



VIRGIN ISLANDS HOUSING FINANCE AUTHORITY

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Public Service Announcement

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VIHFA DIRECTOR GRIFFITH TAKES STEPS

TO STREAMLINE A PROMPT PAYMENT SYSTEM FOR CONTRACTORS

Prime Contractors Agree to Establish Hotline for Subcontractor and Worker Complaints

Virgin Islands Housing Finance Authority (VIHFA) Executive Director Daryl Griffith is implementing new directives within the agency to help streamline and create a more prompt payment system to contractors, and make prime contractors' payments to subcontractors more transparent for all upcoming new reconstruction and rehabilitation projects. Additionally, the Director has requested that every prime contractor creates a new contractor 800 hotlines for construction workers that have complaints about nonpayment, mistreatment or other issues.

“Immediately after the two devastating hurricanes struck our Territory, it became the priority to get residents back into safe and functioning homes quickly. So major prime contractors were brought in and they hired multiple layers of off-island and local subcontractors to get the job done,” said Executive Director Griffith.

“However moving forward, we are reducing the number of layers of subcontractors and we are demanding that their payment process to subcontractors be transparent,” he continued. One of my top priorities is getting all our contractors, especially our local businesses, paid for all their approved invoices. I’m also taking steps to make sure contractors, who are part of VIHFA

programs, pay their workers in a timely manner. My team and I are devoting significant resources to speeding up the overall payment process now and in the future.”

Despite the success of repairing approximately 7,200 hurricane damaged homes in 13 months, the FEMA-funded Emergency Home Repair Virgin Islands (EHRVI) Program (also known as STEP), has been handicapped in the Territory because it was designed to be a reimbursement program -- meaning the government is expected to front hundreds of millions of dollars and then apply to FEMA for reimbursement. This is an extreme disadvantage to any of the cash flow challenged disaster areas in the United States with very small populations and with little to no emergency cash reserves.

Additionally, FEMA requires that VIHFA, which administrates the EHRVI Program, go through many layers of reviews, inspections, audits and approvals before funds are released to the Territory’s two major prime contractors, AECOM and APTIM, which are also doing various other large-scale disaster recovery projects throughout the central government agencies

“The labyrinthine invoice approval process, coupled with the many layers of subcontractors under the primes has gridlocked the payment pipeline,” Griffith explained.

Faced with these many challenges, Executive Director Griffith has ordered that all future reconstruction contracts with prime contractors must stipulate that the prime must directly perform half of the scope-of-work and that any second level subcontractor also must adhere to this policy. Furthermore, there can be no more two levels of subcontracting.

Furthermore, the project management firm for the EHVRI project, Witt O’Brien, which helps manage the Territory’s disaster recovery funding with FEMA and coordinates the various construction activities of APTIM and AECOM for VIHFA and other agencies, must review business licenses of all subcontractors hired by primes.

These new contract stipulations have already been inserted into a recent contract that VIHFA has with APTIM.

Additionally, the Director has instructed AECOM and APTIM, to establish 800 hotlines for workers and subcontractors to report issues such as nonpayment. The AECOM hotline number is 833-203-3002 and the APTIM hotline number is 855-378-0799. Griffith has requested that the prime contractors supply weekly reports on hotline calls to VIHFA.

Finally, the new Director of the Office of Disaster Recovery (ODR), Adrienne Williams-Octalien, and Executive Director Griffith have directed Witt O'Brien, which is also the government's liaison with FEMA, to keep close track of the funding process on the federal side and update their offices on a daily basis on the status and timeline of when the next round of FEMA funding will be released to VIHFA to pay outstanding approved invoices to the prime contractors.

To date, the two major prime contractors, AECOM and APTIM, have been paid over \$186 million for work on the EHRVI program.

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