

UNITED STATES VIRGIN ISLANDS HOUSING FINANCE AUTHORITY

PORTS ENHANCEMENT PROGRAM POLICIES


VERSION: 1.0
June 6, 2019

Prepared by:

Virgin Islands Housing Finance Authority



The policy stated in this manual are current as of June 6, 2019. This Manual represents the current version of the Virgin Islands Housing Finance Authority's (VIHFA) policies which shall provide general guidance for the operation of the Ports Enhancement Program. All manuals will be reviewed periodically and will be updated. Therefore, you are strongly urged to visit our website www.vihfa.gov/cdbg-dr or to ensure that you have the latest version. There may be times, however, when a policy or procedure will change before the manual is revised.

| | |
|---|--------------|
| SUBJECT: Ports Enhancement Program | |
| Version Number | 1.0 |
| Revised Date | June 6, 2019 |
| Effective Date | June 6, 2019 |
| APPROVAL: | |
|  | |
| Antoinette Fleming, Director VIHFA CDBG-DR | Date |

1.0 CONTENTS

| | |
|--|----|
| 1.0 CONTENTS | 3 |
| 1.1 Version History | 4 |
| 1.2 Agency Acronyms..... | 5 |
| 1.3 Definitions..... | 6 |
| 2.0 INTRODUCTION..... | 8 |
| 3.0 PORTS ENHANCEMENT PROGRAM OVERVIEW | 8 |
| 3.1. Ports Enhancement Initiative | 8 |
| 3.2 Method of Distribution..... | 9 |
| 4.0 PROGRAM IMPLEMENTATION | 10 |
| 4.1 General Program Oversight..... | 10 |
| 4.2 Ports Enhancements Implementation | 10 |
| 4.3 Ports Enhancement Initiative Requirements | 11 |
| 5.0 CDBG-DR PROGRAM REQUIREMENTS | 12 |
| 5.1 Tie to the Disaster | 12 |
| 5.2 Duplication of Benefits | 13 |
| 5.2.1 Preventing Duplication..... | 13 |
| 5.2.2 Recapture..... | 13 |
| 5.3 Elevation Requirements | 14 |
| 5.4 Infrastructure Program-Specific Requirements..... | 14 |
| 5.4.1 Integration of Mitigation for Resilience..... | 14 |
| 5.4.2 Green Infrastructure | 15 |
| 5.4.3 Costs and Benefits..... | 15 |
| 5.4.4 Opportunities and Impacts | 17 |
| 5.4.5 Adaptable and Reliable Technologies..... | 18 |
| 5.4.6 Covered Projects | 18 |
| APPENDIX..... | 19 |
| 1. Appendix A: Crosscutting Requirements and Process Overview | 19 |
| 2. Appendix B: Capacity Assessment and Initial Scope and Budget Form | 19 |
| 3. Appendix C: HUD Rider..... | 19 |

1.1 Version History

Version Policy

Version history is tracked in the table above, with notes regarding version changes. The dates of each publication are also tracked in this table. The first version of this document is 1.0.

Substantive changes within this document that reflect a policy change will result in the issuance of a new version 2.0, an increase in the primary version number. Future policy changes will result in additional revision and the issuance of a new primary version number.

Non-substantive changes such as minor wording and editing, or clarification of existing policy, that do not affect the interpretation or applicability of the policy will be included in minor version updates denoted by a sequential number increase behind the primary version number. Such changes would result in a version number such as 2.1, 2.2, etc.

Policy Change Control Board

Policy review and changes for the Ports Enhancement Program Policy are considered through a change control process. When policy clarifications, additions, or deletions are needed to more precisely define the rules by which the Program will operate, Program staff will submit a Policy Change Request Form or a Request for Decision Form for internal review by the Policy Change Control Board (PCCB). Within the PCCB, two members will separately perform a review to verify that all relevant information and any supporting documentation are included in the request. Upon PCCB concurrence by these two members that the request raises a policy issue, rather than a process issue, the Policy Change Request Form or Request for Decision is forwarded to VIHFA for review. The requests are compiled and brought before the entire PCCB for a final policy change determination.

The PCCB is composed of the Chief Operating Officer, the Economic Revitalization Senior Manager, CDBG-DR Director, Special Counsel for Disaster Recovery, along with other VIHFA staff members representing VIHFA leadership, legal, and policy specialists. At least one Subject Matter Expert working on a particular policy area or task area that will be affected by the PCCB decision will be invited to assist in policy evaluation, if necessary.

