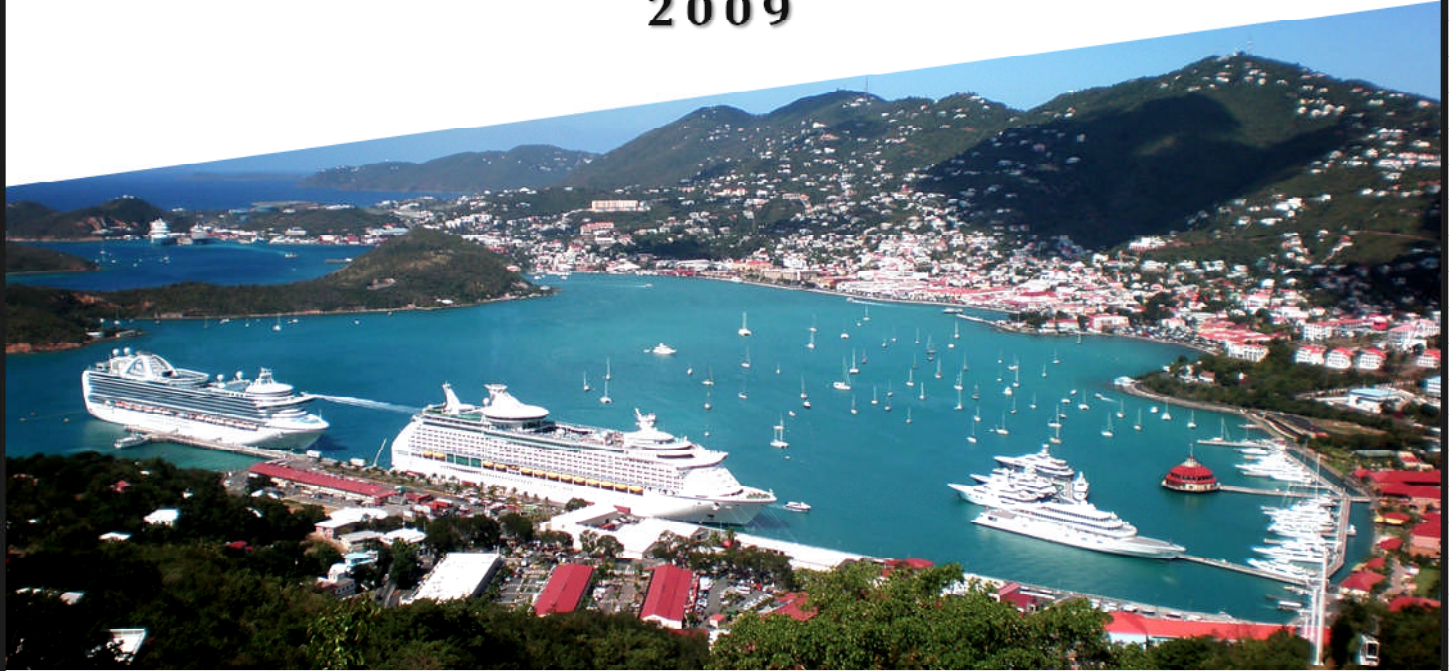


# COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

## FOR THE UNITED STATES VIRGIN ISLANDS 2009



**John P. deJongh, Jr.**  
Governor

Prepared by: United States Virgin Islands Bureau of Economic Research

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# GOVERNOR'S ECONOMIC DEVELOPMENT COMMITTEE

## Membership – September, 2007

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### Members from the Public Sector:

*John P. deJongh, Jr.*, Governor of the U.S. Virgin Islands and Chair of the CEDS Committee  
*Lauritz Mills*, Director, Bureau of Economic Research, and Secretary of the CEDS Committee  
*Beverly Nicholson-Doty*, Commissioner of Tourism, U.S. Virgin Islands  
*Robert S. Mathes*, Commissioner of Planning and Natural Resources, U.S. Virgin Islands  
*Laverne Terry, EdD*, Commissioner of Education, U.S. Virgin Islands  
*Albert Bryan, Jr.*, Commissioner of Labor, U.S. Virgin Islands  
*Darryl Smalls*, Commissioner of Public Works, U.S. Virgin Islands  
*Gizette Canegata-Thomas*, Director, Virgin Islands Bureau of Internal Revenue  
*Debra Gottlieb*, Director, Office of Management and Budget, U.S. Virgin Islands

### Members from Semiautonomous Agencies:

*Hugo Hodge Jr.*, Chief Executive Officer, Water and Power Authority  
*LaVerne E. Ragster, PhD*, President, University of the Virgin Islands  
*Edward Thomas*, President and CEO, The West Indian Company Limited  
*Kenneth Hobson*, Executive Director, Virgin Islands Port Authority  
*Percival Clouden*, Chief Executive Officer, U.S. Virgin Islands Economic Development Authority (EDA)

### Members from the Private Sector:

*Omer ErSelcuk*, President, St. Croix Chamber of Commerce and CEDS Vice Chair  
*Tom Brunt*, President, St. Thomas/St. John Chamber of Commerce  
*Richard Difede*, Executive Director, Workforce Investment Board  
*Dee Baecher-Brown*, President, Community Foundation of the Virgin Islands  
*Lisa Hamilton*, President, St. Thomas/St. John Hotel Association  
*Pat Henry*, President, St. Croix Hotel and Tourism Association  
*Lawrence Aquí*, President, U.S. Virgin Islands Bankers Association  
*Luis A. "Tito" Morales*, President, Central Labor Council  
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# INTRODUCTION

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This report, *U.S. Virgin Islands Comprehensive Economic Development Strategy*, presents a comprehensive economic development strategy (CEDS) for the United States Virgin Islands (USVI). Directed by Governor John P. deJongh, Jr., the project is a collaborative effort involving the private, nonprofit, and public sectors. It has had unprecedented support from all sectors of the USVI and represents a landmark step in developing a twenty-first-century road map for the territory's economic future.

The CEDS process began in September 2007, with the formation of a CEDS committee, chaired by the governor of the Virgin Islands. The committee included representatives from private industry, commerce, the nonprofit sector, and government. Through dialogue and consensus building in group meetings, economic symposia, summits, and outreach programs, the CEDS committee was able to assess the strengths, weaknesses, and opportunities in the USVI economy. Strategy meetings were held on the islands of St. Croix, St. Johns, and St. Thomas between September 30 and October 2, 2008. Additional CEDS committee meetings were held during 2008. At each, subcommittee reports were delivered, the project list was presented, and priorities set. At the final CEDS meeting, the priorities were accepted and this report was approved.

