

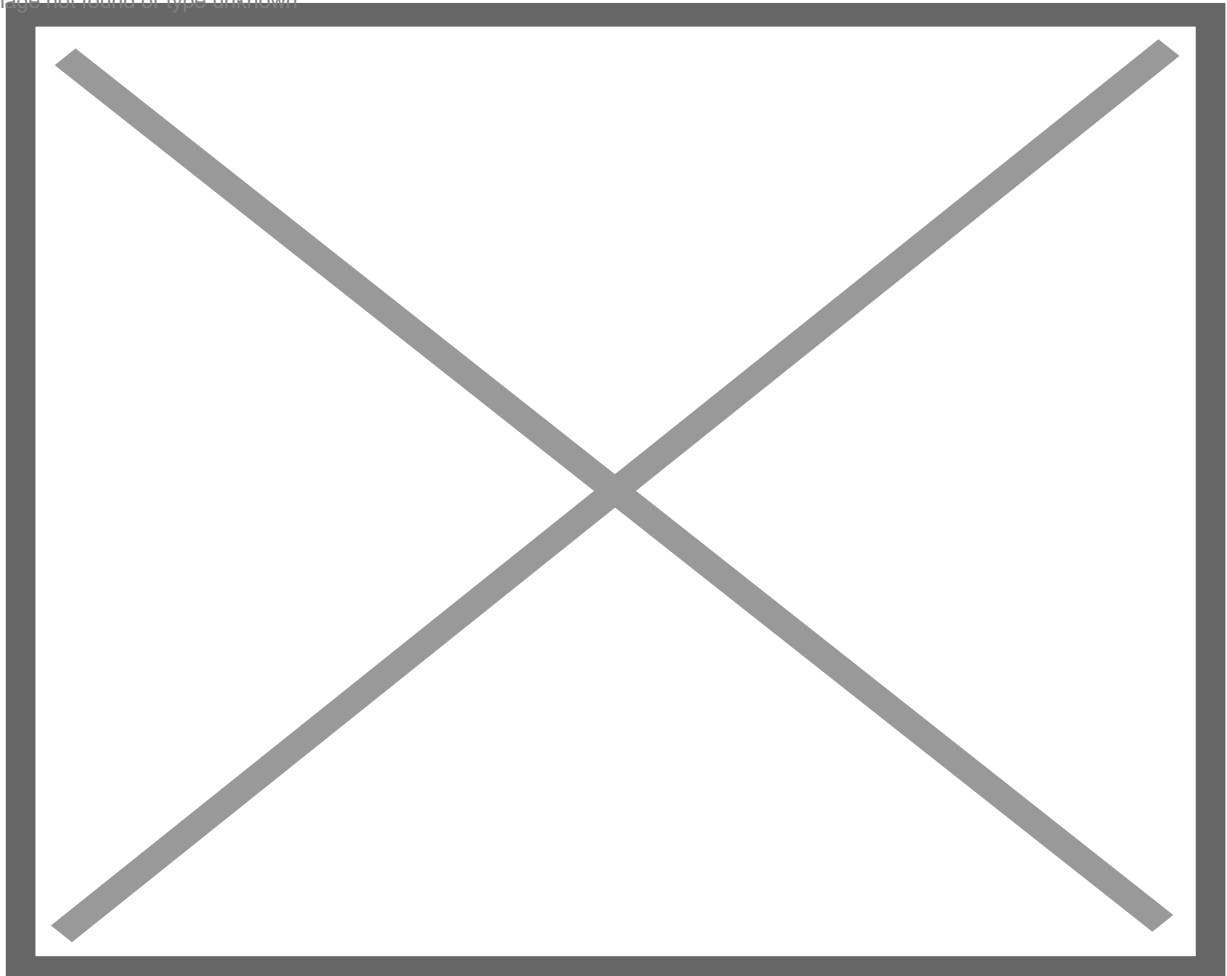
Measure to Facilitate Dept. of Labor's Purchase of St. Thomas Office Building Faces Skepticism From Lawmakers Ahead of Crucial Vote

St. Thomas property acquisition plan raises doubts among legislators

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V.I. Dept. of Labor building in St. Thomas, USVI

Next week, the Legislature will decide if the V.I. Department of Labor gets to keep their current premises on St. Thomas, or whether they will be forced to seek new accommodation and potentially have to split operations across several different locations.

