

The Virgin Islands Consortium

W.A.P.A. Gets \$8 Million For Hospitals' Power Debt After Governor's Urgent Plea; Senate Discusses Merging Of Hospitals

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ST. THOMAS -- The 31st Legislature on Friday approved legislation that saw \$8 million -- secured by the government from litigation titled Virgin Islands Public Finance Authority, et al v. [Buchanan Ingersoll and Rooney](#), PC, et al -- going to the Virgin Islands Water and Power Authority for the hospitals' electric bills. Governor Kenneth Mapp had urged [speedy passage of the measure](#), stating that W.A.P.A.'s financial condition was fragile, and that the payment was needed to ensure, among other things, that W.A.P.A.'s bond rating does not drop any further than it already has.

Giving a backstory in regards to the \$8.1 million, Public Finance Authority Executive Director Joanne Bozzuto, said that the Internal Revenue Service had demanded a \$13.6 million penalty from the territory, claiming that its government had issued bonds in 2006 for general purposes while the government had a surplus of cash. The government's decision to float bonds wound up changing the tax status of the issuance, and the territory moved to sue the financial firms that had advised it to issue bonds -- resulting in the settlement of \$8.1 million. Ms. Bozzuto said the territory had spent \$2.7 million in litigation fees before even going to trial; suggesting that the settlement worked in the government's favor. Her response came following senators' query on how the monies became available.

Giving testimony on the measure was W.A.P.A., Mapp administration and hospital officials. The testimonies given on all sides worked to encourage senators to pass the measure. But the lawmakers were weary because of the late notice given to them; leaving little time to properly vet the bill. And they questioned whether the territory -- with just over 100,000 residents -- could continue to sustain two hospitals as separate entities with different administrative costs.

The discussion on Friday was music to the governor's ears, who [has long been advocating the merger of the territory's medical facilities](#), and has made public that he's been working on a strategy to that end.

W.A.P.A. Interim Chief Executive Officer Julio Rhymer said that as of March 31, 2016, the hospitals, streetlights fund and Waste Management Authority owed a combined total of \$31.5 million. Hospital CEOs said without mincing words that they continue to place W.A.P.A. low on their list of obligations; choosing to pay vendors and employees instead.

Officials testifying at yesterday's session, held at the Earl B. Ottley Legislative Hall, included Ms. Bozzuto, Juan F. Luis Hospital CEO Ken Okolo, Roy Lester Schneider Hospital CEO Scott Nothnagel, Nellon Bowry, director of the Office of Management and Budget and others.