



The pool at Noni Beach Resort will feature a bar for those who wish to stay dry, or get a little wet.

EDA board approves hotel development deal worth \$136.3M

By SUZANNE CARLSON
Daily News Staff

The V.I. Economic Development Authority voted unanimously Friday to approve up to \$136.3 million in tax breaks to Frenchman's Reef resort on St. Thomas.

Conducted with less than 24 hours notice, board members met exclusively in an executive session, excluding the public from the five board members' discussion and vote.

EDA CEO Wayne Biggs Jr. said in an email to The Daily News on Friday that DiamondRock's application for benefits under the Hotel Development Act is protected from public scrutiny by territorial law.

Board members voted unanimously to approve the application by DiamondRock Frenchman's Owner, Inc., which does business as Frenchman's Reef Marriott Resort and Spa and Noni Beach, a St. Thomas Resort, Autograph Collection.

"The use of the Designated Hotel Room Occupancy tax at 50% or 6.25% of room revenues to be used to reimburse a portion of the costs of the reconstruction and upgrade of said resort for a period of 30 years or until such time the direct investment" of \$136.3 million "is liquidated, whichever is earlier," according to a summary provided by the board.

The board also voted to authorize its staff and contractor to negotiate terms of the agreement with DiamondRock. The final agreement will require approval by the authority, governor and Legislature.

The agreement requires the resort company to pay the EDA an annual fee of either "1.5% of the projected debt service payable that year, or \$100,000 per project whichever is less ... and before reopening they must "include, as part of its self-funded marketing plan, a component to market the territory," which must be approved by the Tourism Commissioner.

After voting, board members said the tax benefit agreement is necessary. "We want to make sure that this territory remains viable and resilient into the future and we want to make sure that DiamondRock Frenchman's Owner continue this project expeditiously because that is of extreme importance to us and to the territory," said board member Haldane Davies.

Biggs thanked EDA staff for "really moving this application forward quickly," and said board members supported them "as we made some recommendations that were not necessarily the most popular, but making sure that we follow the law. So, thanks again for having our backs and supporting us throughout the process."

"We're professional enough to have that discussion," said chairman Kevin Rodriguez. "This is now going to be our benchmark to move forward with additional hotel development applications."

EDA spokeswoman Semele George said in an email Friday that officials would respond further to other questions from The Daily News, including whether the approval will affect the resort's anticipated reopening in the summer of 2022.

By A.J. RAO
Daily News Staff

Expanding the regulatory authority of the V.I. Public Services Commission, and putting a tighter leash on the Water and Power Authority, has long been a goal of the PSC — and WAPA customers — looking to fix a utility fraught with challenges.

On Friday, a bill purported to be such a fix unanimously passed the Senate Rules and Judiciary Committee and advanced to the full Senate body, much to the chagrin of utility leaders who blasted the bill as an encroachment of their authority.

Bill 33-0055 seeks to broaden the PSC's role in regulating public utilities, including WAPA, which, according to law, only defers to the PSC to set its rates.

If signed into law, the bill would set qualifications for the WAPA executive director and chief financial officer, require WAPA to submit monthly fuel price filings to the PSC and enable the utility to enter into a contract with a corporation to render technical assistance for up to three years.

Apart from WAPA, the bill would give the PSC "limited oversight" of wireless telecommunications providers, allowing it to resolve service-related customer complaints and initiate investigations into patterns of customer abuse.

Sen. Janelle Sarauw, one of the bill's sponsors, said the goal is to empower the PSC to protect the consumer, particularly from a utility like WAPA which has long been the source of ire for outages, high costs and financial mismanagement.

Moreover, she said, the bill gives consumers a place to voice their complaints in regard to telecommunications matters, such as the recent merger of AT&T and Liberty Latin America.

"The people of the Virgin Islands had no representation when that merger happened because the PSC had no jurisdiction," she said. "We cannot continue to burden the middle class. We have a duty to the people of the Virgin Islands."

PSC Executive Director Donald

"You come in defensive mode all the time. The utility continues to ask for the increases in revenue ... but whatever increase you ask for never goes to the intended purpose. You need oversight."

— Sen. Janelle Sarauw

Rules Committee OKs bill to expand oversight of WAPA



Daily News file photo

WAPA's workhorse generator, Unit 23 on St. Thomas.

Cole voiced his support for the bill, telling lawmakers that it was a "long overdue update" to the public utility laws of the territory.

"The recommended changes are more than 15 years in the making," he said.

By contrast, WAPA officials viewed the bill as a blatant overreach. WAPA Board Chairman Anthony Thomas said the bill "upends over 50 years of a regulatory scheme" in which the WAPA board was entrusted to carry out the operations of the utility in keeping with their expertise and knowledge, while the PSC was limited to solely setting rates.

"To now change this structure serves no purpose but to impede the statutory grant of authority vested in the authority by Title 30, Section 105," he said. "While the perception appears to be that the Virgin Islands Water and Power Authority current board and management are responsible for the problems that plague the authority, this notion is simply untrue. The management structure is not the problem."

WAPA Executive Director Lawrence Kupfer followed suit, insisting the bill would lead to further conflict between the PSC and the WAPA board and, in turn, higher costs for customers.

"Attempts by the PSC to leverage their new purported powers in areas historically delegated to WAPA's Board would result in increased costs and expenses to the authority, confusion on the part of vendors, higher costs for WAPA's customer/owners and confusion among its bondholders and federal partners," Kupfer said.

Lawmakers pushed back, insisting WAPA has historically been resistant to change despite its inability to enhance its operations, finances and customer service.

"You come in defensive mode all the time," Sarauw told WAPA officials. "The utility continues to ask for the increases in revenue ... but whatever increase you ask for never goes to the intended purpose. You need oversight."

Lawmakers also said WAPA has produced no evidence that federal agencies or bondholders would be scared away if the bill were enacted.

Voting in favor of Bill 33-0055 were Sarauw, along with Sens. Novelle Francis Jr., Myron Jackson and Javan James Sr.

The bill, which was also sponsored by Sen. Alicia Barnes, can be viewed on the V.I. Legislature's website at www.legvi.org. Sarauw said the bill will be amended in session.