

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 2

U.S. ENVIRONMENTAL
PROTECTION AGENCY
2011 JUN -3 P 12:10

REGIONAL HEARING
CLERK

IN THE MATTER OF:)
)
USVI Department of Health – Division of)
Environmental Health – St. Thomas &)
St. Croix)
)
Respondent)
)
Proceeding under Section 3008 of the)
Solid Waste Disposal Act, as amended)
42 U.S.C. section 6928)
_____)

Docket No. RCRA – 02-2010-7111

RESPONDENT’S RESPONSE TO PREHEARING ORDER

Comes now, the Virgin Islands Department of Health, Division of Environmental Health-St. Thomas & St. Croix, Respondent in the instant action, and files this response to Judge Gunning Prehearing Order and would show as follows:

1. Names of expert and witnesses for the Respondent:
 - a. Francine Lang, former Director of Environmental Health—Ms. Lang will testify regarding the events which are the subject of the complaint filed by the Environmental Protection Agency (“EPA”). Ms. Lang will testify that there was no on-going release of chemical pesticides when the inspection was conducted on St. Croix. She also will testify as to the conditions on St. Thomas.
 - b. Dwayne Maduro, Health Enforcement Officer, St. Thomas—Mr. Maduro will testify as to the status of the storage facility on St. Thomas and the measures that were taken when the EPA completed its clean-up action. He also will testify as to the status of the facility since the last EPA inspection in 2008.
 - c. Stevie Webster, Health Enforcement Officer, St. Croix—Mr. Webster will testify regarding the issues identified in the EPA complaint relating to St. Croix. He will testify that there was no on-going release of chemical pesticides when the inspection was conducted on St. Croix and the status of the St. Croix facility.

- d. Walter Richardson, Former Health Enforcement Officer, St. Thomas—Mr. Richardson will testify as to the status of the storage facility on St. Thomas and the measures that were taken when the EPA completed its clean-up action. He also will testify as to the status of the facility since the last EPA inspection in 2008.
- e. Vivien Ebbesen-Fludd, former Commissioner of Health—Ms. Ebbesen Fludd will testify as to the measures the Department took during her tenure as Commissioner for both St. Croix and St. Thomas relating to the storage of chemical.
- f. Julia Sheen-Aaron, former Commissioner of Health—Ms. Sheen-Aaron will testify as to what actions were taken relating to the St. Thomas and St. Croix facilities during her tenure as Commissioner as well as her tenure as Assistant Commissioner with oversight over Environmental Health.
- g. Phyllis Wallace, Deputy Commissioner of Health—Dr. Wallace will testify regarding the continuing efforts of the Department of Health relating to the storage of chemicals on both St. Thomas and St. Croix.
- h. Debra Gottlieb, Director of Office of Management and Budget—Director Gottlieb will testify as to the financial condition of the Government and its inability to pay any fines and penalties as suggested in the Complaint.
- i. Representative from Office of Management and Budget—This individual will testify about the financial condition of government and its inability to pay any fines and penalties as suggested in the Complaint.
- j. Representative from the V.I. Department of Justice –This individual would testify as to the status of the Consent Decree and Order in RCRA-02-2006-7109.

The Respondent reserves the right to amend or modify its witness list to the extent additional information becomes available to Respondent. Additionally, the Respondent reserves the right to amend, modify or call additional witnesses to respond to or rebut evidence presented by Complainant either in its response to the reply to Respondent's pre-hearing statement or as matters arise as a result of any additional evidence.

- 2. The Respondents tender the following documentary evidence which it intends to introduce into evidence at the hearing:

- a. Respondent's Exhibit 1 – Letter dated August 28, 2008 with attachments to Angel Rodriguez.
- b. Respondent's Exhibit 2 – Pollution Report dated September 15, 2008.
- c. Respondent's Exhibit 3 – Pollution Report dated May 01, 2009.
- d. Respondent's Exhibit 4 – E -mail dated September 8, 2008 from Angel Rodriguez to Department of Health, et. al.
- e. Respondent's Exhibit 5 – State of the Territory address by Governor John P. de Jongh, Jr.
- f. Respondent's Exhibit 6 – Opinion Editorial by Governor John P. de Jongh, Jr. regarding state of territory's financial situation.
- g. Respondent's Exhibit 7 – Answer to Complaint.

Respondent reserves the right to amend or supplement the list of exhibits cited herein subject notice and permission of this Court and Complainant's counsel. Respondent further reserves the right to update this prehearing exchange in order to rebut or respond to Complainant's allegations or responses arising out of the Complaint.

3. The Court has requested a statement as to the place for the hearing. Complainant has suggested Puerto Rico and relies upon 40 CFR sections 22.21(d) and 22.19(d). The Respondent offers that the hearing should be held in the place where Respondent conducts business, which is the Virgin Islands. The Respondent has a number of witnesses all of whom are located in the Virgin Islands. The Respondent anticipates that there will be at least 9 witnesses and additional personnel, including the undersigned attorney, requiring travel if the hearing is in Puerto Rico. This would cause an undue burden and financial hardship on the Government of the Virgin Islands. Airfares are approximately \$250.00 per person. Per diems would be required for food and transportation as well. The Government's case could take two days which would require hotel rooms in San Juan as well. Complainant has already indicated that their case would be approximately 2 days. This would suggest that four days would be required for the hearing. Hotel rooms in San Juan usually range in the \$150.00 - \$200.00. A conservative estimate to travel to Puerto Rico would be, at least, \$15,000.00. The Complainant's expenses would be significantly less to travel to the Virgin Islands. Therefore, the Respondent is requesting that the hearing be held in the U.S. Virgin Islands. The Virgin Islands has a number of venues that could adequately hold this hearing and would be satisfactory to all parties in this matter.
4. The Government of the Virgin Islands, Department of Health, Division of Environmental Health is not in a position to pay any fines as its financial situation is grave. The Governor in his state of the Territory has indicated that there will be a budget short-fall for fiscal year 2011 with possible lay-offs looming by June 30, 2011 of approximately 300-500 government employees. The budget projections

for fiscal year 2012 are not better and are in fact worse. The projected budget shortfall for fiscal year 2012 is \$90 million. Attached is a copy of the State of the Territory Address by the Governor of the U.S. Virgin Islands John de Jongh, Jr. as well as a copy of a recent statement dated May 1, 2011 addressing the fiscal crisis in the Virgin Islands, Respondent's Exhibits 5 & 6.

Furthermore, due to a lawsuit filed in the U.S. District Court, St. Thomas Division, *Berne vs. Government of the Virgin Islands*, the Government of the Virgin Islands was prohibited from collecting property taxes from 2005-2010. The lack of revenues from the property taxes has caused an extreme hardship on the fiscal viability of the Government requiring the Government to seek in Bill No. 28-0029 the authority from the Virgin Islands Legislature to seek a \$250 million bridge loan for operations. Although this case was resolved in 2010, the Government continues to attempt to catch-up from the years where collection of the property taxes was prohibited. Any proposed penalty will cause a significant hardship to the Department of Health and the Government of the Virgin Islands—the governmental entity ultimately responsible for the payment of any fine or penalties.

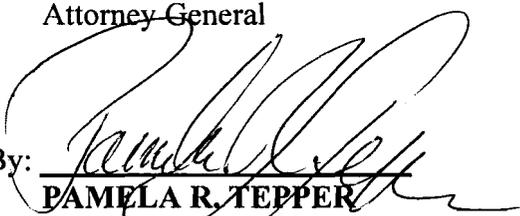
Respectfully Submitted,

VINCENT F. FRAZER, ESQ.

Attorney General

Dated: June 3, 2011

By:


PAMELA R. TEPPER

Assistant Attorney General

Department of Justice

34-38 Kronprindsens Gade

GERS Bldg., 2nd Floor

St. Thomas, VI 00802

(340) 774-5666

Attorney for the Respondent

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 3rd day of June, 2011, a copy of the Respondent's Response to Prehearing Order of the Virgin Islands Department of Health was served upon the following individuals by depositing it in the United States Mail, Express Mail , postage prepaid, at St. Thomas, VI, addressed to:

1. Karen Maples
Regional Hearing Clerk
U.S. Environmental Protection Agency, Region 2
290 Broadway, 16th Floor- Room 1631.
New, York, N.Y. 10007-1866

2. Carolina Jordan-Garcia, Esq.
Assistant Regional Counsel
U.S Environmental Protection Agency, Region 2
Caribbean Environmental Protection Division
Centro Europa Building, Suite 417
1492 Ponce De Leon Avenue
San Juan, Puerto Rico 00907

3. Honorable Barbara A. Gunning
Administrative Law Judge
U.S. Environmental Protection Agency
1099 14th Street, N.W.,
Suite 350, Franklin Court
Washington, D.C. 20005


Pamela R. Tepper

**GOVERNMENT OF
THE VIRGIN ISLANDS OF THE UNITED STATES**
—●—
VIRGIN ISLANDS DEPARTMENT OF HEALTH

OFFICE OF
THE COMMISSIONER OF HEALTH
(340) 773-1311

CHARLES HARWOOD MEMORIAL HOSPITAL
3500 RICHMOND
CHRISTIANSTED, ST. CROIX, VIRGIN ISLANDS 00820-4370

August 28, 2008

Eng. Angel O. Rodriguez
Federal On-Scene Coordinator
U.S. EPA, Region II
Enforcement and Superfund Branch
1492 Ponce de Leon Ave., Suite 417
San Juan, Puerto Rico, 00907-4127

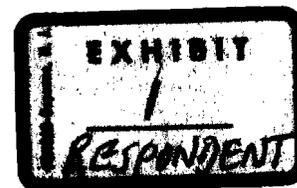
Via Facsimile – (787)289-7104 & US Mail

Dear Mr. Rodriguez:

This letter serves as The Department of Health's response to the **Notice to Responsible Party** under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and Superfund Amendments and Reauthorization Act of 1986 issued August 21, 2008 for the Department of Health chemical storage facility on St. Croix, U.S. Virgin Islands.

We are denying responsibility for the release and/or threatened release in the chemical storeroom on St. Croix. The representatives from EPA who came to this facility on August 21, 2008 did not actually inspect the integrity of the container of calcium hypochlorite named "Pittclor", but rather observed that it was inches away from another, cracked container, and the pallet both containers were on showed evidence of past spillage. On August 22, 2008 Director Lang and Officer Stevie Webster of the Division of Environmental Health verified the integrity of the calcium hypochlorite container had not been breached and attempted to contact the EPA representatives to have them return to the site in order to confirm what was discovered. Additionally, it was discovered that the second container that was allegedly leaking contained an inert substance named "Scatter" (MSDS attached). It is a dry absorbent earthen granular medium that is used to deodorize and desiccate dead animal carcasses. However, since the container is cracked we plan to re-pack those granules into another container and properly label the new container.

In compliance with the August 28th deadline outlined in your Notice, we are providing this explanation as a denial of any ongoing uncontrolled release from leaking containers at this storage facility on St. Croix. Based upon our investigation, a chemical interaction did not occur between the above identified containers.



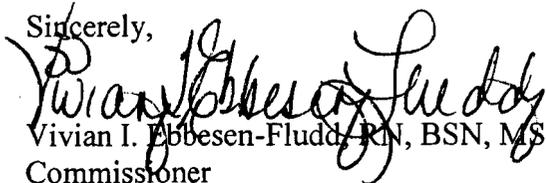
However, we do accept that the condition of the storeroom is deplorable. We will be utilizing the services of the V.I. HAZMAT Team Leader (HTL) to assist in conducting the inventory of the chemicals and assist in developing proper storage protocols for the chemicals in the storeroom. Once that is complete we will submit a report along with the attachments and photographs. Any expired chemicals will be disposed of via a certified hazardous waste disposal company. If the Pittclor is still within its useful life, we plan to contact the V.I. Dept. of Sports and Recreation to offer them the Pittclor for use in the public swimming pool. We will also replace the stained pallet with a new one and dispose of the stained pallet as directed by the V.I. Waste Management Authority. Additionally, the non-chemical items will be removed and stored elsewhere or disposed.

We are awaiting the assessment of the HTL in order to schedule this activity. We estimate that it will take approximately one week and are working on the arrangements since this person will have to be re-assigned from their primary job. We should be able to complete this task by September 30, 2008.

If you have any questions, input or clarification is needed on this matter please do not hesitate to contact Ms./ Francine Lang, Director of Environmental Health at; Tel: 9340)773-1311 Ext. 3280 or myself at: Tel (340) 773-6551 (STX)/774-0117 (STT); Fax: (340) 773-9161 (STX)/777-4001 (STT); and or Email: CommissionerFludd@usvi-doh.org.

The continued assistance, understanding and support of you and your agency is truly appreciated.

