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## Warehouse Bill Stalls Over Cost Disputes and Missing Stakeholders, VIDE Urges Quick Action

**Legislation to authorize VIPA to construct a school lunch warehouse in Gasverks Gade was held in committee, as senators raised concerns about revenue-sharing fairness, incomplete negotiations, and the absence of key decision-makers at the hearing.**

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VIPA Executive Director Carlton Dowe. By. V.I. Legislature.

Concerns over incomplete negotiations and the absence of key stakeholders to respond to queries were among the reasons why [Bill 36-0065](#) was held in the Committee on Economic Development and Agriculture on Monday.

The bill, which amends [Act 8512](#), instructs the V.I. Port Authority to design and construct a warehouse for the benefit of the V.I. Department of Education in Gasverks Gade, Kronprinsens Quarter, St. Thomas. The Department of Education would use the warehouse for its school lunch program. The previous arrangement required that VIPA build the warehouse on the former Addelita Cancryn Junior High School campus, while the amendment, with the warehouse in a new location, allows VIPA to keep the school campus ruined by the 2017 hurricanes and utilize it for its business purposes. Bids are currently out for the demolition of the school campus.

Lawmakers were told that it was after VIPA met with VIDE leadership they learned that education officials had acquired the property on Gasverks Gade, and preferred for the warehouse to be constructed there. The authority considered retrofitting an existing warehouse at the new site but external assessments proved that it would not be feasible.

“VIPA remains committed to constructing the warehouses at the alternate site, provided the conditions are reasonable and fair to VIPA,” testified the authority’s executive director Carlton Dowe on Monday. The arrangement requires VIPA to cover all associated costs “either doing so exclusively or bringing on a partner to assist with the cost.” Mr. Dowe told lawmakers that “we are in support of the concept. However, this bill, as it is written, creates some difficulties for VIPA.”

The authority, said Mr. Dowe, has already obligated over \$400,000 and anticipates spending up to \$1 million on pre-construction costs, including the design of the warehouse. The law requires that the space be no smaller than 35,000 square feet and include ample parking. VIPA’s biggest quandary is over the section of the bill that speaks to “a payment of 50% of income received from the commercial use of the campus,” said Mr. Dowe.

“That language directs VIPA to pay 50% of gross income from the commercial leasing of space within Addelita Cancryn Junior High School,” explained Mr. Dowe, an arrangement he did not consider “fair.” He described it as an “extremely heavy lift for VIPA” and “onerous,” especially as the Government of the Virgin Islands is not expected to contribute to the cost. “This mandate lacks fairness and it will result in delays,” he warned.

“VIPA must have a right to receive reimbursement of the pre-development cost and to receive a reasonable return on the development of the Cancryn property,” Mr. Dowe insisted. He suggested implementing a graduated scale where VIPA could receive 75% of the revenue generated for an unspecified amount of time, paying 25% into the education maintenance fund. Mr. Dowe also recommended that revenue be calculated “based on net income as defined, rather than gross income.” The bill does not specify, but it does state that the 50-50 arrangement is effected in perpetuity, and payments must begin on the 25th month after the property lease is executed.

Mr. Dowe noted that he has shared his concerns with Senator Kurt Vialet, sponsor of Bill 36-0065, and anticipates changes being made. “We have shared an amendment early on and hope that they’ll be considered in the Rules [Committee],” he explained in Senator Vialet’s absence.

For the V.I. Department of Education, there was a different concern about the proposed legislation, one relating to payments into the education maintenance fund. Channel Callwood, VIDE’s architect, lamented that Section 2(b) of Act 8512 was omitted from the amendments in Bill 36-0065. The missing section allowed VIPA to renegotiate the percentage of income that would be deposited into the fund after fifteen years. However, the amount would “never be less than 50% of income generated by use of the property.”

“The removal of this jeopardizes the future fiscal sustainability for VIDE infrastructure,” Ms. Callwood warned. “It’s a little bit unclear what we would receive. We would like to work with VIPA to figure it out,” she told a concerned Senator Angel Bolques, Jr. He urged “collaboration between both entities.” For Mr. Dowe, it’s “one of the things we have to flesh out now and we’ll do it before Rules,” he added, referring to the bill’s vetting in the Senate Committee on Rules & Judiciary.

Ms. Callwood was asked for her perspective on VIPA’s proposed sliding scale by Senator Marvin Blyden. However, Ms. Callwood replied that she was “not authorized by the commissioner to go that far,” in terms of offering an opinion.

“It’s very difficult to move forward when the person sitting at the table doesn’t have the authority to move forward,” noted Senator Marise James. Senator Novelle Francis, too, urged additional conversation outside of the Legislative chambers. “There needs to be some concurrence, agreement and on paper,” he advised. Francis described the potential cost of constructing the warehouse as “astronomical” and was wary of VIPA’s ability to foot the bill. “I think this is a tough sell,” he remarked.

Senator Alma Francis Heyliger, for her part, recommended another meeting. “Some of the stakeholders need to be here to help clear up this conversation for us so that the members of this committee can make an informed decision,” she suggested.

With the bill ultimately held in committee at the call of the chair, VIDE cautioned lawmakers that the department has “an urgent need to have a warehouse built.” “I urge the committee to bring this back in short order,” pleaded Ms. Callwood.