

The Virgin Islands Consortium

Deal For Two Horse Racing Facilities In USVI Stalls As FAA Denies Permit On St. Croix

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ST. CROIX -- A contract signed between the Government of the Virgin Islands and VIGL Operations, LLC during the Mapp administration and [ratified by the 31st Legislature](#), was supposed to result in two brand new horse racing facilities in the territory, one in St. Thomas and the other on St. Croix.

But even as the deal -- worth \$27 million -- has not seen too many hiccups on St. Thomas relative to permitting, the St. Croix portion is now stalled, as the Federal Aviation Administration has denied an important permit for development, with the federal agency maintaining that the area of development, which is the location of the former Randall "Doc" James Race Track across the Henry E. Rohlsen Airport, has been designated for

aviation use and not for other activities.

If the St. Croix development is denied, the entire deal would be derailed.

That's according to officials of the Horse Racing Commission, who on Friday held a press conference at the Virgin Islands Port Authority conference room located at the Henry E. Rohlsen Airport. According to Commission Chairman Jay Watson, VIGL applied twice with the Department of Planning and Natural Resources for zoning permits to start development, but the F.A.A. stepped in and stopped that process.

Now, D.P.N.R. won't issue any of the permits needed -- including earth change, ship, solid waste, dust management, electrical, building, fire and plumbing permits -- until the F.A.A. gives approval to move forward.

Furthermore, VIGL won't be allowed to resubmit its local permits until March 31, as the Virgin Islands Port Authority had to make some budgeting changes before sending to the FAA a new permit application with the aim of convincing the F.A.A. that the property across to the airport can be used for the horse race track without jeopardizing aviation activities. Still, even when the package is submitted to the F.A.A., the federal agency has no time limit on when it will respond, which adds another layer of uncertainty to the St. Croix project.

The F.A.A. said the permit granted for the former race track, which has since been demolished, was done so without its approval.

At the meeting, commission members sought to dispel rumors that the commission was against horse racing and was somehow stifling the development of the race track on St. Croix. They also stressed the importance of obtaining approval from the FAA.

"It is critical that that permit is obtained, because if that permit is not obtained, this entire agreement -- what we're talking about is revolutionizing horse racing in the Virgin Islands -- becomes null and void because without the permits VIGL cannot proceed," said a commission member during the press conference.

About the agreement

The 20-year lease agreement sees the territory's horse racing commissions being consolidated into one instead of two (this has already happened); an increase in taxes on slot machine gambling; an increase in racing purses to a minimum of 18 live races for the first three years, and a minimum of a combined 24 live races thereafter between the St. Thomas and St. Croix facilities; and, among other things, a temporary decrease in Divi Carina Bay's taxes from 12 percent to 8 percent. (See full agreement [here](#).)

The lease also requires a large upfront investment of not less than \$27 million from VIGL, of which \$14 million will be used to rebuild the St. Croix facility, and \$12 million for the St. Thomas race track. VIGL is also required to post a \$25 million performance bond. And while VIGL will be responsible for purchasing an additional 12 acres of land (costing \$2 million) in St. Thomas, the government, once the lease is up, retains the property. Another \$1 million will be held in a reserve fund.

Voting to approve the VIGL lease agreement were 31st Legislature Senators Myron Jackson, Kurt Violet, Kenneth Gittens, Clifford Graham, Jean Forde, Almando Liburd,

Sammuel Sanes, Neville James, Nereida Rivera-O'Reilly, Marvin Blyden and Novelle Francis. Voting against it were Positive Nelson, Tregenza Roach and Justin Harrigan. Senator Janette Millin Young was absent.

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