



## WATER RESOURCES RESEARCH GRANT PROPOSAL

**Project ID:** 2004VI39B

**Title:** Production, Pricing and Distribution Policies of Public Water in St. Thomas, U. S. Virgin Islands

**Project Type:** Research

**Focus Categories:** Economics, Education, Law, Institutions, and Policy

**Keywords:** Economics policy, water production costs, water pricing, water distribution costs

**Start Date:** 03/01/2004

**End Date:** 02/28/2005

**Federal Funds Requested:** \$18,559

**Non-Federal Matching Funds Requested:** \$0

**Congressional District:** N/A

**Principal Investigator:**

Hossana Solomon

UVI

### **Abstract**

Potable water is a very scarce resource in the Virgin Islands. The islands experience definite wet and dry seasons, with erratic rain falls during the wet season from August to November. Since the early 1920's, public initiatives were taken to augment the supply of fresh water for the islands, including establishing public catchments systems, public water reservoirs, digging public wells, and barging water from Puerto Rico. At the micro level, a law passed in 1934 by the government requires domestic consumers to collect rain water by investing in in-house storage.

However, in spite of the various public and private initiatives to expand the water supply, the Territory experienced severe shortages of portable water, due to the rapidly growing population in 1960s and 70s associated with the growth of the tourist and manufacturing industries. To meet the increased per capita demand for water, the local government took drastic measures to supply water to the Territory by desalting sea water.

Even though the rationale for public expenditure for water supply seems sound and acceptable to society, there is a need to evaluate the effectiveness of the program to correct inefficient activities and/or to expand activities with greater potential uses of water. Improved water allocation and conservation can be achieved by implementation of appropriate water pricing mechanism. The objective of this study is critically examine the cost of production and pricing policy of water in the islands. The methodology or model developed and used will be well documented and it has possible applications in situations like the Virgin Islands (small islands) and other costal regions with multiple water sources.