The Virgin Islands Consortium

More Than 50 Percent Of Traditional Hotels In USVI Remain Closed Following Irma And Maria, Tourism Says

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ST. THOMAS -- Department of Tourism Commissioner Beverly Nicholson-Doty is expected to give testimony this morning during a Finance Committee budget hearing at the Capitol Building in St. Thomas. The commissioner, according to the testimony, will update lawmakers on progress the territory's tourism product has made following the economy-halting storms of 2017, Hurricanes Irma and Maria, along with areas where improvements continue.

According to the testimony, the commissioner will tell lawmakers that more than 50 percent of the territory's traditional hotel accommodations remain closed since 2017. "Several properties have provided timelines for reopening beginning at the end this calendar year through the end of calendar year 2019," reads the testimony.

According to the commissioner, of more than 4,500 pre-storm available traditional overnight accommodations (hotels, bed and breakfasts, resorts, timeshares, etc.), there are approximately 1,800 available today territory wide (approximately 1,050 rooms in St. Thomas, nearly 150 rooms in St. John, and around 600 rooms in St. Croix). Additionally, there are more than 600 villas and 200 charter yachts available in St Thomas/St. John. In St. Croix, there are about 300 villa units, says the testimony.

Mrs. Nicholson-Doty also furnished information provided by Airbnb in her testimony. Airbnb said it currently has 830 listings in St. Thomas, 250 in St. John, and 350 in St. Croix. "The availability of accommodations in the sharing economy has made it possible for many people to travel to the territory, especially during our recovery period," reads the testimony. "Year-to-date, St. Thomas has received 10,200 visitors staying in Airbnb properties, St. John has received 2,200 guests, and 4,800 people have stayed in Airbnb locations on St. Croix. This does not include guest bookings through other sharing accommodations rental services. The agreement the government has in place with Airbnb allows for the collection by Airbnb of the 12.5 percent Hotel Room Occupancy Tax on behalf of hosts and subsequent remittance of those funds to the V.I. Bureau of Internal Revenue."

The cruise industry recovered quicker because of its movable assets, D.O.T. said. However, the territory was already experiencing a steep decline in cruise visits before Hurricanes Irma and Maria. In July of 2017, experts warned local government officials and stakeholders that the USVI would get left behind in the cruise business if the territory failed to innovate.

"We were already witnessing a decline in this segment which was compounded by losing all calls in September and October and a few lines not returning until January 2018," reads the testimony. "Further, we were challenged by a number of lines re-positioning their Eastern Caribbean itineraries for Western Caribbean itineraries shortly after the storms."

According to the testimony, St. Thomas has received a total of 718,275 passengers through July 2018 compared to 929,056 passengers arriving during the same period in 2017. St. Croix has realized an increase with 48,836 passengers through May 2018 versus 24,742 passengers during all of 2017. There are two scheduled calls remaining in FY 2018 for St. Croix in September, says the testimony.

As for air travel, St. Thomas's air capacity currently sits at around 10,000 seats weekly, representing about 50 percent of the capacity for the same period in 2017, says the testimony document. On St. Croix, air capacity is currently more than 5,000 seats weekly, which is slightly higher than the same period in 2017.

"The forecast for Winter 2018/2019 projects St. Thomas’s air capacity to be 15,000+ seats weekly and St. Croix to be slightly more than 6,000 seats weekly," reads the testimony.

D.O.T. revealed that the room tax collection as of June 2018 stood at less than half of what it was before the 2017 storms, mirroring the accommodation numbers. Room tax collection stood at $10,746,831 as of June 2018 compared to $24,157,296 for this period in 2017 -- down more than 55 percent. "The reduction in room tax collection is based on two factors: first, the reduced inventory; and second, the waiver of room tax for federal relief workers," Mrs. Nicholson-Doty is expected to say, according to the testimony document.

A lot of factors remain out of the control of D.O.T., including the reopening schedule for some of the territory's largest hotels, among them the Marriott Hotel in St. Thomas. But in areas where the department has influence, it has been moving deliberately to quicken the full recovery of tourism.