Sincerely,



Vivian I. Ebbesen-Fludd, RN, BSN, MS
Commissioner

Cc: F. Lang, Director of Environmental Health ✓
J. Casey, EPA-VI Coordinator

Attachments (1): Photograph of Scatter container
(2): MSDS for Scatter
(3) Photographs (2) of Pittclor container
(4) MSDS of Pittclor

MATERIAL SAFETY DATA SHEET

MotherEarth™ Granular Scatter Bait

EMERGENCY PHONE NUMBERS:

MEDICAL: 800-225-3320 (Prosar)

TRANSPORTATION: 800-424-9300 (Chemtrec)

SECTION 1. PRODUCT AND COMPANY IDENTIFICATION

Product Name: MotherEarth™ Granular Scatter Bait
EPA Reg. No.: 499-515
Product Code(s): 02-0716 (4 x 4 lbs), 02-0717 (1 x 40 lbs)
EPA Signal Word: CAUTION
Distributed by: Whitmire Micro-Gen Research Laboratories, Inc
 3568 Tree Court Industrial Blvd.
 St. Louis MO 63122-6682

SECTION 2. COMPOSITION / INFORMATION ON INGREDIENTS

COMPOSITION INFORMATION

| ACTIVE INGREDIENT (5.0%) | % | CAS NO. |
|--------------------------|-----|------------|
| Boric Acid | 5.0 | 10043-35-3 |

OTHER INGREDIENTS* (95.0%)

* All ingredients may not be listed. Ingredients not listed do not meet the reporting requirements of the OSHA Hazard Communication Standard (HCS) as specified in 29 CFR 1910.1200

EXPOSURE INFORMATION

| MATERIAL | OSHA PEL | | ACGIH TLV | |
|------------|----------|----------------------|-----------|----------------------|
| | STEL | TWA | STEL | TWA |
| Boric Acid | NE | 10 mg/m ³ | NE | 10 mg/m ³ |

SECTION 3. HAZARDS IDENTIFICATION

SIGNS/SYMPTOMS OF EXPOSURE

Harmful if absorbed through skin. Causes moderate eye irritation.

ROUTES OF ENTRY

Primary: Skin **Secondary:** Ingestion **Tertiary:** Inhalation

HAZARDOUS DECOMPOSITION PRODUCTS

If involved in fire, toxic gases including carbon monoxide and carbon dioxide, toxic dust and smoke may be generated.

UNUSUAL FIRE, EXPLOSION AND REACTIVITY HAZARDS

Boric acid reacts with strong reducing agents, such as metal hydrides or alkali metals, will generate hydrogen gas, which could create an explosive hazard.

SECTION 4. FIRST AID MEASURES

Have the product container or label with you when calling a poison control center or doctor or going for treatment. Describe any symptoms and follow the advice given.

Eye Contact: Hold eyes open and rinse slowly and gently with water for 15 - 20 min. Remove contact lenses, if present, after the first 5 min, then continue rinsing eyes. Call a poison control center or doctor for treatment advice.

Skin Contact: Take off contaminated clothing. Rinse skin immediately with plenty of water for 15 - 20 min. Call a poison control center or doctor for treatment advice.

Ingestion: Call a poison control center or doctor immediately for treatment advice. Have person sip a glass of water if able to swallow. Do not induce vomiting unless told to do so by the poison control center or doctor. Do not give anything by mouth to an unconscious person.

Inhalation: Move person to fresh air. If person is not breathing, call 911 or an ambulance, then give artificial respiration, preferably by mouth-to-mouth, if possible. Call a poison control center or doctor for further treatment advice.

Note to Physician: None

Medical Conditions Generally Aggravated by Exposure: None known

Emergency Telephone Number of Prosar: 800-225-3320 (for medical emergencies)

SECTION 5. FIRE FIGHTING MEASURES

FIRE AND EXPLOSION

Flash Point (TCC): NE

Explosibility Limits in Air (% by volume):

Lower (LEL) = NE Upper (UEL) = NE

NFPA 30B Flammability: NA

UNUSUAL FIRE, EXPLOSION AND REACTIVITY HAZARDS

Boric acid reacts with strong reducing agents, such as metal hydrides or alkali metals, will generate hydrogen gas, which could create an explosive hazard.

IN CASE OF FIRE

Extinguisher Media: CO₂, Dry Chemical, Water, Foam

Special Fire Fighting Procedures: Respiratory protection is recommended for fire fighters. Excessive use of water may create excess run-off water which may lead to contamination of the environment. Follow environmental and personal safety precautions noted for spill or leak.

SECTION 6. ACCIDENTAL RELEASE MEASURES

IN CASE OF SPILL OR LEAK

Spilled material should be carefully collected and containerized in a manner that produces the least amount of airborne dust. Residual surface material may be removed with towels moistened with water.

This product contains no Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) listed chemicals. Releases of this product are NOT reportable to the National Response Center.

Emergency Telephone Number of Chemtrec: 800-424-9300 (for transportation spills)

PROTECTIVE EQUIPMENT FOR CLEANUP PERSONNEL

Eyes: Use proper protection - safety glasses are recommended.

Skin: Wear chemical-resistant gloves. (Good practice requires that gross amounts of any chemical be removed from the skin as soon as practical, especially before eating or smoking.)

Inhalation: Use of a respirator may be appropriate when working with spills in enclosed or confined spaces. When using a respirator, wear a NIOSH approved respirator with an organic vapor (OV) cartridge or canister with any R or P prefilter. See 29 CFR 1910.134 for respiratory protection, training and testing requirements.

WASTE DISPOSAL METHOD

Do not contaminate water, food or feed by storage or disposal of wastes. Take full or leaking containers to a local disposal company for biological treatment or incineration. Review all local, state, and federal regulations concerning health and pollution to determine approved disposal procedures. NEVER PLACE WASTES DOWN ANY INDOOR OR OUTDOOR DRAIN OR SEWER.

SECTION 7. HANDLING AND STORAGE

HAZARDS TO HUMANS AND DOMESTIC ANIMALS

Keep out of reach of children. CAUTION - Harmful if absorbed through the skin. Causes moderate eye irritation. Avoid contact with eyes, skin or clothing. Wash hands before eating, drinking, chewing gum, using tobacco or using the toilet.

STORAGE

Do not contaminate water, food or feed by storage. Store in a cool, dry area. Do not store where children or animals may gain access. Keep container tightly closed.

SECTION 8. EXPOSURE CONTROL / PERSONAL PROTECTION

PERSONAL PROTECTIVE EQUIPMENT (PPE)

Respiratory Protection: None required when used according to label direction

MATERIAL SAFETY DATA SHEET

MotherEarth™ Granular Scatter Bait

Protective Gloves: Chemical-resistant or waterproof gloves are recommended if prolonged or repeated skin contact is likely. (Good practice requires that gross amounts of any chemical be removed from the skin as soon as practical, especially before eating or smoking.)

Eye Protection: Use proper protection – safety glasses are recommended.

Other Protective Equipment: Long sleeved shirt, long pants and shoes plus socks.

VENTILATION

Local Exhaust: None required

Mechanical: None required

Special: None required

Other: None required

SECTION 9. PHYSICAL AND CHEMICAL PROPERTIES

Appearance: Tan/yellow granule

Solubility in Water: Insoluble

Viscosity: NA

Boiling Point: NA

pH: 6.1 @ 75°F

Odor: Faint corn odor

Vapor Pressure: NA

Vapor Density: NA

Freezing/Melting Point: NE

Density: 0.6169 g/cm³

SECTION 10. STABILITY AND REACTIVITY

REACTIVITY

Stability: Stable under normal conditions

Conditions to Avoid: None known

Incompatibility (Material to Avoid): Boric acid may cause corrosion of base metals.

Hazardous Polymerization: Will not occur

HAZARDOUS DECOMPOSITION PRODUCTS

If involved in fire, toxic gases including carbon monoxide and carbon dioxide, toxic dust and smoke may be generated.

SECTION 11. TOXICOLOGICAL INFORMATION

ROUTES OF ENTRY

Primary: Skin

Secondary: Ingestion

Tertiary: Inhalation

ACUTE

Eyes: Avoid dust contact with eyes. May cause eye irritation.

Skin: May be irritating to skin. Acute dermal LD₅₀ > 2,000 mg/kg (rabbits). Product is not a sensitizer when tested on guinea pigs.

Ingestion: Acute oral toxicity LD₅₀ > 5,000 mg/kg (rats).

Inhalation: Breathing dust may cause irritation of nose and throat. Bait particles are not respirable. The product does not represent an inhalation hazard.

CHRONIC / CARCINOGENICITY

Neither this product nor any of its ingredients are classified as carcinogens by the National Toxicity Program (NTP), the International Agency for Research on Cancer (IARC) or the Occupational Safety and Health Administration (OSHA).

SECTION 12. ECOLOGICAL INFORMATION

Do not apply directly to water, to areas where surface water is present, or to intertidal areas below the mean high watermark. Do not contaminate water when disposing of equipment washwaters or rinsate.

SECTION 13. DISPOSAL CONSIDERATION

Do not contaminate water, food or feed by disposal of container or waste. Dispose of container and waste in accordance with all federal, state and local regulations.

Container Disposal: Empty container by using the product according to the label directions. Do not reuse container! Offer empty container for recycling, if available, or place in trash if allowed by state and local regulations. If container is partly full, contact your local solid waste agency or call 1-800-CLEANUP for disposal instructions. NEVER PLACE UNUSED PRODUCT DOWN ANY INDOOR OR OUTDOOR DRAIN!

Waste Disposal: Wastes resulting from the use of this product may be disposed of on site or at an approved waste disposal facility. NEVER PLACE WASTE DOWN ANY INDOOR OR OUTDOOR DRAIN OR SEWER!

SECTION 14. TRANSPORT INFORMATION

This product is not regulated for transportation via any mode of transport.

SECTION 15. REGULATORY INFORMATION

CERCLA

This product contains no CERCLA listed chemicals.

SARA TITLE III SECTION 311/312 HAZARD CLASS

This product has been reviewed according to the EPA "Hazard Categories" promulgated under Section 311 and 312 of the Superfund Amendment and Reauthorization Act of 1986 (SARA Title III) and is considered, under applicable definitions, to meet the following categories:

Immediate Health Hazard

SARA TITLE III SECTION 313 CHEMICALS

This product contains no substances subject to the reporting requirements of Section 313 of the Superfund Amendments and Reauthorization Act of 1986 (SARA Title III) or 40 CFR Part 372 in concentrations above the de minimus concentration level.

TSCA

All components of this product are listed or excluded from listing on the US Toxic Substance Control Act (TSCA) Chemical Substance Inventory.

SECTION 16. OTHER INFORMATION

NFPA HEALTH RATING INFORMATION

HEALTH - 1 FLAMMABILITY - 1 REACTIVITY - 0

HMIS HAZARD RATING INFORMATION

HEALTH - 1 FLAMMABILITY - 1 REACTIVITY - 0

KEY: 4 = Severe
3 = High
2 = Moderate
1 = Slight
0 = Minimal

The information and recommendations contained herein are based upon data believed to be correct. However, no guarantee or warranty of any kind, expressed or implied, is made with respect to the information contained herein. For automatic MSDS updates, register at www.wmmg.com.

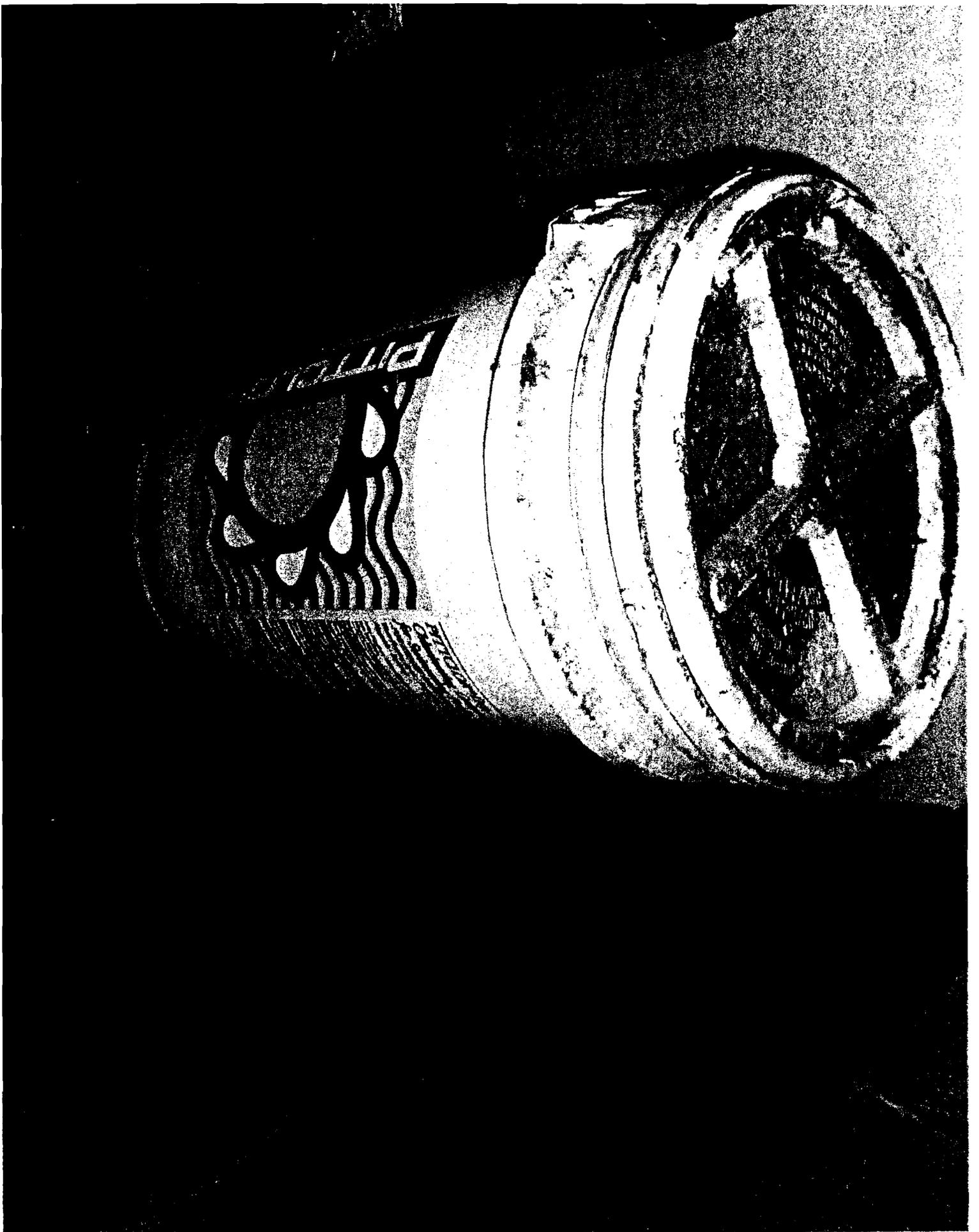
Questions concerning the safe handling of the product should be referred to the Whitmire Micro-Gen Customer Service Department at 800-777-8570.

