

VIRGIN ISLANDS OFFICE OF DISASTER RECOVERY



# TESTIMONY

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

Legislature of the Virgin Islands

**PRESENTED BY:  
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DIRECTOR**

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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 audience. I am Adrienne L. Williams-Octalien, Director of the Virgin Islands Office of Disaster Recovery (ODR). I am accompanied by Derek Gabriel, Commissioner of the Department of Public Works; Jomo McClean, Highways Program Manager for the Department of Public Works; and Lisa Alejandro, Commissioner of the Department of Property and Procurement.

The Office of Disaster Recovery remains focused on its mission to rebuild resiliently, holding steadfast to its mission to strengthen the territory's infrastructure and completing projects to better position the community to thrive. In order to accomplish this, we must continue to successfully execute our strategic priorities to get the funds, spend the funds and spend the funds correctly.

To effectively stay the course, ODR maintains a collaborative partnership with both local and federal stakeholders, allowing for continued progress toward getting the **funds**. Since our last time before this committee in November 2023, our office has increased obligations by 3 billion dollars to \$11.6 billion. To date, the largest recovery funder FEMA's Public Assistance Program, has received \$9.1 billion, of which \$2.8 billion has been expended.

Moreover, of the approximately 1500 FEMA Public Assistance projects, only 56 remain to be obligated, of which 37 are fixed grant projects. We thank FEMA for their continued support and push in the last few months to move projects from approved to obligated.

Prior to February 2024, the cost share for FEMA disaster recovery grants stood at a looming 10% which could have cost the Territory over \$1 billion. With the now long-awaited adjustment, eligible disaster costs are now funded at a 95% federal cost share or 5% cost for permanent work

projects and a 98% federal, 2% local cost share for projects funded under Section 428, which includes the bulk of the larger more complex projects to rebuild schools, hospitals and other critical facilities. The cost share adjustment signifies FEMA's commitment to the Territory's recovery goals and provides the necessary resources to make those goals attainable.

It is important to note that the cost share adjustment has some constraints. The remaining 428 projects—Fixed Cost Offers—must be accepted by the end of September 2024 and completed in eleven years for the 98% cost share to be honored. Therefore, it is imperative that the pace of the recovery be accelerated.

Now that we have secured the majority of obligated funding and a resolution for the match, the territory is **positioned for the next phase** of the recovery. However, we have to take a different approach to completing the territory's recovery project portfolio. With a total reconstruction package estimated at \$15 billion or more, reconstruction cannot be conducted in a business-as-usual fashion.

**Rebuild USVI** is a comprehensive initiative that will enable the Territory to undertake this massive reconstruction program while maintaining the way of life that Virgin Islanders treasure. This historic and ambitious plan is the one of the largest and most concentrated infrastructure investments in the Caribbean region. The mission to complete major reconstruction of the Territory's critical infrastructure over the next decade and a half will require a herculean effort beyond our current capacity. However, this **comprehensive strategy** will allow ODR to tackle challenges we have been reporting on since the start of the recovery. At the present pace of expenditures at \$500 million per year, it will take another 20 years to complete the recovery. We must at least double this amount and spend a billion dollars a year if we are going to meet the stipulations of the match adjustment. Completing these major recovery projects by December

2035 is critical before the match reverts back to the 95% cost share. A more efficient approach must be considered.

To accomplish this, we knew we needed to attract firms that have proven strategies for housing, supply chain, and labor shortages, as well as the ability to construct in hard-to-build areas. To this end, we traveled to New York, Washington, DC, and Chicago to conduct market research and meet with large Engineering, Procurement, & Construction contractors (EPCs). What we found was interest, but not in the way the recovery is currently structured. To attract these Tier 1 contractors to the Territory, we needed to change the way we do business; they needed projects totaling \$1 billion or more, streamlined processes, clear lines for decision-making, timely payments, and shared risk procurement.

With confirmed interest and a strategy, the team set out to unite contractors and help them understand the upcoming opportunities. ODR, in conjunction with the Office of the Governor and other agencies, hosted an **Industry Day** on the islands of St. Croix and St. Thomas in the first week of December 2023. 150+ representatives from national, regional, and local firms came together to learn more about the projects and timeline for the overall Rebuild program, meet with Territorial recovery leaders, learn about the upcoming procurement process, and provide input on how a collaborative reconstruction can be successfully structured.

Industry Day also gave EPCs the opportunity to meet with the local contracting community, learn their capabilities, and see how best they could leverage the skilled labor already existing in the Territory. Our team extended personal invitations to companies registered with DPW's Disadvantaged Business Enterprise (DBE) Program, companies registered with DPP's GVIBUY, and companies currently participating in the disaster recovery program. I want to emphatically state our intent is to continue to have our projects executed by Virgin Islanders, for

Virgin Islanders. Our local contracting community will have every chance to participate fully in this generational opportunity. Leveraging local contractors will also help the EPCs lessen the learning curve on constructing in the Territory, which we all know is very different from the mainland. While local and regional contractors will continue to play a substantive role in recovery, participation of the national EPCs, who bring large-scale construction expertise and bonding capacity is essential.

Attracting and retaining a workforce of 5,000-7,000 workers at the peak of construction will continue to require extensive involvement from the Department of Labor, and local contractors, both in partnership with large national firms and on individual rebuild projects. EPCs will depend on the engagement of local contractors on projects and will bring established upskilling programs, partnerships, and development opportunities to local firms.

The Rebuild USVI program is influenced by other major construction programs on the mainland, adopting best practices that would be recognized by any EPC. We are simply adopting proven methods of handling multiple large-scale projects nationally and globally and adapting them to the USVI. This is not a novel concept, states such as New York, California and Louisiana have successfully implemented similar strategies to “jump start” major rebuild efforts - whether in response to natural disasters or community development needs - essentially allowing state agencies to get back to their core mandates and functions instead of administering capital projects.