The PCCB meets regularly to consider all pending requests that have been submitted via the previously described process. The PCCB meets bi-weekly or as frequently as is necessary to consider policy decisions critical to moving the Program forward timely. The schedule for PCCB meetings is expected to move to a lower frequency as the Program matures.

1.2 Agency Acronyms

DHS – Virgin Islands Department of Human Services

DPNR – Virgin Islands Department of Planning and Natural Resources

DPP – Virgin Islands Department of Property and Procurement

EDA – Virgin Islands Economic Development Agency

EPA – Environmental Protection Agency

FEMA – Federal Emergency Management Agency

HUD – Department of Housing and Urban Development

PFA – Public Finance Authority

SBA – Small Business Administration

USACE – United States Army Corps of Engineers

US EDA – United States Economic Development Agency

USVI – United States Virgin Islands

VIHFA – Virgin Islands Housing Finance Authority

VIPA – Virgin Islands Port Authority

WICO – West Indian Company Limited

1.3 Definitions

Action Plan - The plan to guide the spending of a HUD CDBG-DR grant award to address unmet housing economic, and infrastructure needs after a disaster.

Allocation: 1) Amount of a grant award that has been determined for a particular grantee. 2) Amount of funding attributed to a program.

Community Development Block Grant – Disaster Recovery (CDBG-DR): Assistance from HUD to help the Territory recover from presidentially declared disasters, especially in low-income areas, subject to availability of supplemental appropriations.

Cross-cutting regulations: Regulations outside of CDBG-DR regulations that apply to CDBG-DR programs. These include regulations pertaining to financial management, procurement, environmental, labor, acquisition, relocation, fair housing, and non-discrimination.

Davis Bacon and Related Acts (DBRA): Federal law requiring payment of local prevailing wages as determined by the Department of Labor on public works projects. It applies to contractors and subcontractors performing work on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair of public buildings or public works.

Duplication of Benefits (DOB): A duplication of benefit is the receipt of funding from multiple sources for the same purpose. The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of the loss resulting from a major disaster as to which he/she has already received financial assistance under any other program or from insurance or any other sources. It is an amount determined by the program that may result in the reduction of an award value.

Eligible Activity: Activities eligible to be assisted under the CDBG program. All CDBG-DR grantees must: (1) use CDBG funds only for activities that fall under an authorized category of basic eligibility; (2) properly classify the activity; and (3) provide adequate documentation as required by the category it selects for each such activity.

Environmental Review Record (ERR): the document resulting from required environmental review which includes a description of activities, evaluation of environmental impact, documentation of compliance with applicable environmental regulations, and an environmental determination.

Grantee: HUD grantees receive funding from HUD to support HUD's mission to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD grantees include state and local governments, non-profit and for-profit organizations, public housing authorities, and tribal entities.

Implementing Partner (Partner): Territorial agencies that are provided CDBG-DR funds by a grantee for their use in carrying out agreed-upon, eligible activities through a SRA with VIHFA.

Low- and Moderate-Income (LMI): A household is considered to be of low or moderate income if the household income (including income derived from assets) is at or below 80 percent of an area's median income. All income is based on the Area Median Income limits set annually by HUD for each parish or metropolitan statistical area.

National Environmental Policy Act (NEPA): Establishes a broad national framework for protecting the environment. NEPA's basic policy is to assure that all branches of government give proper consideration to the environment prior to undertaking any major federal action that could significantly affect the environment.

National Objective: The authorizing statute of the CDBG program requires that each activity funded, except for program administration and planning activities, must meet one of three national objectives. The three national objectives are: 1) Benefit to low- and moderate-income (LMI) persons; 2) Aid in the prevention or elimination of slums or blight; and 3) Meet a need having a particular urgency (referred to as urgent need). An activity that does not meet a national objective is subject to recapture.

Request for Release of Funds (RROF): An environmental review term for a process used by Responsible Entities (the state) when requesting the release of funds and the authority to use such funds for HUD programs identified by statutes that provide for the assumption of the environmental review responsibility by units of general local government and states. The approval of the RROF and Authorization to Use Grant Funds (AUGF) is required before of the expenditure of CDBG-DR funds is permitted.

Section 3: A provision of the Housing and Urban Development (HUD) Act of 1968 that requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very-low income residents in connection with construction projects and activities in their neighborhoods.

