

1 **U.S. VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY**
2 **TESTIMONY BY WAYNE L. BIGGS, JR.**
3 **FISCAL YEAR 2019 BUDGET HEARING**
4 **COMMITTEE ON FINANCE**
5 **LEGISLATURE OF THE VIRGIN ISLANDS**
6 **ST. THOMAS, VIRGIN ISLANDS**
7 **THURSDAY, JULY 26, 2018**
8 **11:00 A.M.**

9
10 **Introduction**

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12 Good morning, Chairman Vialet, members of the Committee on Finance, other
13 members of the 32nd Legislature, the U.S. Virgin Islands Economic Development
14 Authority team, ladies and gentlemen in the Chamber, and the viewing and
15 listening audience. I am Wayne Biggs, Jr., Acting Chief Executive Officer. With me
16 today are Ernest Halliday, Director of Administration and Finance and Tracy Lynch
17 Bhola, Esquire, General Counsel. Other members of the Authority's management
18 and staff are also here in the Chamber with me today. These team members
19 include: Monique Samuel, Acting Director of Lending; Margarita Greenidge-
20 Benjamin, Director of Applications; Nadine Marchena Kean, Director of the
21 Enterprise Zone Commission; Mark Finch, Industrial Park Superintendent; Shanell
22 Petersen, Director of Marketing; Wendy Wheeler, Human Resources Manager;
23 Cusa Holloway, Incubator Program Manager; Kelly Thompson-Webbe, Budget and
24 Financial Analyst; Celina Morris, Executive Assistant; and Semele George,
25 Marketing/PR Specialist. Not present with us today is Claude Gerard, Director of
26 Compliance. If necessary, they are available to respond to any inquiries you may
27 have.

29 **USVIEDA Organizational Structure**

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31 The U.S. Virgin Islands Economic Development Authority (“USVIEDA” or the
32 “Authority”) is an umbrella entity created to assume, integrate, and unify the
33 functions of the U.S. Virgin Islands Economic Development Bank (EDB), the Virgin
34 Islands Economic Development Commission (EDC), the Virgin Islands Enterprise
35 Zone Commission (EZC), and the Virgin Islands Economic Development Park
36 Corporation (EDPC). The Authority is governed under one executive board
37 comprised of seven (7) members to achieve maximum efficiency of operations,
38 avoid duplication of services, reduce cost of operations, and implement
39 comprehensive programs for the economic development of the Territory. The
40 entities maintain distinct identities and functions independently of one another,
41 only to the extent necessary to execute their specific mandates, but in all other
42 respects operate in an integrated fashion.

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44 The administrative departments within the USVIEDA provide support to the four
45 (4) main pillars on which the Authority is built. The administrative departments
46 include: accounting and finance, legal, human resources, marketing and the
47 executive offices of the Chief Executive Officer and the Assistant Chief Executive
48 Officer.

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50 **Selected Accomplishments by Departments and Divisions-Fiscal Year 2018**

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52 Despite having a 12.5 percent reduction this fiscal year and the devastation
53 caused by two (2) Category 5 Hurricanes, the USVIEDA was able to accomplish a

54 significant number of its planned objectives within each department and division
55 during the first nine (9) months of this fiscal year (October 1, 2017 – June 30,
56 2018).

57

58 **Selected Accomplishments of the Administrative Departments**

- 59 • Completed Fiscal Year 2017 independent financial audit, which resulted in
60 an unqualified audit opinion;
- 61 • Completed the initial draft of rules and regulations for the Hotel
62 Development Act, with additional drafting now underway after the passage
63 of Act Nos. 8030 and 8056 by this Legislative body on April 4, 2018 and June
64 14, 2018, respectively;
- 65 • Reviewed and proposed statutory amendments to accomplish the
66 mandates of the Authority;
- 67 • Completed twelve (12) background investigations of EDC Beneficiaries;
- 68 • Provided general and specialized training to all staff members on-site and
69 online; and
- 70 • Featured the USVIEDA in numerous national and industry publications.

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72 **Selected Accomplishments of the Four (4) Pillars**

73 **Economic Development Bank**

- 74 • Reduced the total loan portfolio delinquency rate from 47% to 33%;
- 75 • Surveyed the small business community in both districts to determine their
76 pre and post disaster needs;
- 77 • Collaborated with the VI Energy Office to commence Phase II of the Sun
78 Power Loan Program;

- 79 • Repossessed three (3) properties used as collateral for delinquent loans and
80 sold two (2) of those properties;
- 81 • Referred ten (10) incubator clients to the Economic Development Bank to
82 secure financing for their businesses;

83 Economic Development Commission

- 84 • Reviewed and analyzed seven (7) cases for public hearing including five (5)
85 new applications for economic development benefits;
- 86 • Reviewed and presented eighteen (18) applications/petitions to the EDC
87 Governing Board in consideration of granting tax incentives and other
88 amendments to beneficiary certificates;
- 89 • Presented nineteen (19) Beneficiary Petitions to the EDC Governing Board
90 for decisions;
- 91 • Completed eighteen (18) beneficiary compliance reviews;
- 92 • Performed nineteen (19) site visits to companies receiving EDC benefits;
- 93 • Conducted damaged assessments of all major hotels in the EDC Program;

