

THE STATE OF THE TERRITORY ADDRESS

SOTA

JANUARY 23, 2023

GOVERNOR
ALBERT BRYAN JR

DELIVERS HIS FIFTH
SOTA TO THE
35TH V.I. LEGISLATURE
AND PEOPLE OF THE
U.S. VIRGIN ISLANDS

BEGINNING A NEW
ERA OF PROSPERITY

WE HAVE NOT COME THIS
FAR ONLY TO COME THIS
FAR.



A VIRGIN ISLANDS
WE CAN BE
PROUD OF

BE THE CHANGE
WE WANT TO SEE



VIGOV

A FUTURE FULL
of **PROMISE**



2023 STATE OF THE TERRITORY ADDRESS

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GOVERNOR ALBERT BRYAN JR.

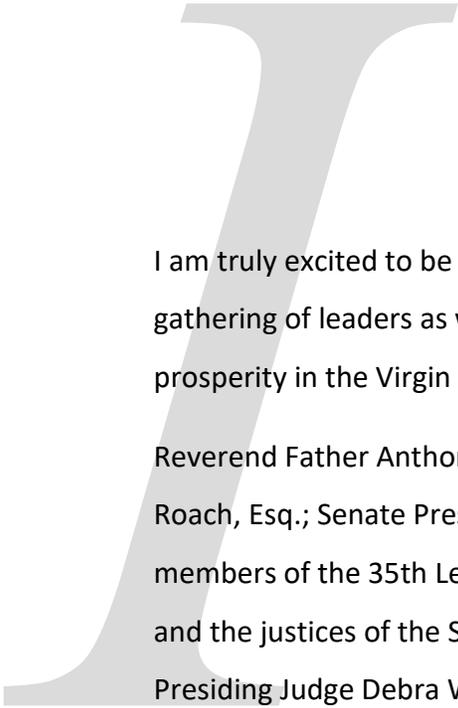
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MONDAY, JANUARY 23, 2023

EARLE B. OTTLEY LEGISLATIVE CHAMBERS
CHARLOTTE AMALIE, UNITED STATES VIRGIN ISLANDS



Artwork and front cover designed by **Brad Nugent**



I am truly excited to be here this evening amongst this gathering of leaders as we unite in ushering in a new era of prosperity in the Virgin Islands.

Reverend Father Anthony Abraham; Lt. Governor Tregenza A. Roach, Esq.; Senate President Novelle Francis Jr. and members of the 35th Legislature; Chief Justice Rhys Hodge and the justices of the Supreme Court of the Virgin Islands; Presiding Judge Debra Watlington and the judges of the Superior Court of the Virgin Islands; Delegate to Congress Stacey Plaskett; Chief Judge Robert Molloy and the judges of the District Court of the Virgin Islands; members of my Cabinet and other agency heads; members of my staff; my wife, First Lady Yolanda Bryan; State Chair of the Democratic Party, Stedmann Hodge; other invited guests and my fellow Virgin Islanders; good evening.

I have the honor of appearing before you again for the fifth time as Governor of the Virgin Islands of the United States to report on the state of the territory as mandated in the Revised Organic Act of 1954. I thank the people of the Virgin Islands for the very strong mandate given to Lt. Governor Roach and me to continue our leadership of this Territory. I am eternally grateful to my extremely talented campaign team, led by Dwayne Benjamin; the many dedicated campaign volunteers; the Democratic Party of the Virgin Islands and its leadership; our donors; and all the well-wishers and prayer warriors that supported our campaign efforts.

As we campaigned for reelection, we were intimately exposed to the challenges encountered daily by our people. We also bore witness to the tremendous progress we have made in confronting those challenges. We are excited by the opportunity to continue the work of improving the quality of life for all who call the Virgin Islands home.

I congratulate the Honorable Ray Fonseca and the Honorable Marise James on your ascension to service within this august body. I also welcome the return of the Honorable Diane Capehart to these hallowed chambers. I extend congratulations to all the newly sworn-in members of the 35th Legislature. I look forward to doing meaningful work with you all.

This past year we lost two great men who both held this office prior to me, the Honorable Dr. Roy Lester Schneider and the Honorable Dr. Charles Wesley Turnbull. The former was a remarkable physician, and the latter a passionate educator and historian. Please join me in a moment of silence as we



honor their contributions to the development of these islands.

I thank them, their families, and those that worked in their employ for their invaluable service to the people of the Virgin Islands.

After years of planning and hoping to find the resources to address the needs of our Territory, we have finally begun the journey toward a new era of prosperity.

Tonight, we also honor the service of our men and women of the Virgin Islands National Guard as they have volunteered to support the Nation's military forces in defending America from threats both foreign and domestic. As we speak, Virgin Islands Army National Guard soldiers from the 114th Aviation Detachment are deployed along the southern border of the United States supporting the Department of Homeland Security. We also have several members serving on active-duty tours at the National Guard Bureau in Arlington, Virginia, West Point Military Academy, and Fort Benning, Georgia. Beyond these locations, service members are in the training pipeline at military installations across the Nation. Our thoughts and prayers are with them as they perform their duty and fulfill their missions.

After four years of steady progress in the face of an unprecedented crisis, I remain optimistic about the future of these islands. That optimism is not anecdotal. It is bolstered by the tremendous growth in our business, social welfare, and private sectors and the steady pace toward the Vision 2040 plan that was developed by this community. The reality is that after years of planning and hoping to find the resources to address the needs of our Territory, we have finally begun the journey toward a new era of prosperity.

Progress is incremental, with each step comes new challenges, but we have faced and conquered formidable hurdles in the last four years and have managed to overcome them with great skill and irrefutable success. As we charge on amid a \$12 billion recovery from the ravages of Hurricanes Irma and Maria, I have come to realize that recovery is a misnomer. This is not a quest to return to where we have been, but a transformational journey to a place we could not

have previously imagined. Our troubles have changed from dire social and economic challenges to ones that are mired in finding enough people who are committed to bringing forth this new, expanded vision of our collective future.



