

Testimony of
Vincent Richards
Deputy Commissioner of Property & Printing
Department of Property and Procurement
On behalf of
Lisa M. Alejandro
Acting Commissioner of the Department of Property & Procurement

On

Lease Agreements between the Department of Property and Procurement on behalf of the Government of the Virgin Islands and Suntech Group Inc. d/b/a St. Thomas Gas; A-9 Trucking Enterprise, Inc. and Sarnelli Bros (VI) Inc. d/b/a VI Recycling Company; Virgin Islands Telephone Corporation d/b/a VIYA; and Anthony Isaac d/b/a Ace Trucking and Trash Removal.

Before

The Committee on Budget, Appropriations and Finance

March 6, 2023

Earle B. Ottley Legislative Chambers
ST. THOMAS, U.S. VIRGIN ISLANDS

Good morning, Committee Chair Donna A. Frett-Gregory, Vice-Chair Novelle E. Francis, Jr., Committee members – Senators Blyden, Carrion, DeGraff, Fonseca, and James, Sr., Non-Committee members, Legislative Staff, fellow testifiers, visitors, and members of the listening and viewing audience.

I am Vincent Richards, Deputy Commissioner of the Property & Printing Division of the Virgin Islands Department of Property and Procurement. I appear today on behalf of Acting Commissioner Lisa M. Alejandro, to offer testimony on the proposed Lease Agreements for St. Thomas, St. John, and St. Croix Districts which are all before this Committee for consideration. I am here today to request this Committee's, and ultimately the full Senate's approval of the Lease Agreements between the Government of the Virgin Islands and Suntech Group Inc. d/b/a St. Thomas Gas (*hereafter "Suntech"*) (Bill No. 35-0017); A-9 Trucking Enterprise, Inc. and Sarnelli Bros (VI) Inc. d/b/a VI Recycling Company (*hereafter "VI Recycling"*) (Bill No. 35-0018); Virgin Islands Telephone Corporation d/b/a VIYA (*hereafter "VIYA"*) (Bill No. 35-0019); and finally Anthony Isaac d/b/a Ace Trucking and Trash Removal (*hereafter "Ace Trucking"*) (Bill No. 35-0025).

These Lease Agreements require legislative approval in accordance with 31 V.I.C. § 205 (c). Their terms all commence on the first (1st) day of the month following the approval of the Governor and Legislature of the Virgin Islands. All Lease Agreements require a minimum of One Million Dollars (\$1,000,000.00) for all limits of public liability coverage.

As the premises' owner, DPP will be required to execute all permits required for the premises. These four (4) potential Lessees have provided the required documentation to support the processing of their Lease Agreements with the Government, including but not limited to their Business Licenses and Certificates of Good Standing.

I. Bill No. 35-0017 (Suntech Group, Inc. d/b/a St. Thomas Gas)

The Lease Agreement between Suntech and the Government of the Virgin Islands is for Parcel No. 4 Submarine Base, No. 6 Southside Quarter, St. Thomas, U.S. Virgin Islands, consisting of approximately 27,732.393 U.S. sq. ft. or 0.637 U.S. acre of land. The property will be used for operating a trucking, transportation, delivery, and retail business of bottled propane gas, and no other purpose whatsoever.

The term of this agreement is for ten (10) years and the Lease Agreement provides for two (2) renewal options of five (5) years each. The annual rent for the above-referenced parcel will be Fifty-Four Thousand Dollars and Zero Cents (\$54,000.00) payable in equal monthly installments of Four Thousand Five Hundred Dollars and Zero Cents (\$4,500.00) during the term of this Lease. The rent payable under this Lease Agreement will be adjusted after the first (1st) year and every year thereafter, including any renewal term, in accordance with the Consumer Price Index (CPI)

increase, established by the U.S. Department of Labor, Bureau of Labor Statistics, subject to a three percent (3%) cap in the increases each year.

II. Bill No. 35-0018 (A-9 Trucking Enterprise, Inc. and Sarnelli Bros (VI) Inc. d/b/a VI Recycling Company)

The Lease Agreement between VI Recycling and the GVI is for an unimproved portion of Parcel No. 1-19 Estate Bovoni, Nos. 1 & 2 Frenchman's Bay Quarter, St. Thomas, Virgin Islands, consisting of approximately 247,061.17 U.S. sq. ft. or 5.67 U.S. acres of land. The property will be used to operate a scrap metal collections and sales business, and for other related purposes.