94 Enterprise Zone Commission

- 95 • Conducted a rapid assessment survey of 250 hurricane damaged buildings
96 within the Enterprise Zones;
- 97 • Held the 4th annual Business-to-Business event focusing on Bed and
98 Breakfast entities within the Territory;
- 99 • Hosted the Enterprise Zone Commission Beneficiary and Stakeholder
100 Seminars in collaboration with the U.S. Small Business Administration and
101 the Federal Emergency Management Agency focusing on Client Disaster
102 Recovery;

104 Economic Development Park Corporation

- 105 • Completed a micro-grid audit at the William D. Roebuck Industrial Park and
106 obtained a proposal for a solar photovoltaic-based micro-grid facility;
- 107 • Increased tenant occupancy at both industrial parks from 75% to 89%;

108 Economic Development Authority

- 109 • Applied for \$5M in grant funding for a variety of projects; and
- 110 • In addition to working with local agencies and stakeholders, we worked in
111 collaboration with the International Economic Development Council (IEDC),
112 the Minority Business Development Agency (MBDA), the Federal
113 Emergency Management Agency (FEMA), the U.S. Economic Development
114 Administration (USEDA), the U.S. Small Business Administration (SBA), the
115 U.S. Department of Agriculture-Rural Development (USDOA), the U.S.
116 Department of Health and Human Services (HHS), the U.S. Environmental
117 Protection Agency (EPA), and the U.S. Department of Interior (DOI) for
118 economic resilience.

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120 **Fiscal Year 2019 Budget Request**

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122 Based on information received from the Office of Management and Budget
123 (OMB), the Authority is projected to receive only \$4,797,507 of its \$5,482,865
124 Fiscal Year 2018 appropriation, a shortfall of \$685,358 or 12.5%.

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126 The USVIEDA's Fiscal Year 2019 budget request is \$5,882,865, which is the same
127 level of funding requested in Fiscal Year 2018.

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129 The \$5,882,865 request is comprised of the following amounts:

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131	General Operations	\$5,482,865
132	Supplemental Marketing Funds	\$300,000
133	Supplemental Incubator Funds	<u>\$100,000</u>
134	Total	\$5,882,865

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136 You may recall that in Fiscal Year 2017, an additional \$500,000 was appropriated
137 for marketing USVIEDA programs. Of that amount, the USVIEDA received
138 \$485,000 or 85% of the allotted amount. The Authority received no supplemental
139 marketing funding in Fiscal Year 2018. Therefore, we are requesting \$300,000 in
140 supplemental marketing funds for Fiscal Year 2019, which is essential to
141 continuing our marketing activities both locally and abroad.

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143 You may also recall that in Fiscal Year 2017, an additional \$150,000 was
144 appropriated, but not allotted to support the Incubator Program and, as such, the
145 services were drastically reduced. In Fiscal Year 2018, no funds were
146 appropriated for the Incubator Program and services were further reduced. We
147 fully understand that small businesses are the backbone of the economy, thus we
148 are requesting \$100,000 to partially restore the Incubator funding to build on past
149 successes of the Program.

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151 We understand that a budget is a plan, and we intend to use the funding that we
152 are requesting to further the goals of the organization and accomplish meaningful
153 objectives in this coming year.

154 Some of these objectives include:

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- 156 1. In collaboration with public, private and non-profit organizations, work to
157 develop a 20-year comprehensive economic development plan for the
158 Territory;
- 159 2. Form public/private partnerships to attract new investments in the
160 Territory using New Market Tax Credits, Opportunity Zones, and Tax
161 Incremental Financing (TIF) funding mechanisms;
- 162 3. Begin the modernization of the economic development parks to attract a
163 wide range of tenants;
- 164 4. Increase promotion of the USVIEDA's performance bonding program to
165 help small contractors compete for local and federal jobs;
- 166 5. Continue to work with the local banks by providing guaranty support for
167 borrowers seeking business loans;
- 168 6. Continue to improve and update technology to be more efficient and
169 effective in carrying out the mandates of the Authority; and
- 170 7. Increase external investment into the Territory to continue diversifying the
171 economy.

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173 The hurricanes that devastated our Territory just a couple of months ago have
174 provided us with an opportunity to rebuild a better infrastructure and economy,
175 and as we rebuild, residents must play a vital role in this effort. Our aim,
176 therefore, is to help create an economic environment in which local businesses
177 can develop and flourish, while at the same time attract new businesses to
178 Territory with the goal of improving the standard of living for our residents. It is

179 our hope that the objectives outlined in this budget for FY 2019 will continue us
180 on that path.

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182 Thank you for your continuous support. We are available to answer your
183 questions.