

VIRGIN ISLANDS OFFICE OF DISASTER RECOVERY



TESTIMONY

**COMMITTEE ON BUDGET,
APPROPRIATIONS AND
FINANCE**

Legislature of the Virgin Islands

**PRESENTED BY:
ADRIENNE L. WILLIAMS-OCTALIEN
DIRECTOR**

JUNE 10, 2025

Good Morning, Senator Novelle E. Francis, Chairperson of the 36th Legislature's Committee on Budget, Appropriations and Finance, other members of the Committee, fellow testifiers and the listening and viewing audience. I am Adrienne L. Williams-Octalien, Director of the Virgin Islands Office of Disaster Recovery (ODR), a subsidiary division of the Virgin Islands Public Finance Authority (PFA), an independent instrumentality of the Government of the United States Virgin Islands. I am joined by Artra Watlington-Francis, Deputy Director of Finance and Compliance. Thank you for the opportunity to provide this testimony before this body to discuss the funding, accomplishments, and goals for the Office of Disaster Recovery for Fiscal Years 2025 and 2026.

Since its inception in February 2019, the Office of Disaster Recovery has consistently worked to fulfill its mission of managing federal disaster recovery funds through the coordination of efforts across all governmental departments, semi-autonomous agencies, and private nonprofit entities. The ODR has steadily increased federal obligations since 2020 and is steadfast in executing its strategic initiatives.

The office is now responsible for managing over \$23 billion of federal funding, encompassing application development and amendments, project and construction management, payment processing, and grant closeouts. The FY 2026 budget incorporates the necessary provisions and resources required to support the operational scope of the Office of Disaster Recovery.

ODR's FY 2026 budget is \$12,218,820. This is a \$3.3M decrease from the FY 2025 budget of \$15,522,020. This decrease is directly attributed to vacancies being budgeted at 50%, to closer align with the anticipated schedule of onboarding new staff.

There is a total of 104 budgeted positions, of which 41 are vacant, which includes 16 for ODR core, 16 for the SuperPMO and 9 for the Community Development Block Grant Disaster Recovery (CDBG-DR) Program staff. Support for other agencies to fulfill recovery needs, such as the staffing at the Departments of Property and

Procurement, Planning and Natural Resources, Sports Parks and Recreation, and Public Works.

The ODR also provides comprehensive executive oversight of the Hazard Mitigation and Public Assistance Program staff.

As the SuperPMO brings complex projects online, ODR will continue to fill positions in engineering, finance, accounts payable, construction, and project management. Additional office space is needed to accommodate increased staffing. In totality, this budget covers expenses such as payroll, staff training, office space, and corresponding maintenance, equipment, travel, and other administrative expenses.

ODR's operations are mainly funded through the administrative costs of the federal disaster programs being supported. Nevertheless, seed and float funds are necessary to facilitate drawdowns and provide overarching administrative support for the office's operations. This is even more critical as we are currently experiencing delays in the approval of federal draws, which can adversely affect cash flow and payroll processing. Therefore, the budget request to the Government of the Virgin Islands is \$4,000,000, representing about 33% of the overall operating budget. The remaining \$8,218,820 would be funded by federal reimbursements through FEMA and HUD disaster programs.

The Public Finance Authority has also approved the initiation of several professional services and, more recently, construction contracts on behalf of the ODR. These contracts are funded 100% by the respective federal funding sources.

Over the past year, the ODR has made significant progress in advancing impactful policy changes, project approvals, and funding obligations. To that effect, the ODR has made significant advancements in Fiscal Year 2025, as outlined below.

- ✓ The ODR has increased obligations from \$8 billion to \$23.9 billion. This represents a \$15 billion increase

from the original 2019 recovery cost estimate.

Some notable obligated projects include Addelita Cancryn Jr. High School, Charlotte Amalie High School, Claude O. Markoe Elementary School, Julius Sprauve PreK-12, St. Croix Educational Complex, and St. Croix Central High School.

- ✓ 163 projects were completed in FY2024/2025, with an approximate expenditure of \$300 million. Some of these completed projects include the Vincent F. Mason Sr. Coral Resort, Reinholdt Jackson Sports Complex, the Dale A. Gregory Transportation Center, Altona Lagoon Bridge, East Airport Road Bridge, Christiansted sewer line replacement, and repairs to the Bassanio David Command Station, as well as neighborhood road restoration in Whim, Mount Pleasant, and the towns of Frederiksted and Christiansted.
- ✓ The ODR has successfully established the SuperPMO, and executed a contract with Jacobs Engineering Inc. to provide staff augmentation for the construction and management of critical projects.
- ✓ Executed a contract in February 2025 with Suffolk-CBNA Joint Venture for the St. Thomas Education Bundle, which includes the Emanuel Benjamin Oliver Elementary, St. Thomas Administrative Center, Lockhart K-8, Ivanna Eudora Kean High School, Yvonne Milliner- Bowsky Elementary, and the Jane E. Tuitt Elementary. The designs are 20% complete and are expected to be completed in October 2026.
- ✓ Executed a contract with Consigli/Benton Joint Venture 1 to rebuild the Donna M. Christian-Christiansen Medical Complex. A contract kick-off occurred on April 23, 2025, and substantial completion is expected in 2028.
- ✓ On April 23, 2025, the contract for the St. Croix North-Central horizontal bundle, which includes power, water, wastewater, and road work for northside road and other portions of the island, such as Mon Bijou, Strawberry, La Grande Princess, Catherine's Rest, and Tide Village was awarded to Persons Services Corp.

