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Exclusive | V.I. Government, APTIM, AECOM, TSG and Others to Face Congressional Investigation Into Hundreds of Millions of Dollars Yet to be Paid to Subcontractors for Post-Hurricane Work

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Imagine a construction company based on the U.S. mainland being called upon to provide emergency repair work on homes in the U.S. Virgin Islands, which had been devastated by two Category 5 hurricanes in 2017. The government of the Virgin Islands had assured that payments for work performed would be forthcoming, and going based on that promise, the company summoned its workforce and moved them to the U.S. territory — paying the upfront costs, including salaries, stipends, and lodging — with the confidence that the V.I. government would honor its covenants.

However, over a year after work was completed, this company, which expended millions of dollars upfront to perform work, is going bankrupt because full payment from the G.V.I. had yet to be satisfied.

According to U.S. Senator John Kennedy, that's the plight of companies in Louisiana and many other states that performed work in the U.S. Virgin Islands following Hurricanes Irma and Maria. The senator is initiating a congressional investigation that will seek to learn why full payments have yet to come. The investigation, still being organized, will include hearings in the nation's capital, and may also include subpoena of documents if necessary, said David Stokes, Senator Kennedy's chief of staff, in an interview with the Consortium Wednesday.

Among other parties, the investigative hearings will summon the Government of the Virgin Islands, Witt O'Brien's, The Strategy Group (a subcontractor of Witt O'Brien's), AECOM, APTIM and others. A committee of jurisdiction was still being determined, Mr. Stokes said.

"Senator Kennedy is going to in the coming weeks formally call for a congressional investigation," said Mr. Stokes. He said "all the entities that had been involved with the USVI program" will be summoned. "That will include the island, all the prime contractors, APTIM, AECOM, TSG, Witt O'Brien's. There may be some that I've left out but they're going to all be brought to the table to give an account of why payments have taken so long and FEMA will also be included in this."

"There's been too much finger-pointing, and all the while Louisiana businesses are slowly going bankrupt waiting for payment from work they did almost two years. And it's not just Louisiana, it's Texas and a number of Gulf states that have businesses that can't get paid. So this is Senator Kennedy's way to let the truth come out, whatever that truth may be, to make sure that Louisiana companies get the money they were promised when they rushed down to help the islands after the hurricanes," Mr. Stokes said.

He added that all of the parties involved were being informed of the investigation. The V.I. government was also asked to inform its partners.

Mr. Stokes said some payments were made late last year after Mr. Kennedy applied pressure. However, progress has stopped. "Since that time things have come to a grinding halt, and we just don't have the time anymore to sort through all of that; we need to be able to get our guys paid now. It's way overdue and we can't afford to lose anymore Louisiana jobs because entities aren't keeping up their end of the bargain."

Mr. Stokes added, "They performed all of their work, they played by the rules and now they're going bankrupt waiting for payment for work they did going on two years ago."

The contractors performed work as part of the \$766 million Sheltering & Temporary Essential Power (STEP) Program. The program started under the Mapp administration, and according to V.I. Housing Finance Authority (V.I.H.F.A.) Director Daryl Griffith, the local government still owes \$366 million, along with an additional \$150 million in soft costs.

A number of companies have taken legal action and even [threatened to foreclose](#) on homes they repaired as compensation for their work. The situation was described by the Washington Post as being thrown into disarray with [contractors abandoning projects](#). Some companies even wrote to Congress seeking relief.

The remaining invoices totaling \$336 million are projected to be submitted to FEMA by the end of May, said Mr. Griffith during a Senate Committee of the Whole hearing Wednesday. Those invoices were for projects completed on April 15, 2019 — one year and one month ago. Mr. Griffith said it took a while to reconcile the invoices because of the scope of the project, which was roughly \$800 million. Another reason was quality control of the invoices, Mr. Griffith said.

"The territory first had to receive the invoices from the contractors and the contractors did take a while to put their invoices together, and we worked collaboratively with them on that," Mr. Griffith said. Once the invoices were received, Mr. Griffith said V.I.H.F.A. had to make sure they were aligned with FEMA's requirements and regulations.

But the submittal of invoices to FEMA does not mean that payments will be immediately made to contractors owed. FEMA has to first approve the invoices. Mr. Griffith said he was not expecting any issues with the latest submittals.

Additionally, \$150 million in construction soft cost was contested by FEMA. Soft costs typically are associated with non-tangible items such as design work, real estate fees, inspection fees, project management, and taxes. Soft costs typically constitute about 30 percent of the total construction cost, while the remaining portion of the total costs is related to hard costs, such as for the building, site work, landscaping, and overhead. Mr. Griffith said the matter had not been rectified, and that AECOM was working through a process with FEMA to address it.