That's because the building where DOL is housed in St. Thomas is up for sale. According to Labor Commissioner Gary Molloy, the department was granted first right of refusal for the property purchase, and successfully negotiated the price down from \$2.8 million to \$2.5 million. However,

the deadline for their decision is fast approaching. If the department is unable to secure the property by December 30, that would "compel the Virgin Islands Department of Labor to seek alternative office spaces, potentially dispersing our various divisions to multiple locations and diminishing the convenience of services for our customers," Mr. Molloy told lawmakers during Wednesday's Committee of the Whole meeting.

Draft legislation sponsored by Senator Angel Bolques Jr. aims to provide the necessary \$2.5 million for the purchase of the property on Kronprindsens Gade in Charlotte Amalie from its current owners. The move from almost four decades of renting the space to outright ownership, according to Mr. Bolques, "echoes the wisdom of prudent fiscal management and reflects our commitment to sustainable government operations." DOL, like several other government agencies, "operate under the financial strain of rental agreements," noted Mr. Bolques. Through Bill 35-0210, the GVI can "transition from a cycle of perpetual renting to one that is of asset ownership," said the senator. "It's about setting a precedent for how we manage our resources and plan for our future."

According to Mr. Molloy, remaining in their current convenient downtown location would be a boon for DOL customers, many of whom walk to the offices to access services. While previous efforts have been made to identify a new location for the department, "it was determined that there were no other suitable locations that could accommodate all staff members while servicing all our customers that may have barriers related to travel," Mr. Molloy disclosed.

He also told lawmakers that the department had racked up \$9.3 million in rental costs over the past 39 years of occupancy, and explained that "the urgency of this matter is underscored by the owners...to resolve this agreement and to close this purchase within 90 days." In order to meet the December 30 deadline, lawmakers would have to include the measure in the legislative session scheduled for December 19 – next Tuesday. In response to a question from Senator Alma Francis-Heyliger, Mr. Molloy noted that if the sale does not go through, DOL would have to move. "There's at least two other buyers that we know of that don't intend to keep us as tenants," he said.

Although Department of Property & Procurement Assistant Commissioner Vincent Richards supported the acquisition wholeheartedly, lawmakers seemed less enthusiastic.

Senator Kenneth Gittens questioned whether the St. Thomas Capital Improvement Fund could be used for property purchases. Legal counsel noted that property acquisition seemed inconsistent with the intent of lawmakers in creating the fund. Mr. Bolques contended however that it was not unreasonable "to assume that this use of the Capital Improvement Fund is suitable for this transaction," while Senator Samuel Carrion noted that despite legal counsel's position on the matter, "this body has the liberty to make changes if necessary."

Senator Donna Frett-Gregory, chair of the Legislature's Committee on Budget, Finance and Appropriations, corrected Mr. Bolques's erroneous assertion that the St. Thomas Capital Improvement Fund stood at \$2.9 million, noting that the figure in the fund report did not reflect obligations made in the 33rd and 34th Legislatures. "The Department of Finance needs to go back and do a proper accounting of this report," she said. "This fund does not have sufficient funding to cover this," Ms. Frett-Gregory stated. "This is why it's so important that when we bring measures like this, it is properly vetted through the Committee on Finance."

As the primary sponsor of the legislation that established the St. Thomas Capital Fund, Ms. Frett-Gregory declared that its purpose was not to purchase real property.

Senator Dwayne DeGraff agreed with his colleague, saying that the bill should have been first heard in the Finance Committee. He shared his belief that DOL should move. "I think the Department of Labor has outgrown that area," Mr. DeGraff opined, citing issues with space and reports of mold. While Mr. Molloy denied that the building is mold-infested, he did admit that space is an issue.

Ms. Frett-Gregory cited the lack of space as another reason for her opposition to the measure. "I don't know why the Government of the Virgin Islands would be hard-pressed to purchase this property at this time," she remarked, wondering why in its over three decades of occupancy, DOL never pursued a lease-purchase agreement with respect to this building. "Why are we not thinking outside the box and being innovative in our thinking when we are doing these types of things?" Ms. Frett-Gregory asked.

"That was the route we were headed," Mr. Molloy responded. "Since the process of that fell through, the only option that we have on the table is the one we have right now." He noted that the lease-purchase option had been an opportunity available for the last 10 years, but was never utilized.

Senator Novelle Francis, while admitting that the situation was far from optimal, signaled his support for the acquisition. "Let us not allow for the perfect to be the enemy of the good," he appealed to his colleagues. "We can't spin wheels and have this conversation over and over."

Making his final pitch to his fellow lawmakers, Mr. Bolques argued that despite differences of opinion about the purchase and the financial burden it entailed, "the real burden is the continuous rental payments that have no return on investment."