



**Government of the Virgin Islands
of the United States of America
Department of Licensing and Consumer Affairs**

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**H. Nathalie Hodge
Commissioner**

**Testimony on DLCA Current Status of Affairs
Before the
35th Legislature of the Virgin Islands**

**Carla J. Joseph, Chair
Committee on Government Operations, Veterans Affairs, and Consumer Protection**

Testimony on the Overview of the Department's Operations

October 22, 2024

"Serving Businesses & Assisting, Educating and Protecting Consumers"

Good Day Honorable Senator Carla J. Joseph, Committee Chair, Committee on Government Operations, Veterans Affairs, and Consumer Protection, 35th Legislature of the Virgin Islands, committee Senators present, non-committee Senators present, and the listening and viewing audience.

My name is H. Nathalie Hodge, Commissioner for the Department of Licensing and Consumer Affairs (hereinafter referred to as "DLCA"). Today, I am joined by Assistant Commissioner Horace Graham, Deputy Commissioner Myrna George, General Counsel Geraldine Vaval, Director of Enforcement Wilbur Francis, Director of Consumer Affairs Matthew Padgett, and Director of Administration and Business Management Leon Lafond.

Thank you for providing DLCA with the opportunity to testify before you today on the overall operations of DLCA, including but not limited to, DLCA's enabling law, the status of our standard operating procedures; and current departmental challenges and plan of action to resolve challenges.

Overview of the DLCA's Enabling Authority

The DLCA operates under the authority granted by the Virgin Islands Code, Title 3, Chapter 16 (§§ 270 *et seq.*). The Department provides consumer-related services and programs pursuant to the Consumer Code as set forth in Virgin Islands Code Title 12A Consumer Code, including the Consumer Protection Law of 1973 §§ 101 *et seq.* and the Price Controls Act as set forth in Virgin Islands Code, Title 11 Price Controls, Chapter 17. The DLCA also regulates the licensing of private businesses and professions as

provided forth in Virgin Islands Code Title 27 Professions and Occupations, *various chapters*. The Department's mission statement is "Serving businesses and assisting, educating and protecting Consumers." Our jurisdiction spans both consumer protection and business licensing, allowing us to regulate and oversee a wide range of commercial activities in the US Virgin Islands.

DLCA's key functions include:

Issuing business and professional licenses: Ensuring that all business entities operating within the Virgin Islands comply with licensing requirements.

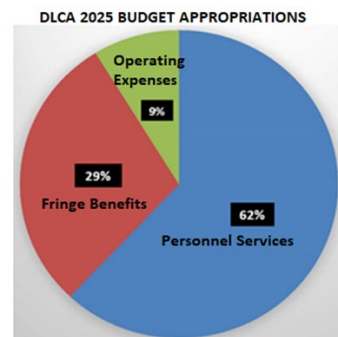
Consumer protection: Investigating and resolving complaints, monitoring price gouging, and ensuring fairness in commercial transactions.

Enforcement: Collaborating with law enforcement agencies and other government bodies to address violations of laws within our jurisdiction.

Weights and Measures: Ensuring accuracy in commercial transactions by verifying that scales, gas pumps, and other measuring devices used by businesses meet established standards, protecting consumers from being overcharged and ensuring fair trade practices.

Current Status of Operations

As outlined in Bill No. 35-0376 dated September 26, 2024, the DLCA's Fiscal Year 2025 total budget comprises \$5,019,435.00 in General Fund appropriations and \$500,000.00 in Consumer Protection Fund appropriations.



Our FY2025 budget includes a \$16,000.00 increase for utilities, an increase of \$97,098.00 in capital outlay for the purchase of two (2) vehicles; and a decrease of \$41,410.18 for personnel and fringe. While funding of \$75,000.00 for overtime and night differential was requested, it was not appropriate in FY 2025 Budget. This funding is crucial for implementing night time initiatives to address bars, nightclubs and other night time events. The DLCA does not receive any federal funds.

DLCA's staffing levels for FY 2025 consist of forty-five (45) positions, funded by the General Fund. These positions are spread across both districts, with 22 in St. Croix and 23 in St. Thomas/St. John. Currently, all budgeted positions are either filled or in the process of being filled, though we still have seven vacant positions, funded at 50% of their annual salaries. Addressing these vacancies remains a priority as they directly impact our operational capacity, particularly in areas such as enforcement, inspections, and consumer outreach.

