

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 Artra Watlington-Francis, Deputy Director of Finance and Compliance, Malinda K. Vigilant-Messer, Territorial Public Assistance Officer, and Graciela Rivera, Territorial Hazard Mitigation Officer. It is my honor to present an update on the status of disaster recovery initiatives in the US Virgin Islands.

The efforts to rebuild after two Category 5 disasters are herculean at best but provide an equal amount in return for opportunities not just to rebuild but to transform the infrastructure of the Territory and create a *Pathway to Resilience*. The initial years of the disaster were primarily focused on emergency repairs to patch up hurricane damage, until permanent projects could be funded. The focus then shifted to getting money obligated. As funds were obligated, we identified pressure points in finding enough architects and engineers to support the demand. Once designs were completed and projects prepared for solicitation, the congestion in the pipeline moved to needing sufficient contractors. All of the challenges that were predicted in the early days of the disaster have now become a reality.

At the heart of this effort stands the Office of Disaster Recovery. Established in 2019 and unyielding in its vision to build a resilient Virgin Islands. This commitment is deeply etched in its mission to construct a safe, resilient community that transforms and fortifies the Territory's infrastructure. ODR achieves this through developing robust systems, nurturing stakeholder collaboration, and undertaking recovery projects that set the stage for the community's prosperous growth.

The Office has integrated efforts across governmental departments, semi-autonomous agencies, and private non-profit entities, focusing on channeling funds effectively and compliantly. In line with its first strategic priority of getting the funds, ODR has successfully increased anticipated allocations from \$8B to \$12B with the potential to meet or exceed \$15B over the next few years. In 2023 alone, more than \$2.2B has been obligated as of August, marking a 100% increase compared to the funds secured in 2022. This brings the total amount of obligated funds to \$8.5B.

Of the approximately 1500 FEMA Public Assistance projects, 62 remain to be obligated, of which 47 are fixed grant projects encompassing the more complex educational, health care, and infrastructure facilities. This is a significant reduction, considering in June 2022, the ODR was tracking nearly 150 fixed-cost offers. We extend our appreciation to FEMA for the collaborative approach and considerations, assuring that the Territory receives every dollar deserved.

Once funds are obligated, the Office ensures that they are not only spent, addressing the second strategic priority of spending the funds, but also that projects are initiated and completed within designated timeframes. Since the start of the recovery, the Territory has expended \$3.2B to start and complete projects across various funding sources.

FEMA's Public Assistance (PA) Program is the principal source of funding for our recovery efforts. To date, PA has received \$6.2B, of which \$2.7B has been expended to date. All PA projects require a 10% match.

FEMA's Hazard Mitigation Grant Program has received \$178M, of which \$33M has been expended to date. These funds do not have a match and are granted at 100% of the project cost.

The Department of Transportation's Federal Highway Emergency Relief Program (FHWA-ER), administered locally by the Department of Public Works, has been obligated \$66.3M and

has expended \$52.7M to carry out the much-needed repairs to roads and bridges with no match requirements.

The Housing and Urban Development's Community Development Block Grant – Disaster Recovery Program (CDBG-DR), administered by the Virgin Islands Housing Finance Authority, has received \$1.9B, including recently approved funding for the mitigation and electric grid tranches, with \$296.6M expended to date.

There are also other disaster-related funds from various federal entities, including the Department of Health and Human Services (DHHS), the US Department of Agriculture (USDA), the Department of Education (DOE), and the Department of Commerce, which have made an estimated \$215M available to the territory. Out of that amount, \$116.5 million has already been spent. Additionally, during FY 2023, the Office of Management and Budget utilized \$497,755 in local funds to pay for the 10% local match cost share for projects funded by FEMA Public Assistance.

To address the third strategic priority of spending the funds correctly, ODR ensures that all executed projects meet relevant programmatic and regulatory standards, as internal audits are conducted for compliance.

Project Updates

Looking ahead, ODR anticipates advancements in Health and Hospitals, Schools, Housing, Utilities, and Roads, key areas identified by Governor Albert Bryan, Jr. Currently, there are 93 active construction projects. Notable projects in process and on the horizon include the reconstruction of seven schools and six Head Starts throughout the Territory. In healthcare, facilities such as the Charlotte Kimmelman Cancer Center, the Myrah Keating Clinic, the Charles Harwood Medical Complex, and repairs to the Queen Louise Home for the Aged are slated for significant improvements. Additionally, thirteen parks and public facilities, including

Emile Griffith Ball Park, Charles Seales Fire Station, the Enid M. Baa Public Library and Archives, and Charles W. Turnbull Libraries, are set for renovations. Additionally, infrastructure projects are anticipated to include WAPA underground utility work in the St. Thomas District and improvements to roads and drainage systems in Fish Bay, Botany Bay, and the Altona Lagoon Bridge vicinity.

In the past fiscal year alone, the Territory celebrated the completion of the JFL North Temporary Hospital, Elaine Sprauve Library, Phase I of the Walter IM Hodge Pavilion, the Skills for Today Program, and several road projects. To close out 2023, ribbon cuttings are expected for DPNR's Florence Williams Library and DOH's WIC building on St. Thomas.

