

logo not found or type unknown

USVI Airport Modernization Project Leaps Forward as Global Players Descend on Territory For Industry Forum, Facility Tours

Business / **Published On February 02, 2023 05:55 AM /**

Janeke Simon **February 02, 2023**

Image not found or type unknown



Jet bridges will be part of the modernized airports in St. Thomas and St. Croix. By. GETTY IMAGES

Wednesday's gathering of over 60 professionals from the aviation, construction and finance sectors at the Cyril E. King Airport on St. Thomas was hailed as a success by officials from the Virgin Islands Port Authority (VIPA), the Department of Tourism, and by Governor Albert Bryan Jr. himself.

The industry forum was a key step in the move towards a public-private partnership that would allow for the development of both the Cyril E. King facility and St. Croix's Henry Rohlsen

Airport. The plan, according to Larry Belinsky, managing director of Frasca & Associates LLC, who is consulting on the project, is to have one operator lease the terminals of both airports, with agreements to conduct and manage both airfield and landside operations.

As VIPA Executive Director Carlton Dowe took pains to note several times during the forum and the press briefing that followed, the authority, and thus by extension the government of the Virgin Islands, would continue to own the infrastructure outright. Mr. Dowe also underscored that significant decisions or plans of the eventual operators would have to be ratified by VIPA's governing board before they can be implemented. VIPA would also retain the Federal Aviation Administration (FAA) operating certificate for the airports, meaning that both facilities would remain eligible for FAA grant funding, and the operating partner would not need to undergo a lengthy FAA approvals process.

Officials were buoyed by the numbers in attendance at the forum. With industry players from Mexico, Canada, the United States and Europe, including representatives of 9 airport operators all converged in the USVI to inspect the territory's two airports, it signaled that "interest level is high," according to Mr. Belinsky. Present also were terminal developers, contractors, architects and investment bankers, which Governor Bryan noted meant that some people came to the forum for networking purposes — representing one aspect of the complex undertaking of developing and running an airport, hoping to meet others with different industry expertise with whom they could partner in order to submit a successful joint proposal.



VIPA Executive Director Carlton Dowe addressed an audience of over 60 professionals including airport operators, terminal developers, contractors, architects and investment bankers at the Standard Aviation facility in St. Thomas on Feb. 1, 2023. (Credit: Ernice Gilbert, VI Consortium)

Mr. Dowe said that he hoped their visit would open their eyes to the magnitude of opportunity that exists with respect to the two airport development projects that would be undertaken. Within the terminal of the Henry E. Rohlsen facility itself, the empty upper floor in one area offers a blank slate for development.

Mr. Belinsky said the forum was convened with the purpose of allowing interested parties to “start their creative thinking in what is the potential that can be done at these airports.” People came to the forum to also learn how the local partners — VIPA/the government of the Virgin Islands — will support the chosen private sector partner in successfully executing the development. Part of that support includes tax breaks on capital gains as well as personal and federal income taxes, due to the airports and surrounding lands being located in special economic zones designed to entice investment.

“It’s the first step in that last P which is partnership,” Mr. Belinsky said about Wednesday’s forum, adding that the process of pursuing the PPP opportunity came at a significant cost for the private sector players, who would need to submit plans, detailed financial proposals, and other documents requiring the services of professionals. All the preparation comes at a significant cost — up to \$1 million, in Mr. Belinsky’s estimation — which means that the prospective partners needed to ensure for themselves that the effort is worth undertaking.



Governor Albert Bryan Jr. addressed an audience of over 60 professionals including airport operators, terminal developers, contractors, architects and investment bankers at the Standard Aviation facility in St. Thomas on Feb. 1, 2023. (Credit: Ernice Gilbert, V.I. Consortium)

Following the forum on Wednesday morning, attendees were taken on a tour of the Cyril E. King Airport. On Thursday, they will repeat the exercise on St. Croix, and then VIPA will move forward with the next stages of the complex undertaking. Interested parties will have to notify authorities of their intent to submit by February 15th, with a subsequent question and answer period wrapped up by March 7th, followed by a statement of qualification on March 16.

Qualified bidders will then have to work on preparing their proposal package for later submission.

While Mr. Dowe agreed that “we want the creativity of these people as well,” he expressed that VIPA and other local players intended to ensure that the identity, culture, and unique flavor of the Virgin Islands was infused into the project. “Yes, we are going to negotiate but we have some lines drawn,” Mr. Dowe said. For example, one must-have for VIPA is a “serious level of local participation in any concession operation that’s going on.”

“You should be able to get some boiled fish and fungi in our airport,” Mr. Dowe mused, “because that’s what identifies us and separates us from the rest....The hamburgers will always come.”

The envisioned blend of island flair with upgraded facilities in which travelers can circulate with comfort, is the fundamental goal of this airport development project, which officials at the press briefing all agreed has enormous implications for the territory’s economy as a whole.

Mr. Dowe pointed out that the benefits to the Virgin Islands could accrue not just through the commerce facilitated via airport concession operations, but long after visitors leave the territory’s shores as well. He gave the analogy of someone buying a bottle of duty-free local rum, taking it away with them and then repurchasing their new favorite libation on the mainland. A boost in sales would result in increased rum cover-over tax receipts, therefore resulting in more revenue to fund critical public sector programs and services, such as the Government Employees Retirement System (GERS).



Commissioner of the Department of Tourism Joseph Boschulte told local journalists that while Wednesday's events were primarily for the benefit of aviation industry players that might be interested in making bids for the "Three P" redevelopment project, it also signaled to the territory's tourism partners, including airlines and hotel operators that the USVI was about to make serious investments in a key component of the territory's tourism product. And that signal, officials believe, will spur the growth of a symbiotic ecosystem of development in the territory. An upgraded airport with more passenger capacity and an improved traveler experience means that airlines can schedule more flights into the territory, delivering more people who will need accommodation and services, which in turn sparks development in those areas — more rooms, more food & beverage options, which all then translates into more money being spent in the territory, and more employment and business opportunities for Virgin Islanders.

The airport, because it makes money by maximizing passenger throughput, would necessarily "work in a collaborative fashion with everything that happens in that area," to ensure that all components in the travel and tourism sector were capable of supporting increasing numbers of visitors, said Mr. Belinsky. "People invest in growth", he noted, adding that the airport redevelopment projects could provide the catalyst for the kind of growth the USVI is trying to achieve across multiple sectors of the economy.

Apart from the potential for development of the airfield and terminals of the airports themselves, officials are looking to spur development of surrounding lands as well. The 400 acres of land across the road from the St. Croix airport, for example, could be used not only for hotel development but also for cargo operations, a huge opportunity given that cargo movement declined on St. Croix "precipitously" over the last two years, according to statistics presented by Mr. Belinsky — dropping from 2.3 million pounds in 2020 to just 128,000 in 2022, due to what Belinsky says is the "lack of facility processing capabilities" at the airport. That represents yet another opportunity, he said during Wednesday's presentation, just waiting to be capitalized on.

Aside from cargo, the possibilities for that expanse of land, in addition to the approximately 1,450 acres of the Henry E. Rohlsen facility itself, are vast. Hotels, restaurants, and entertainment and gaming operations were all mentioned as potentials - not just for St. Croix but for St. Thomas as well, despite its smaller footprint.

"We really want the public to recognize the importance of this," Mr. Dowe said, referring to the transformational potential of the airport redevelopment project, saying there was "opportunity galore" not only for the development and management team, but for the wider Virgin Islands — and Virgin Islanders — as a whole.