

**BRIEFING BY THE  
HONORABLE CHRISTOPHER B. BURNHAM  
Under Secretary General of the United Nations**

**BEFORE THE UNITED STATES SENATE,  
COMMITTEE ON HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS**

**SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT,  
GOVERNMENT INFORMATION AND INTERNATIONAL  
SECURITY**

**JULY 21, 2005**

Mr. Chairman, Senator Carper, members of the Subcommittee, it is my high honor to appear before you today in my new capacity as the Under Secretary General of the United Nations for management.

For the past four years, I have served as a member of the Bush Administration working at the U.S. Department of State under the leadership of General Powell and Secretary Rice. This Spring, I resigned from the Administration to take on new duties at the United Nations. I did so because the UN is unique in history. Never before have all the nations of the world come together in an assembly to address global problems in a forum where all nations have a voice. I also did so because the President and Secretary Rice were deeply concerned that this unique body was suffering from many

ills, among them, scandal, an archaic corporate governance structure, lack of internal controls and lack of accountability and transparency, a crumbling physical infrastructure, and increasing resource requirements—meaning increasing need for U.S. taxpayer funds. Simply put, they want reform brought to the UN, and a corporate structure and accountability that ensures our money will not be wasted. The Secretary General is fully committed to reform, and has asked me to charge ahead.

Of the many tasks the Secretary General has assigned to me, few are more important than the Capital Master Plan (CMP). You need not go see the movie *The Time Machine*, simply walking into the headquarters of the UN is a nostalgic return to the 1950's—in architectural, furniture, design, function, and systems. It is charmingly retro. Unfortunately, it is also egregiously in violation of any reasonable level of safety and efficiency.

[SLIDE 1] You have read about the myriad of problems with the complex—asbestos, complete violation of any fire code or building code, health issues, etc. I will not dwell on them here. Instead, I will address the solution and my shared concern with this Subcommittee that we accomplish this economically and with the best value for all the taxpayers around the world who will fund this project.

In addressing the CMP, I am reminded of the standard “Five Paragraph Order” of the United States Marine Corps—Situation, Mission, Execution, Administration and Logistics, and Command.

Here is the Situation:

[SLIDE 2] We have seven buildings with over two and a half million square feet of office, conference and support space on 17 acres of land located in the middle of the most expensive city in America. Constructed in 1950 with later additions in the 60's and 70's, the complex fails minimum fire code, building code, and safety code standards, and lacks modern and sufficient security. It is riddled with asbestos, including dripping from the insides of my air conditioning unit just three feet from my desk. It lacks proper fire detectors, a sprinkler system, and if one of the massive steam pipes, which leak, were to blow, there is the real potential that a large area surrounding the UN would be contaminated with asbestos requiring the evacuation of the area until cleaning crews could decontaminate it. The building lacks a high tech backbone that leads to greater efficiency and cost savings. It is unsafe for employees of the UN, the more than 1200 Americans who work there, members of the General Assembly, and potentially for the City.

Here is our mission:

With the greatest efficiency and lowest cost to the global taxpayer, move thousands of employees and delegates out of the complex and into swing space by June 2007; renovate, modernize, and secure all facilities and systems as quickly as possible.

How will we execute:

We have hired a leading construction project manager, Gardiner & Theobald, founded in 1840. Their responsibility will be both project management and cost management.

The Secretary General announced Tuesday the hiring of a new Assistant Secretary General to oversee the renovation project, Fritz Reuter, whose brief bio I have attached to my remarks. Most recently in charge of the massive one billion dollar-plus Cornell Medical/Columbia Presbyterian Hospital project next to the East River, Fritz Reuter brought it in early and under budget. In Assistant Secretary General Reuter we will have a skilled and experienced “old New York hand” overseeing the day-to-day leadership of the UN renovation, and reporting to me.

[SLIDE 3] We’ve done four separate costs estimates for the project using four different groups, and received two favorable GAO reviews of our methodology.

The project costs have been estimated throughout the process by major New York City construction management and construction consultant companies listed here:

- 1998 – Hanscomb
- 2002 – Turner Construction
- 2002 – Hill International
- 2005 – Gardiner & Theobald Inc

In addition, the costing methodology was reviewed by GAO, twice, and found to conform to best practice.

With our costs estimates in place and vetted four separate times, the next thing to do is to make sure we're not out of line with other projects of similar type and scope. This can be difficult. I went back and looked at the total costs of renovations to the U.S. Capitol between 1950 and 2001, exclusive of the visitor's center. Although it is more than \$1.3 billion in nominal dollars, it is quite difficult to compare the US Capitol renovation to the UN project on a per square foot basis. I also took a look at the renovation costs of the State Department building, which approaches one billion dollars over ten years. The problem is, both are in Washington not New York, and I cannot be sure of an apples to apples comparison because the UN includes all costs—planning, design, and construction costs, the cost of swing space, rental space for the Capital Master Plan team, salaries and overhead of the team, as well as asbestos abatement and new security measures necessary to make the complex meet modern security standards.

[SLIDE 4] We do have the per square foot estimates of the proposed construction of a new building known as "UNDC-5." Here, all-in costs "fully loaded" were estimated to be \$545 per square foot. Gardiner & Theobald, based on their database of dozens of large scale new building projects, estimates construction costs of New York headquarters buildings with the owner as the occupier runs in a range from \$550 per square foot to \$650. By contrast the new U.S Capitol visitor center, with increased security costs, may run up to \$950 per square foot, according to the GAO. By contrast, the UN project will run \$365 per square foot, fully loaded.

SLIDE 5 shows how the proposed budget was constructed. The Swing space figure is based on the estimate made three years ago for what the cost of swing space would be if the New York Legislature had approved the application by the UN Development Corporation to construct a new building for the UN next to the existing campus, first to be used as swing space, and then as consolidation space from other buildings around mid-town Manhattan that the UN currently rents. This number -- \$96 million -- was based on this old estimate. Because the UN will not have the advantage of using the UNDC as a landlord, and will have to rent commercial space in New York at market rates, I anticipate this figure will climb.

[SLIDE 6] The last slide shows the full per square foot costs broken down by area.

What will we need to get the job done:

The United States has generously agreed to lend the United Nations the money for this project. I need this approved by the General Assembly this Fall. We have moved from the planning phase to the design phase. By August we expect to have these designs 60% complete, enough to begin seeking indications of interest from construction companies, culminating in a bid competition sometime in the fourth quarter of next year or in early 2007. I expect to move out of the existing buildings no later than June 2007, and renovation to begin shortly thereafter. While the plan is to currently be back in the complex by 2011, I am asking my team to accelerate this schedule and shoot for 2010.

How will we ensure command and control:

I am involved on a daily basis. Two days ago, we hired one of the most accomplished project managers in New York, Mr. Fritz Reuter, to oversee our in-house team. I plan to create a high level advisory board of experts on this type of project from the New York community—an example I have taken from the renovation and new construction efforts by the New York Metropolitan Museum of Art. We've hired an external construction and cost manager—one of the most respected—and we've brought in other firms to validate our assumptions. We will continue to work with the GAO as they also opine on this critical renovation project.

Mr. Chairman, I spent almost six years on the Appropriations Committee of the Connecticut House of Representatives, and the past four years as the Chief Financial Officer of the United States Department of State. Like you I also bring a passionate desire to make sure our taxpayer dollars are not wasted. I do not intend to drop my guard here, and you can rest assured we will run a lean, transparent and efficient operation.

Thank you. I would be pleased to take your questions.