

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 16, 2026

Good Afternoon, 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. I am joined by Artra Watlington-Francis, Deputy Director of Finance and Compliance. Thank you for the opportunity to provide testimony before this body to discuss ODR's funding, accomplishments, and goals for Fiscal Year 2027.

Since its establishment in February 2019, the Office of Disaster Recovery has persistently endeavored to fulfill its mandate of administering federal disaster recovery funds through coordinated efforts amongst government departments, semi-autonomous agencies, and private nonprofit organizations. The ODR has remained resolute in implementing its strategic initiatives to get the money, spend the money, and spend it correctly. The FY 2027 budget includes the essential resources and provisions needed to support the full range of the ODR's activities.

Throughout this recovery, the ODR has overcome several major roadblocks and resolved impediments to recovery progress. In January 2019, there was very little funding for permanent projects. Total obligations stood at \$517M. ODR's primary assignment was to secure money for projects.

One of the biggest challenges facing the USVI, given the reimbursement structure of the program, was identifying funding to pay up front and then be reimbursed by FEMA. In 2019, the ODR convinced FEMA to allow the Territory to pay on invoice, thereby negating the need to provide proof of payment before drawing reimbursement funds. This has alleviated the Territory's burden of identifying funds for large cash outlays to begin projects.

In 2019, FEMA informed the Territory that during its required audits of work done in 2018, there was insufficient documentation to support the disbursements made, and some disbursements for work were made outside the projects' scope. As a result, FEMA implemented manual drawdown restrictions for the Virgin Islands resulting

in slower payment approvals. ODR worked to improve processes and procedures and in February 2021, FEMA lifted the manual draw requirement, demonstrating its confidence in the territory's ability to manage federal recovery dollars. FEMA continues to recognize the quality of the work performed under this disaster by recently granting the Territory the VAYGo Closeout Benefit for a third year in a row for maintaining an error rate of less than 1.5 percent. The VAYGo Closeout benefit reduces the documentation requirements for projects submitted for closeout.

In 2020, the STEP program came under fire locally and nationally for nonpayment to contractors. FEMA expressed significant concerns about the cost of the Program, alleging that substantial portions of the funds were ineligible. Following extensive efforts by ODR and its consultants, FEMA confirmed that the costs were indeed eligible for the over 6,000 homes that were repaired and released \$741 million to the Territory for payments to its contractors.

Capacity issues began to surface as funds were beginning to be obligated. ODR recognized the need for staff augmentation, particularly with our partner agencies. With this in mind, ODR successfully facilitated employment of staff across government agencies to include DOF, DPP, DHS, DSPR, DPNR and DPW. To support departmental capacity to manage and expedite recovery projects, it was clear that more A/E contractors and project management firms were needed to augment the Territory's resources. Therefore, ODR issued solicitations for professional services and contracted with several firms to provide services on a task order basis. ODR also provided local business owners with the knowledge and tools to do business with federal disaster recovery programs through trainings and informational sessions for contractors, the public, and its staff.

Another impediment to moving projects was the identification of the required 10 percent cost share. After years of lobbying, FEMA approved a cost share waiver that lowered the requirement from 10 percent to 2 percent for critical facilities like hospitals and schools and 5 percent for all other projects. This provided the Territory with an additional billion dollars in funding. However, this waiver came with caveats. FEMA required that the

Territory finalize all Fixed Cost Offer projects (FCOs) by September 30, 2024. The Territory met the deadline ahead of schedule. The finalization of these FCO projects safeguarded the territory's transition into the construction phase. Additionally, FEMA stipulated that all projects must be completed by 2035 or the cost share will revert to 5 percent for all projects.

With money and a solution for the cost share queued up, the Territory was ready for the next phase of the recovery and launched the Rebuild USVI Initiative. In December 2023 and October 2025, ODR held successful Industry Day events in both districts to expose both national and local contractors to recovery opportunities. The Territory was successful in attracting 5 new contractors with the capacity to bond multi-million and billion-dollar contracts. Over the past year, the ODR has made substantial progress in beginning complex designs, securing contractors for vital infrastructure, launching important school construction initiatives, and meeting funding commitments. We anticipate expenditure growth to accelerate significantly in the near term as the Territory currently has \$8.8 billion under contract for projects that include but are not limited to 16 schools, all the Territory's hospitals, healthcare facilities and infrastructure work.

To date we have several notable accomplishments:

- ✓ 34 of the 38 projects in Rebuild USVI are under contract with 3 projects in bid evaluation and 1 pending solicitation.
- ✓ Construction has begun on the former Charles Harwood Medical Complex, newly renamed Donna M. Christian Christensen, MD Health Center.
- ✓ Charlotte Amalie High School project was launched and major sitework is scheduled to begin on June 30, 2026.
- ✓ Work commenced on the Bertha C. Boschulte Middle School Modernization project on St. Thomas after a project launch on March 26, 2026. Construction is expected to be completed by November 2029.

