TESTIMONY ON PROPOSED FISCAL YEAR 2027 EXECUTIVE BUDGET

FOR THE VIRGIN ISLANDS WASTE MANAGEMENT AUTHORITY

COMMITTEE ON BUDGET, APPROPRIATIONS AND FINANCE

36TH LEGISLATURE OF THE VIRGIN ISLANDS

THURSDAY, AUGUST 6TH, 2026

HANNIBAL MIKE WARE

EXECUTIVE DIRECTOR

VIRGIN ISLANDS WASTE MANAGEMENT AUTHORITY

Good afternoon, Honorable Chairman Novelle E. Francis, Jr., members of the Committee on Budget, Appropriations, and Finance, staff, and members of the viewing and listening audience. I am Hannibal "Mike" Ware, Executive Director of the Virgin Islands Waste Management Authority. With me today are Chiefs of Finance, Wastewater, and Engineering. Mr. Griffith, Mr. Smith, and Mr. Bruney. Also accompanying me are my HR and Grants Directors. Erika Callwood and Elouise Brown-Moe. Thank you for the opportunity to present the Authority's Fiscal Year 2027 budget and provide an update on our operations, financial condition, and the significant infrastructure investments currently underway throughout the Territory.

Today, my testimony focuses on three realities.

First, the Authority continues to provide essential public health and environmental services despite significant operational and financial challenges.

Second, we are implementing structural reforms designed to place the Authority on a more sustainable financial footing.

Third, we are managing an unprecedented level of federally funded infrastructure investment that will transform waste management and wastewater services throughout the Virgin Islands for generations to come.

Together, these efforts represent a comprehensive strategy to modernize the Authority and build a sustainable utility capable of meeting the territory's future needs.

WHERE WE ARE – MANAGING TODAY'S CHALLENGES WHILE BUILDING TOMORROW'S INFRASTRUCTURE

The Virgin Islands Waste Management Authority operates at the intersection of public health, environmental protection, and economic stability. Every day, our employees collect, transport, process, and manage waste while maintaining wastewater systems that protect our communities and our environment.

These services are essential. They are also increasingly difficult to deliver using infrastructure that has long exceeded its useful life.

Our landfill systems are approaching capacity, limiting operational flexibility and increasing the urgency of developing long-term disposal solutions for the Territory. Again, much of our wastewater infrastructure has exceeded its useful life and is increasingly vulnerable to failures that result in sewer overflows, environmental impacts, service disruptions, and costly emergency repairs. Equipment fleets remain heavily utilized, and operational demands continue to increase.

Workforce challenges further compound these issues. While the Authority currently maintains 187 filled positions, we continue to carry 28 critical vacancies, many in frontline operational and technical positions that directly affect service delivery and regulatory compliance.

Despite these challenges, the Authority continues to meet its mission every day. I would like to take this opportunity to publicly thank the hard-working men and women of the Authority who find a way each day to make it work. Thanks for your dedication and commitment.

To support these operations, VIWMA has developed a balanced Fiscal Year 2027 budget totaling $58,438,695.

Government appropriations remain the foundation of the Authority's financial structure, providing $39,954,391
through the General Fund, Anti-Litter and Beautification Fund, Tourism Revolving Fund, Sewer Wastewater Fund, and Waste Tire Management and Disposal Fund.

These appropriations remain essential to maintaining services while the Authority continues its transition toward a more sustainable operating model. As such, the Authority is requesting full support for our budget request.

One note of critical importance is our shock that in the post audit report that was provided to us this week, our legally transferable $1.5 million transfer from the sewage wastewater fund was omitted from our budget. This must have been an oversight. Without those funds it would be impossible to fix the daily breaks in a wastewater system that is way past its useful life and deemed beyond repair by FEMA. We respectfully ask once again for full support of our budget request.

OPERATING EXPENDITURES AND FINANCIAL PRESSURES

Professional services represent the Authority's largest expenditure category at just about $24 million. These expenditures support essential operational functions including residential garbage collection, wastewater treatment, landfill operations, environmental monitoring, emergency response, and compliance activities.

Professional services for garbage collection and landfill operations and maintenance services total over $16 million, while wastewater treatment and disposal services total over $7 million.

