

Virgin Islands Economic Development Commission
Public Hearing of Thursday, July 9, 2020
Summary Read Out

During the Public Hearing on Thursday July 9, 2020, the VIEDC Board heard one (1) compliance presentation as follows:

Compliance

• **Tramway Properties, Inc. – Waiver of Full-Time Employment Requirement**

(Category III – Tourism Recreational Business, consisting of an aerial tramway system that transports passengers from the base of Flag Hill to Paradise Point, Location: St. Thomas, VI),

The Office of Kellerhals Ferguson Kroblin, PLLC filed a petitions dated December 17, 2019, April 7, 202 and July 7, 2020 on behalf of Tramway Properties, Inc. (“Tramway”) with the V.I. Economic Development Commission requesting the following:

- I. December 17, 2019 - A temporary waiver of Tramway’s minimum full-time employment requirement from fourteen (14) full-time employees to eleven (11) full-time employees commencing January 1, 2019 and ending December 31, 2020.
- II. April 7, 2020 - A temporary waiver of Tramway’s minimum full-time employment requirement from fourteen (14) full-time employees to six (6) full-time employees effective April 1, 2020 until thirty (30) days following the rescission or lift of the State of Health Emergency.
- III. July 7, 2020 - Amended the April 7, 2020 petition, by requesting a temporary waiver of Tramway’s minimum full-time employment requirement as follows:
 - i. April 1, 2020 - December 31, 2021: Eight (8) employees
 - ii. January 1, 2022 - December 31, 2022: Ten (10) employees
 - iii. January 1, 2023 - Fourteen (14) employees

According to the December 17, 2019 petition, Tramway has had a long road to recovery following the devastating wrought by Hurricanes Irma and Maria. Most of 2018 and 2019 were spent repairing the existing facilities and planning an expansion which would revitalize “this tourism gem.” In order to focus on the physical plant and get its customer numbers back up to those it had prior the hurricanes, Tramway made the decision to partner with a third party to run the event, restaurant and concession spaces at the site. The reasoning behind that decision was two-fold, 1. It would allow Tramway to focus on the part of the operations where its attention was needed, the tourist attraction side, and 2. It would enable an expansion of the scope if dining

options on site which would increase both tourism and non-tourism usage of the property. In October 2018, Tramway entered into an agreement with Prime Hospitality VI, LLC (“Prime”) to operate the existing restaurant and bar space on the top floor of the main building as well as restaurant space on the lower floor.

Historically, Tramway has maintained full-time employees in excess of the required number in the Certificate in addition to a significant number of part-time employees. As was previously reported to the VIEDC on its first quarter 2019 filing, Tramway’s full-time employment dropped to eleven (11) and has fluctuated below fourteen (14) for all of 2019. The fluctuation in employment is largely due to the fact that seven (7) full-time and sixteen (16) part-time restaurant employees, while still employed on the property, are now employees of and paid by Prime. With the restaurant being operated by a third-party concession and the ongoing reconstruction and expansion of the property, Tramway does not have enough work currently to support the addition of three (3) more employees to get its numbers back up to fourteen (14).

Tramway in its April 7, 2020 petition further stated that, the employment requirement in Tramway’s Certificate has become temporarily unreasonable in light of the fact that the tram service has been discontinued and it has no operating income as a result of the COVID-19 pandemic. Tramway is committed to ramping up operations as soon as it is able to do so without endangering its employees or its patrons

Tramway in its July 7, 2020 petition states, “in recent weeks the overall impact of the COVID-19 pandemic and its impact specifically on the operations of the cruise lines and the tram have become more evident. Hotel occupancy in the territory is well below the norm for this time of year, COVID cases in the territory are increasing rapidly and the cruise lines have not indicated when they will resume normal operations. Despite whisperings in the industry that the cruise lines will begin operations in the last quarter of the year, it is unlikely that their passenger numbers will reach anywhere near the numbers that have sustained tram operations in years prior for quite some time”.