

# UNITED NATIONS

## GENERAL ASSEMBLY



GENERAL

A/1895/Add.1  
8 January 1952

ORIGINAL: ENGLISH

Dual distribution

Sixth session  
Agenda item 46

### HEADQUARTERS OF THE UNITED NATIONS

#### Supplementary report of the Secretary-General

1. In accordance with paragraph 16 of document A/1895 of 5 October 1951, a budget for the completion of the permanent Headquarters of the United Nations is now submitted to the General Assembly. An exhaustive study of the financial requirements beyond the 1947 figure of \$65,000,000 has been made. These requirements are set forth in schedule A, together with the reasons for the increases.
2. As previously pointed out, reductions have been made from time to time in the size and scope of the Headquarters project in an effort to remain within the 1947 budget. This has proved impossible because of worldwide increases in costs of material and because of labour shortages. Shortages entail construction delays, which in themselves are costly, with the result that construction costs generally are appreciably inflated.
3. Building costs in the New York area have risen an average of 19.4 per cent during the period from December 1947, when the project was approved, to the present time.<sup>1/</sup> The major part of this increase occurred after January 1949, when the construction programme was being accelerated and the major contracts were being negotiated. In spite of the adjustments in plans and in some instances the substitution of cheaper materials, it has not been possible to contain the inflated construction costs within the 1947 limit. However, it will be noted that the additional sum requested to complete the project amounts to less than 5 per cent of the total construction cost of the Headquarters. As an example

<sup>1/</sup> See Engineering News-Record, 1 November 1951

of comparable work in the area, the costs of construction being undertaken by the City of New York, in co-operation with the United Nations, immediately adjacent to the site, have shown an increase of 12 per cent.

4. The budget as it now stands requires an increased expenditure of \$3,000,000 and is distributed over the various contracts and undertakings as shown in schedule A.

5. The budget for the planning, construction and furnishing of the permanent Headquarters, together with other expenditures necessary for the completion of the Headquarters, is as follows:

<u>Summary of permanent Headquarters budget</u>	<u>Dollars</u> (US)
Demolition, excavation, surveys, tests, borings	849,100
Relocation of tenants	305,900
Foundations	3,394,400
Secretariat Building	22,308,730
South Parking Garage	1,768,700
Meeting Halls and cover over drive	12,377,550
General Assembly Building and North Parking Garage	12,582,200
Reconstruction of Franklin D. Roosevelt Drive and bulkhead	2,850,000
Library Building - acquisition and alterations	1,805,420
Furniture and furnishings	1,189,000
Telecommunications installation and equipment	860,000
Landscaping, fence, guard houses	1,380,000
Administrative costs	649,000
Architectural, design and planning	2,315,000
Engineering and supervision	3,365,000
<b>TOTAL:</b>	<b>68,000,000</b>

6. At 31 October 1951 a total sum of \$64,793,911 had been expended or obligated for the permanent Headquarters construction programme. A summary of such expenditures to 31 October follows:

<u>Expenditures to 31 October 1951</u>	<u>Dollars</u> <u>(US)</u>
Demolition, excavation, surveys, tests, borings	849,100
Relocation of tenants	305,900
Foundations	3,394,400
Secretariat Building	21,786,130
South Parking Garage	1,753,200
Meeting Halls and cover over drive	12,233,300
General Assembly Building and North Parking Garage	12,288,200
Reconstruction of Franklin D. Roosevelt Drive and bulkhead	2,723,723
Library Building - acquisition and alterations	1,805,420
Furniture and furnishings	892,153
Telecommunications installation and equipment	685,442
Landscaping, fence, guard houses	105,957
Administrative costs	524,874
Architectural, design and planning	2,196,410
Engineering and supervision	3,249,702
	<hr/>
TOTAL:	64,793,911

7. In order to alleviate the financial impact of this deficit on the Member States, it is proposed that the additional funds required be provided as follows:

- (a) That \$1,000,000 be voted as a supplemental budget item;
- (b) That authorization be given to draw upon the Working Capital Fund as required in an amount up to \$2,000,000.

At the seventh session of the General Assembly the exact amount required to reimburse the Working Capital Fund will be determined and provision made therefor at that time. Any savings that may be possible will then be reflected in reduced amounts to be withdrawn from the Working Capital Fund.

\*  
\*      \*

8. At its thirteenth meeting held on 7 January 1952, the Headquarters Advisory Committee considered the foregoing supplementary report of the Secretary-General in the light of construction progress as reported by the Director of Planning.

/The Committee,

The Committee, after an analysis of the information presented at this and previous meetings held during the past year, adopted, by 13 votes to 2, the following resolution:

"The Headquarters Advisory Committee,

"Having heard the reports of the Secretary-General and the Director of Planning on the progress of construction of the permanent Headquarters and on the financial aspects of such construction,

"Considering the shortages of labour and material and the rapid increase of building costs since the commencement of construction,

"1. Expresses its satisfaction with the progress of construction and with the efforts of the Secretary-General to effect economies, resulting in a final total cost which will represent a relatively small increase above the original estimate of 1947;

"2. Endorses the request of the Secretary-General for authorization to make any necessary additional expenditure not exceeding \$3,000,000 to complete the permanent Headquarters".