NA - Not Applicable
NE - Not Established
PEL - Permissible Exposure Limit
TLV - Threshold Limit Value
STEL - Short Term Exposure Limit (15 min)
TWA - Time Weighted Average (8 hr)

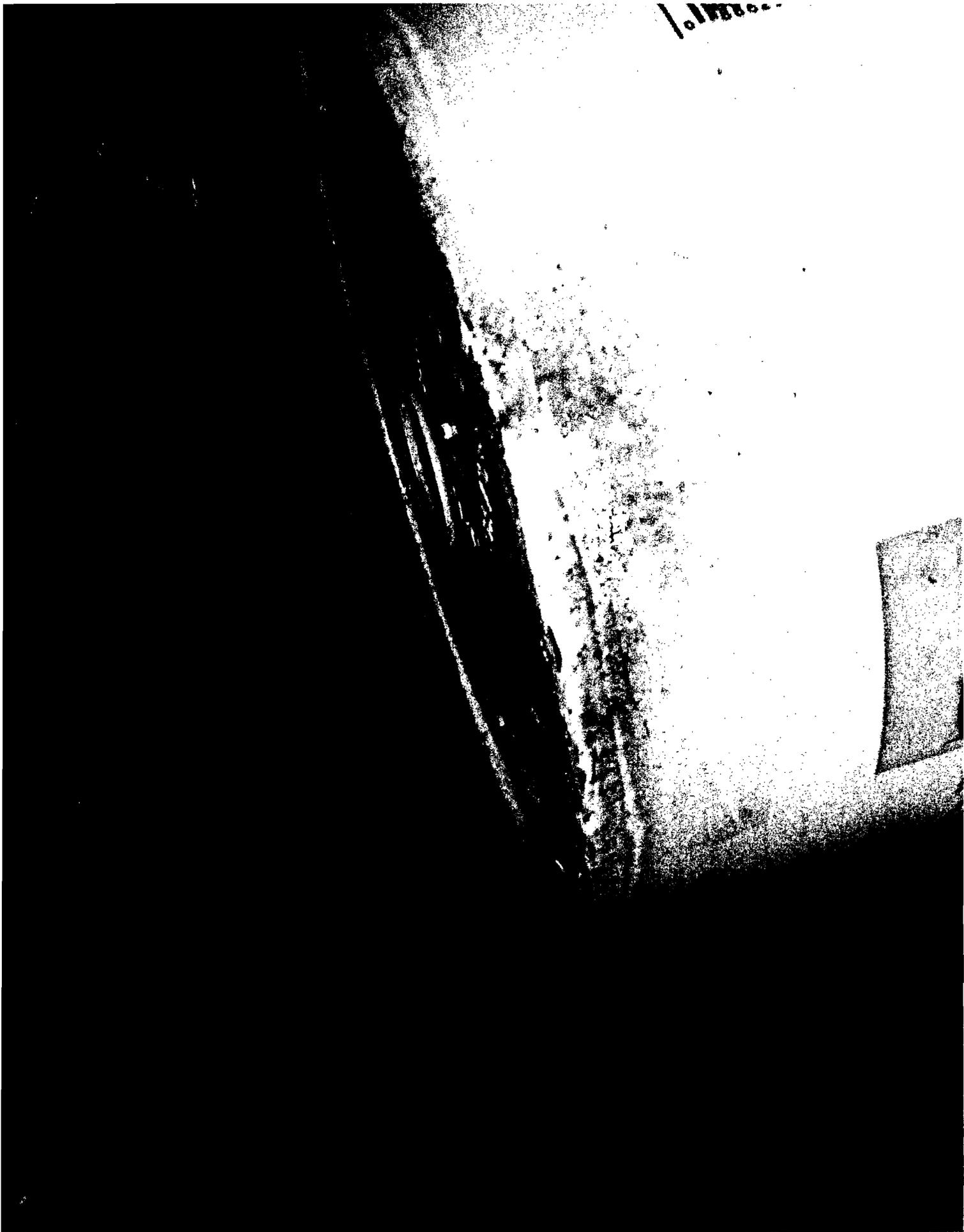


WHITMIRE MICRO-GEN
RESEARCH LABORATORIES, INC.

Effective Date: 11/27/06
Review Date: NA
Supersedes: NA
Text ID: 061207-1
Code #: 224-089
Part No.: 19-0220-01



10/18/80



PPG INDUSTRIES,INC. -- PITTCLOR, CALCIUM HYPOCHLORITE GRANULAR -- 6810-00-242-4770

===== Product Identification =====

Product ID:PITTCLOR, CALCIUM HYPOCHLORITE GRANULAR

MSDS Date:03/01/1989

FSC:6810

NIIN:00-242-4770

MSDS Number: BDMTS

=== Responsible Party ===

Company Name:PPG INDUSTRIES,INC.

Address:ONE PPG PLACE

City:PITTSBURGH

State:PA

ZIP:15272

Country:US

Info Phone Num:412-434-3131

Emergency Phone Num:304-843-1300

Preparer's Name:R. KENNETH LEE

CAGE:GO796

=== Contractor Identification ===

Company Name:PPG INDUSTRIES INC CHEMICAL DIVISION

Address:ONE GATEWAY CENTER

City:PITTSBURGH

State:PA

ZIP:15222-1416

Country:US

Phone:304-843-1300

CAGE:93915

Company Name:PPG INDUSTRIES,INC. COATINGS TRESINS DIV.

Address:1 PPG PL

City:PITTSBURGH

State:PA

ZIP:15272

Country:US

CAGE:GO796

===== Composition/Information on Ingredients =====

Ingred Name:CALCIUM HYPOCHLORITE (SARA III)

CAS:7778-54-3

RTECS #:NH3485000

Fraction by Wt: 65%

EPA Rpt Qty:10 LBS

DOT Rpt Qty:10 LBS

Ingred Name:INERTS

Fraction by Wt: 35%

===== Hazards Identification =====

Effects of Overexposure:SKIN/EYES: CORROSIVE,BURNS,DUST IN EYES-POSS
BLINDNESS. INH: DUST- IRRIT,BURNS; IN LUNGS TOX,FATAL

===== First Aid Measures =====

First Aid:INH: PRODUCT IS GRANULAR,DUST UNLIKELY. REMOVE TO FRESH AIR.
IF NEC GIVE ARTIF RESP. DIFFICULT BRTHNG - GIVE OXYGEN. CALL MD.

SKIN/EYE: FLUSH W/ PLENTY OF WATER AT LEAST 15 MIN. REMOVE CONTAM CLOTHING . GET IMMED MEDIC ATTN. INGEST: (SEE SUPP DATA)

=====
===== Fire Fighting Measures =====

Flash Point:NONE

Extinguishing Media:WATER ONLY; SMOTHERING INEFT, PROD SUPPLIES OWN OXYGEN.

Fire Fighting Procedures:WEAR NIOSH/MSHA APPRV PRESS DEMAND SELF-CONT BRTH APPARATUS

Unusual Fire/Explosion Hazard:DECOMPOSES @ 180C LIBERATING CHLORINE GAS; CONTAINERS MAY RUPTURE.

=====
===== Accidental Release Measures =====

Spill Release Procedures:USE EXTEEME CAUTION IN HANDLING SPILLED MATERIAL. CONTAM W/ ORGANIC OR COMBUST MARTL MAY CAUSE FIRE OR VIOLENT DECOMP. IF FIRE OR DECOMP OCCURS W/ SPILL IMMED DOUSE W/ CLEAN, DRY SHOVEL & BROOM & DISSO LVE IN WATER.

=====
===== Handling and Storage =====

Handling and Storage Precautions:DO NOT GET IN EYES, ON SKIN OR CLOTHING. KEEP IN ORIGINAL CONTAINER IN COOL, DRY PLACE. KEEP CONTAINER CLSD WHEN NOT IN USE. KEEP FROM IGNIT SOURCES.

Other Precautions:DO NOT SMOKE. USE ONLY A CLEAN, DRY SCOOP OF METAL OR PLASTIC EACH TIME MATERIAL TAKEN FROM CONTAINER. ADD MATRL ONLY TO WATER. WASH HANDS AFTER USING. DO NOT REUSE CONTAINER, FLUSH CANS W/H*20

=====
===== Exposure Controls/Personal Protection =====

Respiratory Protection:IF DUSTY, NIOSH/MSHA APPRVD RESP W/ ACID GAS CARTRIDGE/DUST PREFILTER

Ventilation:MFR RECM NONE UNLESS DUSTY CONDITIONS ARE ENCOUNTERED

Protective Gloves:NATRL/SYNTH RUB

Eye Protection:CHEMICAL SAFETY GOGGLES

Other Protective Equipment:EYE-WASH FOUNTAIN, SAFETY SHOWER, PROT CLOTH, EQUIP (SUPP DATA)

Supplemental Safety and Health

INGEST: SEVERE BURNS TO DIGEST TRACT, POSS FATAL. IF CONSCIOUS GIVE MILK SOAKED BREAD THEN OLIVE OR COOKING OIL. DO NOT INDUCE VOMIT. TAKE IMMED TO MD. PROT EQUIP LAW 29CFR1910.133 & 1910.132.

=====
===== Physical/Chemical Properties =====

HCC:D1

Boiling Pt:B.P. Text:SUPP DATA

Spec Gravity:0.98

pH:SUPDAT

Solubility in Water:217 G/L@27C

Appearance and Odor:WHITE POWDER W/ SLIGHT CHLORINE ODOR

=====
===== Stability and Reactivity Data =====

Stability Indicator/Materials to Avoid:NO

ACIDS, COMBUSTIBLE MATERIALS, ORGANICS, REDUCING AGENTS

Stability Condition to Avoid:ANY CONTAM (ESPECIALLY COMBUST MATRL) OR EXCESSIVE HEAT

Hazardous Decomposition Products:ACIDS, AMMONIA CONTAM, EXCESSIVE HEAT

RELEASES GAS

===== Disposal Considerations =====

Waste Disposal Methods:CALCIUM HYPOCHLORITE WHICH IS SWEEP UP &
DISSOLVED INWATER SHOULD BE IMMED USED IN NORMAL APPLIC. IF THIS
NOT POSS CAREFULLY NEUTRALIZE DISSOLVED MARTL BY ADDING HYDROGEN
PEROXIDE (ONE PINT 35% SOLUTI ON PER POUND OF CALCIUM
HYPOCHLORITE, THEN DILUTE.

Disclaimer (provided with this information by the compiling agencies):
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**United States Environmental Protection Agency
Region II
POLLUTION REPORT**

Date: Monday, September 15, 2008
From: Jeff M. Bechtel, On Scene Coordinator

To: Beckett Grealish, USEPA Region 2, ERRD, Jeff M Bechtel, US EPA
 RAB
 James Daloia, USEPA, Region 2, ERRD- Eric Mosher, USEPA , Region 2, ERRD-
 RPB RPB
 Tim Grier, USEPA Headquarters 5202G Mary Mears, USEPA, Region 2, PAD
 John LaPadula, USEPA, Region 2 ERRD- Paul Zammit , USEPA Region 2 OIG
 NYRB
 Carl Soderberg , USEPA Region 2 CEPD Gregory Hogue, Department of Interior
 Jim Casey, US EPA Francine Lang, VI DOH
 Jose Font, US EPA

Subject: VIDOH Malathion Site
 VI DOH St Thomas
 Old Municipal Facility, Charlotte Amalie, St Thomas, VI
 Latitude: 18.3451
 Longitude: -64.92603

| | | | |
|--------------------------|----------------|----------------------------|----------------|
| POLREP No.: | 1 | Site #: | LR |
| Reporting Period: | 9/4 - 15/ 2008 | D.O. #: | 0010 |
| Start Date: | 9/4/2008 | Response Authority: | CERCLA |
| Mob Date: | 9/4/2008 | Response Type: | Time-Critical |
| Completion Date: | | NPL Status: | Non NPL |
| CERCLIS ID #: | | Incident Category: | Removal Action |
| RCRIS ID #: | | Contract # | EP-S2-05-01 |



Site Description

The US Environmental Protection Agency's (EPA) Response and Prevention Branch conducted a CERCLA removal action to remove a quantity of pesticides and unknown chemicals from a facility belonging to the US Virgin Islands Department of Health (DOH), Division of Environmental Health (DEH) on St. Thomas, USVI.

