



THE DEPUTY SECRETARY OF VETERANS AFFAIRS
WASHINGTON

MAR 17 2015

The Honorable Johnny Isakson
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

I would like to thank you for your ongoing support of the completion of the Department of Veterans Affairs (VA) Denver replacement medical center project in Aurora, Colorado. As we have discussed, VA is committed to timely completion of this project and ensuring that Veterans have a state-of-the art medical center in which they can seek care.

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.

We estimate that we will need an authorization increase of \$930 million to complete the Denver replacement medical center project. We are requesting that Congress increase the authorization to \$1.73 billion by mid-May in order to maintain progress. VA has reprogrammed \$56.6 million to date, and has notified Congress of our intent to reprogram an additional \$43.295 million, making the total current funds available \$899.895 million. There is an additional funding need of \$830 million. We will work with you on funding options going forward.

I would like to reiterate—the situation in Denver is unacceptable to Veterans, taxpayers, and Department leadership. Previously, we announced a number of steps that are currently underway to help address this situation. We have:

- Requested that the Army Corps of Engineers complete a detailed examination of the VA major construction program to improve management processes, structures, and controls in project oversight and delivery;
- Convened an Administrative Investigation Board to review all aspects of the Denver project to determine the facts that led to the current situation and gather evidence of any misconduct or mismanagement; and,

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- Changed the reporting structure within the Department so that the Construction and Facility Management organization now reports to me through the Office of Management to ensure continued visibility and accountability in real time.

Similar letters are being sent to leadership of the House and Senate Committees on Veterans' Affairs and Appropriations. Thank you for your continued support of our mission.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sloan D. Gibson". The signature is fluid and cursive, with the first name "Sloan" and last name "Gibson" clearly distinguishable.

Sloan D. Gibson