Section 504: A provision of the Rehabilitation Act of 1973 which provides that no qualified individual with a disability should, only by reason of his or her disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

Subrecipient: Non-profits and governmental entities that are provided CDBG-DR funds by VIHFA for their use in carrying out agreed-upon, eligible activities through a Subrecipient Agreement with VIHFA.

Tranche: A segment of the total HUD grant award that is allocated based on specific requirements and expectations through a Federal Register Notice and supplemental HUD guidance.

2.0 INTRODUCTION

In the wake of the storms, the President announced a Major Disaster Declaration for Irma ([DR-4335](#)) and another for Maria ([DR-4340](#)) to make federal disaster assistance available to the Territory. In response, Congress approved the Supplemental Appropriations for Disaster Relief Requirements, 2017 ([Pub. L. 115-56](#)) on September 8, 2017, which made available \$7.39 billion in *Community Development Block Grant Disaster Recovery (CDBG-DR)* funds to assist in long-term recovery from 2017 disasters. On February 9, 2018, Congress approved a bill appropriating an additional \$28 billion in CDBG-DR funds, of which \$11 billion was set aside to address the remaining unmet needs including those of the U.S. Virgin Islands and Puerto Rico from Hurricane Maria.

In the U.S. Virgin Islands *Action Plan* and *Action Plan Amendment 1* (<https://www.vihfa.gov/disaster-recovery/action-plan>), the Government of the Virgin Islands (GVI) allocated \$23,000,000 of the first phase, or *tranche* and another \$17,000,000 of *Tranche 2* to the Ports Enhancement Program. This program seeks to stimulate economic recovery in the USVI by improving maritime and air connectivity with cruise lines and international air carriers.

This policy document explains the structure of this program, requirements for submittal of an application, and supporting documentation for program eligibility determination and funding requests. This document focuses on Phase 1 of the program accounting for Ports Enhancement only.

3.0 PORTS ENHANCEMENT PROGRAM OVERVIEW

The Ports Enhancement Program aims to improve maritime connectivity for the U.S. Virgin Islands, with the objective of increasing cruise ship arrivals to St. Thomas and St. Croix.

This initiative is key to the economic recovery and revitalization of the Territory. The recovery of jobs lost post-disaster, retention of existing jobs, and creation of new jobs related directly and indirectly to the tourism sector are crucial to the Territory's recovery efforts. Tourism accounts for over 30% of the economy of the U.S. Virgin Islands and is projected to grow to 43.5% of the economy over the next ten years.

3.1. Ports Enhancement Initiative

\$40,000,000 of CDBG-DR funds in the first and second tranches of funding from HUD will be directed towards the Ports Enhancement Initiative. The primary objective of the Ports Enhancement Initiative is the dredging of existing ship channels to accommodate larger cruise ships thereby increasing the port's overall capacity and avoiding obsolescence. Dredging and related improvements will take place at the following ports:

- Havensight Port on St. Thomas
- Crown Bay Port on St. Thomas
- Port of Christiansted on St. Croix Island

Cruise connectivity is critical to the Territory, as cruise passengers represent approximately 70% of all visitors to the U.S. Virgin Islands. The capacity to attract cruise ships is vital to an economy

that is so dependent on tourism. The 2017 hurricanes continue to limit hotels stays due to damages which makes the need to increase the influx of cruise day visitors more critical for the Territory.

Hurricanes Irma and Maria had a negative impact on the cruise related economy. Cruise schedules were disrupted, local businesses that service the cruise industry and passengers were damaged or closed, and jobs were lost. To recover from the impact of the storms, it is essential that enhancements necessary to attract and retain cruise ships be undertaken.

In order to stimulate economic recovery and to build back smarter, better and stronger it is essential that the Territory's ports can accommodate the newer and larger cruise vessels that are being introduced into the market, notably the Oasis-class cruise vessels pioneered by Royal Caribbean International. Simply rebuilding and augmenting existing facilities and capacity would be an improvident use of CDBG-DR funds. To remain relevant in the future, expanding port capacity through dredging and additional berthing to accommodate Oasis-class cruise ships as well as other ships of comparable capacity and similarly large dimensions such as the Quantum- and Voyager-class ships is essential.

The ultimate beneficiaries will be the thousands of low- and moderate-income residents whose jobs and livelihood depends on port operations, tourism and the small businesses in the areas adjacent to ports whose revenue stream is highly dependent on the increasingly competitive Caribbean cruise travel market.

