

VIRGIN ISLANDS OFFICE OF DISASTER RECOVERY



TESTIMONY

**Committee on Disaster Recovery,
Infrastructure, And Planning**

Legislature of the Virgin Islands

**PRESENTED BY:
Adrienne L. Williams-Octalien
DIRECTOR**

July 15, 2024

Good Morning Honorable Senator Milton E. Potter, Chairman of the 35th Legislature's Committee on Disaster Recovery, Infrastructure and Planning, distinguished members of the committee, as well as fellow testifiers and the listening and viewing audience. I am Adrienne L. Williams-Octalien, Director of the Virgin Islands Office of Disaster Recovery (ODR). I am joined today by Artra Watlington-Francis, Deputy Director of Finance and Compliance and Jamila Haynes, Chief Program Officer.

Thank you for this opportunity to provide an update on the recovery. Since our last update to this committee in March, we have focused on advancing Rebuild USVI, accelerating projects under the CDBG-DR program, particularly on the Envision Tomorrow home repair and reconstruction program. Additionally, efforts have also been aimed at finalizing fixed cost offers for the FEMA 428 Public Assistance projects before the September 30, 2024 deadline.

To effectively meet recovery needs, the territory had to first acquire mutually agreed-upon obligations from federal funders. ODR has successfully done just that - exceeding earlier projections of an \$8 billion disaster to securing \$10.8 billion in obligations from FEMA alone, tackling the first strategic priority of *getting the funds*. This is especially impactful when you consider that in January 2019, obligations for permanent projects stood at just \$517 million, an annual increase of 84% over the last five years.

FEDERAL DISASTER ASSISTANCE GRANTS

May - 2024

FEDERAL DISASTER ASSISTANCE GRANTS SUMMARY

Funding Sources	Anticipated (Estimates)	Allocated	Obligated	Expended
FEMA PA	\$11,345,000,000	\$10,622,923,840	\$10,622,923,840	\$2,833,576,876
HMGF	\$1,450,000,000	\$1,384,484,648	\$199,096,733	\$45,838,770
HUD	\$1,900,000,000	\$1,917,330,884	\$1,917,330,880	\$329,978,512
DOT	\$85,000,000	\$80,536,756	\$68,771,108	\$61,009,738
Other Funds	\$220,000,000	\$208,639,216	\$208,639,216	\$152,909,536
TOTAL	\$15,000,000,000	\$14,213,915,343	\$13,016,761,777	\$3,423,313,432

So far in 2024, more than \$3.2 billion has been obligated, which is \$596 million more than funds secured in the full year of 2023. This brings the total amount of obligated funds across the disaster to \$13 billion. Notable obligated projects for the year include the Roy Lester Schneider Hospital and several schools such as the Charlotte Amalie High School, St. Croix Central High School, John H. Woodson and Charles H. Emmanuel, as well as most recently the Ivanna Eudora Kean High School, E. Benjamin Oliver Elementary School and Ulla Muller Elementary School. Now that long-awaited obligations are being fulfilled and the cost share is within reach, the ODR, more than ever, is making a coordinated push to fully execute its second strategic priority, *spending the funds*. So far, the territory has expended \$3.4 billion in federal recovery dollars to start and complete projects.

To date, the FEMA's Public Assistance (PA) Program has received \$10.6 billion, of which \$2.8 billion has been expended. Since FEMA approved a new cost share for the USVI in February 2024, PA projects now require a 5% match for standard lane permanent projects and a 2% match for 428 projects. ODR calculates that agencies will receive an additional \$1 billion as the federal cost share is adjusted.

Of the approximately 1500 FEMA Public Assistance projects, 31 remain to be obligated, of which 19 are 428 projects, 5 less than what was reported in June 2024. This is also a noteworthy reduction in the number of unobligated projects, considering that in June 2020, the ODR was tracking over 800. We applaud FEMA for their collaborative approach and willingness to consider creative strategies to support resiliency in the Territory.

FEMA's Hazard Mitigation Grant Program has received \$199 million, of which \$45.8 million has been expended. These projects are funded at 100%.

The Department of Transportation's Federal Highway Emergency Relief Program (FHWA-

ER), administered locally by the Department of Public Works, has no match requirements and has been obligated \$68.7 million, expending approximately \$61 million to repair the territory's roads and bridges.

The Housing and Urban Development's Community Development Block Grant – Disaster Recovery Program (CDBG-DR) & Mitigation Programs has received \$1.9 billion, with approximately \$330 million expended to date.

Other disaster-related funders from various federal entities, such as the US Departments of Health and Human Services, Agriculture, Education, and Commerce, have granted \$208.6 million to complete projects territory-wide. Out of that amount, \$152.9 million has already been spent.

Rebuild USVI

In March of this year, we provided this body with an update on Rebuild USVI, another proactive approach to the persistent challenges of completing large complex projects. In December 2023, the territory hosted an Industry Day to gauge interest and foster partnerships between large Engineering, Procurement and Construction (EPC) contractors and local contractors. After the successful three-day event, the recovery leaders' team continued developing the initiative, leading to the March 2024 release of solicitations for Project Management and Construction Management Services to establish the territory's first Super PMO office.