The election is over, and I hope we can join together as Virgin Islanders to realize the prosperity that is abundant enough for all, not just for some. Timing is everything! Amidst all the uncertainties we see in the world around us, there has never been a moment of greater opportunity for us collectively as a community and as individual Virgin Islanders to pursue our hopes and dreams. I would never lead you to believe that this journey will be easy, nor that we will not have setbacks that are beyond our control, but today I can proudly declare that the state of the Territory is full of promise!

Of the administration's many accomplishments, our greatest thus far is the improved fiscal health of our government. Four years ago, we promised to stabilize government finances and we outdid ourselves. We managed to not only stabilize the failing pension system, but we also realized economic growth during the global pandemic, while many other economies showed a decline.

Revenues continue to be a highlight for the Territory. The General Fund operating revenues increased by 12.6 percent between fiscal year 2021 and fiscal year 2022. Corporate income taxes showed particularly robust growth during that period, increasing by 54.4 percent, and real property tax collections in fiscal year 2022 exceeded revenue forecasts by \$3.5 million.

Part of the reason for this revenue increase is the modernization of our property tax system. No longer do you have to drive to your local property tax office to pay your bills; you can now pay those bills and access the information you need from the comfort of your home or office. Last year, the Office of the Lieutenant Governor launched for the first time in the Virgin Islands, a citizen online portal. Property owners who are unable to pay their property taxes all at once can now easily establish payment plans through the portal. This update to our property tax collection management has streamlined payments for all homeowners, and we look forward to further improvements to the system. In my promise to modernize government, we have made it easier, overall, to access information and pay for services.



In the years ahead, we can look forward to a burgeoning construction sector as we strive to infuse at least \$800 million in federal spending into our economy each year. Growth in the overall Gross Territorial Product by two percent is considered robust. This is an almost 20 percent increase in spending every year for the next four years. We expect that this influx of dollars will continue annually for at least the next 10 years. This money does not fully safeguard us against recessions and other economic disruptions, it does assure us that we will have a steady stream of capital spending for the foreseeable future.

If this was not enough, we have been further blessed by the hard work of our Delegate and our team in Washington. As a result of their efforts, we have been able to offset some of the financial pain of inflation directly through financial subsidies to our residents and indirectly by allaying the rising cost of energy. We have the benefit of these funds from the American Rescue Plan Act (ARPA) for the next four years and will undertake projects to address mental health and social well-being and to secure the economic growth of our territory. These are not hopes and dreams but plans and strategies to assure that the Government of the Virgin Islands is and remains on solid financial footing.

The growth in our General Fund revenues has enabled us to raise salaries for teachers, correction officers, police officers, nurses, and general workers. We fulfilled our obligations on long-term debts that had been owed to workers for years and paid the salary increases negotiated by our administration within the same calendar year. We prioritized the people and ensured that they had money in their pockets to stave off rising inflation. A rising tide must float all boats, and it has.

We must be mindful that Government spending spurs private sector activity. When the Government spends, these expenditures are multiplied in the private sector. The need for more housing, food, gas, restaurants, and services will continue to generate additional tax dollars to take care of our general fund obligations and allow for the greater provision of public services for our community.

The only way to compete is to push innovation. Last year, we were able to award \$4 million in support to 337 small businesses through the 2022 Innovation Grant.

This expanding economic pie has been evident in our robust private sector. We have experienced continued growth resulting from new business development, vigorous tourism activity, and infrastructure investment.

Our administration continues to support the growth and development of our small businesses and attract new capital investment to the Territory. One of the eight goals of the Vision 2040 plan is to increase the net growth of businesses in the Territory and ensure that entrepreneurs have access to support and capital to scale their businesses. We have evidence of our success as the number of new business license applications more than doubled from 1,027 filed in 2021 to 2,239 in 2022. That is an increase of over 1200 new licenses, which significantly surpassed all our projections.

The unemployment rate in the territory declined to 5.3 percent in September 2022, which is higher than the pre-pandemic rate of 3.5 percent in February 2020, but reason for celebration when you consider that unemployment averaged 10 percent throughout fiscal year 2021. Initial

unemployment claims are also considerably lower, 176 in August 2022 compared to their April 2020 peak of 2,727. Private sector hiring has increased, supported by industries tied to tourism. With the expansion in employment, the unemployment rate is expected to decline further this year, and for many businesses, here and across the nation, finding employees has become a significant challenge. These are positive signs for those out there looking for work, or to move ahead and seek new opportunities as we all continue to navigate a post-pandemic era.

Last year, we announced the launch of the Catalyst Fund gap financing initiative. Our administration along with Senate President Novelle Francis Jr. championed this initiative and made \$5 million in gap financing available to spur small business development. The Research and Technology Park closed on the first catalyst fund loan in November, providing \$1.5 million to a small firm that will be manufacturing indoor hydroponic garden systems for producing leafy greens and herbs. This is an exciting new tool in our economic development toolbox that provides financing to existing local businesses and new start-ups with the potential to create more jobs for Virgin Islanders.

Expanding our business products and remaining competitive regionally is important to our Territory. We continue to lose businesses and tax revenues to online commerce, which has grown exponentially since the pandemic. The only way to compete is to push innovation. Last year, we were able to award \$4 million in support to 337 small businesses through the 2022 Innovation Grant. That program provided qualified small businesses with up to \$50,000 to implement innovative strategies to help their businesses expand and grow, making them more resilient to economic downturns.

During fiscal year 2022, the Economic Development Commission received 21 benefit applications with a total potential economic impact of approximately \$10 million to be paid out in wages and over \$7.7 million to be made in capital investments. These applicants represent the potential for the U.S. Virgin Islands to realize an estimated \$45.2 million in taxes over the next 5 years.

The University of the Virgin Islands continues to contribute to the sustainable economic development of our islands through its Research and Technology Park and the Small Business

Development Center. Likewise, we congratulate the Economic Development Authority on its investment promotion activities that are a critical contributor to our economic diversification.