This report is divided into seven major sections:

- Section 1: Vision and Mission Statements, Goals, and Meeting Schedule
- Section 2: Current Conditions and Trends
- Section 3: Strengths, Weaknesses, Opportunities and Threats
- Section 4: Subcommittees
- Section 5: Evaluation Criteria
- Section 6: Priority Projects
- Section 7: Performance Measures and Evaluation

# **SECTION I: The CEDS Committee's Vision and Mission Statements, Goals and Meeting Schedule**

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In September 2007, a one-day economic summit was held on St. Croix to formulate a new vision for St. Croix and identify opportunities and strategies for growth of the economy. The summit brought together top executives and community stakeholders from government, education, and the private sector to create partnerships that will blaze the way to shared, sustainable economic success not only for St. Croix but for all the Virgin Islands. Three additional days of public workshops on the theme “Planning for Economic Development in the U.S. Virgin Islands” were held on the three islands from September 30 to October 2, 2008.

## **Vision Statement**

The U.S. Virgin Islands will capitalize on its unique human, natural, cultural, and industrial resources and location to create a robust and globally competitive economic marketplace that attracts and retains business and industry and supports tourism growth, high-wage jobs, and opportunities that provide for the highest quality of life and sustainable prosperity for its citizens.

## **Mission Statement**

The mission of the CEDS is to engage the private and public sector in a planning and implementation process designed to:

- Guide and coordinate economic development
- Foster a more stable, diversified, and adaptable economy
- Prioritize economic development and investment
- Integrate human and physical resource elements in economic development
- Attract, retain, and expand high-demand, high-wage businesses
- Provide benchmarks for monitoring progress
- Sustain the CEDS process for the long term

## **Strategic Goals**

Five strategic goals guided the CEDS committee in its deliberations:

1. To create a vibrant economy built on strong traditional, new, and emerging markets.
2. To develop a skilled workforce and excellent educational and training opportunities.
3. To build an efficient, reliable, and integrated utility, transportation and communication infrastructure.
4. To create an affordable and efficient health care system.
5. To maintain an efficient, transparent, and effective public sector.



## Meeting Schedule

The CEDS committees and/or subcommittees met on the following dates:

September 2007: Committee was formed

September 30–October 2, 2007	Economic summits held on St. Croix, St. John, and St. Thomas
January 28, 2008	Committee meeting on key economic issues
May 19, 2008	Committee meeting on economic development planning approaches
May 29–July 7, 2008	Subcommittee working sessions
July 7, 2008	Committee meeting on potential projects
November 3, 2008	Committee meeting on evaluation criteria and prioritization
December 8, 2008	Committee meeting on review and endorsement of the plan

## SECTION II: Current Conditions and Trends

The U.S. Virgin Islands are located east of Puerto Rico between the Caribbean Sea and the North Atlantic Ocean (see Figure 1). Their total land area is 346 square kilometers—roughly twice the area of Washington, DC—with an average population density of 354 people per square kilometer.



Figure 1. U.S. Virgin Islands

A mild subtropical climate, scenic beauty, and status as a U.S. territory make the Virgin Islands an ideal location for Caribbean vacationers from the United States and Europe. The islands host over 2.5 million visitors per year, most of who arrive by cruise ship, and tourism is the dominant economic engine of the islands, accounting for roughly 70 percent of the total gross territorial product.

The three primary districts of the Virgin Islands are St. Thomas, St. Croix, and St. John. There are also two smaller islands, Water Island and Hassel Island.

Each district has its own distinct landscape, mix and intensity of land uses, cultural identity, and prospects for future development. St. Thomas is home to the capital and the territory's largest city, Charlotte Amalie, which has an estimated population of roughly 18,000 persons. St. Thomas is the primary center for resort tourism, government, finance, trade, and commerce, but its rugged landscape limits the land available for agriculture and other types of land-intensive development. Charlotte Amalie is also home to a major deepwater harbor that is along major shipping routes to the Panama Canal, and it is just east of the Cyril E. King International Airport—one of the busiest airports in the Caribbean.

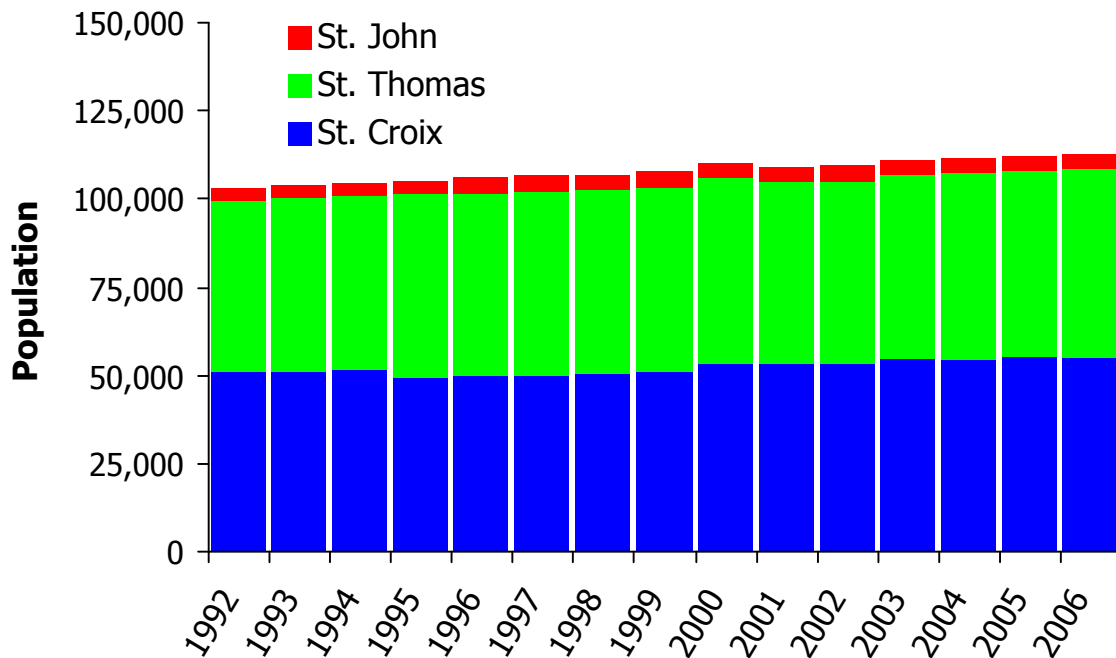
The island of St. John is just under 5 kilometers to the east of St. Thomas. Cruz Bay is located on the western coast of the island and serves as its primary port and link to St. Thomas. Nearly two-thirds of St. John is owned by the National Park Service and is off-limits to commercial development. However, the unspoiled nature of the island attracts many visitors to its public beaches, such as world-famous Trunk Bay.

St. Croix is largest of the three islands, in both land area and population. It is roughly 64 kilometers to the south of St. Thomas. Its primary towns are Christiansted and Frederiksted. The eastern and northwestern portions of St. Croix are hilly, but, overall the island is flatter and has more land available for additional agricultural, commercial, and residential development than St. Thomas. As of 2002, nearly 95 percent of the Virgin Islands' total farmland was on St. Croix. While tourism is the still dominant industry on the island, St. Croix is also the primary manufacturing center for the Virgin Islands, with rum distilleries, a major watch-assembly plant, and one of the world's largest petroleum refineries.

