



EUROPEAN CENTRAL BANK
EUROSYSTEM

COURTESY TRANSLATION

Mario DRAGHI
President

Mr Miguel Viegas
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 7 May 2015

L/MD/15/296

Re: Your letter (QZ-62)

Honourable Member of the European Parliament, dear Mr Viegas,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 7 April 2015.

Let me inform you about the facts concerning the cost of the new ECB premises and the actions taken by the ECB's governing bodies.

First of all, I would like to stress that all tenders for the new ECB premises were awarded after a Europe-wide competition. The decisive criterion was the best quality/price performance.

In reply to your specific question, the figure of €500 million that you quote was communicated by the ECB in its Annual Report 2005.¹ These were the estimated building costs in constant prices of the year 2005 (see page 176 of the report). In the same report, the ECB stated that the overall investment cost was estimated at €850 million, also in constant prices of the year 2005 (see page 177 of the report).

The overall investment cost comprises not only the building costs, but also all other costs related to the project (e.g. the purchase price of the site including the listed building, the former wholesale market hall or

¹ This report is available on the ECB's website at: <https://www.ecb.europa.eu/pub/pdf/annrep/ar2005en.pdf>

Address
European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

Postal Address
European Central Bank
60640 Frankfurt am Main
Germany

Tel. +49-69-1344-0
Fax: +49-69-1344-7305
Website: www.ecb.europa.eu

“Grossmarkthalle”, the planning fees, the fitting-out and furnishing of the building, etc.). These cost estimates followed the standard methodology used for this type of project.

On the occasion of the topping-out ceremony in September 2012 – hence after the finalisation of most of the structural works – the ECB decided to publish an overall cost estimate for the new ECB premises project. The estimate for the overall investment costs was €1.15-1.2 billion. This estimate included an increase by €200 million, representing increases in the price of construction materials and construction activities from 2005 until the completion of the project in 2014. Such costs were already expected in 2005, but were not included in the estimate in constant prices made in 2005.

The additional increase by €100-150 million at that time represented additional costs incurred to meet a number of unforeseen challenges. The two major challenges not foreseen in 2005 were, first, that the original tender for a general contractor did not yield a satisfactory result and the ECB had to change to a different contractor model and, second, that the Grossmarkthalle – a large industrial heritage building from 1928 – presented a number of challenges that were not detected in the initial examination conducted prior to the acquisition. These challenges were of a technical nature in the building structure, e.g. the foundations turned out to be insufficient and required additional support, the roof coverage was found to be contaminated and therefore could not be disposed of as envisaged, and parts of the concrete construction had insufficient steel support.² These additional works were needed to ensure the solidity and quality of the historic listed building.

The figure of €1.3 billion which you quote in your letter was communicated by the ECB on the occasion of the relocation of the ECB staff to the new premises in November 2014. It represents a further increase by about 10% vis-à-vis the estimate of September 2012. At that point in time, the increases in the price of construction materials and construction activities from 2005 until the completion of the project by end-2014 were estimated at €220 million. In addition, issues related to the quality of the building structure of the Grossmarkthalle required further measures.

Furthermore, the overall technical workplace capacity of the high-rise was meanwhile extended from 2,300 to a maximum of 2,900 staff. This expansion became necessary because of the substantial increase in ECB tasks, including in banking supervision, which also required more staff in general support areas, some of which are located in the new premises.

All in all, the ECB managed to relocate its staff as planned in 2014 after completing a complex building project, including the complete renovation of a listed building, the cleaning of a former industrial site by removing and disposing of contaminated soil, and an increase in the capacity of the building by 600 workplaces.

² See the press release published on the occasion of the topping-out ceremony on 20 September 2012: http://www.ecb.europa.eu/press/pr/date/2012/html/pr120920_1.en.html

Now that I have set out these facts, allow me to return to the comparison of costs. The figures to be compared are €850 million plus the amount of €220 million representing inflation and indexation adjustments since 2005, i.e. €1,070 million, with €1,300 million (the currently expected cost). The latter also includes the costs for dealing with a number of unexpected challenges in this long complex project and an increase of capacity by 600 workplaces.

Yours sincerely,

[signed]

Mario Draghi

Address

European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

Postal Address

European Central Bank
60640 Frankfurt am Main
Germany

Tel. +49-69-1344-0
Fax: +49-69-1344-7305
Website: www.ecb.europa.eu