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PFA Approves \$137 Million Contract for Disaster Recovery Projects as Part of Multi-Billion Bundling Strategy

The contract aims to streamline project management and construction services for the administration of bundled disaster recovery projects, addressing logistics, supply chain, and workforce challenges over the next three years

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On Tuesday, the V.I. Public Finances Authority voted to extend a contract to CH2M for project and construction management services associated with the administration of [bundled disaster recovery projects](#). The agreement, which will run for three years, will cost the territory over \$137 million.

CH2M was an engineering company that provided consulting, design, construction, and operations services for corporations and governments before being acquired by the [Jacobs Engineering Group](#), based in Dallas, Texas.

“These numbers are providing some sticker shock, but we did a lot of evaluation,” said Office of Disaster Recovery Director Adrienne Williams-Octalien, explaining that project management services are typically billed at 5% of overall construction costs. “We’re looking at \$8 billion worth of projects in the bundles, as well as construction management from projects that have already been contracted,” Ms. Williams-Octalien noted, which if calculated at 5% would indicate a \$400 million fee.

Kevin O’Neale, PFA Secretary, wondered how the envisioned “super projects” would handle customs & excise clearance for the bulk materials expected to be imported for the recovery work. “How do they plan to navigate handling bulk materials for various different government agencies which have different clearing procedures?” he asked.?

“We’re not looking at having multiple agencies trying to clear individually,” Ms. Williams-Octalien responded, reiterating the ethos of the Super Project Management Office. “We are looking at centralizing and developing processes that will govern how we can do clearing and some of these other challenges that we’ve identified more expeditiously,” she explained. Someone will be hired to take charge of logistics “and create those efficiencies by meeting with those stakeholders and developing streamlined processes.” CH2M Hill “also has strategies that they’ve shared with us overall for supply chain as well,” the ODR director noted.?

Additionally, the Government of the Virgin Islands will, once the first bundle has been contracted, “begin to look at our internal government...[and see] what can be streamlined,” Ms. Williams-Octalien said. “We have a lot more control over the government side of things than on the external side.”

PFA board member Dorothy Isaacs was concerned about ensuring that the contractors selected to do the physical work of these construction projects are capable of doing the jobs they are hired for. She cited the Donoe Housing development project “that has come to [a complete standstill](#) despite the fact that we spent millions of dollars on it,” as an example of a costly boondoggle that has yet to result in inhabitable housing for residents.

?Ms. Williams-Octalien explained that the project had become bogged down with unforeseen environmental issues, which necessitated a change of contractors and a search for additional funding. However, she pointed to the Super PMO as the vehicle to “address those types of problems or environmental issues, supply chain issues, workforce issues, that create those delays that we’ve experienced on these projects.” CH2M, she said, is “augmenting our resources to ensure that we have the skilled professionals to do the construction management,” which would include proper planning of construction timelines, and thorough vetting of contractors.

The ODR director said that the large project bundles will also only be offered to contractors who are able to meet bonding requirements, and thus smaller outfits who may be subcontracted to work on the projects would be covered. This is why CH2M needs to be onboarded expeditiously, she said, to “help us evaluate bids, develop a scope of work, ensuring that we have the proper plan to address workforce issues, supply chain issues, and even the housing issues that we know we’re going to face.”?

With no objections from the board, approval was granted for the 3-year, \$137, 235, 258 contract with CH2M Hill, a subsidiary of Jacobs.

