

The Virgin Islands Consortium

Bryan Asks Carson To Raise USVI's Electric Grid Hardening Funding To \$350 Million. He Also Pushed For Changes In Disaster Funding Drawdown Process.

Federal / **Published On April 17, 2019 07:49 PM /**

Staff **April 17, 2019**



Governor Albert Bryan has asked U.S. Department of Housing and Urban Development (HUD) Secretary Ben Carson to raise from \$67 million to \$350 million the Community Development Block Grant Disaster Recovery Program (CDBG-DR) funds allocated to the U.S. Virgin Islands for electric grid hardening. The \$67 million is a fraction of the \$2 billion allocated to Puerto Rico and the U.S.V.I. following Hurricanes Irma and Maria, and represents just 3 percent of the \$2 billion, with the rest set aside for Puerto Rico.

Mr. Bryan, fresh from his trip to Washington where he was scheduled to meet with a number of key players in the nation's capital, said the additional \$283 million would enable the U.S. Virgin Islands to harden the islands' electric grids, which would not only serve to withstand cataclysmic hurricanes, but also to lower the electric bills of residents -- comments that come on the heels of the Virgin Islands Water and Power Authority's latest electric bill hike.

The current allocation of \$67 million to the USVI and \$1.93 billion to Puerto Rico in CDBG-DR funding was provided by Congress as part of the 2018 \$89 billion disaster relief bill for states and territories affected by natural disasters, including wild fires in California. Congress left with Mr. Carson the discretion to change the percentage of funding, and Mr. Bryan urged him to do so, Government House said.

"HUD made a preliminary decision to allocate \$67 million to the Virgin Islands, which is barely 3 percent of the total, leaving the balance for Puerto Rico," Mr. Bryan said. "We understand that this initial decision is not final and is still under review, and ask that HUD consider our economic position, and acknowledge that the Virgin Islands needs at least \$350 million of these funds to make a meaningful impact in strengthening the grid and lowering the high cost of electricity in the Virgin Islands."

He added, "What is important for them to understand is that the territory has two completely separate electrical grids and we are working on giving St. John the independence it needs, which essentially means we need to construct a third grid. It is our job to ensure that the decision-makers in Washington understand that we have the base costs of two separate governments, and sometimes three."

Also addressed during his meetings in Washington was the painstaking process of drawing down CDBG-DR funds already allocated for the territory's recovery.

"One of the biggest challenges we face in our recovery efforts is the difficulty in providing local matching funds for the FEMA Public Assistance Program. The Virgin Islands is projected to need as much as \$400 million in local matching funds to access as much as \$4 billion in FEMA grants," Mr. Bryan explained. "While HUD CDBG-DR funds can be used for this purpose, current rules are counterproductive, and burdensome and should be simplified for this purpose."

He added, "The Virgin Islands has already set aside \$169 million in the first two tranches of our CDBG-DR allocation for matching purposes, so we hope that HUD will include use of CDBG funds for matching purposes in the third tranche."

"Because FEMA programs are reimbursement programs, and because of the serious cash flow problems our government faces following both storms, it would be beneficial to create a 'Floating Fund' with a portion of our CDBG-DR funds that could be used to fund FEMA approved projects upfront, with FEMA reimbursement funds being used to replenish the Floating Fund."

According to Government House, the governor also requested that HUD utilize environmental assessments completed by the United States Army Corps of Engineers to expedite three dredging projects in the territory, which are delayed due to pending environmental assessments by a separate government entity.

