TESTIMONY

Committee on Disaster Recovery and Infrastructure
Legislature of the Virgin Islands
Block 1: Virgin Islands Water and Power Authority

OFFICE OF DISASTER RECOVERY
PRESENTED BY: DIRECTOR ADRIENNE L. WILLIAMS- OCTALIEN
April 29, 2021
Good Afternoon Senator Janelle K. Sarauw, Chairwoman of the 34th Legislature's Committee on Disaster Recovery and Infrastructure, 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 and I am joined today by Deputy Director of Finance and Compliance, Artra Watlington- Francis. Thank you for the opportunity to provide updates on the Water and Power Authority’s disaster recovery projects related to infrastructure hardening.

Since February of 2019, the Office of Disaster Recovery has been serving as the center of coordination for federal disaster recovery funds across all governmental departments, semi-autonomous agencies, and private non-profit entities totaling over 1,500 projects across the Territory. Aligning with Governor Bryan’s top recovery priorities, ODR convenes regular meetings with agencies to obtain the status of projects and identify cross-cutting barriers affecting project completion.

ODR has been making consistent strides in its 3 key focus areas:

1. **Get the Funds** – Work to support all recipients of federal recovery funding by ensuring projects are funded sufficiently and providing assistance to resolve disputes with federal agencies continues. As of March 31st, the Territory has been allocated $5.1B or 64% of the anticipated $8B across various disaster recovery funding programs.
2. **Spend the Funds** - Once projects are funded, ODR is responsible for ensuring action is taken to expend the funds timely and manage projects through completion. As of March 31st, $3.9B or 49% of anticipated funds have been obligated and of those funds $1.79B or 22% have been expended.

3. **Spend the Funds Correctly** - It is also ODR’s responsibility to ensure that funds are spent in compliance with federal guidelines. This includes the facilitation of reviews and responses to audits.

Power is a top recovery priority for Governor Bryan. The completion of these recovery projects lay the essential groundwork needed to strengthen the Territory’s infrastructure for continuous growth economically and socially within our community.

**FEMA Public Assistance Program**

The Office of Disaster Recovery (ODR) works closely with WAPA to ensure that disaster recovery projects are obligated and completed. As of March 31st, 2021, FEMA has obligated 49 Public Assistance projects for WAPA valued at over $1.23B within the Territory. These funds represent 15.4% of the anticipated $8B in obligations across various disaster recovery programs with $878M or 71.1% expended in Public Assistance funds to date. As of
today, WAPA has 6 projects pending initial obligation. Emergency and permanent repairs to the electrical distribution on all three islands represent over 80% of the projects funded for the Authority.

WAPA’s efforts to both harden the electrical distribution system and mitigate potential issues within the grid remains of critical importance to ODR’s primary objective of rebuilding a more resilient Virgin Islands. Via funding from FEMA and HUD, WAPA has developed a $742M multifaceted Resiliency Plan that is currently underway. To date, WAPA continues the design and construction of undergrounding utilities, installation of composite poles and repairs and rebuilding of its facilities.

A key objective within this plan is to transition 50% of its customers to underground power with the remaining above-ground connections leveraging composite poles.

**Undergrounding**

Undergrounding circuit designs have progressed for sites on Cruz Bay, St. John and Frederiksted, St. Croix. On April 14th, the Authority held a groundbreaking ceremony on St. Croix signaling the commencement of work on three electrical undergrounding projects. Located in Golden Grove,
Midland and the Wilfred “Bomba” Allick Port and Transshipment Center, the projects entail the burying of overhead power lines, transformers and other electrical equipment.

On St. John, $163.6M was obligated to provide funds for Phase 1 Undergrounding in Cruz Bay Town, and Phase 2 & 3 Undergrounding extending from Greater Cruz Bay to Myrah Keating Health Clinic & Mongoose Junction to Northshore Road.

Phase 1 Undergrounding of Cruz Bay Town has received concurrence from both FEMA EHP & SHPO and is awaiting the execution of an archeological oversight contract to begin working within the historic zone. Work near Frank Bay for Phase 1 required the approval of a CZM Permit which was received on Monday, April 26, 2021. With this permit in hand, WAPA can begin 6-7 weeks of work in the Frank Bay area, while archeological oversight contracts are slated to begin work within historic Cruz Bay.

**Composite Poles**

As of March 31st, 38% or 3,142 composite poles out of 8,296 have been installed across the Territory with 32% (756/2,333) installed on St. Thomas, 33% (1,325/4,003) installed on St. Croix, and 54% (1,061/1,960) installed on St. John.
Additional obligated funding was received for the St. Thomas Electrical Distribution Permanent Repairs in the amount $165.8M on April 22, 2021, to align costs for composite poles on St. Thomas and for the architectural & engineering (A&E) for the St. Thomas Submarine Cable. All composite pole projects are currently in progress with a target completion date of December 2022.

