

GAO

Testimony
Before the Subcommittee on the
Legislative Branch, Committee on
Appropriations, House of Representatives

For Release on Delivery
Expected at 1:30 p.m. EST
Wednesday, March 12, 2008

CAPITOL VISITOR CENTER

Update on Status of Project's Schedule and Cost as of March 12, 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 February 7, 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), AOC's Chief Fire Marshal, and representatives from the U.S. Capitol Police. 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.

Summary

Since the February 7, 2008, CVC hearing, the project's construction has continued, and AOC is still anticipating a November 2008 opening date, but risks to the project's schedule remain in several time-critical activities, especially fire alarm acceptance testing. This testing has been slowed by problems identified in the wiring of the fire alarm system and the capacity of the smoke exhaust system. According to AOC officials, these problems are being addressed and sufficient contingency funds exist to address the costs. Under the current schedule, the fire alarm acceptance testing must be completed on time for the CVC to open on time. In addition, delays in work on the East Front, the Exhibit Gallery, and the House Hearing Room have continued, reducing the extra time built into the project's schedule for contingencies. These delays pose risks to the project's construction schedule, as do the many items on the project's punch list² and a steady number of proposed change orders. At this time, however, AOC does not expect the punch list items or the proposed change orders to affect the project's completion date.

AOC's current estimate of the cost to complete the CVC project's construction, first reported at the September 25, 2007, hearing, is about

¹GAO, *Capitol Visitor Center: Update on Status of Project's Schedule and Cost as of February 7, 2008*, GAO-08-475T (Washington, D.C.: Feb. 7, 2008).

²A punch list identifies tasks, usually minor, to be completed at the end of a project.

\$621 million. We believe this estimate is reasonable, provided there are no unusual delays. To date, about \$566.2 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. In addition, AOC requested and was recently granted authority to transfer \$3.2 million from other activities to fund CVC construction. AOC 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. Based on its current cost-to-complete estimate, AOC believes it will still need an additional \$2 million in fiscal year 2009 to complete the project.

Construction Is Nearly Complete, but Risks Remain

According to AOC's construction management contractor, in dollar terms, the overall CVC project remains 99 percent complete.³ Delays in a number of areas, especially in time-critical activities related to the fire alarm system, pose risks to the project's schedule.

Since the last hearing, work on portions of the project's current critical path,⁴ fire alarm acceptance testing, was slowed by two issues. Costs and schedule effects of the two issues are uncertain at this time, but AOC's preliminary estimates are that working additional shifts will eliminate any schedule delays and that sufficient project contingency funds exist to address cost issues. The first issue was associated with the wiring of the fire alarm system. According to the fire marshal, the installed wiring system did not sufficiently minimize the negative results of a simulated electrical short circuit. AOC plans to remediate the problem by installing additional wiring to supplement the existing wiring. Furthermore, problems with the CVC's smoke exhaust system, a critical part of the building's life safety system, surfaced during pre-testing. The current system did not fully meet the design requirements, and according to AOC, several large components will have to be replaced. Their replacement will take several weeks, AOC says, but since the problem was discovered early in the testing process, AOC does not expect it to delay AOC's receipt of a temporary certificate of occupancy for the project, planned for July 31, 2008.

³In 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 contract, such as the fire marshal's fire alarm acceptance testing.

