

1 **VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY**
2 **TESTIMONY BY WAYNE L. BIGGS, JR.**
3 **FISCAL YEAR 2024 BUDGET HEARING**
4 **COMMITTEE ON FINANCE**
5 **LEGISLATURE OF THE VIRGIN ISLANDS**
6 **ST. THOMAS, VIRGIN ISLANDS**
7 **THURSDAY, JULY 6, 2023**
8 **12:30 P.M.**

9
10 Good afternoon, Madam Chair Donna Frett-Gregory, members of the
11 Committee on Budget, Appropriation, and Finance, other members of the 35th
12 Legislature, the Legislative staff, the Virgin Islands Economic Development
13 Authority (“USVIEDA” or “the Authority”) team, and the viewing and listening
14 audience. I am Wayne Biggs, Jr., Chief Executive Officer of the USVIEDA. With me
15 today are executive team members Kelly Thompson Webbe, Chief Financial Officer,
16 and Tracy Lynch Bholá, Esquire, General Counsel. I am also joined in the Chambers
17 today by the following USVIEDA team members: Nadine Marchena Kean, Managing
18 Director, Enterprise Zone Commission; Monique T. Samuel, Managing Director,
19 Economic Development Bank; Mark Finch, Director, Physical Plant; Celina Morris,
20 Director, Marketing; Kali Richardson, Director, Human Resources; Cusa Holloway
21 Christian, Incubator Program Manager; Joy Penn, Senior Compliance Officer; and
22 Tatiana Bertrand, Budget and Financial Analyst. If necessary, they are available to

23 respond to any inquiries you may have. Not here with us today is Margarita
24 Benjamin, Managing Director, Economic Development.

25

26 **USVIEDA Functions and Organizational Structure**

27 As the leading Economic Development Organization (“EDO”) in the Territory,
28 the USVIEDA takes a holistic approach to economic development. The Authority
29 employs a wide range of economic and community development tools to foster
30 investment, grow and support small businesses, create and retain jobs, revitalize
31 distressed towns and neighborhoods, and provide affordable commercial space -
32 all with the aim of improving the quality of life and place for the residents of the
33 U.S. Virgin Islands. An umbrella entity, the Authority unifies the functions of its
34 four (4) main divisions:

- 35 1. The Economic Development Bank for the United States Virgin Islands
36 (“EDB”), which provides equity infusion to help new and existing small
37 businesses grow into mainstream commercial banking customers. Housed
38 within the EDB is the Incubator Program, which was designed to provide
39 management training and technical assistance to startups so they can
40 develop into full-fledged businesses.

- 41 2. The Virgin Islands Economic Development Commission (“EDC”) is charged
42 with promoting the growth, development, and diversification of the
43 Territory’s economy by administering incentive programs to attract business
44 investment. The EDC is comprised of the Applications Department, which is
45 the main point of contact for businesses seeking to apply for EDC benefits,
46 and the Compliance Department, which monitors and provides customer
47 care services to beneficiaries in ensuring that these businesses comply with
48 the terms and conditions of their agreements and other requirements of law.
- 49 3. The Enterprise Zone Commission (“EZC”) uses tax incentive programs and
50 other community development tools to revitalize distressed areas that were
51 once economically and socially vibrant towns and neighborhoods. The EZC is
52 also responsible for administering the South Shore Trade Zone Program.
- 53 4. The Economic Development Park Corporation (“EDPC”) is a public
54 corporation that acquires and operates industrial parks in the Territory.
55 Currently, the EDPC has two (2) industrial parks, one (1) on St. Croix and the
56 other on St. Thomas, and owns the Fleming Building in Frederiksted, which
57 houses our main office location on St. Croix.

58 Though these entities have distinct identities and mandates, they all work in
59 tandem to promote the Territory as a premier business destination and foster a
60 more robust economy.

61 USVIEDA’s administrative departments support the activities of the four (4)
62 main divisions. These departments include Administration and Finance, Legal,
63 Human Resources, Marketing and the Executive Office of the Chief Executive
64 Officer and the Assistant Chief Executive Officer.

65 The Authority’s overall strategy and operations fall under the guidance of a
66 seven-member board. Presently, USVIEDA’s Governing Board has six (6) members
67 and one (1) vacancy.

