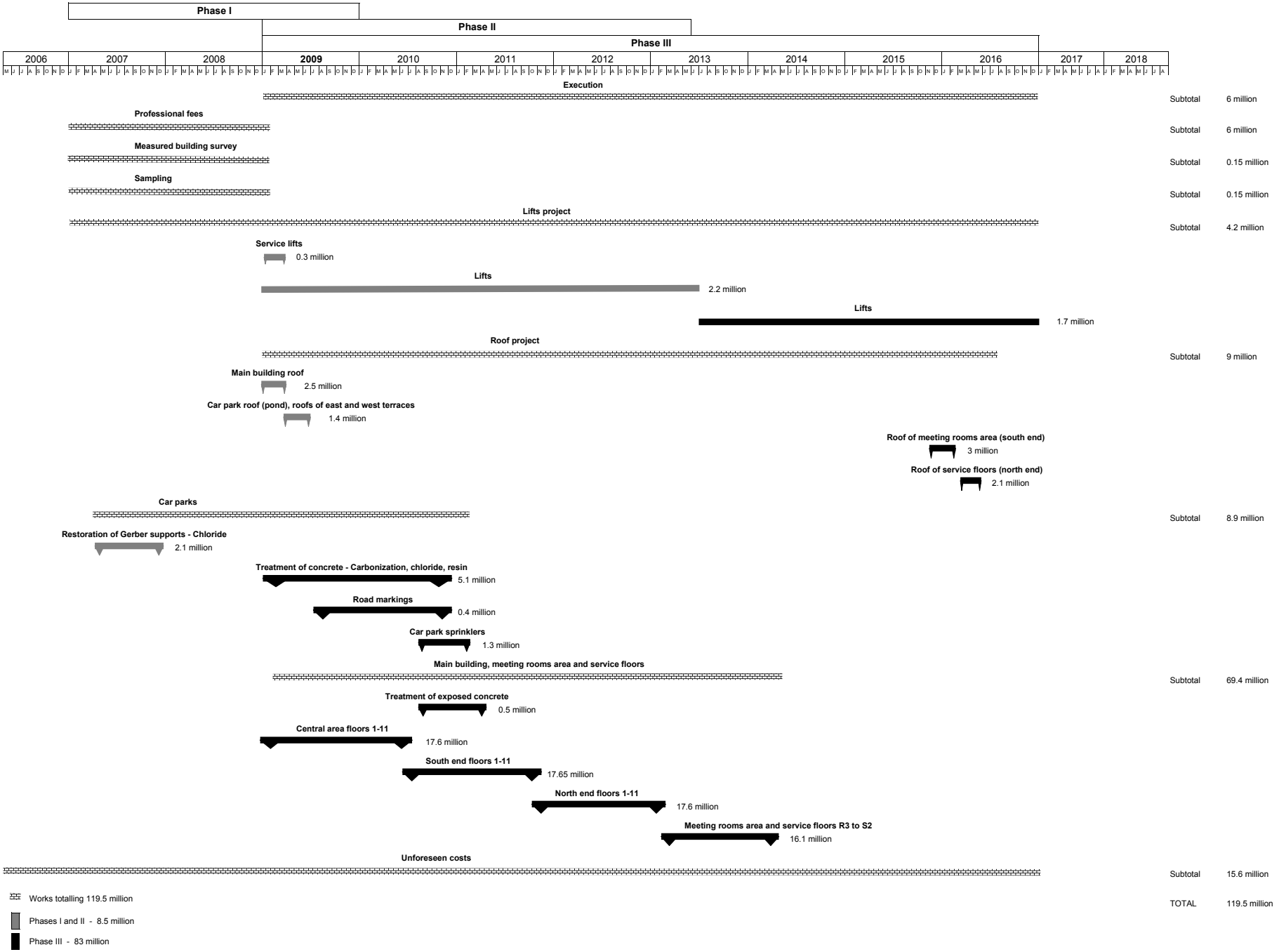
36. ***The Subcommittee may also wish to invite the Programme, Financial and Administrative Committee to propose that the Governing Body recommend to the International Labour Conference at its 96th Session (June 2007) that in derogation of article 11.1 of the Financial Regulations the net proceeds from the sale of land in Geneva, Switzerland, be credited to the Building and Accommodation Fund and that it adopt a resolution in the following terms:***

