The Virgin Islands Consortium

Company That Built And Maintains Territory's Wastewater Treatment Facilities Threatens To Terminate Service Contracts Following 18 Months Of Nonpayment

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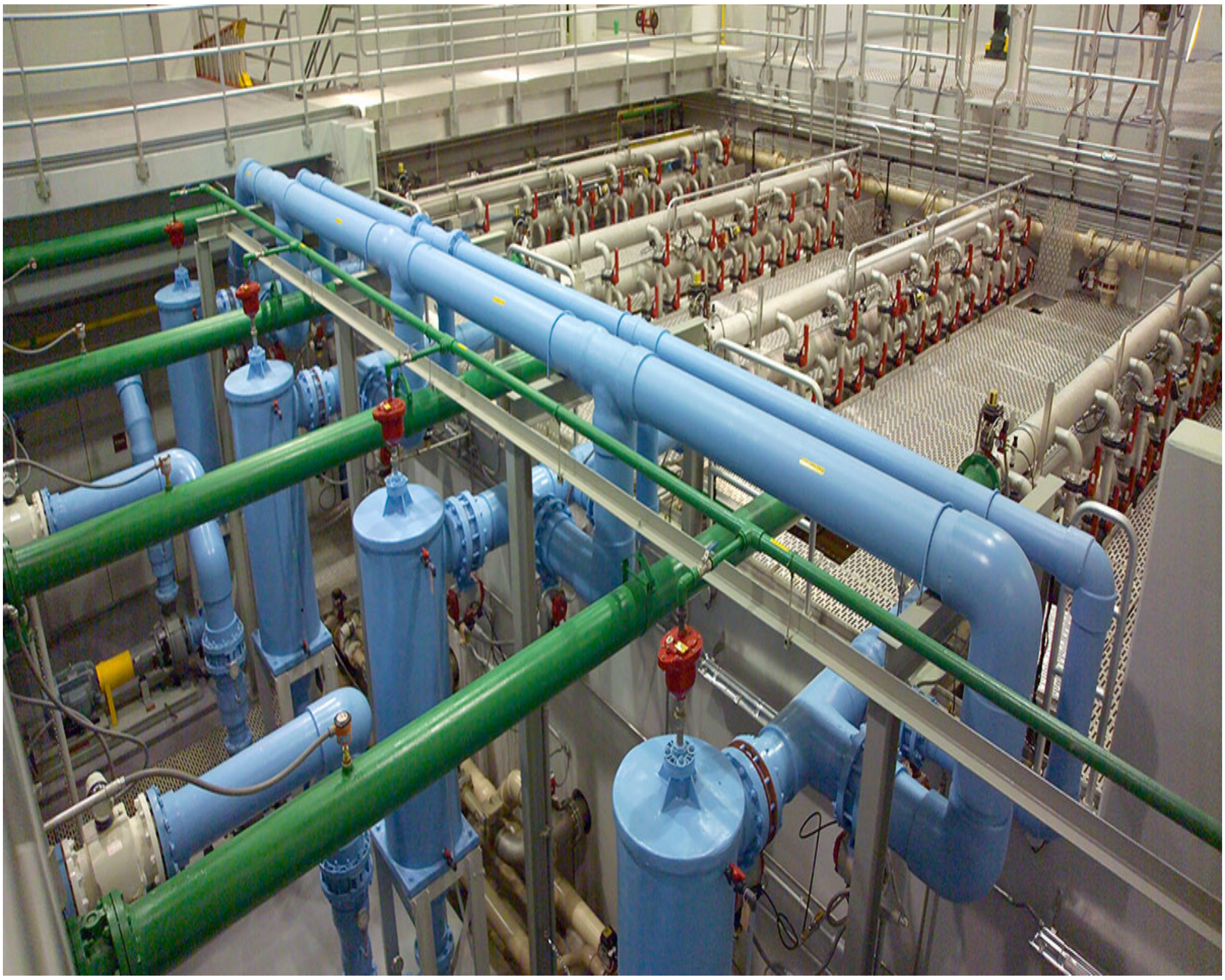

The company that built and services the territory's wastewater treatment facilities territory-wide -- Veolia Water North America – Caribbean, LLC -- has declared the Government of the Virgin Islands in default for failure to pay funds owed to the company as required under the service contracts, according to a letter from Veolia obtained by The Consortium (seen at the bottom of this story), addressed to the Department of Public Works and the Virgin Islands Department of Justice.

According to Veolia, the G.V.I., under the Mapp administration, has not made payments for 18 months -- totaling $4.6 million. The firm also alleged that the government has disregarded numerous attempts it's made to create a payment plan, and recently adopted a strategy of completely avoiding Veolia’s phone calls, emails and letters.

Government House was not available for comment at time of writing.

Veolia's letter attempted to address the excessive amounts the company says is owed to it for services administered for the design, construction and operation of the St. Thomas and St. Croix wastewater treatment facilities.

"As you know, prior to Veolia’s arrival in 2004, the Government of the United States Virgin Islands was plagued by a poorly performing lagoon system that created detrimental environmental harms, resulting in litigation and eventually a United States EPA consent decree," read the letter. "The United States EPA consent decree required GVI to have a qualified third party design, build and operate wastewater treatment plants on St. Croix and St. Thomas. GVI engaged Veolia to provide those vital services."

The company said it delivered two state-of-the-art treatment plants on time and on budget, pursuant to the 2004 contract. It said the two plants serve the wastewater treatment needs of all the islands' residents and have achieved 100 percent compliance and effluent quality that Veolia says exceeds regulatory requirements.

"The new wastewater treatment facilities provided, and continue to provide, the prominent standard of care for some of the most pristine water in the world," Veolia said.

Veolia said it recognized the burden that Hurricanes Irma and Maria have placed on the territory's resources, however the funds now owed to it has reached an untenable amount.

"GVI is the equivalent of 1.6 years behind in payments, has not made a meaningful payment to Veolia in approximately 18 months, and there has been limited communication from GVI regarding the more than four million six hundred sixty nine thousand dollars outstanding balance," the company said.

The firm intends to terminate the service contracts if the government does not pay what is due within 30 days.

The halting of maintenance could have negative consequences for the territory. Wastewater is a big health issue, as it carries and transports a myriad of diseases and illnesses. It is believed that about 2.2 million people die each year (globally) from diarrhoeal disease, according to the World Health Organization (W.H.O.). At least 1.8 million children under five years die every year due to water related disease, or one every 20 seconds, according to W.H.O. 2008 data.

In 2004, Veolia was awarded the contract to design, construct and operate two new 4-million-gallon-per-day wastewater treatment facilities in the territory. One facility, the Anguilla wastewater treatment plant, is located on St. Croix, while the second facility, the St. Thomas Red Point wastewater treatment plant, includes the decommissioning of existing lagoons on that site, according to Veolia.

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