68

69 **Budget Request, Financial Management, and Expenditures**

70 The Authority operates on a budget that is driven by key performance
71 indicators (“KPIs”) and strategic objectives, effectively utilizing its resources to
72 achieve organizational mandates and territorial goals. USVIEDA’s appropriation in
73 Fiscal Year (“FY”) 2023 is \$6,613,000. During the first half of this fiscal year, an
74 impressive 63% of the USVIEDA’s KPIs across all departments and divisions had a
75 completion rate of 50% or higher, and 33% of the KPIs had already been met or are

76 near completion. Looking ahead to FY 2024, the Authority remains steadfast in its
77 commitment to performance management and accountability with an
78 appropriation request of \$6,613,000, which mirrors the amount appropriated in FY
79 2023. I will now present select components of the budget and discuss how they
80 align with the objectives in FYs 2023 and 2024.

81 **Personnel Services**

82 The FY 2024 budget allocates \$3,210,696 for Personnel Services, funding a
83 total of 47 full-time positions, encompassing filled positions, existing vacancies, and
84 two (2) new positions. These positions are distributed as follows: 29 on the St.
85 Thomas/St. John District and 18 on the St. Croix District. They are divided into two
86 (2) categories: classified and unclassified, comprising a total of 33 classified
87 positions and 14 unclassified positions. As part of this year’s budget, we have
88 added two (2) new positions. The first position is a Director of State Small Business
89 Credit Initiative (“SSBCI”), who will be responsible for overseeing the Territory’s
90 SSBCI Program and ensuring strict compliance with all federal guidelines and
91 regulations. The second position, an EDC Compliance Officer, will assist the EDC
92 Compliance Unit with managing its growing EDC beneficiary portfolio. The
93 additions are aimed at enhancing our program oversight and ensuring adherence

94 to local and federal regulations. All USVIEDA positions will be funded through the
95 general fund, with the exception of the Director of SSBCI, which will be fully
96 financed by the SSBCI grant from the U.S. Department of the Treasury.

97 In FY 2023 to date, USVIEDA has onboarded three (3) new hires, bringing the
98 total current employee count to 34 team members, with 20 in the St. Thomas/St.
99 John District and 14 in the St. Croix District. Not included in this count are three (3)
100 employees of the EDPC, which operates as a fully autonomous entity. The EDPC
101 does not receive any financial support from USVIEDA. Its operations are funded by
102 rent revenues generated from its three (3) commercial/warehouse properties.

103 Currently, there are a total of 13 vacancies within the Authority. Candidates
104 have been selected for four (4) of those vacancies and are in various stages of
105 negotiation or the onboarding process. We are also onboarding (1) an additional
106 employee for the EDPC. Despite this encouraging development, USVIEDA continues
107 to encounter the challenges that many other agencies and private organizations
108 face to recruit talent. Our team continues to strategize and discuss innovative ways
109 to minimize the impact of these vacancies. To attract talent, USVIEDA participates
110 in job fairs, posts vacancy announcements on the USVIEDA website, the VI
111 Department of Labor's VIEWS website, the UVI Alumni database, advertises in print

112 and digital newspapers, and utilizes online recruitment tools, such as Indeed. In
113 fact, USVIEDA is in the early planning stages to host our own job fair to promote
114 opportunities at our agency and feature jobs that our clients may have available
115 before the end of the calendar year.

116 Before the end of this fiscal year, USVIEDA will begin negotiations on
117 its Collective Bargaining Agreement with the United Steel Workers, Local Union
118 8249. It is important to note that the Authority is current on all negotiated salary
119 increases.

120 Retention, training, development and succession planning are prioritized at
121 USVIEDA. In FY 2024, USVIEDA will implement a mentorship program to prepare
122 current team members to assume leadership positions as they become available.
123 USVIEDA has already started to revise and update job descriptions to align with the
124 agency's strategic goals and ensure that they accurately reflect each position's key
125 responsibilities, skills, and competencies, which will help optimize workforce
126 planning and employee development efforts. This is in preparation for the
127 completion of a compensation study in FY 2024 to align job responsibilities with
128 market trends, attract and retain top talent, motivate employees, and maintain a
129 fair and equitable pay structure throughout the organization.

130

131 **Professional Services**

132 At times it is necessary to contract professional services to accomplish our
133 mandates. The Authority has achieved many notable goals this year and will
134 intensify the pace next fiscal year, which falls directly in line with our FY 2024
135 budget theme of “Reinforcing the Foundation for Economic Growth and
136 Prosperity”. In FY 2024, we anticipate an approximate budget increase of \$153,715
137 for professional services from \$901,835 in FY 2023 to a projected \$1,055,550. This
138 is primarily attributed to:

- 139 1. Engaging a consultant to execute a global marketing campaign to
140 showcase the Territory’s unique attributes and the USVIEDA’s incentive
141 programs to attract new investments. This will include the development
142 of a Foreign Direct Investment (“FDI”) Plan and strategy, as well as a full
143 agency rebranding of messaging, tag lines, logo and websites to revitalize
144 USVIEDA’s identity and positioning.
- 145 2. Conducting an economic impact study of the charitable giving by
146 beneficiaries of the EDC tax incentive program to provide a measure of
147 how the Virgin Islands Board of Education, the schools and educational

148 programs, and the non-profit community may have directly benefited
149 from companies that choose to invest in the Territory.

