

The Virgin Islands Consortium

Sugar Bay Resort Unable To Pay Employees On Time As Repercussions Of Lost EDC Benefits Take Hold

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ST. THOMAS -- An employee of the Sugar Bay Resort and Spa here, sent The Consortium a copy of what appears to be a letter from management, notifying workers that their pay would be delayed because of "unforeseen financial difficulties."

The [letter](#), sent to employees by Abdel Zouari, the resort's general manager, said that the resort is working "diligently to rectify the situation," and asked for employees' patience during the unfortunate times. The Consortium tried unsuccessfully to reach resort officials by placing multiple calls.

According to one employee who asked not to be named fearing dismissal, payment was due on Friday, however instead of checks, employees were greeted with a letter. "We still have incoming guests," the employee said, making a point to note that business at the resort continues normally. "People are fearful and worried at the same time," the employee added.

Another employee, who provided The Consortium with a copy of the letter and also requested anonymity to speak freely, said it was not the first time that the resort had been late on paying its workers.

"There has been no resolution as of yet but a coworker said she was told by a manager that it should be tomorrow or Wednesday the latest," this person said. "This is not the first time this has transpired. One time I waited until the following Thursday for my check." This employee, who only works part-time at Sugar Bay, lamented for the other employees who depend solely on their paychecks for their livelihoods.

And the resort recently lost its "Dreams Resorts" status, which [boasts of offering](#) a collection of luxury resort destinations, each with its own unique personality," and features "sun- soaked beaches, elegant accommodations, a world-class spa, gourmet dining, unlimited premium drinks, and many other pampering amenities."

But what may be affecting the Sugar Bay's bottom line the most, is Governor Kenneth Mapp's decision to not renew its Economic Development Commission benefits -- which offered 100 percent tax free status -- stating during a [February 2015 press conference](#) that Sugar Bay and Windward Passage had failed to hold their end of the obligations as required by the EDC.

In explaining his reasoning behind the disapproval of benefits extension, Mr. Mapp said there were "tremendous violations of law" within the applications, and that it's the government's job to "police" the companies and make sure they are complying with the rules.

The territory's leader then made known some of the deficiencies found within the applications of both hotels.

The governor said both entities were "below the number of required employees" that should be working at the facilities as part of the EDC agreement. Mr. Mapp also revealed that one of the hotels had already enjoyed 15 years of EDA benefits, while the other had enjoyed 20 years. Nevertheless, the Economic Development Authority sent the governor an application to grant said hotels an additional 10 years of 100 percent of tax benefits.

Mr. Mapp continued, revealing that one of the entities hadn't filed income tax returns for more than five years, and one owed unemployment payments to the Department of Labor. One of the companies intended to invest, according to the governor, "a mere \$690,000 over the next ten years," which, he said, "given the hotels and their sizes, one must understand that \$690,000 over ten years is not even sufficient monies to maintain the properties; much less monies to expand, develop and provide any expansion of the facilities."

The chief executive also made known that the wages at Windward Passage and Sugar Bay were below industry standards, and although the hotels comply with the territory's

minimum wage law, “given the amount of benefits that you have enjoyed for more than 15 years at 100 percent tax exemption, the wages to the employees are totally unacceptable,” he said.

But the governor said the actions taken last year were not indicative of a leader who is anti private sector; adding that he and Lieutenant Governor Osbert Potter were “fully committed in supporting the incentives given by the Economic Development Authority, but it must be done in a manner that recognizes that everyone must carry some degree of their weight in the territory.”

The governor then advocated for local businesses that have paid the majority of taxes while major corporations reap their financial rewards with little to no tax deductions; and for residents who are currently burdened with multiple tax obligations.

“We cannot continue to pile on on small businesses and employees in the territory the full burden of the services and the infrastructure of the territory,” said Mapp. “And if an entity has come into the territory, has invested, has built, has been enjoying tax benefits for 10, 15 — 20 years, there must be some avenue to wean that entity off tax exemptions. The businesses cannot remain on the bottle forever. They must have some opportunity to wean off of it.”