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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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FEB 7 1973

B-167068



R G Dear Mr. Waldie:

Your letter of December 1, 1972, requested that we report to you on the current status of construction of the Joseph H. Hirshhorn Museum and the action being taken to assure the taxpayers that the Piracci Construction Company is being held to its original bid of \$12.2 million. Attached to your letter was an article from the November 16, 1972, issue of the Engineering News-Record relative to problems affecting construction of this project.

We visited the construction site of the Joseph H. Hirshhorn Museum and Sculpture Garden and discussed the project with officials of the General Services Administration (GSA). In a written response to our inquiry, the GSA Project Manager stated that, as of December 26, 1972, construction of the Hirshhorn project was 61-percent complete but that, under the contract's current schedule, it should have been 99-percent complete.

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GSA awarded the contract for construction of the <sup>17</sup> Hirshhorn Museum and Sculpture Garden to the Piracci Construction Company on February 12, 1970. At the time of the award, completion of the contract was scheduled for September 4, 1972. After the award, GSA granted numerous time extensions to the Piracci Construction Company due to change orders and strikes. As of January 10, 1973, the extensions granted by GSA had pushed back the authorized contract completion date to January 15, 1973. 2.51549

As of December 26, 1972, the Piracci Construction Company estimated that it would complete construction by August 19, 1973. According to the Project Manager, the contractor will be assessed a penalty of \$940 per calendar day from January 16, 1973, to completion, unless it is granted time extensions by the Board of Contract Appeals--the independent judicial body appointed by the GSA Administrator to handle contract disputes. As discussed below, settlement of the contract is in dispute and has been referred to the Board.

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The original contract award to the Piracci Construction Company was for \$13,799,138, consisting of a basic bid of \$12,628,000, plus \$330,763 for foundation piles and \$840,000 for optional items. GSA's contract specification contained 11 optional items for which individual bidders had to submit separate cost proposals. GSA authorized the Piracci Construction Company to incorporate four of the 11 optional items in the contract specifications and to add \$840,000 to the contract price.

Since award of the contract, GSA has approved 85 change orders costing \$161,084. Adding the cost of the change orders to the original contract price brought the authorized contract cost to \$13,960,222 at December 26, 1972.

GSA officials anticipate that the final contract cost will be further affected by additional change orders and by settlement of contractor claims against GSA. Currently, the Piracci Construction Company has six claims outstanding against GSA. The largest of the six claims seeks an increase of about \$980,000 in the contract price and a time extension of 297 days for difficulties and delays allegedly suffered by the contractor in developing a scale model of a support column as a necessary prelude to the construction itself. The contractor alleges that the delays and other difficulties arose because of defective drawings.

In its other five claims, the Piracci Construction Company is seeking additional increases of approximately \$142,000 to the contract price, plus time extensions totaling about 75 calendar days. All six claims are before the Board of Contract Appeals for resolution. GSA officials stated that additional claims could arise from this project.

According to GSA officials, the total amount of funds available for construction of the Hirshhorn Museum and Sculpture Garden is \$15,197,000, consisting of \$14,197,000 authorized by Public Law 90-425, dated July 26, 1968, and \$1,000,000 donated by Mr. Joseph H. Hirshhorn. Whether the \$15,197,000 available will be sufficient to cover the total construction cost cannot be ascertained until the validity and amount of any claims and penalties have been established.

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We trust the information furnished meets your needs, and we shall be pleased to discuss the matter further with you if you wish.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Thomas B. Andrews".

Comptroller General  
of the United States

The Honorable Jerome R. Waldie  
House of Representatives