TESTIMONY ON UPDATES RELATIVE TO VIWMA INITIATIVES, PROGRAMS, PROJECTS, AND PROCESSES RELATED TO THE TERRITORY’S INFRASTRUCTURE

COMMITTEE ON DISASTER RECOVERY AND INFRASTRUCTURE

34TH LEGISLATURE OF THE VIRGIN ISLANDS

THURSDAY, APRIL 29, 2021
1:00 P.M.

ROGER E. MERRITT, JR
EXECUTIVE DIRECTOR
VIRGIN ISLANDS WASTE MANAGEMENT AUTHORITY
Good afternoon, Honorable Senator Janelle Sarauw, Chair of the Committee on Disaster Recovery and Infrastructure, other members of the 34th Legislature, the Media, ladies, and gentlemen in the listening and viewing audience. I am Roger E. Merritt, Jr. Executive Director at the Virgin Islands Waste Management Authority (VIWMA or “Authority”).

I am appearing before you today to provide testimony relevant to the Authority’s initiatives, programs, projects, and processes as they relate to the Territory’s infrastructure.

SOLID WASTE

Grants Division

FEMA – Public Assistance

The Authority’s solid waste infrastructure was severely damaged by Hurricanes Irma and Maria. The hurricanes generated 825,000 cubic yards of debris, which is almost three times as much waste as the Territory typically generates in one year. The hurricanes had clear social and economic impacts on VIWMA’s bin sites, landfills, and transfer stations. The bin sites were physically overwhelmed with waste after the hurricanes, which created a hazard to public health, public safety, and the environment.

VIWMA has worked with FEMA, VITEMA, ODR and Witt O’Brien in reviewing damages and formulating projects. Although this is a tedious time-consuming process,
we have been successful in obligating 15 FEMA category A, B, and E solid waste projects to date. These projects total $15,841,869.58. Ten (10) projects have been reimbursed, five (5) fully reimbursed and five (5) partially reimbursed. The total reimbursement to the Authority thus far is $10,213,057.62. Currently, documentation for project worksheets totaling $5,628,811.96 is being reviewed and/or processed for reimbursement or payment to the Authority by VITEMA. This number includes the reduced cost of two (2) projects (due to insurance proceeds) that will be reimbursed by FEMA.

The Table below summarizes the number of projects under various categories.

<table>
<thead>
<tr>
<th>Status of Solid Waste Projects</th>
<th>Number of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Reimbursed</td>
<td>5</td>
</tr>
<tr>
<td>Partially Reimbursed</td>
<td>5</td>
</tr>
<tr>
<td>Documents Submitted or Package Preparation Ongoing For VITEMA Review</td>
<td>3</td>
</tr>
<tr>
<td>Insurance Reduction</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15</td>
</tr>
</tbody>
</table>

**CDBG-DR Tranche 2 Funding**

VIWMA has entered into a Subrecipient Agreement with the Virgin Islands
Housing Finance Authority (VIHFA), to be eligible for $22,000,000.00 of the CDBG-DR funds under the HUD Infrastructure Repair and Resiliency Program. As set forth in the terms and conditions, VIHFA will provide the VIWMA project funding for the implementation of designated projects outlined in the Tranche 2 Action Plan approved by HUD. These activities are directly tied to the damages related to Hurricanes Irma and Maria.

The first project under this grant includes the building of additional Convenience Centers in the Territory. Convenience Centers will be designed with measures to ensure waste is collected in an organized manner to prevent the hazards to public health, public safety, and the environment which occurred after Hurricane Irma and Maria (i.e., Mandahl Convenience Center – St. Thomas and Peter’s Rest Convenience Center – St. Croix). The convenience centers will be fenced to prevent dumping and staffed with an attendant to ensure orderly disposal. They will have multiple collection areas to segregate the specific types of waste so that VIWMA will be able to implement a recycling program for the Territory in the near future. There are nine (9) sites, five (5) are listed below and four (4) additional sites are still to be determined:

**Estate Concordia Convenience Center – St. Croix**

**Mon Bijou Convenience Center - St. Croix**

**Smith Bay - Margaritaville Convenience Center, St. Thomas**

**Red Hook Convenience Center – St. Thomas**
**Susannaberg Convenience Center – St. John**

Currently, these five (5) Convenience Center projects are in the grant application final phases. VIHFA is reviewing these applications totaling $9,000,000 and VIWMA is working to address all comments provided so that a notice to proceed can be issued.

