



News Release

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VI PORT AUTHORITY BOARD APPROVES COST-SAVING POLICIES FOR FY 2010 BUDGET

The Virgin Islands Port Authority Governing Board spent several hours discussing cost-saving initiatives and projects to be included in its fiscal year 2010 budget at its regularly scheduled meeting held today. The Board approved several proposals by staff and VIPA's financial consultant, Seslia & Company, as per directives issued during a VIPA Board retreat held in May to reduce operation and personnel costs, which include:

1. The reduction of dedicated contracted staffing at the Crown Bay Center and redeployment of some of the existing CBC staff to general VIPA personnel. This is expected to save the Port Authority \$183,000 annually in salaries and benefits.
2. Effective October 1st, VIPA will pay 80 percent of the cost for medical insurance benefits and all employees will pay 20 percent. The Port Authority will also increase its minimum salary from \$15,600 to \$20,000; this will affect 37 employees.
3. VIPA will offer a voluntary severance plan to employees with 29 years or more of government employment, with a 2-year payout period. VIPA currently has 14 employees that are eligible for the plan. The Board ruled that these positions cannot be filled once these employees retire. VIPA can potentially realize a savings of about \$488,000 in salaries and benefits if all 14 employees accept the plan.
4. Implementation of non-invoice billings to its larger clients such as airlines and cruise lines, with a five percent late fee for bills not paid within five business days.

Staff was directed to incorporate these policies and present the 2010 budget for final approval at the next Board meeting which will be held on St. Croix on Sept. 23rd. Port Authority

Executive Director Kenn Hobson is scheduled to testify at a budget hearing before the 28th Legislature of the Virgin Islands' Appropriation and Budget Committee on Aug. 21st to present a draft version of VIPA's 2010 budget. VIPA's fiscal year begins Oct. 1st.

Seaborne Airlines' request to continue to provide airport to airport service between St. Thomas and St. Croix from its hangar facility at the Henry E. Rohlsen Airport on St. Croix was also approved at today's meeting. The Board voted to temporarily extend Seaborne's one-year permit, which expires on Sept. 3rd, for six months. Seaborne will then be required to move its operations into the airport terminal. In a separate motion, the Board directed staff to research the feasibility of developing non-sterile gates at HERA for use by airlines providing flights between St. Thomas and St. Croix.

Other actions taken by the Board include the:

- Denial of a proposed payment plan by Four Star Aviation - the Board voted instead to approve a two-year payment plan for past due amounts owed by FSA at a four percent interest rate.
- Approval of a request by Bohlke International Airways to reduce their rent by 50 percent from June 1st through August 31st since the tenant was unable to fully utilize its leased hangar space at HERA due to ongoing construction work being performed by VIPA.
- Approval of a request from Bohlke International Airways to reduce their rental rate for hangar space leased at HERA based on the Consumer Price Index increase effective July 2008. The rate was reduced from 12 percent to 9.74 percent.
- Approval of the assignment of the lease between VIPA and Deliver It, Inc. for cargo warehouse space at HERA to Caribtrans Agency LLC d.b.a. Caribtrans, VI. The tenant will lease the space to provide import shipping, delivery, customs clearance and brokerage of cargo, and commercial warehousing for three years with a three year option at \$1,666.67 per month.
- Approval of a lease agreement between VIPA and Jorge Rodriguez-Brown d.b.a. B. L. Bolivars to operate an automotive repair business at Building No. 10 Subbase for three years with a three year option at \$1,153.33 per month.

- Approval of a settlement plan between VIPA and DCB Investments. DCBI will be reimbursed \$87,338.31 (with \$10,000 pending) because they were unable to occupy their leased premises at Building D (the sugar mill) at the Crown Bay Center for a period of 14 months pending VIPA's repair of recurring leaks in the building.
- Approval of a \$2,372,367 contract between VIPA and Oshkosh Corporation to purchase three 1,500 gallon fire trucks for use at the airports to meet the Federal Aviation Administration's Part 139 requirements. The FAA has provided 95 percent of the funds, and VIPA will pay the remaining five percent for the purchase of the trucks.
- Approval of a \$59,801.50 contract between VIPA and Julien Welding to install fencing at the Victor L. Sewer Marine Facility (the Creek) in Cruz Bay, St. John to meet U.S. Coast Guard safety requirements. The project is funded by a grant from the Transportation Security Administration.

The meeting was conducted by Board Chairman Cassan Pancham. Members present included Beverly Nicholson-Doty, Gordon Finch, Robert O'Connor Jr., Attorney Vincent Frazer, Darryl Smalls, Dr. Yvonne Thraen, Albert Bryan Jr., and Hector Peguero.

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