



WEST INDIAN COMPANY SHARES FINANCIAL STATUS WITH LAWMAKERS

ST. THOMAS- The Committee on Finance, chaired by Sen. Clifford Graham, held a meeting on Wednesday at the Capitol Building, to receive testimony on the West Indian Company, Ltd. (WICO) financial status.

Joseph Boschulte, President and Chief Executive Officer of WICO said, "WICO is one 100% financially independent of the local government. The income is driven solely from land and warehouse rentals along with managerial fees, with the bulk of our revenues coming from the port passenger fees." In addition to the financial loss due to competing destinations there is also competition between Port Authority and WICO for cruise ship business."

Sen. Marvin Blyden asked, "Did you evaluate the overall marketing plan of how other destinations are advertising their product?" Boschulte said, "WICO is formulating a plan to provide retail shops that are focused on Virgin Islands culture. We are seeking local entrepreneurs who makes and sells products in the Virgin Islands. This would provide visitors with a Virgin Islands cultural experience that they cannot get anywhere else."

Separately, Sen. Graham asked, "Who determines the port dues?" In response Boschulte stated that the Virgin Port Authority Board makes that decision. "WICO pays the V.I. Port Authority \$6.60 per passenger consisting of \$5.60 per passenger for port dues and \$1.00 in marine taxes for all passengers disembarking at WICO."

Currently, WICO is unable to pay the annual PILOT of \$700,000; payment in lieu of taxes. As a result, WICO has an outstanding balance of \$5.95 million, according to Boschulte.

Sen. Graham said, "In respect to the annual PILOT dues, if there was a reassessment of the PILOT in terms of combining WICO's earnings and property taxes annually; will that work?" Boschulte said, "That sounds fair. If those changes occur, WICO will be able to handle that financially."

Sen. Justin Harrigan asked, "How would that help you?" Boschulte said, "It would help significantly because WICO can afford to pay \$300,000 in earnings and property taxes annually. Currently, the challenge is that the PILOT is being assessed based on the top line revenues."

"Prior to 2006, WICO was the sole dock generating revenues of over \$9 million a year and the PILOT payments were on time. However, the opening of the Crown Bay Marina Dock created an environment in which they too want to make revenues. As a result of this competition, WICO's revenues has decreased and we couldn't afford the PILOT fees any longer," added Boschulte.

Sen. Positive Nelson said, "The two ports should not be divided amongst themselves. In order for the economy of the Territory to increase, both ports need to work together to generate revenues not compete against each other."

Sen. Kurt Violet stated that the problem is that the models that were set up by the government decades ago needs to be revised. The financial status of the government has changed and things are different in the 20st century. With the emergence of Port Authority as a separate dock there has to be a way to partially merge both docks to work together to reduce duplication of services and competition.

Separately, Sen. Graham inquired about WICO's expenses. "Do you purchase water from WAPA and then sell it to the cruise ships?" Boschulte said yes. Sen. Graham asked, "Why is there is an increase in salaries, wages and supplements?" Boschulte said, "We are negotiating with the Union to increase the salaries of the employees of WICO. It is already in our budget so we don't need to go back to get permission from the Board."

Lawmakers also received testimonies from the Department of Finance and the V.I. Public Finance Authority on the FY 2017 budget appropriations.

The Department of Finance is requesting a \$6,533,230 for FY 2017. The budget breakdown is as follows: Personnel Services: \$3,202,872, Fringe Benefits: \$1,140,337, Supplies: \$280,386, Other Services: \$1,066,135, Utility Services: \$687,000 and Capital Projects: \$156,500; according to Valdamier Collens, Commissioner on Finance.

Separately, Valdamier Collens, Executive Director of the Virgin Islands Public Finance Authority said, "The general obligation debt of the Government of the Virgin Islands as of June 30, 2016 is \$739,201,705." This is the outstanding balance of bonds and loan notes. He added that the Authority Board of Directors did not approve the FY 2017 budget as of yet.

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