

# The Virgin Islands Consortium

## Marriot Resort Set To Reopen Early 2020

Business / **Published On October 04, 2018 08:43 AM /**

Staff **October 04, 2018**



ST. THOMAS -- After being shuttered for more than a year, the owners of the Frenchman's Reef & Morning Star Beach Resort and Governor Kenneth Mapp announced Wednesday that a reopening of the resort has been set for the first quarter of 2020.

The announcement was described by Governor Kenneth Mapp as another "major milestone" since the devastating 2017 storms.

There were some doubts as to how long the hotel, which employed more than 400 persons, would come back online, and the announcement on Wednesday of its reopening was made possible through an agreement between the government and resort

owners. Mr. Mapp also announced that Frenchman's Reef would be equipped to serve as a shelter in the event of future weather emergencies.

"Large hotels like Frenchman's Reef are excellent candidates for emergency shelters, because they have robust backup power generation, wastewater treatment, and other services that are critical in protecting people during storms," Mr. Mapp said. "My administration has agreed to work with its federal partners to seek funding for emergency shelters of this kind."

Before the press conference started, Mr. Mapp officially entered into a memorandum of understanding with DiamondRock Hospitality, owners of Frenchman's Reef, sitting side-by-side as they signed documents at the shuttered resort. The agreement, which must be ratified by lawmakers, would allow the resort and other Virgin Islands hotels to voluntarily impose what is being called an economic recovery fee on their facilities in order to raise money to rebuild or expand.

The legislation allows hotels to raise overnight occupancy taxes up to 20 percent, with anything above the mandated 12.5 percent being returned to the property to help fund and recoup building costs. Importantly, the measure does not obligate government resources; instead, hotels would take the risk of raising occupancy tax above the government-mandated 12.5 percent.

What was not clear was why the additional tax to recoup losses were being levied if these facilities were insured. And if they were, why would guests foot the bill for the cost to rebuild and expand is another unanswered question. Also unclear is whether Virgin Islanders, who themselves are recovering from the devastating storms, would be exempted from this additional tax -- and whether the new tax comes with an expiration date.

There was also no indication that if the measure failed in the Senate, the Marriot Resort would not reopen.

With 502 rooms, 30,000 square feet of meeting space, and a premium location overlooking Charlotte Amalie Harbor, Frenchman's Reef is a large part of the St. Thomas tourism industry, hosting over 270,000 guests in 2016 and contributing more than \$100 million to the Virgin Islands' economy annually. The hotel was badly damaged during the 2017 storms and there had been concerns about its ability to reopen given the severity of the damage to its facilities.

"Its importance to our economy cannot be overemphasized," the governor said, according to a Government House release. "Accordingly, my administration has worked with the owners of Frenchman's Reef to craft a public-private partnership that will allow the resort to rebuild, renovate, and return to operations better than before."

Bill Tennis, executive vice president of DiamondRock Hospitality, thanked Governor Mapp for his "consistent support" and confirmed the hotel will reopen during the first quarter of 2020. In addition to making the hotel's buildings more impervious to storms, Mr. Tennis anticipates an expansion of the pools and public spaces and upgrading the Morning Star portion of the property to what he described as a "premium" resort.

“When completed this will be a very significant investment by DiamondRock in the territory,” Mr. Tennis said. “We are particularly appreciative of Governor Mapp and his team’s efforts to assist the tourism industry by introducing this legislation today.”

Mr. Mapp provided an example as to how the new Economic Recovery Fee program would work if approved by lawmakers.

“Imagine a hotel that elects to impose a 5 percent Economic Recovery Fee to help fund renovations to a wing of guestrooms,” he explained. “Imposing the fee will effectively increase its occupancy tax from 12.5 percent to 17.5 percent. Upon collection, the additional 5 percent will be placed in an interest bearing trust account, from which the hotel can withdraw funds to pay for expenses relating to the renovations. The hotel thus obtains a new revenue stream for funding improvements, without taking any existing revenues away from the government.”

Mr. Mapp urged senators to act on the bill.

“With my proposed legislation, hotels will be able to open sooner, so I ask the Legislature for its prompt consideration and support to keep moving our territory forward,” he said. It was not clear, though, how the measure would cause damaged hotels to reopen sooner, as the bill itself only works if a hotel has rooms available for rent.

Tourism officials said announcing a reopening date for Frenchman's Reef sends strong, positive signals to the airlines to increase flights and to meeting planners to consider the Virgin Islands for special events.

“Make no mistake, this is historic for us today,” said Beverly Nicholson-Doty, Department of Tourism Commissioner.

The commissioner pointed to the return of the Paradise Jam Basketball Tournament in November as a significant measure of progress in the local hospitality industry. Hundreds of players, coaches, support staff, fans and family members are expected to be in the territory for this annual event.