It is understood that the dredging activities will require coordination with the United States Army Corps of Engineers (USACE) and that significant environmental review will have to be conducted. Early environmental review actions are already under way and port agencies are in discussion with the USACE, and other regulatory agencies, on project details.

3.2 Method of Distribution

Eligible Activity: Public Facilities and Improvements (HCDA Section 105(a)(2)); Clearance, Rehabilitation, Reconstruction, and Construction of Buildings (HCDA Section 105(a)(4)); Special Economic Development Activity (24 CFR 570.203).

Low- and Moderate-Income Projection: 51%; Ports will impact the area surrounding the port primarily with a larger economic impact for the island and Territory.

Estimated Start and End Dates: Quarter 1, 2019 through Quarter 2, 2023.

National Objective: Low- and Moderate-Income Area Benefit; Low- and Moderate-Income Jobs; Low- and Moderate-Income Limited Clientele; Urgent Need.

Geographic Area(s) Served: The ports of Christiansted in St. Thomas and Charlotte Amalie in St. Croix (Havensight and Crown Bay) will be enhanced.

Administering Entity: V.I. Port Authority (VIPA), West Indian Company Limited (WICO)

3.2.1 Roles and Responsibilities

3.2.1.1 VIHFA

VIHFA administers the grant funds for the Ports Program through the CDBG-DR Division. Division staff are responsible for ensuring projects comply with all applicable federal and Territorial regulations, including but not limited to, Pub. L. 115-56, Pub. L. 115-123, NEPA, HCDA, and Territorial procurement regulations where applicable, and align with the CDBG-DR Action Plan. Division staff provide technical assistance to Implementing Partners to meet these requirements as needed. VIHFA's responsibilities include:

- Determine sufficient capacity and payment procedures for Implementing Partners
- Determine project eligibility and mechanisms to comply with crosscutting requirements
- Disburse funds in accordance with VIHFA Financial Policies
- Complete desk, onsite, and formal monitoring of the project
- Prepare and maintain documentation of activities and compliance with requirements for monitoring and audits.

3.2.1.2 Implementing Partner

The Implementing Partner under the Ports Program refers to the entity managing and executing the project activities. Implementing Partners can request funds from the Ports Program by submitting the Initial Scope and Budget Form to VIHFA (Appendix B). The Implementing Partner's responsibilities include:

- Meet the requirements of VIHFA Capacity Assessments and grant conditions
- Manage all aspects of design and construction
- Responsibly manage project funds
- Coordinate activities with other federal and Territorial agencies
- Implement crosscutting requirements
- Report back to VIHFA monthly basis
- Prepare and maintain documentation of activities and compliance with requirements for monitoring and audits.

4.0 PROGRAM IMPLEMENTATION

4.1 General Program Oversight

VIHFA will oversee all activities and expenditures in connection with the CDBG-DR funds and will ensure that the Ports Enhancement Program meets all requirements, including: the disaster threshold, activity eligibility, national objective, fair housing, labor standards, *Section 3*, nondiscrimination, environmental regulations, and procurement regulations.

VIHFA will monitor in accordance with CDBG-DR requirements so that each activity funded will meet the disaster threshold and one of HUD's three national objectives, with emphasis on eligible activities achieving the primary national objective of benefiting low- and moderate-income persons.

4.2 Ports Enhancements Implementation

Activities funded under the Ports Enhancements Initiative will be implemented by the Virgin Islands Port Authority (VIPA) and the West Indian Company Limited (WICO). VIPA is a semi-

autonomous government agency that owns and manages Crown Bay Port on St. Thomas Island and the Port of Christiansted on St. Croix. WICO is a government agency that owns and manages the Havensight Port.

As Implementing Partners, VIPA and WICO, are responsible for administering the activities in accordance with all CDBG-DR, federal, and Territorial requirements. Additional personnel and contractors may be hired to aid in the administration of, and to carry out, the activity.