This removal action was prompted by an inspection by EPA on August 20, 2008 at the Old Municipal Facility in Charlotte Amalie. EPA's VI Coordinator responded to the site on August 21, 2008 along with EPA's Response and Prevention Branch (RPB) personnel and met with the Director of DEH, and toured the outside of the chemical storage facility. Upon opening the door to the facility, EPA detected a strong odor of pesticides. EPA was informed that the storage building contained chemicals from as long as ten years ago. It was also indicated that some of the containers were corroded and missing labels. This portion of the building is considered abandoned by the DOH.

There are a number of sensitive populations surrounding the site in close proximity. These include
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a pre-school, Head Start, and a day care service housed in the adjoining Department of Human Services facility as well as the Lionel Robert Stadium, the Winston Raymo Recreation Center, and the DOH employees.

Current Activities

EPA issued a CERCLA Notice to the DOH as the Responsible Party on August 21, 2008 and indicated that the DOH should procure the services of a certified cleanup contractor and proceed with a materials removal action. EPA also made a commitment to assist DOH in realizing the materials removal action.

In keeping with the promise to assist DOH, EPA's RPB personnel toured the site again on September 4, 2008 and observed that conditions had not changed regarding the storage of chemicals and the release of materials within the building.

EPA observed the presence of two 55 gallon drums of 100% minerals oils, one 30 gallon drum of 5% pyrethrin based insecticide, one 5 gallon pail of deodorizer known as Sentrous, one empty 5 gallon pail, 3 cans of spray paint and two 50 pound cans of military grade bleaching agent (calcium hypochlorite).

EPA observed stained wooden pallets and carpeting. A corroded hole in the top of the one bleaching agent container offered a view of the bagged powder inside. Chlorine gas readings taken at the opening with a Draeger CMS unit indicated 1.14 ppm.

In view of the inability of the VI Fire Service's Hazmat Team to stabilize the site in a timely manner and the extent of time that it would take the DOH to procure a contractor for that purpose, coupled with department's financial constraints and the susceptibility of the materials to hurricane damage, EPA decided to perform the cleanup.

On September 4, 2008, EPA verbally authorized funding for the materials removal action at the DOH's St. Thomas facility.

EPA held a conference call with the Commissioner of the DOH and informed her of EPA's intention to conduct a removal action at the facility. A letter commemorating EPA's intent to perform the cleanup was sent to the Commissioner on September 10, 2008.

An access agreement was signed by the Commissioner on September 5, 2008.

EPA commenced site activities on September 8, 2008.

The two drums of 100% minerals oils and the one drum of insecticide were cleaned off and deemed suitable for shipment, the two containers of calcium hypochlorite were overpacked into one drum, the cans of spray paint were expended on site and the one pail of Sentrous deodorizer was overpacked into one drum. The contents of one truck mount spray apparatus were transferred into one drum. The empty containers were disposed of on the island.

The contaminated carpeting, debris and spent PPE were placed into two super sacks.

The interior walls and floor were washed down to remove residual pesticides.

All of the waste stream were sampled and the samples were shipped to Pace Analytical in Puerto Rico on September 15, 2008.

The waste streams were secured on site pending disposal.

The site was demobilized on September 15, 2008.

Planned Removal Actions

Containerize all waste streams into DOT approved containers for off island disposal.

Collect samples of waste streams and procure lab for disposal analysis. Ship samples to lab.

Decon interior building floors & walls.

Secure waste streams on site and coordinate disposal.

Next Steps

Review of the sample analysis.

Solicitation of bids for off site disposal.

Shipment of the materials off site for disposal.

Key Issues

In 1998 EPA conducted a cleanup of pesticides from the exact same facility for the DOH.

Failure to develop and adhere to a pesticide storage and handling plan over the interim ten years led to the recurrence of this problem.

In addition, the lack of an effective respiratory protection program limits the ability of DOH personnel to mitigate pesticide spills.

Estimated Costs *

| | Budgeted | Total To Date | Remaining | % Remaining |
|-----------------------------|--------------|---------------|--------------|-------------|
| Extramural Costs | | | | |
| ERRS - Cleanup Contractor | \$200,000.00 | \$25,785.00 | \$174,215.00 | 87.11% |
| Intramural Costs | | | | |
| USEPA - Direct (Region, HQ) | \$25,000.00 | \$7,575.00 | \$17,425.00 | 69.70% |
| USEPA - InDirect | \$25,000.00 | \$3,670.00 | \$21,330.00 | 85.32% |
| Total Site Costs | | | | |
| | \$250,000.00 | \$37,030.00 | \$212,970.00 | 85.19% |

* The above accounting of expenditures is an estimate based on figures known to the OSC at the time this report was written. The OSC does not necessarily receive specific figures on final payments made to any contractor(s). Other financial data which the OSC must rely upon may not

be entirely up-to-date. The cost accounting provided in this report does not necessarily represent an exact monetary figure which the government may include in any claim for cost recovery.

epaosc.net/VIDOHSTT

**United States Environmental Protection Agency
Region II
POLLUTION REPORT**

Date: Friday, May 01, 2009**From:** Jeff M. Bechtel

To: Beckett Grealish, USEPA Region 2, ERRD, Jeff M Bechtel, US EPA
RAB
James Daloia, USEPA, Region 2, ERRD-RPB
Tim Grier, USEPA Headquarters 5202G
John LaPadula, USEPA, Region 2 ERRD-NYRB
Gregory Hogue, Department of Interior
Francine Lang, VI DOH

Eric Mosher, USEPA , Region 2, ERRD-RPB
Mary Mears, USEPA, Region 2, PAD
Carl Soderberg , USEPA Region 2 CEPD
Jim Casey, US EPA
Jose Font, US EPA

Subject:

VI DOH St Thomas
Old Municipal Facility, Charlotte Amalie, St Thomas, VI
Latitude: 18.3451000
Longitude: -64.9260300

| | | | |
|--------------------------|-------------------------------------|----------------------------|-------------------|
| POLREP No.: | 2 | Site #: | LR |
| Reporting Period: | September 16, 2008 - April 22, 2009 | D.O. #: | 0010 |
| Start Date: | 9/4/2008 | Response Authority: | CERCLA |
| Mob Date: | 9/4/2008 | Response Type: | Time-Critical |
| Demob Date: | 4/22/2009 | NPL Status: | Non NPL |
| Completion Date: | 5/1/2009 | Incident Category: | Removal Action |
| CERCLIS ID #: | | Contract # | EP-S2-05-01 |
| RCRIS ID #: | | | |

Site Description

The US Environmental Protection Agency's (EPA) Response and Prevention Branch conducted a CERCLA removal action to remove a quantity of pesticides and unknown chemicals from a facility belonging to the US Virgin Islands Department of Health (DOH), Division of Environmental Health (DEH) on St. Thomas, USVI.

This removal action was prompted by an inspection by EPA on August 20, 2008 at the Old Municipal Facility in Charlotte Amalie. EPA's VI Coordinator responded to the site on August 21, 2008 along with EPA's Response and Prevention Branch (RPB) personnel and met with the



9/30/2009 17:04

Director of DEH, and toured the outside of the chemical storage facility. Upon opening the door to the facility, EPA detected a strong odor of pesticides. EPA was informed that the storage building contained chemicals from as long as ten years ago. It was also indicated that some of the containers were corroded and missing labels. This portion of the building is considered abandoned by the DOH.

There are a number of sensitive populations surrounding the site in close proximity. These include a pre-school, Head Start, and a day care service housed in the adjoining Department of Human Services facility as well as the Lionel Robert Stadium, the Winston Raymo Recreation Center, and the DOH employees.

Current Activities

The analytical data of the waste stream samples was received and reviewed in November 2008.

The disposal bid was awarded in February 2009.

The disposal timeline was delayed by EPA while evaluating the possibility of combining this disposal with that of another site.

EPA resumed site activities on April 16, 2009.

ERRS labeled the waste streams, loaded them into an intermodal container box and blocked/braced them for maritime shipment.

The waste streams were removed from the site on April 21, 2009 and subsequently shipped off island via VI Regulated Waste and Crowley Liner Services to the Perma Fix disposal facility in Valdosta, Georgia.

The site was demobilized on April 22, 2009.

The waste streams were accepted into the disposal facility on May 1, 2009 which completes this removal action.

Planned Removal Actions

Containerize all waste streams into DOT approved containers for off island disposal.

Collect samples of waste streams and procure lab for disposal analysis. Ship samples to lab.

Decon interior building floors & walls.

Secure waste streams on site and coordinate disposal.

Next Steps

None.

Key Issues

In 1998 EPA conducted a cleanup of pesticides from the exact same facility for the DOH.

Failure to develop and adhere to a pesticide storage and handling plan over the interim ten years led to the recurrence of this problem.

In addition, the lack of an effective respiratory protection program limits the ability of DOH personnel to mitigate pesticide spills.

Estimated Costs *

| | Budgeted | Total To Date | Remaining | % Remaining |
|-----------------------------|--------------|---------------|--------------|-------------|
| Extramural Costs | | | | |
| ERRS - Cleanup Contractor | \$200,000.00 | \$90,474.00 | \$109,526.00 | 54.76% |
| Intramural Costs | | | | |
| USEPA - Direct (Region, HQ) | \$25,000.00 | \$13,800.00 | \$11,200.00 | 44.80% |
| USEPA - InDirect | \$25,000.00 | \$11,783.00 | \$13,217.00 | 52.87% |
| Total Site Costs | | | | |
| | \$250,000.00 | \$116,057.00 | \$133,943.00 | 53.58% |

* The above accounting of expenditures is an estimate based on figures known to the OSC at the time this report was written. The OSC does not necessarily receive specific figures on final payments made to any contractor(s). Other financial data which the OSC must rely upon may not be entirely up-to-date. The cost accounting provided in this report does not necessarily represent an exact monetary figure which the government may include in any claim for cost recovery.

Disposition of Wastes

Transporter #1: VI Regulated Waste Management VI0000597823
 Transporter #2: Crowley Liner Services, Inc. PRD090559360
 Disposal Facility: Perma Fix of South Georgia GAD093380814

| Waste Stream | Quantity | Manifest # | Disposal Facility |
|---|---------------|------------|-------------------|
| RQ Waste Flammable Liquid, NOS | 140 gallons | 005060315 | Perma Fix |
| RQ Hazardous Waste Solid, NOS | 2 cubic yards | 005060315 | Perma Fix |
| RQ Hazardous Waste Liquid, NOS | 55 gallons | 005060312 | Perma Fix |
| RQ Waste Calcium Hypochlorite Mixture, Dry | 55 gallons | 005060312 | Perma Fix |
| RQ Environmentally Hazardous Substance, Liquid, NOS | 85 gallons | 005060312 | Perma Fix |

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Lang, Francine

From: Rodriguez.Angel@epamail.epa.gov
Sent: Thursday, August 28, 2008 4:40 PM
To: Commissioner Vivian Ebbesen-Fludd
Cc: Lang, Francine; Iglesias.Ariel@epamail.epa.gov; Casey.Jim@epamail.epa.gov; Font.Jose@epamail.epa.gov; Bechtel.Jeff@epamail.epa.gov

Dear Commissioner Ebbesen-Fludd:

We received your timely response to the Field Notice of Federal Interest (FNFI) for the ST. Thomas DOH site yesterday, August 27, 2008.

We read your response, which included DOH's request for a time extension to comply with the FNFI and we fully understand your current situation pertaining to not being able to secure the site due to the possible existence of a reactive substance (namely shock sensitive) in the DOH warehouse we are trying to address.

We are dispatching Mr. Jeff Bechtel, EPA On Scene Coordinator stationed in Edison, New Jersey to St. Thomas and he will be scheduling a meeting with Ms. Francine Lang upon arrival. He will also continue to manage the FNFI to its completion, and your request for a time extension is already fully noticed.

EPA is currently programmed to or has planned to assist DOH by handling the problems of concern in the St. Thomas DOH warehouse, which may include site stabilization, and disposal of wastes from the site.

Please be advise EPA may pursue reimbursement for clean-up costs upto three (3) times and as such we recommend you communicate your final intentions to EPA as soon as possible.

EPA contacted the USVI Fire Service to assist in clarifying the presence of the possible existence of a shock sensitive substance in the warehouse. The Fire Service observations were considered and studied and at this moment EPA believes the substance may not be shock sensitive. Regardless, these containers need to be address with special care. The containers show the presence of calcium hypochlorite in a dry form but are currently leaking (liquid) from the containers. This physical state does not match the labeling on the container.