Challenges

In line with its vision, mission, and strategic priorities, the Office of Disaster Recovery has addressed challenges impacting the efficiency of recovery efforts and sought solutions to sustain positive outcomes. One of the most pressing issues facing the recovery is the recurrent lag in project timelines, affecting anticipated revenues. Challenges such as scarcity of contractor workforce, disruptions in the supply chain, and delayed release of funds are contributing factors. Although the recent procurement of a \$100M credit line provides temporary relief, there is a pressing need for enduring resolutions.

Optimizing payment workflows and ensuring prompt and consistent vendor payments is another key priority in advancing our recovery efforts. Streamlining the payment process has been one of the most critical process improvements. ODR joined forces with the Departments of Public Works, Property & Procurement, and Finance to optimize payment workflows to expedite consistent vendor payments. This modified system eliminated duplicitous reviews from multiple agencies, thereby accelerating payments. Efforts to institutionalize this process across all projects remains a top priority.

Incorporating contingency strategies is critical to effective project management, particularly considering the unforeseeable hurdles regarding workforce and supply logistics. The Skills for Today, GVI Fellows, and UVI Certification Programs in project and construction management, in collaboration with VIDE's CTEC and other GVI initiatives, are working in cohorts to chip away at the expected 5000 to 7000 skilled labor shortfalls.

Another issue compounded by the storms is the shortage of adequate housing, which is becoming increasingly critical. This scarcity heightens the urgency to determine sustainable housing solutions, alleviate pressure on local resources, and facilitate the logistical efficiency necessary for advanced and ongoing recovery operations. Efforts like the Derelict and Abandoned Building legislation, VI Slice, and the Rental Rehabilitation & Reconstruction program are aimed at helping to address this issue.

The 10% match for the PA Program remains a point of great concern. The Governor of the Virgin Islands continues to advocate for a waiver of the local match requirement. As recently as September 2023, the Governor met with Shalanda Young, Director of the US Office Management and Budget in Washington DC, to discuss advancing this request at a minimum for critical facilities and highlighting that the required match can be as much as \$1.5B that the Territory is ill-prepared to provide.

Opportunities

All is not lost, as ODR is proactive in providing solutions to the challenges it has observed. Working alongside federal allies, ODR is tackling housing and workforce challenges. The Territory is developing an accelerated rebuild plan, calling for collaborative meetings with key agencies and contractors. This strategy aims to attract more contractors by offering comprehensive project bundles, ensuring a robust labor force for expedient rebuilding.

Utility Coordination

In the bustling world of development and infrastructure improvements taking place post-disaster, utility coordination efforts stand as a testament to the wisdom of collaboration. The Utility Coordination Team is comprised of representatives from the Department of Public Works (DPW), Waste Management Authority (WMA), Water and Power Authority (WAPA), Liberty, and VI Next Generation Network (ViNGN), among others. On St. Croix, the Utility Coordination Team has been actively coordinating projects in Christiansted, Frederiksted, Northside, Clifton Hill/ Container Port, and Queen Mary Highway. On the island of St. Thomas, the team is working to coordinate projects in Donoe and Nazareth/Ridge Road.

The Utility Coordination Team is also collaborating with the Lieutenant Governor's Office to develop the territory-wide GIS mapping services. The GIS mapping system offers a structured and user-friendly interface, allowing for easy access to specific utility data. The Lieutenant Governor's Office has an active, fully operational platform for housing GIS data across the territory. ODR is working to optimize systems already in place and utilize recovery dollars to expand services across the recovery.

In addition to GIS mapping, the Utility Coordination Team is working closely with the Department of Public Works to get the Call Before You Dig Legislation that was passed in 2015 in full compliance. "Call Before You Dig" is a crucial safety initiative that plays a fundamental role in safeguarding underground utility infrastructure and preventing potentially hazardous incidents during excavation or construction projects.

In addition to overseeing the complex web of utilities, the Utility Coordination Team is collaborating with other agencies, such as the Department of Education, the Virgin Islands

Housing Authority, and the Territorial Hospital Redevelopment Team (THRT), to create holistic solutions.

Line of Credit

The Senate's approval of the line of credit in April 2023 presents another opportunity to advance the recovery. The Public Finance Authority closed on a \$100M revolving line of credit with First Bank of Puerto Rico to further the Territory's disaster recovery efforts. This transaction keeps at-risk projects underway, ensures timely payments to contractors, as well as improves the territory's overall disaster management.

To date, ODR has requested and drawn \$8.8M to support the continuation of major projects such as the Christiansted sewer lines, composite poles installation, and the purchase of LED lighting for several Department of Sports, Parks and Recreation parks to include the DC Canegata and Reinholdt Jackson Complexes on St. Croix and the Doris Hodge Tennis Court, Alvin McBean and Lionel Smut Richards Ballparks on St. Thomas.