The term of this agreement is for ten (10) years and the Lease Agreement provides for two (2) renewal options of five (5) years each. The annual rent for the above-referenced parcel will be Fifty-Four Thousand Dollars and Zero Cents (\$54,000.00) payable in equal monthly installments of Four Thousand Five Hundred Dollars and Zero Cents (\$4,500.00) during the term of this Lease. The rent payable under this Lease Agreement will be adjusted after the fifth (5th) year and every year thereafter, including any renewal term, in accordance with the Consumer Price Index (CPI) increase, established by the U.S. Department of Labor, Bureau of Labor Statistics, subject to a three percent (3%) cap in the increases each year.

III. Bill No. 35-0019 (Virgin Islands Telephone Corporation d/b/a VIYA)

The Lease Agreement between VIYA and the GVI is for a portion of a telecommunication tower and bunker in Building No. 1, Suite 2, Parcel No. 6 Estate Recovery Hill, Company Quarter, St. Croix, Virgin Islands. The Lessee will use a portion of the telecommunication tower for the establishment and operation of wireless link connections and a 9'X 8' room bunker for the purpose of housing associated equipment and no other purpose.

The term of this Lease Agreement is for ten (10) years and the Lease Agreement provides for two (2) renewal options of five (5) years each. The annual rent for the above-referenced parcel will be Thirty-Six Thousand Dollars and Zero Cents (\$36,000.00) payable in equal monthly installments of Three Thousand Dollars and Zero Cents (\$3,000.00) during the term of this Lease. The rent payable under this Lease Agreement will be adjusted after the first (1st) year and every year thereafter, including any renewal term, in accordance with the Consumer Price Index (CPI) increase, established by the U.S. Department of Labor, Bureau of Labor Statistics, subject to a three percent (3%) cap in the increases each year.

IV. Bill No. 35-0025 (Anthony Isaac d/b/a Ace Trucking and Trash Removal)

The Lease Agreement between Ace Trucking and the GVI is for Parcel No. 124 Subbase, St. Thomas, Virgin Islands, consisting of approximately 33,050 U.S. sq. ft. or 0.758 U.S. acre of improved land. The property will be used for operating a garbage removal, trucking, transportation, and delivery business, and for other related purposes.

The term of this Lease Agreement is for ten (10) years and the Lease Agreement provides for two (2) renewal options of five (5) years each. The annual rent for the above-referenced parcel will be Twenty-Four Thousand Dollars and Zero Cents (\$24,000.00), payable in equal monthly installments of Two Thousand Dollars and Zero Cents (\$2,000.00) during the term of this Lease. This Lease Agreement also includes a Construction Period of thirty-six (36) months during which the Lessee will complete improvements to the Premises. During the Construction Period, Lessee will pay reduced rent of Five Hundred Dollars and Zero Cents (\$500.00) per month for the first twenty-four (24) months and One Thousand Dollars and Zero Cents (\$1,000.00) per month for the twenty-fifth (25th) to thirty-sixth (36th) month.

The rent payable under this Lease Agreement will be adjusted after the first (1st) year and every year thereafter, including any renewal term, in accordance with the Consumer Price Index (CPI) increase, established by the U.S. Department of Labor, Bureau of Labor Statistics, subject to a three percent (3%) cap in the increases each year.

These proposed Lease Agreements will provide locally owned businesses the needed security and commitment to invest or reinvest in these properties as well as expand and improve their operations. The properties will eventually be returned to GVI at the end of their lease terms in improved conditions. These businesses will continue to provide critical services and contribute to the long-term recovery and economic growth of the United States Virgin Islands.

The Department of Property and Procurement respectfully requests that the 35th Legislature of the United States Virgin Islands, Committee on Budget, Appropriations and Finance vote in favor of these proposed Lease Agreements.

This concludes my prepared Testimony, and I am prepared to answer any questions the Committee may have on the referenced Lease Agreements. Thank You.