DLCA's Website and Technology Enhancements. To further improve DLCA's efficiency and accessibility, with the assistance and guidance of the Bureau of Information Technology (BIT) we have submitted a Request for Proposal (RFP) to identify a partner to overhaul our website and online services. The RFP includes plans to transform our current system into a sophisticated case management platform that will allow each division within the department to operate more cohesively, rather than in silos. These upgrades will significantly reduce the need for in-person requests, allowing customers to access information and services online, while automated responses to

frequently asked questions will minimize support inquiries, saving valuable time and resources.

Additionally, the RFP includes the development of a mobile application to ensure DLCA's services are easily accessible across a variety of devices. Strong cybersecurity measures are also a priority in this project to safeguard sensitive consumer and business data. These improvements will streamline the management of consumer complaints, legal cases, and regulatory actions, greatly enhancing the efficiency and effectiveness of DLCA's operations.

Proposed Statutory Amendments. In July 2024, DLCA participated in the Legislative Symposium to expedite amendments to sections of the Code directly impacting our department. The proposed amendments submitted include:

1. **Expanding the Commissioner's Authority:** Enhancing the Commissioner's ability to issue civil citations and enforce penalties, aligning our enforcement powers with those in other jurisdictions.
2. **Fines and Fees:** Empowering DLCA to adjust licensing fees annually and impose stricter administrative fines for violations, including the ability to issue both civil and criminal citations for the same offense.
3. **Terminology and Structural Updates:** Updating references to the Consumer Services Administration and the Alcohol Control Board, integrating these functions into DLCA's structure for greater clarity and efficiency.
4. **Board-related Amendments:** Revising existing amendments related to DLCA's licensing boards for better operational alignment.

Standard Operating Procedures (SOPs). DLCA recently completed a comprehensive update of our Standard Operating Procedures (SOPs). These SOPs provide detailed guidelines that promote consistency and efficiency across all divisions. It has taken considerable time to complete this process as the completion of this document has fallen to the already overextended staff of the Office of the Commissioner to finalize the formatting of the document. We are currently editing the document to ensure uniformity in language and references, with the goal of making it a living document that evolves as our processes change. This revamped SOP framework will enable DLCA to respond more effectively to the needs of the public. We anticipate the publication of the final document to be no later than December 2024.

In conjunction with the SOP revamp, we are preparing for an internal training event titled "Empower 360: Cross-Training for Excellence." This initiative will foster knowledge sharing and skills enhancement, enabling our staff to better understand the inner workings of each division, ultimately improving the level of service we provide to the people of the Virgin Islands.

Fuel and Market Basket Surveys. The Bryan/Roach Administration and the DLCA are fully aware of the significant impact inflationary pressures have had on the Virgin Islands since the passage of hurricanes Irma and Maria in 2017. Thus, as part of our mandate, the DLCA remains vigilant in conducting weekly fuel surveys and monthly market basket surveys and providing the public with up-to-date pricing information.

The Monthly Market Basket Surveys help consumers identify which stores offer the best prices for staple grocery items, regardless of the brand. The number of items compared on each island differs based on guidelines that require identical items for a valid comparison. Consumers are encouraged to shop wisely and compare prices to make the best economic choices.

Fuel surveys are conducted weekly and designed to inform consumers of the most affordable fuel prices throughout the territory. The fuel survey results are provided for comparative viewing and transparency. Both survey results are shared on the DLCA's website at dlca.vi.gov, as well as across our social media platforms, including LinkedIn, X (formerly Twitter), Facebook, and Instagram. It is important to emphasize that these surveys are not outsourced; they are completed by our dedicated staff, despite the limited resources available.

As the DLCA does not have the authority to regulate fuel prices beyond the provisions outlined in the agreement to operate at the Ocean Point Terminal, formerly known as the Limetree Bay Rack (*The Rack is contractually limited to the United States Gulf Coast Spot Price plus 10%*), we continue to monitor market trends through the Fuel and Market basket surveys and provide timely, accurate information to help residents navigate the ongoing economic challenges.

Thus far in calendar year 2024, we observed that gas retailers' prices for Regular, Premium, and Diesel fuel remained stable, showing little to no fluctuations throughout the period. This stability contrasts with the more volatile STX rack rates, which fluctuated

slightly. The difference between the rack rate and the retailers' prices ranged from \$0.086 to \$1.13 during the year.

Hopefully, the STT/STJ District will see some relief soon. SOL Petroleum emphasized their ongoing partnership and commitment to supporting the territory's fuel distribution network is a significant benefit to the local fuel market, as seen in the price differences between St. Croix (STX) and St. Thomas/St. John (STT/STJ). Additionally, SOL Petroleum mentioned plans to expand its operations to St. Thomas in the near future. This expansion is expected to foster healthy competition in the St. Thomas/St. John market, potentially driving down fuel prices for consumers. Ultimately emphasizing their ongoing partnership and commitment to supporting the territory's fuel distribution network is a significant benefit to the local fuel market, as seen in the price differences between St. Croix (STX) and St. Thomas/St. John (STT/STJ).