The tourism sector continued to be resilient in 2022. Leading the charge in Tourism is Commissioner Joseph Boschulte, who was recently awarded Caribbean Tourism Executive of the Year by the Carib Journal. He and his team have garnered recognition for the territory from Conde Nast Traveler, Travel + Leisure, Porthole Cruise and Travel Magazine, Frommer's, and Yahoo! Life. The number of visitors to the territory increased last year to over 1.6 million, which is a 116 percent increase from the prior year. Air visitors remain robust increasing by 11 percent through September 2022 over the previous year. Cruise passengers plunged to 30,194 in 2020 but began to recover in the third quarter of 2021 and reached over 777,000 in fiscal year

2022—an astounding 2,475 percent above 2021. I must applaud the Virgin Islands Port Authority on its work to nearly triple the amount of cruise passengers visiting the island of St. Croix this year. Seeing two cruise ships docked at the Frederiksted pier is no longer such a rare sight.

My office hosted five Community Business Forums to prepare St. Croix businesses and the Frederiksted community for the return of cruise ships. I want to take this opportunity to thank my former Chief Legal Counsel, David Bornn, for his invaluable contributions to moving the economic development policy of the Virgin Islands forward over the last four years.

In St. Thomas, the cruise passengers continue to climb back to pre-covid numbers. The West Indian Company Limited has recently refinanced its debt to place it in a more positive financial light and was further assisted by \$2 million in funding that was invested by the local

government. The dredging of the inner harbor in Charlotte Amalie is currently going through the Army Corp of Engineers permitting process. We have identified \$17 million in local funds for this project after several attempts to get U.S. Housing and Urban Development (HUD) to fund the project. This project's successful completion will allow us to comfortably accommodate the largest cruise ships serving the Caribbean region. We continue to work with HUD to fund the other dredging projects in Gallows Bay and Crown Bay, and we are confident that we will be successful.

Early last year, Royal Caribbean committed to the redevelopment of Crown Bay and Frederiksted in a landmark deal negotiated by the Port Authority. This public-private partnership will allow for the development of Subbase and the surrounding area, adding shops, restaurants, and a new berth for St. Thomas. The development is anticipated to accommodate the thousands of new passengers we will see in both districts in the coming years. They have also committed to offering more excursions to St. John to complement the resumption of small cruise ships visiting the island, which started again last year.



This year we will witness the reopening of the former Marriott Frenchman's Reef and Morning Star hotel. Work has begun on the reconstruction of the Sugar Bay property on St. Thomas.

Our hotel development is making steady progress towards returning to pre-hurricane room numbers. This year we will witness the reopening of the former Marriott Frenchman's Reef and Morning Star Beach Resort. Work has begun on the reconstruction of the Sugar Bay property on St. Thomas. We expect to see the Island Beachcomber hotel awarded to a successful bidder by the end of the second quarter. The proposed new 120-room hotel for the West Indian Company dock is moving along and should be in construction before the end of 2023.

In St. Croix, we have completed the lease of Protestant Cay, which will be the site of a new 120-room hotel in the center of Christiansted harbor. The sale of the King's Alley Hotel has allowed for the expansion of the King Christian Hotel and restaurant spaces, making a fine complement to the Christiansted boardwalk. The completion of the bulkhead in Christiansted by the National Park Service and the development of Hospital Street by private developers are restoring the town's overall allure.

It is not only hotels and cruise ships. I have to say that I am particularly proud of what we are doing to transform our tourism product. The new Vendors Plaza in downtown Charlotte Amalie is a welcome sight after enduring the previous eyesore for more than 20 years. This is complemented by the new bathrooms and ATMs across the street. If that was not enough, we have finally attracted an investor with enough capital to demolish and reconstruct the old federal building that sits adjacent to the Vendors Plaza. Further up the street, renovations at the Grand Hotel are ongoing and the office building on the corner of Educators Park is getting a complete remodel as well. Downtown development at its best!

Earlier this year, President Biden signed into law the National Heritage Area Act, which designates the island of St. Croix as a National Heritage Area. This designation is the official

recognition of the importance of St. Croix’s natural, cultural, and historic resources to the nation. The designation opens the door for federal appropriations and technical assistance in developing St. Croix as a National Heritage Area. I congratulate the Honorable Stacey Plaskett for her diligence and persistence in getting this measure across the finish line in Washington. But I would be remiss if I did not also acknowledge the vision and foresight of former Congresswoman Dr. Donna Christensen who got the ball rolling more than two decades ago when she introduced legislation to fund the initial feasibility study. This new designation will assist greatly in the promotion of heritage tourism and the marketing of St. Croix as a unique destination.

The recent establishment of the Territorial Park System complements the National Heritage Area designation. I would like to thank Senator Samuel Carrion for shepherding this historic legislation through the senate process. This system will hold lands in perpetuity for Virgin Islanders and our guests to enjoy. We are working diligently to finalize the agreement that will preserve over a thousand acres of historically significant land in northwest of St. Croix for the people of the Virgin Islands. There will be more announcements this year on further investments in our park system.



Although tourism will remain the mainstay of our economy for the foreseeable future, we must continuously seek to expand and diversify our economy. I congratulate the members of the 34th Legislature for the passage of the Adult Use Cannabis legislation. That action finally allows us to participate in what has been a growth industry throughout the country, no pun intended. We understand

the high-risk, high-reward nature of this business, and so we will be taking a cautious and conservative approach to building the regulatory ecosystem that will sustain the cannabis industry in the Virgin Islands.

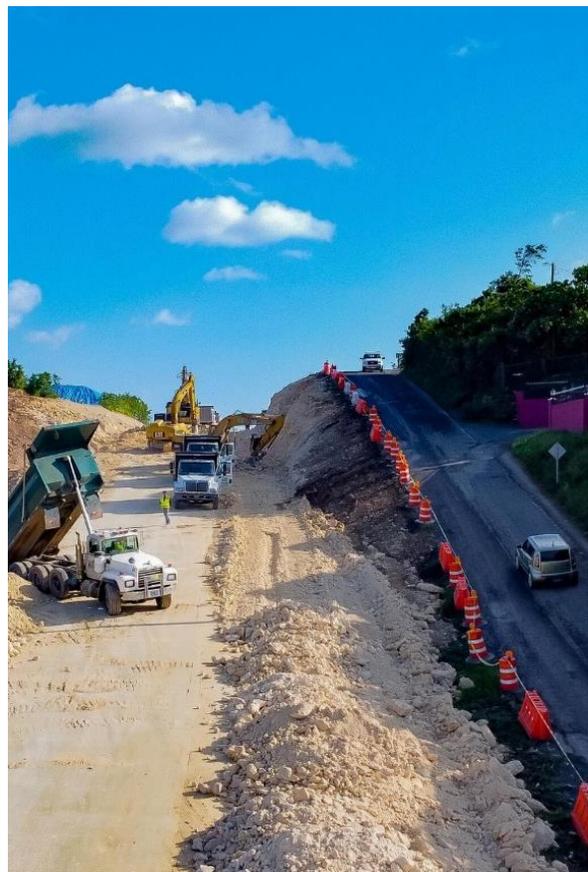
The retailing of adult-use cannabis will bring new revenue and opportunities to our shores. My real objective has always been to participate in the macroeconomics of this industry.

