

U.S. ARMY CORPS OF ENGINEERS

DEPARTMENT OF THE ARMY

TESTIMONY OF

**LLOYD C. CALDWELL, P.E.
U.S. ARMY CORPS OF ENGINEERS
BEFORE THE**

**COMMITTEE ON VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES**

ON

**COMPLETION OF THE CONSTRUCTION OF THE DEPARTMENT OF
VETERANS AFFAIRS DENVER REPLACEMENT HOSPITAL, AURORA
COLORADO**

April 15, 2015

Mr. Chairman and Members of the Committee, thank you for the opportunity to appear before you again on behalf of Lieutenant General Thomas Bostick, Chief of Engineers. I provide leadership for execution of the U.S. Army Corps of Engineers (Corps) engineering and construction programs in support of the Department of Defense (DOD), other agencies of the Federal Government in the United States and around the globe.

The Corps fully recognizes the importance of the service of members of the armed forces, the support of their families, and the service of our veterans, in sustaining the strength of our nation. We understand the vital link between the goals of their service and missions and the technical capabilities we provide, from consultation to delivery of infrastructure. As I have testified at prior Congressional hearings, the Corps has significant construction management capabilities and experience delivering medical facilities for our service members and veterans. Today, we have been asked by the Committee to testify on the subject of completing the construction of the Denver replacement medical center in Aurora, Colorado (Denver Hospital). My testimony will address actions we are taking in partnership with Department of Veterans Affairs (VA) to complete construction of the Denver Hospital - a unique undertaking – as well as other support.

DOD's construction program utilizes designated Construction Agents, of which the Corps is one; who procure and execute design and construction of projects to deliver the Department's infrastructure requirements authorized by law. The Corps is also known for the Civil Works projects it executes for the Nation, and the Corps' capabilities are perhaps uniquely developed to fulfill both military and civil engineering responsibilities. Interagency collaboration is an important element of the Corps' work, and the Corps provides interagency support as a part of its service to the nation. The Economy Act (31 USC 1535) provides necessary authorities for the Corps to assist the VA with any construction requirements, from minor to major construction, to include completion of the Denver Hospital.

In December 2014, the VA and the Corps entered into an Economy Act agreement to allow the Corps to assess the Denver Hospital construction project. Subsequent modifications to this agreement have provided funding and the authority to prepare for the award of a new Corps contract to complete the construction. We are currently working with VA to develop a new agreement that would allow the Corps to award the new contract and transition the construction agent responsibility to the Corps to manage the new contract. A team of technical experts has visited the site and reviewed the completed work and contract documents. The Corps is using teams of professionals, including from the Northwestern Division, Omaha District, Huntsville Engineering and Support Center, and Corps Headquarters to undertake the steps that will lead to award of the new construction contract as well as manage the contract through to completion. We have identified a preferred course for acquisition, issued a Notice of Intent to negotiate and award a sole source contract to Kiewit-Turner, and we have requested approval for the acquisition strategy. As we work towards a new contract award, we continue to assess the detailed requirements of this project and plans for completion with the VA, taking into account the fact that construction is still continuing under a separate VA contract with Kiewit-Turner.

The Corps provided a preliminary estimate for completing construction at Denver, which was one component of the increased authorization requirements reported to Congress by the VA. The VA combined the Corps' estimate with other VA costs for completing the project. The preliminary estimate was appropriate to inform the increased authorization requirements. Meanwhile, we are developing an independent estimate suitable for negotiation of the new contract.

As the actions for a new Corps contract are proceeding, the Corps is also advising the VA on the management of the VA's interim construction contract with Kiewit-Turner. This approach continues progress on the project while the Corps prepares to assume construction agent responsibilities.

While the Corps will assume a major role in the construction of the Denver Hospital, the VA, as the project's proponent, is still responsible for project requirements, resourcing and facility transition to full operations. By using our project delivery process, we are

confident that the Corps, acting as Construction Agent, can complete construction of the Denver Hospital for VA and meet the needs of our veterans.

There are currently three lines of effort associated with the Corps' support to the VA's major construction program, which includes completion of the Denver Hospital project as the construction agent. We are also undertaking a review to identify lessons learned from the Denver Hospital and three other major projects which may be used by VA to assess their organizational structure, processes and controls. In addition, we are engaging with VA leadership in discussion regarding the application of best practices and project execution in their program.

In other efforts, we continue to provide assistance to VA to execute multiple minor construction and non-recurring maintenance projects for the Veteran Integrated Service Networks and the VA's National Cemetery Administration.

Our relationship with VA is strong and is growing. We are committed to working with VA as Construction Agent to complete the Denver project and to continue our partnership and collaboration on future major medical construction projects and identify best business practices. We continue to be prepared to support the VA with its major capital program.

Mr. Chairman, this concludes my statement. Thank you for allowing me to be here today to discuss the Corps' capabilities and our work to assist VA. I would be happy to answer any questions you or other Members may have.