> ***The General Conference of the International Labour Organization decides, in derogation of article 11.1 of the Financial Regulations, to credit the net proceeds of the sale of land in Geneva, Switzerland, to the Building and Accommodation Fund.***

Geneva, 20 October 2006.

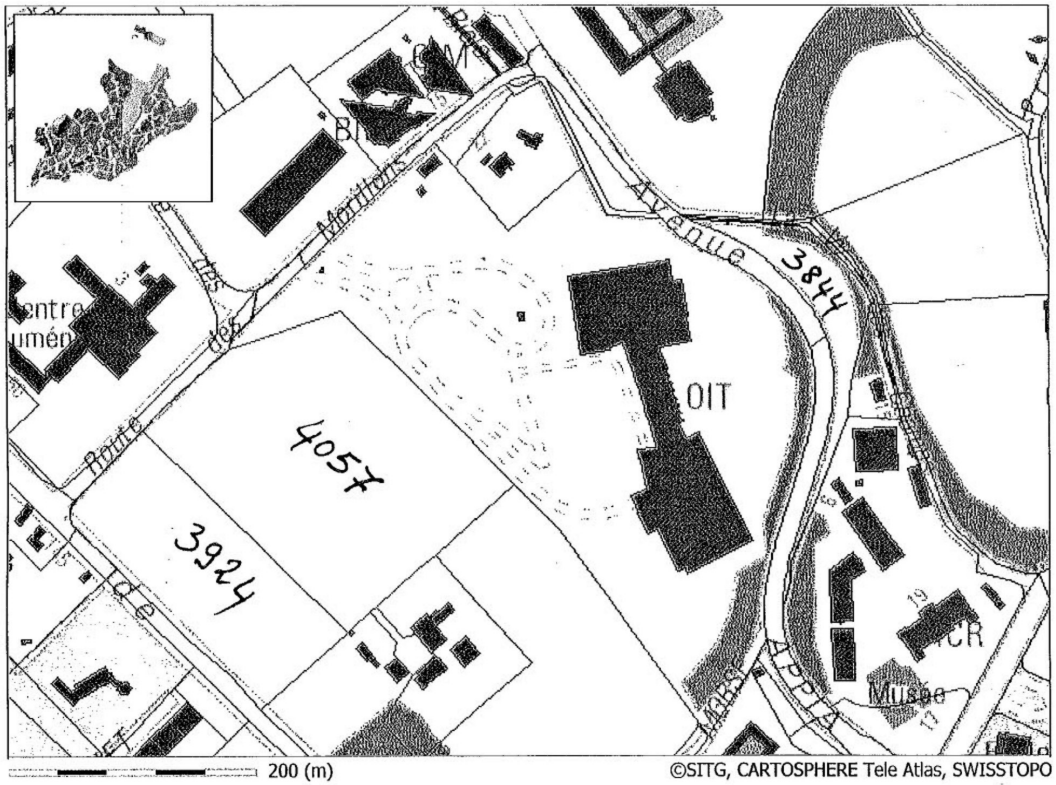
Points for decision: Paragraph 35;
Paragraph 36.

Appendix I



References: INTER/RD/August 2006.

Appendix II



Annexe II : 4057, 3844, 3924
échelle 1:4771

date: 29.9.2006

légende

Bâtiments hors-sol

Parcelles (Immeubles Biens-Fonds)

fond de plan

PLAN DE VILLE, PLAN D'ENSEMBLE

coordonnées

 Xmin=498856
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