**USEPA – The Solid Waste Supplemental Grant**

Through the Department of Planning and Natural Resources, VIWMA has been awarded a Solid Waste Supplemental Grant in the amount of $6,000,000.00. The funding was provided from the USEPA under the Bipartisan Budget Act (BBA) of 2018 which was enacted on February 9, 2018 and are intended for States affected by the two category 5 Hurricanes in September 2017. The grant will support the further development of the solid waste management program in the Territory and allow the VIWMA to begin implementing a sustainable waste diversion and materials management program.

This program will assist the Waste Management Authority with the reduction of waste and the diversion of the same from the Bovoni and Anguilla Landfills to include the Susannaberg Transfer Station, conserving much needed air space. Waste types to be diverted from landfills include green waste, scrap metal, tires and construction and demolition (C&D) debris. Additionally, it will provide VIWMA the much-needed equipment to divert the waste stream from the landfill.

Currently, WMA and DPNR are developing a Memorandum of Agreement
(MOA), establishing the terms and conditions and all activities included in the designated projects outlined under the program.

**SW DIVISION GOALS**

As we await the convenience center projects to be completed, enhancements will continue at the existing bin sites to improve the aesthetics and customer experience while deterring illegal dumping. This includes manning some of the bin sites (this is currently happening at Nazareth on St. Thomas and Gift Hill on St. John), monitoring the scheduled bin pick-ups, adding fencing (currently in progress at the Crown Mountain bin site), clearing/paving a safe place for motorists to access the sites and installing cameras which will also allow for citation issuance if warranted.

**WASTEWATER**

**Grants Division**

**FEMA – Public Assistance**

As a result of Hurricanes Irma and Maria, the Authority’s wastewater infrastructure (wastewater treatment plants, pump stations and sewer lines) sustained major damages. This created an immediate threat to the health and safety of the public requiring emergency response and protective measures.

We have been diligently working with FEMA, VITEMA, ODR and Witt O’Brien reviewing damages and formulating projects. As such, we have been successful in
obligating 35 wastewater projects to date, totaling $14,120,251.47.

Among the obligated projects, there are 21 projects for which reimbursements have been realized:

- Sixteen (16) have been fully reimbursed, although additional invoices were located for four projects that require some additional reconciliation.
- Five (5) projects have been partially reimbursed, documents for which have either been submitted to VITEMA or cost reconciliation is ongoing.
- The total reimbursements to the Authority thus far including both fully and partially reimbursed projects is $3,693,650.15.

Insurance reduction played a major role in four (4) projects worth $713,378.80 that were reduced to zero (0). Four (4) additional projects are currently in the engineering/design and scope of work stage, including one (1) project that is out for bid. Currently, documentation for a total of $3,779,980.90 is under review by VITWMA for eight (8) projects, which also includes two (2) projects that have been partially reimbursed.

