


The Virgin Islands Consortium

Yusuf Drinking Water Requests EDC Benefits To Manufacture Bottled Water On St. Croix

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ST. CROIX — Plans to locally manufacture 16.9-ounce bottled water are underway, board members from the Virgin Islands Economic Development Authority learned Tuesday during a public meeting scheduled to hear requests from several companies seeking benefits.



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NEW DATES

St. Thomas
UVI Sports & Fitness Arena
Tuesday, July 24th / 9:00 AM - 12 Noon

St. Croix
Juan F. Luis Hospital Conference Room
Wednesday, July 25th / 9:00 AM - 12 Noon

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Benefits include 90 percent reductions on corporate and personal income taxes and 100 percent exemptions on gross receipt, business property and excise tax payments. Benefits also include reduced customs duty from six percent to one percent.

Self Sufficiency During Disaster

Representatives of Yusuf Drinking Water (YDW) Inc. testified that after hurricanes Maria and Irma hit the territory, access to water was limited because of limited access to bottles and containers – bottles and containers that would typically come through the shipping ports that were shut down.

“The local companies that provided the local water – they had the water, but they didn’t have the bottles because the shipping industry was shut down,” YDW Co-Owner Maher ‘Mike’ Yusuf, who is also an owner of Plaza Extra East and Seaside in Gallows Bay, told board members on St. Thomas via videoconference call at the EDC office at the William D. Roebuck Industrial Park. “In this sense we’ll be manufacturing the bottles here, so we can get up and run it right away”

Consumer Benefits

YDW plans to manufacture 1-gallon, 3-gallon and 5-gallon bottles, but their focus will be on manufacturing 16.9-ounce bottles from plastic resin.

According to YDW Finance Director John Gaffney, 16.9-ounce bottled water accounts for 50 percent of all drinking water consumed in the territory, but 100 percent of the supply is imported. He said that 40 percent of the transportation costs to import the bottles here trickles down directly to the consumer. Mr. Gaffney testified that by locally manufacturing the water here, YDW could help reduce some of the transportation costs.

The company has invested \$2.5 million in equipment for high-volume reverse osmosis, ozonation, PH treatment and other water treatments to “produce the purest water at the lowest cost to residents,” according to Mr. Gaffney. One piece of equipment that produces distilled water cost the company an investment of \$250,000, he said.

The water comes from wells and large cisterns, according to Gaffney.

YDW plans to operate out of a 118-thousand square foot building behind the Sion Farm Shopping Center. They boast access to privately generated electricity from five microturbines.

Employee Benefits

In exchange for EDC benefits, YDW promised to meet necessary criteria pertaining to employees. The team promised to employ at least 50 local workers and to offer two insurance plans. They promised to pay 50 percent of the \$1,000 deductible on one plan and 70 percent of the \$5,000 deductible on the other.

Two weeks vacation, three paid holidays, four sick days and a 401K plan would also come as part of the deal.

EDC Vice Chair Philip Payne told YDW representatives that he wasn't impressed with 50 percent payment for employees' deductibles on insurance. He also said that three paid holidays were way below the territory standard and that he wouldn't recommend a business model like that one.

EDC Board Chair Jose Penn asked YDW for a breakdown of the number of local employees that would be hired each year during each phase of the project. Mr. Gaffney said they would hire a minimum of 25 employees in the first year.

Charitable Contributions

YDW also intends on making charitable contributions such as donations to the Territorial Scholarship Fund and \$50,000 to the pension plan. According to Mr. Gaffney, providing pure water to hospitals and making contributions to youth sports are also ways to give charitably.

What Happens Next If There Are No Benefits

Mr. Payne asked YDW representatives if they would still go on with their project if they weren't granted benefits.

"Yes, the equipment is already bought and on island," Mr. Yusuf said.

YDW hopes to eventually export to the British Virgin Islands and other neighboring islands. Presently the company is known by several trade names including Blue Oasis, Island Crystal and My VI.

The board didn't take any action on the YWD application on Tuesday as the hearing was only meant to hear requests for benefits. A decision will be made after consideration of the applicant's presentation.

WYNDI AMBROSE

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