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Hotel & Tourism Association Urges VIPA to Delay SkyCity Airport P3, Citing \$1.2B Cost and Risk to Airlift

St. Thomas-St. John hotel leaders are urging VIPA to delay a final SkyCity P3 decision, citing airline concerns over costs and airlift. The group wants an independent side-by-side review of SkyCity's \$1.2B plan and the AAAC's \$390M concept before action.

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Stepped Street: A rendering of the terminal's central circulation area, where stairs and escalators would connect passengers to the upper level amid open, island-inspired surroundings. By. V.I. CONSORTIUM.

ST. THOMAS — The St. Thomas-St. John Hotel & Tourism Association is urging the V.I. Port Authority to delay a final commitment to the SkyCity airport redevelopment agreement, saying

the authority should first independently compare the proposal — estimated at roughly \$1.2 billion in total costs — with a lower-cost \$390 million alternative presented by airline representatives and assess whether higher airport costs could jeopardize air service.

The association's Board of Directors adopted the position after meeting with representatives from both SkyCity and the Airlines Airport Affairs Committee, or AAAC, to review the competing approaches to the proposed public-private partnership. The HTA submitted its position Aug. 27 to VIPA Board Chairman Willard John, Interim Executive Director Ava Penn, Gov. Albert Bryan Jr., the 36th Legislature and Tourism Commissioner Jennifer Matarangas-King.

"The goal should not be the least expensive airports, nor should it be the most ambitious airports we can build. It should be the right airports for the Virgin Islands - appropriately scoped, properly engineered, independently reviewed, financially sustainable and capable of supporting increased air service rather than putting that service at risk," said St. Thomas-St. John HTA Board Chair Kalina Kennedy.

"We want improved airports. We also want the air service necessary to fill them," Kennedy added. "The territory should not have to choose between modern airports and affordable air access. We believe the parties should return to the table and develop a plan that delivers both."

According to the association, airline representatives warned during the meeting that projected costs under the current SkyCity plan are significantly higher than they believe the market can reasonably absorb. The AAAC contends that costs at those levels could threaten existing airline service, constrain future growth and make it more difficult for the territory to attract additional flights.

The current SkyCity proposal carries approximately \$690 million in construction costs and an estimated \$1.2 billion in total costs, according to the HTA. The airline committee has presented a substantially less expensive conceptual approach, which the association identified at \$390 million.

HTA acknowledged, however, that the AAAC proposal is not as fully developed as SkyCity's. The airline group itself describes the plan as conceptual and subject to change following due diligence, meaning additional engineering, construction-cost analysis, financing work and supporting details would be necessary before a final comparison could be made.

The tourism association said the potential difference in cost is nevertheless large enough to warrant the additional work. It argued that further analysis could determine which airport improvements are immediately essential, what projects could be phased and which future expansions should depend on demonstrated passenger demand.

HTA also called for independent scrutiny of costs and strong financial controls regardless of which proposal ultimately advances.

Under the current structure, SkyCity or an affiliated entity is contemplated to serve as construction contractor, a provision the association said makes independent oversight particularly important. HTA called for outside review of project pricing, construction costs, change orders and potential cost overruns throughout the project.

The association said that scrutiny should apply equally to the airline proposal, recommending that an impartial third party evaluate SkyCity and AAAC side by side using the same criteria and assumptions before VIPA makes a final decision.

“The association is not asking VIPA to choose SkyCity over AAAC or AAAC over SkyCity today,” Kennedy said. “Instead, we strongly encourage VIPA to bring SkyCity and AAAC back to the negotiating table with one clear objective: Develop a modern airport program that meets the territory’s essential infrastructure and passenger needs at a cost that results in airport rates and fees the airlines can reasonably absorb.”

The St. Thomas-St. John Hotel & Tourism Association represents hotels, guest houses, inns, condominiums, campgrounds and other tourism-related businesses in the district.