We are currently in the contracting phase.

- ✓ The St. John mixed sector bundle was awarded on April 23, 2025 to Consigli/Benton Joint Venture 1, which covers the rebuild of the Morris F. deCastro Clinic, Myrah Keating Smith Community Health Center, and Julius E. Sprauve PreK-12 School. We are currently in the contracting phase of procurement.
- ✓ The St. Thomas healthcare bundle closed on April 28, 2025. This bundle encompasses the demolition of the Old Mental Health Building, new construction of the Queen Louise Home for the Aged, renovations to the John S. Moorehead Complex, and the demolition and rebuild of the Knud Hansen Departments of Health and Human Services buildings.

The SuperPMO is also providing project management support for several school projects.

- ✓ Grade-All Heavy Equipment has demolished the first three buildings of the Charlotte Amalie High School on St. Thomas, and the design-build contractor, Consigli/Benton Joint Venture 1 is finalizing the 60% design package for the second phase of demolition and reconstruction.
- ✓ A contract was executed with Consigli/Benton Joint Venture 1 in May 2025 for the demolition and reconstruction of St. Croix Central High School.

The ODR maintains programmatic oversight of CDBG-DR through a subrecipient agreement with the Virgin Islands Housing Finance Authority. So far, the program team has worked to:

- ✓ Accelerate the EnVision Tomorrow Program, which to date has 107 homes in construction and has completed 57 homes.
- ✓ Revive the Rental Rehabilitation and Reconstruction Program, relaunched in March 2025. To this end, 80% or 72 of the 86 approved landlord applications have been contacted with updates and guidance on next steps.

A solicitation for the first batch will be released this month.

- ✓ Invested \$260 million in other housing initiatives, reconstruction and rehabilitation efforts to major projects such as the Lovenlund Phase 2, and the 106-unit D. Hamilton Jackson Terrace revitalization project, which held its ground-breaking in March 2025 and is expected to be complete in December 2026.
- ✓ Worked with the Virgin Islands Housing Finance Authority to restart construction for the Donoe redevelopment project. Mobilization is expected this week.
- ✓ Launched the Own a Lot, Build a Home program, which was initiated to improve homeownership opportunities for first-time homebuyers.

To date, over 1,000 of 1,600 projects have been completed. Currently, 45 are shovel-ready and 86 are under construction. The ODR expects to see over \$441 million in expenditure in FY 2025. To date, \$288.5 million has been expended, generating \$14.1 million in GRT. With nearly \$24 billion obligated to date and 218 projects left to be started, we expect a continuous inflow of recovery dollars circulating within the Virgin Islands' economy for another ten years.

Recovery projects continue to play a key role in providing necessary revenue to the territory's economy. Large infrastructure projects require professional and construction contractors to remit taxes to the Government of the Virgin Islands. Additionally, an increased workforce infuses dollars into the territory through housing and consumer spending. The Office of Disaster Recovery tracks the realization of Gross Receipt Taxes (GRT) on its projects as a vital aspect of revenue generation.

The Office of Disaster Recovery, in conjunction with the Office of Management and Budget, anticipates that \$643.5 million of the obligated \$23 billion will be spent on disaster recovery projects in FY 2026. This will result in \$139.2 million in revenue, \$78.5 million in gross receipts, \$48.97 million in withholding and \$11.69 million

in excise taxes.

The projections were made based on recovery activity for utility, healthcare, infrastructure and education projects.

ODR understands the importance of demonstrating to its federal partners that the territory is making progress by executing contracts for obligated funding. To that end, an aggressive solicitation schedule has been developed for the following projects.

- ✓ Edith Williams Alternative Academy on St. Thomas and St. Croix Educational Complex is expected for release in July 2025.
- ✓ Replacement power generation at WAPA's Richmond Power Plant on St. Croix and Randolph Harley Power Plant on St. Thomas is targeted for release today, June 10, 2025.
- ✓ The St. Croix Southwest Horizontal bundle in July 2025, areas include Estates Smithfield, Concordia, Campo Rico, Whim, Williams Delight, Mount Pleasant, and Clifton Hill.
- ✓ A territorial fire station demo and rebuild bundle for Renceliar Gibbs (Cotton Valley) on St. Croix, Cruz Bay Fire Station on St. John, and Estate Fortuna and Tutu Fire Stations on St. Thomas is expected to be released in July 2025.

The stakes are high. ODR is laser-focused on ensuring that all critical facilities are under contract by 2026 and all remaining EnVIsion Tomorrow applicants are assisted by the 2027 deadline, all while simultaneously completing projects under construction, responding to audits, and navigating an uncertain political and economic climate. Nonetheless, ODR is up for the task.

Senators authorizing the requested \$4 million ensures that ODR can continue its mission on the pathway to resilience. Navigating the many complexities connected to the recovery can be intimidating, but the ODR team

addresses this challenge daily. I truly appreciate their efforts and express a heartfelt THANK YOU for their persistence and diligence. I would also like to thank the PFA staff for their unwavering support. Mr. Chair, I would also like to thank you and the members of this body for your commitment to the territory's recovery and ODR's quest to "Build a Legacy of Resilience."

My team and I will remain available to answer any questions you may have.