The Virgin Islands Consortium

FEMA Says $3.2B Wastewater Rebuild Is Required in Virgin Islands; Residents Face $250M in Costs as VIHFA Suspension Threatens Local Match

With FEMA backing a $3.2 billion wastewater replacement, residents could collectively face more than $250 million in private lateral costs, while HUD's suspension of VIHFA raises fresh uncertainty over WMA's ability to cover the required local match.

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The Virgin Islands' wastewater system cannot be repaired or rehabilitated and must instead be comprehensively rebuilt, according to an assessment by the Federal Emergency Management Agency, with full replacement expected by 2034 at a projected cost of approximately $3.2 billion.

Officials from the V.I. Waste Management Authority told the Senate Committee on Health, Hospitals and Human Services on Wednesday that the territory's aging pipelines, pump stations, manholes and related infrastructure have exceeded their useful life.

Walton Keith Smith, WMA's chief of wastewater, said the system's condition is the result of years of neglect, underinvestment and hurricane damage. "Decades of aging infrastructure, deferred investment, and disaster impacts have left us operating a system that has exceeded its intended service life," he said.

The problems include deteriorated pipelines, failing pump stations, collapsing manholes, excessive stormwater infiltration, unreliable electrical power, limited financial resources and growing operational demands.

Untreated Sewage Continues to Reach Communities

The effects are not limited to the authority's physical infrastructure.

Residents continue to report untreated sewage flowing into neighborhoods, residential communities and public streets. Mr. Smith described those incidents as sanitary sewer overflows and acknowledged the public-health risks associated with them.

WMA officials said the only lasting solution is a prudent replacement of the entire wastewater system.

Approximately $3.2 billion has been identified through the federal recovery process for the work. Of that amount, $2 billion is allocated for St. Thomas, $1 billion for St. Croix and approximately $80 million to $90 million for St. John.

The higher allocation for St. Thomas reflects the island's mountainous terrain, according to WMA.

Approximately $900,000 has been spent to date on design work and related activities.

Mr. Smith cautioned that the project will take years. "The replacement cannot occur overnight," he said.

Planning, design, environmental review, procurement and construction "will take years to complete," he stated. Full replacement is "anticipated by 2034," Mr. Smith testified.

The replacement project is fully federally funded and covers the entire public wastewater system managed by WMA.

It does not, however, pay for the replacement of privately owned lateral lines connecting homes and businesses to the public system. WMA also does not manage those privately owned lines.

The authority's work will extend only to the property line.

"It will be real expensive for our residents when the time comes. The federal government does not pay for us to replace lines on private property," Mr. Smith told Senator Hubert

Frederick.

Mr. Smith said “some financial mechanism” should be identified “in order to help the public to replace their lines to connect to our new system.”

WMA estimated that the combined cost to private property owners could exceed $250 million.

Mr. Smith said the estimate reflects differences among properties. Some owners have larger lateral lines, others have longer connections, and some will have to break through driveways or steps to complete the work.

Mr. Frederick directed WMA to develop a schedule identifying the average connection cost in different locations throughout the territory. The information, he said, would allow residents to understand what they may be expected to pay and could help the Legislature determine whether subsidies are possible. “So people would start knowing what they’re looking at, and then maybe if the Legislature could find money, we could subsidize that. You can’t just throw a number like $250 million and say that’s the public’s responsibility,” he said.

Alex Bruney, WMA’s chief engineer, said the authority would attempt to facilitate connections to the new system, but the age and condition of some private lines could create difficulties. “Due to the age of some of the laterals, it may be difficult to make a proper connection at that point.”

If property owners “experience any issues with their lateral from the property line into their home, it will be their responsibility to come up with the finances to repair that line,” he clarified.

Mr. Bruney said he was not “100% sure on the accuracy of the $250 million.”

The actual cost, he said, would be determined on a “case-by-case basis.”

Senators Press WMA for Firm Timelines

Senator Ray Fonseca, chairman of the committee, questioned whether WMA has the capacity to complete a project of such scale. He criticized the authority for being unable to provide detailed figures or “exact timelines.”

“You have over $3 billion in federal funds. I’m very concerned, and I think this has to be done in phases,” Mr. Fonseca complained. “I can’t imagine us doing one big project like this on St. Thomas,” he said.

Senator Alma Francis Heyliger raised similar concerns about whether the work could be completed by 2034.

Mr. Smith said WMA has developed a plan and is coordinating with other government departments, particularly through a “one dig approach” intended to coordinate infrastructure work. “I think we can spend money because we have a plan.”

Ms. Francis Heyliger nevertheless asked for more certainty about when construction would begin. “We could plan all we want. I’m trying to figure out when we gonna actually execute,” she said.

HUD Suspension Could Affect Local Match

Lawmakers also noted that WMA intended to use U.S. Department of Housing and Urban Development funding to cover part of the local match required for the FEMA-funded work. “And so you are going to be affected,” Senator Carla Joseph observed.

The discussion came as the V.I. Housing Finance Authority faces a federal suspension affecting future participation in federal procurement and nonprocurement transactions.

While the authority prepares for full replacement, WMA has been implementing a Wastewater Optimization Program intended to maintain and improve the existing system.

Mr. Smith said the program is designed to “bridge this gap” between the territory’s immediate wastewater needs and the eventual replacement of the infrastructure. It seeks to “improve operational performance while laying the foundation for long-term infrastructure reliability," he said.

Although “considerable work remains,” Mr. Smith said the program has improved emergency preparedness and expanded preventive-maintenance activities.

WMA told lawmakers that federal replacement funding alone will not be sufficient to ensure the long-term operation and protection of the new wastewater system.

The authority said overcoming “decades of infrastructure deterioration” will require “sustained investment” in rehabilitation and modernization.

According to Mr. Smith, “continued legislative support will ensure that the Authority can effectively operate, maintain and protect the new wastewater infrastructure being funded through FEMA’s capital replacement program.”

Sustained local investment, he said, is “essential.”

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