EPA understands that with appropriate oversight and with a qualified clean-up team, certain leaking containers, wastes ,and chemicals can be processed without necessarily disturbing the two (2) containers of concern.

If you have any questions please feel free to contact me at the telephone numbers listed below or simply reply by e-mail regarding this email or simply contact Mr. Jeff Bechtel at (908) 420-4459.

Thank you.

Eng. Angel C. Rodríguez
On-Scene Coordinator

Response and Remediation Branch,
Caribbean Environmental Protection Division, Region 2 US Environmental Protection Agency

1492 Ponce De León Ave., Suite 417,
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UNITED STATES VIRGIN ISLANDS

GOVERNOR JOHN P. DE JONGH, JR.

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UNITED STATES VIRGIN ISLANDS
OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE January 24, 2011

**State of the Territory Address by
Governor John P. de Jongh, Jr.
United States Virgin Islands**

**January 24, 2011
Earle B. Ottley Legislative Chambers
St. Thomas, U.S. Virgin Islands**



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DE JONGH/FRANCIS ADMINISTRATION CALENDAR OF EVENTS

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GOVERNOR DE JONGH WANTS TO HEAR FROM YOU

Members of the clergy, Senate President Russell, Honorable Senators, Lieutenant Governor Francis, members of the Judiciary, members of my Cabinet and other agency heads, Mrs. Francis, my wife Cecile, other distinguished guests, ladies and gentlemen, my fellow Virgin Islanders.

It has been my honor for the last four years to stand in this place where so many of the giants of our history have debated, with rigor and conviction, legislation that has provided a platform upon which our Territory could grow in order to make life better for every Virgin Islander; to stand in this place, where governors come each year to report on the past and to set a course for the future, all the while knowing and respecting that to set such a course requires a partnership with the members of this body, and the trust of our community.

But this year is special. This is because it comes after an election. And in this election our voters had a clear choice, and, on all three islands, their voices were heard loud and clear: they selected and supported the path that Greg and I have consistently articulated for this Territory.

I also stand here one year after the devastation visited upon Haiti, little more than a week after President Obama brought healing to our country after the shootings in Tucson, and one week after we celebrated the life of Dr. Martin Luther King, Jr., whose life was taken because he had a dream, and because of that dream we are today a better country and nation.

It is in this spirit that tonight we also remember the service of our sons and daughters, our brothers and sisters, our fellow Virgin Islanders, stationed around the globe as members of the United States Armed Forces. We know that the freedoms we have, the chance to achieve the ambitions we seek to fulfill each day, are ours due to the service of these men and women who, in our volunteer forces, are making sacrifices for the greater good of country and not self.

Again, as in years past, we pay our respects to those Virgin Islanders who lost their lives in the defense of our nation and our Territory. Each day we must show our support for their families and for the sacrifice of their loved ones.

To all in this chamber, and throughout our Territory, regardless of your political leanings or preferences, or how we have worked together in the past, tonight I pledge my redoubled efforts to work together with you to do the people's business, to take the steps necessary each and every day to make our politics more collegial and more effective. We will put on the shelf all the divisions, petty or otherwise, that divide us, for the challenges we face are too great -- and the consequences of failure too dire -- if we fail to see, to understand and to respond to them.

Unlike each of my earlier State of the Territory speeches in which I have attempted a wide-ranging review of where we are, where we are headed and how best to get there, tonight I shall be far more focused and far more direct.

Rest assured that we continue to work on the many responsibilities that this government, and my Administration, have to this community. Rebuilding and repairing our roads; getting more of our people into their own homes through the affordable housing programs of the Virgin Islands Housing Finance Authority and Virgin Islands Housing Authority, and securing local control of the Housing Authority; continuing our efforts in Washington to resolve tax issues with the U.S. Department of Treasury and the Internal Revenue Service; addressing the needs of those in our community who are homeless and those diagnosed with mental illnesses; and enforcing our environmental laws.

But tonight I will speak instead, of changes that we must quickly embrace, not just in what we do, but in how we do it. Changes in attitude and approach. Dramatic and different ways of going about the business the people have sent us here to do; and dramatic and different ways of thinking not only about what we can do, but what we must do.

This may sound like nothing new. You have heard me speak of the challenges we are facing during the past four years and during the recent campaign. But the passage of time has not lessened many of these



challenges. And so this evening is a time for speaking truths – very hard truths – to each other, to all of our residents, to our business community and their employees, to our government workers. To all who care deeply about our community and about our future, our future together.

Despite all our efforts, despite all the progress we have made working together, there is much more to be done and it needs to be done now. We must finally face problems that have been made worse by the crushing effects of the global financial crisis and the Great Recession that has so damaged our economy, and which now require us to act decisively and quickly.

During the first few decades of our political development, government in the Territory was the vehicle for the creation of the middle class, and Virgin Islanders and their families were the beneficiaries of that time and that opportunity. In partnership with the United States government, the Territorial government lifted our people up, and together they were the architects and the builders of our prosperity.

But this is a new century, with new rules and new realities that function in a world without borders. Across the globe we see that all nations and communities must compete on a global platform. If the wealth and prosperity of a community or nation is to grow, that growth comes first from a vibrant private sector aided by and working in tandem with its government, not in spite of its government. This is the new reality that has been and is being embraced worldwide.

And unlike years past, the first and most important duty of our government today must be to create the foundation and support for such an economy. We must, first and foremost, create an environment that provides sound and clear rules, and ensures that government is a partner, not an obstacle. Ours must be a government that treats people and businesses fairly, that respects leadership and entrepreneurship. If we fail in this, we lose not only an opportunity, we lose not just the resources that support so many of our critical services, but indeed we will lose our aspirations, and our future prosperity will be forfeit.

We cannot continue to act as if the purpose of government is government.

We can no longer deceive ourselves. Because, if we do not fix that which lies broken before us, if we do not rise to this challenge for our people and our Territory, let no one in this chamber be fooled: our financial condition will only deteriorate and the opportunity to build a vibrant economy that provides opportunities to the ambitious, support for those that require special attention, and a future for our children, will pass us by.

Ensuring the continuing viability of our home through the greatest economic catastrophe in nearly a century was critical to our future and to preventing a broader economic collapse. So, as our economy and revenues lay in tatters, and the need for social and public services remained, we took actions in partnership with many of you in this Legislature. We did what was needed in order to keep our people working.

I chose to act because it was critical that we protect our community as best we could from the extreme impact of the recession, which left our General Fund revenues off by 30% from 2008 levels for two years in a row. This loss of over half a billion dollars was only partially offset by federal stimulus efforts. Over the past three years, even after federal support, the \$660 million budget shortfall created by the Great Recession over a three-year period totaled almost 60% of the total salaries paid by our government over that same period of time.

There were those who opposed our strategic partnerships. There were those who opposed our steps to borrow against our future rum revenues. But it is now clear to all that if we had not taken the actions we did, the effects on our local economy would have been even more catastrophic.

The arithmetic is quite simple. At that time, no layoffs or furloughs could have closed that budget gap – short of sending half of our government workers home and closing shop on over a third of our social programs.

So I chose to act. Now, however, you and I must face the dispiriting truth that by keeping our people at work, far too many believe that I have proved the point that in a crisis, something will always bail us out. Far too many people still fail to grasp the magnitude of the financial storm that continues to whirl around us, and the devastation, the debris, the damage it has caused.

To those who continue to doubt that a crisis is still upon us, I say just look around you. Across our economy, the deep pain of economic misfortune is still being felt. The searing reality of the challenge that lies before us is evident in a hotel industry that has cut back by twenty to thirty percent in staffing levels, as room rates have declined precipitously. It is also evident in twenty percent job losses in wholesale distribution and construction, a fifty percent decline in convention and meeting business, and severe losses in our critical retail sector.

Now, as the national economy slowly recovers, we have no choice but to tackle our deeper problems. We must – together – embrace the challenge of transforming our community and the underpinnings of our economy in order to defend the prosperity that we have achieved over past decades, and to build the future that we need and must reach, not just for ourselves, but, more importantly, for our children.

To transform our economy we must understand the urgency of this moment and begin by changing how we view the world around us.

Our government cannot survive in its present form and on its present track. We do not have the money to keep it going as it is, and the vast majority of those who pay for it will not continue to pay through their taxes for something they know to be wrong and unsustainable. We have weathered the downturn by a successful program of borrowing that cannot be continued. As things recover, we cannot get up from our economic sick bed and go back to doing things as we have done them in the past.

So, if forced to put words to it – to answer the traditional question: What is the State of the Territory? – I would suggest that our Territory is at the "tipping point."

We are facing that moment when we shall either make the necessary changes to ensure the health, well-

being, and future prosperity of our Territory, or the external conditions and outside forces as they are shall determine the future for us and very likely set us, and our children, back for generations to come.

What I am speaking of requires that we change how we think about our problems, how we develop solutions to those problems, and how we change as well our attitudes and our expectations. For far too long we have allowed the politics of accommodation to influence our decision-making on public policy and private sector initiatives, on student expectations and teacher responsibilities, on development of housing, healthcare and other social programs to assist those most in need.

During the decades that this has been going on, Virgin Islanders have seen the private sector grow and thrive by and large owned and controlled by those who have come here, seen the opportunities, taken the risks, and reaped the rewards. We were not kept out; we chose, for the most part, not to get in to the private sector. We no longer have this luxury, we must ensure that the vast majority of the children born in these islands can actually reap the advantages of free enterprise for themselves.

And don't point me to examples of some of our local success stories; I applaud them just as do you. But let me point you to those hundreds upon hundreds who lack the skills and the attitudes, the work ethic and the discipline, that will let them compete successfully – here or abroad – in the new economies of a globally-connected marketplace that is equally competitive, but truly rewarding.

This, simply stated, is the truth that we must embrace: Education is step one; attitude as well. Ambition and perseverance will carry us forward.

What needs to change is our attitude of acceptance and reluctance: an acceptance of what we know in our hearts and minds is not the way things should be, and a reluctance to take the risks of trying to make things better by trying something different. We must build and support an entrepreneurial, adaptable economy as the bedrock of our future.

So where do we begin? We must first and foremost focus on what we already have begun and what we know must be continued. Priorities need not be changed, performance is what must change, attitudes must change. The education of our children must be done better. The growth of our economy must be accelerated and facilitated. And the protection of our people against those who would seek to live outside our laws must be enhanced.

None of this is new. What must be new and different is how we go about it, and how we make the government that is charged with achieving these priorities more efficient and less wasteful.

And this we must do with enthusiasm – and here is where it all comes full circle – as every single government worker must come to understand that they are building the future upon which our success and their own retirement security depends.

So I will say again tonight what I have said before: to build a sound economy we must assure a safe environment; educate our people to get a job and seize opportunities; and make sure there are jobs and opportunities for them.

We must address each of these. We must address simple things like permitting, and tougher ones like education. But I tell you this: four years from now, I am going to pass the baton to the next Governor knowing we have done everything we can do to build a vital and vibrant future for our people.

In the area of education, I believe we have made strides. We have seen a continued increase in the Annual Yearly Progress of our schools. Additionally, we have significantly reduced the amount of federal funding that has too often in the past been returned due to lack of execution. While these are positive steps they are by no means enough to satisfy me when it comes to the future of our children.

This year 19 schools made AYP. This is six more schools than last year. We are proud of this accomplishment, but more importantly, we still have six schools that have never met AYP – a cause for concern. For those schools that repeatedly fail to meet the minimum standards, we will execute turnaround strategies to change the status quo. This will require a change in staff, a change in leadership and a change in approaches to teaching.

So, what I want to focus on tonight is what we must do in our public schools so that when our children get to school, all is in place to help them succeed.

It is my pleasure to introduce to you and congratulate our Teachers of the Year who are here with us tonight. Kathleen Plaskett of Evelyn Williams Elementary School on St. Croix and Daniela Roumou of Lockhart Elementary School on St. Thomas, who is also our Territorial Teacher of the Year. Please join me in thanking them for their work on behalf of our children and our future.

Thank you.

Our goal must be nothing less than to raise the quality of all of our teachers to their standards of excellence. Indeed my hope and expectation is that even as these fine teachers continue to improve their skills, and as they get ever better results from their students, the level of all our teachers will rise.

We must hold educators accountable for the success of our students. We must reward excellence and remove those who want to maintain the status quo. For those who need more training and more assistance, that we must and shall provide. But those who cannot or will not meet or exceed our standards will be replaced. We must make a place for those coming up who have the skills and the desire to do this most important of jobs.

The simple truth is that every year that a sub-standard teacher is taking the place of a better teacher is a year when the children in that classroom are being short changed. And changing that is a change we must make.

We must embrace the value of an education and acknowledge that the artificial limitation on the school year is hurting our children. Our limited school year — a relic from an era gone by — must be lengthened. We are well-prepared for this new environment as we have invested in our school facilities, expanded after-school programs, and have consistently invested in teacher development and training. It is time that we focus our investment on our children.

And our commitment to our children is starting early, with the revamping of early childhood education. We have already approved and are implementing early learning guidelines, and within a month I will approve new childcare rules and regulations. And later this year, we will implement a new quality rating improvement system for our childcare and development centers so that parents are better informed on the choices they have for their children, and centers are supported in their efforts to achieve higher quality.