Since then, all benchmarks have been met. The RFP for Project Management and Construction Management Services for the Super PMO was released on March 28 and closed on May 23, 2024. The responses are being evaluated and the vendor selection process should be done by August 2024. The awarded contractor(s) will augment local resources to drive critical projects

to commence construction and facilitate timely completion. Interviews were conducted and an offer was extended to fill the Executive Delivery Manager position. ODR anticipates advertising for the remaining positions in August.

The ODR released an RFQ in March to qualify contractors for Bundle 1 – St. Croix Healthcare Facilities which includes the Juan F. Luis Hospital, Donna C. Christiansen Medical Complex, and Herbert Grigg Home for the Aged, and Bundle 2 – St. Thomas Educational Facilities, which encompasses the Jane E. Tuitt PreK-3, Lockhart PreK-8, Ivanna Eudora Kean High School, E. Benjamin Oliver PreK-8 and the St. Thomas Administrative Center. Subsequently, RFPs were released for design-build services to the qualified respondents for Bundle II and CMAR services for Bundle I. Both are expected to close on July 31st, and contract execution is projected for September 2024.

The next bundle is anticipated to be released in August 2024 for the St. John projects comprised of Julius E. Sprauve PreK – 8 School, Myrah Keating Smith Community Health Center, and the Morris De Castro Clinic on St. John.

The solicitation for the horizontal bundle on St. Croix is also scheduled for solicitation in the last quarter of 2024. This includes wastewater and potable water systems, undergrounding power lines, and roadway reconstruction for the northside of St. Croix.

CDBG-DR

As you are aware, the programmatic management of the CDBG-DR program was transitioned to the ODR in November 2023. To date, our office has integrated CDBG-DR staff into daily operations and completed a full assessment of all programs, including identifying challenges and capacity issues and developing strategies to augment performance. ODR continues to streamline operations, finalize action plans, and work closely with the grantee to execute key

performance indicators for each program.

Significant resources have been dedicated to moving the long-delayed Envision Tomorrow home repair and reconstruction program forward. The ODR is progressing toward executing Mission 100, a goal to have 100 homes in construction by the end of 2024. ODR released solicitations for 55 homes between April and May of 2024. Of that amount, 44 award notices are being distributed to contractors this week. Another solicitation for 50 homes is pending for August. General contractor Persons Corp. remains engaged with 19 homes in construction and is finalizing pricing on another 16 homes. In total, 27 homes are in the construction phase, 44 are pending award, and 35 have been completed.

Looking beyond 2024, ODR anticipates an additional 200 more homes in construction during 2025. Due to the program's lapse over time, the office is issuing a continued interest survey to Envision applicants to ensure that we have current contact information. We also want to be able to maintain communication so that once a Notice to Proceed is issued to fix their homes, they are prepared. We have found that over 40% of the people who come to the top of the list are slow to respond with documents or indicate they are not ready to relocate so that their homes can be fixed. This impacts our ability to maintain pricing with the contractors once bids are awarded. Our goal is to readily identify individuals who are displaced, disabled, or living in dire conditions to provide assistance. Additional challenges remain, especially with some applicants' struggles to legally identify homeownership and heirship. While the program is attempting to assist in every way possible, proof of ownership is a regulatory requirement and limits the types of consideration that can be made.

We are encouraging applicants that once received, prioritize returning the interest survey to the program by email, mail, or in-person to our office. We remain committed to moving this

program forward.

The development and preservation of affordable housing is a critical component of the recovery. CDBG-DR is also funding housing initiatives to the tune of \$237.7 million. Recently in collaboration with the VI Housing Finance Authority and participating lenders Banco Popular and Rural Development, the ODR launched CDBG-DR's, Own-a-Lot, Build a Home Program. The successful launch started with radio rounds and community outreach at the 2024 Housing Expo. The program is specifically designed to assist Virgin Islands' residents who own land but have not been able to secure the necessary financing to proceed with construction. This initiative provides qualified applicants a zero percent interest forgivable loan, easing the financial burden of constructing single-family homes on undeveloped properties.

The Public and Affordable Housing Program aims to ensure an adequate supply of affordable housing to meet the needs of the territory's low- and moderate-income families. The construction of the 84-unit Donoe Redevelopment project, located in St. Thomas, resumed environmental remediation on June 3rd after the project was stalled for some time. ODR is working closely with VIHFA to amend the current CDBG-DR Action Plan. This amendment will allow The Virgin Islands Housing Authority a path to obtain the additional \$46 million this project needs to complete construction.

The Neighborhood Revitalization Program is divided into two areas to assist eligible businesses. The Building Façade and Streetscape Enhancement Program will award businesses in commercial or residential areas the opportunity to repair visible exterior damage caused by the 2017 hurricanes. The program plans to fund \$13 million in projects designed to preserve the community's commercial, residential, and historic areas. Eighty-two applications were received; amongst those received, ten applications totaling \$7.7 million were deemed pre-

eligible, fifty-one applicants were ineligible, and twenty-one applications are pending additional information from the applicants. Once an applicant's pre-eligibility is determined, those applications are sent to VIHFA for further review and approval and development of an agreement.

