The Virgin Islands Consortium

ArcLight Deal Is 'Definitely' Better Than ABR Agreement, Senators Say

Business / **Published On December 07, 2015 09:58 AM /**

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ST. CROIX -- A lot is at stake this month as senators prepare to debate the operating agreement signed between the Government of the Virgin Islands and ArcLight Partners, LLC. The 31st Legislature, like the 30th before it, has the power to reject and send back to square one the HOVENSA sales process, or ratify the agreement to start some work activity on this island's south shore.

The Consortium reached out to five members of the current Senate -- Kurt Vialet, Kenneth Gittens, Clifford Graham, Sammuel Sanes and Novelle Francis -- to get a sense of where they stand. Only Senators Vialet and Francis responded, with Mr. Gittens asking for more time before commenting. However, while Mr. Vialet and Mr. Francis said they were still reviewing the document, both men agree that what's currently on the table trumps the Atlantic Basin Refining operating agreement that was rejected by the 30th Legislature.

"I have completed my first reading and I am making notes of highlights and concerns," Mr. Vialet said. "I will read it about two more times but will not make a public statement until I am completely comfortable with my position."

"It is definitely better than the ABR agreement," he added.

Mr. Francis said he would have preferred to see more employment opportunities, and was pleased to know that ArcLight had partner, Freepoint Commodities, which bolstered the senator's confidence in the firms' ability to carry out their side of the agreement.

"On the surface, the agreement offers some benefits to the people," said Mr. Francis, who also refrained from fully sharing his position because his analysis of the document is underway. The senator then reminded the people what the Senate's position is, stating that while it can reject or approve, it cannot renegotiate -- a reality that leaves lawmakers in a difficult position, biting the bullet and approving an agreement that could be much better, or rejecting what's on the table and risk another overdrawn sales process.

"It is important the public understands the role of the Legislature in this process, which is to ratify the agreement. In turn, we are only able to vote to approve or disapprove. We cannot renegotiate," Mr. Francis, a first-term Democrat, said.

He added: "With that out the way, I am particularly concerned with the fine prints of the agreement to ensure that St. Croix and the Virgin Islands be equal partners in this agreement, and that the agreement will set us on a course of present and future prosperity. I welcome the community's input in this matter, and at the end of the day, I will be guided by our ability to garner a win-win for the people of St. Croix and the Virgin Islands."

The approval of the agreement would see the GVI netting $220 million. But it would also give ArcLight a pass on taxes, and the company has only committed to operating the oil storage terminal, which it says requires a minimum of 80 employees, with the potential of growth to about 200 in two years. ArcLight also told The Consortium that it has been in discussions with serious players in the oil industry, who have expressed interest in restarting some refining units on the east of HOVENSA. And they expect contractors to hire employees, too, which would bring the estimated 80-200 number considerably higher overtime.

For more details on the agreement, go here.