

**COUNCIL**

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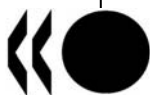
**OECD SITE PROJECT: BUDGET 2009**

*This document has been revised in the light of the discussion of the Executive Committee on 23 October 2008 [CE/M(2008)30/PROV, Item 189 i)]. Modifications, made in paragraph 11, appear in bold.*

*As proposed at the Executive Committee, if no objection is received by the Council Secretariat by 31 October 2008 c.o.b., the draft conclusions set out in this document will be considered approved on that date and so recorded in the Summary Record of the Council session of 4 November 2008.*

Michael Simmonds (01 45 24 80 57)  
Jean-Pierre Couchinave (01 45 24 13 62)

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## **Purpose**

1. This note informs Council of the adoption of the Site Project budget for 2009 at the previously adopted provisional level of K€ 17,696, in accordance with Council's decision on the Total Site Project Budget and Financial Framework [cf. C/M(2003)22, Item 337, and Annex I, Table 4 of document C(2003)114/CORR1].

## **Background**

2. When it approved the Total Site Project Budget and the Budget for 2004 in October 2003,<sup>1</sup> Council also adopted the provisional budgets for the years 2005-9, and agreed these would be adopted as the budgets for each year in question unless, prior to 31 October of the preceding year, Council decided otherwise. The budget for 2008 was adopted in this way unchanged in October 2007 [C/M(2007)14, Item 185].

3. The Secretariat sees no need for any change in the provisional (and final) budget for 2009. The project is moving toward its close, and is being completed on time and, at this stage, within budget (see paragraph 9 below). A full report on the project so far, and particularly the budget for 2007, was presented to Council in February 2008.<sup>2</sup> Since then Council has been kept up to date in developments through the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Quarter reports on the 2008 Budget,<sup>3</sup> and via reports from the Ambassadors Informal Group on the Site.<sup>4</sup> The information in these reports is not repeated here.

## **Budget 2009**

4. Annex I, Table 1 sets out the provisional budget for 2009, broken down for indicative purposes into the three main items of the site project – Construction (the renovation at La Murette), Temporary Accommodation (Tour Europe), and Other Costs. In fact, substantial new funds are only identified for the final Tour Europe expenses. Final construction costs are fully covered by funds carried forward from 2008 (as illustrated in Annex I, Table 4).

5. The main developments in 2008-9, other than the final payments on Tour Europe (rent and charges, fixed fee for early termination at end of 7<sup>th</sup> year of the 9 year lease, running costs, removals and returning the tower to the state as required in the lease), will be:

- completion of payments on the Conference Centre contract once agreement on the final account is reached; and any final fitting out corrections and adjustments by OECD, including, for example, possible adjustments of catering facilities in the light of experience;
- completion of payments on the Marshall Building renovation (expected to be delivered by November 2008), and on OECD fitting out in preparation for re-occupation end-2008;
- final corrections and adjustments to the Marshall Building to be carried out by OECD in 2009;

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1. Pour mémoire: Approved Total Site Budget of 298.5M€; 2008 Budget 49.45M€.

2. Document C(2008)17.

3. Documents C(2008)74, C(2008)141 and C(2008)173.

4. Council Room document No. 1 of 7 March and Note of the Ambassadors' Informal Site Group Meeting of 11 June 2008.

- final corrections outstanding on the Chateau (air conditioning in the main conference rooms, work on the façade 3<sup>rd</sup> floor not included in original project);
- landscaping and planting out the Chateau park, and the areas around the site as a whole; this is a major item of work required by the building permit, which OECD must complete, but which has been held back to ensure that the buildings are completed within Council's capped budget before this expenditure is committed;
- preparation for, and implementation of, the moves out of Tour Europe (December 2008 – February 2009).

### **Indicative Member Contributions for 2009**

6. Annex I, Table 2 sets out Members' indicative contributions for 2009, calculated for the moment on the basis of the scale of contributions applying in 2008. The contributions for 2009 will be adjusted as necessary once Council has approved the scale for 2009 (applying the traditional method for establishing the scale).<sup>5</sup> Approved budgetary funds will fully cover expected expenditure.

### ***Early payment***

7. Members are alerted to the importance of early payment of contributions in 2009. The Organisation will need most of these funds very early in the first quarter of 2009 – construction work will have finished and been paid for, and the final rent bill for Tour Europe, including the fixed fee for early termination of the lease, will have to be paid by then.

### **Total Budget, Expenditure and Planning**

8. To complete the information available to Members at this stage:

- Annex I, Table 3 provides a consolidation of the Total Site Budget for the project;
- Annex I, Table 4 summarises expenditure to date;
- Annex II provides an update of the overall schedule for the operation.

9. Council's attention is drawn to the following points:

### ***Budget:***

- a) At this stage, with virtually all the construction work executed, the Project may be considered to be on track to be completed within the total capped budget of M€ 298.5.<sup>6</sup> Risks are now significantly reduced but the following items remain: final settlement of the accounts with both the Conference Centre and Marshall Building contractors; unexpected problems that may emerge with the Marshall Building once in occupation (construction issues are normally

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5. Council has agreed that the "old" pre-2005 method of calculating the scale of contributions should be used for the lifetime of the Site Project, rather than the revised method agreed for the Part 1 Budget for 2005 onwards [C/M (2003)22, Item 337, f].