## Population

In 2006, the residential population of the Virgin Islands reached an estimated 112,801 persons (Figure 2). This follows a decade of slow but steady annual population growth of 0.6 percent, considerably slower than the U.S. annual average of 1.15 percent.

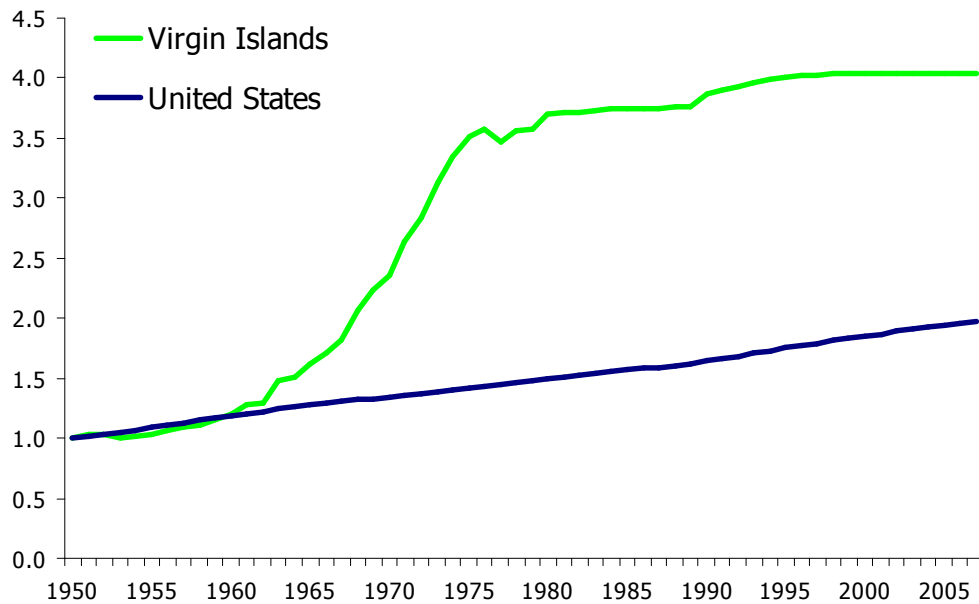
Among the three islands, St. Croix and St. Thomas are nearly equally populous, with 55,287 and 53,115 persons, respectively. St. John is considerably smaller, with only 4,359 persons in 2006—less than 4 percent of the total population of the Virgin Islands. The relative population shares of the three districts have remained fairly stable over time, with St. John's having a slightly higher annual growth rate of 1.65 percent, explained, in part, by its small size.



**Figure 2. 2006 U.S. Virgin Islands Population**

*Source: United States Virgin Island (USVI) Bureau of Economic Research (BER)*

Figure 3 shows population growth over a longer horizon. The population of the Virgin Islands more than doubled between 1965 and 1980 as the growing tourism industry drew workers from many of the neighboring islands in the Caribbean. Population growth has since flattened, despite steady growth for the United States as a whole.

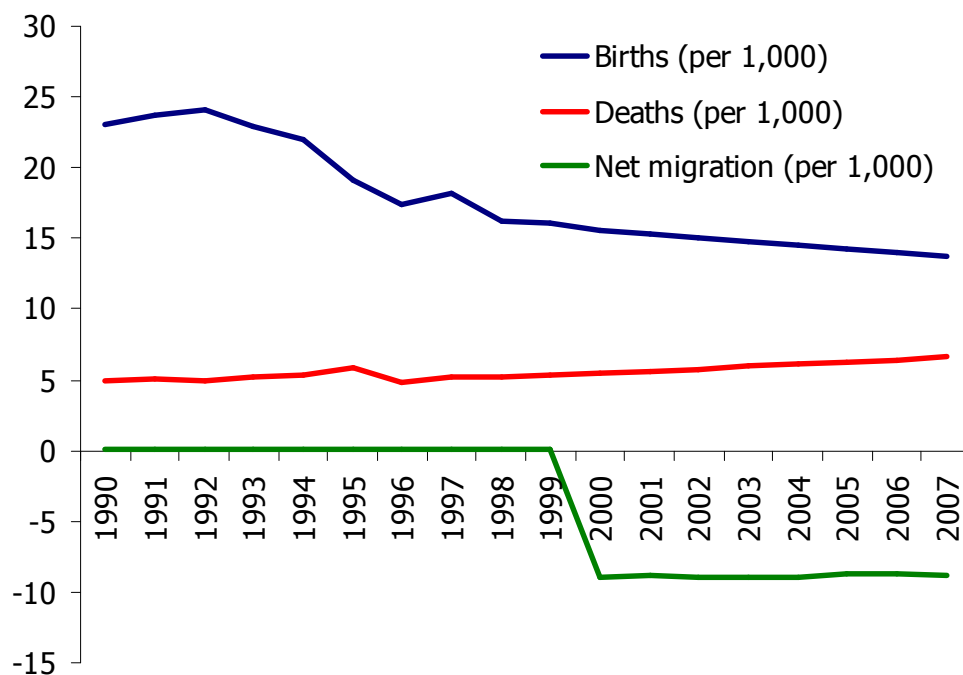


**Figure 3. Population Growth 1965–1980**

*Source: U.S. Census Bureau, International Database*

Population can only change through natural population increase (births minus deaths) or migration. Births and deaths, in turn, are largely dependent upon the age profile of the resident population: places dominated by older populations have higher mortality rates, while places with more young families have higher birth rates. Recent population changes in the Virgin Islands are primarily driven by natural increase, with net migration rates close to zero throughout the 1990s.

(Figure 4). Death rates have increased slightly, while birth rates have declined. The stagnant growth since 2000 is due primarily to a slight increase in out-migration, offsetting any natural increase due to more births than deaths. If migration remains flat, future population and labor force growth in the Virgin Islands will be predominantly driven by the changing age profile of the current population and its influence on birth and death rates.



