logo Image not found or type unknown

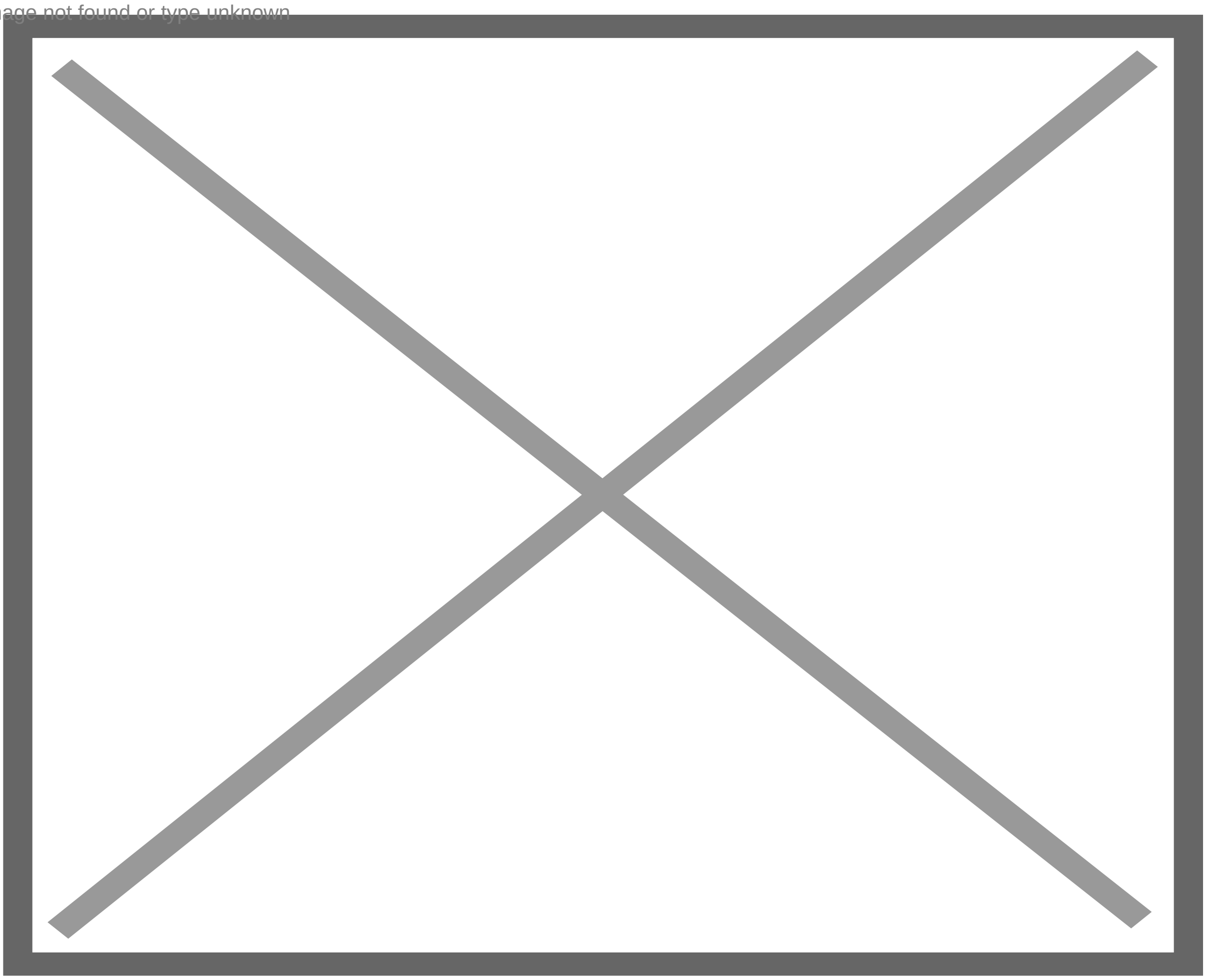
SkyCity Partner Pushes Back on Airline Alternative, Says $1.2B Airport Plan Is Vetted and Delay Will Raise Costs

SkyCity partner Aecon says airlines are overstating airport costs while backing an unvetted alternative with no guarantees on routes, fares, capacity or service. Steve Nackan says switching plans could add years of delay while construction costs rise.

Development / **Published On August 20, 2026 06:31 AM /**

Janeka Simon August 20, 2026

Image not found or type unknown



The Cyril E. King Airport in St. Thomas. **By. V.I. CONSORTIUM.**

A senior executive with one of the principal companies behind SkyCity is pushing back against the airlines' campaign to replace the territory's $1.2 billion airport modernization agreement, arguing that carriers are overstating future costs while promoting an alternative that has not been fully developed and provides no guarantees on routes, fares, capacity or future service.

