

The Virgin Islands Consortium

WMA Wants To Charge Residential And Commercial Fees For Waste Removal

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ST. CROIX -- Officials of the Virgin Islands Waste Management Authority (WMA) and the Virgin Islands Department of Public Works (DPW) testified before the Senate Committee on Housing, Public Works and Waste Management at the Fritz Lawetz Conference Room in Frederiksted on Friday, giving assessments of their respective agencies and the financial support needed to push initiatives forward.

WMA Chief Operating Officer Steve Aubain told senators that the government's recent budget cuts, which rippled through various agencies including WMA, has handicapped the department's efforts and forced delayed payments to contractors who haul waste from the territory's homes and businesses. Aubain said while WMA's partners have

continued to provide required services, "this trend is not sustainable for the long term."

The director went on to explain the challenges faced by WMA, including two federal consent decrees to shutdown the Anguilla and Bovoni landfills on St. Croix and St. Thomas. Aubain said WMA developed a \$75.4 million plan in June of 2014 that would see both landfills being completely shuttered in a 5-year period. However no funds have been made available for the execution thereof.

Further into his testimony, Aubain spoke of future operating revenue and capital fund generation strategies for WMA, which he said "are paramount to the authority's survival and success going forward."

The director was calling attention to WMA's plan to start charging fees to residents and businesses for the hauling of waste, and a plan to increase the wastewater removal service user fee, which recently saw an increase of 50 percent, or \$110.77, to an even higher amount. Aubain said the further increase was needed because WMA's wastewater budget is \$13.2 million, however current sewer fund appropriations is \$3 million annually.

WMA's combined annual budget is \$47.9 million, and it's been historically funded by the Government of the Virgin Islands (GVI), federal grants and Public Finance Authority (PFA) bonds. But with the government being unable to provide adequate funding, Aubain said the decision was made within WMA to find new ways of generating revenue.

"The authority has the ability to access and charge fees to become self-sufficient in the long term," Aubain said. "Going forward the authority will introduce several new solid waste collection and disposal fees, and also increasing the existing wastewater user fee rates as well as introduce minor fees for other ancillary services."

Once approved and implemented by the Public Finance Authority (PFA), Aubain said WMA's dependency on the GVI appropriations will be reduced.

"To summarize, the authority will generate revenue for its various services, receive an appropriation for services rendered to the GVI, and receive capital funds from grant programs and bond proceeds -- whether those be PFA or actual WMA bonds," Aubain said.

As for families who are unable to pay fees, the director said WMA will utilize a subsidy program for qualified residents.

Aubain said discussions are currently being held with the Office of the Tax Assessor in regards to a memorandum of agreement relative to the wastewater fees to determine "fair and reasonable rates" for customers. This would be done by granting Waste Management "timely access to pertinent financial data and customer information to effectively manage routine assessment, payment, collection and penalty assessments and tax lien on properties," Aubain said.

WMA hasn't finalized the exact charge for neither residential nor commercial customers. However, it's closer to a figure for commercial customers than it is for the territory's residents. Once the new fees are implemented, WMA expects to more accurately project and monitor its revenues and cash flows.

In relation to solid waste, some of which includes scrap metal, vehicles and scrap tires, Aubain said the proposed special waste fee that's now pending approval from the Public Services Commission (PSC), will begin to transfer the costs to regulate or manage these special wastes to waste generators.

Some senators, while understanding WMA's financial strain, disagreed with the plan to raise taxes, and others called for the entity to recycle waste to save on its Water and Power Authority (WAPA) bill, which Aubain revealed was \$4.2 million in 2014, of which \$3.2 million is yet to be paid to WAPA.

Senator Nellie Rivera O'Reilly expressed concern with the way Waste Management handles appropriations it receives from the government, and said she was not in support of adding another tax burden to an already overtaxed populace.

"I do not believe that the authority has shown that it is a good steward of tax payer dollars," O'Reilly said, adding that she would not support floating bonds until WMA demonstrates good stewardship.

O'Reilly then pointed to the Bovoni landfill fire that WMA said will cost \$9.2 million to replace ruined equipment, a problem she said has been ongoing for two years.

"This isn't new," she said. The veteran senator told Aubain that she could reference testimony that he gave in the past where statements made were yet to be fulfilled.