

LONG-TERM CAPITAL MASTER PLAN (including options for financing)

Introduction

1. In May 2007, the Governing Council established a Working Group to examine infrastructure projects, including financial aspects, considered to be essential for the correct functioning of the Agency for the coming years (Resolution GC/49/R11). The Governing Council appointed the representatives of Canada, France, Germany and Switzerland as members of the Working Group. However, the Working Group was unable to meet during 2007, and it was therefore agreed at the 50th Session of the Governing Council, in May 2008 (GC/50/Min.5, page 11), that the Working Group would report and make recommendations to the Governing Council at its 51st Session in May 2009.
2. In May 2009, the Working Group presented its report to the Governing Council (Document GC/51/10), including a list of essential works to be carried out within eight years, either to be financed by the City of Lyon or by IARC. Based on the report of the Working Group, the Governing Council recommended to the Secretariat (Resolution GC/51/R8) to continue its negotiations with the City of Lyon and the host country to provide adequate means in their respective budgets to finance the required works for 2010 onwards. In line with the Working Group report, the Governing Council also recommended to the Director to elaborate a long-term capital master plan based on his vision of the future of the Agency.
3. The purpose of this document is to update the Governing Council on the results of the negotiations with the City of Lyon and the host country, and the status of the development of a capital master plan for the Agency. The document also aims to draw the attention of the Governing Council to the urgent probable need to replace the air conditioning system in the tower building in the near future and the possible need for IARC to pre-finance this replacement until the City of Lyon has mobilized the required resources.

Development of an IARC Capital Master Plan

4. In 2009, the Director developed the new Medium-Term Strategy (MTS) of the Agency for 2010–2014. The final draft of the document was submitted to, and discussed with a Working Group comprising members of the Governing Council, of the Scientific Council and a WHO Headquarters' representative. The MTS was subsequently amended, based on the Working Group's comments and advice, and finalized for submission to the Scientific Council. The MTS was reviewed by the Scientific Council in January 2010, and is now submitted to the Governing

Council for approval this year (Document GC/52/6 refers). In addition, the Director has made a number of changes to the organizational structure of the Agency, aligning it more closely to IARC's new work priorities, as elaborated in the MTS. Senior staff have also been or are being recruited to key positions within the Agency.

5. As part of a WHO-wide initiative, IARC initiated in 2009 a carbon footprint study to measure the impact of IARC's activities on the environment, and in particular the amount of greenhouse gases directly or indirectly generated by IARC activities. Within this context, IARC has also commissioned this year a study to assess the energy efficiency of its premises.

6. In view of these significant changes in the strategy and organizational structure of the Agency, and the ongoing environmental studies, as well as a number of pressing demands during the first year for the new Administration, the Secretariat came to the following conclusion: apart from maintaining the current infrastructure, a detailed analysis of office and laboratory space needs and a plan for future infrastructure projects, including options for financing, could only be developed in the course of 2010, once the Governing Council has adopted the new Medium-Term Strategy of the Agency and the Director's restructuring and recruitment have been completed.

7. The development of a longer-term capital master plan was therefore postponed, and it is now planned to submit it to the Governing Council at its 53rd Session in May 2011. Priority was placed in 2009 on ensuring a renewed dialogue with the City of Lyon and planning for the most urgent repairs and maintenance.

Meetings with the City of Lyon and the Host Country

8. A series of meetings were organized by IARC with the City of Lyon and the host country, France, during 2009 and beginning of 2010 in an attempt to secure funding for essential works needed to maintain IARC premises, as mandated by the Governing Council in May 2009. The City of Lyon has agreed to finance the replacement of one central heating boiler in 2010 and a second heating boiler in 2011, for approximately €100 000 each. The City of Lyon has also agreed to carry out maintenance work needed on the pillars of the main tower building during 2010 and 2011. In addition, the City of Lyon finances small maintenance work on an ongoing basis, e.g. the technical controls of the five elevators in the tower. However, the City of Lyon cannot commit funding to IARC over a period of several years, and therefore regular meetings with the City of Lyon are needed to negotiate adequate funding for infrastructure maintenance projects in the medium- and long-term future. Unfortunately, the host country was not able to mobilize funding for infrastructure works at IARC.

9. Annex 1 (see below) is a table prepared by the working group and presented to the Governing Council in May 2009 (document GC/51/10 Corr.1 refers) which has been reorganized to regroup the items related to air-conditioning and heating. Annex 2 summarizes and provides a prioritized provisional recosting of the replacement of air-conditioning and heating prepared by IARC but not yet agreed upon by the City of Lyon. However should the items 1–4 (Annex 2) totalling €1 050 000 be financed, the air-conditioning and heating could be secured for the medium- to long-term. Most of these items are included in the External Expert's report by SOCOTEC. This Report was commissioned by the Governing Council Working Group mentioned

in paragraph 1 above. The list of works in Annex 1 represents the current working plan and will be fully revised as a part of the capital master plan presented to the Governing Council in 2011.