Steve Nackan, executive vice president and president of Aecon Concessions, issued the statement early Thursday following a public meeting at which representatives of the Airlines Airport Affairs Committee urged local tourism and hospitality stakeholders to lobby against the public-private partnership between SkyCity and the V.I. Port Authority. The airlines have also offered to cover the $40 million breakup fee that would be required for VIPA to walk away from the existing arrangement.

Nackan cautioned residents against abandoning a project that has gone through years of development based on “headlines and hypotheticals.”

Airlines Warned of an Airport 'Death Spiral'

At their recent public meeting, airline representatives argued that costs under the SkyCity plan could rise to levels that make some routes less profitable, potentially causing carriers to reduce service or leave the market. They warned that this could create an airport “death spiral,” with declining passenger traffic forcing fixed airport costs to be spread across fewer travelers, pushing airline expenses even higher and prompting further service reductions.

Nackan disputes that framing. He contends that the airlines are creating an artificial “airport cost crisis” and says the first fee adjustment, scheduled for November 2026, is intended to correct years in which airlines were undercharged for airport operating expenses.

He also pointed to public comments from AAAC Chair Lorin Carr acknowledging that airlines could work with the initial fee adjustment. Nackan argued that the more substantial increase would occur only once the new airport facilities are built.

At that stage, he said, the additional cost would amount to approximately $72 to $73 per passenger, which he characterized as a relatively small portion of the total cost of a Virgin Islands vacation.

Nackan Says SkyCity Plan Has Undergone Years of Review

Nackan’s central argument is that the two proposals are not at comparable stages of development.

He said the SkyCity plan “is the product of years of engineering, design development, due diligence, technical review, operational planning, consultations, commercial development, and public procurement.”

By contrast, Nackan said the alternative promoted by the airlines “has not undergone any level of engineering, design development, market testing, or diligence.”

He also questioned the certainty of the projected cost savings under the airlines’ proposal, noting that its estimated total price “has also changed significantly over a short period of time, raising legitimate questions about the certainty of the claimed savings.”

For Nackan, comparing an extensively developed project with an early-stage alternative risks making the latter appear cheaper before the full cost of delivering it is known.

“a concept can be made to look inexpensive. Delivering it is another matter entirely.”

Aecon Warns That Starting Over Could Add Years

Nackan said the parties should continue working collaboratively, but argued that collaboration should not become a reason to delay decisions indefinitely.

“Construction costs continue to rise, airport infrastructure continues to age, and any alternative approach would still require additional planning, engineering, design, approvals, procurement and consultation before construction could begin.”

His argument is that abandoning SkyCity at this stage would not allow the territory to immediately begin construction under the airlines’ proposal. Instead, the alternative would first have to proceed through many of the planning, engineering, design, regulatory, procurement and consultation stages already undertaken for the existing project.

Nackan contends that those additional years could bring higher construction costs without any corresponding assurance that airlines would provide substantially greater service in return.

Nackan Questions What Airlines Guaranteeing

The Aecon executive also challenged the airlines to identify what firm commitments the territory would receive if VIPA abandoned SkyCity and pursued their alternative.

“What exactly does the airline alternative promise….nothing,” Mr. Nackan declares.

He noted that the airlines have offered no commitments regarding future routes, airfares, capacity, growth or continuation of existing service levels. Without such commitments, Nackan argued, the territory would be giving up a “fully developed modernization program” in favor of speculation “about what airlines might do in the future.”

That position directly counters the airlines’ argument that their expertise in route economics and aircraft deployment makes their assessment of the SkyCity costs particularly important. Airline representatives have warned that if airport expenses become unsustainable, carriers can reduce frequencies, shift aircraft to more profitable markets or discontinue routes.

Nackan’s response is that those warnings do not amount to guarantees that choosing the airlines’ lower-cost proposal would preserve or increase air service.

Debate Centers on Cost, Risk and Timing

The competing positions now present VIPA and territorial policymakers with fundamentally different assessments of risk.

The airlines argue that proceeding with the $1.2 billion SkyCity development could burden carriers with costs severe enough to undermine airlift, and they are promoting an alternative phased development plan at a substantially lower projected cost.

Aecon, meanwhile, argues that abandoning the existing agreement would exchange a project that has undergone years of technical and commercial development for a concept whose final costs and construction requirements have not been established — and which does not bind airlines to maintain routes, fares, capacity or service.

For Nackan, the decision comes down to “whether to move forward with a fully developed modernization program today or spend years revisiting many of the same requirements while costs continue to rise.”