



## **UPDATE ON THE “NOUVEAU CENTRE” PROJECT**

1. This document provides an update to the status of the “Nouveau Centre” project as presented during the Governing Council’s 54<sup>th</sup>, 55<sup>th</sup>, 56<sup>th</sup> and 57<sup>th</sup> sessions in Documents [GC/54/6](#), [GC/55/9A](#), [GC/56/10](#) and [GC/57/12](#) respectively.

### **Background**

2. In 1972, the 8500 m<sup>2</sup> tower building opened to host IARC activities. Construction of the tower was funded jointly by the French Government, the Rhône Department and the City of Lyon on land owned by the City of Lyon.

3. Reflecting expansion of IARC activities, three additional structures were later built on the compound. The Biological Resources Centre (BRC) and Latarjet buildings were built with funding made available by the Governing Council; and the Sasakawa Memorial Hall was built thanks to a generous donation from the Japan Shipbuilding Industry Foundation. This resulted in the current footprint of 10 050 m<sup>2</sup>.

4. Since 2008, several technical reports revealed the poor state of the tower building infrastructure. In 2012, all local partners and the Governing Council recognized that the state of the tower’s infrastructure was such that it would no longer be viable for continued use by the Agency within a period of five to seven years. Presented with various potential options for long-term continuation of IARC’s Headquarters in Lyon, the Governing Council agreed with the recommendation made by the local authorities for a move to a newly built structure on new land for a “Nouveau Centre”.

5. Throughout the process of reviewing the options for IARC’s Headquarters, the Secretariat benefitted from strong support and collaboration from the local partners which include the City of Lyon, Métropole de Lyon (formerly called “Grand Lyon”), the Rhône Department and Rhône-Alpes Region, as well as the local Government representation, the Rhône Prefecture. Clear statements of intent to continue to host the Agency have also been made at the very highest levels of the Central French Government and repeated at the Governing Council by the French representative.

## **State of the tower**

6. Since 2012, the City of Lyon has invested in a programme of urgent repair works for the tower building (ventilation, air-conditioning and heating systems) in order to ensure occupancy for five to seven years. Despite these concentrated efforts, the state of the building remains a major concern and continues to cause unanticipated interruptions of the Agency's work. During 2015 the incidents of note included: concrete falling from the pillars of the façades; significant leaks and infiltration of rain water in offices, laboratories and biobank rooms during storms; continued burst pipes from the aging piping network throughout the tower and several important power cuts which brought to light failures in the building's electricity systems.

7. As a result of the consistent and substantial problems faced with the daily running of the building, the Secretariat has raised to the attention of the local partners the escalating risk that they may need to relocate the Agency to alternative premises before completion of the "Nouveau Centre" project. Earlier analyses demonstrated cost implications for such a move could exceed €20 million, depending on the functions which would have to be relocated and the duration.

8. As a mitigation measure and to assess the viability of the current premises for the lifespan of the "Nouveau Centre" building project, in December 2014 the Secretariat requested the City of Lyon to carry out another full technical diagnostic assessment of the tower's physical and system infrastructure. This diagnostic was carried out in December 2015; at the time of writing the current report the Secretariat has not been provided a copy of the findings and related recommendations.

## **Financing the project**

9. Following the detailed study commissioned by Grand Lyon in 2012–2013, the Secretariat presented to the Governing Council, at its 55<sup>th</sup> session, a project scope for a new building of 12 685 m<sup>2</sup> with a cost of €64.5 million. During subsequent discussions with the French Ministries in Paris, a reassessment of the scope in line with French public institutional norms was carried out, resulting in a revised project of 11 060 m<sup>2</sup> with an estimated cost of €48.3 million. During this process confirmation was also received that the project would be led by the Métropole de Lyon team (formerly Grand Lyon), under the direction of Mr Gérard Collomb, Mayor of the City of Lyon and President of Métropole de Lyon. This revised project scope was submitted to the Governing Council at its 56<sup>th</sup> session in May 2014, and approved with a decision on the financing still pending from the Central French Government.

