



United States Department of the Interior

FISH AND WILDLIFE SERVICE

1875 Century Boulevard
Atlanta, Georgia 30345

In Reply Refer To:
FWS/R4/WSFR

MAR 17 2015

Ms. Dawn Henry, Commissioner
Department of Planning and Natural Resources
8100 Lindberg Bay, Suite 61
Cyril E. King Airport Terminal Building - 2nd Floor
St. Thomas, Virgin Islands 00802

Dear Ms. Henry:

We are writing to notify you of our intentions to discontinue our participation in the Boating Infrastructure Grant Program (BIG Program) Award VI-Y-F14AP00039, entitled "St. John Marina," located at Coral Bay on the Island of St. John, U. S. Virgin Islands.

One requirement for BIG Program grant projects is found under 50 CFR Boating Infrastructure Grant Final Rule, Subpart B 86.21, which states: "What activities are ineligible for funding?" Your project is ineligible for funding if you propose to: (c) "Significantly degrade or destroy valuable resources or alter the cultural or historic nature of the area." After receiving information concerning potential impacts of the marina project to the environmental and cultural resources of the area, we revisited our initial decision to fund this award in light of 50 CFR 86.21. Consequently, we have decided to discontinue this award based on our analyses of the information received. A summary of the grant award and the factors affecting the feasibility of continuing the project are outlined below.

On December 18, 2013, the U.S. Fish and Wildlife Service (Service) awarded the grant to the Virgin Islands' Planning and Natural Resources Division in partnership with a subgrantee and private investment group, Summer's End Group (SEG), to provide 36 boat slips, a boating activity center and essential amenities for BIG-eligible transient boaters as a part of the northern phase of the total St. John Marina project. The Northern and Southern phases of the project, as proposed by SEG, call for the construction of 145 total boat slips with 96 boat slips in the northern phase, and 49 boat slips in the Southern phase.

As a contingency on the approval of the grant award, the Service authorized the expenditure of \$176,449 of federal funds for the grantee and subgrantee to complete the required environmental, economic, cultural compliance, and permitting documentation ("soft costs"). The Service also authorized the grantee to expend up to an additional \$127,366 of the federal budget if additional funds were needed for the permits and compliance studies, thus allowing for a total of \$303,815 for "soft costs". After one year, minimal progress has been made on the grant project.

Over the past several months, we have reviewed the formal comments from internal and external federal agencies, other environmental interests, and the general public. These comments were in response to the subgrantee's Major Coastal Zone Land and Water permit applications submitted to your Coastal Zone Management Program, as well as in response to the subgrantee's Department of the Army Corps of Engineers (Corps) permit application and Public Notice SAJ-2004-12518 (SP-JMS). We have also reviewed and responded to numerous formal letters, complaints, comments and general emails sent to the Service from concerned citizens and groups.

A summary of the comments received and recommendations on additional information needs are listed below.

- Complete analysis of on and offsite alternatives to the marina project.
- Avoidance and minimization measures for the Antillean manatee (*Trichechus manatus manatus*) need to be adequately addressed.
- Develop and implement a sea turtle survey plan in coordination with the National Marine Fisheries Service (NMFS) Protected Resources Division including avoidance and minimization measures.
- Address pile driving and quantification of potential acoustic impacts to sea turtles with proposed impact minimization measures.
- Evaluate water quality impacts on marine resources, wetlands, coral reefs, sea grasses, fish and marine invertebrates and species of concern.
- Complete an Essential Fish Habitat evaluation.
- Address impacts and mitigation for possible loss of submerged aquatic vegetation (SAV).
- Add bird perches or piles in the proposed SAV relocation area to provide a natural fertilizer to the newly transplanted SAV.
- Complete benthic survey of mooring field areas and transit routes into and out of the bay evaluating endangered species impacts.
- Address valuable mangroves which may potentially be impacted.

- Proposed mooring plan, type of moorings, and operation of the mooring field should ensure project will not result in additional impacts to seagrass or corals.
- The reorganization of existing moored and anchored vessels in Coral Bay should be complemented with appropriate regulations to promote the use of the proposed mooring field and reduce additional impacts.
- Address fuel barge operation including spill containment plan.
- At least one spill response box should be located midway along each of the major docks and at the fuel dock.
- Address the construction plan for in-water and shoreline construction, including sediment and turbidity control measures, maintenance and monitoring schedules for these controls, and information regarding the proposed spud barge and work vessel anchor locations.
- Provide copies of recent water quality monitoring data for the project area, including the marina and mooring field.
- Provide current data for Coral Bay, including tidally-influenced and wind-driven transport patterns, as well as hurricanes and tropical storms.
- Address impacts to the resources of the Virgin Islands National Park and the Virgin Islands Coral Reef National Monument from increased vessel traffic.
- Evaluate potential threats to seagrasses from sediment suspension, shading, increased sewage loads, antifouling bottom paints, fueling leaks, etc.
- Since additional wastewater loads from the upland facilities associated with the marina are expected, the treatment facility targeted to receive wastewater from the project could exceed its capacity, resulting in additional impacts to water quality elsewhere in the U. S. Virgin Islands.
- Waste management concerns should be incorporated into the solid waste management plan for the proposed development.

Until these concerns can be adequately addressed, we are unable to deem the project as eligible for funding. Consequently, we are proposing to withdraw our participation in the grant award and close the award as of June 1, 2015. Once the environmental, cultural compliance, and permitting issues, along with any accompanying mitigation measures, have been completed and approved, we invite you to resubmit a funding proposal for this project (or other areas as you deem appropriate) under the BIG Program. While we cannot guarantee the proposal would successfully compete for a grant award, the project should then meet all eligibility requirements, and would be ready for immediate implementation if funded.

We hope we have provided you with our analyses and rationale on our decision to discontinue the St. John Marina grant award project. Prior to our proceeding with the closing of the grant,

we would like to provide you with an opportunity to respond to this proposed action, as well as to submit any information or documentation in support of your response. We ask that you provide your response to this office by March 30, 2015.

Pending your response, and our moving forward with closing out the grant award, the following actions will need to be considered and implemented:

1. Grantee/subgrantee may expend the federal grant funding up to \$303,815 to reimburse the subgrantee for the allowable charges to the grant for preaward costs and current "soft costs" as related to the design and construction plans, permitting, biological studies, environmental studies and other activities relative to compliance and design. Costs should be prorated for allowable charges that apply to the BIG Program project portion of the total Marina project.
2. Grantee shall continue to utilize the document review protocol for reimbursement of allowable expenses using the modified reimbursement method of payment as delineated under "Enclosure A of the Virgin Islands Department of Planning and Natural Resources Audit High Risk Status Resolution Plan."
3. Once the final payments for the "soft costs" up to \$303,815 have been completed, final performance and financial (SF-425) reports must be submitted to the Service within 90 days after the proposed closing date of June 1, 2015 or August 30, 2015.

We sincerely appreciate our shared partnership and your commitment to protect and manage the fish and wildlife resources and habitats in the U. S. Virgin Islands. Please feel free to contact me at (404) 679-4154 if you have questions or need further clarification.

Sincerely,



Michael L. Piccirilli, Chief
Wildlife and Sport Fish Restoration Program