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USVI Secures \$4.7 Billion in Federal Funds After Meeting Crucial FEMA Deadline

Timely finalization of FEMA 428 projects unlocks enhanced funding for schools, hospitals, and utilities as part of Virgin Islands' disaster recovery efforts

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The V.I. Office of Disaster Recovery announced Thursday that it has successfully finalized all fixed cost offers for FEMA 428 Public Assistance projects ahead of the September 30, 2024 deadline. This milestone ensures that the territory will benefit from enhanced federal funding, as per the recent FEMA cost share adjustment that raised federal contributions from 90% to 95% for all public assistance categories and to 98% for projects using Section 428 Alternative Procedures, which require fixed cost offers (FCOs).

According to ODR, in February 2024, FEMA implemented the increase, retroactively adjusting the federal share for ongoing projects. The territory had to agree on costs and accept the FCOs by the September deadline to maintain the 98% cost share for key projects, including vital infrastructure such as schools, hospitals, and utility systems.

The Virgin Islands opted to use Section 428 Alternative Procedures for a total of 241 projects. This decision, required to access the Bipartisan Budget Act's provisions, allowed for critical facilities to be rebuilt to modern industry standards without restrictions tied to their pre-existing conditions.

ODR said it instituted several measures to meet the September 30 deadline, including weekly coordination meetings with FEMA personnel, key agencies, and representatives from Witt O'Brien (WOB), the disaster recovery consulting firm engaged by the territory. "This was a truly collaborative approach to achieve this critical milestone," said ODR Director Adrienne L. Williams-Octalien. "We thank FEMA for their continued support and push in the last few months to move projects forward. FEMA's willingness to lean forward and decipher a way to get to 'yes' cannot be underscored enough. This was a monumental effort that will provide dividends in resiliency for the Virgin Islands."

According to the release, as of the end of August 2024, seven major projects, including the replacement of the Richmond Power Plant, St. Thomas/St. John Wastewater and Potable Water Replacement, and the Department of Public Works Unified Paving project, were still pending final approval. These projects, valued at over \$4.7 billion, have now been accepted.

ODR said Witt O'Brien played a key role in assisting the Virgin Islands with application development, damage assessments, and presenting documentation that supported FEMA's project approvals. The firm has been involved in the recovery process from the onset of disaster recovery efforts.

ODR believes that as the territory moves into the Rebuild USVI phase, the finalization of these FCO projects will ensure a smooth transition into construction, guaranteeing that essential projects receive the necessary funding. Once the FCOs move through FEMA's validation process, the funds will be obligated and made available for expenditure.