6. An overall Forecast Final Cost for the Project as a whole, compared to the Total Site Budget approved by Council, is prepared monthly and provided to senior management.

covered by the contractor's guarantee for the first year, and a further standard 10-year insurance).

- b) Looking forward, the Project Managers estimate today that the Construction element as a whole will be completed at a cost around 6% above the original 2003 indicative budget allocation for that element. This outturn will be compensated by savings on the Temporary Accommodation side of the overall capped budget.

### ***Planning***

- c) The schedule for the operation is presented at Annex II. Delivery of the Marshall Building in November 2008, and the move out from Tour Europe by March 2009, are absolutely in line with the scheduling presented to Council in 2003.

### **Final stages of the Project**

10. The 2009 budget is the last for the Site Project, and the contributions call up for 2009 will also be the last. Management of the Project will continue until all necessary works on the buildings concerned have been completed, reserves lifted, outstanding accounts settled, corrective works undertaken etc, including the landscaping of the Chateau gardens which, for timing of planting, will not be completed until spring 2010. Expenditure and new commitments will thus need to be made on the remaining Site budget funds until 2010. Executive Committee and Council will continue to receive regular reports as today.

### **Proposed Action**

- 11. In the light of the preceding, the Council is invited to adopt the following draft conclusions:

#### THE COUNCIL

- a) noted document C(2008)174/**REV1**;
- b) noted that, in accordance with the provisions of its 23 October 2003 decision [C/M(2003)22, Item 337], the 2009 Site Budget of K€ 17,696, as set out in Annex I, Table 1 of document C(2008)174/**REV1**, will have been adopted by Council on 1 November 2008;
- c) noted the indicative Member country contributions for 2009 set out in Annex I, Table 2 of document C(2008)174/**REV1**;
- d) **noted that document C(2003)114/CORR1, Annex 2, Table 2, indicated that interest on payments (2004-2008) under the Smooth Payment Schedule will offset 2009 contributions;**
- e) **noted that the final Member country contributions for 2009 would be revised in the light of subparagraph d) above.**

## Annex I

Table 1

**Site Project Costs****Budget for 2009**

(March 2001 values)

K-EURO

	<b>2009</b>
<b><u>Construction and Renovation</u></b>	
Construction All Buildings (including design and other fees)	0
Internal Project Management	329
Misc. Expertise	97
<b>Total Construction and Renovation (Nominal Terms)</b>	<b>426</b>
<b><u>Temporary Accommodation</u></b>	
<b>Total Temporary Accommodation (Nominal Terms)</b>	<b>13,029</b>
<b><u>Other Costs</u></b>	
Misc. items (incl. public communication)	-
<b>Total Other Costs (Nominal Terms).</b>	-
<b>Total Indexation (3.% &amp; 3.5%)</b>	<b>4,241</b>
<b>TOTAL COSTS</b>	<b>17,696</b>

## Annex I

Table 2

**SITE PROJECT - MEMBER COUNTRIES CONTRIBUTIONS**  
**2009 ESTIMATES**  
*All data in K EUR -*

<b>SMOOTHING</b>		<i>FINAL</i>	<i>Estimate</i>
<b>Scale of contributions</b>	<b>2008</b>	<b>2008</b>	<b>2009</b>
Austria	1.010	456	192
Belgium	1.265	571	240
Czech Republic	0.380	172	81
Denmark	0.835	377	160
Finland	0.654	295	124
France	6.987	3,154	1,325
Greece	0.792	357	167
Hungary	0.288	130	61
Iceland	0.100	45	18
Ireland	0.549	248	114
Italy	5.736	2,589	1,101
Japan	16.006	7,224	1,996
Korea	2.544	1,148	511
Luxemburg	0.104	47	19
Mexico	2.351	1,061	441
New Zealand	0.316	143	67
Norway	1.013	457	195
Portugal	0.577	260	114
Slovak Republic	0.143	65	30
Spain	3.692	1,666	764
Sweden	1.186	535	223
Switzerland	1.489	672	270
Turkey	0.898	405	179
United Kingdom	7.622	3,440	1,410
United States	24.975	11,272	4,415
<b>TOTAL SMOOTH PAYMENT</b>		<b>36,790</b>	<b>14,216</b>
<b>BUDGET BASED</b>		<i>FINAL</i>	<i>Estimate</i>
<b>Scale of contributions</b>	<b>2008</b>	<b>2008</b>	<b>2009</b>
Australia	2.229	1,102	394
Canada	3.703	1,831	655
Germany	9.515	4,706	1,684
Netherlands	2.162	1,069	383
Poland	0.879	435	156
<b>TOTAL BUDGET BASED</b>		<b>9,143</b>	<b>3,272</b>
<b>GRAND TOTAL</b>		<b>45,934</b>	<b>17,488</b>

