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In Major Development, FEMA Releases \$76.5 Million to Pay Contractors Owed For Work Performed After Hurricanes Irma and Maria

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A home in St. John damaged during Hurricane Irma's impact on the territory. By. ERNICE GILBERT FOR VI CONSORTIUM

The Federal Emergency Management Agency is set to release \$76.5 million to contractors owed for work performed on the territory's Emergency Home Repair/Sheltering and Temporary Essential Power Program, marking a major sign of progress for the USVI under the Bryan administration and the Office of Disaster Recovery. The program is being administered by the V.I. Housing Finance Authority.

FEMA's decision is weighty because the funds owed — in total more than \$300 million in soft and hard construction costs — will go toward the contractors, many of whom have suffered immensely because of the nonpayments. Some companies have even went bankrupt. In May 2020, U.S. Senator John Kennedy [said he would initiate](#) a congressional investigation that would seek to learn why full payments to contractors, many of whom came from Louisiana, the state Mr. Kennedy represents, had not been released.

A number of companies had 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.

FEMA halted contractor payments in June 2020 after citing cost reasonableness concerns about the EHRVI/STEP program administered by the VI Housing Finance Authority. In a meeting in October 2020 with Governor Albert Bryan and former FEMA Administrator Peter Gaynor, FEMA committed to making a determination by December 31 on the reasonableness of construction-related costs.

FEMA made good on that commitment and issued its decision that \$233 million of hard construction costs were determined eligible. A total of \$165 million was previously paid and \$76.5 million is now approved for release. The territory is working with FEMA on a final determination of the remaining \$18 million, said the Office of Disaster Recovery.

“Today’s announcement is welcomed news for many of our local subcontractors who participated in the emergency home repair program and a testament to the close coordination of our administration with our federal partners and their commitment to our recovery and rebuilding efforts,” Governor Albert Bryan said, according to O.D.R.

Funds will be released to V.I.F.H.A., who will, in turn, pay prime contractors AECOM and APTIM. The prime contractors will then pay the sub contractors, O.D.R. Director Adrienne L. Williams-Octalien told the Consortium Tuesday, stating the development represents "real progress."

In the O.D.R. release, Mrs. Williams-Octalien stated, “This accomplishment required a significant amount of coordination. The Office of Disaster Recovery thanks FEMA, Delegate Stacey Plaskett and Ernst & Young, for their assistance and efforts in securing these funds for the territory. We will continue to work with local and federal stakeholders to obtain the final determinations necessary to make these long-awaited payments to contractors.”

Said Daryl Griffith, V.I.F.H.A. executive director, “The VIHFA is committed to ensuring that both local and stateside contractors are made whole for the tremendous amount of work done by the STEP program. The VIHFA’s Cost Reasonableness Report shared with FEMA showed the detail accounting system that was done by the VIHFA, Witt O’Brien and prime contractors AECOM and APTIM was thorough and indeed reasonable. This is a great milestone and we look forward to completely closing out this program.”

The EHRVI/STEP program provided temporary repairs to 6,560 homes and permanent roofing repairs to 1,648 homes, O.D.R. said.

FEMA has committed to making a determination on soft costs, which includes contractor costs associated with housing, travel, oversight and administration, by March 31, 2021. That total, according to Mr. Griffith, who spoke during a Senate hearing last year, was \$150 million. O.D.R.

said the territory has submitted the requested documentation and pertinent project information to FEMA to conduct their review and create a final accounting based on actual, eligible costs incurred in the performance of the projects.

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