

STATEMENT OF
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STATE COMMANDER OF COLORADO
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE
VETERANS' AFFAIRS SUBCOMMITTEE
ON OVERSIGHT AND INVESTIGATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

**“A REVIEW OF CONTINUED DELAYS AND COST OVERRUNS AT THE
REPLACEMENT AURORA, COLORADO VAMC”**

DENVER, CO

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MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the men and women of the Veterans of Foreign Wars of the United States (VFW), our Auxiliaries, and specifically the nearly 19,000 VFW members living in Colorado today, I would like to thank you for the opportunity to testify regarding the continued construction delays and cost overruns of the Aurora Veterans Affairs Medical Center (VAMC) replacement project.

The current VAMC in Denver was built in 1948 and has outlived any reasonable lifecycle expectations. Over the past 66 years, health care technologies have improved and patient demands have changed, but our medical center has not kept pace. Discussions for replacing the facility began in 1997, and in 2004 the Capital Asset Realignment for Enhanced Services or CARES put the Denver VAMC as one of the three facilities most in need of replacement. Now on its fourth Secretary, the Denver VAMC replacement project is still a year away from its projected completion date.

Veterans in Colorado have waited long enough. The Government Accountability Office (GAO) reported last year that the total estimated time to complete this facility will be 10.5 years. In contrast, the Naval Facilities Engineering Command reports that they take approximately four years to build a medical facility from design to completion. This shows there are more efficient ways for federal agencies to contract and build facilities.

The Department of Veterans Affairs (VA) has taken steps to improve their major construction practices. In April 2012, the Secretary established the Construction Review Council to conduct oversight and performance accountability for planning, budgeting and executing VA's capital

asset management process. The Council identified five areas that contributed to VA's construction cost overruns and delivery delays.

VA identified that placing project development in front of authorization and appropriations in the capital investment program process will reduce the number of project unknowns and provide a more reliable cost and time estimate. Then the Council recommended four other actions that should improve VA's real property capital program. The recommendations start with requiring VA to have the more complete design of a project before submitting for funding, and to conduct master planning in coordination with the Strategic Capital Investment Plan (SCIP). It then calls on VA to improve the design review process, better coordinate the SCIP process with the budget process to improve funding recommendations, and design a program management process that will be used while the facility is being built to improve communication within VA and between VA and the general contractor.

These and other initiatives VA has undertaken to improve their real property capital planning are noble, but with access and utilization gaps in major construction that will cost more than \$20 billion to close, more must be done.

That is why the VFW supports Chairman Coffman's bill, HR. 3593, the "*VA Construction Assistance Act of 2013*." This bill will codify many of the recommendations of the Construction Review Council and GAO by:

- using medical equipment planners from the onset of a major medical facility construction project.
- developing and using a project management plans to improve communication among all parties involved.
- place construction projects under peer excellence review.
- developing a metrics to monitor change-order processing times and ensure that process meets other federal department and agency best-practices.

By placing these provisions in code, there will not be any ambiguity at the project management level on what is required while a facility is under construction. This will lead to better communication between VA and general contractors, reducing the number of change orders and reducing the number of disputes between the two parties, and in the end ensure that facilities are built on time and on budget.

The bill will also require VA to use the design-build process when possible. This process places the architectural/engineering company and the prime construction contractor under one contract. This method can save VA up to six months of time by putting the design phase and the construction performance metric together. Placing the architect as the lead from start to finish, and having the prime contractor work side-by-side with the architect allows the architect to be an advocate for VA. Also, the architect and the prime contractor can work together early on in the design phase to reduce the number of design errors, and it also allows them to identify and modify the building plans throughout the project. This is a common sense solution to more efficiently and effectively build major construction projects.

The last provision is for the Army Corps of Engineers to provide a special project manager to conduct oversight of the construction operations regarding compliance with acquisition regulations, and monitor the relationship of VA and the prime contractor. It will also authorize the Corps to assist in construction related activities, such as change-order requests, and provide guidance on developing best practices in overall project operations.

The VFW supports this provision, but it should be seen as a stop-gap measure to help VA to quickly complete these three outstanding major construction projects, and systems must be put in place to ensure VA can function under similar guidance without the assistance of the Corps on future projects.

It is important for VA to become more efficient at facility construction. Veterans have expectations that medical facilities will be available when VA first states what the completion date will be. It is obvious by looking at the number of delays and cost overruns that the contracting and building procedures that VA currently uses are antiquated and are costing VA millions of dollars more for each project; and causing five to six year delays in much needed medical facilities. By passing this legislation, VA will gain better oversight, cost controls and more efficient procedures for future construction projects.

Mr. Chairman, this concludes my remarks and I look forward to any questions you or the Committee may have.

Information Required by Rule XI2(g)(4) of the House of Representatives

Pursuant to Rule XI2(g)(4) of the House of Representatives, VFW has not received any federal grants in Fiscal Year 2013, nor has it received any federal grants in the two previous Fiscal Years.