4.3 Ports Enhancement Initiative Requirements

To initiate the Subrecipient Agreement (SRA) between the Implementing Partners and VIHFA, VIPA and WICO will submit a scope and budget packet to VIHFA that includes, but is not limited to, the following information:

- Detailed description of the proposed activity;
- Information pertaining to CDBG-DR eligibility;
- Estimated costs of the activity;
- Implementation time schedule;
- Duplication of benefits analysis; and
- Proposed metrics to demonstrate the impact of CDBG-DR expenditures on the tourism sector of the economy.
- Capacity Assessment
- As infrastructure project, will need to address new FR Notice requirements:
 - How supports unmet housing needs;
 - How project implements green infrastructure policies, energy efficiency, resilience measures
 - How project will build long-term resilience against natural hazards

VIHFA will review and approve the funding application. As part of the review process VIHFA will evaluate proposed costs to determine that all costs are necessary and reasonable, and that the activity can be carried out in a timely manner in accordance with requirements of the Public Laws 115-56 and the Budget Bill 115-123.

Also, during the review process VIHFA will collaborate with VIPA and WICO to determine the best means and methods to aggregate all jobs created or retained as a result of the ports enhancements by all businesses in the service area of the ports. This aggregation includes businesses which, as a result of the Ports Enhancements would prevent loss of jobs as a result of lagging tourism by enabling businesses to retain existing employees. In addition, ports enhancements projects will result in the location or expansion in the service area of the port between the date the Territory awards the CDBG-DR funds to VIPA or WICO and the date one

year after the physical completion of the ports enhancements as described in 24 CFR 570.483(b)(4)(vi)(F)(2).¹

Upon approval of the funding application, the Implementing Partner (VIPA or WICO) will be authorized to proceed with design and construction activities. VIHFA will provide technical assistance and oversight for all procurement activities.

VIHFA will implement procedures to ensure all procurement actions are based on full and open competition consistent with the requirements of 24 CFR 570.489(g) and will require an evaluation of the cost or price of products and services. VIHFA will also establish controls to assure that construction costs are reasonable and consistent with market costs at the time and place of construction. These controls may include review by a third-party architect, civil engineer, or construction manager.

During construction VIHFA will work with VIPA and WICO to ensure compliance and reporting with Federal Labor Standards (*Davis Bacon* and Related Acts), Section 3 requirements, and documentation of jobs created or retained.

1. Upon completion of construction, VIHFA will assist VIPA and WICO with the preparation and submission of closeout documents. VIHFA will continue to monitor job creation and/or retention as a result of the activity for one year after physical completion of the enhancements for reporting to HUD.

5.0 CDBG-DR PROGRAM REQUIREMENTS

The Territory will ensure that each activity which receives funding under the Ports Enhancement Program meets the following CDBG-DR requirements:

- Demonstrates a logical connection between the impacts of the disaster and the activities contribution to recovery efforts in the Territory;
- Corresponds to a CDBG-DR eligible activity, and,
- Meets a CDBG National Objective.

5.1 Tie to the Disaster

All activities funded with CDBG-DR in the Ports Enhancement Program must in some way respond to a direct or indirect impact of one of the following federally-declared disasters:

- Hurricane Irma ([DR-4335](#))

¹ 24 CFR 570.483(b)(4)(vi)(F)(2): In any case where the cost per job to be created or retained (as determined under paragraph (b)(4)(vi)(F)(1) of this section) is \$10,000 or more, the requirement must be met by aggregating the jobs created or retained as a result of the public facility or improvement by all businesses in the service area of the facility/improvement. This aggregation must include businesses which, as a result of the public facility/improvement, locate or expand in the service area of the public facility/improvement between the date the state awards the CDBG funds to the recipient and the date one year after the physical completion of the public facility/improvement. In addition, the assisted activity must comply with the public benefit standards at [§ 570.482\(f\)](#).

- Hurricane Maria (DR-4340)

Activities funded under the Ports Enhancement Program is designed to support economic revitalization efforts by addressing job losses, business disruptions, and other unmet needs related to the impact of the storms on the Tourism section of the Territory's economy.

5.2 Duplication of Benefits

The Ports Enhancement Program will include a duplication of benefits (DOB) review as part of the scope and budget review and award calculation process. The requirements of the Robert T. Stafford Act (Stafford Act), as amended, prohibit any person, business concern, or other entity from receiving federal funds for any part of such loss for which they have already received financial assistance under any other program, private insurance, charitable assistance, or any other source.