Project Updates

ODR's primary goal is to start and complete projects in accordance with federal guidelines. This drives the third strategic priority, *spending the funds correctly*. To this end, 990 recovery projects have been completed. In the first quarter of 2024, the ODR tracked six capital projects to completion. Ribbon-cutting ceremonies were held for Cramer's Park Pavilions, Cruz Bay Tennis and Orville Brown Basketball Courts, and the Florence Williams Public Library. Additionally, work on several projects has recently been concluded. The University of Virgin Islands held a ribbon cutting for its agricultural facilities on St. Croix in May, and the Department of Sports, Parks and Recreation celebrated the completion of three recreational facilities on St. Thomas – Joseph Aubain, Kirwan Terrace and Alvin McBean Sports Complex – in June.

There are approximately 108 active construction projects, including the construction of the new Arthur Richards PreK-8 School, the demolition of the Donna Christian-Christiansen Medical Complex, and the reconstruction of the Charles Seales Fire Station and Vincent Mason Pool on St. Croix. On St. Thomas, construction continues on the Charlotte Kimelman Cancer Institute, Charles Turnbull and Enid Baa Public Libraries, and three Head Start Projects – Bolongo Bay, Lindberg Bay, and Minetta Mitchell. While on St. John, the restoration of the Head Start facility in Cruz Bay is nearing completion.

The ODR is also pleased to announce the restart of construction at UVI's Reichold Center for

the Arts. Contractor Custom Builders received a notice to resume work in June 2024 and is expected to complete the project before the end of 2025.

Towards the end of 2024 into early 2025, ODR anticipates work will begin in the St. Croix district on three waste disposal convenience centers, the St. Croix Central High School, and undergrounding of powerlines in Hannah's Rest. In the St. Thomas/St. John district construction is expected to begin on temporary repairs to the Queen Louise Homes for the Aged, Charlotte Amalie High School, and the undergrounding of powerlines for several feeders.

As 2024 comes to a close, construction will conclude on the Walter IM Hodge Pavilion, creating 248 units of affordable housing, Reinholdt Jackson Ball Park in Estate Whim, and road repairs in Christiansted on St. Croix. On St. John, road repair projects in Great Cruz Bay, Fish Bay, Coral Bay and Maho Bay are also ending. Projects are also expected to be wrapped up in St. Thomas. The Lindbergh and Minetta Mitchell Head Start Facilities are targeted for completion by the end of 2024 as well as road work in Botany Bay, Perseverance Bay, and Red Hook.

Line of Credit

The Line of Credit (LOC) continues to support ODR's efforts to provide timely payments and funding to commence scoping, design, and procurement of materials, augmenting the pace of recovery projects. So far, ODR has utilized \$28.8 million of the line of credit (LOC) to advance projects through various phases, and as of today, \$43.3 million of the \$100 million LOC cap is available to continue to streamline recovery work. ODR has repaid \$19.1 million to date. Of the \$56.6 million still outstanding, 80% (\$45 million) is related to acquiring propane assets, while the remaining 20% (\$11.6 million) pertains to ODR-driven activities.

These funds have been utilized to support projects by providing mobilization payments to commence construction on nine (9) homes on St. Croix, funded by the Envision Tomorrow Program. Funds have also been used to continue work on the Christiansted sewer lines, restart of the Wartsila project, St. Thomas east-end transformer repairs, the Donald Francois Switchgear project, and the purchase of LED lighting for several Department of Sports, Parks and Recreation facilities to include the DC Canegata and Reinholdt Jackson Sports Complexes on St. Croix and the Doris Hodge Tennis Court, Alvin McBean and Lionel Smut Richards Ball Parks on St. Thomas. The Line of Credit has also been tapped to fund the land acquisitions for the Queen Louise permanent project.

ODR has been persistent through all the various challenges, lobbying for solutions to broader hindrances within our immediate control, such as the most recent cost share adjustment and convincing FEMA to allow the Territory to pay on invoice early on in the recovery. Our office will work with local and federal stakeholders to ease the impact of these challenges and develop solutions wherever possible.

With the goals clearly outlined and the focus to execute on getting projects started and completed, ODR projects that approximately \$474 million will be expended in FY 2025, spread across the entirety of the recovery spectrum generating close to \$23.7 million in Gross Receipts Taxes (GRT). To date in FY2024, recovery projects have generated over \$10.5 million in gross receipts and are expected to continue to impact the economy of the Territory for several more years to come.

Mr. Chair, I would like to thank you and the members of this body for your time and attention and for the opportunity to provide an update on the status of the territory's recovery from Hurricanes Irma and Maria. The ODR maintains its focus on the full recovery and rebuilding

of the Virgin Islands. I would also like to reiterate our commitment to working with all our partners, including DPW, DPP, DPNR, and VIHFA, to move projects into construction. I want to thank my hard-working team at the Office of Disaster Recovery for their dedication and tireless support. I encourage you to visit our website regularly and contact us anytime with questions or concerns. We remain committed to building a stronger, more resilient, and prosperous territory, and with your support, we will continue to ***“Build a Legacy of Resilience.”***