Smithsonian’s Efforts to Improve Reliability of Its Revitalization Project’s Cost Estimate Are Ongoing

What GAO Found

The Smithsonian Institution (Smithsonian) has completed planning and design work for its National Air and Space Museum revitalization project and started the first of two construction phases in October 2018. This phased approach should allow the building to remain open to the public during construction. In August 2018, the Smithsonian finalized a “guaranteed maximum price” (GMP) contract, which generally sets the maximum amount that the Smithsonian is to pay for construction services. In preparation for construction, Smithsonian also awarded a contract for demounting and transporting the museum’s artifacts to off-site storage. To date, the Smithsonian has used or allotted $250 million of its prior-year appropriations for the project’s planning, design, and initial construction. The Smithsonian plans to request $400 million in total from fiscal years 2019 through 2022 to fund construction and other project-related activities.

The Smithsonian’s December 2017 cost estimate substantially met comprehensive, well-documented, accurate, and credible. The Smithsonian’s cost estimate substantially met comprehensive, well-documented, and accurate characteristics because, among other attributes, it included ground rules and assumptions, documented steps to calculate cost components, and was adjusted for inflation. The Smithsonian’s cost estimate only partially met best practices for the credible characteristic. Specifically, while the Smithsonian had completed a risk analysis and a sensitivity analysis when the project design was 35 percent complete, it postponed updating the analyses when the design was completed because it determined that the analyses could benefit from project schedule information that was concurrently being developed. By postponing the update, the Smithsonian did not have current information available to inform its GMP contract negotiations and was therefore not able to consider how existing risks may have changed or to ensure that the cost of the GMP contract appropriately reflected new risks. However, in May 2018 the Smithsonian contracted to have these analyses updated based on the revised estimate that incorporates the negotiated GMP cost. By updating the analyses, the Smithsonian will be better able to make decisions and mitigate risks as construction progresses. Further, updating these analyses will improve the credibility of the cost estimate and better position the Smithsonian to make well-informed budget requests to Congress for remaining project costs.