- ✓ A groundbreaking ceremony was held for the reconstruction of the St. Croix Central High School on April 21, 2026. Soft demolition has commenced while the project team worked to remove the protected Jamaican fruit-eating bats and Red-tailed Hawks from the school's former gymnasium. The demolition of the gymnasium will commence on Monday, June 22, 2026.
- ✓ Executed a contract in May 2026 to replace power generation infrastructure at the Richmond Power Plant in the St. Croix District and the Randolph Harley Power Plant in St. Thomas/St. John District. The combined project team successfully procured four new standby generators with a total capacity of 10 megawatts to support emergency power needs in St. Thomas/ St. John.

In November 2023, the ODR was authorized as a sub-recipient of the territory's CDBG-DR funds, providing day-to-day management of the program, which is federally funded by the U.S. Department of Housing and Urban Development (HUD) and administered through the VI Housing Finance Authority (VIHFA). The program has achieved the following:

- ✓ Accelerated the EnVIision Tomorrow Program, which now has 118 homes in construction and completed 100 homes.
- ✓ Rehabilitation of Lovenlund Phase 2 began with and expected completion date of June 2027.
- ✓ The 106-unit D. Hamilton Jackson Terrace revitalization project, which held its ground-breaking in March 2025 and is expected to be substantially completed in October of this year- two months ahead of the schedule.
- ✓ The Virgin Islands Housing Authority restarted construction at its Donoe Redevelopment project on St. Thomas with 3 buildings slated for completion this year and total project completion in 2027.
- ✓ The Own a Lot, Build a Home program has three homes that entered the construction phase this Fiscal Year. The Program was recently approved for an expansion by HUD in April 2026 to allow properties where work has started to be eligible for the program.

- ✓ Contract kick-off for the Lutheran Social Services Sister Emma Cottage in St. Croix, a facility to house children with special needs.

As projects accelerate into the construction phase, ODR is tracking the following projects to be completed by the end of 2026: Athalie Petersen, Enid Baa, and Charles Turnbull Public Libraries, the Charlotte Kimmelman Cancer Institute, and new Head Start facilities in Lindbergh Bay, Bolongo Bay, Minetta Mitchell, Anna's Hope, and Concordia. Arthur Richards K-8 School on St. Croix is scheduled to open for the 2026 –2027 School Year.

Overall recovery obligation funds stand at \$24.5 billion representing a 207% increase over the \$8 billion originally anticipated in 2019. All projects have been obligated and \$4.5 billion has been expended to date.

A total of 1,120 of the 1,600 projects have been successfully completed. There are 42 projects that are shovel-ready, and 81 are actively under construction. For FY 2027, over \$734 million in expenditures is expected which would result in \$37 million in GRT. This fiscal year, ODR projected that \$644 million will be spent. To date \$302 million in expenditures was achieved, which has contributed \$15.1 million in GRT to the revenue of the Territory. An additional \$81M in invoices are currently being processed. Recovery projects will continue to infuse funds into the Virgin Islands' economy supporting growth and development.

In support of the mandate to complete recovery projects, ODR seeks this body's approval of its FY 2027 budget of \$12,218,820. The overall budget is maintained from FY 2026, with line items reallocated based on actuals and expected expenses. In totality, this budget covers expenses such as payroll, staff training, office space, and corresponding maintenance, equipment, travel, and other administrative expenses. Salaries represent 80% of the budget. Critical vacancies have been budgeted at 100%, while the majority of vacancies are budgeted at 50% for this cycle. A total of 94 budgeted positions has been allocated, with 30 currently vacant. The ODR is bringing several complex projects online, and is currently advertising to fill positions in engineering, finance, accounts payable, construction, and project management. Additionally, to support the ongoing implementation

of ODR's project management software and financial reimbursements of the recovery efforts, the ODR offered internships this summer to current students or recent graduates of the University of the Virgin Islands. There are currently 9 interns employed with the office. These opportunities can lead to full-time positions in finance and project management in the near future.

ODR's operations are primarily funded by the administrative costs of the federal disaster programs it supports. However, seed and float funds are essential for enabling drawdowns and supporting the office's overall administration. Consequently, the budget request to the Government of the Virgin Islands is \$4,000,000, approximately 33% of total operating costs. The remaining 67% will be covered by federal reimbursements through FEMA and HUD disaster programs.

Senators, approving the requested \$4 million ensures that ODR can continue its mission toward building a resilient Virgin Islands. While navigating the complexities of recovery can be daunting, the ODR team tackles this challenge every single day all while managing an unpredictable political and economic environment. I sincerely appreciate their hard work and want to say a heartfelt THANK YOU for their persistence and dedication. I also would like to thank the agencies we partner with daily that assist us in accomplishing our goals - VITEMA, VIHFA, DPW, DPNR, DPP, as well as the PFA staff for their steadfast support. Mr. Chair, I extend my gratitude to you and the members of this body for your commitment to the territory's recovery. My team and I will remain available to answer any questions you may have.