10. During 2015 the French Government and the local authorities made a public announcement confirming the joint financing of the "Nouveau Centre" project for the relocation of IARC from the current premises to the Biopôle area of Gerland, on land provided by the City of Lyon, with a financial envelope of €48 million divided as:

- French Central Government: €17 million
- Métropole de Lyon: €18 million
- Région Auvergne-Rhône-Alpes: €13 million

### **Nouveau Centre project progress**

11. Throughout 2015 work continued on the definition of the project scope and detailed specifications ("Programmiste" study) which had begun in July 2014 as presented in document [GC/57/12](#). In effect the study went through a full re-analysis and redrafting by the Métropole de Lyon project team as they were not satisfied with the product that had been prepared by the contracted firm. The Secretariat was therefore presented in December 2015 with fully redrafted detailed specifications of the project which required close review and further discussions. After several clarification meetings the Secretariat provided detailed comments on the latest draft by February 2016. At the time of writing the current report the Métropole de Lyon project team has not provided a revised draft.

12. The meticulous attention to the detailed specifications is justified as a consequence of the positive decision taken by the Métropole de Lyon for the design and build components of the project to be combined in a single bidding process. This decision should translate into time savings, estimated at one year, although a lot more time needs to be taken to precisely define the scope at this stage, as changes later in the process will have financial implications. The decision will also ensure that costs of the project are fixed early on – mitigating potential pricing volatilities in future years.

13. The Secretariat was informed in February 2016 that the critical financing agreement for the project was signed by the parties concerned, the Prefecture being delegated the authority to do so on behalf of the Central French Government.

14. In February 2016 the Secretariat provided to the Métropole de Lyon a draft Letter of Agreement to provide the framework of engagement of the various actors involved in the implementation of the "Nouveau Centre" project, and in particular the roles and responsibilities of the Métropole de Lyon and the IARC Secretariat. This Agreement was drafted with the support of a local legal firm using funds from the Governing Council Special Fund allocated for this purpose (see Resolution [GC/54/R6](#)), and benefitted from substantive inputs from the WHO Legal Office.

15. In the absence of the critical documentation on the important milestones mentioned, the Secretariat decided to cancel the scheduled meeting with the Governing Council Working Group on Infrastructure during the first quarter of 2016. This was unfortunate, given the productive inputs that the membership of the Working Group provides. The Secretariat continues to be committed to seeking inputs from the Working Group at all important stages of the project as it continues to progress.

### **Current issues**

16. Throughout the process of rewriting the project specifications, the concern has been raised that the financial envelope agreed on by the French Government and the local authorities may not be sufficient for IARC's requirements. Given that in 2013, IARC agreed to a 13% reduction in the project scope from the original requirements set forth, there is no manoeuvrability remaining for cost cutting related to the building requirements.

17. To ensure a budgetary buffer, in March 2016 the Secretariat wrote to Mr Gérard Collomb with the proposal that he allows an increase in the budget of the "Nouveau Centre" project from the current €48 million taking into account the value of the future sale of the Latarjet building, owned by IARC. This building has been estimated by the City of Lyon to have a potential sale value of €4.5 million and the Governing Council's resolution on the transfer of this building to the local authorities was made subject to IARC being provided with suitable alternative premises that meet the Agency's requirements (resolution [GC/55/R12](#) refers).

### **Next steps and project timeline**

18. Once the revised "Programmiste" study is finalized, the bidding process for the combined design-build contract will be launched according to the French public contracting rules and processes. Should there be no further important delays, the current project timeline is the following:

- *Spring 2016*: bid for a joint architect/building company
- *Spring 2017*: choice of the company
- *Spring 2017–Spring 2018*: design studies
- *Summer 2018–Summer 2020*: building works
- *Autumn 2020*: IARC works and move
- *December 2020*: opening of the "Nouveau Centre".

19. With the finalized "Programmiste" study there will also be a better defined cost of the project, which will trigger discussions on whether certain cost elements fall outside of the budget scope under the Métropole de Lyon's responsibility. These could include items such as the physical move of all or elements of IARC's operations (e.g. the substantial amount of samples in the biobank which require specialized transportation), some of the equipment required for installation of our particular laboratory activities and specific security requirements as mandated by the UN Security Standards.

20. During 2016 the Secretariat will also carry out a detailed analysis of other potential costs – both those that will be required for a move to new premises and those which would allow us to take advantage of an important opportunity to modernize and ensure the best work environment possible for the new IARC Headquarters. Preparations are already taking place to launch a resource mobilization effort to cover such costs, and the Director has already put in place a mechanism to set aside €1.5 million from earned overheads over the five year period of 2015–2019 for this purpose.

### **Request to Governing Council**

21. Given that important documentation should become available between the time of writing this document and the Governing Council's 58<sup>th</sup> session in May 2016, the Secretariat will make a full presentation to the Council during the related agenda item.