Unfortunately, one of the most crucial parts of my original submission to the Senate was not included in the final consensus legislation that made its way to my desk. That provision in the original bill, which allowed for research under the University, could prove to be the most significant single revenue source in Virgin Islands history. By creating research opportunities, we can patent and trademark cannabis discoveries that would be used worldwide. Residuals and dividends from these trademarks could be in the hundreds of millions and would be returned at a tax discount to the general fund. We intend to resubmit the legislation to this body as we cannot afford to miss this opportunity.

The rebuilding of our infrastructure has been steady and consistent over the past four years. Even during the Covid economic shutdowns, work on hurricane recovery and other capital projects continued. Now we are seeing the benefit of that effort. As a testament to this, the economic indicator that is most compelling is that a total of 2,375 construction permits were issued in fiscal year 2022; the estimated construction value of those issued permits was a whopping \$506 million!

We cannot travel the road to prosperity if it remains unpaved. Road repairs, drainage, and waterline construction have been a major focus of the Bryan-Roach Administration. Over the last two years alone, we have invested over \$40 million in local funds for road projects.

Work on the final segments of the Melvin Evans Highway will be completed by this summer. The improvements at the Container Port intersection are well on their way. This project completely rebuilds the connector road and redesigns that intersection to improve traffic flow by installing dedicated turning lanes.



Several road projects on the west end of St. Croix will be commencing this year including the federal routes through King, Queen, and Strand Streets in Frederiksted. The Mahogany Road has fallen into considerable disrepair but work on that road will finally begin this year. Drainage installation and road reconstruction are also scheduled to take place in nearby Estate La Grange.

On St. Thomas, road repairs will be completed in Estates Lilliendahl and Marienhoj, Mariendahl, and Smith Bay. Repair projects will begin soon on First Avenue and for segments of the neighborhood roads in Estate Thomas. Road repairs on Water Island are underway and will also be completed.

On St. John, repairs to damaged roads in Cruz Bay, Coral Bay, and Fish Bay will be completed later this year.

We have done a considerable amount of resurfacing, but the real work of infrastructure as it pertains to roads will take years. It is not simply laying asphalt but coordinating efforts to dig once and properly lay electrical, water, sewer, and telecommunication lines. It is the coordination of multiple funding sources and several agencies to ensure that the infrastructure beneath our roadways is designed properly. To further complicate the issue, the timing of funds that need to be coordinated amongst each agency with various sources of federal and local funding is a nightmare. The work that our local professionals do in the Department of Public Works, the Water and Power Authority, the Waste Management Authority, the V.I. Next Generation Network, and the Office of Disaster Recovery is nothing less than incredible. Thank you!

The Department of Public Works is executing several major drainage improvement projects. They are currently soliciting design-build contracts for drainage repairs in Frederiksted, First Avenue, and downtown Charlotte Amalie.

The Water and Power Authority (WAPA) continues to overhaul its water distribution system to improve water quality. It is currently wrapping up a waterline replacement project in Estate Clifton Hill. They will soon begin major waterline replacement projects in Estates Hannah's Rest and Campo Rico. On St. Thomas, the waterline along Veterans Drive is scheduled to be replaced in anticipation of Phase Two of the Veterans Drive Revitalization project. WAPA will be extending service in the Nazareth area this year as well. The Waste Management Authority is

completing sewer line replacements on Brookman Road, Savan, and Garden Street. Work is also about to start on the replacement of sewer lines in downtown Christiansted.

Over the next few years, as part of these infrastructure improvements, we will see the completion of over 200 capital projects.

Our airports are the gateways to our economy. The Port Authority is currently pursuing a public-private partnership to expand and modernize both airports. Partnering with a qualified airport operator will provide the capital investment to construct the jetways, improve the concession areas, and otherwise fast-track the development plans for the facilities. This is a perfect example of how we must approach major projects in the territory. Leveraging public money and resources to attract private investment that improves our infrastructure is a win, win, win for everyone.

A Request for Qualifications has been issued and the Port Authority hopes to identify a development partner within 12 months. Within the next four years, we should see the complete modernization of our international airports, providing a better-quality experience for our residents and guests.

I assure you; the recovery is alive and well, positively impacting the territory's economy and strengthening critical infrastructure. The territory now anticipates more than \$12 billion in recovery funding and \$7.4 billion of those funds have already been allocated for the recovery from Hurricanes Irma and Maria. In 2022 alone, the territory paid out over \$460 million in recovery



funding. In total, \$5.9 billion has been obligated from various federal sources, and over \$2.9 billion has been expended to date.

We saw the completion of 34 recovery projects in 2022 including VITEMA's Tsunami Warning System, the installation of brand-new playground equipment at Head Start campuses territory-wide, and the restoration of recreational facilities at Fort Frederik Beach in Frederiksted. As projected, we are poised to see a crescendo of projects in construction this year. These projects include the \$160 million rebuild of the first new school in decades on St. Croix, the Arthur Richards PK-8 School. This school is scheduled to break ground in February of this year. Overall, in 2023, the Office of Disaster Recovery projects the completion of 44 projects and anticipates the start of over \$930 million in recovery projects this year.

I think that all residents of this Territory can agree that the ongoing financial and operational woes at the Water and Power Authority are an impediment to any developmental progress we hope to make as a community. As I campaigned for re-election last year, I tried my best to avoid any bold pronouncements to solve issues that were beyond my direct control. The one exception to this rule was WAPA. I have committed to fixing the issues of WAPA within my second term. As you have come to learn, I am a man of my word and I take my promises seriously.

