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CAPITOL VISITOR CENTER

Update on Status of Project's Schedule and Cost as of April 15, 2008

Statement of Terrell G. Dorn, Director,
Physical Infrastructure Issues



Madam Chair and Members of the Subcommittee:

I appreciate the opportunity to be here today to assist the Subcommittee in monitoring progress on the Capitol Visitor Center (CVC) project. My remarks will focus on (1) the Architect of the Capitol's (AOC) construction progress since the last CVC hearing on March 12, 2008,¹ and (2) the project's expected cost at completion and funding status.

Today's remarks are based on our review of schedules and financial reports for the CVC project and related records maintained by AOC and its construction management contractor, Gilbane Building Company; our observations on the progress of work at the CVC construction site; and our discussions with the CVC team (AOC and its major CVC contractors) and AOC's Chief Fire Marshal. We also reviewed AOC's construction management contractor's periodic schedule assessments, proposed change order log, and weekly reports on construction progress. In addition, we reviewed the contract modifications made to date.

Construction Is Nearly Complete, but Risks Remain

Since the March 12, 2008, CVC hearing, the project's construction and fire alarm acceptance testing have moved forward, and despite continued delays in certain CVC and expansion space work, AOC still believes that the project will be ready to open in November 2008. According to AOC's construction management contractor, in dollar terms, the overall CVC project remains 99 percent complete.² However, risks to the project's schedule remain in several time-critical activities, including the fire alarm acceptance testing. Many punch list³ items also remain to be completed, and a steady number of proposed change orders have to be resolved. At this time, however, AOC does not expect the punch list items or the proposed change orders to affect the project's completion date.

Since the last hearing, work on portions of the project's current critical path,⁴ fire alarm acceptance testing, has continued, and no new significant

¹GAO, *Capitol Visitor Center: Update on Status of Project's Schedule and Cost as of March 12, 2008*, GAO-08-545T (Washington, D.C.: Mar. 12, 2008).

²In other words, the sequence 2 contractor has received about 99 percent of the current contract value. This value does not include the costs of unsettled proposed change orders, potential claims, and work performed outside the current Sequence 2 contract, such as the fire marshal's fire alarm acceptance testing.

³A punch list identifies tasks, usually minor, to be completed at the end of a project.

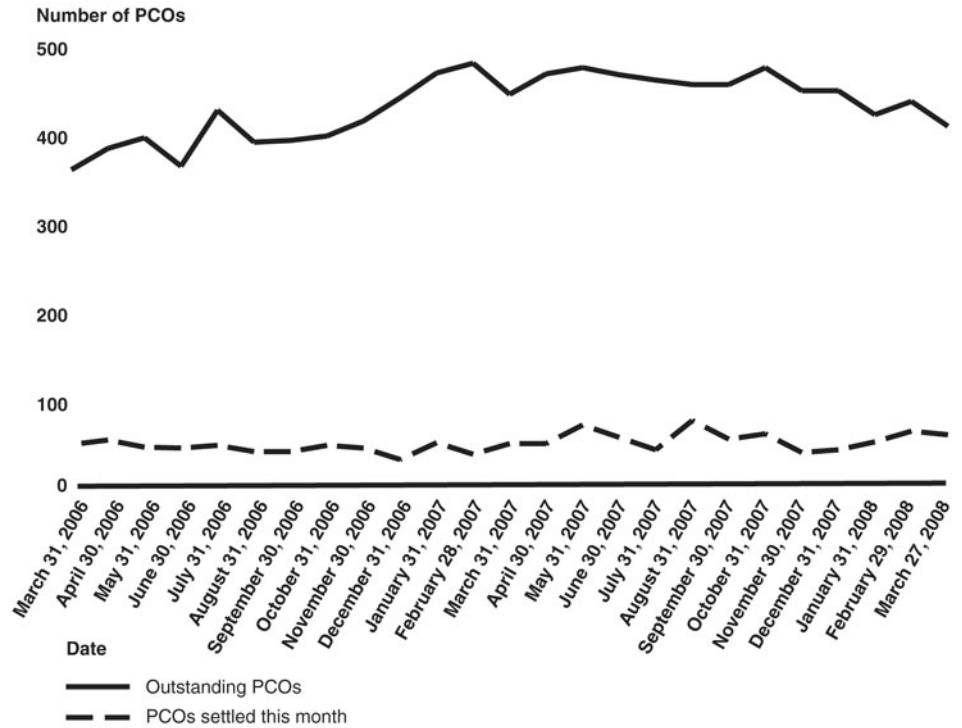
⁴The critical path is the single longest path of activities through a project's schedule. Each day of delay in the critical path could delay the completion of the entire project.