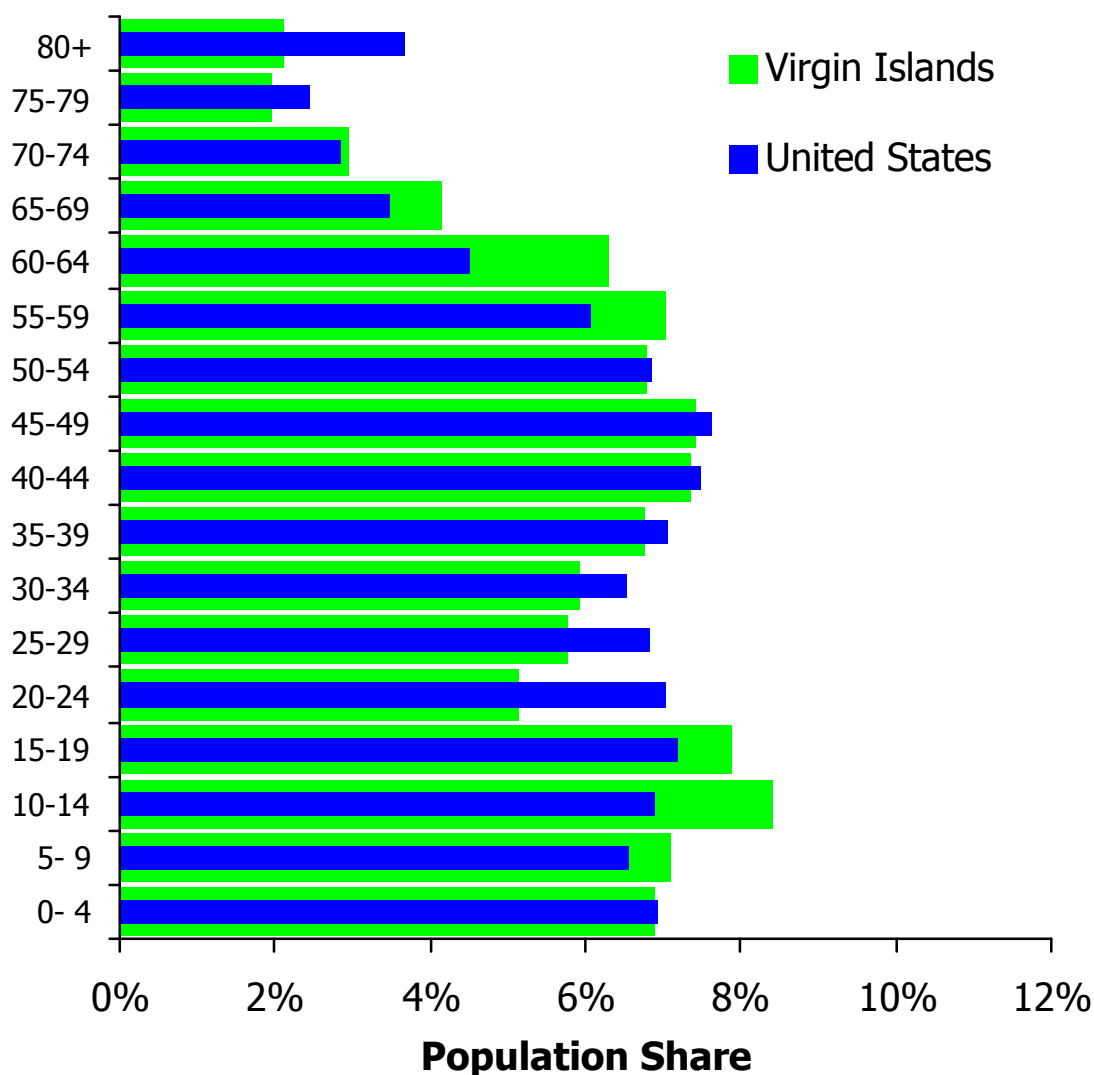
**Figure 4. Components of Demographic Change**

*Source: U.S. Census Bureau, International Database*



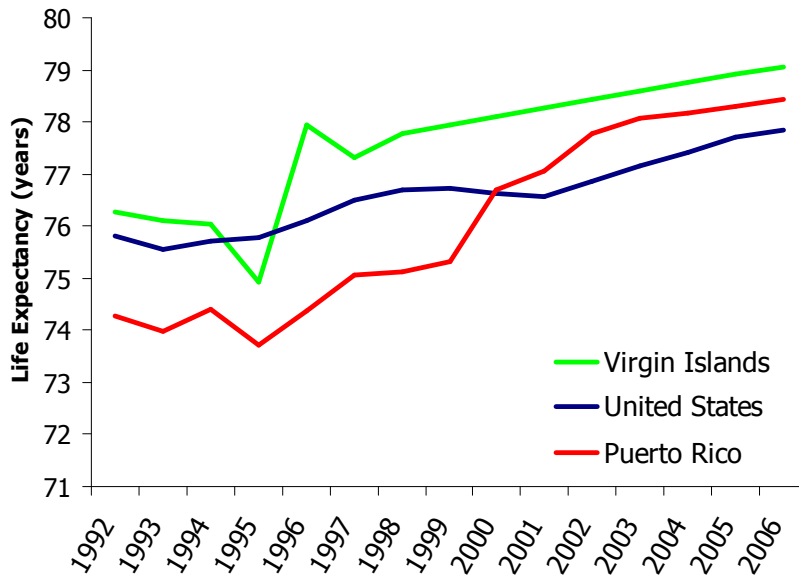
The Virgin Islands has a bimodal age distribution, with a high concentration of adults between 40 and 60 and an even greater concentration under age 18.

(Figure 5). The Virgin Islands have a greater population share in both of these age ranges than the U.S. population as a whole, and considerably fewer people in between. Islands residents also tend to live longer than the typical American.



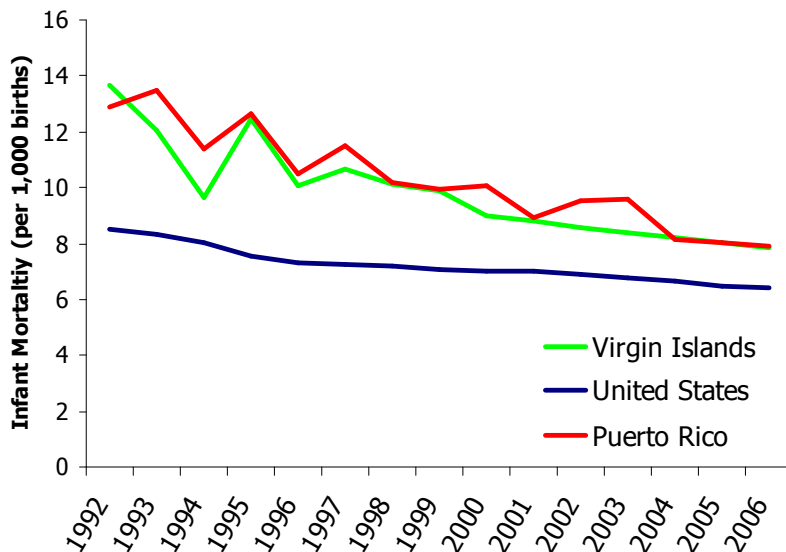
**Figure 5. Population Share by Age Cohort, 2006**  
*Source: U.S. Census Bureau, International Database*

(Figure 6). This means that a large cohort may soon be exiting the labor force and presumably placing greater demands on the island's health care and social support systems. At the same time another, even larger, cohort will just be entering the workforce. The lack of an experienced workforce may lead to older workers remaining in the labor force later in life. Birth rates may also rise in the coming years as the sizable adolescent population progresses into their childbearing years. Infant mortality is higher in the Virgin Islands than in the mainland United States, although it is declining at a considerably faster rate (Figure 7).



