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CAPITOL VISITOR CENTER

Update on Status of Project's Schedule and Cost as of February 7, 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 November 14, 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 November 14, 2007, CVC hearing, the project's construction has progressed, and AOC is still anticipating an early November 2008 opening date. But risks to the project's schedule remain in several time-critical activities, especially fire alarm acceptance testing, which, under the current schedule, must be completed on time for the CVC to open on time. Delays in work on the East Front, the Exhibit Gallery, and the House Hearing Room also pose risks to the project's schedule, as do the many items on the project's punch list 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 \$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

¹GAO, *Capitol Visitor Center: Update on Status of Project's Schedule and Cost as of October 31, 2007*, [GAO-08-227T](#) (Washington, D.C.: Nov. 14, 2007).

congressional approval to obligate these funds.² AOC has estimated that it will need an additional \$5.9 million in fiscal year 2008 to fund construction, and it has requested \$31.1 million in fiscal year 2009 funds for CVC construction. Based on its current cost-to-complete estimate, AOC believes it may need an additional \$2 million to complete the project in fiscal year 2009.

Construction Is Nearly Complete, but Risks Remain

According to AOC's construction management contractor, in dollar terms, the overall CVC project is 99 percent complete,³ as compared with 98 percent reported at the November 2007 CVC hearing. Yet even at this late stage in the construction process, delays in a number of time-critical activities related to the fire alarm system pose risks to the project's schedule.

Work on the project's current critical path,⁴ fire alarm acceptance testing, is underway and is within a week of being on schedule. Since the last CVC hearing, delays have occurred in this activity because of required changes in the fire alarm system's planned sequence of operations. However, prompt attention by the CVC team reduced the time lost to 3 days and AOC still expects the CVC to be ready to open on November 3, 2008. Moreover, the opening could be sooner if AOC reduced the amount of fire alarm acceptance testing required, as AOC's consultants have suggested. Nonetheless, AOC's fire marshal has determined that the fire alarm acceptance testing will proceed as planned.

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 4 weeks after AOC determined that additional sprinkler heads would be needed and other design changes were required. Work in the Exhibit Gallery was

²For 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.

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.

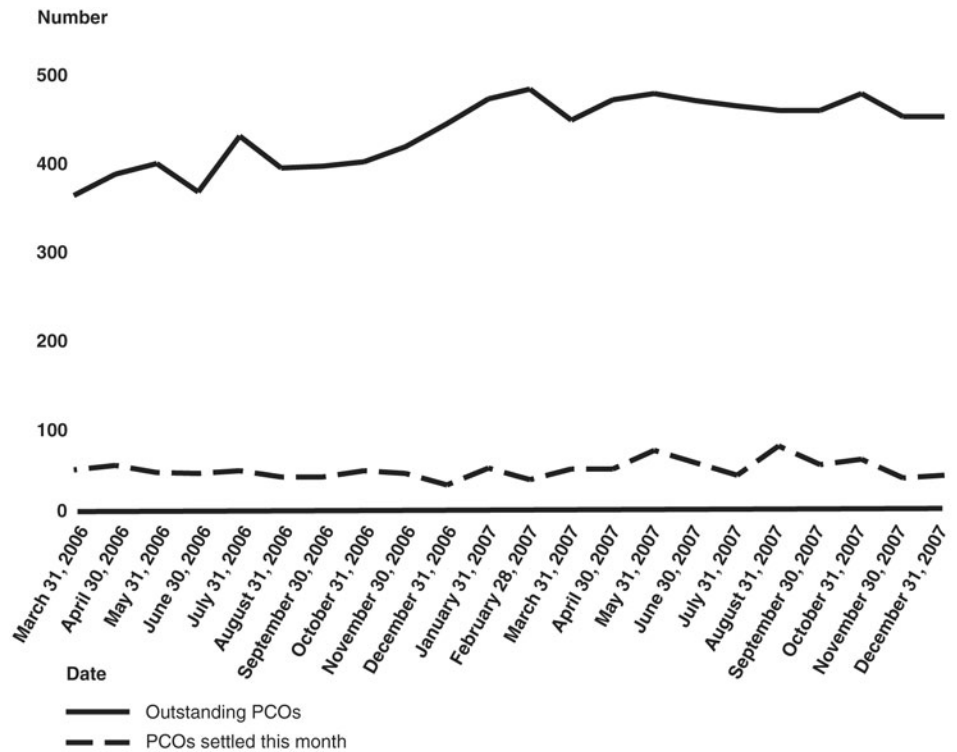
⁴The critical path is the single longest path of activities through a project's schedule. Each day of delay in the critical path could delay the completion of the entire project.

delayed by 3 weeks when AOC did not receive replacement pieces for the glass floor as scheduled.

Delays in addressing items on the project's extensive punch list pose a further risk to the CVC's schedule and call for continued prompt attention by AOC and its contractors. For example, work in the Exhibit Gallery may fall behind schedule while AOC and its design team address deficiencies in the Wall of Aspirations, which failed a test of its fire protection system. In addition, damage to pavers on the East Front plaza has not been repaired, and extensive work may be required to prevent further damage. Efforts to relocate PEPCO electrical vaults, which are too high for the current landscaping plan, are still unresolved and may delay completion of the work in that area by 5 months.

Proposed change orders continue to pose risks to the project's schedule and 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 December 2007



Source: AOC's construction management contractor.

AOC's Cost Estimate Remains the Same, and Additional Funds Will Be Needed

In September 2007, AOC increased its estimate of the cost to complete the CVC project's construction to about \$621million, which remains unchanged. The \$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 \$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. AOC has estimated that it will need an additional \$5.9 million in fiscal year 2008 to fund construction, and it has requested \$31.1 million in fiscal year 2009 CVC appropriations for construction. Based on its current cost-to-complete estimate, AOC believes it may need an additional \$2 million to complete the project in fiscal year 2009.

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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