

GAO
Accountability · Integrity · Reliability

Highlights

Highlights of [GAO-08-923T](#), a testimony before the Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

The Kaiserslautern Military Community Center (KMCC) is one of many projects initiated at Ramstein Air Base to upgrade capabilities of the base as a result of the consolidation of military bases in Europe. The KMCC is intended to provide lodging, dining, shopping, and entertainment for thousands of U.S. military and civilian personnel and their families in the area. Construction on the project, which began in late 2003, was originally scheduled to be completed in early 2006. On June 28, 2007, GAO testified that construction deficiencies and mismanagement had drawn into question when the project would be completed and at what cost.

This testimony discusses updated findings related to the KMCC project. The testimony describes (1) the current status of the KMCC construction project, (2) whether oversight and internal control improvements have been made by the Air Force since GAO's last testimony, and (3) if other projects recently completed in the KMCC area have experienced problems similar to those affecting the KMCC.

To address the objectives, GAO interviewed officials from the U.S. Air Force, Army and Air Force Exchange Service (AAFES), Air Force Services Agency, U.S. Army Corps of Engineers, Department of State, and German government. GAO also conducted site visits and reviewed project plans, cost estimates, completion analyses, and other relevant KMCC documents.

To view the full product, including the scope and methodology, click on [GAO-08-923T](#). For more information, contact Gregory Kutz at (202) 512-6722 or kutzg@gao.gov or Terrell Dorn at (202) 512-6923 or dort@gao.gov.

MILITARY CONSTRUCTION

Kaiserslautern Military Community Center Project Continues to Experience Problems

What GAO Found

Approximately 1 year after GAO's June 2007 testimony and over 2 years after the KMCC's originally scheduled construction completion date, the project continues to experience significant cost and schedule uncertainty along with construction quality problems and ongoing criminal investigations. Limited progress has been made on KMCC construction, and there are still no accurate estimates of how much the total project will cost or when it will be completed. Major construction deficiencies GAO reported in 2007 are just now beginning to be corrected. The photos below show that other than floor tiles being installed, the food court area remains essentially the same as in 2007 and still requires finishing work and the installation of restaurants.



May 2007



May 2008

Source: GAO.

In addition, the Air Force does not track the total cost of the KMCC. Specifically, tens of millions of dollars related to design, foreign currency fluctuation, rework, personnel, and furniture and equipment costs are not included in the Air Force's cost estimates. Contingencies to fund items such as repairs to cracking concrete are also not included in the Air Force's estimates. After including all estimated costs, the total cost of the project will likely exceed \$200 million. Project delays have also resulted in additional costs to the U.S. government and lost profit for project funding partners. For example, AAFES estimates that it is losing \$500,000 of profit for each month that the exchange facility is not open.

Although these problems exist, the Air Force has made significant improvements in its oversight and control over the project. For example, the Air Force established standardized policies and procedures for reviewing change orders and invoices. Improvements in controls over payments and change orders have minimized future risks of paying for unapproved work or fraudulent billings for work not performed.

Cost, schedule, and construction deficiencies affected other projects built by German government construction agents in the KMCC area. For example, underground electrical ducts at Ramstein Air Base flood with water causing runway lights to malfunction. A freight terminal on the air base was also built with structural deficiencies that resulted in its temporary evacuation.