

Rejection of Headquarters' temporary relocation plan could cost UN \$400 million

United Nations News Service

12 October 2005 – With the United Nations landmark Headquarters on New York's East River in urgent need of renovation for structural, security and safety reasons, New York State's rejection of original temporary relocation plans threatens to add hundreds of millions of dollars to the final bill, the official in charge of the overhaul said today.

“So in the worst circumstances, a project which was \$1 billion is being talked at being \$1.5 billion,” Assistant Secretary-General Louis Frederick Reuter IV told a news briefing of the so-called Capital Master Plan (CMP) to renovate the building.

“It took a little while to really absorb this major body blow – I think I called it a red card tackle in front of the (General Assembly's Administrative and Budgetary) Fifth Committee on Thursday,” he said of the State legislature's failure to provide necessary approvals for the UN Development Corporation (UNDC) to develop a site, which the UN could temporarily rent, and finance it by selling bonds at tax-advantaged rates.

“It really took us out by our legs, we're laying in the grass with stains on our knees,” he added of the plans to relocate 5,000 staff over three or four years while the 50-year-old Headquarters building is brought up to all necessary code requirements.

“In an essence our strategy about where do I put people while I do what I know what I want to do began to dissolve,” said Mr. Reuter, an experienced United States architectural and health-care consultant and project manager appointed by Secretary-General Kofi Annan in July.

“We have, therefore, scrambled, literally, in the last few weeks to look at whether we could find other locations in the commercial real estate market within New York City.

“And what we have found, of course, is that we could find real estate opportunities to relocate the United Nations but that they are compared to our original cost of \$100 million, they are astronomically more costly, more on the order of \$400 million to \$425 million.”

Mr. Reuter said he was also bringing projected construction costs, which have come in at \$100 million over original estimates, back into line.