The Virgin Islands Consortium

Legislation Aimed At Hastening Caneel Bay Redevelopment Wins Support From USVI Hotel And Tourism Association

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ST. JOHN -- The USVI Hotel and Tourism Association, whose members include some of the most prominent resorts in the territory, has endorsed Delegate to Congress Stacey Plaskett's legislation aimed at moving forward an agreement between the National Park Service and the stewards of the Caneel Bay Resort here, which, since Hurricane Irma devastated the island and the resort, has been thrust to the fore, as the fates of over 400 employees hang in the balance, as well as the recovery of the St. John and greater USVI economy.

"As you are aware, Hurricanes Irma and Maria dealt a severe blow to the economy of the Virgin Islands. The hospitality industry is central to our economy and bringing back Caneel Bay - a major hotel - as quickly as possible is critical. St. John's two largest hotels, The Westin and Caneel Bay were severely damaged by the hurricanes. We understand The Westin will not reopen until first quarter 2019. Caneel Bay's opening date is up in the air because of lease negotiations," read the letter dated March 16 from the association, and made available to The Consortium on Thursday.

"As the largest employer on St. John with approximately 450 employees, Caneel Bay brings in more than 15,000 guests and over $65 million in annual spending to the island. That accounts for 7% of total employment in the hotel and restaurant sector of the U.S. Virgin Islands. Given the current state of our hospitality industry, reconstructing and reopening Caneel Bay would provide a significant boost to the economy. Prompt rebuilding would reestablish five-star travel to the USVI and would act as an impetus to other USVI properties to expedite their reopening. It would have the immediate benefit of creating many construction jobs and would return hospitality employees to work sooner rather than later," the letter added.

If NPS were to open the redevelopment of the resort for bid, that process, at best, could take up to two years, the letter said, leaving hundreds of employees waiting for the resort's redevelopment out of work for longer than they had hoped. "Planning, approvals, and completion of construction would take at least two years and could be more with a new operator given the restrictions typically imposed by the NPS. If this were put out to bid, we could easily be looking at several years before the first guest returns to Caneel Bay," read the letter.

In an Op-Ed published on The Consortium on March 15, Ms. Plaskett voiced concerns about the snail-like manner in which NPS had been moving to extend an agreement with CBI Acquisition LLC (CBIA), which has been the guardian of Caneel Bay property since 2003.

"After agreeing with the ownership of Caneel Bay to an extension of the use of the Park, and commencement of the lease agreement process, NPS headquarters has, with no explanation, dragged its feet for over five years to negotiate terms and complete various assessments so the resort can continue operations," Ms. Plaskett wrote.

Ms. Plaskett said Congress allowed NPS to determine whether it was better to transition the operation to a concessions arrangement rather than a retained use estate agreement (RUE) in 2010. And in 2013 NPS issued a draft environmental assessment calling for such a transition.

"However, eight years later, that environmental assessment by NPS is still not final," Ms. Plaskett said. "Now we – the residents of this territory and the hundreds of employees of Caneel Bay Resort – are faced with the reality of losing a significant part of our hotel and tourism product or, best case, losing that crucial economic benefit for a prolonged period."

The association's letter also spoke highly of CBI Acquisition. "They have demonstrated that they are qualified stewards of this property and cognizant of their responsibilities," it said.

Ms. Plaskett has been accused of representing special interest ahead of the people in her efforts to move the project forward, an effort that would see the current company receiving a reasonable lease extension. And even with the projected minimum 2-year bidding process, some residents still called for the project to be placed to bid, the idea being that in the long run St. John and its residents would be the ultimate winners. Other residents wondered whether CBI Acquisition would be the benefactors of a sweetened lease deal not comparable to fair market rates.

However Ms. Plaskett, in her Op-Ed, refuted the claims of special interest. "To say that I am somehow beholden to interests other than those of the people of the Virgin Islands and to the interests of facilitating an environment conducive to capital investment and economic growth in our community is patently untrue," she said.

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