5.2.1 Preventing Duplication

All Implementing Partners and subrecipients must complete the DOB calculations as part of the Initial Scope and Budget, as well as the Detailed Scope and Budget Packet, with assistance from Program staff. Both forms request information about all other sources of funding the agencies must be aware of that may impact the DOB. Agencies must provide documentation of these sources but VIHFA will also verify these funding sources with other federal partners. This process will be supported by TA from Program staff. Also included in these forms is the standard calculation method used by Program staff to determine if a duplication is present. Project DOB information must be maintained by the agency and reported to VIHFA throughout the life of the project. The agency reviews reported DOB and makes appropriate deductions. Additionally, CDBG-DR funds may not be used to supplant local resources used for port enhancement projects.

5.2.2 Recapture

An Implementing Partner may be required to repay all, or a portion of the funds received. The reasons for recapture include but are not limited to the following:

- An Implementing Partner or subrecipient is determined to have provided false or misleading information to the Program;
- An Implementing Partner or subrecipient withdraws from the program prior to completion of the activity;
- An Implementing Partner or subrecipient does not complete construction;
- An Implementing Partner or subrecipient fails to meet a national objective of the program;
- An Implementing Partner or subrecipient is found to have used program funds for an ineligible activity and/or;
- An Implementing Partner or subrecipient does not report the receipt of additional insurance, SBA, FEMA, non-profit assistance and/or any other duplication of benefits received after award.

VIHFA will develop a detailed recapture policy for the overall CDBG-DR program. The policy, once developed, will be referenced in an update to this manual.

5.3 Elevation Requirements

The following elevation standards apply to new construction, repair of substantial damage, or substantial improvement of structures located in an area delineated as a flood hazard area or equivalent in FEMA's data source identified in 24 CFR 55.2(b)(1).

Mixed-use structures with no dwelling units and no residents below two feet above base flood elevation, must be elevated or flood proofed, in accordance with FEMA floodproofing standards at 44 CFR 60.3(c)(3)(ii) or successor standard, up to at least two feet above base flood elevation. Implementing entities should review the UFAS accessibility checklist available at <https://www.hudexchange.info/resources/796/ufas-accessibility-checklist/> along with the HUD Deeming Notice, 79 FR 29671 (May 23, 2014) to ensure that these structures comply with accessibility requirements.

All Critical Actions, as defined at 24 CFR 55.2(b)(3), within the 500-year (or 0.2 percent annual chance) floodplain must be elevated or flood proofed (in accordance with the FEMA standards) to the higher of the 500-year flood plain elevation or three feet above the 100-year floodplain elevation. If the 500-year floodplain is unavailable, and the Critical Action is in the 100-year floodplain, then the structure must be elevated, or flood proofed at least three feet above the 100-year flood plain elevation. Critical Actions are defined as an "activity for which even a slight chance of flooding would be too great, because such flooding might result in loss of life, injury to persons or damage to property." Critical actions include hospitals, nursing homes, police stations, fire stations and principal utility lines.

5.4 Infrastructure Program-Specific Requirements

HUD established infrastructure planning and design requirements for Grantees of this and the Prior Notice. Grantees are required to address long-term recovery and hazard mitigation planning in their Action Plan or substantial amendment by describing how projects will: 1) promote sound sustainable long-term recovery planning informed by post-disaster hazard risk; 2) adhere to elevation requirements of Prior Notice; 3) coordinate with local and regional planning efforts, including how Grantee will promote community-level and/or regional post-disaster recovery and mitigation planning; 4) for infrastructure allocations Grantee must describe how mitigation measures will be integrated into rebuilding activities, how infrastructure activities will be informed by cost-benefits analysis, how Grantee will ensure infrastructure does not have adverse impact on vulnerable populations, how Grantee will align investments with other planned capital improvements and infrastructure efforts and work to foster and leverage funding from other sources, and how Grantee will employ adaptable and reliable technologies to guard against premature obsolescence of infrastructure. Subrecipients and Implementing Partners will also be held to these requirements.

5.4.1 Integration of Mitigation for Resilience

The Territory is acutely concerned with the potential impacts of future storms and therefore will prioritize mitigation across all programs to build comprehensive resilience. Resilience is the state of a community in which the foundational systems are strong and capable of withstanding, or quickly bouncing back from, a disruption. Whether this is a natural or man-made hazard or an

unanticipated economic downturn, the social cohesion, diverse economic opportunities, strong infrastructure, and emergency response capacities all contribute to such resilience.

As part of the FEMA HMGP program, VITEMA is currently updating the 2014 Territory Hazard Mitigation Plan to account for post-storm needs. All projects undertaken through the CDBG-DR Ports Enhancement Program will be coordinated with the results of this planning process. VIHFA may also adjust program policies to comply with the recommendations of future plans and planning processes.