**Figure 6. Life Expectancy in the United States, Virgin Islands, and Puerto Rico**

*Source: U.S. Census Bureau, International Database*

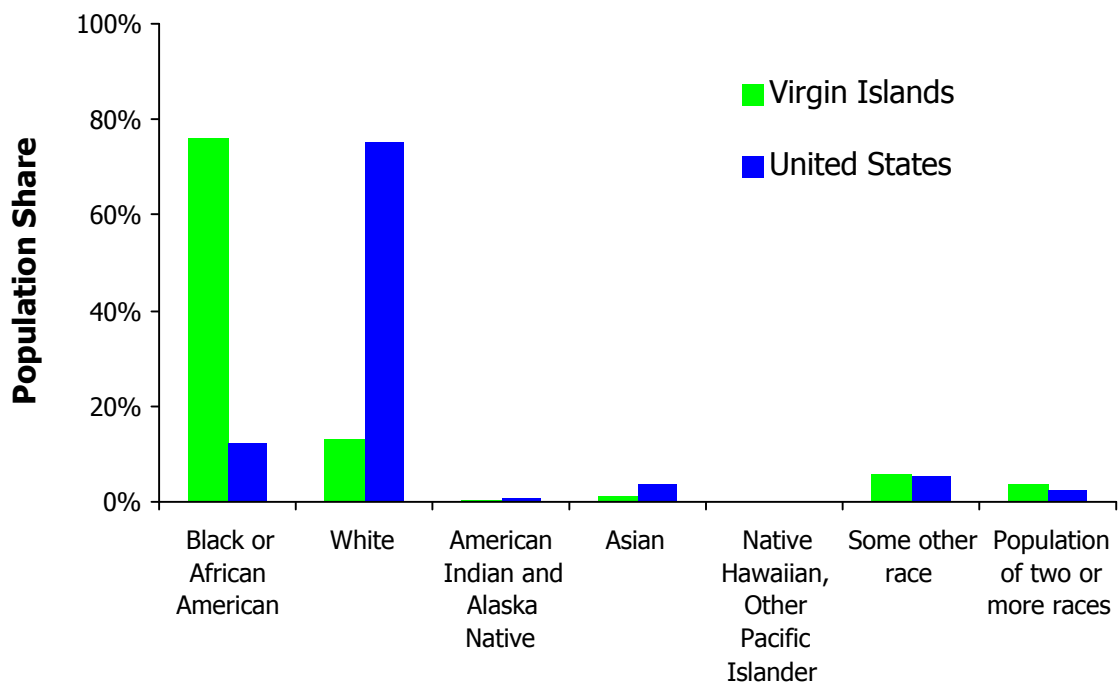


**Figure 7. Infant Mortality Rates: United States, Virgin Islands, and Puerto**

*Source: U.S. Census Bureau, International Database*

## Race and Ethnicity

As of the 2000 U.S. Census, 76 percent of Virgin Islands residents identified themselves as black or African American only, with 13 percent identifying themselves as white only. This is the near opposite of the larger United States, where 75 percent identify as white and 12 percent as black or African American (Figure 8). Given its location and relative isolation, the Virgin Islands has noticeably fewer Asians, Native Americans, and Pacific Islanders, but a slightly higher share of persons identifying as “other” and persons of mixed racial backgrounds. Roughly 14 percent of the resident population is Hispanic (of any race).

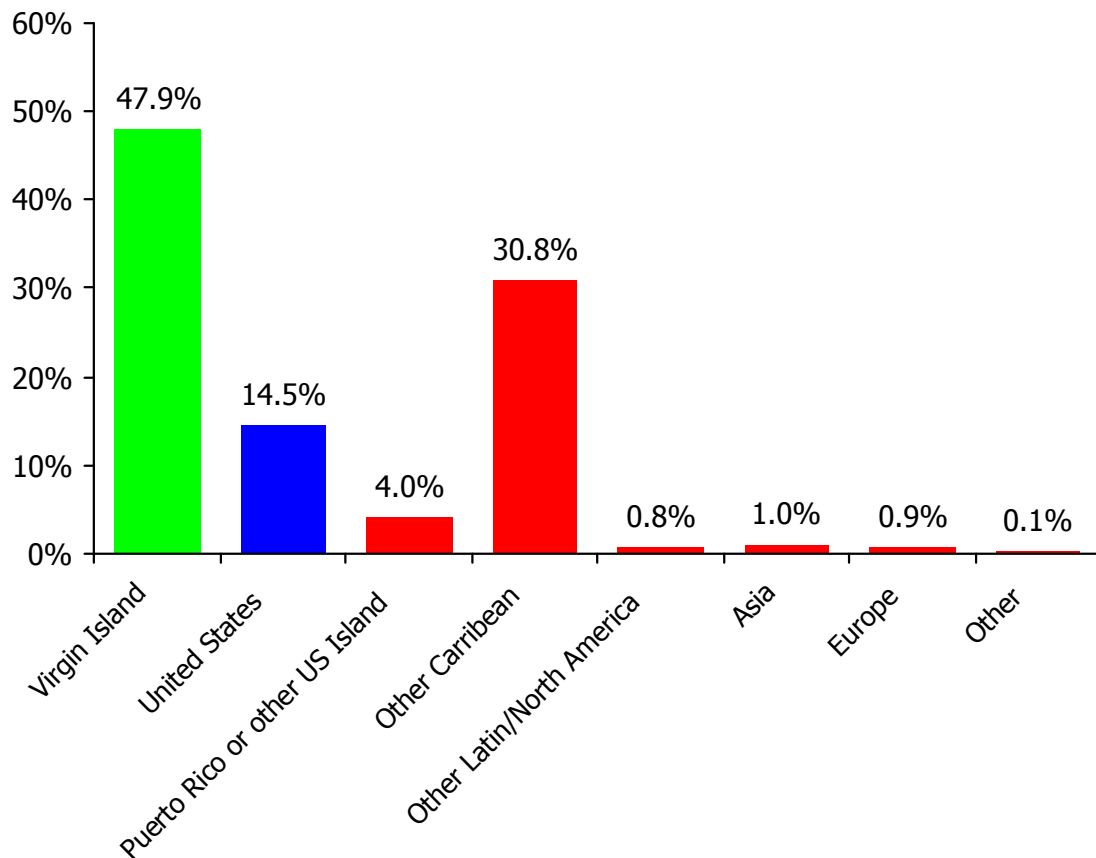


**Figure 8. Racial Profile, 2000**

*Source: U.S. Census Bureau, 2000 Census of Population and Housing*

Migrants make up a high percentage of the Virgin Islands' population. Slightly under half (48 percent) of current residents were born in the Virgin Islands (Figure 9). This is a notably lower proportion than the U.S. average share of residents residing in their state of birth (60 percent). Roughly 35 percent of island residents were born elsewhere in the Caribbean—including 4 percent of the population originating from neighboring Puerto Rico. Another 15 percent come from the continental United States. Many of the non-natives were drawn to the island's blooming tourist industry prior to 1980.

