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CH2M's Troubled Past Raises Questions About \$137 Million PMO Contract Award

CH2M, previously fined for overbilling the U.S. government, now faces scrutiny after being awarded a \$137 million Virgin Islands PMP contract—four times higher than Hill International's \$30.2 million bid

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Jacobs Solution is the parent company of CH2M.

Following a lawsuit filed by Hill International against the government of the Virgin Islands for awarding a \$137 million Super Project Management Office (PMO) contract to CH2M—four times the amount Hill had bid—details are emerging that further call into question the government's decision. The contract, which was expected to manage \$16.7 billion in recovery projects as part of the Rebuild USVI initiative, has become the subject of controversy.

CH2M, a company with a recent history of legal issues involving overbilling the U.S. government, secured the lucrative contract despite Hill International—a globally respected firm with over 40 years of experience—submitting a more cost-effective bid of \$30.2 million. This has prompted [a legal challenge](#) from Hill International, which alleges that the decision was not only financially irresponsible but potentially tainted by conflicts of interest.

In 2019, CH2M reached a \$6.4 million settlement with the U.S. Department of Justice to resolve allegations that it had overbilled the U.S. Air Force for environmental consulting work. The overbilling occurred between 2003 and 2014, with CH2M allegedly using unqualified staff to perform the work outlined in two Air Force contracts.

“We rely on those who apply for, and receive, government contracts to fulfill their end of the deal—and that includes making sure that the personnel on the job are qualified for the job,” said U.S. Attorney Brian T. Moran at the time of the settlement. “As stewards of America's tax dollars, we need to make sure we get what we paid for.”

According to the settlement agreement, CH2M admitted to billing under the government contract for employees who did not meet the required qualifications. The settlement involved an overpayment of \$8.3 million plus \$2.2 million in interest. Furthermore, the U.S. government contends that CH2M was aware of the overpayment as early as 2011 but tried to keep the information from the public by claiming that an internal audit was privileged. Though CH2M did not admit to any wrongdoing in the settlement, the case raises questions about the company's ethical practices and accountability.

These concerns are now being echoed in Hill International's lawsuit against the V.I. Public Finance Authority (PFA) and the Office of Disaster Recovery (ODR). Hill alleges that the decision to award the Super PMO contract to CH2M was "arbitrary, capricious, and an abuse of discretion." Hill's proposal was not only significantly lower but also backed by a company with a long history of successful project management and delivery across the globe.

Hill's lawsuit also points to potential conflicts of interest within the evaluation process. According to Hill's lawsuit, three of the five members of the evaluation committee, which decided the contract award, are employees of the V.I. Department of Public Works. CH2M's parent company, Jacobs Solutions, Inc., employs two staff members within the same department, according to the lawsuit. Hill's attorneys argue that this connection creates "an impermissible conflict of interest," further undermining the integrity of the evaluation process.

During an online briefing attended by several government officials, including PFA counsel Kye Walker and ODR director Adrienne Williams-Octalien, Hill learned that despite scoring the highest on cost-effectiveness and placing second overall, its bid was rejected. Williams-Octalien reportedly declined to explain why only one contractor was selected, even though the request for proposals had indicated multiple contractors would be chosen. Instead, CH2M's \$137 million proposal was deemed the best value for the territory, though it was more than \$106 million higher than Hill's offer.

The situation has led Hill to request a temporary restraining order and preliminary injunction to prevent CH2M from performing any work under the awarded contract until the legal matter is resolved. If successful, this could delay the operationalization of the Super PMO, further pushing back the territory's already long-delayed recovery efforts following Hurricanes Irma and Maria.

This is not the first time that the V.I. government has been under scrutiny for its procurement practices. A [previous audit](#) from the U.S. Office of the Inspector General highlighted significant

deficiencies in how the V.I. Public Finance Authority managed bond proceeds and awarded contracts. The audit uncovered “waste/misuse of funds and failure to establish procurement rules,” casting further doubt on the transparency of the PFA’s operations.

In a statement provided to the Consortium, Ms. Williams-Octalien defended the decision-making process, asserting that "the Virgin Islands Office of Disaster Recovery complied with all applicable procurement rules" during the evaluation of proposals for project and construction management services, which encompass disaster recovery efforts valued at \$8 billion. She further emphasized that after a thorough evaluation, ODR selected the respondent that demonstrated the greatest ability to manage the projects, providing "the best value to the Territory."

Ms. Williams-Octalien explained that out of ten proposals, one was disqualified, and five contractors were shortlisted to make presentations. In the end, CH2M was chosen, given what she said was the firm's national recognition for excellence in the industry. The contract, valued at \$137 million, represents approximately 5% of the \$8 billion portfolio—a figure that Ms. Williams-Octalien noted aligns with industry standards.

She also highlighted that the contract's terms involve payments based on completed task orders, rather than a lump sum, which she says will ensure that the territory only pays for services actually performed.

A more detailed statement from the ODR will be released at an appropriate time, Williams-Octalien concluded.