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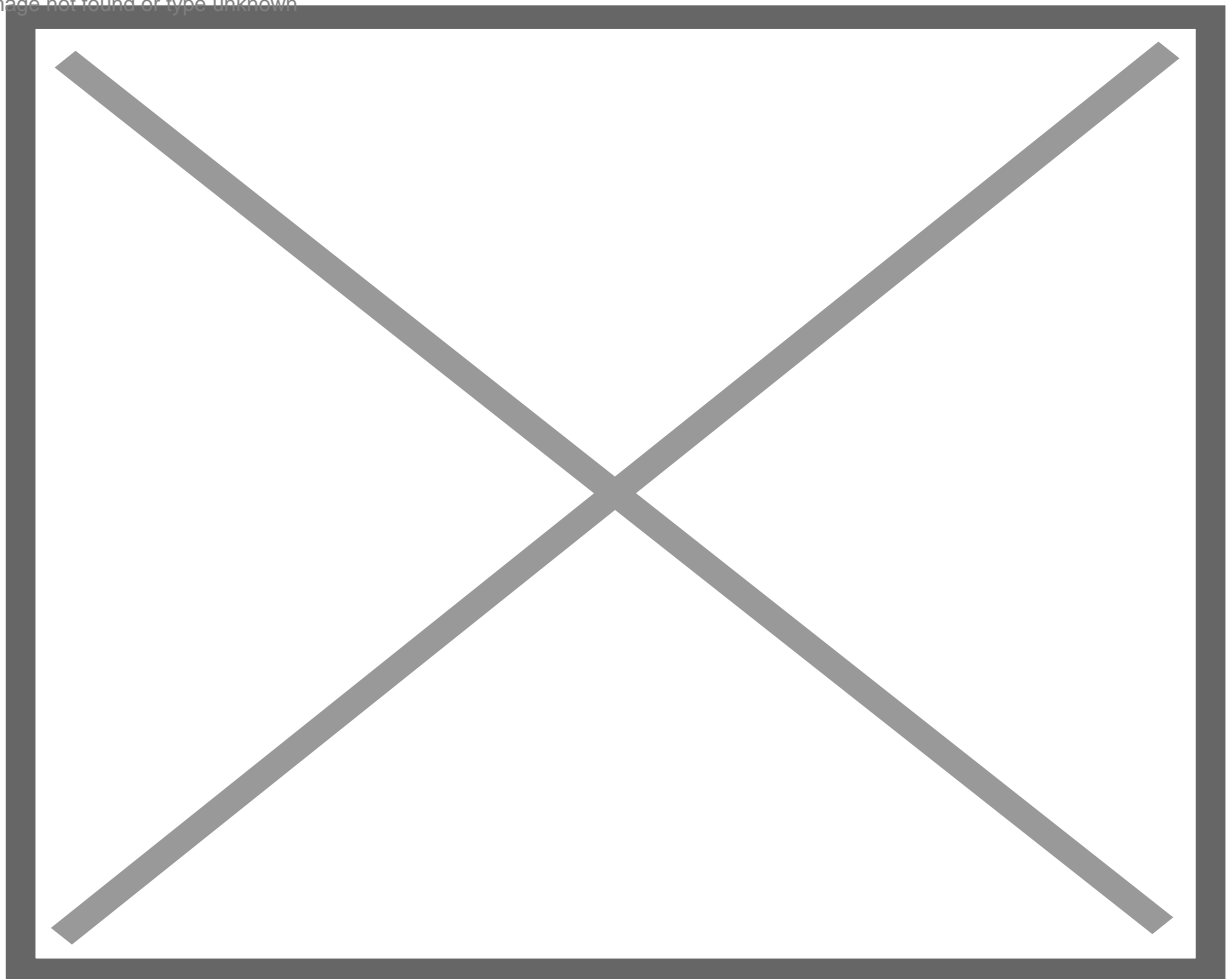
WAPA Crisis Deepens as Gov't Debts Exceed \$24 Million; OMB, Dept. of Finance Subpoenaed to Testify

Senate unearths millions in unpaid bills during emergency hearing

Senate / **Published On April 25, 2024 05:22 AM /**

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Aggreko has several units at WAPA's Richmond Power Plant on St. Croix, and the company last week took the units offline because of nonpayment, which led to power rationing.

During an emergency hearing of the Senate Committee on Budget, Appropriations and Finance on Thursday, lawmakers were left stunned by the news that the Water and Power Authority is owed over \$24 million for water and electrical bill payments from a lengthy list of public and private sector debtors, including the federal government.

At the beginning of the week, before [announcing a local state of emergency](#) because WAPA's financial woes had begun to impact the provision of power in the territory, Governor Albert Bryan Jr. singled out three semi-autonomous agencies who owe WAPA a combined \$11 million. However, WAPA Interim Chief Financial Office Lorraine Kelly rattled off a long list of additional debtors during Wednesday's Senate hearing.

Among them are the U.S. Post Office which owes \$360,000 and is two months past due, the U.S. Army Corps of Engineers is eight months past due and owes \$10,000, and the V.I. National Guard which racked up debts totaling \$781,000 over the course of six months of non-payment. The V.I. Housing Finance Authority, when threatened with a disconnection notice, paid \$1.2 million in arrearages, but still owes some \$2.4 million to the authority. The Department of Education, Bureau of Motor Vehicles, Public Defender's Office, Supreme and Superior Courts, and Office of the Lieutenant Governor were also among the public entities indebted to WAPA, Ms. Kelly disclosed.