Although these services remain critical, the Authority continues to experience significant liquidity pressures resulting from delayed apportionments and allotments.

The reality is straightforward: we continue to provide essential services, but the existing funding model places persistent strain on the organization and limits our ability to rapidly respond to daily emergencies or plan effectively for the future.

OPERATIONAL IMPROVEMENTS AND ORGANIZATIONAL REFORM

While significant challenges remain, the Authority has taken meaningful steps over the past 9 months to strengthen accountability, improve service delivery, and position the organization for long-term success.

Some of these efforts include:

• Improvements in financial oversight, procurement controls, and operational planning.

• Establishment of an executive leadership structure to improve oversight and accountability across all operational areas.

• Advancement of strategic initiatives focused on waste diversion, recycling, and long-term sustainability.

• Expansion of enforcement efforts targeting illegal dumping and environmental violations.

• Finalization of the USVI Integrated Sustainable Material Management Plan.

• Establishment of public/private partnerships to target long standing challenges.

• Increase in educational and public awareness campaigns.

• Implementation of a Customer Care Portal to improve responsiveness, service tracking, and public engagement.

While much work remains, these actions are strengthening the Authority's operational foundation and creating the framework necessary to support larger transformational projects.

WHAT WE ARE DOING – STABILIZING OPERATIONS AND IMPLEMENTING STRUCTURAL REFORM

FINANCIAL SUSTAINABILITY AND REVENUE REFORM

While managing current operational demands remains essential, the Authority recognizes that long-term success requires more than annual appropriations alone.

To build a sustainable utility, VIWMA must gradually transition toward a funding model that aligns the cost of service with the cost of providing that service. Across the nation and throughout the Caribbean, waste management systems are consistently funded through user-based fees that provide stable, predictable revenue and reduce dependence on fluctuating government appropriations.

The Authority is therefore advancing several complementary revenue reforms designed to strengthen financial sustainability, improve cost recovery, and support long-term infrastructure stewardship.

Modernizing Tipping Fees Through Weight-Based Disposal

One of the most immediate reforms is the transition from a volume-based tipping fee structure to a weight-based disposal system.

The Authority charged disposal fees based on cubic yards because landfill scales were not operational.

While necessary at the time, that methodology did not accurately reflect actual disposal volumes, waste density, or operating costs.

With landfill scales soon repaired and fully operational (St. Croix completed, Mid-September St. John, and November 30, 2026, for St. Thomas) VIWMA is transitioning to a weight-based system that aligns charges with actual waste delivered.

Our weight-based rates were approved ranging from $31.28 per ton for fill material to $65.26 per ton for construction and demolition debris.

This modernization improves fairness, enhances revenue predictability, strengthens operational data, and aligns the territory with industry best practices.

Based on current disposal volumes, the transition is expected to improve cost recovery while generating approximately $2 million in additional annual revenue.

Implementing Cost Recovery Through Septage Disposal Fees

The Authority is also enforcing its long approved septage disposal fee structure to ensure that the costs associated with receiving, treating, and managing hauled wastewater are appropriately recovered.

For many years, the cost of processing septage has not fully reflected the operational burden placed on the Territory's wastewater treatment infrastructure. Treatment of hauled wastewater requires personnel, equipment, laboratory monitoring, treatment capacity, and ongoing maintenance and repair of critical wastewater systems way past its useful life.

The PSC approved fee structure establishes equitable cost recovery while ensuring that private users of these facilities contribute proportionately to the costs incurred by the Authority.

The enforcement of those fees is projected to generate approximately $300,000 annually. These revenues will help offset operational expenses, strengthen wastewater system sustainability, and reduce reliance on appropriated funds for services that directly benefit specific users.

Advancing the Residential Solid Waste Management Fee

A central component of the Authority's long-term financial strategy is the implementation of the Residential Solid Waste Management Fee. This initiative represents one of the most significant structural reforms in the Authority's history.

Today, the Authority's financial model remains heavily dependent upon General Fund appropriations. While those appropriations remain critical, they are inherently subject to annual budget cycles, timing delays, and competing governmental priorities.

As a result, the Authority operates a utility-scale system using a funding model that lacks the stability typically associated with essential public services.