In recent years, in-migration has slowed, with a current net migration rate hovering around zero (see Figure 4). If this trend continues, we can expect the proportion of nonnative residents to continually diminish, as older migrants age and their native-born children and grandchildren become an ever larger share of the population.



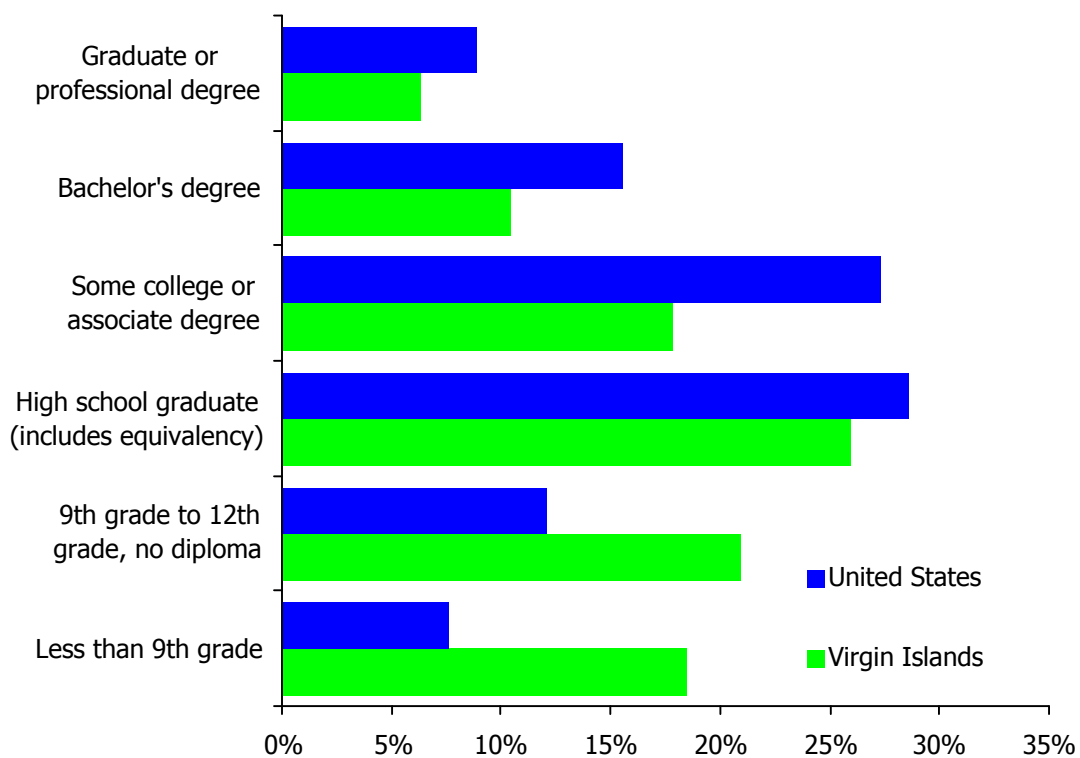
**Figure 9. Resident Population by Place of Birth, 2000**

*Source: U.S. Census Bureau, 2000 Census of Population and Housing*

## Educational Attainment

Education remains a considerable challenge for the Virgin Islands. The Virgin Islands Economic Development Authority sees great potential for the development of a knowledge-based economy coinciding with major investments in information technology infrastructure, a university-based research and technology park, and the expansion of passenger transportation services. However, to be competitive in the knowledge-based economy requires a highly skilled labor force and a solid educational infrastructure to train future generations of knowledge workers.

Educational attainment in the U.S. Virgin Islands is far below U.S. national averages, with nearly 40 percent of the adult population having less than a high school diploma (Figure 10). The Virgin Islands have a shortage of highly educated adults, with only 17 percent of the adult population having a bachelor's degree or higher, whereas the U.S. national average is 24 percent.

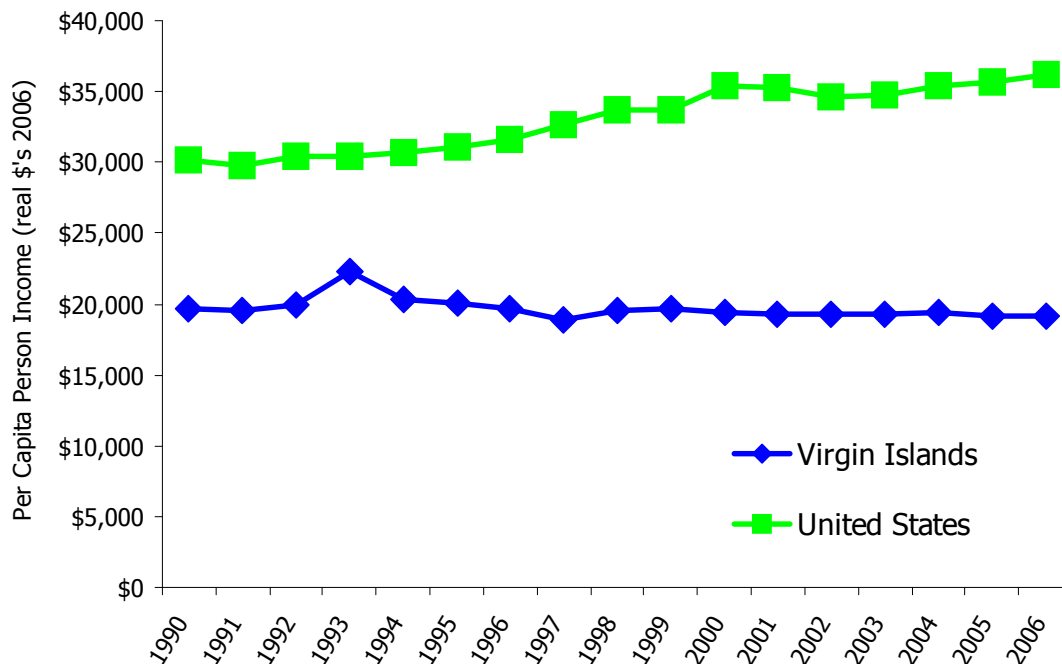


**Figure 10. Educational Attainment of the Population, Aged 25+, 2000**

*Source: U.S. Census Bureau, 2000 Census of Population and Housing*

## Income and Poverty

Increased personal earnings and income both contribute to and are an outcome of successful economic development. Higher incomes mean greater individual wealth and prosperity, which in turn mean higher discretionary spending, which fuels local demand for goods and services. Discretionary income also represents capital that may be invested in local business enterprises. The average income of island residents is considerably lower than that of residents of the mainland United States (Figure 11). In 2006, estimated per capita income of island residents was just below \$20,000, slightly higher than half the U.S. average. The problem of low income is further compounded by the relatively higher costs of living of on the Virgin Islands. This gap has steadily widened as real (inflation-adjusted) incomes in the Virgin Islands have declined slightly over the past 15 years.

