

To: Dwane Callwood <[dcallwood@legvi.org](mailto:dcallwood@legvi.org)>

Greetings Senators and Chairman,

Written Testimony of John Clark Resident of Water Island

Lots 92-1& 92-3

8124 Subbase STE 365

St Thomas, VI 00802

[Jjclark3108@gmail.com](mailto:Jjclark3108@gmail.com)

Before the Committee of the Whole

Thirty-Sixth Legislature of the Virgin Islands

Hearing: **Bill Request No. 26-1154** “An Act ratifying the lease between the Government of the Virgin Islands, acting through the Department of Property & Procurement and Water Island Development Company, LLC.”

My name is John Clark, I am a USVI resident and registered voter of the USVI. I am a property owner and live on Water Island. I am deeply concerned by the proposed new lease and development of 180 acres on Water Island.

### **SCALE OF PROJECT**

My primary overarching concern is that the exclusive nature of the development and sheer scale of the project literally destroys the current character of my home, Water Island. The attraction of WI is in its quaint, rural, low key, uncommercialized environment. Visitors return year over year for the beauty and unhurried pace. Tourists tell me that they feel like they are going back in time when visiting. *That* is the charm and attraction of WI. Water Island’s value to the USVI is from its uncommercialized and unbranded environment. It is not by being exclusive, rather WI is one of the most inclusive areas in the Territory.

The WI transfer documents note this and express that the intention was for that to be preserved. In the transfer documents, the USVI government was encouraged to support *rebuilding* a small boutique hotel on the island, equivalent in scale to the one which existed before Hugo. The suggested hotel was to be for economic input for the Territory, and to be

for the benefit of WI residents. This new envisioned project obliterates the community and literally turns WI itself into a resort run by a small group of non-resident hotel operators. I am not saying these people are bad human beings, but they are not working for the community, they are working to ensure the profitability of their resort. Any WI feature that is contrary to profit will certainly be eliminated and replaced with a “branded luxury resort and marina” feature. Does the USVI need another Marriot, Westin, Ritz Carlton?

The new development plan is a staggering departure from the previous plan. I feel it is disingenuous for us to be told by the developer that this is just a continuation of the old lease. This new project is completely different. The footprint changes from 34 acres to 180 acres. Their own marketing materials literally depict a container farm spread across the island, not a hotel that complements the community as envisioned in the 2014 lease.

*For the public, the question is not whether development should happen at any cost. The question is whether this amended proposal protects the public interest better than the prior arrangement while giving the Virgin Islands a realistic opportunity to turn underused government land into infrastructure investment, tourism growth, jobs and long-term revenue. (USVI Government Press Release June 2 2026)*

The Governor was right to terminate the prior lease for a lot of reasons however, saying we have only two options to consider is somewhat short-sighted. At present there is no obligation on the Territory to do anything, nor are we restricted to just two options. I think the path forward that yields the best outcome for all the citizens of WI and the USVI is to hold open public meetings where all options can be suggested and considered and a consensus formed with the residents most affected. This will prevent this project from turning into another “Summers End.”

## **LAND SALES**

The Legislature, as the body with final fiscal responsibility for public property, **I would pay very particular attention to the “residential sales” feature in the lease.** As I read the new lease agreement, once the Legislature approves the deal, the developer can start selling parcels of WI property without restriction, and the Government is then *required* to issue the buyers deeds. Perhaps there are parts of the Agreement that I have not seen, but

from the publicly available documents, these “residential sales” do not appear to be regulated or tethered in any way to performance of the developer. So operationally, the developer is not required to build roads, a marina, a hotel, or improve the ferry dock....or really do *anything* before selling parcels of land however, the USVI is still *required* to deliver deeds upon request.

Unless there is oversight provision or very tight language added in the Agreement which tie land sales to completion of construction milestones...the entire deal could be a way for an unscrupulous party to use the pretty pictures of a hotel as a distraction for a land grab.

WIDC’s lawyer touts that there is a \$3,000,000 performance bond and that the USVI Govt will receive 6% of the proceeds on any land sales. However, there is nothing preventing sales at discounted rates to related parties once the agreement is signed thus allowing WIDC and their associates to effectively acquire the land from the government at a deep discount to current market rates. **Wash away the resort language and the Agreement is really a land transaction selling 180 acres for \$3M(\$16,666 per acre) plus 6% of subsequent sale price.**

## **DETAILS OF PROJECT PLANS**

Shortly after the press release announcing the project, the Developer had a call with a selected residents of WI. On that call, the developer repeatedly said the plans were really “just concepts” and he really couldn’t commit to anything in particular. Later Assistant Commissioner Richards hosted a Q&A call with residents of WI and the Developer’s attorney. Almost 80 people participated in the call. Again when asked about specific design features of the plan, like location of buildings, treatment of protected land areas, disposition of Ft Segarra, or placement of a trash incinerator, the Developer’s representative repeatedly said this is just a concept, and they will figure out the real plans later. They say at present they have no physical plan or operational plans fleshed out.

The Developer just sent our Civic association answers to written questions we submitted a couple of weeks ago. They acknowledged that the Agreement as written is incorrect on several material points, like intent to develop Sprat Bay Beach, and to establish a mooring field in Druif Bay to name just two. These points should be removed from the Agreement presented to the Legislature if what they say is true. There are many examples like this peppered though the document sent for approval.