## SCHEDULE A

ANALYSIS AND JUSTIFICATION FOR INCREASES IN  
THE 1947 BUDGET FOR COMPLETION OF  
HEADQUARTERS PROJECT

	<u>Dollars</u> (US)	<u>Dollars</u> (US)
INCREASES AND JUSTIFICATION OF VARIATION IN BUDGET		
1. DEMOLITION, EXCAVATION, SURVEYS, TESTS, BORINGS		1,600
This increase is due to cost of property line surveys in connexion with the transfer and/or exchange of lands between the City of New York and the United Nations, resulting in assumption of street maintenance costs by the City.		
2. SECRETARIAT BUILDING		603,730
(a) Completion of the remaining four floors of the Secretariat Building. The cost of this work is not included in the Secretariat contract as it was planned to leave these additional floors unfinished for future expansion. As was pointed out to the Fifth Committee at the fifth session of the Assembly, the completion of these floors was necessitated by the creation of the Technical Assistance Administration and the Technical Assistance Board, the decision to continue the United Nations International Children's Emergency Fund, and the necessity of space for liaison offices for the specialized agencies.		
	416,630	
(b) Increase in cost of steel over original estimate	187,100	
3. MEETING HALLS AND COVER OVER DRIVE		377,550
Increase in cost of steel		
4. GENERAL ASSEMBLY AND NORTH PARKING GARAGE		1,582,200
(a) Increase in cost of steel	527,970	
(b) Claims from contractors. Claims from the cement contractors in the amount of \$312,000 have already been submitted. These claims are		

/based primarily

Dollars  
(US)

Dollars  
(US)

based primarily on delays in construction and erection resulting from shortage of steel, delays in fabrication, and shortage of labour for steel erection. Additional claims from the masonry, furring and lathing, and plastering sub-contractors have been filed with the United Nations, but no evaluation has been placed thereon as yet. The amount budgeted for is a conservative estimate to cover the cost of the present and known claims and other claims that will be submitted which have not as yet been priced.

500,000

(c) Overrun in the mechanical trades, namely, heating, ventilation, air-conditioning, plumbing, electrical, etc., as a result of increasing capacities or making other necessary changes in the system.

144,130

(d) The contract for the General Assembly Building was awarded in June 1950 and during this period there was a rapid rise in construction costs. Because of worldwide shortages of materials and labour appearing imminent at that time, it became necessary to insert an escalator clause in the contract for the protection of the contractor against the rising market. Many changes were made in the design of the building in order to keep down costs but these costs continued to rise faster than it was possible to redesign or omit work. On the final evaluation of the impact of these increased costs on work on the General Assembly Building, exclusive of the increase in the steel contract, it appears that this increase will amount to approximately 4 1/2 per cent on the sub-contractor's prices. Accordingly, this additional amount is budgeted herewith.

410,100

5. CONVERSION OF THE MANHATTAN OFFICE BUILDING  
FOR USE AS A LIBRARY

261,420

This conversion was not provided for in the 1947 plans. At the fifth session of the General Assembly, the Secretary-General submitted an estimate of \$500,000 for the cost of conversion of the Library Building. The Fifth Committee decided to postpone action on

/the item

Dollars  
(US)

Dollars  
(US)

the item until all the estimates for the completion of the Headquarters should be submitted. Since then the Library conversion plans have been revised in order to afford maximum economies, and the sum of \$500,000 has been reduced to the amount here shown.

6. FURNITURE AND FURNISHINGS

189,000

Much of the furniture required for the permanent site had to be purchased during the latter stages of the construction programme. The sharp rise in the prices of materials, such as lumber and metals, and labour costs, is also applicable to the construction of newly designed furniture. In addition, certain equipment in existence at Lake Success and Flushing Meadows, that was originally planned to be used on the permanent site, was found to be unserviceable and it became necessary to provide for this additional furniture. These factors are responsible for the increase in the furniture budget. This request is entirely independent of any budget submission by the Purchase and Transportation Division of the Department of Conference and General Services.

7. LANDSCAPING, FENCE, GUARD HOUSES

380,000

(a) As a matter of construction necessity, this work had to be designed at the last stages of operation. This item, therefore, has felt the full impact of the increased cost of material and labour since the original estimates were made. The rise in market costs have resulted in an estimated cost far in excess of the amount shown in the budget. It has been necessary to revise and reduce considerably the scope of landscaping to conform with the present budget submission, which represents the absolute minimum requirement for the landscaping of the site.

300,000

/(b) In addition

	<u>Dollars</u> (US)	<u>Dollars</u> (US)
(b) In addition to the landscaping item, the City of New York has passed a resolution proposing that a fence, 1446 ft. in length, be constructed around the Headquarters. Part of the fence (956 ft.) faces City property; the cost of this amounts to approximately \$120,000 and will be paid for by the City. The balance of the fence (490 ft.) is on United Nations property and will have to be paid for by the United Nations. The cost of the United Nations portion of the fence is approximately	50,000	
(c) Security requirements require the construction of two guard houses at the main entrances to the site. This will entail an additional cost of approximately	30,000	
8. (i) ARCHITECTURAL DESIGN AND PLANNING		69,000
(ii) ENGINEERING AND SUPERVISION		225,500

This additional cost resulted from the extension of the contractual architectural and engineering consulting services considerably beyond the period originally contemplated. It was intended that these services should be rendered concurrently for both the Meeting Hall contract and the General Assembly Building contract. Extended delays in the erection of steel under the General Assembly Building contract have resulted in the prolongation of these contractual services to complete the latter contract. In addition, wage increases have occurred, affecting these items.

DECREASE IN PREVIOUSLY BUDGETED ITEMS TO BE  
APPLIED AGAINST ABOVE LISTED INCREASES

The decreases in the 1950 budget result from (690,000)

(a) Reduction in costs of the rehabilitation and relocation of tenants, due to the sale of the property and the acquisition of net rents from the building during the period it was held by the United Nations;

/(b) Substantial



Dollars  
(US)

Dollars  
(US)

(b) Substantial saving in the cost of construction of the South Parking Garage as a result of a revision of plans and economies effected therein;

(c) Decreases in costs in connexion with the foundation work and reconstruction of the Franklin D. Roosevelt Drive as a result of slight revisions made therein.

NET INCREASE: 3,000,000

-----