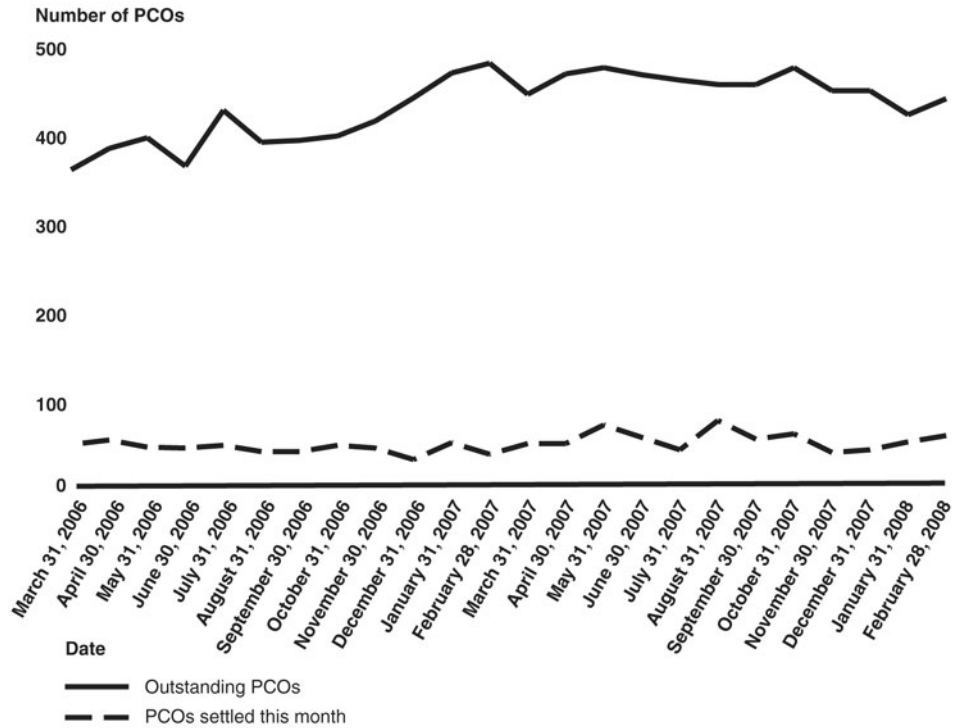
⁴The critical path is the single longest path of activities through a project's schedule. Each day of delay in the critical path could delay the completion of the entire project.

Delays in less time-critical areas such as the East Front, the Exhibit Gallery, and the House Hearing Room also continued. For example, in the East Front Upper Levels, the planned work schedule slipped by 3 weeks to allow investigation of a concern raised by the contractor about possible movement in the stair treads. The design architect investigated the issue and has since determined that the movement was acceptable. In addition, work in the House Hearing Room was delayed almost 2 weeks because the new steel structure had to be modified to support stone and millwork finishes.

Delays in addressing items on the project's extensive punch list pose further risks to the CVC's schedule and call for continued prompt attention by AOC and its contractors. For example, work in the Exhibit Gallery may continue to fall behind schedule while AOC and its design team address fire protection design issues in the Wall of Aspirations. In addition, damage to pavers on the East Front plaza has not been repaired, and extensive work may be required to prevent further damage. Since the last hearing, a design solution was reached for relocating the pre-existing PEPCO electrical vaults, which are too high for the current landscaping plan. Some landscaping and other work in that area will be delayed by about 5 months, and the final cost is uncertain, but AOC is comfortable that the project's contingency funds are sufficient.

Proposed change orders continue to be identified by the CVC team each month. 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 February 2008^a



Source: AOC's construction management contractor.

^aThe most current proposed change order data were complete through February 28 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

AOC's current estimate of the cost to complete the CVC project's construction, first reported at the September 25, 2007, hearing, is about \$621 million. We believe this estimate is reasonable, provided there are no unusual delays. To date, about \$566.2 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. In addition, AOC requested and was recently granted authority to transfer \$3.2 million from other activities to fund CVC construction. AOC 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. Based on its current cost-to-complete

estimate, AOC believes it will still 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

For further information about this testimony, please contact Terrell Dorn on (202) 512-6923 or dornrt@gao.gov. Other key contributors to this testimony include Shirley Abel, Michael Armes, Lindsay Bach, Maria Edelstein, Elizabeth Eisenstadt, Jeanette Franzel, Jackie Hamilton, Kara Patton, and Joshua Ormond.

This is a work of the U.S. government and is not subject to copyright protection in the United States. It may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission

The Government Accountability Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday, GAO posts newly released reports, testimony, and correspondence on its Web site. To have GAO e-mail you a list of newly posted products every afternoon, go to www.gao.gov and select "Subscribe to Updates."

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. Government Accountability Office
441 G Street NW, Room LM
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000
TDD: (202) 512-2537
Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Ralph Dawn, Managing Director, DawnR@gao.gov (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, D.C. 20548

Public Affairs

Charles Young, Managing Director, YoungC@gao.gov, (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, D.C. 20548