Below, key areas D.O.T. has been working to rebuild tourism in the USVI:

- New air service from Spirit Airlines to St. Croix from Fort Lauderdale, which commenced this past May. Spirit Airlines has also announced new service between Orlando and St. Thomas.
- The implementation of taxi training in partnership with UVI CELL. The program consists of eight training modules, including branding, customer service, highway safety, ADA compliance, and the history and culture of the territory.
- Enhanced the relationship with the Florida?Caribbean Cruise Association (FCCA). Participated in quarterly meetings with the Operations Committee and engaged the group in planning. This included Aquila training (which is FCCA's training arm) in the territory focused on frontline and tour operator training. Several hundred individuals participated in the program.
- Introduction of Purpose in Paradise, which is a volunteer tourism program matching visitors with projects that they are passionate about in three primary areas: education, environment and economic development.
- Hosted Airbnb workshops inviting homeowners to participate in the tourism industry through the sharing economy.
- Enhanced the crisis communication plan and documented the processes. (A copy of our updated plan is included in your packages.)
- Adjusted the marketing tag to USVI Still Nice to inspire confidence that the Virgin Islands remains a Nice place to vacation.
- Revamped the website that provided industry partners and potential travelers with up?to?date factual information on our recovery and the availability of tourism assets.
- There have been 591 media placements with more than 3.5 billion impressions and an advertising value of $13 million between October 2017 and mid?July 2018.
- One team member in each district has earned PADI Dive Certification, which provides the required qualifications for our staff to engage with consumers and dive shop operators at dive trade shows.
- Completed the first phase in the development of a Quality Assurance program for small hotels.
- The Film Office coordinated post?storm trade features in Variety Magazine's Deadline.com, SHOOT Magazine, KFTV Bulletin, and AFCI News. These features resulted in local coverage in a number of media outlets.

- The Film Office developed a new post?storm location gallery, a new marketing brochure, and was able to capitalize on free advertising opportunities and remnant buys.
- Local productions resulted in approximately $1 million in local spend and 163 hires between the 2017 and 2018 calendars year?to?date.

The Department's 2019 priorities include the following:

- Work with tour operators and attractions to implement recommendations to enhance the visitor experience on St. Croix.
- Support the Bureau of Economic Research on the Tourism Master Plan.
- Develop and roll out the “Made in the Virgin Islands” program and create mechanisms to cooperatively market, promote and assist with making items available for sale.
- Establish innovative ways to market cultural activities and events, creating channels to increase visitor participation.
- Launch a marketing program specifically for the Ports of the Virgin Islands.
- Provide historical and heritage training for all frontline employees of the tourism industry. Make the training available online in addition to in?person group sessions.
- Implement phase two of the Quality Assurance program and develop with the Department of Licensing and Consumer Affairs’ seal of approval. The program will be promoted by the Department of Tourism.
- Create a series of video vignettes that feature unique and off?the?beaten? path experiences that provide inspiration beyond the beach.
- Complete the 360?degree videos of historical places of worship for St. John and St. Croix, similar to the pilot program already completed for St. Thomas
- Ensure every sixth?grade student has participated in a Tourism?sponsored island tour that provides information on iconic buildings and places, providing context of their place in history.
- Create an aggressive marketing and business development plan to coincide with the reopening of additional hotel product. This includes sales and air route expansion as well as public relations and advertising.
- Invest in sports tourism marketing and events that provide a strong return on investment such as Paradise Jam, collegiate summer sports, St Croix's Triathlon and a new annual tennis tournament which will debut in May on St. Croix.
- Continue to partner with the marine industry to promote our marinas and charter yacht industry.

D.O.T.'s budget request for Fiscal Year 2019 is $20.6 million. It comprises of $2,283,404 from the General Fund and $18,385,000 from the Tourism Advertising Revolving Fund.

Feature Image: The Marriott Hotel in St. Thomas following Hurricanes Irma and Maria. The hotel will remain closed for repairs through 2019. (Credit: Ernice Gilbert, VIC)