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**CAPITOL VISITOR
CENTER**

Update on Status of
Project's Schedule and Cost
as of October 31, 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 September 25, 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 September 25, 2007, CVC hearing, the project's construction has progressed, and AOC is still anticipating a November 2008 opening date. In addition, AOC is soliciting contractor support to assist with fire alarm acceptance testing and is also considering using other employees to assist with fire alarm testing. However, risks to the project's schedule remain, including delays in procuring fire alarm testing assistance and in the completing the fire alarm testing.

AOC's current estimate of the cost to complete the CVC project's construction, 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 \$556.2 million has been approved for CVC construction, and AOC has \$6 million more in fiscal year 2007 CVC appropriations that it plans to use for construction after it obtains congressional approval to obligate these funds. For fiscal year 2008, AOC has requested \$20 million for CVC construction and believes that it may need another \$39 million.

¹GAO, *Capitol Visitor Center: Update on Status of Project's Schedule and Cost as of September 25, 2007*, [GAO-07-1249T](#) (Washington, D.C.: Sept. 25, 2007).

Construction Is Nearly Complete, but Remaining Risks Could Affect the Scheduled Opening Date

According to AOC's construction management contractor, in dollar terms, the overall CVC project is 98 percent complete,² the same percentage reported at the September 25 CVC hearing. Twenty-two of the 23 air-handling units are now operational. In addition, 18 of the 19 the air-handling units necessary for smoke control have been commissioned, and AOC expects the remaining unit to be commissioned before the final fire alarm acceptance testing is scheduled to begin.

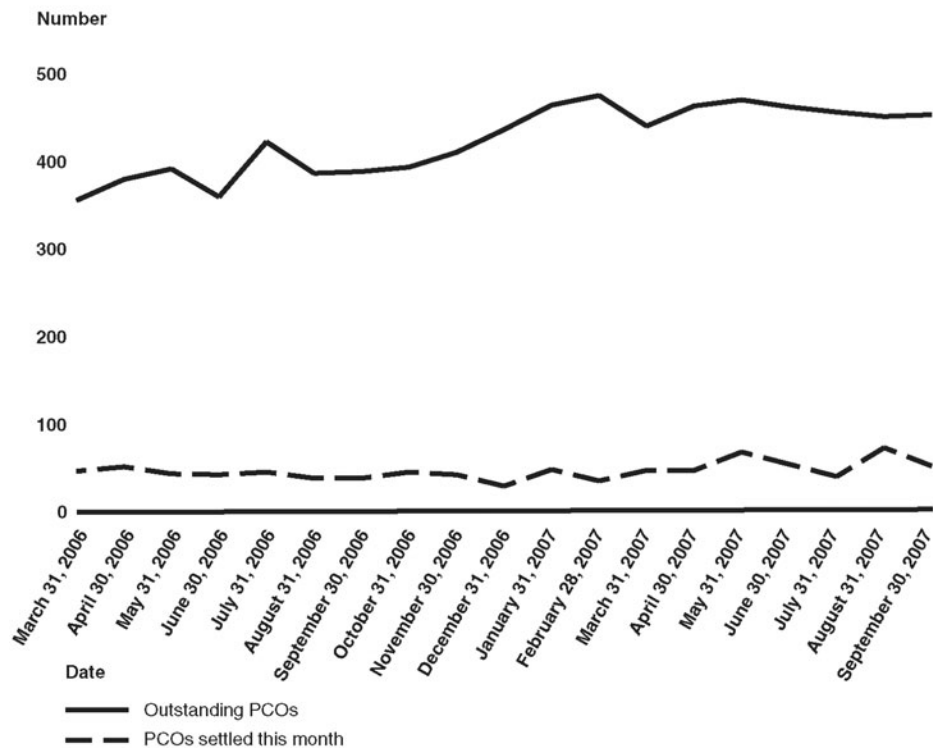
In August 2007, AOC and the sequence 2 contractor signed a contract modification that extended the date for completing the majority of the sequence 2 work from September 15, 2006, to November 15, 2007. Since the last hearing, the remaining work and site cleanup have continued to progress across the project. With only 2 weeks left before November 15, AOC anticipates that the sequence 2 contractor will meet the revised completion date; however, an extensive punch list of corrective actions will remain for the contractor to complete before the building's anticipated opening in November 2008. Making these corrections and finishing other work scheduled for completion after November 15, 2007, while simultaneously conducting the final fire alarm acceptance testing will present challenges to the CVC team. For example, corrective action to repair ceilings or walls may create excessive dust, which could cause false fire alarms, disrupt the fire alarm testing schedule, and reduce the time remaining to prepare for the CVC's startup and operations. AOC has taken steps to mitigate this risk. Furthermore, delays in the fire alarm acceptance testing could delay the dates for completing the CVC project's construction and for opening the CVC project. AOC is currently soliciting contractor support to assist with the fire alarm testing, but negotiations are not yet complete. The CVC team is also developing plans for AOC employees to assist in completing the testing.

As of October 19, 2007, AOC had not issued the September update of its construction schedule. Its weekly progress reports indicate that although minor problems have occurred as construction has proceeded, AOC does not expect any of the problems to delay the substantial completion of sequence 2 work by November 15, 2007, which will allow the fire alarm

²In other words, the sequence 2 contractor has received about 98 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.

acceptance testing to begin. Since the successful completion of the testing is critical to obtaining a certificate of occupancy for the CVC and preparing for operations, any delays in starting this testing could place the CVC's opening in November 2008 more at risk. 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 remained essentially unchanged. 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 September 2007



Source: AOC's construction management contractor.

AOC's Cost Estimate Remains the Same, and Timing of Need for Additional Funds Has Not Been Determined

In September, AOC increased its estimate of the cost to complete the CVC project's construction to about \$621 million. The new \$621 million estimate includes, among other things, contingency amounts for delays, change orders, and remaining uncertainties related to the project's fire alarm testing.

To date, about \$556.2 million has been approved for CVC construction, and AOC has \$6 million more in fiscal year 2007 CVC appropriations that it plans to use for construction after it obtains congressional approval to obligate these funds. AOC has requested \$20 million in 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.

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