I am confident in setting this goal because I know tremendous resources are being made available to help WAPA turn the corner on its problems and this administration has the courage and determination to see it through. For the first time, we have the resources to make our energy affordable, reliable, and renewable. Solving the energy crisis in the Virgin Islands was never really feasible until now. WAPA has attracted the attention of everyone from Government House to the White House and is steadily making progress on its transformational plan.

I think that all residents of this Territory can agree that the ongoing financial and operational woes at the Water and Power Authority are an impediment.

The installation of four new generating units at the Randolph Harley Power Plant on St. Thomas is an ongoing project that WAPA is extremely focused on bringing to completion. Once operational, these units will immediately improve the efficiency and reliability of the St. Thomas power plant, and the resulting operational savings will translate into lower electric rates for everyone.

WAPA is nearing the completion of its negotiations with a small power provider to provide utility-scale solar power on the island of St. Croix. Although my statements regarding this matter were misquoted in the media and ultimately politicized, the fact is, WAPA took my directive to them seriously and has identified qualified firms that can deliver between 50 to 100 percent of St. Croix's power from solar for a fraction of the current cost. We anticipate that the solar farms will be fully operational within 12 to 18 months of the execution of the Power Purchase Agreements. Equally promising is the realization that we also have developers that have the capacity to develop similar projects in the St. Thomas/St. John district. These projects will go a far way in reducing the cost of electricity in the Territory.

However, all this potential progress is jeopardized by the ongoing dispute between WAPA and Vitol, the owner and operator of WAPA's propane terminals. No one disputes that propane is less expensive than the diesel fuel that WAPA was solely dependent on for power production. There is also very little dispute that the decision to proceed with the project made sense at the time under the circumstances. Unfortunately, WAPA and the Public Services Commission never came to an agreement with Vitol on the true cost of the project, and the project has essentially become an unfunded mandate of the utility. WAPA is currently in discussions with Vitol to resolve this matter amicably, and we are optimistic that we will be able to announce a positive resolution in short order. We intend to settle this debt once and for all and place WAPA on firm financial footing. Needless to say, this is a critical step towards an economic future full of promise.

Our economic growth is fantastic, as it affords us the ability to assist our people in ways we could have only dreamed of in past years. Four years ago, we promised that we would take the fruits of our economic success and invest them in our people. Creating a quality of life that is equal to or better than our mainland counterparts is no easy feat. It is an ever-moving target, but we remain undaunted. In this endeavor, the health of our residents is foremost.

Thankfully, for the first time in two years, I can address this body absent the State of Emergency that was triggered by the Covid-19 global pandemic. Of course, it does not mean that the pandemic has ended, Virgin Islanders continue to lose their lives to this deadly virus. Nationally, the Declaration of Emergency first declared by President Trump in March 2020 still remains in full effect. Most recently, the highly contagious XBB variant of the virus has been circulating rapidly. However, we are confident in our capacity to treat Virgin Islanders who become infected and to implement the measures necessary to keep our community safe from the worst impacts of the pandemic.

We understand that the pandemic has stressed our resources, particularly our human resources. We have allotted \$10 million each to the Juan F. Luis Hospital and the Roy L. Schneider Hospital to support the recruitment and retention of nursing and allied health professionals. It is our hope that these financial incentives will assist us in maintaining critical healthcare capacity at our hospitals.



The challenge of opening the JFL North modular facility on St. Croix has been the most frustrating setback in our hurricane recovery efforts. The project has been plagued over the years by errors and omissions in funding, supply chain disruptions, contract disputes, and poor management oversight, amongst other issues. The Territorial Hospital Redevelopment Team and the management of the Juan F. Luis Hospital understand what is at stake and realize that further delays cannot be tolerated by the community. Senators, I know you have heard this before, but they assured me I will see you all soon at the long-awaited ribbon cutting to open this facility.

The redevelopment of our other health facilities has not been nearly as problematic. The opening of JFL North will clear the way for the demolition of the existing hospital structure to commence later this year. The demolition of the Charles Harwood Medical Complex is underway with the contractor mobilizing this year as well. Likewise, the restoration of Charlotte Kimelman Cancer Institute has begun. The Department of Health is also making progress on a new office for Women, Infants, and Children at the Knud Hansen Memorial Complex on St. Thomas and in the town of Frederiksted on St. Croix.

Healthcare is not limited to physical health. We, as a community, cannot neglect those who suffer from mental health challenges. Providing adequate care for our neighbors with behavioral health issues is a hurdle we must and will overcome. I congratulate the Honorable Novelle Francis Jr. and the other members of the 34th Legislature for passing The Behavioral Health Act. This comprehensive legislative measure addresses the interdepartmental coordination of agencies and organizations providing services to individuals who suffer from these challenges. The Act also establishes policies and procedures by which persons with behavioral health issues or disorders may receive services. This is a critical contribution to the continuum of mental health care that will result in better outcomes for those of our people with behavioral health issues. Now, we must continue to prioritize early and consistent treatment, so Virgin Islanders with serious mental illness may manage their conditions, overcome challenges, and receive the support they need.

It is one thing to provide the facilities for healthcare but creating access for our community is just as important. More than 30 percent of Virgin Islanders do not have access to traditional health insurance. Our ability for low-income families to access Medicaid has been hindered historically by the requirement for matching funds imposed by the federal government.

For over two decades, the Virgin Islands' Federal Medicaid Assistance Percentage (FMAP) was 50 percent, then increased to 55 percent in 2010. This is the share of Medicaid funding provided by the Federal government, which has long been far lower for territories than for states. This means, since then, the local government has been required to come up with 45 cents for every dollar expended for Medicaid benefits in the territory. Over the years, the Government of

the Virgin Islands, its lobbyists, and our congressional delegates have tirelessly advocated for an increase in the FMAP.

Today, I am happy to announce, that not only did we see a temporary increase in the FMAP to 89 percent from December 2021 through March 2023, but we have made history with the passing of omnibus legislation that permanently increases the FMAP from 55 to 83 percent for the Virgin Islands. Further adding to the historic significance of this landmark legislation, it was signed right here in the Virgin Islands, while the President vacationed on the island of St. Croix.



