VIEQUES SUSTAINABILITY TASK FORCE MEETING

NOVEMBER 14, 2014 VIEQUES, PUERTO RICO



Current conditions and needs of Vieques

The turn office 20th century marked a new beginning for the history of Vieques as of April 30, 2001 when the US Navy signed the Quit Claim deed that returned former Naval Amunition Facilities (NAF) land to the Municipal Government of Vieques and other federal, state and local agencies. On May 1, 2003 the US Navy ceased all military operations on the island and; likewise, transferred all other lands. One year later, on December 27, 2004, Estudios Técnico, Inc. completed its Master Plan for the Sustainable Economic Development of Vieques.

These events created great interest, enthusiasm and euphoria the world around as the "Crown Jewel of the Caribbean" would finally have a chance to truly shine. Yet, not much has happened in Vieques since then.



Thirteen years later, we still face the same problems on a daily basis.

- Poverty, unemployment, underemployment. In 2000, 72.2% of the Vieques population lived below the federal Poverty Standards. (we still had some direct and indirect jobs from naval operations then)
- Increased dependency on government funds (welfare)
- Higher cost of living
- Maritime transportation deterioration
- Health related issues (increased geriatric needs)
- Weak commercial activity (fleeing dollars)
- etc.

Thirteen years later, our economy has not improved significantly and although outside investments have increased, they have not occurred in a planned manner. Our Municipal Government has not seen any significant increase in its tax based income and is unable to invest in any works of infrastructure, service, security and/or maintenances of the new lands acquired by the Quit Claim Deed of 2001.



The Municipal budget for 2014-2015 as of October 30, 2014 includes:

expenditures of \$13,006,911.40 income of only \$9,963,563.54

We are operating with a current deficit of \$3,043,347.86.

Under these circumstances, the Municipal Government is unable to invest in much

needed equipment.

It is for this reason that our Mayor, Hon. Víctor M. Emeric Catarineau, requests your assistance in identifying funds to purchase equipment and/or identify state or federal agencies with surplus equipment that can be transferred to Vieques to address the key areas of services to our people.



Equipment Needed

- Equipment for garbage collection and land fill operations to meet EQB requirements.
- Equipment for maintenance of green areas in state and municipal roads.
 - Two (2) compactor trucks
 - One (1) damp truck
 - One (1) digger
 - Two (2) machete tractors
 - Prunning tractor
 - Pickup trucks

Tank truck for diesel and gasoline

- The two local total gasoline stations cannot always supply fuel needed for municipal vehicles & equipment. With this tank truck the municipality will be able to maintain a fuel reservoir and buy fuel directly from other companies in Puerto Rico.
- Septic tank truck
 - Due to a lack of sewage infrastructure on the island, many residences and businesses rely on septic tanks for their operations. The municipality does not have the appropriate equipment for emptying septic tanks of low income residents and/or schools and other government facilities.

Potable water tank truck

• Several communities in Vieques still do not have potable water and depend on the municipality for this service. At least one additional truck is needed to adequately serve these communities.

Equipment for the Municipal Emergency Management Office

- The Municipal Emergency Management Office offers the only means of response to emergency situations on the island requiring ambulance services. It has only one fully operational ambulance.
- A second one is undergoing repairs after an accident and has no air conditioning
- According to regulations of the public service commission, these vehicles' useful life (4 years) is about to expire.
- The municipality needs to acquire at least one new ambulance in addition to one compact unit for rescue operations in areas of difficult access.

In addition to the equipment mentioned above, the Municipal Government of Vieques is greatly in need of assistance for the maintenance & repair of state and local roads, grounds & bridges. While the Department of Transportation and Public works has 5 state roads on the Island (PR 200, 201, 995, 996, 997) it has only one employee in Vieques: hence, the Municipal Government had to assume the responsibility for all these roads.

The allocation of funds by DTOP for this operation was the

following:

2013-2014 \$58,000.00 2014-2015

\$53,000.00



These funds which are insufficient to cover the needs have made it necessary for the Municipal Government to assume state responsibilities and have caused an additional financial burden on the municipality.

We suggest that DTOP increase the amount of funds allotted Vieques so that it may be able to formally assume this task.

The equipment previously mentioned in this report address immediate, specific needs of the island for its day to day operations – needs that will always exist to greater or lesser degrees. Yet our greatest need which was suggested in the Master Plan for the Sustainable Economic Development of Vieques, a strategic economic Development plan has not yet been addressed.

VIEQUES 2030 Strategic Economic Development Plan

Transportation

- Classification of Vieques airport and maritime ports as international rather than regional to:
 - Facilitate greater access to goods & service reduce the dependence on the Maritime Transport Authority, as sole service provider.
 - Allow cruise ships to dock in Vieques.
 - Establish & maintain commercial, cultural & industrial ties to other Caribbean Island.
- Establish the short maritime route Vieques-Ceiba-Vieques.

