



THE DEPUTY SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

April 2, 2015

The Honorable Jeff Miller  
Chairman  
Committee on Veterans' Affairs  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your March 10, 2015, letter co-signed with the leadership of the House and Senate Veterans' Affairs Committees. The Department of Veterans Affairs (VA) is committed to timely completion of the Denver replacement medical center project in Aurora, Colorado. We are determined to deliver a state-of-the-art medical center so Veterans in the Denver and surrounding areas may seek the care that they deserve.

VA estimates that the total cost for the Denver replacement medical center project is \$1.73 billion. This number was developed with information from the Army Corps of Engineers, VA's executive agent to negotiate a long-term contract and manage the project until completion. We have taken steps to validate the number and include program costs. The estimate includes the cost of construction, contingencies, and Army Corps of Engineers costs, as well as VA's cost to close out the original contract and continue construction until the Army Corps of Engineers assumes construction management duties this summer. Please refer to the enclosure to this letter for answers to the four questions posed in your March 10, 2015, letter.

Similar letters are being sent to leadership of the House and Senate Committees on Veterans' Affairs. Should you have any additional questions, please have a member of your staff contact Mr. Omara Boulware, Congressional Relations Officer, at (202) 461-6468 or by email at [Omara.Boulware@va.gov](mailto:Omara.Boulware@va.gov).

Thank you for your continued support of our mission.

Sincerely,

A handwritten signature in black ink, appearing to read "Sloan D. Gibson", is written over a printed name.

Sloan D. Gibson

Enclosure

**VA March 2015 Fact Sheet in Response to Chairman Miller On the Construction of the Denver Replacement VA Medical Center**

**1. We have been informed that, as of February 26, VA has already reprogrammed over \$56 million from other sources to accommodate some of the additional funds that will be needed to complete the project in Denver. Please identify any other sources of funds, in addition to the \$56 million that have been reprogrammed to date.**

**VA Response:** As of April 1, 2015, the project has been authorized for \$800 million. In accordance with 38 United States Code § 8104(c), VA may exceed the authorized project amount by 10 percent without Congressional notification or action. VA has reprogrammed \$56.6 million to date, and has notified Congress of our intent to reprogram an additional \$43.3 million, making the total current funds available \$899.9 million. The sources for the reprogramming actions are listed below:

<b>Date</b>	<b>Amount</b>	<b>Source</b>
August 7, 2014	\$5,000,000	VHA Major Construction Working Reserve
December 8, 2014	\$20,000,000	VHA Major Construction Working Reserve
February 18, 2015	\$31,600,000	VHA Major Construction Working Reserve, Physically Complete Projects, and Line Items
March 11, 2015	\$43,295,000	Bid Savings
<b>Total</b>	<b>\$99,895,000</b>	

**2. Please identify any further reprogramming you may request, the specific facilities impacted, and the amount of funding from each facility. Also, identify what delays, if any, will be associated with the reprogramming of funds from these other facilities.**

**VA Response:** There is an additional funding need of \$830 million. We will work with Congress on funding options going forward.

**3. Please provide the committees with an update on the progress of the administrative investigation board review that was convened in January to investigate mismanagement and misconduct concerning the replacement Denver VA Medical Center. This progress report should also include a timeline and summary of actions that VA has taken to ensure accountability in this matter including but not limited to the convening of the administrative investigation board, information on when you anticipate the administrative investigation board will complete its work, and when subsequent disciplinary actions, as appropriate, could be expected. In the case of serious misconduct by senior executives, we fully expect the Department to take action using the enhanced authority that Congress has provided in Public Law 113-146, "Choice Act." Once the investigation is completed, we expect you to provide the Committees with a list of**

**who has been, or will be, held accountable for the problems that occurred on this project. Please include the names of the individuals, the reasoning behind the decision to hold each accountable, and what employment actions will be taken against them.**

**VA Response:** The Administrative Investigation Board (AIB), which includes an expert advisor from outside the Department, has begun its work and has been directed to produce its report by the end of April unless an extension is granted. The AIB interviewed four individuals on March 23, 2015, and March 24, 2015, including Mr. Glenn Haggstrom, former Principal Executive Director of the Office of Acquisition, Logistics, and Construction. Mr. Haggstrom was deposed for approximately 2 hours on March 23, 2015; he exercised his right to retire from Federal service on March 24, 2015. It is premature to provide details with respect to expected accountability actions, but we expect any such actions will be taken within 30 days of the completion of the AIB report. We will provide you additional information when it becomes appropriate to do so.

**4. Further, the Committees understand that the Army Corps of Engineers is conducting an independent detailed examination of VA's major construction programs in order to make recommendations that can improve processes, structures, and controls related to project delivery and oversight. Please provide the Committee with an update on this review, with specific regard to the replacement Denver Medical Center.**

**VA Response:** The Army Corps of Engineers has been working diligently with VA on this line of effort to develop a detailed diagnostic tool that will evaluate the tactics, techniques, and procedures used at Denver. This tool measures strength and weaknesses across three areas of a project life cycle: Planning & Programming, Engineering Acquisition, and Construction Management thru Commissioning, and it will assess VA against comparable standards that Army Corps of Engineers uses on their major infrastructure construction projects. The path forward has an on-board diagnostic session with not only Denver Medical Center operatives, but also others engaged in projects at Las Vegas, New Orleans, and Orlando, to produce draft evaluations. These draft evaluations will then be fine-tuned after interviews with the construction contractor and other stakeholders at their respective sites. The target for the final report is mid-to-late May 2015.