

The Virgin Islands Consortium

With W.A.P.A. In Deep Financial Trouble, Mapp Sends Bill To Senate That Pays Down Hospitals' Power Debt By \$8 Million

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ST. THOMAS -- Governor Kenneth Mapp said in a transmittal letter to Senate President Neville James on Tuesday that W.A.P.A. is in dire financial straits with only 5-10 days cash on hand. Because of this and other reasons, ratings firm Moody's has W.A.P.A. on a downgraded review, while Fitch lowered its investment grade ratings on its bonded indebtedness because of the large amounts of money owed to the authority, primarily by the territory's two hospitals, but also by the Virgin Islands Waste Management Authority.

Collectively, Mr. Mapp said, the territory's hospitals owe W.A.P.A. over \$20 million -- \$12,085,850 by the Juan F. Luis Hospital and \$8,832,394 by the Roy Lester Schneider Hospital -- and the governor has proposed using some \$8.1 million that the government secured from litigation titled Virgin Islands Public Finance Authority, et al. v. [Buchanan Ingersoll and Rooney](#), PC, et al.

Mr. Mapp said W.A.P.A. requires a financial operating reserve of \$10 million to \$15 million and 30 days cash on hand, which amounts to \$26 million. However, the struggling semiautonomous entity is nowhere close its required reserve.

"To that end, this proposed bill requires urgent action by the Legislature to aid VI W.A.P.A. so it can have sufficient cash on hand to continuously purchase fuel," wrote the governor in his transmittal letter. "This infusion will translate into the VI Water and Power Authority being able to ensure stable and dependable power to the people of the Virgin Islands."

The governor acknowledged that his proposal is not a wholesale fix of all the hospitals' problems, but "it is one of several steps I will be proposing to the Senate this year," he said. "For the record, additional cash infusion to aid our hospitals is needed, and I will submit a plan for such aid in the near future." Mr. Mapp stressed that the financial aid being offered now to the hospitals should not be cause for the facilities to become comfortable.

"I want to underscore that this aid does not relieve hospitals' management teams from taking the necessary actions to achieve sound financial policies and better business practices," he said.

At a Territorial Board meeting on Wednesday, J.F.L. and R.L.S.H. officials said the hospitals were in desperate need of cash infusion.

The governor said W.A.P.A.'s need is urgent enough that he planned on calling the Senate into a special session, but Mr. James informed him that a session was scheduled for this week."

"I am asking that the body take this matter into consideration given its importance," Mr. Mapp said.

The bill and transmittal letter can be found [here](#).