

GAO

Testimony

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

For Release on Delivery
Expected at 10:00 a.m. EDT
Tuesday, September 25, 2007

CAPITOL VISITOR CENTER

Update on Status of Project's Schedule and Cost as of September 25, 2007

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 July 31, 2007,¹ 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, potential change order log, and weekly reports on construction progress. In addition, we reviewed the contract modifications made to date.

Summary

Since the July 31, 2007, CVC hearing, the project's construction has progressed, and AOC is now anticipating a November 2008, opening date. In addition, AOC and the sequence 2 contractor² have signed a contract modification that extends the date for completing the majority of the sequence 2 work from September 15, 2006 to November 15, 2007. However, because delays have occurred on a number of near-critical paths,³ and risks to the project's schedule remain, we agree with the November 2008 opening date.

AOC has increased its estimate of the cost to complete the CVC project's construction to about \$621 million to cover the costs associated with

¹GAO, *Capitol Visitor Center: Update on Status of Project's Schedule and Cost as of July 31, 2007*, [GAO-07-1149T](#) (Washington, D.C.: July 31, 2007).

²AOC contracted with two firms to construct the CVC project in phases, or sequences. The sequence 1 contractor, Centex Construction Company, performed the project's excavation and structural work, while the sequence 2 contractor, Manhattan Construction Company, is responsible for the mechanical, electrical, plumbing, and interior finishing work.

³Near-critical paths are, after the critical path or paths, the longest paths of activities through a project's schedule. Each day of delay in the critical path could delay the completion of the entire project.

extending the sequence 2 schedule and to provide for delays, change orders, and remaining uncertainties. We believe this estimate is reasonable, provided there are no unusual delays. To date, about \$556.2 million has been approved for CVC construction, and AOC has \$18.6 million more that it has not yet received approval to obligate. Of this amount, AOC plans to use about \$6 million for construction and the remainder for operations. For fiscal year 2008, AOC has requested \$20 million for CVC construction and believes that it may need another \$39 million.

Construction Is Progressing, but Delays in Work on Near-critical Paths and Other Risks Could Affect the Scheduled Completion Date

According to AOC's construction management contractor, in dollar terms, the overall CVC project is 98 percent complete, compared with 96 percent reported complete at the July 31 CVC hearing. Twenty-one of the CVC's 23 air handling units were reportedly operating full time as of September 13, 2007 and these systems are now undergoing testing, balancing, and commissioning.

In August 2007, AOC and the sequence 2 contractor signed a contract modification that extends the date for completing the majority of the sequence 2 work from September 15, 2006, to November 15, 2007. The sequence 2 contractor continues to work hard on completing this portion of the project, which must be finished before the final fire alarm testing can begin. Work has advanced on the project's heating, ventilation, and air-conditioning (HVAC) system, interior wall stone and ceiling installation, and other interior and exterior construction work.

AOC has not reported any delays on the CVC project's critical path. However, work has fallen further behind schedule on the majority of the near-critical paths we have been monitoring, including, for the CVC, 9 of the 17 near-critical paths reported on at the last CVC hearing and 1 new near-critical path, monitored last month. Work on 6 of the CVC near-critical paths fell at least 2 weeks further behind. Altogether, there are now 5 CVC near-critical paths with 1 week or less of float remaining—meaning that with delays of 5 days or less, these near-critical paths will become the critical path or paths.