WAPA CEO Andrew Smith told lawmakers that Ms. Kelly's summary was accurate for the period ending February 2024, and "has not changed materially since then." Past due amounts owed by WAPA's largest customer – the Government of the Virgin Islands – currently stand at over \$24 million. That figure, Mr. Smith noted, surpasses the authority's typical monthly revenue of \$21-\$23 million, and said that payment performance began to decline last June. The arrearages put WAPA in a difficult situation, Mr. Smith said, because whereas the threat of disconnection is an effective disincentive for individuals and private businesses to rack up large past-due amounts, "WAPA cannot disconnect customers that provide critical services in the territory – the hospital for example."

After a fuller picture of public indebtedness to WAPA was revealed, it was concluded that the nonpayment problem went far beyond the three semi-autonomous entities singled out as owing WAPA large sums. The Waste Management Authority, the Schneider Regional Medical Center, and the Juan F. Luis Hospital were spotlighted by Governor Bryan during his [press conference announcing the state of emergency](#) on Monday. In the Senate on Wednesday, the leadership of these three agencies all testified before the committee and uncovered additional failures on the part of government entities to pay off debts owed to them.

According to Tina Commissiong, CEO of SRMC, the Department of Health should rightly be shouldering some of the \$2.7 million in past due utility payments owed to WAPA, as D.O.H., she said, utilizes 6 percent of SRMC's space and is not metered separately. By SMRC's calculations, D.O.H. should contribute \$262,880 annually toward the WAPA bill. Ms. Commissiong also disclosed that the presence of D.O.H. represents an opportunity cost to Schneider Regional, as the department does not pay rent for the space that it occupies, despite interest from other entities in renting the space. "We are foregoing revenue opportunities to continue to partner with them and serve the community," Ms. Commissiong told Senator Alma Francis Heyliger. "A contribution for rent would greatly assist."

The hospital's financial challenges are compounded by high uncompensated care figures, [caring for boarders](#), and slow payments from the Department of Human Services, Bureau of Corrections, and the Department of Labor Workman's Compensation Program. Available funds, therefore, are "stretched thin and often are insufficient for us to pay all of our bills in full." Ms. Commissiong reminded lawmakers that "often the decision has to be to get the blood, drugs, supplies and staff that we need." Timely payments from "other agencies that have monies owed" would help SRMC pay WAPA and other vendors.

Similar sentiments were shared by Douglas Koch, CEO of JFL. The hospital's annual WAPA bill, totaling \$3 million is 10 percent of its yearly allotment. JFL, he said, has registered a "35 percent increase in uncompensated care since 2015." The hospital is owed some \$6.8 million by various entities including the Department of Labor.

During his press conference on Monday, Governor Bryan had likened the network of government agencies owing money to other government and semi-autonomous agencies to a "shell game," noting that it was all coming from the same pot of government money, just being moved between different parts to stave off crises.

Luis Sylvester, deputy executive director at the V.I. Waste Management Authority confirmed that WMA owes \$3.2 million to WAPA, and that WMA has not stayed current with bill payments as it is "still underfunded by nearly \$10 million." GVI recently facilitated a \$2.3 million payment to WAPA to ensure key generation capacity remains online after service provider Aggreko temporarily disconnected WAPA based on their failure to pay. That payment was made on behalf of WMA, and Mr. Sylvester affirmed that "the governor has pledged to pay WMA's outstanding remaining balance to WAPA." He promised that WMA would continue to make monthly payments of \$200,000 to WAPA.

With a mountain of new information to be fleshed out, several lawmakers felt confident that their decision to investigate the issue before appropriating funds to bail out WAPA was justified. Senator Samuel Carrion said that he "[struggled] to understand some of the statements ... by the governor "with regards to blaming responsibility over this crisis on this body." Sen. Francis Heyliger agreed, calling WAPA a "very deep black hole we keep throwing money into." Meanwhile, Senator Frett-Gregory felt "vindicated," asking why the Legislature should "appropriate additional funds when it's so much outstanding money on the street."

Nonetheless, majority leader Senator Kenneth Gittens questioned why the central government's WAPA bills were not being paid out of the single-payer fund, a "separate and distinct fund" within the V.I. Department of Treasury "for the purpose of paying the Virgin Islands Water and Power Authority" for all entities supported by the general fund. During the Senate's Tuesday press conference, Senate President Novelle Francis said consideration is being given to creating a single-payer system for WAPA similar to that of the central government agencies. This system would mandate that funds appropriated to government arms through the executive budget would be set aside to pay WAPA. However, Mr. Bryan in December asked the Senate to move legislation for this system, and it hasn't happened.

Currently, money for WAPA payments is being garnished from the monthly allotments of WMA, SRMC and JFL. However, actual monthly bills surpass the garnished amounts, resulting in past-due sums that accumulate over time. Senator Marise James, sympathetic to their situation, said that "there's something wrong with the entire system." She asserted that automatic deductions could worsen the situation for already underfunded entities. "We need to be honest and say we are all broke," she declared.

Yet government officials leading important departments, who could definitively speak on the government's financial status, were absent from Wednesday's emergency hearing. "Due to Governor Bryan's enactment of an energy state of emergency, we respectfully decline and will not be appearing," Office of Management and Budget Director Jenifer O'Neal wrote to the Legislature in response to an invitation to appear for herself and Finance Commissioner Kevin McCurdy. Senator Dwayne DeGraff responded by proposing to compel Ms. O'Neal, Mr. McCurdy, and V.I. Territorial Emergency Management Agency Director Daryl Jaschen to appear

via subpoena, a move supported by his colleagues over the objection of Sen. Francis.

As the marathon discussion wrapped up, Sen. Frett-Gregory cautioned that based on the decisions that will need to be taken in Thursday's legislative session, lawmakers would have to determine whether the subpoena motion would still be effective. "That one definitely came out of left field," she disclosed.

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