Recipients of funds may be required to provide a narrative of how mitigation principles and practices will be incorporated before the signing of contract agreements to ensure mitigation is a key factor from the onset of project design. The specific mitigation measures and technologies included in the project or program will again be evaluated during a scope and budget phase. This may be done in collaboration with HMGP work to ensure coordination with the Territory's other approaches to mitigation. Potential projects may also be evaluated based on guidance outlined in FEMA's Hazard Mitigation Assistance Guidance including:

- Technical Feasibility
- Cost and cost-reasonableness
- Effects on the environment and cultural resources
- Community support
- Promotion of community resilience
- To what extent the project design reduces vulnerability
- To what extent the project includes measures to avoid or minimize adverse impacts to floodplains, wetlands, or other environmental and cultural resources
- Accessibility accommodations for individuals with disabilities and/or access and functional needs

5.4.2 Green Infrastructure

Green infrastructure and sustainable design are incorporated in multiple stages of VIHFA's process for the selection and design of projects. Implementing Partners must describe, if applicable, in the Initial Scope and Budget Package, as well as the Detailed Scope and Budget Packet, how the project will incorporate green infrastructure components.

5.4.3 Costs and Benefits

Infrastructure projects typically carry a high cost of labor and materials, relative to the continental U.S., due to the isolated geography and limited workforce in the Territory. The evaluation of each project evaluation will include a cost and benefits analysis, considering these unique circumstances. Whenever possible, local and regional talent will be utilized to reduce costs.

The Territory's approach to assessing costs and benefits may be based on two existing frameworks. The first, HMGP's Guidance on cost effectiveness, relies on a Benefit Cost Analysis, where projects for which benefits exceed costs are generally considered cost effective.

The project cost estimate includes a line-item breakdown of all anticipated costs, including, as applicable:

- Costs for anticipated environmental resource impact treatment or historic property treatment measures
- Costs for engineering designs/specifications, including hydrologic and hydraulic studies/analyses required as an integral part of designing the project
- Construction/demolition/relocation costs, such as survey, permitting, site preparation, and material/debris disposal costs
- All other costs required to implement the mitigation project, including any applicable project-type specific costs

Benefits in this methodology are often calculated using standard loss of function estimates provided by relevant federal agencies, which may also be utilized by the Territory. One disadvantage of this method is that benefits may only be measured as avoided damage, loss of function, and displacement and not fully consider the socio-economic factors involved. Given the Territory's approach to mitigation and resilience as giving full consideration systemic, inter-related processes that promote resilience, the method produced through the National Disaster Resilience Competition (NDRC) will help to supplement some of these factors.

Under this method, to the greatest extent possible, a narrative description may be produced to identify evidence-based practices as the basis for the project proposal. This method includes the following steps:

1. A full proposed cost, including Federal, Territorial, and private funding, as well as expected operations and maintenance costs and functionally related to geographically related work;
2. A description of the current situation and the problem to be solved (including anticipated changes over the analysis period);
3. A description of the proposed project or program including functionally or geographically related elements and estimated useful life;
4. A description of the risks to the community if the proposal and any land use, zoning or building code changes are not implemented, including costs that might be avoided if a disaster similar to the qualifying disaster struck again, including costs avoided if as a result of the project remaining effective in a future disaster;
5. A list of the benefits and costs of the proposal and the rationale for including each effect using the table provided according to the following categories:
 - a. Lifecycle costs;
 - b. Resiliency value;
 - c. Environmental Value;
 - d. Social Value; and,
 - e. Economic Revitalization.
6. A description of risks to ongoing benefits from the proposed project or program; and

7. An assessment of challenges faced with implementing the proposal.²

5.4.4 Opportunities and Impacts

It is a guiding principle of this allocation to combat the effects of disproportionate impacts for vulnerable populations. Each project will be assessed during the design and implementation to determine who benefits from the resulting infrastructure repairs and improvements. Geographic and demographic analysis will be used to determine how oft-neglected communities will be impacted by a project.

