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# VIPA Risks Losing FAA Funds for USVI Airports Due to Racetrack Rent Dispute

**Delays in rent payments for VIPA-owned racetrack land could lead to loss of FAA grants for St. Thomas and St. Croix airport developments**

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**Four American Airlines and one Spirit Airlines aircraft at the Henry E. Rohlsen Airport (HERA) on Thursday, March 28, 2024. By. ERNICE GILBERT, V.I. CONSORTIUM**

The slow progress of work at the Randall “Doc” James Race Track in St. Croix has inadvertently placed the V.I. Port Authority’s ability to secure grants from the Federal Aviation Administration at risk, lawmakers were told on Friday.?

The land upon which the racetrack sits is owned by VIPA. In an agreement dating back to 1983, the land is leased to the Government of the Virgin Islands through the Department of Property and

Procurement. DPP subsequently entered a sublease agreement with VIGL Operations LLC, the franchisee tasked with reconstructing the racetrack. However, as DPP's assistant commissioner Vincent Richard explained during a meeting of the Senate Committee on Culture, Youth, Aging, Sports, and Parks, VIGL will only be required to pay the annual rent of \$118,515 "two business days after the franchise agreement takes effect."?

That agreement is yet to take effect, as a series of conditions must first be fulfilled. One such condition is that VIGL must receive "approval of all necessary licenses and permits for the construction and operation of the track." According to Mr. Richards, VIGL "has not received all the required permits for all conditions pursuant [to the] franchise agreement."

However, rent for the property is still accruing, VIPA says, stating that they are owed \$489,750.96 in overdue rent payments for the property in question, approximately 84.6149 U.S. acres. According to VIPA legal counsel Catherine Hendry, collection of rent and related fees is critical to "satisfy the FAA's concerns with the payment of the fair market value for the use of the leased premises." Since the authority is not currently collecting payment for the property in question, it risks being penalized by the FAA.?

"The penalty may be withholding of grant funds to develop the airport, especially the airfield," explained Ms. Hendry. She told lawmakers that "VIPA is continually asked about the use of the horse track property and collection of rent" and continued to assure the FAA that they are working with the tenant – DPP – to "address the outstanding rent and to ensure collection in the future." The FAA, she said, is awaiting evidence of "formal collection of the rent and an arrangement for the collection."

"It is imperative that we find a way to work out the obligation that is owed to VIPA," maintained Ms. Hendry. While the sublease only requires rent payments to begin once all permits are awarded, the lease between VIPA and the Government of the Virgin Islands, and approved by the FAA, "requires rent to be paid immediately upon the effective date of the executed amendment." The difference in expectations has now created a precarious situation.

VIPA anticipated that the GVI would use its annual operating funds to satisfy the rent until racing begins and VIGL formally takes over payment. Now, the authority wants to explore the possibility of a "legislative appropriation for the outstanding debt...in order to avoid jeopardy of the airport grant funding program." In July, VIPA approved [new terminal concepts](#) for the Henry E. Rohlsen Airport on St. Croix. At the time, VIPA Executive Director Carlton Dowe described it as a "pivotal step" to the ongoing transitional phase.?

As Ms. Hendry testified, federal funding could be jeopardized by non-payment of the rent and is "critical for our ability to upgrade and properly maintain our airfield."

Andrew Dubuque, managing partner of VIGL Operations LLC, testified under oath that "this is the first time hearing of it. We've never received an invoice." Ms. Hendry clarified that payment is "the burden of the GVI until VIGL meets all the preliminary conditions required for the effective date of that franchise agreement."

Responding to a question from Senator Marvin Blyden, Department of Sports Parks and Recreation Commissioner Calvert White said that he was aware of the outstanding balance, while Assistant Commissioner Richards said he had seen an invoice or statement from VIPA. "It has been our practice to forward these statements to the Department of Sports, Parks, and Recreation," Mr. Richards said.

However, Ms. Hendry confirmed to committee chair Senator Angel Bolques Jr. that VIPA holds Mr. Richards's department responsible for the sum. "Our privity is with Property and Procurement," she said.

Mr. Richards was then asked whether the department had a plan for paying the outstanding amount. "Senator, if we get a check, we'll cash it, deposit, and then we'll pay whoever needs to be paid from that, I think that's the best answer to tell you." He clarified that the check he was referring to was expected to come from VIGL. Why the company would pay monies he previously acknowledged it is not yet legally obligated to pay, Mr. Richards did not explain. Lawmakers did not press further.

"This is the first I've ever heard of this," Mr. Dubuque continued to insist. "I don't have any comment."

For emphasis, Ms. Hendry repeated herself. "It is the burden of GVI until VIGL does all the preliminary conditions required for the effective date of that franchise agreement."