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Unable to Refinance or Pay Off Debts, WAPA Continues to Extend 'at Substantial Cost' Lines of Credit With FirstBank and Banco Popular

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The FirstBank building in Golden Rock, St. Croix. By. V.I. CONSORTIUM

The V.I. Water and Power Authority moved forward with a number of extensions that will allow it to continue working on several projects to improve its services to the public.

On Thursday, WAPA board members voted to extend lines of credit needed to sustain operations as the authority struggles financially to service its debts to the banks each month.

To this end, board members voted to extend First Bank's lines of credit for 45 days until December 15, 2022, as well as the Banco Popular lines of credit for six months until April 30th,

2023. The extensions are not expected to exceed \$250,000 and include transaction-related fees, expenses charged by the banks and WAPA-incurred legal expenses.

Jacob Lewis, chief financial officer at WAPA said the authority has several different credit facilities with each bank that for the last several years have been extended every three months at a “substantial cost” to WAPA.

“They continue to be extended because the authority does not have the financial means at this time to refinance them or to pay them off,” he said.

According to Lewis, the financial team has been in talks with the banks to reduce the administrative efforts that go into preparing to apply for an extension and to reduce the cost of penalties for not being able to service its debts.

“We’ve been working with both banks very closely for the last several months in an effort to not only reduce the cost of these extensions to the authority, but also to get extensions for longer periods of time,” he said.

“Particularly over the last several months we’ve invested a lot of time with the banks to make sure that they understand the challenges that we’re dealing with and to make sure that the banks and the authority are aligned and understand the strategic initiative that the authority is undertaking to hopefully be able to refinance these more permanently in the not too distant future,” Mr. Lewis explained.

Meanwhile, the WAPA board approved a 53-day extension to allow excavation work to continue at the Cruise Bay Feeder to construct a new underground duct bank system from the St. John substation near Mongoose Junction on Northshore Road.

WAPA Project Manager Cordell Jacobs said additional time is needed to finalize the project, which was stalled because of the discovery of human skeletal remains on Bay Street.

“I believe it was four skeletal remains that were uncovered,” he remarked.

He said the excavation work is the first of three phases that must be completed. Upon completion, the feeder is expected to provide a much more reliable electrical system in that area.

Mr. Jacobs said it would be the last time extension for the project, adding, “we do perceive wrapping this project up by about the second week of December so we factored in another two weeks so our request is until January 7th, 2023.”

The board later voted to extend an existing lease for Aggrekko to supply temporary power generation for another month. WAPA Chief Executive Officer Andrew Smith said the extension will maintain the same terms and conditions until November 30th, 2022.

“The negotiations with Aggreko had been protracted and not advancing at the pace that the Water and Power Authority had hoped,” he shared.

In addition, Mr. Smith said moving forward, after “multiple discussions” with Aggreko they came to a “very attractive proposal” on Tuesday night to offer a one-year lease extension with the option of extending it for an additional 12 months if necessary.

He has promised to discuss the details of the full proposal with board members at their next regularly scheduled board meeting.

Mr. Smith said there are also plans to address environmental issues with Agrekko which has violated its emissions requirement.

“It’s their responsibility to deal with their lack of environmental compliance,” he said.

In the meantime, the board has agreed to extend the contract of the Randolph Harley Plant New Generation Unit until January 31st, 2022.

Chavante Marsh, Transmission and Distribution Substation manager said the extension is needed to allow the contractor to complete mechanical and electrical installation and to allow the authority to complete the project on time.

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