The Table below summarizes the number of obligated projects under various categories:

<table>
<thead>
<tr>
<th>Status of Wastewater Projects</th>
<th>Number of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Reimbursed</td>
<td>16</td>
</tr>
<tr>
<td>Partly Reimbursed</td>
<td>5</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>----</td>
</tr>
<tr>
<td>Documents Submitted (Full or Partial) for VITEMA Review</td>
<td>6</td>
</tr>
<tr>
<td>Insurance Reduction</td>
<td>4</td>
</tr>
<tr>
<td>Engineering Ongoing or Out for Bid</td>
<td>4</td>
</tr>
<tr>
<td>TOTAL Obligated</td>
<td>35</td>
</tr>
<tr>
<td>Awaiting FEMA Determination</td>
<td>4</td>
</tr>
<tr>
<td>BBA/Functionally Dependent Infrastructure (Excluding four (4) projects with minor repairs or A/E scope that have been counted in other categories); will be converted to three island-wide wastewater projects</td>
<td>9</td>
</tr>
<tr>
<td>TOTAL Unobligated</td>
<td>13</td>
</tr>
</tbody>
</table>

Among the projects that have not been obligated, four (4) projects are under review by FEMA for determination of eligibility, scope amendments, or version requests. The remaining unobligated projects represent critical infrastructure facilities that are eligible for upgrades to FEMA-approved industry standards as per the Bipartisan Budget Act (BBA).

VIWMA strives to bring the wastewater infrastructure in the Territory to industry standards. We are working with FEMA and Witt O’Brien’s on the projects that represent critical infrastructure facilities with functional interdependence and are eligible for upgrades to FEMA-approved industry standards, as per the BBA guidance. These
projects primarily include pump stations and wastewater treatment plants that are currently separate projects but will be combined into three island-wide wastewater infrastructure projects, requests for which have already been submitted to FEMA. Scope determination for upgrading these facilities to FEMA-approved industry standards is ongoing which will also entail replacement of significant portions of the sewer system. These thirteen (13) projects have an estimated cost of approximately $11,000,000.00, however, the final scope will include replacement of many pump stations and large portions of the sewer lines being brought up to industry standards therefore significantly increasing the total estimated cost.

**WW DIVISION GOALS**

VIWMA is developing an operations and maintenance plan to provide much needed oversight for the Authority’s wastewater infrastructure (wastewater treatment plants, pump stations, sewer lines, etc.). Inspections of the system will occur on a daily, weekly, monthly, and quarterly basis.

**PROCUREMENT**

The Division of Procurement is responsible for fulfilling the Authority’s needs in procuring goods and services in a timely manner with the most favorable terms consistent with the law.

The Authority understands that for the procurement of goods and services utilizing federal funds, we must comply with the requirements in the respective grant
award or the federal program under which the funds were awarded, and the requirements outlined in the Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, and the Code of Federal Regulations.

As such, we are close to finalizing updates to our internal Procurement policies and procedures to ensure compliance with all applicable rules and regulations both locally and federally. In addition, a Procurement Check List has been developed and will be placed in each contract file for audit purposes.

**CHALLENGES**

Some of the major challenges the Authority faces include:

- Aging facilities and infrastructure: VIWMA’s wastewater infrastructure is over 50 years old and most of the system has outlived its useful life.

- Aging fleet and lack of equipment

- Budget challenges
  - St John Tourism Fund - $1,000,000.00 was reallocated to another Agency.
  - Delay in receiving insurance proceeds owed to VIWMA (from the 2019 fire at the St. Croix Transfer Station) to rebuild the facility.
  - Insufficient budget appropriations to cover basic operational costs:
VIWMA submitted a supplemental budget to OMB for approximately $29M per year (based on a thorough review of solid waste and wastewater operations).

- Stalled effort to implement Tipping fees at the landfills due to lack of quorum at the PSC to review our application which was sent to them in December of 2020.

**SUMMARY**

While the myriad of challenges plaguing the Authority continues to present day to day reactive measures and emergency situations, the goal of the Authority and my team is to move towards a more proactive/maintenance-based methodology regarding operations. However, we must have the appropriate funding available to support this vision. While the grants and other available funding sources we discussed will assist with improvements, we must take the necessary steps toward the goal of self-sufficiency by charging fees and creating additional revenue streams to become a truly autonomous agency.

This concludes my testimony, and I am available to address any questions relative to this update.

Thank you.