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Lawmakers Approve Up to \$250 Million in Bonds for Major Road Projects and New St. Croix-St. Thomas Ferry

GARVEE bond issuance will fund Veterans Drive Phase 2, a new inter-island ferry, and road upgrades on St. Croix, including matching funds for federally supported infrastructure projects

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Rendering of Phase 2 of the Veterans Drive Project in Charlotte Amalie, St. Thomas. By V.I. DEPARTMENT OF PUBLIC WORKS

Derek Gabriel, commissioner of the Department of Public Works, appeared before lawmakers on Wednesday to discuss the proposed issuance over \$150 million GARVEE bonds through [Bill No. 35-0415](#), [to address major transportation infrastructure upgrades](#) for St. Thomas and St. Croix.

Although Governor Albert Bryan Jr. [indicated last week](#) that approximately \$76 million in new transportation funding would be sought, when Mr. Gabriel addressed lawmakers, that figure stood at \$156 million with up to \$250, with the potential to reach \$250 million if necessary. “Before we dive into the specifics, I believe it is essential to discuss the truly transformational nature of the transportation package being presented today,” he began. Echoing the words of Governor Bryan, the commissioner told lawmakers that “this package will probably be this decade’s most significant economic initiative undertaken by the U.S. Virgin Islands.”

He said the \$156 million investment would do more than provide an initial economic stimulus from jobs, material sales, taxes and other indirect economic multipliers. “These projects, particularly Veterans Drive Phase 2 and the St. Croix - St. Thomas ferry, will positively change the territory for the foreseeable future,” Mr. Gabriel declared, saying that both projects are part of several long-term developmental plans for the territory. “They have also been identified as foundational pieces of our shift toward a truly multimodal transportation system,” he told lawmakers. “Speaking plainly, our actions today will spark the change we have all discussed that we want to see for future generations.”

The [GARVEE bond](#) mechanism is merely “a financial tool that allows governments to secure upfront funding for federally qualified critical transportation projects,” Mr. Gabriel said. “This debt instrument is backed by anticipated federal aid grants received annually specifically to fund transportation infrastructure,” he explained, seeking to quell concerns about the wisdom of undertaking more government debt to finance development projects. Rather than waiting each year for the federal funding allotments to come in, “GARVEE bonds enabled the expedited development of essential projects” such as the first phase of Veterans Drive on St. Thomas, and critical work on the Melvin Evans Highway on St. Croix, among several other road projects on both islands, according to the commissioner.

The plan for the new bond issue includes \$54 million to refinance the existing GARVEE bonds “to realize present value savings,” \$20 million for the St. Croix-St. Thomas ferry, \$48 million for the second phase of work on Veterans Drive, \$28 million for road projects on St. Croix that are eligible for federal aid, and a \$6 million deposit as a debt service reserve fund and to cover issuance costs.

According to Mr. Gabriel, the ferry that is being commissioned will be capable of carrying just over 200 passengers as well as 12 to 16 vehicles. It is expected to be able to complete the journey from island to island within 90 minutes. This new ferry will augment DPW’s existing ferry boat program, which is expected to add a new vessel on the Cruz Bay - Red Hook route in early 2025. “Now is a perfect time to seize this opportunity to continue to invest in the program in an unprecedented way,” said Mr. Gabriel, who noted that several previous attempts at securing federal funding for a St. Croix – St. Thomas ferry were all unsuccessful. Once the bonds have been issued, delivery of the ferry would take between 14 and 18 months after the contract has been executed, the DPW commissioner anticipated.

Mr. Gabriel also provided more details about the next phase of work on Veterans Drive, which he says will transform the area between Fort Christian and the legislative building “into a single and homogenous area, creating a walkable space between the two historically significant buildings.” The construction would also reduce damaging vibrations from vehicles traveling close to the fort, thus better safeguarding the historic building, Mr. Gabriel argued. The existing two lane sections would be widened, and a new four-lane section created around the peninsula on which the legislative building stands. A promenade that will “hug the harbor” is also planned, ranging from 20 to 40 feet wide. The commissioner noted that because the project is partly funded by raise

grants, federal money will be contingent on the Government of the Virgin Islands providing matching funds.