**Microgrids**

To mitigate against power shortages and provide self-sustaining power units within the Virgin Islands’ energy grid, WAPA has proposed the installation of microgrids across the Territory. St. Croix’s Microgrid project funded through FEMA’s Hazard Mitigation Grant Program plans to construct a microgrid to provide an alternative energy source to the western part of St. Croix and serviced by the Gregory Willocks Substation. This project will include a standby 18 MW solar power generation photovoltaic (PV) plant and a 20 MWH battery energy storage system (BESS), allowing for an alternative energy source sufficient enough to support peak-load operation.

On April 5, 2021, Phase One (1) of the project was obligated in the amount of $4.48M. This initial obligation will allow for the collection of much needed information essential to completing final project determination which will include technical feasibility, cost effectiveness and
environmental reviews. These subsequent deliverables will then allow for FEMA’s review and approval for the second phase of project construction. A kick-off meeting for Phase 1 of the project is scheduled for May 6, 2021.

In addition to the Western St. Croix Microgrid project, WAPA is also revising a previously submitted application for the development of a Microgrid Project on the eastern end of St. Thomas. Once finalized, the revised application will be resubmitted for FEMA review and feedback.

Substations

WAPA continues to harden its infrastructure with the restoration of the East End Substation on St. Thomas. This project was funded at $9.8M by FEMA through its Public Assistance program and Phase 1 was completed by VIWAPA in July 2020. These measures will prevent wind-driven rain from entering the system and causing potential failures in the future. Phase 2 is currently pending funding approval from FEMA.

Submarine Cable

In addition to the undergrounding and composite pole projects on St. Thomas, WAPA has received A&E funding in the amount of $13.4M for the development of a submarine cable from the Randolph Harley Power Plant to the East End Substation. The construction of this submarine cable will provide a direct means of power supply to the East End Substation which serves as the primary connection for St. John to the Randolph Harley Electrical Grid.

One of the most critical recovery projects is the Service Expansion Project at the Randolph Harley Power Plant on St. Thomas. WAPA received approval from HUD and executed a $74M contract
with Wartsila for the purchase of additional generators utilizing CDBG-DR funds. Doing this will increase the load capacity for the St. Thomas/St. John District and increase the percentage of renewables powering the system, bringing us closer to the renewable energy generation goal of 30% by January 2025. On April 13, 2021, VIHFA issued a Notice to Proceed for the demolition services necessary to effectively prepare for construction on the Harley Expansion Project.

**Water**

WAPA also has developed the St. Croix Island Wide Potable Water Distribution System Repair Project which captures the approximately 800 pipe breaks post Hurricanes Irma & Maria and the records of these pipe repairs in an effort to be reimbursed. A justification for the exclusion of labor costs and bid documents for purchase orders was sent to FEMA on March 13, 2021, and equipment and work order documentation continues to be validated. The project is still under FEMA Review and no funding has been allocated to this project to date.

WAPA is also expected to begin the design of CDBG-DR funded potable waterline extensions while Public Assistance projects are completed. This includes the Anna’s Retreat Waterline Extension currently allocated at $5.9M and the Smith Bay & Frydendal Waterline Extension Projects with a current project allocation of $7.9M.

**Challenges**

Because of the Authority’s fragile financial state, HUD placed conditions on WAPA to include a mandate to convene regular meetings with federal agencies, creation of monitoring schedules, improvement of billing metrics, and submission of audited financial statements. ODR has assisted
in conjunction with the CDBG-DR team in coordinating required meetings with federal partners and facilitating the submission of required documentation.

To support these efforts, the ODR continues to engage in Utility Coordination Meetings which are designed to ensure all stakeholders to include central government, semi-autonomous agencies and private entities can work together to effectively manage infrastructure projects and identify any potential roadblocks. Through this collaboration, the ODR and WAPA establishes and track deadlines to ensure the Territory’s recovery projects progress toward solicitation, while also ensuring other regulating entities such as SHPO and EPA can coordinate needs as required.

ODR remains committed in assisting WAPA in meeting its mitigation goals and recognizes the tremendous opportunity that has been provided to the Territory following the 2017 storms. ODR will continue to support the Authority’s efforts to build its capacity to better position the Territory to being more resilient in the future.

Madam Chair, thank you for the opportunity to testify today. This concludes ODR's update on the status of WAPA’s recovery projects. My team and I are available to answer any questions you may have.