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New Operators of Hotel on the Cay Settles With Former Owners; Lawmakers Impressed With Development Plans

Business / **Published On November 17, 2022 04:52 AM /**

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Hotel on the Cay will be renamed the Christiansted Harbor Resort Hotel and Marina LLC.

The previous owners of the Protestant Cay property on St. Croix, known as Hotel on the Cay, have reached a deal with the Government of the Virgin Islands and the new operators, which will allow the renovation and expansion of the 7.2-acre iconic hotel property.

Three hundred and thirty-three timeshare owners now have interest in the property until for 17 more years, or until 2039, according to Joel Holt, attorney for the new operators of Hotel on the Cay, expected to be renamed Christiansted Harbor Resort Hotel and Marina LLC.

He explained that the government of the Virgin Islands evicted the timeshare owners and the timeshare owners had threatened to appeal. "We figured it'd be tied up in litigation for years because appeals take time and could be reversed, so we entered into an agreement with them to recognize the existing timeshare owners," he said.

The timeshare owners will be able to use the rooms but are not allowed to rent, mortgage or sell them, according to Mr. Holt, who described the agreement as being necessary for a "smooth transition."

A timeshare is an arrangement whereby several joint owners have the right to use a property as a vacation home under a time-sharing agreement.

The lease between the government and the new operators is for a period of up to 90 years with the option to renew for three additional ten-year periods.

Christopher Pardo, managing member of Christiansted Harbor Resort Hotel and Marina said renovation and expansion work is expected to begin immediately after lawmakers approve and ratify the lease.

"Obviously, permits will have to be done but there's work we can do on property before to prevent some of the deferred maintenance, correct that, enhance the beach area with FF&E [furniture, fixtures and equipment] but we'll immediately start working on the project," he said.

Although the developers recently submitted a Request for Proposal for \$40 million, the two-phased resort renovation is expected to cost \$25 million: \$8 million for Phase I and \$17 million for Phase 2. The estimated timeline for the completion of the Christiansted Harbor Resort and Marina Project is about 34 months for Phase 1 and about 30 months for Phase 2.

The resort will not be closed during construction but instead one building at a time will be renovated so that visitors will have more options when they arrive on St. Croix.

After hearing from the representatives for over two hours, the prospects of the remodeling were solid enough to impress lawmakers, who had questioned the hotel's representatives about their plans for both the property and the existing employees.

They were told that once completed, the hotel is anticipated to collect up to \$72 million in tax rebate over the potential 90-year deal.

The renovations, which will add 60 additional rooms to the existing 53, is expected to increase the overall hotel room stock on St. Croix and potentially increase flights to the island. "This will increase the total room stock managed by the new operators to more than 200 units, Mr. Holt said.

Currently, the hotel has 18 employees that it will retain and plans are afoot to hire more workers as construction progresses.

In addition, full beach access will be granted to the public throughout the lifetime of the project and the government will have the ability to add additional insurance after five years. By law, all the territory's beaches are public.

The changes will also see the ferry service to Hotel on the Cay run 24 hours a day, Mr. Pardo said. Since the new development is adjacent to the King Christian Hotel which he also owns, there will

be enough staff to extend hours into the night.

“I’ve seen people waiting 30/45 minutes or longer for the boat, so the nice things about us operating it with the King Christian property there as well, is that we have the staff that we can actually do it 24 hours a day and as we open up 115 rooms, we’ll have the revenue on island to be able to actually afford a better servicing. Ideally, up to two boats at one time during peak times,” he explained.

Special care to the environment is also mapped into the development plans for the resort as considerations are being made to protect endangered species habitats.

“The St. Croix ground lizard and there’s also agave species of plant both of them that are on the property. We did a number of meetings with fish and wildlife before we submitted the RFP so we could completely understand what we’d be dealing with moving forward,” he said.

The developers plan to replant the vegetation in areas that were disturbed with the original development and create a new habitat on the island while minimizing its building footprint.

The Department of Property & Procurement issued the formal Request for Proposal on September 11, 2020 to develop the hotel property.

Neighborhood Establishment, a Texas Limited Liability Company, which already owns two hotel properties on St. Croix — The Waves at Cane Bay and the King Christian Hotel in Christiansted [won the bid](#). That is the entity now tasked with constructing the historic property.