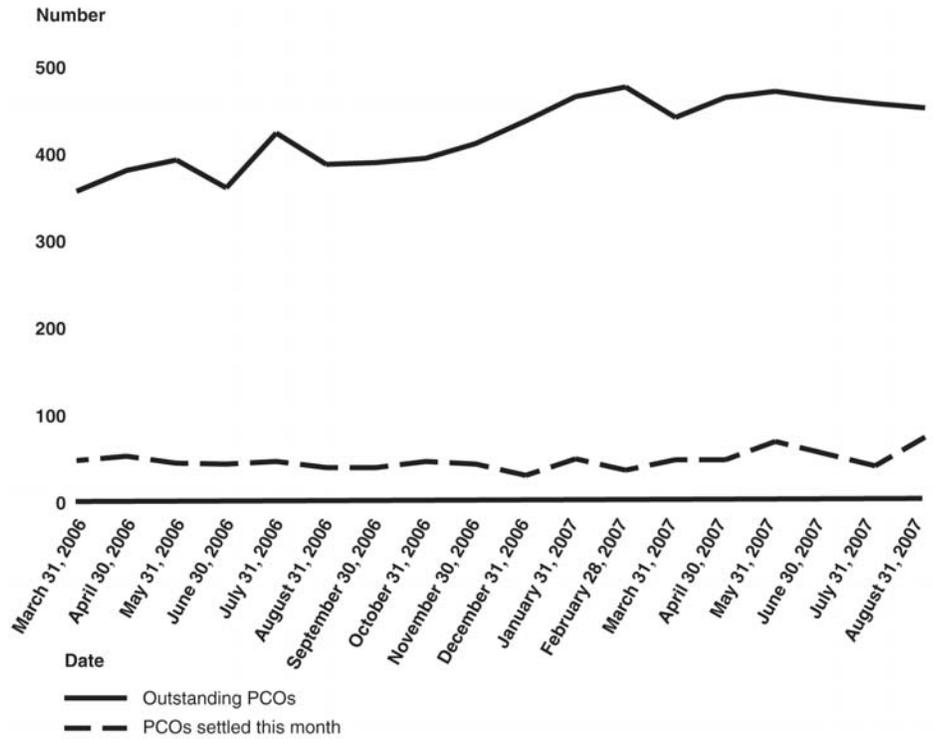
In the House and Senate expansion spaces, work on 11 of 14 near-critical paths lost time last month. Because of delays in the House hearing room and in several near-critical-path activities, such as work in the atriums, mounting fire alarm devices, and framing ceilings, the schedule for completing the expansion spaces has slipped by about 7 weeks since the

last hearing—to February 5, 2008—according to the project’s August 2007 schedule.

Although the delays in work on the CVC’s near-critical paths are significant, the major risk to the project’s schedule continues to be technical problems that may surface during the installation, integration, operation and testing of the CVC’s complex major building systems, including the fire alarm, security and HVAC systems. Moreover, such technical problems may not be evident until the systems undergo their final acceptance testing.

Additional potential change orders also pose risks and continue to be identified by the CVC team each month. AOC and its contractors have continued to work together to address the number of open (unresolved) potential change orders, and the list of open orders has continued its slight decline. Sustained attention to this issue is needed to reduce budget uncertainty 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 August 2007



Source: AOC's construction management contractor.

AOC Has Updated Its Cost Estimate, and Additional Funds Are Likely to Be Needed

AOC has increased its estimate of the cost to complete the CVC project's construction to about \$621 million. This revised estimate reflects, among other things, the cost associated with extending the date for completing sequence 2 work and is consistent with our report at the July 31, 2007, CVC hearing that the total cost of completing the project's construction was likely to exceed \$600 million. The new \$621 million estimate includes contingency amounts for delays, change orders, and remaining uncertainties among other things related to the project's fire alarm testing. Our review of this estimate indicates that it is reasonable, given the information available at this time, provided there are no extraordinary delays in the future. Although there is still considerable uncertainty about the cost impact of earlier construction delays and future fire alarm testing, we believe reasonable budgetary allowances have been made.

To date, about \$556.2 million has been approved for CVC construction. In addition, AOC has \$18.6 million of its fiscal year 2007 CVC appropriations that it has not yet received approval to obligate. AOC has indicated that of this amount, approximately \$6 million will be used for construction and \$12.6 million will be used for operations. AOC has requested \$20 million for fiscal year 2008 CVC appropriations for construction and estimates, on the basis of its new project estimate, that it may need an additional \$39 million.

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 at (202) 512-6923. Other key contributors to this testimony include Shirley Abel, Lindsay Bach, Maria Edelstein, Elizabeth Eisenstadt, Jeanette Franzel, Jackie Hamilton, Bradley James, David Merrill, and Joshua Ormond.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product 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 "E-mail 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, DC 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

Gloria Jarmon, Managing Director, JarmonG@gao.gov, (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, DC 20548

Public Affairs

Susan Becker, Acting Manager, BeckerS@gao.gov, (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548