The benefits of the increase in our FMAP are far-reaching. We not only increased the number of persons served from 32,000 to 37,000, but we added additional services to include personal care attendant services for seniors, telehealth services for all Medicaid members, and implemented a Medicaid buy-in for Medicare recipients. We are now exploring expanding Medicaid to cover more of the uninsured population. This is a tremendous accomplishment, and we would like to thank the Honorable Stacey Plaskett, her staff, and our Washington team for their incredible work.

As we work to rebuild our health and hospital infrastructure and access, my administration has been focused on overall community wellness. We have launched the “Our Best Life” initiative to focus on improving the physical, mental, and emotional well-being of all Virgin Islanders. The initiative is a multiagency collaboration with programs and activities for individuals of all ages and physical abilities. Lest we forget, the true aim of these health initiatives

is to actually keep people out of the hospital and the only way we can achieve this is through changing our eating habits, our behavior around exercise, and being active in our lifestyles.

As Virgin Islanders continue to adjust to the new normal of the post-pandemic world, we are increasingly finding ourselves meeting up in our favorite meeting space --- outside. During the election, I noticed the people’s desire for cost-effective activities. The Department of Sports, Parks, and Recreation is making tremendous progress in restoring our parks and recreational areas for the public’s enjoyment.

FEMA-funded repairs are in progress at numerous recreational facilities throughout the territory with most expected to be completed this year. On St. Thomas, repairs are being made to Emile Griffith, Alvin McBean Complex, and Joseph Aubain Ballparks. On St. Croix, repairs are being made to the Pedro Cruz Ballpark, the Rudy Krieger Complex, and the party pavilions at Cramer's Park are being restored. Additionally, repairs will begin this year on Ezra Fredericks, Lionel "Smut" Richards, Michael J. Kirwan Terrace, Oppenheimer Beach, Winston Wells, and Reinholdt Jackson Complex ballparks.



The Paul E. Joseph Stadium in Frederiksted is also nearing completion. As the dirt and debris are cleared from the front of this monolith, we can finally see the promise of a Paul E. Joseph Stadium we have heard about for over 12 years now. We will soon be submitting a final appropriation request to this body to upgrade several items in the project from the current base bid. After the many years spent in the effort to complete the renovation of this facility, I think we all would like to see a stadium we can be proud of.

On the other side of town, the restoration of the Vincent Mason Pool has unfortunately encountered a significant challenge. The original scope of work did not anticipate the need to replace the pile foundation under the pool. This change has doubled the cost of the project beyond the original estimates and requires additional funding to be identified. We are working to execute an amendment to the contract and restart the project this quarter.





Drag racing has returned to St. Croix. We congratulate the Caribbean Drag Racing Association and its president Arthur Hector for getting racing back on track. Our attention is now focused on the horseracing tracks. Both tracks are in the Coastal Zone Management permitting processing. Southland Gaming has submitted its permitting package on behalf of the Clinton Phipps racetrack and VIGL's contractor has recently mobilized to begin sitework at the Randall "Doc" James racetrack.

And yes, cricket, lovely cricket. The lease has been finalized on the plot for the development of a pitch on St. Croix and \$2 million has been allotted for the development

of the site. On St. Thomas, we have allocated start-up monies to begin the work in Nazareth for the pitch in the stadium, which will follow. We are in the design phase for a complete sports park adjacent to the Ivanna Eudora Kean High School which will boast fields for cricket and soccer, a gymnasium, and storm shelter. Virgin Islanders, we are going to be spending a lot of healthy time outside.

As I always say, luck is when opportunity meets preparedness. With the promise of prosperity on the horizon, there is nothing more crucial to our individual success than education. The Virgin Islands can boast that it has a complete educational pipeline. Not only is the pipeline accessible, but it is also free--- free head start, free public pre-kindergarten, free K-12, free college tuition, and free vocational training and apprenticeship programs.

But the fixation on building maintenance masks the true mission of education – graduating students that are competent and capable. We must not lose sight of that mission. This past year, we implemented several interventions to assist our students in getting up to standard.

However, to be truly successful, we must make a community-wide commitment to promoting academic achievement from the cradle to the career. We must commit to encouraging literacy and numeracy at every opportunity.

We have many competent and well-trained teachers to lead us on this mission, who demonstrate the required commitment to the academic success of our students. In fact, we have two perfect examples with us this evening- District Teacher of the Year for the St. Thomas/St. John District, Mr. Melvin Ledesma, a math teacher at the Bertha C. Boschulte Middle School, and District Teacher of the Year for the St. Croix District Ms. Astral Battiste, a kindergarten teacher at the Pearl B. Larsen Pre-K-8 School.

Our administration has placed emphasis on early childhood education from the very beginning. We have established public pre-kindergarten programs for five-year-olds in all but one of our public elementary schools. This year we will begin construction, restoration, and repair projects on eight Head Start centers. These projects represent an expenditure of over \$42 million to complete. Much like free college tuition, these are long-term investments whose impact may not be immediately obvious but will undoubtedly pay dividends for our community in the long run. The Virgin Islands Department of Education (VIDE) is in an unprecedented time where federal funds are available to execute much-needed improvements in public education territory-wide. The department will utilize \$138 million in American Rescue Plan allotments to reform, rebuild, and rebrand public education.



The VIDE is committed to transforming today's learners into tomorrow's leaders. Reforming efforts include instituting site-based management, which gives schools and their principals \$250,000 each to implement plans designed to meet the needs of the students, faculty, and staff. This will allow for flexibility in developing programs designed to support student achievement gaps, accelerated programs that enhance student experiences, and professional development opportunities, to name a few.

The VIDE is focused on improved student outcomes, hence the alignment of practices within the state, districts, and schools. This strategic planning process allows synergy in practices and the maximization of funds. Among the priorities in these plans is the need for behavioral support services, tutorial services, after-school activities and extended days, and summer teaching to decrease learning loss. It is downright ridiculous that our teachers are working second jobs to meet their needs instead of earning that money to enrich our children. We have the money; we will pay the teachers.

