The Virgin Islands Consortium

Mapp Secures Release Of Some Federal Funding For Home Repairs Program Following Delay In Payments To Contractors

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Governor Kenneth Mapp has directed the Virgin Islands Department of Finance to release more than $30 million to pay AECOM for performing work on the Emergency Home Repair VI program, which is repairing thousands of damaged homes across the territory, Government House said on Monday.

Of the total amount released, a check for $13.5 million will be issued to AECOM Tuesday with the balance being paid out by the end of the week. AECOM in turn will issue payments to all of its subcontractors, the governor said.

Until today, these payments were held up awaiting federal approval; however, the governor was successful in making arrangements with FEMA Region II Federal Coordinating Officer William Vogel to allow the use of other funds previously approved for housing construction repairs until the new funding becomes available, according to Government House. Mr. Mapp has been in negotiations with FEMA for weeks to find another option to avoid hindering the success of the territory's recovery, according to Government House.

The announcement follows a Washington Post report revealing that contractors hired to repair thousands of homes damaged by the 2017 storms had not been paid for months, because although the federal government covers the cost for those repairs, the local government must first make 100 percent of the payment upfront. And with the territory's government in seemingly a perpetual state of financial crisis — with no more than four days cash on hand — it does not have the money to pay the contractors.

In Monday's Government House release, Mr. Mapp said he had introduced a "creative" solution to FEMA to remedy the problem, although the governor did not explain the solution. And while the governor said his negotiations with the federal agency had been fruitful, FEMA procedures, he said, had stymied the quick release of the funds.

"I presented FEMA with a creative solution to immediately draw down federal funds that were already approved, but the release of the payments had been blocked because of FEMA procedures," the governor said. "FEMA was open to my suggestions and will be immediately releasing $13.5 million so that the contractors will keep working on home repairs, and even increase the pace of their work. This illustrates that good communication with our federal partners can cut through the red tape and we can come up with viable solutions."

The homes being repaired through the Sheltering and Temporary Essential Power (STEP) program (known locally as the Emergency Home Repairs V.I. Program), is to be partly funded with $186 million that the federal government has set aside. But the agreement demands that the local government pay the cost upfront and receive reimbursement from FEMA. Problem is, the Government of the Virgin Islands does not have the money.

This has caused a roadblock, according to the Washington Post report. And although the G.V.I. had asked that FEMA expedite the release of the funds, the federal agency had refused, citing the procedures that govern the program.

AECOM, which has won multiple contracts to provide hurricane-recovery rebuilding work, told The Post that it had "not received payment for work performed," and therefore had not paid its subcontractors.

"We are working closely with the Virgin Islands Housing Finance Authority and FEMA to have the project funds released so that the project's subcontractors may be paid as soon as possible," AECOM told The Post in a statement.

In April, the governor conveyed concerns he had with the local government's ability to provide upfront funding with officials at the Department of Interior (D.O.I.) during a visit to Washington, D.C. According to D.O.I., Mr. Mapp explained that the loss in government revenues due to the hurricanes further stressed the government's fiscal position and its ability to meet the local matching fund requirements for various federal programs that were critical to forwarding the Virgin Islands continuing recovery.

A STEP spokesman told The Post that the V.I. government had asked since May for the $186 million to be drawn down. However, according to spokesman Ricardo Zuniga, FEMA will release the funds only after receiving "appropriate documentation" of the project's scope and costs.

During a Senate hearing last week, Committee on Finance chairman Senator Kurt Vialet, said, "Payments seems to be delayed because the federal guidelines are not designed to meet structural needs of homes built in the Virgin Islands. Sheetrock, cleaning or repairing cisterns, and replacing downspouts are construction repairs that are heavily needed for the homes territory-wide."

Yet even if FEMA releases the $186 million, it would only cover labor and materials cost. Mr. Zuniga said the local government requested an additional $153 million for logistical support and a call center for victims of the storms to apply for aid.

"It's a significant problem ... You have to spend the money to get the money back from FEMA," said Brad Gair, senior program manager for the Virgin Islands, according to The Post. "We don't have the money available for all the non-swinging-the-hammer costs, and [the contractors] are already mobilized, already bought materials, and already did outreach."

In February, Mr. Mapp announced that $776 million had been set aside for the Emergency Home Repairs VI Project, stating that it would "put an average of $25,000 in over 12,000 homes in the Virgin Islands for immediate repairs."

"Anything related to the disaster that affects your home, you can apply for this program," Mr. Mapp said in February. "This program is expected to employ some 2,500 folks."

Mr. Mapp did not explain that the territory would need to provide the funding upfront and receive reimbursement from F.E.M.A. thereafter.

At the time of announcement, about 9 contractors had already been retained as subcontractors under the main contract of the project, the governor made known, adding that more licensed contractors and tradespeople would be hired. "We will be doing that across the media and letting folks know what they need to do and where they need to show up," he said.

With contractors not being paid, Mr. Zuniga said it was up to the V.I. government to remedy the problem. "This is the program that they signed on with us for, and this is a program that the territory has agreed to," Mr. Zuniga said. "We have a responsibility to follow the law and collect receipts."

Feature Image: Blue roofs cover homes in Frederiksted, St. Croix. (Credit: Ernice Gilbert, VIC)