150 3. Updating the economic impact study not only of the EDC tax incentive
151 program, but of all the other programs and initiatives within USVIEDA to
152 comprehensively measure the collective economic benefits generated by
153 all USVIEDA's units. By undertaking this comprehensive study, USVIEDA
154 will be provided with a more holistic understanding of its economic
155 contribution to the Territory. The previous economic impact study was
156 completed in June 2019. The result of the study reflected that for the
157 period 2013-2015 the Virgin Islands Economic Development Commission
158 Tax Incentive Program, attributed to the creation and retention of 19,308
159 Full-Time Equivalent jobs, \$1B in wages and salaries, \$9.7M in charitable
160 contributions, \$309M in taxes and duties paid to the local treasury, and
161 \$1.5B in Territory-wide economic output. By understanding the full scope
162 of USVIEDA's impact, we can make more informed decisions and allocate
163 resources more effectively to further enhance the economic growth and
164 prosperity of the Territory.

165 4. Procuring consultants to assist the VIEDC Compliance Department with
166 reviewing past periods and complex compliance cases. In light of the
167 passage of Act 8559, it is imperative that USVIEDA takes proactive
168 measures to ensure the integrity of the EDC Program. By engaging these
169 consultants, we aim to bolster the unit’s capabilities and enhance our
170 ability to monitor and enforce compliance effectively. The decision to
171 hire these consultants is a strategic investment in our commitment to
172 upholding the highest standards of accountability and compliance.

173

174 **Capital Outlay**

175 The anticipated expenditure for Capital Outlay is \$30,000. This will be used
176 to purchase new servers and networking hardware to enhance and harden our
177 existing on-premise IT infrastructure.

178

179 **Advertising and Promotion**

180 In FY 2023, USVIEDA budgeted \$512,500 for Marketing. This funding is
181 expended on advertising and promotion, event sponsorships, and attendance at
182 trade shows, conferences, and missions to promote the Territory to potential

183 investors, resulting in engagements with approximately 100 potential leads. Major
184 events this fiscal year included:

- 185 • **The SEDI-CASE USVI NY Archipelago Summit (New York, NY)**
- 186 • **The Seatrade Cruise Global Conference 2023 (Miami, FL)**
- 187 • **Global Summit of Women (Dubai, UAE)**
- 188 • **SelectUSA Investment Summit (National Harbor, MD)**
- 189 • **The Caribbean Hotel and Investment Summit (Miami, FL)**
- 190 • **USVI Digital Health Summit and Business Reception (St. Thomas, VI)**

191 Before the end of FY 2023, the Authority will represent the Territory at
192 another major conference, the 27th Annual International African American Hotel
193 Ownership and Investment Summit. To date this fiscal year, marketing efforts have
194 resulted in 25 leads classified as hot projects, or investors with strong interest,
195 which represent approximately \$118.5M in potential investment.

196

197 In FY 2024, \$218,814 of the advertising and promotion budget will be
198 repurposed to professional services to support the recently executed contract with
199 an international marketing firm, OCO Global Limited, to launch the global
200 marketing campaign. In addition to the full rebrand and development of an FDI

201 strategy as I discussed earlier, it is anticipated that this initiative will provide us with
202 a comprehensive competitor and benchmark analysis to help define an impactful
203 marketing blueprint, assist the Authority with strategically identifying more trade
204 shows and conferences to attend to increase our exposure among potential
205 investors and site selectors, and facilitate meetings with strong leads who have an
206 interest in investing in the Vision 2040 target industry sectors and the South Shore
207 Trade Zone.