The transition back to in-person versus virtual instruction has posed its own challenges. Last year we saw school violence escalate as students transitioned back into the classrooms. We recognize that we need to protect the safety of the students, teachers, monitors, and administrative staff. We have supported student-led efforts to encourage healthy conflict resolution and positive behaviors. Administrators are revamping how disciplinary actions are implemented by including wraparound services to address the underlying challenges these students are experiencing. We have identified ARPA funding to assess sites for safety and security concerns. Electrical upgrades, security cameras, intercom systems, egress and ingress areas,



emergency lighting, and a lot of training will be completed to address this issue. Scopes of work are in the preparation stage and will be ongoing starting this summer.

Service contracts are being implemented to allow our maintenance workers to retrieve supplies to continue their daily work readily. Work order systems will allow for better management of human capital and resources. In addition, rebranding efforts include launching our new website, mobile application, and alert system to keep our stakeholders engaged and informed about the many initiatives and activities at our schools. Programs geared towards parental involvement are also being revived using this funding.

Now, more than ever, we need to develop a generation of Virgin Islanders that are prepared for the competitive world we live in. We continue to establish and enrich the workforce development pipeline as we need more than 5,000 workers to complete the recovery. We will bring the resources to our people, but it is up to us individually to develop ourselves and take advantage of the opportunities---free opportunities.

Having a safe and secure place to call home is vital to our peace of mind. Whether you are a first-time homeowner, a senior in your twilight years, or a person experiencing homelessness, affordable housing is a basic necessity. In the past four years, we have been on a mission to address our territory's housing crisis from a variety of angles. We are creating access to new housing across every income level.

In a cooperative effort with the Virgin Islands Economic Development Authority and our local banks, we have established the V.I. Slice Moderate Income Homeownership Program designed to help fulfill a wide range of goals including homes purchased for rehabilitation, new home construction, down payment and closing cost assistance, and secondary gap financing assistance. In support of lowering home insurance, my recently passed legislation will allow V.I. domestic insurers to become members of the Federal Home Loan Bank of NY, and help provide support to local banks, credit unions, and other financial institutions in support of the V.I. Slice Program.

Our federal partners at HUD have signaled bold steps to improve the quality of our existing housing and produce abundant housing through increased support to our V.I. Housing Authority (VIHA). Last year, HUD provided \$46.2 million to help over 2,000 families living in public

housing and 2,000 low-to-moderate income families utilizing Housing Choice Vouchers. Additionally, VIHA has been allotted \$15 million in housing assistance payments for upwards of 800 landlords this year.

The Housing Authority continues the implementation of a \$1 billion Redevelopment plan, which will see the replacement of the entire 3,000 units of public housing with half new construction and half of the units to be comprehensively modernized over five years. Priority housing projects include 250 units at Walter I. M. Hodge Pavilion where a groundbreaking was held in June 2022 and completion is anticipated in December 2024; 84 state-of-the-art units at Estate Donoe which is 39 percent complete; 98 units of senior housing at Stoney Ground; and 70 new units at Ludvig Harrigan where demolition has been completed on the old units. VIHA is leveraging its federal funding to improve all of our housing communities.

As we work to address the housing crisis that has been building in the U.S. Virgin Islands for the last decade, we must act quickly and thoughtfully. We will do this by creating new, high-quality housing units and helping revitalize the neighborhoods where we build them, ensuring everyone in our communities will rise together.

As we seek to identify additional housing and improve the general curb appeal of our community, it is impossible to continue ignoring the tremendous number of abandoned and derelict structures in our neighborhoods and towns. Buildings damaged by Hurricanes Hugo and Marilyn have encumbered additional damages in the aftermath of Hurricanes Irma and Maria. We have tried to incentivize property owners by dangling the proverbial “carrot,” but we have simply not made enough progress with the current approach. The time has come for us to be more aggressive in restoring the previous beauty of our islands.

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In the next few months, I will be sending legislation to the Senate that unifies and modernizes our historic preservation laws, as well as addresses abandoned and derelict properties. We will be seeking to put in place a process for properties to be placed into conservatorship by order of the court. These court-ordered conservatorships would temporarily transfer control of the property to a public or non-profit entity for the purpose of restoring the property to functional viability. I look forward to your collaboration and cooperation on this historic effort.



Another important mission of this administration is restoring the safety, peace, and tranquility that our islands have traditionally enjoyed. In my past addresses, I called our community to action – if you see something, say something. You answered, and the Virgin Islands Police Department (VIPD) demonstrated on several occasions that this partnership will yield tangible results. Our officers are capable. They did the policework and removed criminals from our community with your help.

Over the last four years we have put in place a comprehensive effort to address crime and violence in our territory. We have invested significantly in public safety. VIPD has been unable to recruit and retain the ideal manpower, so we invested in technology to expand our capabilities – cameras, drones, ShotSpotter systems, and marine vessels. This past year, the Virgin Islands saw a lower rate of gun violence and a higher rate of arrests! All categories of serious crimes declined versus the prior year and the territory recorded the lowest number of homicides in a decade. I would like to

thank Commissioner Ray Martinez and our men and women in blue who serve and protect the citizens of this territory.

In the weeks to come, VIPD will launch a Police Recruitment Program. We are offering a \$10,000 sign-on bonus to become a police officer. Ladies and gentlemen, if you ever considered a career in law enforcement, I would say, the time is now. Sign-up, go through the academy, and serve your community. The position is noble and extremely rewarding.

But removing criminals from the street is not a long-term solution. We must be equally committed to rehabilitation. The Bureau of Corrections has launched its long-awaited Offender Re-Entry Program. 90 percent of imprisoned individuals will return to our community at some point. Going forward this administration will emphasize re-entry. We have identified federal funding to pursue transitional housing with the understanding that the transition from incarceration to re-entry into our community can be mentally and emotionally challenging. The goal is to execute a model that will include shelter, structure, and resources to facilitate a more successful transition. We all benefit from formerly incarcerated individuals transitioning to becoming productive and successful members of the community. After all, they are our fathers, mothers, brothers, sisters, aunts, uncles, cousins, and neighbors! We do not want our people in and out of the prison system. This administration will continue to make investments to support and provide opportunities to re-integrate this population and discourage recidivism.

