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Programme budget for the biennium 2010-2011

Revised estimates relating to the programme budget for the biennium 2010-2011 under section 20, Economic and social development in Latin America and the Caribbean, related to the relocation of the subregional headquarters in Mexico

Report of the Secretary-General

Summary

The increased risk posed to United Nations staff as a result of natural disasters and malicious acts has led to a study by the Security and Safety Section of the Economic Commission for Latin America and the Caribbean (ECLAC) on the effects of seismic activity in the region, as well as a security risk assessment conducted by the Department of Safety and Security on the security situation in Mexico. The findings of both the study and the survey are that the current location of the ECLAC subregional headquarters in Mexico places United Nations staff at high risk in the event of a major earthquake and/or fire, and at medium risk in the event of a car bomb or an illegal occupation such as an office break-in or a hostage incident.

Those risks are of serious concern and should be considered in the context of the vast destruction and loss of human life resulting from the earthquake in Haiti in January 2010 and the devastating outcome of the earthquake in Chile in February 2010. On that basis, the Secretary-General proposes to relocate the subregional headquarters in Mexico to a site that meets the minimum operating security standards, at an estimated cost of \$1,758,800.

The present report includes an analysis of office space requirements for the ECLAC subregional office and the United Nations agencies, funds and programmes, as well as other United Nations entities, that share office space and services in the current building and have expressed the willingness to relocate to new premises. The analysis is based on a survey of needs conducted throughout 2009.



The General Assembly is requested to authorize the Secretary-General to enter into commitments up to an amount of \$1,758,800 under the programme budget for the biennium 2010-2011. The relevant expenditure performance will be reported in the context of the second performance report on the programme budget for the biennium 2010-2011.

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I. Introduction

1. The present report provides information regarding the need to relocate the subregional headquarters of the Economic Commission for Latin America and the Caribbean (ECLAC) in Mexico City, based on the successive safety and security risk assessments conducted with respect to the current office building. The report also provides an analysis of office space requirements for the ECLAC subregional headquarters and the United Nations agencies, funds, programmes and other entities sharing office space and services in Mexico City, as well as the financial requirements for moving United Nations staff to a new location.

II. Security and safety considerations for relocation

2. Since 1974, the ECLAC subregional headquarters office in Mexico City has been housed in the office building located at Avenida Presidente Masaryk 29, Mexico City. The rented 17-story building has been shared with the Department of Safety and Security and other United Nations agencies, funds and programmes in Mexico City under the United Nations common house concept. United Nations agencies, funds and programmes that have been located in the building include: the United Nations Development Programme, the United Nations Information Centre, the United Nations Development Fund for Women, the United Nations Population Fund, the United Nations Conference on Trade and Development, the United Nations Environment Programme, the Office of the United Nations High Commissioner for Refugees, the secretariat of the United Nations Convention to Combat Desertification and the International Civil Aviation Organization. The total amount of space rented by the United Nations has averaged 5,000 square metres. The administration of the common services has been undertaken by ECLAC, as lead agency in Mexico City. In that capacity, ECLAC signed the lease agreement on behalf of the United Nations.

3. Mexico has a long history of destructive earthquakes and volcanic eruptions. Situated atop three of the large tectonic plates that constitute the Earth's surface, Mexico is one of the most seismically active regions in the world. The motion of the plates causes earthquakes and volcanic activity. Within the city's boundaries there are two active volcanoes, one of which showed renewed activity in 1995 and 1996, causing concern on the part of seismologists and Government officials about the possible effects of a large-scale eruption on the heavily populated region nearby.

4. In September 1985, an earthquake measuring 8.1 on the Richter scale killed more than 4,000 people in Mexico City. In the recent past, several earthquakes of lesser magnitude have hit the region, causing varying levels of destruction. The Masaryk building, which is now 35 years old and withstood the 1985 earthquake, shows evidence of structural failures, mainly in its facade. As a result of that earthquake, the country's structural codes have been changed and construction requirements are now more stringent than those that were in effect when the design and construction of the Masaryk building were undertaken.

5. In addition, as highlighted by the Department of Safety and Security, the security situation in Mexico has deteriorated as a consequence of the drug-war violence, which has claimed more than 28,000 lives since December 2006.

6. In response to those factors, a number of security and risk assessments of all United Nations premises throughout the world have been conducted since 2004.

Those assessments have shown that the current premises of the ECLAC subregional headquarters in Mexico City do not meet the identified minimum operating security standards of the United Nations.