**So I raise the question, what exactly are they asking the Legislature to evaluate and approve if the document contains many material errors?** The details matter and this proposal need to be more fleshed out regarding what they are building and how they intend to operate before asking to take possession of 40% of the island.

Here is one example where details matter, once the Legislature approves this agreement, the Developer instantly controls the ferry dock, the parking area, the Post Office, Flamingo Pond, and the deep water dock. What is to prevent the Developer from restricting access to these vital parts of our community, or to start charging a fee for the ferry to dock, or the barge to land bulk goods, or for mail to be delivered? **So in effect, the agreement gives the developer the ability to “tax” residents of WI to pay for the lease.** I believe the developer needs to address these concerns specifically in the Agreement and the Legislature should ask some hard questions.

### **NON-DEVELOPMENT COVENANTS**

There are restrictive non-development covenants governing land use which cover most of Water Island. From reports I have seen, the Developer seems to think that these covenants are “controlled” or “held” by the US Department of the Interior. On the actual transfer deed issued to the USVI, it is spelled out that the restrictive covenants *run with the land*. Dept of Interior does not “control” them. Additionally, the covenants are supposed to be for the benefit of all lots (and residents) of WI. If an effort were to be made to remove these Covenants there are many parties that would have to approve and support the effort...including the residents and land owners of WI. These Covenants were put in place to specifically to preserve the nature of the island...and I would speculate that they were put in place specifically to prevent the exact overdevelopment as envisioned by the WIDC. See the below paragraph from the deed.

**~~SUBJECT, HOWEVER, to Virgin Islands zoning regulations, now or hereafter in force, laws, rules, and regulations of the United States Virgin Islands, and to covenants, restrictions, and easements of record, all of which shall run with the land and be binding upon the owners of all lots on Water Island, and inure to the benefit of all of such lots and to the Grantor herein. Additionally, the following nine items are also included as covenants and easements of record:~~**

As to building a hotel or resort on WI, yes the US Government did intend for the **rebuilding** of a hotel on WI, specifically on approximately the same spaces that were previously occupied by the Sugarbird/Sea Cliff hotel. The US Government did not envision turning Water Island itself into a Resort that a few people also happened live in. The hotel was

envisioned to be small and to fit into and be part of the community, not become the community.

a. The Grantee agrees to use all property for public purposes only, and as such the name of Water Island will be retained to promote economic development of Water Island for the benefit of the U.S. Virgin Islands, including the residents of Water Island. For purposes of this provision, the operation of a hotel or tourist resort on the property shall be deemed a public purpose.

#### **Restricted Development Covenant**

Tract B previously developed portions may be redeveloped for a hotel or tourist resort. This reference to tract B, excludes the villas and privately owned lots 48-60.

The presence of restrictive covenants on WI were a consideration and attraction for many land purchasers who saw them as stabilizing and preserving the natural beauty of the island. The covenants added value to their property which would be lost should the development move forward on the scale envisioned. Any development on WI should respect these covenants and build around them not bulldoze them away.

#### **FLAMINGO POND**

Flamingo Pond for decades has been a safe place for residents to keep their small boats which they use to commute to St Thomas. The existing docks were established and maintained by the residents and have been passed down since *before* Water Island was brought into the Territory. There are by a recent count approximately 30 active vessels owned by residents that are kept in the Pond. The development plan proposed by WIDC eliminates these docks and does not have a defined alternate location for these displaced vessels. I think the WIDC needs more specifically address this issue in the lease Agreement. A suggestion is to provide *assigned* spaces for each identifiable current resident vessel with no or heavily discounted rates. As stated above these docks predate WI entering the Territory and should be treated specially. The Agreement should specifically state what the residents will be afforded in the new Flamingo Pond.

## **DRUIF BAY**

There is already an established mooring field with occupied, registered moorings. These moorings mainly contain vessels belonging to residents of Water Island and cruise ship excursion boats. The moorings were paid for and installed by the residents tour operators. There is no need for *this* hotel, which according to their plan is constructing a large marina in the Flamingo Bay & Pond area, to also occupy the Druif Bay field. In fact, it appears none of their proposed development areas border on Druif Bay. I suggest that like Honeymoon Beach area, the Druif Bay waters should be excluded from the plan.

## **VILLAS SEPTIC**

The “Villas” neighborhood near Flamingo Pond is serviced by a community septic system on Lot B-15. There are also underground pipes connecting the houses to the septic that run through adjacent lots. The neighborhood and septic system was constructed decades ago by the old hotel operator. It appears that WIDC intends to build on B-15 and other nearby lots. The septic system and associated piping should be made the subject of an easement or the Developer needs to specifically address how they will provide sewer service to these homes.

For reasons listed in this letter and more, it does not appear to this resident that the proposed development in its current form would be to my benefit or other Water Island residents’ benefit.....and certainly not to the citizens of St Thomas who regularly come to WI to get away from the tourist hustle of St Thomas. Water Island is one of the few local places for their escape and refuge, please protect it.

The developer does not appear to have the capital required to carry out a fraction of what they are promoting. I may be wrong but the Agreement as presented makes them appear more to be positioning themselves tax the residents to support lease payments, while they sell the island.

I request that you please refrain from approving this proposal until the public, and especially the people *directly* impacted have had a chance to review it, have a chance to voice concerns, and we all have input into any final lease agreement that might be approved.

Respectfully, John Clark