The Residential Solid Waste Management Fee is designed to address that imbalance. This is not a tax. It is a cost-of-service-based user fee grounded in the principle that those who generate waste contribute to the cost of collecting, transporting, processing, and disposing of that waste.

The financial analysis supporting this initiative examined the full cost of service, including collection operations; transportation and disposal; equipment, fuel, and maintenance; personnel and administrative costs; and environmental compliance and landfill management.

The analysis determined that the full annual cost of residential waste service ranges from approximately $500 to $570 per household. However, to balance affordability with sustainability, the Authority is proposing a phased implementation approach that includes a residential service charge of $19.95 per month. The implementation of these fees is expected to generate $8.5 million in annual revenue.

We are also proposing a $3 per occupied hotel and short-term rental room environmental service fee. The implementation of these fees is expected to generate $2.7 million in annual revenue.

Collectively, these initiatives are projected to generate approximately $13.5 million annually, providing a recurring revenue stream that would serve to stabilize operations.

This approach recognizes that both residents and visitors contribute to waste generation and should share in supporting the system that manages it.

The introduction of this fee provides several critical benefits. First, it establishes a dedicated and predictable revenue stream that is not dependent upon the timing of annual appropriations.

Second, it aligns revenue generation with actual service demand.

Third, it creates the financial capacity necessary to invest in fleet replacement, collection improvements, recycling initiatives, and illegal dumping enforcement.

Finally, it positions the Authority to gradually recover the full cost of service and reduce long-term financial vulnerabilities.

Collectively, these reforms represent a comprehensive strategy to strengthen the Authority's financial foundation. They are designed to improve cost recovery, reduce dependence on uncertain appropriations, enhance operational sustainability, and create the stable revenue environment necessary to support long-term planning and investment.

The Authority is not seeking to replace government appropriations overnight. We are seeking to reduce dependence on appropriations over time. Even with the proposed fee structure, government support will remain necessary during the transition period because the full cost of operating the system significantly exceeds the initial revenue generated by these reforms.

The Authority intentionally selected a phased implementation approach that balances affordability with sustainability. While the actual cost of residential service is significantly higher, the proposed fee allows the Territory to begin establishing a dedicated revenue stream without imposing the full cost of service on residents immediately.

TRANSFORMING INFRASTRUCTURE – A ONCE-IN-A-GENERATION INVESTMENT

While operational reforms are essential, they represent only one side of the Authority's modernization strategy.

At the same time, we are strengthening our financial and operational foundation, we are managing the largest capital investment portfolio in the Authority's history.

Through FEMA, CDBG-DR, EPA, Department of the Interior, and other federal funding programs, VIWMA is advancing projects that span every aspect of the waste management system—from collection and diversion to disposal, wastewater treatment, environmental compliance, and system resilience.

These investments are not simply repairing aging infrastructure; they are transforming how waste and wastewater services will be delivered throughout the Territory for decades to come.

WASTEWATER CAPITAL PROJECTS

Through FEMA's Prudent Replacement Program, the Virgin Islands Waste Management Authority (VIWMA) has secured $3.23 billion for the Territory—an unprecedented investment that enables the complete replacement and modernization of its wastewater infrastructure. To manage a program of this magnitude, the Authority has partnered with the Office of Disaster Recovery (ODR), which provides centralized project management, procurement, and financial oversight to help ensure efficient execution, accountability, and successful delivery of these critical investments. The ODR bundles that are already in progress are as follows:

St. Croix

The STX North Central Horizontal Bundle encompasses the entire St. Croix North Central region, extending from Castle Burke East to Tide Village. A contract was executed on November 24, 2025, and the project is currently in the design-build phase. Sewershed boundaries have been clearly defined and subdivided into multiple work packages to support efficient implementation. The overall design for the sewershed is scheduled to be completed in

mid-September. As part of this bundle, the LBJ pump station will be the first wastewater construction project to be initiated under the program. This milestone represents a significant step forward in advancing the Territory's overall wastewater infrastructure improvements.

The STX Southwest Horizontal Bundle encompasses underground utility improvements from Castle Burke West to Sandy Point and Frederiksted Town. Bids for this bundle's Request for Proposals (RFP) were received on May 29, 2026, and are currently under evaluation with expected vendor selection by October 2026.

