executive committee of the directing council

PAN AMERICAN HEALTH ORGANIZATION

working party of the regional committee

WORLD HEALTH ORGANIZATION

61st Meeting
Washington, D. C.
June-July 1969

Provisional Agenda Item 17

CE61/13 (Eng.)
20 May 1969
ORIGINAL: ENGLISH

REPORT ON BUILDINGS AND INSTALLATIONS

In keeping with Resolution XXII of the XVIII Meeting of the Directing Council the Director wishes to inform the Executive Committee that progress is being made on the problem of additional space for Headquarters and that a full report will be presented to the Executive Committee at the time of its meeting.

With respect to Zone Offices, it will be recalled from previous reports that Zone Offices in Guatemala (Zone III), Lima (Zone IV), Rio de Janeiro (Zone V) and Buenos Aires (Zone VI) are now housed in space owned by the Organization.

In Zone I (Venezuela) the present space is inadequate and consideration is now being given to the location and purchase of suitable quarters.

In Zone II (Mexico) the rental contract has been renewed and there is no current plan for acquiring space through purchase.

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ADDENDUM I
20 June 1969
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REPORT ON BUILDINGS AND INSTALLATIONS

Introduction

Resolution XXII of the XVIII Meeting of the Directing Council referred to the long-term needs for additional space for Headquarters and requested the Director to continue to study this problem. Enough progress has now been made to outline a possible solution. Further details are being studied and will be presented to the Executive Committee at the time of its meeting.

Objectives

1. The present long-range objective is to acquire land in the vicinity of the PAHO Headquarters building for eventual construction of a second building to meet long-term space requirements.

2. The immediate objective is to obtain access to office space in the vicinity which can be taken over gradually as needed to meet intermediate space requirements.

3. It is desired to accomplish objectives 1 and 2 without increasing PAHO quota assessments on Member Governments.

4. A future objective will be to study, and in due course, present to the Governing Bodies a plan to finance the construction of a second building.

Plan

1. A building and land located in close proximity to the present building is available for purchase at a price of $1,400,000. The building is now used for apartments, with a restaurant on the ground floor. It is proposed for PAHO to acquire this land and building as described in the following steps.

2. An existing $440,000 mortgage at 5-1/2 per cent interest would be assumed. The balance of $960,000 would be treated by PAHO as an investment, that is, PAHO would shift part of the reserve funds, now invested in securities, to an investment in the land and building. Under this arrangement, no budgetary provision or budgetary expenditure is required. PAHO can safely make an intermediate term investment of this kind because part of its funds available for investment consist of 1-1/2 million dollars in a Reserve for Termination Costs, which need not be entirely in liquid form.

3. Under a management arrangement, the leasing of ground floor commercial space and apartments would continue. Space would be withdrawn from apartment or commercial use, converted to office use, and rented to PAHO as needed by PAHO.

4. Income from the building, including rent paid by PAHO for office space, would be applied to amortize the existing mortgage and to build up a fund for the building. This fund would gradually replace the PAHO investment described in Item 2 and those funds would be reinvested in securities. In the end, PAHO would own the land and building with no budget expenditure, except normal rental cost for office space used.

5. At a future date a separate plan would be presented to the Governing Bodies with respect to financing the construction of a second building. It should be emphasized that the plan described above is fully justifiable to meet intermediate space needs and is financially sound without regard to a future decision to finance construction.

6. It is difficult to make precise predictions about future staff levels and space requirements, but it is anticipated that the above plan will meet PAHO's space requirements for several years before a new building is required. Of course, if a new building is approved, there would then be an adjustment period during construction when temporary office space would have to be rented elsewhere. The special advantage of this plan is that it provides complete flexibility in having nearby space available at the actual rate needed, and at minimum cost. At the same time, it protects the Organization with respect to future space needs. Should long-range plans change so as not to need this property, it can be sold at not less than the purchase price since the land alone would be worth that amount.

Summary

Although no budgetary expenditure or financial authorization is required, the importance of this subject is such as to merit submission of the plan for consideration of the Executive Committee. If the Committee, after study, is favorable to the plan, it may wish to adopt a resolution expressing its support and approval.