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We have established an entity to coordinate violent crime prevention efforts through the Office of Gun Violence Prevention. We have increased the capacity of the Virgin Islands Police Department to identify and apprehend criminals. We have put in place programs to rehabilitate prisoners and give them a chance at success as they reenter society. But there is still work to do. We plan to approach this body to modify peace officer status for federal law enforcement

officers. We also plan to approach this body to adopt a requirement for individuals to declare within 24 hours their intent to import firearms into the territory. We believe this is a better way to distinguish legitimate firearm owners from those smuggling weapons for nefarious purposes.

We also want to take a closer examination of the Youth Rehabilitation Center (YRC) currently operated by the Department of Human Services. This institution is no longer effective in the conduct of its mandate. Children remanded to YRC typically are not detained long enough to avail themselves of meaningful rehabilitation services. It has become an expensive babysitting service for troubled youth. As my administration enters its second term, we will be exploring alternative approaches to addressing juvenile delinquency.

We want peace in our communities. We want to enjoy our paradise and to invite guests to do the same, particularly after years of Covid restrictions. Our culture demands that we come together and do so often. We want our carnivals, parades, and concerts violence-free.

I am aware that we will only achieve this mission through prevention and engaging those most at risk in our community. The Workforce Development Board in partnership with several Executive Branch agencies and Align VI is executing the Dannon Project Model in the U.S. Virgin Islands. The model focuses on training and employment opportunities for at-risk young adults. Providing training and employment can positively change the course of someone's life. We are seeking partnerships from the private sector to support the program. We invite our local businesses to help change lives by partnering with us.

The judiciary remains the anchor of the criminal justice system. I thank the honorable judges for their work on behalf of the people of the Territory. While we recognize the delays that the pandemic forced on our courts, we are also cognizant of the constitutional right to a speedy trial. As the great orator Martin Luther King Jr. stated, "justice too long delayed is justice denied." This extends to our citizens who have cases languishing in the courts. It is important that these cases move forward so that our people can have their matters heard and resolved in a timely fashion. We are pledging our cooperation and support to the judiciary in this effort.

Finally, this evening, I must warn of some newly emerging challenges on the horizon. The economy continues to improve as we navigate out of the pandemic. However, the Territory is sailing into some strong headwinds. The economists at the World Bank are warning that global

growth has slowed to the extent that the global economy is perilously close to falling into recession. Most regions are seeing inflation rise higher than it has in several decades, triggering a cost-of-living crisis. Financial conditions are tightening across the globe and there is a widespread shortage of skilled workers, thereby creating issues for a variety of industries reliant on those workers. Nationally, the U.S. Chamber of Commerce is predicting at least a mild recession to affect the country sometime later this year caused by falling consumer and business spending and rising interest rates. But we do not need economists to tell us what we feel at the gas pump and in the grocery store.

Since the beginning of 2020, inflation has increased markedly in the Territory, increasing 7.1 percent in 2020, 5.7 percent in 2021, and by approximately 7.0 percent in 2022. There is, however, some reason for optimism, as the monetary policy of the Federal Reserve is having the intended effect of slowing the growth of inflation nationally. Hopefully, we will soon see the benefit of that locally.

We cannot predict with certainty what 2023 holds for the global economy, so we must continue to build our economic resilience for what is to come. So, while we count our blessings, we must remain ever vigilant that hard times are inevitable, and we must be prepared.

Locally, our government has implemented our own policy of fiscal stimulus to increase the spending power of Virgin Islanders, particularly those with fixed incomes, and help them keep pace with inflation. Last year, with the help of our friends in the legislature, we provided \$40 million in direct stimulus in the form of outstanding retroactive wages owed to the employees and retirees of the Government of the Virgin Islands. The government's current obligation for repayment of retroactive wages now stands at about \$135 million. We have budgeted another \$25 million to be paid out before October 1st.

We were also able to distribute the statutorily mandated bonuses for public sector retirees 60 and older for fiscal years 2018 through 2022 before the end of the year. In all, over 7,500 retirees benefitted from this distribution. I want to congratulate The Honorable Donna Frett-Gregory for successfully championing this cause and getting us fully caught up.

We recognize the tremendous hardship that the current rate of inflation has placed on everyone but especially our seniors and people with disabilities, who are mostly on fixed incomes. We were able to provide direct financial aid in the form of \$500 cash stipends to 19,269 Social Security beneficiaries. The rollout of this program proved extremely challenging, but the public interest and response demonstrated that it was severely needed. We recognize that these checks were needed and were not committed to savings but to basic everyday needs. It was a timely distribution as we entered the holiday season so that those who received them could provide for themselves and their family.

We also paid out over \$23.5 million in premium pay to private sector and public sector employees that kept our economy moving during the pandemic. This local stimulus was supplemented by almost \$35 million in federal funding disbursed through the federal Pandemic Emergency Assistance Fund, Pandemic Electronic Benefits Transfer (P-EBT), and the SNAP Emergency Allotments.

Armed with this influx of cash that continues to be distributed to the people and bolstered by the numerous programs and projects this administration has championed, I am confident that the Territory is prepared for whatever economic challenges lie ahead.

So, how are we full of promise? How can I make such a bold pronouncement? There are “Help Wanted” signs everywhere and jobs for every qualified Virgin Islander who wants one. We are offering free college education and job training in numerous areas. We have strong economic

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development planning in place. We are receiving regional and national recognition for our post-Covid economy. Billions of dollars are being invested in our infrastructure.

Yes, there remains much work to do. But we can get it done if we do it together. I stand here willing, ready, and able to put in the work, but I need your help. So, friends and colleagues, Virgin Islanders tonight I ask...

Will you join me in moving more of our people out of poverty?

Will you join me in championing a healthier community?

Will you join me in pursuing a safe and secure community where young men and women live as neighbors and not as enemies?

Will you join me in building a community that truly values education?

Will you join me in helping our young people achieve their dreams of homeownership?

Will you join me in the pursuit of a Virgin Islands that we can all be proud of?!!

I ask these questions because I know that if we are unified in our approach to confronting problems and implementing solutions, we will achieve lasting success in service to our people and realize the full promise of these islands we call home.

In the words of the late Governor Alexander Farrelly, “we owe it to ourselves to capture and preserve for posterity those things which are the essence of what we are and who we hope to be.” Virgin Islanders, join me as we embark on this journey.

God bless you, and God bless the Virgin Islands. Love you!





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