St. Thomas

The St. Thomas East Horizontal Bundle includes underground utility improvements from Raphune Hill to Red Hook. A contract was executed in December 2025. Work to define the sewershed boundaries has been completed and we are currently in design phase.

Early Action Plan

As part of VIWMA's Early Action Plan to address current challenges while we wait on the completion of future projects, we have proactively purchased all small pump stations across the Territory, totaling over $2.1 million. On St. Croix, the team is currently installing 26 pumps that have already arrived on the island. Additionally, 4 pumps have been ordered for St. John and 14 pumps for St. Thomas; these will be installed upon delivery. To date, approximately 90% of the required pumps have been ordered, with the remaining 10% to be procured in coordination with upcoming pump station construction.

While federal funding will ultimately replace much of the territory's wastewater infrastructure, design, permitting, environmental review, and construction will take several years. These interim investments are necessary to maintain public health protections, environmental compliance, and system reliability until permanent replacement projects are completed.

Clean Water State Revolving Fund (CWSRF) Projects

Under the U.S. Environmental Protection Agency's Clean Water State Revolving Fund, VIWMA continues to deliver major wastewater infrastructure improvements:

The Christiansted Sewer System Rehabilitation Project has been fully completed, with all regulatory inspections finalized. The final reimbursement request, totaling $1.6 million has been submitted and is pending disbursement.
The Krause Lagoon Interceptor Rehabilitation Project at Catherine's Rest, awarded at a total contract value of $10.1 million, is 100 percent complete. Final close out documents for the project are being finalized.

The Mangrove Lagoon Wastewater Treatment Plant Project is advancing through the design procurement phase, with proposals due August 7, 2026. This project will be funded through the Bipartisan Infrastructure Law and the Clean Water State Revolving Fund, with an estimated construction cost of approximately $25 million. This investment represents a major upgrade to wastewater treatment capacity and environmental compliance in the St. Thomas/St. John district.

We have also submitted the required NEPA application to the EPA for the Harold G. Thompson Wastewater Treatment Plant upgrade project, which is estimated at $5.56 million and will be funded under the EPA's Bipartisan Infrastructure Law 2025 allocation. This project will further modernize treatment processes and ensure continued compliance with federal environmental standards.

SOLID WASTE CAPITAL PROJECTS

The VIWMA is in the process of converting existing bin sites into modern Convenience Centers. These Solid Waste Convenience Centers are designed to collect, sort, and process waste materials for disposal or recycling. Each facility will be equipped to accommodate between two and five (2–5) forty-yard, three-compartment compactors, as well as six (6) open bins ranging from 20 to 30 cubic yards.

The centers will also be capable of receiving special waste streams, including used oil, light bulbs, batteries, electronic waste, and recyclable materials. Collectively, these facilities represent a significant modernization of the Territory's solid waste infrastructure and support a transition toward increased recycling, waste diversion, environmental protection, and responsible management of special waste streams.

Convenience Center	Location	Total Budget
Estate Mon Bijou	St. Croix	$1,486,334
Estate Concordia	St. Croix	$1,692,234
Estate Cotton Valley	St. Croix	$1,320,172
Cancryn	St. Thomas	$1,915,726
Red Hook	St. Thomas	$1,470,086
Estate Bournfield	St. Thomas	$1,742,934
Susannaberg Transfer Station	St. John	$8,418,578
Total Budget		**$18,046,064**

The Estate Mon Bijou, Estate Concordia, and Estate Cotton Valley Convenience Centers are advancing under a design-build model as part of a CDBG-DR funded capital improvement initiative. Construction at Concordia has been delayed due to illegal dumping of oil and environmental concerns raised by EPA, essentially stopping construction. The remediation plan was finally approved on July 28, 2006. Construction is scheduled to begin within two weeks. We are still on schedule with all three sites scheduled to advance through 2026.

Upon completion, these facilities will significantly expand waste acceptance capabilities—including oils and electronic waste—and deliver improved operational efficiency and environmental compliance across St. Croix.

Red Hook Convenience Center

The Red Hook Convenience Center, funded through the CDBG-DR program, has received application approval and is in the final environmental review phase.

Bournefield Convenience Center

The Bournefield Convenience Center project remains stalled due to unresolved site control issues with VIHA. Despite completion of appraisal and subdivision work, securing site control remains the critical path to unlocking funding and moving this essential project into construction. Board action remains pending.

