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Friday is Last Day for Most Limetree Bay Refinery Employees as Closure's Economic Impact Ripples Through St. Croix

Business / **Published On September 14, 2021 05:25 AM /**

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Limetree Bay on the south shore of St. Croix. By. ERNICE GILBERT/VI CONSORTIUM

ST. CROIX — While a potential sale of the Limetree Bay Refinery may come later this year, which would mean the possibility of oil refining at the south shore facility along with employment and an economic boost to St. Croix, the company will lay off the bulk of its remaining 275 employees on Friday as it winds down operations for an indefinite suspension.

Meanwhile, proceedings are continuing in bankruptcy court in Texas, and a sale of the refinery could happen in the closing months of 2021. The deadline for a sale, as per the court, is November 1. The refinery's future is dependent on a potential buyer's intentions, though most potential

buyers would be expected to resume oil refining at some point as billions of dollars have been poured into the refinery for the main purpose of oil refining. Limetree Bay on February 1st [announced the resumption of oil refining](#) but on June 21 [suspended all production](#) following incidents the facility suffered.

Another sign of the imminency of the refinery's dwindling activity was Limetree Bay Terminals' [announcement Monday](#) that it would layoff 35 employees in a reorganization effort resulting from the refinery's closure. Limetree Bay Refining was Limetree Bay Terminals' largest customer.

The economic impact from what was once the territory's largest employer is already being felt both in the central government, on local businesses and on individual lives. The Bryan administration's touting of a \$71 million budget surplus [can no longer be boasted](#) in part due to the refinery's closure along with the spend of \$45 million to \$50 million on gov't employees based on a promise to repay the 8 percent salary reduction. Additionally, the Bryan administration had to include \$30 million in federal funds from the American Rescue Plan as an offset to meet budget projections. All considered, the government found itself in a deficit — \$20 million from refinery projections and the inclusion of \$30 million from Covid dollars to meet budget demands — of \$50 million.

A recent survey conducted by the Office of Delegate to Congress Stacey Plaskett brought into focus the sharp negative impact on the economy the closure of Limetree Bay Refining has had. Virtually all business owners who participated in the survey, seen [here](#), said the closure had a negative impact on their operation in one form or another.

These business owners, some directly tied to Limetree Bay Refining, reported less traffic, loss of students (hinting at a learning institution), drop in marine services and less traffic at food establishments, among others.

"Our business supported and supplied a company that had a contract with the refinery," wrote one respondent. "The company needed logistical support building and maintaining a supply chain, together with local warehousing and delivery support. The closure has led to a significant decrease in sales and an excess of pre-purchased inventory with significant value. This equates to reduced Gross Receipts Taxes paid and a reduction in labor further impacting the community. We will struggle to deplete this inventory and will take a loss which could lead to further labor reductions."

During a Senate hearing earlier this year, Allison DeGazon, Division of Economic Research director, told Senator Kurt Vialet that the Limetree Bay operations, including the terminal and refinery, accounted for 15 percent of the territory's gross domestic product, or \$610 million. There were other sources of revenue directly tied to the south shore facility, including a \$14 million concession fee from the refinery. All considered, Limetree Bay's impact on GDP was over \$800 million, Ms. DeGazon said.

Governor Albert Bryan told the Consortium late August that he had been working to encourage a sale and restart of Limetree Bay Refining. He said September 17 represents an important date for his administration — the day the court auction of the idled refinery will take place. "Sept. 17 is a key date for us; we're going to see what kind of offers coming in on the refinery and we'll go from there," he said.

The court auction will take place at the U.S. Bankruptcy Court for the Southern District of Texas.

Mr. Bryan said he is well aware of the economic hardship the refinery's closure has caused. "I saw the [Limetree Bay] parking lot the other day empty, and we're really doing a lot to facilitate the

sale. We've been in talks with people, buyers, the sellers, the intermediaries, the lawyers who have been talking to people, trying to get the refinery sold," he said.

He also addressed individuals whose preference is to see the refinery remain shut and never again win approval to reopen from the Environmental Protection Agency. "I know there are people who don't want it to happen, [people] that want it to remain shut. But a priority of the administration is to get people back to work again before we lose another set of our people to the states just when St. Croix was getting on its feet."

"Certainly we're working with the EPA as well because they are partners in this," the governor added.

Mr. Bryan said the reopening of the refinery would also help diminish criminal activity, saying the effort is "key in crime too because idle hands... You've got to put people to work."

Relative to potential buyers, the governor said, "From my preliminary reports I could say this: it's going to be a tough climb but there's interest out there. It's just a tough climb because of the EPA mandates and to be quite frank, the Biden administration is tough on oil and gas all around. So that's why we're using our political influence in Washington... So you're going to see me moving around a lot because I need to get to people who are going to help us get over the finish line with this."

Mr. Bryan concluded, "I want the EPA to do their job, but I want to make sure that they don't make an example out of the Virgin Islands and we lose our largest employer."