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

Introduction

1. In 2024 the Pan American Sanitary Bureau has continued the renovation project of the Pan American Health Organization (PAHO) Headquarters (HQ) building, as informed in the Report on the Master Capital Investment Fund and on the Master Capital Investment Plan Implementation (Document CE174/25 [2024]). 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, renovating and replacing in the HQ building.

Status of the First Phase of the PAHO Headquarters Building Renovation

2. Phase 1 of the HQ Building renovation, which included replacement of the HVAC systems on floors 2 and 10, replacement of the electrical equipment throughout the building, audiovisual and other upgrades to the conference rooms on floors 2 and 10, and replacement of the Rotunda building roof, were completed in May 2024. The total cumulative expenses of Phase 1 from inception through completion were US\$ 28 410 426¹ as reported in Document CE174/25. Of this amount, \$1 184 634 was used for the final components delivered and implemented during the first quarter of 2024.

Status of the Second Phase of the PAHO Headquarters Building Renovation

3. The initial components of Phase 2 of the HQ Building renovation were completed during the first quarter of 2024, including replacement of the wood paneling, cabinetry and other millwork on floor 10, and urgent concrete repairs to the garage parking to correct water damage and other structural issues in the concrete slabs located in the basement and sub-basement.

4. Other major components of the Phase 2 renovation work include replacement of the heating and cooling (HVAC) system on floors 3 to 9, which were last replaced in 2002 and have reached the end of their recommended lifecycle, resulting in inefficient operation. New HVAC systems will remedy inoperable heating and cooling system components that have led to uneven heating and cooling on floors 2–10. Additionally, all restrooms in the building on floors 2–10 will be renovated, including replacing plumbing, tiles and fixtures. A detailed description of the components of Phase 2 is contained in Document CE173/6.

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

Additional Scope of the Second Phase: Interior Space Renovation, Floors 3–9

5. The Workplace Strategy project that was carried out in parallel with the HVAC system design between late 2023 and early 2024 provided relevant information on how to redesign the interior spaces on floors 3–9 to optimize collaboration, productivity and well-being of personnel, consistent with updated office space practices. This additional project scope, budgeted at \$5 858 216, includes new furniture for offices, workstations and collaboration areas; and new wall-to-wall carpeting; replacement of the IT network; and new glass wall partitions to increase the light distribution throughout each floor. It also includes updates to the cafeteria, providing a multipurpose dining and collaboration space for personnel. This additional scope will allow the work of HVAC replacement and interior space renovation to be carried out simultaneously, thus achieving savings in both time and costs, since demolition and installation of the HVAC systems and construction of new interior spaces will take place jointly.

6. The original estimated cost for Phase 2 in 2023 was \$15 874 183. In July 2024 the Phase 2 budget was revised upward by \$2 314 310 based on an increased cost estimate for the new HVAC equipment. Phase 2 of the HQ renovation, including the additional project scope, is expected to be completed by late 2025 with an updated budget of \$24 046 709, as shown below.

Table 1. Updated Budget of the Second Phase of the PAHO Headquarters Building Renovation (US\$)

Phase 2, Budget 2023/2024 – HQ renovation	Initial Budget	Revision	Additional Scope	Total
Design; contractor; project manager fees	1 180 000	665 267	589 335	2 434 602
Parking garage repairs, floor 10	2 468 962	-	-	2 468 962
Restroom renovation, floors 2–10	2 015 406	-	-	2 015 406
HVAC replacement, floors 3–9	9 009 815	1 499 043	-	10 508 858
Interior space renovation, floors 3–9	-	-	2 497 500	2 497 500
Office furniture replacement, floors 3–9	-	-	2 238 816	2 238 816
Subtotal	14 674 183	2 164 310	5 325 651	22 164 144
Contingency	1 200 000	150 000	532 565	1 882 565
Total	15 874 183	2 314 310	5 858 216	24 046 709

Future Headquarters Building Renovations

7. As reported in previous documents on the Master Capital Investment Fund and on the Master Capital Investment Plan Implementation (Documents CE173/6 and CE174/25), based on recommendations of the engineering consultants, the Organization should replace all original windows in the Headquarters building. This process, known as reglazing, consists of replacing single-pane windows with double panes that provide thermal insulation by preventing the transfer of hot and cold air into the building. This Phase 3 of the project will further increase energy efficiency and ensure a safe working environment.

Conclusion

8. The additional scope of the second phase of renovations to PAHO's HQ floors 3 to 9 is required, as the previous renovation of these floors took place in the early 2000s, therefore existing equipment is beyond its useful life. Completing the interior space renovation on these floors while the second phase of the renovation is ongoing is more cost-effective and time-efficient, given that demolition will already be underway. These necessary renovations will continue to improve the safety and well-being of PAHO personnel and visitors for 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

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