## Annex I

Table 3

## Site Project Costs - Consolidation

**Total Budget per Year**

(March 2001 values)

K-EURO	TOTAL	Actual	Approved	Approved	Provisional
		2001	2002/2007	2008	2009
<b><u>Construction and Renovation</u></b>					
Construction All Buildings (including design and other fees)	121,428		96,287	25,141	0
Internal Project Management	4,183		3,271	584	329
Misc. Expertise	1,869	884	791	97	97
<b>Total Construction and Renovation</b>	<b>127,480</b>	<b>884</b>	<b>100,349</b>	<b>25,822</b>	<b>426</b>
<b><u>Temporary Accommodation / Operational Costs</u></b>					
<b>Total Temporary Accomodation</b>	<b>124,585</b>		<b>97,675</b>	<b>13,881</b>	<b>13,029</b>
<b><u>Other Costs</u></b>					
Misc. items (incl. public communication)	5,936	1,635	4,271	30	0
<b>Total Other Costs</b>	<b>5,936</b>	<b>1,635</b>	<b>4,271</b>	<b>30</b>	<b>0</b>
<b>Total Indexation (3.% &amp; 3.5%)</b>	<b>40,499</b>	<b>-</b>	<b>26,534</b>	<b>9,723</b>	<b>4,241</b>
<b>FINAL COSTS</b>	<b>298,500</b>	<b>2,519</b>	<b>228,829</b>	<b>49,456</b>	<b>17,696</b>
<b>FUNDED FROM SUCHET RESERVE</b>	<b>5,355</b>	<b>2,519</b>	<b>2,836</b>	<b>-</b>	<b>-</b>
<b>FUNDED FROM CONTRIBUTIONS</b>	<b>293,145</b>	<b>-</b>	<b>225,993</b>	<b>49,456</b>	<b>17,696</b>

## Annex I

Table 4

**Site Project Costs**  
**EXPENDITURE TO DATE**

**K- EURO**

	<b>BUDGET</b>		<b>ACTUAL</b>
	<b>TOTAL ENVELOPE</b>	<b>TOTAL BUDGET GRANTED 2001/2008</b>	<b>EXPENDITURE AS OF 30.09.2008</b>
<b>Construction and Renovation</b>			
Construction All Buildings (including design and other fees)	121,428	121,428	132,302
Internal Project Management	4,183	3,854	2,717
Misc. Expertise	1,869	1,772	1,041
<b>Total Construction and Renovation (nominal terms)</b>	<b>127,480</b>	<b>127,054</b>	<b>136,060</b>
<i>Indexation 3%</i>	20,871	20,757	
<b>Total Construction and Renovation (real terms)</b>	<b>148,351</b>	<b>147,811</b>	<b>136,060</b>
<b>Temporary Accommodation</b>			
<b>Total Temporary Accommodation (nominal terms)</b>	<b>124,585</b>	<b>111,556</b>	<b>117,088</b>
<i>Indexation 3.5%</i>	19,357	15,229	
<b>Total Temporary Accommodation (real terms)</b>	<b>143,942</b>	<b>126,786</b>	<b>117,088</b>
<b>Other Costs</b>			
Misc. items (incl. public communication)	5,936	5,936	6,093
<b>Total Other Costs (nominal terms)</b>	<b>5,936</b>	<b>5,936</b>	<b>6,093</b>
<i>Indexation 3.5%</i>	271	271	
<b>Total Other Costs (real terms)</b>	<b>6,207</b>	<b>6,207</b>	<b>6,093</b>
<b>TOTAL (nominal terms)</b>	<b>258,001</b>	<b>244,546</b>	
<i>Total Indexation</i>	40,499	36,258	
<b>TOTAL (real terms)</b>	<b>298,500</b>	<b>280,804</b>	<b>259,241</b>

Annex II

General Schedule: Château and earthworks of Conference Centre

ID	Task Name	2002				2003				2004				2005				2006				2007			
		Qtr 2	Qtr 3	Qtr 4		Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
1	Design competition jury					10-12																			
2	Council decision on winning design					12-02																			
3	MOE contract signature						04-06																		
4	Design Studies (APS,APD,PRO, Building permit)																								
5	Building permit posted									17-05															
6	Château evacuation									30-07															
7	Franqueville reconnection																								
8	<b>CHATEAU - EARTHWORKS</b>																								
9	Call for tender issued									08-06															
10	Work Order for Château / earthworks									22-09															
11	<b>Château</b>																								
12	Completion of execution drawings									25-02															
13	Completion of structural works									02-05															
14	Delivery of ITC rooms to ITN													21-11											
15	Transfer of ITC room																								
16	Completion of Château													08-02											
17	Lifting of reserves																								
18	OECD fitting out / Staff moves to Château																								
19	Staff moves to Franqueville																								
20	Transfer of meeting rooms																								
21	Closure of New Building																								
22	<b>Earthworks</b>																								
23	Completion of execution drawings																								
24	Completion of demolitions									28-01															
25	Completion of earthworks and retaining walls									28-01															
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General schedule: Conference Centre/ MB & Pascal