Challenges and Resolutions

Shortages. Vehicle and staffing shortages are a major obstacle to DLCA's performance, with critical gaps in personnel, including a public information officer, paralegal researchers, statisticians/ data analysts, and additional enforcement officers and inspectors. Last year, the Consumer Affairs Division, which includes both the Consumer Affairs and the Weights and Measures subdivisions, faced significant transportation and staffing challenges. With four inspectors sharing a single vehicle, their ability to conduct on-site inspections and outreach was limited, reducing the department's visibility and

effectiveness across the Territory. These shortages have delayed critical tasks like fuel station inspections.

To address these challenges, DLCA is prioritizing key initiatives. First, we greatly appreciate the allocation of funding in the FY 2025 Budget to support the purchase of vehicles. Obtaining these vehicles will enhance DLCA's ability to conduct timely and efficient inspections.

Additionally, we are working with the Department of Personnel to expedite the hiring of a Chief Inspector and bolster staff across divisions, ensuring consistent and thorough inspections.

Lastly, many thanks to the Law Enforcement Planning Commission (LEPC), for approving a grant that has provided the necessary funds to supplement the department's need for updated enforcement equipment. This grant includes body armor, duty rig and its many apparatuses, and body-worn cameras to enhance transparency, assist in navigating complaints, and build public trust.

In the long term, we plan to enhance training and development for our employees, equipping them for specialized roles.

Technological Limitations. Despite progress in digitizing many of our processes, parts of the application review system remain manual, causing delays. For example, licensing officers still generate checklists and communications outside the current system. To resolve this, we are reviewing proposals from a comprehensive technology enhancement project, expected to be implemented in 2025. Once in place, this system will significantly reduce processing times and improve the experience for business owners and

staff alike. To address these challenges, the Department expects responses for a comprehensive technology enhancement project, which aims to more fully automate the licensing process.

As previously mentioned, the DLCA anticipates receiving technology proposals for an updated system by October 25, 2024, and plans to begin the implementation of these enhancements soon after. Once in place, the new system will significantly reduce processing times, ease the workload on employees, and provide a more seamless experience for business owners. Additionally, employees will receive specialized training on the new systems, further enhancing their ability to serve the public efficiently.

By leveraging technology and improving employee capacity, the DLCA is committed to modernizing the licensing process, ensuring timely service delivery, and maintaining a high standard of regulatory compliance. These changes will help the division better serve the needs of business owners in the U.S. Virgin Islands.

Price Monitoring. It is important to clarify that, under normal circumstances, DLCA does not have the authority to set or regulate prices for goods and services. However, per Title 23 of the Virgin Islands Code, Section 1005(10), DLCA is empowered to act during an emergency. Once the Governor issues an emergency disaster declaration, the Department is authorized to implement a price freeze on essential items to prevent price gouging and protect consumers from unfair business practices. This price freeze applies to a broad range of goods and services, including but not limited to food, water, beverages, health and medical care products, fuel, rents, construction materials, clothing, and furnishings, depending on the specific circumstances of the emergency.

This authority is only activated during declared emergencies, and outside of these situations, DLCA focuses on monitoring the market for fairness rather than controlling prices. Our primary role is to ensure transparency and protect consumers from exploitation during crisis events.

Cost of Living Analysis (Food and Housing). In light of this, the Department has contracted a third party to conduct an assessment of the cost of living and provide a comprehensive report on the contributing factors. The contract's period of performance runs from December 31, 2024, to December 31, 2026. This renewed analysis will not only focus on the cost of food and construction materials but will also delve into the costs of other essential goods and services that impact the cost of living, such as labor and energy costs. By expanding the scope and ensuring the availability of necessary data, the analysis aims to provide a comprehensive understanding of the factors influencing the cost of living in the Virgin Islands. Because the fuel prices at the pump are of great concern, the DLCA is in discussion with the contractor about including an assessment of fuel prices as well.

In closing, I especially want to thank Governor Albert Bryan Jr., the Bryan/Roach Administration, and DLCA's dedicated staff for their unwavering support. DLCA appreciates the opportunity to provide testimony on the overall operations of DLCA, the status of our standard operating procedures, current departmental challenges and plan of action to resolve said challenges. We ask for your continued support of the Department.