Tourism

• Identify types of tourism desired agrotourism, ecotourism, mega hotels, Inns, Bed & Breakfast, etc.

Health facilities

Education

- Post secondary
- Hospitality services
- Third language classes
- Virtual universities
- Technology / telecommunications

Security/Safety

- Maritime Police
- Specialized units



Manufacturing

- Incentives for investors
- Jewelry and other value added products

Telecommunications/Technology

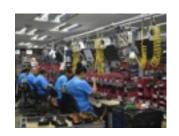
Call center

Commerce

- Strengthening local economy
- Local monetary exchange

Infrastructure

- Improving local roads
- Connecting isolated communities
- Planning the Island's Growth







Agriculture

- Exporting what we already have (mangos, spices, etc.)
- Incentives to local farmers
- Farm equipment & machinery
- Farmers market

Conservation/Environment

- Recycling
- Waste disposal alternatives

Land titles

Permits process







Upon examining our history, we will discover that Vieques was a truly autonomous Island under the term of Military Governor, Teófilo Leguillou (1832-1843). As a free port, Vieques established direct commercial contacts with other Islands & countries.



We hope to accomplish the same.

SPORTS COMPLEX

BO. LUJAN VIEQUES, PUERTO RICO



BACKGROUND

Municipality of Vieques submitted an application for a \$5 million Section 108 loan for the planning, design, development and construction of a sports facility in the Lujan Ward.

In August 1993, OCAM recommended the approval of the loan and agreed to pledge future State CDBG funds in support of Vieques' proposed project. **HUD approved the \$5 million**

Ioan in April 1994.



The Section 108 Program is a loan guarantee program, which enables the state to authorize Units of Local Government (in our case municipalities), to borrow funds to undertake large scale, capital-intensive projects. It also provides a mechanism for states to extend the impact of their CDBG Program. The maximum that can be borrowed statewide is five times the state annual allocation. The state pledges future CDBG funds as security for the loan. HUD acts as the guarantor of a 108 loan made from private market funds, promising investors that the loan will be repaid.

Throughout the course of the project development, **approximately \$10.8 million in State CDBG funds** were disbursed for the construction of the sports complex and for the repayment of the loan.

PURPOSE OF THE FACILITY

 Provide recreational activities (active and passive), to the citizens of Vieques.



DEVELOPMENT OF THE PROJECT



OCAM
recommended the
approval of the loan
and agreed to
pledge future State
CDBG funds in
support of Viegues

The municipality initiates environmental processes that were approved by the concerned agencies

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Vieques
Conservation Trust
files an action
claiming a violation
to environmental
laws and that the
project did not
considered the
impact to natural
and cultural

resources was not



Project was stopped in 2001



2003

The court reaches a settlement which prohibits the continuation of the project as designed and establishes a condition that requires notification to the plaintiffs in the event that the municipality decides to resume construction at the Site.

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AUDITS

On September 13, 2013 the Office of the Inspector General initiated an investigation of the project, issuing a final determination on March 20, 2014. Overall, the OIG questioned the \$10.8 CDBG and Sections 108 funds disbursed for the project.

Summary of findings:

- Project was not completed and is abandoned
- Supporting documents for the construction were not available for review by the Auditors
- The project has not met the national objectives of the CDBG program.

ACTIONS REQUIRED BY THE AUDIT

Submit a proposal and implementation plan for a project in the Vieques Sports Complex that will meet a CDBG national objective, without proposing the use of additional HUD funds to implement it.

Provision of supporting documentation regarding several of the amounts disbursed. In some instances these documentation also requires a determination of necessity, allow ability and reasonableness of the use of the funds.

Correction of inaccurate information in HUD's information system (Integrated Disbursement and Information System, IDIS).

SOME OF THE BARRIERS TO ADDRESS THESE RECOMMENDATIONS



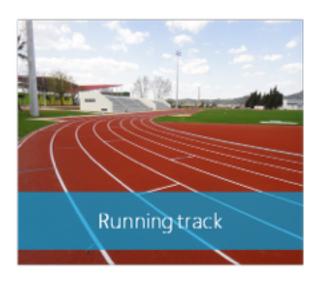
Documentation is not available

The Section 108 loan was fully paid in 2003, the records belonging to the activity are not available for review. Procedures were conducted in a different manner during that period, and some of these payments were processed manually, directly between HUD HQ and the Municipality.

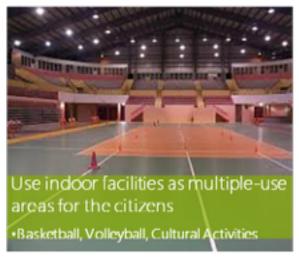
REUSE ALTERNATIVES











CITIZEN PARTICIPATION



- √The municipality recognize the importance of Citizen Participation
- √The collaboration of the citizens is necessary for the solution of the situation
- ✓A public participation strategy, including public hearings, is currently being implemented. First public hearing was conducted in November 7, 2014.

THANK YOU!

