The Virgin Islands Consortium

Estimated Cost To Rebuild Frenchman's Reef Marriott Resort Now $400 Million; V.I. Government Gets Access To Over $400 Million In Federal Loans

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Speaking with the owners of Frenchman's Reef & Morning Star Marriott Beach Resort in St. Thomas on Friday, Governor Kenneth Mapp was told that the cost to rebuild the resort -- which the owners have pledged to construct anew, had grown to $400 million, a realization that will more than likely move the 18-month reopening timeline further into the future, as the construction cost associated with the prior 18-month estimation was $200 million.

The governor relayed the news -- another blow to the local economy as the resort's over 400 laid-off full-time and part-time employees may need to consider finding permanent employment elsewhere -- at his Friday evening hurricane recovery press briefing at Gov't House on St. Croix. The long closure also dampens further the hospitality industry, and weakens the government's hotel tax revenue collection.

Yet amid the discouraging news, hope for the local government came through the approval of $400 million in low-interest loans from the federal government, which was made possible because Hurricanes Irma and Maria wreaked havoc on the territory. The funds, to be used to offset the government's revenue losses caused by the storms, will be distributed as follows, according to Mr. Mapp: $24 million for Schneider Regional Medical Center; $22 million to the Juan F. Luis Hospital and Medical Center; up to $75 million for the Virgin Islands Water and Power Authority (WAPA), with $31 million of that amount being released immediately; and up to $300 million for central government operations.

The total sum, $421 million, is most of the $500 million guaranteed in loans to the V.I. government as part of the $36.5 billion measure that recently passed Congress and was approved by President Donald Trump. And the funds won't be made available immediately; they are to be released over the course of three fiscal years, according to the governor.

For the funds to be released, however, the Legislature must approve language binding the local government to repaying the debt. Mr. Mapp did not say what government resource would be used to backup the loans, but Gross Receipt Tax and Matching Fund (rum cover over) bonds are the local government's most secure payment sources.

On Sunday, the territory's leader along with a delegation of local officials from a variety of government department and agencies, will depart the islands for Washington, where Mr. Mapp will not only make the case for the territory's $7.5 billion ask to help rebuild the islands, but also lobby for better Medicaid cost-sharing, and more favorable fee structures that the governor said the hospitals struggle with.

Mr. Mapp issued a call for a special session of the 32nd Legislature to be held on November 21, to address several proposed bills and two Coastal Zone Management permits for which he said immediate action is necessary.

Among the measures is a source separation recycling bill, which the governor said would result in 80 percent of the trash being exported out of the territory. If approved by the Legislature, the measure would take effect on July 1, 2018, a date the governor chose to allow the public educational time, and to make room for the Waste Management Authority to put in place the necessary infrastructure for source separation and to get contracts in place for the exportation of recyclable items.

The governor also voiced his absolute indifference to calls for constructing two waste-to-energy facilities in the territory. “I restate my full opposition to waste energy facilities in the Virgin Islands. I have challenged everyone that has come before me to identify a plant that exists anywhere on U.S. soil that has been permitted by the [Environmental Protection Agency] EPA for waste energy.” He said such a facility would require significantly more tonnage of waste than what is produced in the Virgin Islands.

Another important aspect of the bill is the need for residents to start separating their wastes before they are removed by WMA and its contractors. The belief is that once the separation of waste occurs, companies with an interest in waste would see value in the territory's refuse, as the waste would have already been separated.

At the end of 2015, the United States had 71 waste-to-energy (WTE) plants that generated electricity in 20 U.S. states, with a total generating capacity of 2.3 gigawatts. Florida contains more than one-fifth of the nation's WTE electricity generation capacity, and in 2015, Florida's Palm Beach Renewable Energy Facility Number 2 became the first new WTE plant to come online since 1995 and the largest single WTE electricity generator in the United States, according to the U.S. Energy Information Administration.

Modern waste-to-energy plants are very different from the trash incinerators that were commonly used until a few decades ago. Unlike modern ones, those plants usually did not remove hazardous or recyclable materials before burning. These incinerators endangered the health of the plant workers and the nearby residents, and most of them did not generate electricity. Waste-to-energy generation is being increasingly looked at as a potential energy diversification strategy, especially by Sweden, which has been a leader in waste-to-energy production over the past 20 years.

Another one of the governor's measures sent to the Legislature and to be considered at the special session, is a bill to authorize and appropriate $9 million to fund the completion of phase two of the Frederiksted Economic Revitalization Project (Paul E. Joseph Stadium). Mr. Mapp has proposed $6 million from the proceeds of the Limetree Bay Terminals bitumen project; $2 million from the Community Facilities Trust Account; and $1 million from the St. Croix Capital Improvement Fund.

Department of Health Commissioner Michelle Davis will be traveling to Puerto Rico and Georgia next week to meet with medical evacuees. She said other locations will be visited in the coming weeks, and that information relative to the recovery efforts in the territory would be constantly relayed to them.

Feature Image: Aerial shot of the Frenchman's Reef & Morning Star Marriott Beach Resort in St. Thomas, following Hurricanes Irma and Maria. (Ernice Gilbert, VIC)