7. Subsequent risk assessments and reports issued by the Department of Safety and Security regarding the Masaryk building have raised concerns about the elevated level of risk, especially in the event of a major earthquake or fire. According to those reports, the impact on United Nations staff would be critical, since the appropriate mitigation measures have not been put in place by the landlord.

8. ECLAC has worked together with the landlord of the Masaryk building to mitigate the identified risks, but some of them pose a significant safety hazard. The presence of an underground parking garage, a restaurant and other public amenities (including a bank, a financial firm, a consulate and the headquarters office of a major car dealer) greatly increases public flow into the building. Not all vehicles parked in the building are required to undergo proper security screening, which exposes the offices and staff of the United Nations to a high level of security risk.

9. Moreover, the structural weaknesses of the building and the fact that its evacuation routes are limited have been highlighted in the security reports as evidence of non-compliance with United Nations safety guidelines in an area of increased seismic and volcanic activity. Neither of those safety and security considerations can be diminished or altered, and both represent a risk for staff members working on the premises. That risk is of serious concern and should be considered in the context of the devastating outcome of the February 2010 earthquake in Chile, which greatly damaged the ECLAC main office building in Santiago, and of the vast destruction and loss of human life resulting from the January 2010 earthquake in Haiti.

10. All risk assessments conducted have resulted in the recommendation that the United Nations offices be moved to a location compliant with the Organization's minimum operating security standards. The Resident Coordinator, the United Nations country team and the Department of Safety and Security have identified as feasible alternatives a small number of buildings that have become available on the market. However, whenever a building compliant with the minimum operating security standards has been identified, its lease price has been far above the affordable range for most of the United Nations tenants.

III. Research on office space requirements for ECLAC and other United Nations entities

11. Throughout 2008 and 2009, ECLAC, together with the United Nations country team, participated in a coordinated exercise in Mexico City to identify a property that could serve as a United Nations common house. However, the property that was finally proposed by the country team was deemed technically unacceptable by ECLAC facilities engineers, architects and security evaluators, as well as by the United Nations Staff Union in Mexico.

12. As the country team did not identify suitable alternative properties on the local market that could meet the standards required for a United Nations common house, ECLAC decided to explore additional options for relocation. Throughout the process of evaluating the new options, ECLAC took into consideration, inter alia,

suitability for accommodating other United Nations agencies in the future should they choose to move in and share services with ECLAC.

13. By early 2010, ECLAC had concluded a comprehensive sourcing exercise to identify a suitable office building for the relocation of its subregional office in Mexico. A total of 33 buildings were evaluated by a panel of ECLAC experts and Department of Safety and Security staff. However, the most suitable building identified as a result of the exercise was subsequently taken off the market and leased by the host Government. Some of the evaluated buildings are still available. In the meantime, ECLAC has continued to monitor the market and has noted the availability of a new building on Boulevard Miguel de Cervantes Saavedra that meets the Commission's space, location and security requirements and is within an acceptable price range. A team of facility experts and security staff will review all available spaces/buildings on the market as soon as financing is approved.

14. The Masaryk building lease is due to expire at the end of March 2011. It is now of the utmost importance that the current situation be reassessed and that the need to relocate the ECLAC subregional office to new and secure premises be addressed.

15. The United Nations Development Programme, the United Nations Development Fund for Women, the United Nations Environment Programme, the Department of Safety and Security, the United Nations Population Fund, the United Nations Conference on Trade and Development and the United Nations Information Centre have already moved out of the Masaryk building.

IV. Space requirements for the new location of the ECLAC subregional headquarters

16. ECLAC currently rents approximately 2,400 square metres of office space, distributed over five floors, for some 75 staff holding regular budget posts, 3 staff serving in posts on loan from the ECLAC office in Santiago, 7 staff holding general temporary assistance positions (both extrabudgetary and regular budget) and 5 other staff (consultants, individual contractors and interns). The space requirements have been reconfigured in accordance with the new guidelines for office space and common space, as reflected in tables 1 and 2, respectively.

Table 1
Office space

<i>Post level</i>	<i>Number of staff</i>	<i>Individual space</i>	<i>Total space</i>
		<i>Square metres</i>	
D-1	1	17.8	17.8
P-5	4	13.4	53.6
P-4	10	9.3	93.0
P-3	8	9.3	74.4
P-2	9	9.3	83.7
GS (LL)	53	8.2	434.6
Consultants, individual contractors and interns	5	6	30.0
Total	90	—	787.1

Table 2
Common space

<i>Type</i>	<i>Square metres</i>
Reception	35
Meeting rooms (3)	100
LAN room	12
Library	130
Coffee station/cafeteria	50
Supply storage	20
Auditorium	180
Filing room	20
Copy and printing area	8
General storage	40
Publication sales area	30
Cleaning storage	15
Server room	15
Reproduction/printing room	33
Library storage	75
Circulation space	300
Total	1 063

17. In order to meet the requirements of the ECLAC subregional office, 1,850.1 square metres of office space would be needed.

