

WAPA Board, Frustrated Over Lack of Key Information, Delays One Contract But Approves Another

Despite reservations over incomplete cost details, the board approved a \$3.45 million transformer purchase for St. Thomas and extended a \$23.3 million fuel contract. A \$4.4 million undergrounding project was delayed pending FEMA approval of payment terms

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The Randolph Harley Power Plant in St. Thomas. By. ERNICE GILBERT, V.I. CONSORTIUM

On Thursday, the Water and Power Authority's governing board met to consider approvals for two major projects – undergrounding infrastructure along a feeder route on St. Thomas, and a new transformer to replace equipment damaged during the 2017 hurricanes.

Star Matthew, the mechanical engineer managing the undergrounding project, explained that it entailed replacing “primary and secondary with underground infrastructure along the Feeder 5A route, starting at the Sub Base Road going into the power plant.” Work is scheduled to begin in mid-January 2025, with an estimated completion date of January 2026.

The current project cost is just north of \$4.4 million, funded entirely by federal dollars. On Thursday, Ms. Matthew wanted the board to approve a change to the current payment terms. “Haughland is wanting to utilize progress billing,” she explained. “They’ll be able to invoice based on the percentage of milestones completed, rather than at the completion of each milestone.” The change, Ms. Matthew said, would allow the company to better manage its cash flow, meaning that work can progress smoothly, without interruption, and stay on schedule. She noted that the contract was originally set up this way, but Haughland wanted to use milestone payments instead.

Now that the contractor wants to revert to the progress billing method that was contemplated in the original agreement, board member Maurice Muia wanted written assurance from the Federal Emergency Management Administration that this would be an acceptable change. “That letter is actually still in the works,” Ms. Matthew admitted. “It has not been completed as yet.”

When Mr. Muia complained that this correspondence had been requested in a previous committee meeting, WAPA CEO Karl Knight informed that the delay was out of their hands. “We can’t control FEMA’s responsiveness to our request,” Mr. Knight said. “We’ve made the inquiry. We’ve made the request,” he assured. However, he expressed confidence that the requested documentation from FEMA would be forthcoming before the next board meeting.

After a first motion to go ahead and approve the payment changes failed to receive sufficient votes, the board then agreed to reconsider the request during the next meeting in January, pending receipt of the approval from FEMA.

Next, WAPA’s Interim Director of Transmission and Distribution Cordell Jacobs presented for the board’s approval a \$3.45 million contract with Maddox Transformers. The money will go towards the purchase, installation and commissioning of a transformer for the East End substation on St. Thomas. Mr. Jacobs reminded the board that after the damages caused by the 2017 hurricanes, federal funds paid for the replacement of the switch gear and the building. Repairs to the transformer were attempted, but ultimately proved unsuccessful. “Right now...functionality has not been restored to the substation since there’s no transformer,” he noted. Once a new transformer is in place, he said, the substation will be able to operate normally once again.

Once again, Mr. Muia had questions about costing details. He noted that the quote provided to the board did not include figures for shipping, installation and commissioning. “Some of those costs are still in the works,” explained Mr. Jacobs, noting that WAPA staff used estimates to come up with a total dollar amount. Mr. Muia was not satisfied with that response. “I can’t understand why we are being asked to approve something – especially up to that amount – with everything not finalized,” he griped.

Despite an explanation provided by WAPA’s general counsel Dionne Sinclair, Mr. Muia remained unmoved. “Specificity is of need...due to the challenges of any vendor doing work in the Virgin Islands,” he insisted. “When we have...a solid quote...then I feel more comfortable making a decision.”

Board Chair Hubert Turnbull also expressed discomfort with the lack of a draft contract being presented to the board. “We have less information than we should have for such a turnkey project,” Mr. Muia reiterated. Mr. Knight reminded the board that staff was seeking a “not to

exceed amount, to arrange the other portions” of the deal, including shipping, commissioning, testing and installation of the transformer.

Eventually, with Mr. Jacobs reminding the board that federal dollars will ultimately underwrite the cost of the transformer, with the Office of Disaster Recovery providing the 50% deposit required upfront, board members reluctantly approved the request. “This will be the first time – first and last for me,” said Mr. Turnbull. “I needed more meat to this.” Board member Juanita Young said that the yes vote “is very difficult for me, and the only reason I'm voting this way is because I realize the urgency of getting this transformer.” Mr. Muia abstained from voting in either direction.

During Thursday's meeting, board members also approved an extension of the supply contract with Borinken Marine Group. Although a new fuel supplier has been identified, the extension is necessary to ensure no gaps in supply to the Richmond and Randolph Harley power plants in the interim. As such, a contract extension until the end of March 2025 was being sought, at a cost not to exceed \$23.3 million. The request was unanimously approved by the board.

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