208

209 **Grant Management and Special Programs**

210 The Authority has several programs and projects that are funded through
211 federal grants and special appropriations. USVIEDA is also the agency entrusted
212 with administering federally funded programs for partner government agencies
213 due to our proven track record of efficiency and accountability. Currently, USVIEDA
214 is managing just under \$100M in grant funding for the execution of its own
215 programs and those of sister government agencies. These initiatives include:

- 216 • **The VI Slice Moderate Income Homeownership Program (“VI Slice”):**
217 Officially launched in October 2022 to assist with increasing the Territory’s
218 homeownership rate, VI Slice is made possible through \$20M in funding from

219 the American Rescue Plan Act (“ARPA”) and a partnership between USVIEDA,
220 the Office of the Governor, and the Office of Disaster Recovery (“ODR”). VI
221 Slice provides gap financing to eligible residents to either buy or build their
222 first home. Current participating lending institutions in the Territory include
223 Capital Mortgage Services of Texas, FirstBank, Merchants Commercial Bank,
224 Oriental Bank, and the U.S. Department of Agriculture, Rural Development.
225 In FY 2023 to date, there is one (1) recipient of VI Slice assistance on the
226 island of St. Croix, and there are three (3) applications in the pipeline
227 awaiting a decision pending clarifications from the lenders. USVIEDA
228 through its lending arm, the EDB, will continue to administer VI Slice through
229 FY 2024 or until all funds are expended.

230 • **SSBCI 2.0:** In FY 2023, due in large part to the success of SSBCI 1.0, the
231 Territory was awarded more than \$57.8M in the second round of SSBCI
232 funding—more than four times the amount awarded in SSBCI 1.0. SSBCI 2.0
233 is funded by ARPA, and the Territory will have 10 years to expend the monies.
234 SSBCI 2.0 products are more expansive than SSBCI 1.0, and include loan
235 participation, loan guarantee, collateral support, and payment,
236 performance, and surety bonding. On February 1, 2023, USVIEDA received

237 the first of three (3) tranches in the amount of \$18,907,301. As we onboard
238 the new Director of SSBCI in the latter half of FY 2023, USVIEDA will continue
239 to work with the local banks to promote SSBCI 2.0. The Authority has also
240 contracted with a loan service provider that has access to over 22 lenders
241 outside of the Territory so that we can aggressively assist as many small
242 businesses as possible with accessing these funds. To date, EDB has
243 approved one (1) SSBCI guarantee in the amount of \$1M on a lender's loan
244 for \$2M. Two (2) loans will be presented to the board for consideration at
245 the July 11, 2023, board meeting. One (1) loan remains in the pipeline
246 pending additional information. USVIEDA continues to pursue funding for
247 the technical assistance portion of SSBCI 2.0.

- 248 • **The State Trade and Export Promotion (STEP) Grant:** The EZC is managing
249 over \$168K from the U.S. Small Business Administration to help increase
250 exporting activities of small-business owners and introduce current small-
251 business exporters to new foreign buyers. In the third quarter of FY 2023, 20
252 applications were received for the new STEP cycle and they are under review.
253 Many of the STEP clients also participate in the Made in the USVI pop-up
254 shop and kiosk initiative, a collaboration between the EZC and the Virgin

255 Islands Council on the Arts (“VICA”). The kiosk located in the Vendor’s Plaza
256 on St Thomas sells Made in the USVI products year-round. Because summer
257 is historically a slow season and in response to feedback from the Made in
258 the USVI vendors, EZC and VICA launched the summertime Sunset Sip and
259 Shop events to encourage residents to support these local small businesses.
260 The events will be held every other Friday and will feature products in a
261 different category. The next Sunset Sip and Shop event will be held on July
262 14, 2023, and will feature art products. I would like to encourage the
263 members of this body and the listening audience to attend the Sunset Sip
264 and Shop events, where you can support local businesses, socialize, and win
265 quality locally made products.

- 266 • **Technical Assistance Program (“TAP”):** The Authority was awarded \$500K
267 in funding from the U.S. Department of Interior, Office of Insular Affairs to
268 assist with the renovation of the former J. Antonio Jarvis School in the
269 Garden Street-Upstreet enterprise zone. The Jarvis School Project will be the
270 future site of the Virgin Islands Museum, Civic, and Cultural Center, one of
271 four major anchor projects planned in each of the Territory’s enterprise
272 zones.

273 • **Abandoned Property Elimination & Community Business Acceleration**

274 **Program:** This program is federally funded by the U.S. Department of
275 Interior, Office of Insular Affairs in the amount of \$250K. The program
276 matches estate planning attorneys with families facing multiple
277 ownership/probate issues. EZC is working with eight (8) families to create
278 pilot solutions to resolve the overwhelming process of seeking clear title.
279 Also made possible by this grant in FY 2023 was the multimedia Estate
280 Planning Conference held on May 25, 2023 at both campuses of the
281 University of the Virgin Islands, in collaboration with AARP-Virgin Islands.
282 This event was also livestreamed on Zoom and Facebook, and aired on radio
283 and television simultaneously.

