



**DEPARTMENT OF THE ARMY**  
**U.S. ARMY CORPS OF ENGINEERS**  
441 G STREET, NW  
WASHINGTON, DC 20314-1000

REPLY TO  
ATTENTION OF

SEP 12 2014

Directorate of Military Programs

The Honorable Corrine Brown  
United States House of Representatives  
2111 Rayburn House Office Building  
Washington, D.C. 20515

Dear Representative Brown:

I am writing in response to your letter to Lieutenant General Thomas P. Bostick dated September 11, 2014, requesting the U.S. Army Corps of Engineers views on H.R. 3593, The VA Construction Assistance Act of 2013, the best way to resolve projects covered under H.R. 3593 and how the Corps is currently working with the Department of Veterans Affairs (VA) on other projects. H.R. 3593 concerns appointment, duties and reporting of an independent Corps special project manager (PM) to oversee completion of certain covered VA major medical facility construction projects in Denver, Colorado, Orlando, Florida and New Orleans, Louisiana.

The Corps prior experience in use of a special PM with another federal agency was not found to be beneficial. In 2011, the Corps and the Department of Energy (DOE—Environmental Management) conducted a one-year pilot study known as the “Project Management Partnership”. Three senior level positions for Corps persons were established; one at DOE HQ, one at Savannah River, and one at Oak Ridge, to support specific DOE missions and projects. DOE and the Corps agreed to terminate the pilot, as the agencies processes and cultures were found not well aligned. It was also found that inserting a Corps special PM into ongoing DOE projects, especially those experiencing delays and cost growth was not feasible, since the special PM did not have clearly delegated authority responsibility by which to act within DOE.

The appointment of an independent special PM in the case of H.R. 3593 would present a number of problems. A special PM would not have authority with the VA project delivery team or VA contracting officer. A special PM would also not have links to VA's project or agency automatic information systems. The covered projects' direct contractual relationship and fiduciary responsibility are between the VA and construction contractor. The Corps is not a party to those contracts. The VA is better situated than the Corps to submit the detailed completion plans and progress reports to the House and Senate Committees on Veterans' Affairs due to its direct relationship with the construction contractor. Finally, the proposed legislation, as written, is unclear towards which agency must bear the administrative costs resulting from the special PM's

Congressional reporting requirements. The Corps does not have appropriated funding sources that would be legally available to satisfy reporting requirements on the VA's behalf.

H.R. 3953 effectively establishes a governance mechanism for the covered projects. However, this does not appear to be the matter at hand; project development, acquisition, and execution appear to be the issues for these projects. An alternative approach would be more appropriate to address these matters. An independent review and examination of the covered projects by multi-disciplined Corps design-construction evaluation teams would enjoy both independence and the depth of necessary Corps enterprise support that could recommend an effective path forward for the projects' completion. Existing authorities coupled with an interagency agreement in a willing partnership between the Corps and VA would provide both parties sufficient authority to enable them to work collaboratively, on a cost reimbursable basis, towards resolving project delays and cost escalation. An interagency agreement could be arrived at reasonably quickly between VA and the Corps, upon formal request by VA for Corps technical services, for such an evaluation of a covered project.

The Corps, as part of its interagency capabilities, has an established relationship with the VA, providing support for a broad range of facility construction and maintenance requirements. Authority for the Corps' work with VA is based on the Economy Act, which, coupled with an interagency agreement, provides sufficient authorities to work collaboratively. During 2007, the Corps of Engineers and the VA formalized its relationship through a Memorandum of Agreement (MOA) for the Corps to provide the VA support in the execution of their minor construction and non-recurring maintenance needs.

Prior to fiscal year 2007, Corps execution support to VA was at or below \$2 million annually for work for the Veterans National Cemetery Administration. In 2007, as a result of the MOA, the workload grew to \$7 million and rose to \$377 million by the turn of the decade through the expansion of the Corps work for the VA. Over the last several years, the Corps managed work at 74 different VA facilities nationwide.

The Corps also is supporting the VA with the development of its project governance processes. Two Corps personnel are currently assigned to VA headquarters to assist with the VA's development of a VA Program Review Board (PRB) framework that is modeled on the PRB process used by the Corps. The PRB framework will support senior VA leadership in their oversight of construction programs including monitoring of project performance and challenges.

As execution funds have grown over the years so has the collaborative relationship between the Corps and VA. The Corps regional and local offices have developed relationships with each of the 23 Veterans Integrated Service Network (VISN) offices

around the country. Whether and how a VISN incorporates the Corps services into its projects is at the discretion of each VISN.

I hope this response has adequately addressed your questions and concerns related to this matter. If you have additional questions or concerns, please contact me or your staff may contact Mr. Kurt Conrad, Military Programs Liaison at (202) 761-0630.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lloyd O. Caldwell', with a long horizontal line extending to the right.

Lloyd O. Caldwell, P.E.  
Director of Military Programs