

173rd SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 29 September 2023

Provisional Agenda Item 5.1

CE173/6
14 September 2023
Original: English

REPORT ON THE MASTER CAPITAL INVESTMENT FUND AND ON THE MASTER CAPITAL INVESTMENT PLAN IMPLEMENTATION

Introduction

1. In 2023 the Pan American Sanitary Bureau (PASB) has continued the partial renovation project of the Pan American Health Organization (PAHO) Headquarters building, as reported in the Report on the Master Capital Investment Fund and on the Master Capital Investment Plan Implementation (Document CE172/21 [2023]). The project was based on the property condition assessment of the building conducted in 2014 and 2015 and summarized in the Report on the Master Capital Investment Fund and Reassessment of the Real Estate Projects in the Master Capital Investment Plan (Document CE156/24, Rev. 1 [2015]). The assessment reported key elements that needed updating and renovating in the building.

Status of the First Phase of the PAHO Headquarters Building Renovation

2. As reported in the Update on the Master Capital Investment Fund and on the Master Capital Investment Plan Implementation (Document CE171/6 [2022]), four of the projects identified in the 2015 assessment have been undertaken in the first phase of the PAHO Headquarters building renovation, including:

- a) *Upgrading heating, ventilation, and air conditioning (HVAC) systems.* New machine rooms were built to accommodate new, larger HVAC equipment. All new equipment was installed and is currently in operation on the second and tenth floors of the Headquarters building, in the Rotunda, and in the lobby area.
 - b) *Replacing and upgrading electrical equipment.* Outdated electrical equipment was replaced with new electrical switchgears in the Headquarters building. The installation required one week of electrical downtime in the building and the new equipment has been operating since mid-April 2023.
 - c) *Upgrading conference rooms and open spaces on floors 1, 2, and 10, including audiovisual equipment and systems.* All conference rooms on the second floor were fully renovated and audiovisual upgrades that provide hybrid meeting capability were installed. New microphones, interpretation consoles, and interpretation systems were also installed, and all interpreter booths were remodeled. Professional
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audio and video production capabilities and digital signage are available throughout public spaces. LED lighting was also installed. Additionally, conference rooms and open spaces were redesigned to provide accessibility to all.

- d) *Replacing the roof of the Rotunda.* The roof of the Rotunda was replaced.

Implementation of the First Phase

3. Table 1 below presents expenses pertaining to the first phase of the PAHO Headquarters building renovation as of August 2023. The first phase is nearing completion. The project has proceeded according to plan, with some variances in costs due to the age of the building's infrastructure and market price fluctuations over the past year. As outlined in Table 1, the total expenditure amounted to US\$ 27.3 million,¹ which was still within the \$28.7 million budget. The remaining balance will be fully utilized by the completion of the first phase, which is scheduled for 31 December 2023.

Table 1. Implementation, as of 31 August 2023
(US\$)

Description	Total
Design phase	2,045,521
HVAC & electrical	11,553,718
Renovation of floors 1, 2, and 10	8,348,397
Conference rooms/AV	5,397,476
TOTAL	27,345,112

Scope and Objectives of the Second Phase of the Renovation

4. Based on the Headquarters building assessment and on recommendations from PAHO engineering consultants, PASB has identified the following additional renovations as required to bring the building up to date and to make it more efficient, greener, and safer:

- a) *Replace HVAC systems on floors 3 to 9.* HVAC systems on floors 3 to 9 were last replaced between 2001 and 2002. The units have reached the end of their recommended life cycle, resulting in inefficient operation. In addition, replacement parts for those units are no longer available. It will require replacing ceiling mounted units with floor mounted ones, which allow for easier access and maintenance. It will also require replacing the ceilings to access and reconfigure piping and installing new LED lighting throughout the new ceilings.
- b) *Repair concrete in basement and sub-basement.* The ground floor and basement level structural slabs exhibit areas of spalled (chipped or peeled) and delaminated concrete. This deterioration indicates damage to steel from water infiltration. This project will include an evaluation of spalled locations and the identification of

¹ Unless otherwise indicated, all monetary figures in this report are expressed in United States dollars.

water leakage points. The original waterproofing has exceeded its lifespan and needs to be addressed to prevent potential damage or further deterioration. Furthermore, old drains in the former fountains (around the Rotunda), require maintenance and are likely causing the leaks. Because these fountains were changed to planters years ago, their waterproofing has also exceeded its lifespan. New waterproofing and a new protection board will be required.

- c) *Renovate all washrooms in the building.* This project will include the renovation of all washrooms on floors 2 through 10, replacing plumbing, floor and wall tiles, and fixtures. Other modifications to increase accessibility will be assessed.
- d) *Replace wood paneling and cabinetry on floor 10.* The walls on the tenth floor were covered with original wood paneling that was worn, scratched, thin, and dated. The paneling will be replaced to match the new wood paneling on the second floor. This project will also include replacing and redesigning the cabinetry.

Implementation of the Second Phase

5. The initial stages of the second phase of the PAHO Headquarters building renovation, which will consist of project design, equipment ordering, and repairs to the garage, will begin during the fourth quarter of 2023, as the implementation of the first phase winds down. The implementation of the second phase is expected to continue through 2024 with the completion of the HVAC systems installation, which is estimated to run from April to August of that year.

Budget Projection and Funding of the Second Phase

6. The total estimated cost for the second phase of the project is \$15.8 million, disaggregated between projects to be implemented in 2023 and those to be implemented in 2024, as shown in table 2 below:

Table 2. Second Phase Funding Requirements
(US\$)

Phase 2 – HQ Renovation	2023 Funding	2024 Funding	Total Cost
Architectural/engineering/AV design	830,000	360,000	1,190,000
HVAC floors 3–9	1,600,000	7,999,815	9,599,815
Washroom renovations	800,000	1,715,406	2,515,406
Floor 10 wood paneling & cabinetry	468,962	-	468,962
HQ parking—Structural repairs/water damage	2,100,000	-	2,100,000
TOTAL	5,798,962	10,075,221	15,874,183

7. In terms of funding, the Organization will use flexible funds (\$5.8 million) available in 2023 to continue with the second phase of the renovation. In 2024, PASB will use the Master Capital Investment Fund’s Real Estate Maintenance and Improvement Subfund for the remaining \$10.1 million.

Third Phase of Renovations

8. Based on recommendations from PAHO engineering consultants, in the future the Organization should aim to replace all original windows in the PAHO Headquarters building. The process recommended is known as reglazing and consists of replacing the original single pane windows with double pane ones, which provide thermal insulation by preventing transfer of hot and cold air into the building. This “third phase” project will further increase efficient energy use, as reported in Document CE171/6.

Conclusion

9. The additional work outlined above to be performed on PAHO’s 60-year-old Headquarters building is required. Completing the work while the first phase of the renovation is ongoing, is more cost-effective and efficient than delaying it. These necessary renovations will continue to improve safety for PAHO personnel and for guests, and will enhance the energy efficiency of the building’s HVAC systems. The renovations will also help the Organization to ensure a safe working environment for some years to come and will support PAHO’s objective to operate a green building that uses up-to-date, sustainable workplace practices.

Action by the Executive Committee

10. The Executive Committee is invited to take note of this report and provide any comments it deems pertinent.

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