We are concentrating our focus on ensuring our children are ready for kindergarten, as the best time to address many of our social problems — from school dropouts to teenage pregnancy to bullying and youth violence — is before children enter school. Within all of this, we are more than ever committed to ensuring that our special needs students, and their parents, receive the support and services that they need and that we are required to provide them.

And we must do all of this because, one thing is certain: if we continue to allow failure, if we continue to do things the way we are doing them now, our future and our children's future will be limited and crime will be high.

And when it comes to public safety, we will continue to take every possible step to curtail the rash of violent crime that continues to plague our community. We will continue to make sure our police officers are visible, accessible, and responsive; educate our parents and our children about criminal activity and gang influences; and prosecute to the fullest those who do wrong. We are doing this, but there is more we will do.

When you analyze our crime statistics, including homicides and murder, you find that in the last four years, and I would suspect even earlier, that a significant number of our homicides and murders were committed by those younger than 24 years old, and that most were at one time or another part of our juvenile justice system or a person of interest to law enforcement.

We have no alternative but to tap into the mind-set, to understand the thinking of our young people — what drives them, what motivates them, which vein can we tap into to unleash their creativity and innovation. So, from advanced placement courses to drop-out prevention efforts, from more varied scholarship programs and athletic events to Jobs for America's Graduates and YouthNet programs, we have taken a comprehensive approach to build interest, maintain interest and foster initiative. With the Workforce Investment Board and Career Technical Division at the Department of Education, we are ensuring that our young people are trained for the jobs that drive our economy. In the last year, we have had training programs and job opportunities for those in green technology, heavy equipment and the marine field. We have expanded the range to include training and opportunities in technology and broadband and healthcare.

And we must press ahead in our efforts to address family violence and domestic abuse, from which much of the violence we see in the streets is born. This we are doing by having developed and now implementing a collaborative agenda and protocols for use by our police, our prosecutors, our social workers.

But let me be clear, I know, and you know, that the best antidote to crime is families. Parents and caregivers raising their children with the values we cherish; fulfilling their basic obligations: knowing where their children are, knowing who their children are hanging out with, teaching their children to take responsibility for themselves and to respect others. Showing them the path and keeping them on it.

At the end of the day, government can only do so much, and the choice for each child is either education or incarceration. This is the harsh reality that each family must recognize.

In the area of law enforcement, we know what we have to do because we have been doing it. We continue to develop and strengthen our police force by recruiting officers, be they trained here or recruited from away, and by broadening their professional training; by purging those that bring shame to the department and do wrong in our community. And we shall redouble our efforts in this regard. And we have made a number of changes of personnel in the Department of Justice as we seek to improve performance by our Assistant Attorneys General and improvements in the support they are provided so they can do a better job and work more effectively.

I have spoken on too many occasions following horrific crimes that have beset our community, and I repeat here what I have said before: we must persevere in our efforts. We must increase our emphasis on those anti-crime initiatives that have produced favorable results.

And our results are improving. Our clearance rate in homicide cases is now over sixty-five percent, above the national average, and it is continuing to improve. Our police are reacting far more quickly to the increased information they are getting from the community. It is the execution of those anti-crime measures that work — such as saturated patrols in high crime areas, roadblocks, and aggressive targeted enforcement against those who are determined to resolve disputes violently — even as we continue to invest in our children and make every effort to warn our young people about the dangers of gangs and criminal activity — that will yield results. It will take time, but we will close the vise from both sides — and we shall succeed.

I know I speak on behalf of the community when I thank our magistrates and judges for taking steps to never release someone who is re-arrested while out on pre-trial release or pre-sentencing release or on probation without a hearing to determine whether they had violated the terms of their earlier release.

And I have instructed our prosecutors to seek the highest possible bail amounts and the strictest conditions on crimes involving guns, especially unlicensed guns.

Education and public safety are critical elements in creating a thriving economy that offers jobs and opportunities for all. Economic development requires an on-going balancing of interests and indeed, as I referenced earlier tonight, a recalibration of many core policies. I believe that there are far too many areas

where the actions – or worse, inactions – of government have impeded private business. I also acknowledge that for far too long the private sector has not created, and in some cases hoarded for a select few, the avenues for advancement or the salary scales that would attract our young people or open the doors to those with ambition. The economic transformation I am outlining necessitates a new social and economic compact, a new fairness, a new commitment to true equal opportunity.

The Federal government has seen to it that our business taxes have not increased, but it is a local matter whether or not we are creating an environment conducive to entrepreneurship and investment, to assure that people with ideas and with capital will choose to build their future with us as opposed to anywhere else in the world. And in this I am not speaking of large businesses, but of small and medium sized businesses where I believe we have correctly placed our emphasis and must continue to strengthen our efforts of assistance and facilitation.

I have heard quite clearly the complaints and verified far too many examples of people whose efforts to start a business, expand a business, or even just build a home – thus providing work for our tradesmen and contractors – have been held hostage to processes which seem aimed far more at impeding and frustrating development than assisting and facilitating it.

I have made it clear to those in the policy positions at our permitting and licensing agencies that it is unacceptable for employees to overstep and slow down, or worse, stop a person or business wishing to take the legal steps required to get into business, stay in business or have a home. I have made it clear that I expect to see change – and prompt change – both in the practices and a significant reduction in the time required.

I want us to achieve a real reduction on the order of no less than a 30% reduction in the time it takes to get through these processes and I want to see such improvement now, in this fiscal year. This must start with the attitudes displayed to the public by those of at our front desks. The performance and the level of assistance of those who meet and greet our residents as they make contact with our government agencies has just got to get better. And only those in government can make this happen.

Much of what needs to change can be done with a change in attitude and an increase in productivity. And where this is not so, and a change of law is required, I assure you we will be back to the Legislature for those changes and your advice.

Just as our efforts to grow the economy require increased speed and efficiency in licensing and permitting, so too does it require that the processes of civil justice not become bogs and mires which do not allow the prompt resolution of disputes or definitions of laws, regulations or contracts. It would be improper for me to address any particular case and I will not do so. But the private sector, including the bar, has felt stymied or hesitant to speak to this issue important as it is.

Cases cannot be permitted to languish for years. Civil matters must be heard and decided, land disputes and estates settled before properties disintegrate. The Magistrates are in place, the Supreme Court established. The Superior Court fully staffed. I urge the judges of all our courts to help us work to a sounder foundation where prompt and predictable process will encourage growth and development.

Among my primary goals was to reinvigorate our critical tourism industry that is central to the quality of economic opportunity for our people. To that end, we have built upon the cruise ship base of St. Thomas and brought cruise ships back to St. Croix on a regular basis. Even in these tough economic times, we have expanded our air service and the capacity of those airlines serving the Territory. But we also recognize that our execution to meet our goals and objectives has to be different and cost-effective; that is why over the last four years we have closed all of our U.S. based tourism offices and transitioned to virtual sales offices with performance goals and sales targets.

We must now adapt our tourism industry and infrastructure to a changing and competitive market landscape. The tourism sector remains the core of our economy and of our future, both in terms of direct employment and because of the wide ranging opportunity it creates for entrepreneurship, for small business development. We face multiple threats to our tourism base, ranging from other ports of call as close as those in the Caribbean to those as far away as the Mediterranean, to Internet sales, which take away our passenger visits and our high-end retail customers.

We are moving quickly to re-develop our transportation systems and address our traffic flow problems. The lackluster performance of the water transportation provided by ferries servicing all of our islands is no longer acceptable. Here, too, we must acknowledge that what we have done in the past is not good enough, and must be expanded, adapted and improved to meet the times. Additionally, in aid of both the quality of life of our residents, as well as to better serve our visitors, we have commenced programs to improve the quality of our historic downtown areas. And in these areas, as elsewhere, our private businesses need to expand, modify and improve our retail offerings and our on-shore activities.

We have commenced the Charlotte Amalie revitalization plan and downtown improvements, are completing the Christiansted Bypass, and will move on to the boardwalk and downtown areas. We have expanded parking in Cruz Bay and will begin work on Frank Powell Park as the gateway to this gem. I plan to submit revisions to our enterprise zone law to expand the zones and the incentives in areas that require attention and where we can foster targeted small business activity.

All these actions, and other economic tools that we anticipate can add further value to our efforts, are being taken, not only to enhance our competitive advantage in a competitive world, but to ignite in our people the entrepreneurial spirit to reap the rewards available here in our home.

We continue to take seriously the need to achieve some level of food security by fostering the relationships and practices that will expand the opportunities for our farmers, and protect the interests of our fishermen, even as the federal government attempts to define and restrict their annual catch limits. While it is unlikely that growth in these two areas can be of a scale that will result in near-term self-sufficiency, it is my belief and our policy that increased support and investment in both farming and fishing will one day put us in a much better position than we are in today.

Much of what must be done to build the foundations of a vibrant economy can only be done through the effective partnership of private enterprise and government. We will look for private partners for new development, new industries and new ventures that will accelerate new job development and rejuvenate our existing economy. Public-private partnerships offer great potential; a chance to do more with less, while achieving shared objectives, and we must adapt ourselves as a government to work more effectively as a partner.

In this regard, I plan to submit shortly to this body for your approval a multi-party, public-private partnership for the development in Frederiksted of a sports and entertainment complex which will have as its anchor a new Paul E. Joseph baseball stadium, and will include nationally sanctioned swimming and tennis facilities, as we further our efforts to support the economic development of St. Croix, and the Territory as a whole.

In the hotel industry as well, I have initiated calls to private investors to take the lead – to move beyond the promises and the fancy design boards – and to move some dirt. It is my intention to use the full resources of the government to move forward targeted creditworthy hotel developments as the national and global economy turns back to growth. To the developers of these projects I would say: we have kept our commitment and approved the permits and lent our support at various levels with the federal government, now it is your turn to deliver. Our contractors can no longer live off of government contracts, but must become critical participants in new developments that have long been promised to our community. We are prepared to invest in new projects, but only as co-investors.

I also look to the broadband initiative and the development of the 'middle-mile', as a unique opportunity to achieve industry diversification, new job creation in the technology field, and a golden opportunity for small businesses and community organizations. The broadband project, when completed, and coupled with the offerings of the Research and Technology Park, will result in the modernization of the Territory's overall broadband communications infrastructure, and that will in turn open tremendous possibilities for the creative, the entrepreneurial, the risk-taker. In order to fulfill our potential in this area, we will need the private sector's active participation and engagement. As required by our grantor agency, the U.S. Department of Commerce, this project must be completed by June 2013, with over \$115 million of federal, in-kind and local cash funding.

As we lay 244 miles of new fiber cables connecting over 700 pieces of network equipment, we will provide over 300 construction jobs, and the opportunity for local persons to be trained in fiber splicing and network maintenance. When completed, over 45 public computer centers will be established or renovated with advanced information technology. I shall ask for legislative support to access the capital markets to fund our portion of the broadband initiative.

To date, we have received almost \$300 million of stimulus funding awards, and the broadband initiative is just our latest success. These funds have supported and continue to support the General Fund at a time of severe revenue shortfalls, and the continued expenditure of funds is supporting employment across the Territory even as we meet tonight.

And as part of the on-going program of capital improvements, I will ask you to support the development of a new school on St. John, the replacement of the Addelita Cancryn Junior High School on St. Thomas, and Central High School on St. Croix.

Working together over the past four years, we have broadened the base of our economy, but the real fruits of our labors should be realized in the years ahead, as growth resumes and our tourism, rum and the small business sectors become the cornerstones of economic stability and opportunity.

But as we work towards these long-term goals, we cannot ignore the harsh reality of the present and near-term. We rely primarily on a U.S. economy that has had an unemployment rate above nine percent for twenty straight months, the longest such period in almost a century, and if you count those seeking full-time jobs while working part time and those who have stopped looking altogether, its close to seventeen percent. At the current rate, it is projected that it could be 2017 before the country replaces the more than eight million jobs loss since December 2007. This is the basis of our reality.

For the General Fund and the Government generally, this looms to be a difficult year – and 2012 will be even more difficult. Across the country, states are dealing with the reality that federal funds protected us from the full brunt of the economic downturn for the past two years. This was done in the hope that by now, and by Fiscal Year 2012, our revenues would have been restored to past levels. While our borrowing provided a cushion to even worse possibilities, it did not completely negate actions now necessary, especially since revenue generation is nowhere near pre-Great Recession levels.

Our financial situation has been worsened by the tax bill passed at the end of the last Congress. That legislation, as well as continuing the reduced income tax rates, also requires us to implement a small business tax credit with no offset, further straining our financial position. In addition, the end of federal impact aid dollars will wipe-out \$40 million of funding from our education budget from prior levels.

To be sure, certain other actions of the last Congress have been supportive of us. Healthcare reforms are necessary and positive overall, but here as well there are financial consequences due to Medicaid match requirements that are higher for us than those for the states.

It is evident that the recession has caused us great damage, and our government funds have not yet been restored. This year, our General Fund revenues are projected to be down by 20% from the 2008 pre-recession level. Personal income taxes are down 16% and corporate income taxes are down 71%, for a net income tax decline of 31%. Gross receipts taxes are down 5%.