Because we knew what was needed to attract major EPCs to do work in the USVI, projects were packaged in \$1-2 billion procurement **bundles**. Initial bundles were created based on:

- Horizontal vs vertical infrastructure
- Groupings of \$1-2 billion

- By island and sector
- Project Readiness

4 bundles have been identified on **St. Croix**. To include a healthcare bundle, an education bundle and 2 horizontal bundles. Likewise, on **St. Thomas** there is also a healthcare, education and 1 horizontal bundle. On **St. John**, we currently have identified 1 vertical bundle. It is the only cross-industry bundle.

Procurement of the first of several multibillion-dollar bundles is expected to commence this year, starting with healthcare facilities on St. Croix which includes Juan F. Luis Hospital,

Donna C. Christensen Medical Complex and Herbert Grigg Home for the Aged. The second bundle will be schools on St. Thomas which includes the St. Thomas Administrative Center, Lockhart K-8, Emanuel Benjamin Oliver Elementary, Jane E. Tuitt Elementary, Ivanna Eudora Kean High School and Bowsky Elementary Addition. This will be followed by the first horizontal project bundle on St. Croix. The development of a Request for Qualifications (RFQ) and Requests for Proposals (RFPs) for these first two bundles is currently underway.

The first solicitation, the RFQ, is intended to create a shortlist of contractors with the expertise and bonding capacity to undertake billion-dollar-plus construction packages, while RFPs will allow for competition on specific bundles of projects. This two-step process will promote collaboration between national, regional, and local contractors, as observed during and after Industry Day in December. In addition to strongly encouraging and promoting these substantial subcontracting opportunities for local companies, there will be over 300 smaller projects for local contractors to bid on as prime contractors.

The first pillar of Rebuild USVI's structure is **establishing a Super PMO** to coordinate efforts.

Establishing a Project Management Office (PMO) to coordinate the efforts of all contractors, government agencies, and other key stakeholders has been an essential enabler for major multisector infrastructure construction projects nationally and internationally.

Currently, ODR is in the process of standing up a “**Super PMO**” in recognition of the scale of the undertaking, leaning upon best practices and lessons learned around the world and in the recovery. The Super PMO’s responsibility is to cover key functions, including (but not limited to) Interagency/Contractor/Stakeholder Coordination, Master Project Prioritization & Schedule Management, Procurement, Resource Balancing, Program Controls and Compliance, Accelerated Payment Processing, Design Management, and Program Risk Management. ODR and its key stakeholders are building the foundations of the Super PMO, including forming the governance framework, mapping roles and responsibilities, creating the organizational structure and staffing plan, and devising policies and procedures. The Super PMO is expected to be stood up in the second quarter of 2024 with local staff augmented by contractors. The Public Finance Authority and the Office of Disaster Recovery are currently advertising for an Executive Delivery Manager who will spearhead the subdivision. The position closes on March 28.

As a cooperating party to the Super Project Management Office (PMO) for Rebuild USVI, the **Department of Property and Procurement** plays an integral role in the acquisition process. The Commissioner of Property and Procurement (DPP) is assigned as the procurement subject matter expert to ensure solicitations are carried out in accordance with local and federal requirements. The Commissioner of DPP shall assign a Contracting Officer Representative who will be responsible for monitoring the **procurement** process and making recommendations for contract awards. As customary, DPP will continue to procure all local and federally funded goods and services to include disaster recovery projects that are not identified under the Super PMO.

The Department supports the efforts of the super PMO as DPP does not have the resources, or the specialized and technical skills to wholly administer acquisitions involving bundling or substantial bundling of this magnitude and complexity. DPP asserts that the establishment of the PMO will garner substantial benefits for the Territory and will enable the government to best balance economy of scales while reducing acquisition cycle time and creating opportunities for our small businesses.

The **next steps** are that after the first two bundles are underway, the Territory will subsequently develop and release additional RFPs for the remaining projects approximately quarterly, with a clear goal of having all projects under contract and underway by the end of 2026—staying the course to complete the larger 428 projects by the December 2035 deadline.

Until the Territory had in hand the billions of dollars for reconstruction, an initiative like Rebuild USVI would simply not have been possible. We have done the research, engaged potential contractors, implemented many of their recommendations to put us on par to compete with the rest of the opportunities on the mainland. These contractors must report to risk committees to determine whether or not they will make sizable investments in the Territory. Through the development of Rebuild USVI and its pillars, we have streamlined process and identified resources to support solutions to housing, workforce and logistical challenges.

Therefore, now is the time for Rebuild USVI, which will enable the Bryan-Roach Administration to fulfill its promise to rebuild a better, stronger, more resilient community in the aftermath of the 2017 Hurricanes. This is a once in a generational opportunity to rebuild the territory's infrastructure with funding through disaster recovery and IJA. With the critical mandates made on us with the match waiver and by the people of the Virgin Islands, we cannot afford to not do this right.



Honorable Senators, we have come to the end of today's testimony, and we want to express our appreciation for your partnership as we enter this most critical phase of the recovery. As we continue to work toward the full recovery and rebuilding of the Virgin Islands, we remain committed to deploying these funds effectively, efficiently, and transparently. The recovery remains one of Governor Bryan's top priorities, and I would like to thank the dedicated staff at the Office of Disaster Recovery for their unwavering support. Navigating the changes in policies and procedures and shifting with new requirements can be difficult, but this is the task. I also want to share my appreciation to the recovery leaders for their consistent efforts to move the recovery forward.

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.*"