The Territory will also employ the Social Vulnerability Index from the Center for Disease Control to better serve at-risk populations.³ Social vulnerability refers to the demographic and socioeconomic factors that can affect the resilience of communities. The Index uses 14 different factors collected in Census Bureau statistical data on housing, poverty, accessibility to resources, and others to rank census tracts by vulnerability in four different categories. As part of the initial scope and budget process, projects will go through a social vulnerability analysis, to determine the type and severity of social vulnerability in the census tracts of the relevant area. Potentially negative impacts found through this analysis will be addressed during the detailed scope and budget phase of the project. Projects that have demonstrated negative impacts in vulnerable census tracts will not receive a Notice To Proceed (NTP) until program staff have determined project re-design or mitigation of the impacts to be sufficient. The Territory will rely on existing Social Vulnerability Index data sets and mapping tools, but in areas where data is missing or insufficient, may determine a comparable method to assess vulnerability with the best available data.⁴

Additional impacts being considered in the design and implementation of ports enhancement projects are for those disproportionately impacted by the threat of climate change in the Territory. The U.S. Virgin Islands' Climate Change Executive Order (No. 474-2015) provides a mechanism for all social sectors and groups to work together in building resilience to climate change, and the U.S. Virgin Islands Climate Change Council (the Council) is charged with facilitating this process. Under this order, a 2016 assessment was presented to the Council with guiding principles on better incorporating the needs of vulnerable populations into climate and resilience activities. These guiding principles are:

- Design of processes and materials to facilitate access and full participation by at-risk groups.
- Facilitating access to financial resources, technical assistance, and logistics support to ensure adequate preparation and full participation.
- Ensuring that at-risk groups can articulate and represent their interests.

² <https://www.hudexchange.info/resources/documents/NDRC-Phase-2-NOFA-Appendix-H-Benefit-Cost-Analysis-Instructions.docx>

³ Social Vulnerability Toolkit – Center for Disease Control - <https://toolkit.climate.gov/tool/social-vulnerability-index>

⁴ <https://www.arcgis.com/home/webmap/viewer.html?webmap=22f7aef0c950486c89ef30b3e0649d97>

- Ensuring that assessment protocols for policies, programs, strategies, and projects include measures for assessing the impact on at-risk groups.⁵

5.4.5 Adaptable and Reliable Technologies

The Territory understands the critical need to strike a balance between advanced technology and reliable results. That is why the projects under the Ports Enhancement Programs may incorporate sustainability standards that have already been set and tested around the world, such as Leadership in Energy and Environmental Design (LEED) and International Green Construction Code (IGCC). Projects that incorporate such sustainability and technological standards may receive additional priority considerations. All projects will also be encouraged to follow the predevelopment principles described in the Federal Resource Guide for Infrastructure Planning and Design.⁶

VIHFA expects agencies to enhance current technological capacities, but many agencies in the Territory experience severe gaps in technology capacities, particularly information management systems, which create a barrier to modernization of the projects and programs. While funding is not eligible to go toward technology associated with the normal conduct of government, it will be a key priority of the Ports Enhancement Program to ensure partner agencies build the appropriate capacities to effectively create and use information and advanced technology.

5.4.6 Covered Projects

Requirements under 83 FR 40314 state that projects surpassing a total investment of \$200 million threshold or that are complex enough in the opinion of the Federal Permitting Improvement Steering Council will require enhanced oversight including additional environmental reviews. While the Territory has not identified any infrastructure projects that currently reach this threshold, should any projects meet this criteria, the Territory may choose to complete these additional requirements under Fixing America's Surface Transportation, Title 41 (FAST-41), which established federally accepted procedure to improve early consultation and coordination among government agencies; increase transparency through the publication of project-specific timetables with completion dates for all federal authorizations and environmental reviews; and increase accountability through consultation and reporting on projects.⁷ Per the Federal Register Notice, CDBG-DR grantees may choose to participate in reporting on their environmental review and permitting of covered projects under FAST-41.

The Authority will be actively reporting environmental reviews and permitting for projects of all sizes to HUD and relevant Territorial agencies but does not currently plan to participate in FAST-41.

⁵ <http://www.fdpi.org/wp-content/uploads/2016/08/Briefing-Paper-on-At-Risk-Groups-in-the-USVI-Climate-Change-Initiative.pdf>

⁶ <http://portal.hud.gov/hudportal/documents/huddoc?id=BAInfraResGuideMay2015.pdf>

⁷ <https://www.energy.gov/oe/mission/transmission-permitting-and-technical-assistance-division/fast-41>

APPENDIX

1. Appendix A: Crosscutting Requirements and Process Overview
2. Appendix B: Capacity Assessment and Initial Scope and Budget Form
3. Appendix C: HUD Rider