V. Project schedule

18. It is estimated that the project will take seven months from the time of contract negotiation to the time of staff relocation, as reflected in the figure below.

	<i>Month 1</i>	<i>Month 2</i>	<i>Month 3</i>	<i>Month 4</i>	<i>Month 5</i>	<i>Month 6</i>	<i>Month 7</i>
Negotiations							
Procurement of services							
Project and construction management contract							
Designing period							
Procurement of goods							
Alteration works							
Final testing/acceptance of work and staff relocation							

VI. Resource requirements

19. For more than 10 years, the Resident Coordinator has been negotiating with the Government of Mexico to assist in finding a suitable office building for the United Nations. Thus far, however, the results have not been encouraging.

20. Based on the evaluation of 33 buildings conducted in 2009 and mentioned in paragraph 13, for which the real estate agent provided consultancy engineering and architectural services to estimate the requirements for converting a building/space into suitable office space with proper infrastructure, the estimated total cost of relocating the ECLAC subregional headquarters in Mexico City is \$1,758,800. That figure, which is broken down by object of expenditure in table 3, will cover the following requirements:

(a) Travel of staff (\$40,000). Covers travel by technical staff from Santiago at various critical stages to inspect and ensure compliance with regard to facilities, information technology, security and procurement;

(b) Contractual services (\$92,500). Covers moving costs and fees for two consultants with the technical expertise to oversee and manage the project, each for a period of three months;

(c) Furniture and equipment (\$630,100). Covers the procurement of:

(i) A dedicated generator and an uninterruptible power supply. Although all buildings in Mexico are equipped with emergency generators, which usually suffice for emergency lighting, such a generator would not fulfil the Commission's requirement that operating systems be kept running during the power outage. Therefore, the installation of a dedicated generator and an uninterrupted power supply will be required to ensure sufficient capacity to meet data centre, telephone and information technology requirements in order to support human resources databases and finance systems;

(ii) Office partitions to create office space in accordance with the new office space guidelines. The current partitions are not reusable, as they are 30 years old, and a significant percentage of the office space in the current building is subdivided by hard walls;

(iii) Workstations to replace some of the existing metal desks, which are not only old, but also unsuitable for modular office space, which would allow for the efficient use of space;

(iv) Access control equipment and safety systems, including card readers, an X-ray machine, closed-circuit television, a control centre, evacuation signs and smoke detectors;

(d) Construction, alteration and maintenance (\$996,200). Covers:

(i) Lowering ceilings to accommodate the installation of lighting and ducts for heating, ventilating and air conditioning, and installing lightweight ceiling tiles that will not fall and block evacuation routes in the event of an earthquake;

(ii) Installing office partitions, generators and uninterrupted power supplies;

(iii) Electrical and data wiring.

21. It should be noted that in Mexico, it is customary for the landlord to offer a grace period of three to four months with regard to the payment of rent. In addition, specific items, including a dedicated generator, a local area network room for business continuity purposes, and a security access control system, can be negotiated with the landlord. These factors have been taken into consideration in the estimates.

Table 3
Requirements by object of expenditure
 (Thousands of United States dollars)

<i>Object of expenditure</i>	<i>2010-2011 initial appropriation</i>	<i>Change</i>	<i>2010-2011 revised estimates</i>
Posts	93 884.9	—	93 884.9
Other staff costs	2 244.5	—	2 244.5
Consultants and experts	1 441.6	—	1 441.6
Travel of staff	1 788.6	40.0	1 828.6
Contractual services	1 737.7	92.5	1 830.2
General operating expenses	7 565.8	—	7 565.8
Hospitality	31.9	—	31.9
Supplies and materials	1 226.9	—	1 226.9
Furniture and equipment	1 732.1	630.1	2 362.2
Construction, alteration, maintenance	—	996.2	996.2
Total	111 654.0	1 758.8	113 412.8

VII. Actions requested of the General Assembly

22. Should the General Assembly agree with the proposals contained in the present report, it may wish:

(a) To authorize the relocation of the ECLAC subregional headquarters to a secure location and the lease of 1,850.1 square metres of office space;

(b) To authorize the Secretary-General to enter into commitments amounting to \$1,758,800 under section 20, Economic and social development in Latin America and the Caribbean, of the programme budget for the biennium 2010-2011.