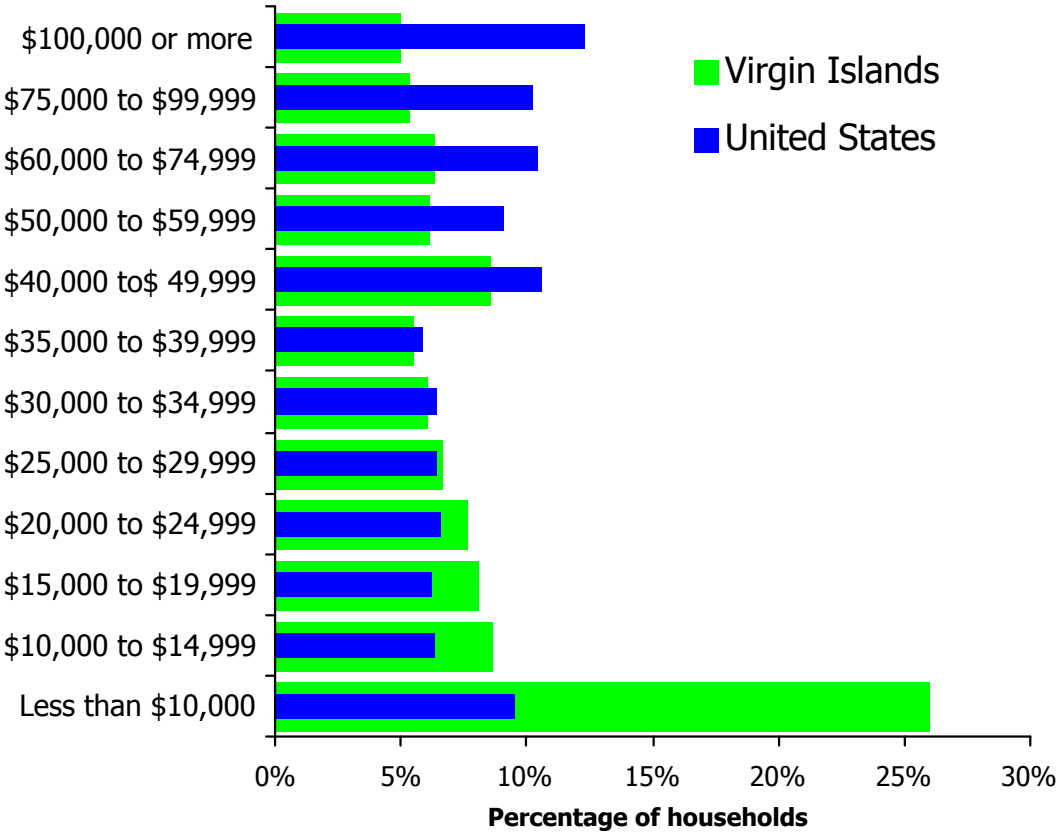


**Figure 11: Per Capita Personal Income (real dollars, 2006)**

*Source: Virgin Islands Bureau of Economic Research*

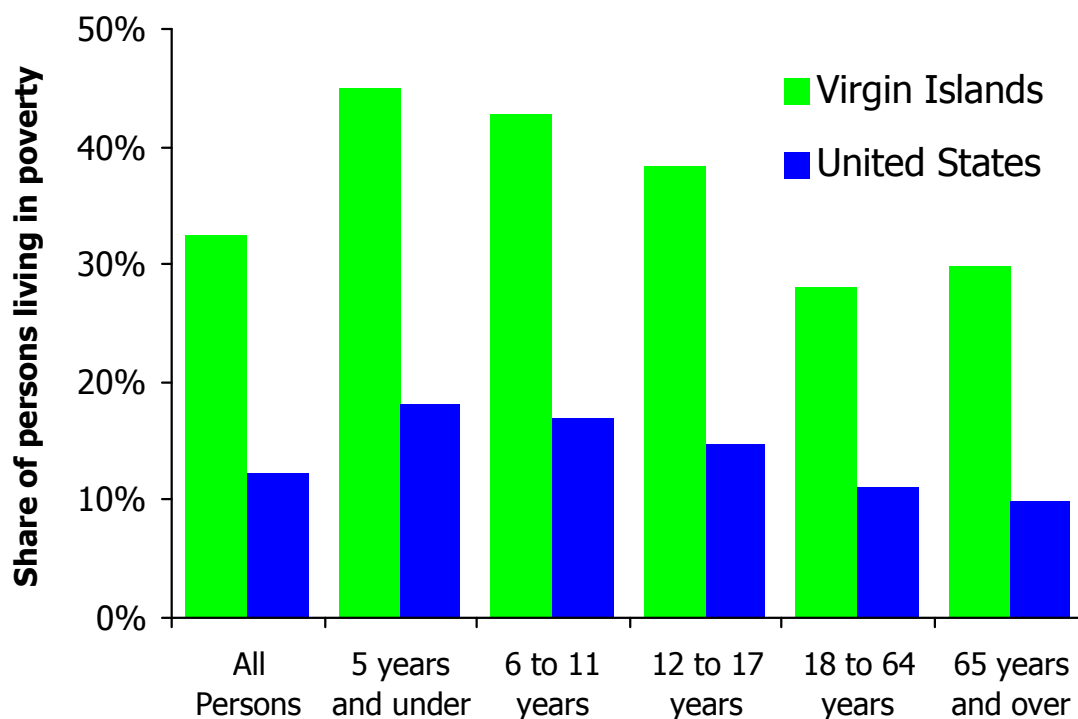


The average income of island residents is pulled downward by an extremely large segment of the population earning very little money. The income distribution of the Virgin Islands is highly skewed (Figure 12). More than 25 percent of all households live on less than \$10,000 per year, compared to less than 10 percent for the United States as a whole.