For the General Fund, we now project a revised shortfall for this year of \$75 million and for next year of \$132 million. And these deficits do not include the unfunded pension fund contribution, which if fully met would increase these annual shortfalls by approximately \$70 million in each year.

Up until now, we have resisted the more dire measures that governments have taken across the country. Across the country, governments have been forced to reduce their expenditures and employment. Layoffs and furloughs have become the norm, and in this fiscal year alone, 26 states have laid off or furloughed

workers. Since August 2008, state and local governments have laid-off over 397 thousand employees, with school districts the hardest hit at 205 thousand education jobs. And over the past two years, 34 states have implemented tax and fee increases, including increases in statewide sales taxes, and personal and corporate income taxes.

We all understand how critical government paychecks are to the lifeblood of our economy, and we have made every effort to keep our people working. We too – all of us – had hoped that the national recovery would make unnecessary such extraordinary measures as other governments have already taken. But the time has come when these measures are unavoidable.

Specifically, I will undertake the following:

- I will submit legislation implementing a two-year freeze on salaries and instituting three unpaid holidays.
- We will not implement the previously planned \$31 million in salary increases, quite simply because we cannot afford to do so.
- We will implement allotment cutbacks of \$17.1 million to executive branch departments and agencies in the current fiscal year budget.
- We will continue our limited hiring and attrition program with priorities given to law enforcement, education and healthcare.
- We will layoff approximately 300 per diem and part-time employees.

We need also to increase our revenues. We will have to raise taxes and we will have to collect those taxes that are due.

In this regard, I am pleased that we have finally resolved the long-running litigation surrounding property taxes in the Territory. No liens were sold, no one lost their home, but now it is time for all to pay what they owe.

And the collection of everything that is owed matters, as is the requirement that everyone pays what they owe. We have provided for payment plans on real property, and we have implemented a more aggressive collection practice to identify those who have not paid at all and those who have long-overdue obligations.

Specifically, I am proposing the following:

- I will request a 2% increase in the Hotel Room Tax, from 8% to 10%; and,
- I will request as well a Time Share Occupancy Fee of \$10.00 per day on units that are rented or exchanged.
- These two actions will bolster our Tourism Revolving Fund by \$6 million, and these funds will be applied directly to airlift development, investment in tourism product development and increased television advertising.
- I will request a cellphone tax, similar to that applicable to land lines, targeted to the operations of our emergency management apparatus.
- And finally, I will seek your approval for a 1% increase in the Gross Receipts Tax.

And as we take this particularly onerous step we shall begin to work towards the ultimate transition away from the gross receipts tax to a sales tax that can be more transparently and effectively applied, collected and enforced.

None of these actions are easy, and each one will provoke discord among segments of the population. But taken together they will allow us to address this most severe situation, and avoid the massive layoffs and severe cutbacks in services that will be required if we cannot move together down this path.

I anticipate that when this plan is implemented all of the independent agencies and authorities that do not fall under the executive branch will take comparable steps. I shall be writing to all of the chairs and heads of such agencies and authorities and, of course, I shall instruct all government members of all relevant boards and commissions to move for such actions without delay. And I would respectfully request that the legislative and judicial branches of government follow suit. We simply must curtail spending across all branches of government. Here again, I would argue that anything less is not fair.

I have spoken often about the challenge of securing our government employees retirement system since my first days as Governor – even before GERS funding was further undermined by the global recession – and it has served as a backdrop for many of the decisions we have made and actions we have taken. This remains our single greatest outstanding financial challenge. And this is because GERS itself has said that it will be out of money within twelve years. Tackling the GERS problem does not begin with the budget of the government, but rather with the state of our entire economy, and the trajectory of our economic future.

Accordingly, each of the actions that we have taken – to build our rum industry, to support business growth and development, to streamline permitting and new business formation – all are critical to building an economic base that can produce the revenues to support our long-term obligations.

We have no choice but to take all necessary steps to bridge the gap between our revenues and our expenditures. All the while we must work to find ways that do not cost money, indeed may even save money, to improve the quality of governmental services to our people and to support economic development and business growth Territory-wide.

And as we move forward with the revenue and expenditure measures for the near-term, we must move forward with plans to consolidate government and create more efficiencies for the here and now, and reduce costs in the long-term. I will look to this body this year to finally act on our plans for the cabinet level Department of Sports, Parks and Recreation so that its name matches what it does each day to streamline and improve the quality of services so important to our children and youth.

I will again ask for your approval of legislation to bring the Virgin Islands Waste Management Authority back into the central government. While the creation of a separate authority may have been well intended, it is now clear that the Waste Management Authority is fully dependent upon the government for its financial support, to meet its bi-weekly payroll and for its ability to execute long-term contracts. As such, it is time that we realign financial responsibility and financial accountability, and bring that agency back into the government as a cabinet level agency.

I am also in agreement with the views of members of this body who have made the case that we should without delay approve the merger of the Virgin Islands Port Authority and the West Indian Company, Limited. These two public entities share responsibility for the crucial Port of Charlotte Amalie, but too often still find themselves competing with each other, duplicating costs and consuming scarce resources. This we cannot afford if we are to keep St. Thomas as the premier cruise destination in the Eastern Caribbean, and continue expansion of cruise ship calls to St. Croix. I look forward to working with you as we carefully craft legislation to combine these two strategically important entities.

Similarly, I agree with those members of this body who have spoken with me about the need to merge the Virgin Islands Economic Development Authority and the University's Research and Technology Park, as once more we look to streamline functions, to improve our ability to focus on building e-commerce opportunities, and to more adroitly respond to the needs of growing knowledge-based businesses. My Administration will work closely with this body and with the leadership of the University of the Virgin Islands to ensure that its programs and activities are relevant to the needs of our community.

The high cost of energy remains a challenge. It affects what we all pay for almost everything. It is a major concern for the individual ratepayer, and a key issue in our economic development. We know the crippling impact that spiraling energy costs has on our businesses and on our family budgets. I need not elaborate, but we all fear the arrival of our next utility bill.

For government as well as for individuals and businesses, the challenge is to reduce energy consumption overall and use of electricity generated with fossil fuels in particular. As a Territory, we are implementing our plan to reduce our dependence on fossil fuels by 60% over the next 15 years.

For the Virgin Islands Water and Power Authority, this means producing more efficiently, which it is pursuing through its usage of waste heat recovery boilers and a more aggressive maintenance schedule on existing units. As it seeks to diversify its energy mix away from dependence on oil, it is evaluating the engineering options for converting a large portion of its electric generation on St. Thomas and St. Croix to burn natural gas. The Water and Power Authority also plans to issue a request for proposal for solar generation in the coming year, is evaluating the feasibility of wind power on a utility scale, and is working with the Waste Management Authority on developing waste-to-energy as part of its generation portfolio.

For individuals seeking to reduce energy use, the Virgin Islands Energy Office has offered rebates for energy efficient appliances and renewable energy systems. And with its stimulus funding, the Energy Office has underwritten energy efficiency programs for several community organizations, and is now working with energy service companies to improve efficiency at our public schools and then with small business users.

It is not realistic to talk about energy costs or alternatives in our community without acknowledging HOVENSA and the important role they have as we address our energy economy. This is especially important as we evaluate the opportunities ahead, as the time comes to renegotiate the long-term agreement between HOVENSA and the Government, and we reaffirm and strengthen our relationship. However, HOVENSA today is facing a number of financial and environmental challenges in a tough global economy.

We must be realistic as we build a future of solvency and security. HOVENSA is a vital part of our economy, and to our community, as so many Virgin Islanders depend on HOVENSA, directly or indirectly, for their jobs and their livelihood. I believe that we must work hard to improve our relationship with HOVENSA. We must sit with them, and we must work with them. They are an important part of our history, and it is critically important that they be an important part of our future.

Modernizing our healthcare infrastructure during this era of healthcare reform provides a great benefit to our community by expanding the universe of those we can cover. It builds on our revisions to the State Medicaid plan, the introduction of a pharmacy benefit program and our current efforts to increase Medicare rates at our hospitals.

Accordingly, I plan to seek legislation to merge the departments of Health and Human Services. Our objectives here again will be to increase efficiency, reduce cost and rationalize overlapping services and responsibilities. What has become increasingly apparent is that these two departments service the needs of many of the same people. It makes no sense – and we cannot afford – to duplicate resources in each department when these resources are supporting efforts to assist the same beneficiaries.

In this arena, federal healthcare reform has provided positive opportunities for us, even if at some cost. With \$300 million in additional federal funding over the reform period, we will have the historic opportunity to reduce our uninsured population from 28% to a far lower number, open up coverage to those ignored for so long, including the ability to extend coverage to pregnant women and children up to 100% of the poverty level.

These reforms will enable us to restructure our healthcare delivery system so that the emergency room is not the primary point of access for the uninsured seeking primary care, while hopefully expanding the universe of general practitioners in our community. Our partnership with the State of West Virginia to manage our Medicaid information system will allow us to reduce costs, leverage federal funds, expand services, and ensure that providers are paid on time and that the mandated federal reports are submitted on time.

The injection of new and additional funding into the system will be a further boost to economic development and entrepreneurial opportunity. Healthcare is a major and growing industry across the nation. It is our goal to keep those healthcare reform dollars circulating in our community. Growth in this sector means not just more doctors and nurses, but I-T professionals, billers and coders, medical supply companies, technical

support personnel and so many others that make up the healthcare industry. This means new career paths for our youth, and new opportunities for entrepreneurs.

And, as always, I want to extend special thanks and appreciation to one particularly prominent Virgin Islands healthcare professional, our Delegate, Donna Christensen, for her diligent and effective work in the U.S. Congress on behalf of the Virgin Islands. In fact, those obligations have kept her from joining us tonight. I have worked with Delegate Christensen for four years now, and she has been by my side at every step we have taken as we have worked together in our nation's capital to tackle specific challenges and assure continued support at the federal level.

So these are but a few of the challenges that we -- all of us, me, my administration, and you, the members of the 29th Legislature -- must grapple with in the coming weeks, months and years. We were not elected during an easy time. Ours is a tougher time, and a greater call, as we must be the leaders who choose, through diligent thought and civil consideration, what things we must do without and what we must delay, if we are to have a tomorrow of prosperity, of justice and of freedom.

Generations before us have been tested. Two generations ago, we forged a future for our people built upon government employment as the key to building a middle class. Now, our challenge is protect that middle class, and to do that we must begin by taking the extraordinary measures I have outlined tonight. Now it is up to us.

We are on the right path, and we will continue to walk that path together.

Together, we shall persevere.

Each generation finds before them the challenges that they must face in pursuit of freedom's siren, and if they are to meet the challenges of living and prospering in a democracy. This is our challenge. This is our moment. This is a challenge to us all.

As the leaders of this community, I know we can set aside those petty disputes that so often get in our way. We can embrace instead our primary duty towards a common purpose: to work each day to improve the services we provide, and the programs we offer. We must work and work hard each day to ease the suffering of our people and aid them in reaching that higher ground.

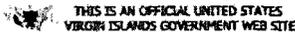
And for every challenge we face, our determination will be greater. And from that determination, from that hard work, we shall make progress, we shall move our Territory ahead, and we shall earn the satisfaction of having done our work to the best of our abilities. Yes, there will be setbacks on our journey, but with God's help and guidance we shall persevere and we shall succeed.

May God bless you all and these Virgin Islands.

"We cannot continue to act as if the purpose of government is government. We can no longer deceive ourselves. Because, if we do not fix that which lies broken before us, if we do not rise to this challenge for our people and our territory, let no one in this chamber be fooled: our financial condition will only deteriorate and the opportunity to build a vibrant economy that provides opportunities to the ambitious, support for those that require special attention, and a future for our children, will pass us by.

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UNITED STATES VIRGIN ISLANDS OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE May 1, 2011

Opinion Editorial by Governor John P. de Jongh, Jr.

Addressing the Financial Crisis: Running Out of Time

In my State of the Territory Address in January, 2011, I said to the Virgin Islands community --and to our newly elected Senators -- that our Territory was at a "tipping point." I said then that the financial and budgetary challenges we faced left us but two choices: to make very tough decisions to manage the crisis ourselves or to allow our future to be swept away by the external forces let loose by the Great Recession in ways that would be increasingly beyond our control and which would set us back for generations.

I vowed then, and have worked tirelessly since then, to be sure that we kept control of our future. To do so I have argued that we must change how we view our challenges and how together we meet them. My Administration proposed many methods and means to close the current year's budget shortfall and to prepare for the even vaster budget crisis that looms before us in the next fiscal year. These proposals were developed not with the goal of leaving everything "as is" -- that would not work. Rather our proposals were developed with the overarching goal of shared sacrifice. Our aim was to do what needed to be done in a way that was spread fairly across the community with minimal employee dismissals, cuts in programs or services, unpaid holidays and tax increases. These proposals were not met with the required action, nor were they replaced with other meaningful alternatives. No, the Senate repeatedly rebuffed these suggestions leaving us where we find ourselves today. And that is back at the "tipping point" - but with less time and fewer options. But I will not permit the inaction of others to determine our future.