284 • **South Shore Trade Zone Program:** USVIEDA was appropriated \$1M to
285 promote the South Shore Trade Zone Program. Funding has been obligated
286 to launch a major marketing campaign to promote the opportunities within
287 the South Shore Trade Zone by contracting with an international marketing
288 firm to create industry-specific collateral material and target potential
289 investors to attend roundtables in St. Croix. The Authority is negotiating with
290 a firm to create rules and regulations. Additionally, the Authority is

291 preparing the contract to conduct a study on the feasibility of having a
292 shipyard as an anchor activity in the South Shore Trade Zone. I am excited
293 to report that the EZC is in discussions with the first two (2) potential trade
294 zone applicants.

295 • **The Small Business Innovation Grant:** In FY 2022, the Office of the Governor
296 launched the Small Business Innovation grant and designated USVIEDA as the
297 sub-recipient of \$4M in ARPA funds to disburse grant awards. Following an
298 application period, 336 businesses were approved for grant funding once
299 they met federal granting requirements. USVIEDA’s collaboration with the
300 Office of the Governor and the Virgin Islands Small Business Development
301 Center (“VI-SBDC”) led to our Administration and Finance Department
302 disbursing \$3,946,040.00 in grant funding to 319 awardees, to date. There
303 is \$27,000.00 remaining to be disbursed to 11 awardees.

304 • **EDPC Hurricane Repair Projects:** The Federal Emergency Management
305 Agency (“FEMA”) has obligated over \$16M to assist with hurricane repairs of
306 EDPC-owned properties. Following a competitive bidding process, the
307 contractor, Apex Construction Company, Inc., was selected to complete
308 Phase I of the hurricane repairs on St. Thomas. This includes roof repairs, the

309 installation of an automated gate entrance, and the hardening of other
310 structural issues. On St. Croix, an Invitation for Bid (“IFB”) was advertised
311 to solicit proposals from qualified contractors to perform emergency roof
312 repairs on Building 2 of the William D. Roebuck Industrial Park. The IFB
313 deadline is today, July 6, 2023, at 4:00 p.m. A public bid opening will be held
314 shortly thereafter. Following the bid review process by an evaluation
315 committee and Board approval it is anticipated that these repairs will
316 commence before the end of FY 2023. An IFB for the William D. Roebuck
317 Industrial Park Perimeter Fence Repair Project is currently under FEMA’s
318 environmental review. EDPC’s third property, the Fleming Building in
319 Frederiksted is a historic building that has received approval from the
320 Historic Preservation Commission for repairs. An IFB is being drafted for this
321 repair project. The EDPC team is in regular communication with FEMA, ODR,
322 and the Virgin Islands Territorial Emergency Management Agency
323 (“VITEMA”) to push these projects forward.

324

325 In addition to the grant monies USVIEDA already manages, we continue to
326 seek additional funding to advance more of our projects and initiatives. These

327 include grant applications submitted to the Community Development Block Grant-
328 Disaster Recovery (“CDBG-DR”) Neighborhood Revitalization Program for
329 assistance with:

- 330 • A collaborative initiative between EZC, EDB and the Incubator Program to
331 provide technical assistance and entrepreneurial training to eligible small
332 businesses to build economic resilience and reduce losses from future
333 natural disasters; and
- 334 • The revitalization of a ten-block area in the four (4) enterprise zones,
335 referred to as the **4x10 Rejuvenation Project**, to address residential and
336 commercial edifices that need repairs, rehabilitation, façade improvement,
337 landscapes, streetscapes, and related infrastructure.

338

339 The Authority will continue to seek federal funding opportunities to support
340 other initiatives, such as the Marcelli Agro and Food Technology Center

341

342 **Conclusion**

343 I would like to close this year’s budget testimony on a high note and
344 recognize the efforts of our Administration and Finance team for their diligence,

345 prudence, and accountability, as well as the larger USVIEDA team for adhering to
346 the Authority's financial policies. This has earned our agency its 13th consecutive
347 unmodified audit opinion. This is no small feat as it takes a sound understanding
348 of accounting principles and enforcement of policies to achieve.

349 The overall success of the Virgin Islands Economic Development Authority is
350 due to the contributions of an innovative, progressive, and dedicated team of
351 professionals. I thank the USVIEDA Governing Board for their guidance and the
352 entire USVIEDA team for their diligence in executing the agency's goals and finding
353 new ways to improve the quality of life in the U.S. Virgin Islands. The USVIEDA
354 team is also grateful for the support of the 35th Legislature of the Virgin Islands and
355 that of the Honorable Governor Albert Bryan Jr. and his administration. I look
356 forward to continued collaboration in the future.

357 Thank you. My team and I await your questions.

358

359

360

361

362

363