“Failing to secure these matching funds will result in the relocation of the raise grant to other projects elsewhere in the United States,” Mr. Gabriel said, encouraging urgency in this regard. He also anticipates rising construction costs due to extensive storm-related damage on the east coast of mainland USA, and argued that “delaying this project any further will undoubtedly negatively impact its price.”

Apart from aesthetics and improved walkability along the Charlotte Amalie waterfront, the enhancements to Veterans Drive would result in “increased resilience of the roadways to flooding and storm surges, enhanced evacuation capacity and expedited recovery efforts in emergencies,” among other benefits listed by the DPW commissioner. With bids going out in December, pending legislative approval, construction is expected to begin in 2025, and is expected to be completed by September 2027.

Like Governor Bryan said last week, the legislature is expected to make decisions on which projects to undertake on St. Croix using the \$28 million allocated for that purpose. However, Mr. Gabriel made several suggestions for lawmakers to consider, including the completion of the East Scenic Drive from Claremont to Frangipani Road, resurfacing of the North Shore and South Shore roads, and the creation of a bike path on Mon Bijou Road from the Candido Guadalupe intersection to Cane Bay Beach.

With nine years remaining on the original bonds from 2015, annual debt service is currently approximately \$7.5 million on the \$54 million left outstanding. Approval of the new \$156 million package would take annual debt service to approximately \$12 million annually for the next 18 years.

“These projects have been discussed for over five decades,” Mr. Gabriel concluded. “Today, you can bring them to fruition.”

Reactions from lawmakers were mixed, with several expressing reservations about lagging projects from the original GARVEE bond issue in 2015. “When you tell the people on St. Croix that these projects still getting ready to start, that’s not a comfortable feeling,” Senator Franklin Johnson said in response to news that several road projects have not yet gone out to bid. DPW Highway Program Manager Jomo McClean said that a big impediment to progress has been the need for property acquisitions, as well as the lack of designs ready for some of the projects when the bonds were issued. “We had to go through the design process, the pre-design process, the environmental process as well. That led to a lot of the delays in getting the projects out to construct,” Mr. McClean told lawmakers. Sen. Johnson pointed out that the temporary bridge on the Spring Gut road has been in place for years – Mr. McClean confirmed that it predated his tenure at DPW, which began, Sen. Johnson noted, more than 17 years ago.

“We have to start paying attention and expediting these projects,” the senator declared.

Senator Milton Potter was concerned about whether the expected future financial aid would be sufficient to cover the government’s debt service obligations if new bonds are issued. “I’m pretty confident,” Mr. Gabriel responded, noting that contingency plans have already been built into the bill if federal monies fall short. Senator Marise James wanted to see a list of road projects on St. Croix that are eligible for federal aid, in order for her to make informed decisions on the matter.

Meanwhile, Senator Diane Capehart was concerned about how long these road improvements would last, given current environmental conditions. “I’m very concerned about the quality of work that we get when we do these major infrastructure projects,” she said. “I want to talk about the quality of the asphalt,” she continued, asking about how laboratory testing is conducted. “Any federal aid project is required to have materials testing done, whether it’s on the concrete, whether it’s on the sub base, whether it’s on the asphalt,” Mr. Gabriel responded.

Senators Kenneth Gittens and Novelle Francis Jr. both noted the apparent lack of revenue generating projects that are expected to fall under the umbrella of this new GARVEE bond issue. “Why haven’t we considered the multi-level parking garage in the Christiansted area?” Sen. Gittens asked. “Our requirement is to make sure that these projects are projects that complement or improve federal aid routes,” Mr. Garbiel responded. However, he reiterated that “we are open to collaboration with this body to figure out what projects we could bring to fruition.”

The parking garage, Sen. Gittens suggested, “could be considered a transportation hub” that “connects those highways that we’re talking about” and provides desperately-needed parking in Christiansted. He also spoke to the quality of work that are being executed, and reiterated his oft-repeated suggestion that companies from outside the territory with significant roadbuilding experience be contracted for these projects, with local companies subcontracted for maintenance works to foster skill transfer and build capacity locally.

At the end of the lengthy session, lawmakers voted unanimously to approve Bill No. 35-0415 to authorize the issuance of up to \$250 million in bonds for refinancing the original 2015 GARVEE bonds, and funding essential transportation infrastructure improvements on St. Croix and St. Thomas.