10. In January 2010, the first floor of the BRC building was flooded due to heavy rain fall and a malfunction of the roof gutters of the building. IARC staff could no longer work in this part of the building, and some offices have had to be temporarily moved to the main tower building. The insurance only covered €1000 of the damage, and the Secretariat is now obliged to urgently finance about €100 000 for repair and refurbishing works. This work is being prioritized and financed from the regular budget but will likely delay the refurbishment of the floors in the tower which the Director had initiated in 2009.

11. Of particular concern to the Secretariat is the central air conditioning system in the tower building, which was built in 1972 and needs replacement after 38 years in service. The air conditioning system is critical for the functioning of IARC's main building, especially during the summer months, as the windows in the tower cannot be opened. In the event of a major malfunction of the air conditioning system, there is a considerable risk of serious disruption in the work of the Agency, possibly for several weeks and even months. The Director has brought this concern to the attention of the Mayor of Lyon who has agreed in principle that the City of Lyon would consider replacing the old air conditioning system. However, no firm funding commitment could yet be secured from the City of Lyon.

12. The Governing Council is therefore requested to authorize the Secretariat to use up to €1 050 000 from the Governing Council Special Fund as an advance to partly replace the air-conditioning system in case of risk of a major breakdown of the system. The advance would then be reimbursed to the Governing Council Special Fund as soon as the City of Lyon has mobilized the required resources and is able to reimburse IARC the replacement costs. Any work would be done in agreement with the City of Lyon.

Infrastructure maintenance projects

The only objective of this investment plan is to maintain the structure of the building in a good condition and to list the technical actions that are strictly necessary. The costs for the renovation of the different floors have been split by components.

All costs relate to the IARC tower, other than when indicated: BRC, Biological Resource Centre or Latarjet Building

P	Item	Proposed schedule		2010		2011		2012		2013		2014		2015		2016		2017		TOTAL (K €)	For Lyon (K €)	For IARC (K €)
		Work to be undertaken	To be financed by	Lyon	IARC	Already committed by Lyon	Lyon	IARC	Lyon	IARC	Lyon	IARC	Lyon	IARC	Lyon	IARC	Lyon	IARC				
1	Main heating plant & air-conditioning plant	100			100														100	100	0	
2	Main heating plant & air-conditioning plant	108	18	108	0	18	108	18	108	18	108	0	18						252	216	36	
3	Air conditioning plant (offices, labs, 12th floor)								300		260								860	860	0	
4	Cooling towers								425		425								850	850	0	
5	Main heating plant	172	28	172	172	28	172	28											400	344	56	
6	Main heating plant & air-conditioning plant		10																10	0	10	
7	Fan coil heating units BRC		33																33	0	33	
	Hot water distribution networks																		10	0	10	
	Roof BRC		3																3	0	3	
	Façade elements												425						850	850	0	
	Technical premises	6		6	0														6	6	0	
	Roof terrace								70										70	70	0	
	Floor coverings												32						32	32	32	
	Wall coverings																		44	44	44	
	Suspended ceilings Tower, BRC & LATARJET																		44	44	45	
	Electrical switchboards		6																6	0	6	
	TOTAL	386	108	114	272	108	650	164	108	472	46	725	119	685	119	425	120	425	4287	3296	991	

The cost of replacing the main heating plant and the air conditioning plant will have to be confirmed by an appropriate survey. We are still waiting for the results from two surveys "Carbon Footprint" and "Energy Balance" but according to SOCOPEC, weatherproofing works on the façade of the Tower building (to be carried out on 75% of the overall surface of the façade) would reduce its energy needs which is why we have given top priority to the rehabilitation of exterior joinery in this future infrastructure plan. Of the total of 4 287 000€, 3 296 000€ are payable by the City of Lyon and 991 000€ by the Agency.

Heating and cooling systems repair					
Priority	Numbered in annex 1	Project name / Description	Cost in €/ Tax excl.	Evaluated by Socotec	Difference
1	1	Study by principal contractor	100 000	100 000	0
2	3	Renovation of the central air-conditioning system for laboratories	450 000	860 000	90 000
3		Replacement of the central air-conditioning system of the 12th floor	200 000		
4		Replacement of the central air-conditioning system for offices	300 000		
5	4	Replacement of cooling towers	850 000	850 000 *	0
6	N/A	Replacement of the central air-conditioning system of the 13th floor	300 000	NO	300 000
7	N/A	Renovation of the central fresh air system	100 000	NO	100 000
8	N/A	Replacement of the central air-conditioning system of the basement, landings, elevators, sub-basement	150 000	NO	150 000
9	N/A	Replacement of the central air-conditioning system of the auditorium	50 000	NO	50 000
10	N/A	Replacement of the central air-conditioning system of the lobby	50 000	NO	50 000
11	5	Replacement of a boiler and rehabilitation of the main heating plant	326 000	400 000	-74 000
Total cost for projects (euro)			2 876 000		666 000

* of which €10 000 by IARC for ducts