Our Virgin Islands' economy is essentially a closed economy. Our financial survival is interdependent. This reality is surely understood by us all. And yet far too many who make up our interdependent whole have acted as if their own actions could be held apart, as if they did not need to be part of the solution of our common crisis. I ask the following: If you are given the choice between postponing getting a raise for a couple of years or losing your job entirely, which would you choose? If you are a union leader, would you rather have hundreds of your members dismissed or have your members agree to give up their pay on a few holidays when they are not working anyway? And as a business owner, why oppose a two year increase in your gross receipts tax if the result is you lose your business in substantial part because your customers have lost their jobs? To me, the answers to these questions are clear.

The 29th Legislature's unwillingness to act to address fully our budget crisis has put us in an increasingly difficult situation. I have said repeatedly that the Legislature does not have to agree with all of my proposals. However, if the Senators do not agree with what has been proposed to them, they cannot just say "No." They have a responsibility to develop their own ideas and proposals to resolve the projected shortfalls. The Government's most recent cash flow projections, which I have shared with the Senate President, include actual revenue collections and expenditures through the second quarter of this fiscal year, and the budget cuts imposed by the Legislature to the Executive Branch departments and agencies along with the Superior and Supreme Courts. However, even with these projected revenues, we are still facing a General Fund FY 2011 budget shortfall of \$17.4 million and a FY 2012 budget shortfall of approximately \$90.1 million. With this shortfall the Government cannot continue to operate as it has operated to date.

Expectations and attitudes must change. Behavior and rhetoric must change. That is the duty of leadership. Government leaders must deal with reality. What choices we have, the real cost of those choices, what money we have -- is central to that reality.

We cannot print money. We cannot just appropriate it and believe the obligation is funded. This government gets money, gets funds, only two ways. We either collect it in the taxes we collect from ourselves or we borrow it from the monies that would otherwise be there to pay for what we need, and what our children and grandchildren need, in the future. Those are our choices. Without collecting more, we must spend less. Spending less in the Virgin Islands Government, where a substantial percentage of our expenses are the expenses of paying our employees and providing them the benefits they have been afforded, means one and only one thing: a reduction in the workforce -- employee dismissals.

The dismissal of no fewer than 500 employees is now both inevitable and fast approaching. This action cannot be delayed if the savings to be realized are to be used to meet a portion of this current year's budget deficit. The dismissals will be effective no later than June 30th. These dismissals will have a ripple effect. They will have a crippling effect on many families and local businesses. Donations to charities and civic associations will be impacted. All will feel this blow. I know this and so do you. And still, I know that a collaborative effort can do much to help us resolve the immediate fiscal crisis, to address future financial issues and future dismissals.

Further delay will not do. I recently sent a letter to Senate President Ronald E. Russell restating my call that we gather together to develop a plan that will more fully resolve our budget crisis. We cannot wait until after a review of the April collections; we need not gather more information, we must reject all meaningless delay

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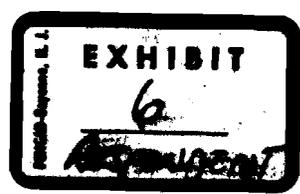
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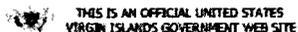


tactics. More information will not change our reality.

My Administration has worked very hard to avoid reaching this point. We have used stimulus funds, we have borrowed, we have initiated capital projects to pump money into the economy, we have provided small business assistance, continued to cut executive branch appropriations and, finally, we have proposed austerity measures designed to equitably spread the sacrifice of changes that will cost us all. I believe our community expected and continues to expect this level of leadership. Surely the community deserves leadership. We have made hard decisions and we have harder ones yet to make. Not one of these future decisions will be popular, but they are unavoidable. We will have hard times ahead. Let us not abandon our future by failing work together, by failing to make the decisions today that cannot be postponed to tomorrow. We can avoid the worst outcomes if we work together. Let us do just that.

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 2

IN THE MATTER OF:)
)
USVI Department of Health – Division of)
Environmental Health – St. Thomas &) ANSWER
St. Croix)
)
Respondent)
) Docket No. RCRA – 02-2010-7111
Proceeding under Section 3008 of the)
Solid Waste Disposal Act, as amended)
42 U.S.C. section 6928)
_____)

The Department of Health – Division of Environmental Health, St. Thomas & St. Croix (“DOH”) files this response to the EPA Complaint received on October 14, 2010 and would show as follows:

I. Complaint

The DOH acknowledges the authority of the EPA as set forth in section I of the Complaint.

General Allegations

1. Allegation 1 is a legal conclusion and does not require a response.

Respondent’s Background

2. DOH acknowledges that it is an executive department of the Government of the Virgin Islands.
3. Allegation 3 is a legal conclusion and does not require a response.
4. Allegation 4 is a legal conclusion and does not require a response. DOH acknowledges its statutory authority and responsibilities under the Virgin Islands Code, as amended.
5. Allegation 5 is a legal conclusion and does not require a response.
6. Allegation 6 is a legal conclusion and does not require a response. DOH does have facilities on St. Thomas and St. Croix where chemicals are stored.
7. Allegation 7 is a legal conclusion and does not require a response.
8. DOH denies the allegations contained in paragraph 8.
9. DOH denies the allegations contained in paragraph 9.
10. DOH denies the allegations contained in paragraph 10.
11. DOH denies the allegations contained in paragraph 11.
12. DOH cannot admit or deny the allegations contained in paragraph 12
13. DOH cannot admit or deny the allegations contained in paragraph 13
14. DOH denies the allegations contained in paragraph 14.



15. DOH cannot admit or deny the allegations contained in paragraph 15.
16. DOH denies the allegations contained in paragraph 16.
17. Allegation 17 is a legal conclusion and does not require a response.
18. DOH cannot admit or deny the allegations contained in paragraph 18.
19. DOH cannot admit or deny the allegations contained in paragraph 19.
20. DOH denies the allegations contained in paragraph 20.
21. Allegation 21 is a legal conclusion and does not require a response.
22. Allegation 22 is a legal conclusion and does not require a response.
23. Allegation 23 is a legal conclusion and does not require a response.
24. Allegation 24 is a legal conclusion and does not require a response.
25. DOH cannot admit or deny the allegations contained in paragraph 25.
26. DOH cannot admit or deny the allegations contained in paragraph 26 as DOH is not in possession of the documents referred to in this paragraph.
27. DOH cannot admit or deny the allegations contained in paragraph 27 as DOH is not in possession of the documents referred to in this paragraph.
28. Allegation 28 is a legal conclusion and does not require a response.
29. DOH denies the allegations contained in paragraph 29.
30. DOH denies the allegations contained in paragraph 30.
31. Allegation 31 is a legal conclusion and does not require a response.
32. Allegation 32 is a legal conclusion and does not require a response.
33. Allegation 33 is a legal conclusion and does not require a response.
34. Allegation 34 is a legal conclusion and does not require a response.
35. DOH denies the allegations contained in paragraph 35.
36. DOH denies the allegations contained in paragraph 36.
37. DOH denies the allegations contained in paragraph 37.
38. Allegation 38 is a legal conclusion and does not require a response. By way of further answer, DOH cannot admit or deny whether an inspection took place and its purpose.
39. DOH cannot admit or deny the allegations contained in paragraph 39.
40. DOH denies the allegations contained in paragraph 40.
41. DOH cannot admit or deny the allegations contained in paragraph 41.
42. DOH cannot admit or deny the allegations contained in paragraph 42.
43. DOH cannot admit or deny the allegations contained in paragraph 43.
44. DOH cannot admit or deny the allegations contained in paragraph 44.
45. DOH cannot admit or deny the allegations contained in paragraph 45.
46. DOH cannot admit or deny the allegations contained in paragraph 46.
47. DOH cannot admit or deny the allegations contained in paragraph 47.
48. DOH cannot admit or deny the allegations contained in paragraph 48.
49. DOH cannot admit or deny the allegations contained in paragraph 49.
50. DOH cannot admit or deny the allegations contained in paragraph 50.
51. DOH denies the allegations contained in paragraph 51.
52. DOH cannot admit or deny the allegations contained in paragraph 52.
53. DOH cannot admit or deny the allegations contained in paragraph 53.
54. DOH denies the allegations contained in paragraph 54.
55. DOH denies the allegations contained in paragraph 55.
56. DOH cannot admit or deny the allegations contained in paragraph 56.

57. DOH cannot admit or deny the allegations contained in paragraph 57.
58. DOH cannot admit or deny the allegations contained in paragraph 58. Any document referenced in this paragraph speaks for itself.
59. DOH cannot admit or deny the allegations contained in paragraph 59. Any document referenced in this paragraph speaks for itself.
60. DOH cannot admit or deny the allegations contained in paragraph 60. Any document referenced in this paragraph speaks for itself.
61. DOH cannot admit or deny the allegations contained in paragraph 61. Any document referenced in this paragraph speaks for itself. Allegation 64 is a legal conclusion and does not require a response
62. DOH cannot admit or deny the allegations contained in paragraph 62.
63. DOH incorporates its previous responses to the applicable allegations contained in paragraphs 1 through 62 as if fully set forth herein.
64. Allegation 64 is a legal conclusion and does not require a response.
65. Allegation 65 is a legal conclusion and does not require a response.
66. Allegation 66 is a legal conclusion and does not require a response.
67. DOH denies the allegations contained in paragraph 67.
68. DOH denies the allegations contained in paragraph 68.
69. DOH denies the allegations contained in paragraph 69.
70. DOH denies the allegations contained in paragraph 70.
71. DOH denies the allegations contained in paragraph 71.
72. DOH denies the allegations contained in paragraph 72.
73. DOH incorporates its previous responses to the applicable allegations contained in paragraphs 1 through 73 as if fully set forth herein.
74. Allegation 74 is a legal conclusion and does not require a response.
75. Allegation 75 is a legal conclusion and does not require a response.
76. Allegation 76 is a legal conclusion and does not require a response.
77. Allegation 77 is a legal conclusion and does not require a response.
78. Allegation 78 is a legal conclusion and does not require a response.
79. Allegation 79 is a legal conclusion and does not require a response
80. DOH denies the allegations contained in paragraph 80.
81. DOH denies the allegations contained in paragraph 81.

II Proposed Civil Penalty

The proposed civil penalty is excessive. The financial circumstances of the Territory do not warrant the assessment of fines or penalties in the amounts proposed.

III. Compliance Order

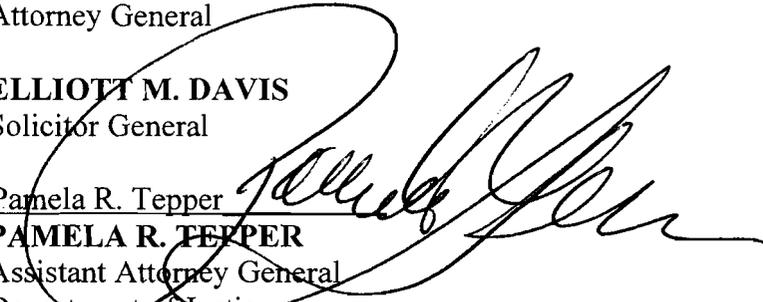
The Department of Health received this Complaint on October 14, 2010. Pursuant to 40 C.F.R. section 22.15, the Department of Health is requesting a hearing on this matter. In addition to the Department of Health's request for a hearing, the Department is requesting an informal settlement conference to address the issues alleged in the Complaint.

Respectfully Submitted,

VINCENT F. FRAZER, ESQ.
Attorney General

ELLIOTT M. DAVIS
Solicitor General

Dated: November 12, 2010

By: 
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Assistant Attorney General
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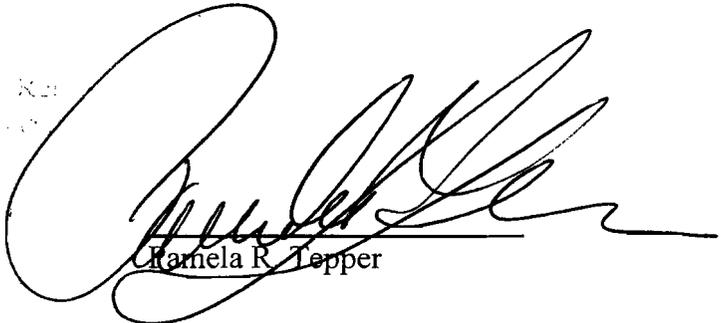
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 12th day of November, 2010, a copy of the Answer of the Virgin Islands Department of Health was served upon the following individuals by depositing it in the United States Mail, first class, postage prepaid, at St. Thomas, VI, addressed to:

1. Eduardo R. Gonzalez, P.E.
U.S Environmental Protection Agency, Region 2
Caribbean Environmental Protection Division
Response & Remediation Branch
Centro Europa Building, Suite 417
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San Juan, Puerto Rico 00907

2. Regional Hearing Clerk
U.S. Environmental Protection Agency, Region 2
290 Broadway, 16th Floor- Room 1631.
New, York, N.Y. 10007-1866

3. Carolina Jordan-Garcia, Esq.
Assistant Regional Counsel
U.S Environmental Protection Agency, Region 2
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Camela R. Tepper