

**GAO**

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

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# CAPITOL VISITOR CENTER

## Update on Status of Project's Schedule and Cost as of June 27, 2008

Statement of Terrell G. Dorn, Director,  
Physical Infrastructure Issues



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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 May 22, 2008,<sup>1</sup> 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) and AOC's Chief Fire Marshal. We also reviewed AOC's construction management contractor's periodic schedule assessments.

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## Construction Is Essentially Complete, and Fire Alarm Testing Continues

Since the May 22, 2008, CVC hearing, work on the project has moved forward, and despite issues in certain CVC and expansion space work, AOC still believes the fire alarm testing will be completed late next month and the project will be available to open in November 2008. According to AOC's construction management contractor, in dollar terms, the overall CVC project remains 99 percent complete.<sup>2</sup> Some risks to the project's schedule remain in testing some components of the CVC's fire alarm system. Many punch list<sup>3</sup> items also remain to be completed, and a steady number of proposed change orders have to be resolved. At this time, AOC does not expect the punch list items or the proposed change orders to affect the project's completion date.

Since the last hearing, work on the project's current critical path,<sup>4</sup> fire alarm acceptance testing, has continued, and AOC has taken steps to address other concerns. For example, the fire marshal has continued testing the building's smoke exhaust system. Although some issues have

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<sup>1</sup>GAO, *Capitol Visitor Center: Update on Status of Project's Schedule and Cost as of May 22, 2008*, [GAO-08-811T](#) (Washington, D.C.: May 22, 2008).

<sup>2</sup>In 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 sequence 2 contract, such as the fire marshal's fire alarm acceptance testing.

<sup>3</sup>A punch list identifies tasks, usually minor, to be completed at the end of a project.

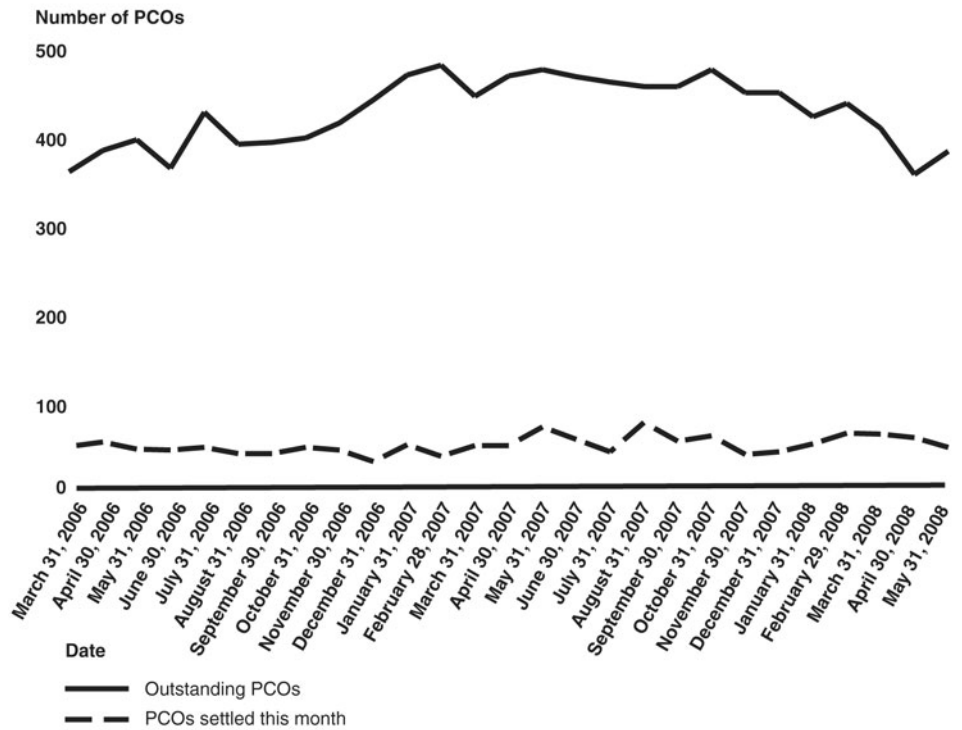
<sup>4</sup>The critical path is the single longest path of activities through a project's schedule. Each day of delay in the critical path could delay the completion of the entire project.

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arisen during this testing, such as the potential need for additional or larger smoke exhaust fans for a portion of the building, no new significant issues have emerged. AOC still expects to receive a temporary certificate of occupancy for the project on or before July 31, 2008. In addition, the CVC team has continued to gradually reduce the number of punch list items, which we have identified as a concern at the last several hearings. According to AOC, the number of punch list items has been reduced from over 15,000 to about 4,700. Finally, AOC is developing plans to repair the damage to plaza pavers that we discussed at last month's hearing. AOC has determined that substantial rework of the plaza may be required and is planning the repairs to avoid interference with the CVC's opening and with inaugural activities. It is still not clear who will ultimately be financially responsible for the repairs, but we do not anticipate a need for additional appropriations to address this issue.

Each month, the CVC team continues to identify proposed change orders. AOC and its contractors have continued to work together to reduce the number of open (outstanding) proposed change orders (PCO). However, the number of open orders has increased since our last statement while the number of orders settled during the same period has declined. Sustained attention to this issue is needed to reduce uncertainty about the project's costs. 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 May 2008**



Source: AOC's construction management contractor.

## 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 in September 2007,<sup>5</sup> remains about \$621 million. We believe this estimate is realistic and contains a sufficient allowance for contingencies, provided there are no unexpected delays over the next month, when construction is scheduled to be complete. To date, about \$583.3 million has been approved for CVC construction, and AOC has \$2.4 million more in fiscal year 2008 CVC appropriations that it plans to use for construction after it obtains congressional approval to

<sup>5</sup>GAO, *Capitol Visitor Center: Update on Status of Project's Schedule and Cost as of September 25, 2007*, GAO-07-1249T (Washington, D.C.: September 25, 2007)

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obligate these funds.<sup>6</sup> In addition, AOC has estimated that it will still need another \$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. Given its current cost-to-complete estimate, AOC may need an additional \$2 million in fiscal year 2009 to finish 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.

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## Contacts and Acknowledgments

For further information about this testimony, please contact Terrell Dorn on (202) 512-6923 or [dornt@gao.gov](mailto:dornt@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.

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<sup>6</sup>For fiscal year 2008, AOC received \$28,753,000 (before rescission) in appropriations for the CVC project. Pub. L. No. 110-161. Of that amount, AOC is allowed, but not required, to use up to \$8.5 million for operations. AOC is currently planning to use the \$8.5 million for operations.

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