Cancryn Convenience Center

The Authority is advancing the Cancryn Convenience Center in coordination with VIPA.

Landfill Initiatives

VIWMA has advanced the Anguilla Landfill Closure Project through submission of its Federal Consistency application, a key regulatory milestone under its CDBG-DR $40.5 million funding.

In parallel, the Authority has applied for up to $100 million in CDBG-DR mitigation funding for development of a new St. Croix landfill and the expansion of the Bovoni Landfill. These projects are essential to long-term system capacity, regulatory compliance, and environmental protection.

VIHFA is currently reviewing funding allocations, and VIWMA is actively advocating to maintain the full funding level.

Waste Diversion Grant – ISMMP

Under the Waste Diversion Grant, VIWMA has executed an agreement with UVI to develop the Integrated Sustainable Materials Management Plan (ISMMP). An ISMMP is a strategic framework used by governments to manage waste, recyclables, and resources across their entire lifecycle in a way that minimizes environmental impact, reduces waste, and maximizes resource efficiency. The draft plan was finalized after the final required public hearing held on June 11, 2026.

In support of implementation, the Authority has initiated procurement of critical equipment—including a horizontal grinder, excavator, and trommel screen—representing a significant capital investment in waste diversion infrastructure. VIWMA has received bids for each item, and the bid evaluation process is expected to be completed by August 14, 2026, with Board approval anticipated by August 20, 2026. Upon Board approval, the Authority will submit a request to EPA for payment.

These investments will reduce landfill dependency, increase diversion rates, and improve long-term cost efficiency, advancing a more sustainable and resilient waste management system.

Altogether, the Authority is managing approximately $3.3 billion in federal investments that will replace aging sewer systems, modernize treatment facilities, expand landfill capacity, strengthen diversion programs, and build the infrastructure required for future generations.

However, federal funding builds infrastructure, it does not operate infrastructure. It does not pay operators, mechanics, electricians, fuel costs, utility bills, emergency repairs, preventive maintenance, regulatory compliance activities, or future equipment replacement. Those responsibilities remain with the Authority.

If we fail to establish sustainable revenue today, we risk creating tomorrow's deferred maintenance problem before these projects are even completed.

This is precisely why financial reform remains critical. Without a stable and predictable revenue structure, the territory risks repeating the cycle that contributed to many of the infrastructure challenges we face today.

The Authority must have the ability not only to build infrastructure, but also to maintain and protect those investments for future generations.

WHERE WE ARE GOING – TRANSITIONING TO A MODERN UTILITY

The path forward is clear. The Virgin Islands Waste Management Authority is transitioning from a system largely dependent upon uncertain annual appropriations and allotments to a modern utility model supported by predictable revenue, modern infrastructure, operational efficiency, and long-term planning.

Our future is defined by sustainable revenue streams, modernized infrastructure, improved operational reliability, waste diversion and recycling initiatives, stronger environmental compliance, and enhanced public engagement and enforcement.

These objectives work together to create a more resilient and sustainable Authority.

A DEFINING MOMENT FOR THE AUTHORITY

Honorable Senators, the Virgin Islands Waste Management Authority stands at a pivotal moment in its history. For decades, the Authority has worked to meet growing demands with aging infrastructure and limited financial resources. Today, we have an opportunity to change that trajectory.

We are simultaneously pursuing two objectives that must succeed together. First, we are implementing the operational and financial reforms necessary to create a sustainable utility model. Second, we are leveraging unprecedented federal investments to rebuild critical infrastructure throughout the Territory.

Together, these efforts represent the most comprehensive transformation of the Authority in its history. The federal funding now available to us will rebuild treatment plants, pump stations, sewer systems, landfills, and convenience centers. But infrastructure alone is not enough. Infrastructure must be operated, maintained, repaired, and protected. Simply put, federal funding allows us to build the system. Sustainable revenue allows us to operate and preserve it.

The Fiscal Year 2027 budget reflects both responsibilities.

With your continued partnership and support, we can modernize the Authority, protect public health, safeguard our environment and build a waste management system that serves the people of the Virgin Islands for generations to come.

Thank you. My team and I are prepared to answer any questions.