The Line of Credit has also been utilized to commence or continue work on five schools, the Alva A. Swan Correctional Facility, the Envision Tomorrow Program, Frederik D. Dorsch Activity Center, Methodist Outreach Center, and Government House on St. Thomas.

IAATA

Over the past year, the Office of Disaster Recovery has continued to work closely with federal partners around the recovery's current needs. As a result, \$7.5 million dollars was allotted by Congress through the Department of Interior's Omnibus Bill for technical assistance to the territory through the Insular Area Act Technical Assistance (IAATA) contract and the Disaster Recovery Funds Assistance.

The IAATA is the first of its kind, offering direct assistance to the Territory through onsite personnel who will provide the much-needed staff augmentation in areas of engineering and

project management. The funding, although supported through FEMA, allows for the territory's use of technical assistance across all recovery funding sources. Through the contract, technical assistance support will be divided into three tasks: technical design and review support, construction monitoring, and data and project tracking.

IAATA resources will be deployed to aid all sectors with emphasis on the Territory's Envision and Affordable Housing Development programs, which have been heavily stalled due to the lack of engineering and project management resources. Most recently, the ODR team met with AECOM, the awarded contractor, who began deploying resources to the territory the week of October 9, 2023.

Through the Disaster Recovery Funds Assistance, both Argonne National Laboratory (ANL) and Research and Development Corporation (RAND) will provide research on the economic outlook during the recovery and construction costs affecting the territory.

ANL's analysis will aid the territory's ability to understand current construction costs and its ability to lobby for additional funding to adequately address housing projects. RAND will focus on capacity needs, bottlenecks, tactical supply chains, and the effects on the territory's economy.

This support will provide the necessary aid to the territory in speeding up the recovery efforts. Additionally, this support endeavors to document territorial construction costs and identify strategies to address the territory's housing crisis.

Next Steps

As we move towards the current phase of recovery, the focus is on completing emergency work and initiating permanent work on larger, more complex construction projects. This is exemplified by the groundbreaking of the Charlotte Kimmelman Cancer Institute, the first healthcare facility to begin permanent reconstruction.

As we forge ahead, our mission to secure funds for essential projects continues. Among these projects is the St. Croix Wastewater Prudent Replacement, which is currently on its way to the independent expert panel phase of the FEMA process. Once obligated, it is estimated to cost \$1.2B. Additionally, the request for Prudent Replacement for the St. Thomas Wastewater system has been submitted to FEMA and is currently under review.

The Department of Education is also awaiting final obligations for several schools, including the St. Croix Educational Complex, Central High School, Charles H. Emanuel, Claude O. Markoe, Eulalie Rivera, Pearl B. Larsen, John H. Woodson, Juanita Gardine, Julius Sprauve, and Addelita Cancryn.

Regarding healthcare facilities, fixed-cost offers have been agreed upon, and obligations are expected within the next 90 days for Schneider Regional Medical Center (SRMC), Herbert Grigg Home for the Aged, and the Knud Hansen Complex. The Territory supported by Witt O'Brien's along with efforts from Delegate Plaskett, convincingly demonstrated that the Roy Lester Schneider Hospital be deemed as a full replacement. This decision came after copious amounts of documentation were provided to FEMA, rationalizing why the hospital was in need of full replacement.

As you are aware, the Office of Disaster Recovery has applied to become a sub-recipient of the Territory's CDBG-DR funds. Through this expansion, ODR aims to foster synergy across various activities within the program, including Housing, Public Services and Facilities, Infrastructure, and Economic Revitalization. This will help accelerate vital programs like Envision Tomorrow and support the organizational framework and recovery initiatives. Once approved, ODR will welcome the addition of 25 disaster recovery employees in their current roles and provide direct operational management of the CDBG-DR program for existing and future projects.

To unite contractors and help them understand the upcoming opportunities, ODR, in conjunction with the Office of the Governor and other agencies, will host an Industry Day on the islands of St. Croix and St. Thomas in the first week of December. The event will provide information on the sequencing of projects for the next two years, as well as provide training opportunities in bonding and payment processing. The objective of the event is to increase the availability of contractors for the recovery projects and to prepare existing contractors for the abundance of new opportunities that lie ahead.

Conclusion

This next phase will test the strength of our systems. In the first quarter of 2024, ODR anticipates solicitations to rebuild six schools, two hospitals, and infrastructure projects for power, wastewater, and potable water. We approach this phase with great hope but are very aware of the complexity of this undertaking given the well-documented workforce, housing, supply chain, and material challenges. Nonetheless, this is an opportunity of a lifetime to build back better, stronger, and more resilient.

Honorable Senators, we have come to the end of this critical testimony, and we want to express our sincere gratitude for your time, attention, and continued focus on the recovery. Our progress so far is commendable, but much work still needs to be done. 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 my hard-working team at the Office of Disaster Recovery for their dedication and tireless support. Recovery work is non-stop and demanding. I expressly want to share my appreciation to the recovery leaders DPW, DPNR, VIDE, DPP,

THRT, VIHFA, VIWMA, DOF, OMB, and VIHA 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.”*