issues have emerged. Issues with the fire alarm wiring and smoke exhaust system that we discussed last month are being addressed, and AOC does not expect them to delay its receipt of a temporary certificate of occupancy for the project, planned for July 31, 2008. AOC officials recognize that if equipment for the smoke exhaust system is not delivered on time, completion of the acceptance testing could be impacted. AOC is investigating ways to mitigate that risk by expediting the delivery.

An updated schedule for March 2008 was not available from AOC to review for this hearing. Consequently, it is unclear exactly how much time has been lost in less time-critical work in areas such as the East Front, the Exhibit Gallery, and the House Hearing Room. Delays in addressing items on the project's extensive punch list, which now includes about 8,800 tasks, pose further risks to the CVC's schedule and call for continued prompt attention by AOC and its contractors. For example, some fire alarm acceptance testing in the Library of Congress tunnel has been delayed pending completion of certain work in the tunnel. Moreover, as discussed last month, damage to pavers on the East Front plaza has not been repaired. AOC has determined that substantial rework may be required to prevent further damage. AOC is investigating but has not yet determined how much the rework will cost and who is responsible for it.

Each month, the CVC team continues to identify proposed change orders. AOC and its contractors have continued to work together to reduce the number of open (outstanding) proposed change orders, but the number of open orders has remained essentially unchanged. Sustained attention to this issue is needed to reduce uncertainty about the project's costs and to avoid risks to the project's schedule as new proposed change orders come in. Figure 1 compares the number of outstanding proposed change orders with the number settled each month.

Figure 1: Outstanding and Settled Proposed Change Orders by Month, March 2006 through March 2008^a



Source: AOC's construction management contractor.

^aThe most current proposed change order data were complete through March 27 rather than through the last day of the month, as for the previous months.

AOC's Cost Estimate Remains the Same, and Additional Funds Will Be Needed

Since the last hearing, AOC has reviewed its estimate of the CVC's cost at completion. While some line item costs have increased or decreased, the bottom line estimate of about \$621 million remains the same as we reported in September 2007. We believe this estimate is realistic and contains a sufficient allowance for contingencies, provided there are no unexpected delays over the next three months, when construction is scheduled to be complete. To date, about \$569.5 million has been approved for CVC construction, and AOC has \$16.2 million more in fiscal year 2008 CVC appropriations that it plans to use for construction after it obtains congressional approval to obligate these funds.⁵ In addition, AOC

⁵ For fiscal year 2008, AOC received \$28,753,000 (before rescission) in appropriations for the CVC project. Pub. L. No. 110-161. Of that amount, AOC is allowed, but not required, to use up to \$8.5 million for operations. AOC is currently planning to use the \$8.5 million for operations.

has estimated that it will still need an additional \$2.6 million in fiscal year 2008 to fund CVC construction. Furthermore, AOC has requested \$31.1 million in fiscal year 2009 funds for CVC construction. Given its current cost-to-complete estimate, AOC may need an additional \$2 million in fiscal year 2009 to complete the project.

Madam Chair, this completes my prepared statement. I would be pleased to answer any questions that you or Members of the Subcommittee may have.

Contacts and Acknowledgments

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