**Figure 12. Household Income Distribution, 2000**  
*Source: U.S. Census Bureau, 2000 Census of Population and Housing*

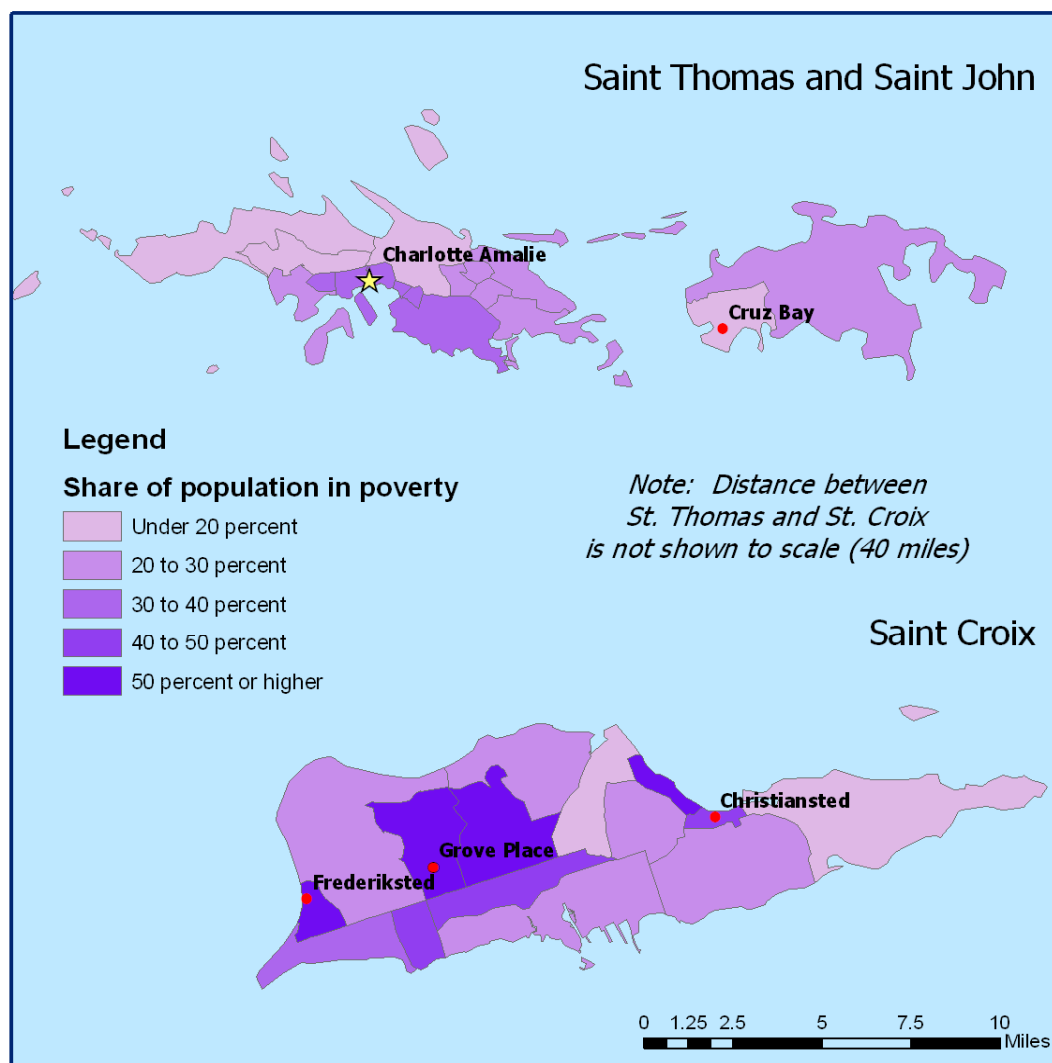
The data on poverty paint an even more dramatic portrait of the economic realities of the Virgin Islands. Roughly 32 percent of Virgin Islands residents were living below the poverty level in 1999 (Figure 13), up slightly from 27 percent as reported in the 1990 Census. Figure 13 also compares the percentage of age groups living below the poverty line with their counterparts in the United States. Far more Virgin Islands residents are living in poverty, regardless of age. Almost half the children age five or younger are living in poverty in the Virgin Islands—two-and-a-half times the U.S. national rate. More than three times as many elderly persons (65+) live in poverty in the Virgin Islands than do in the United States overall.



**Figure 13. Share of Persons Living in Poverty in 1999 (totals and by age group)**

*Source: U.S. Census Bureau, 2000 Census of Population and Housing*

Figure 14 shows the geographical distribution of persons living in poverty. The greatest concentrations of poverty are in the interior of St. Croix Island and in the coastal areas near Frederiksted and Christiansted. There is a somewhat lesser concentration of poverty on St. Thomas in the vicinity of the capital of Charlotte Amalie. The more mountainous areas of eastern St. Croix and northern St. Thomas have the lowest share of persons living in poverty.



Source: US Census Bureau, 2000 Census of Population

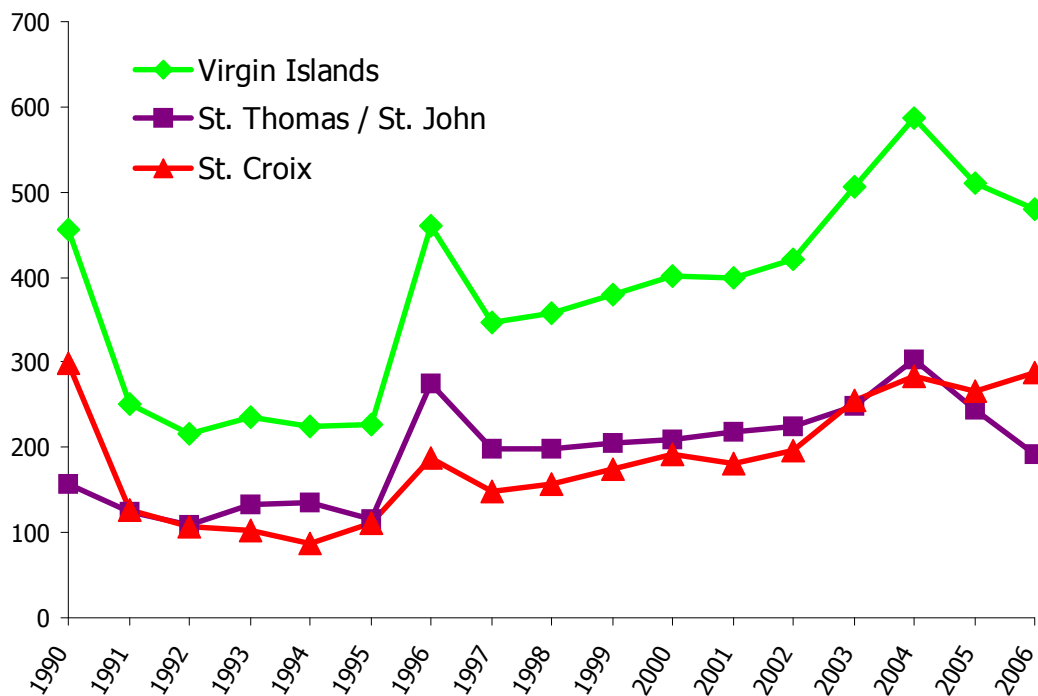
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Center for Economic Development  
University of Massachusetts Amherst

**Figure 14. Share of Persons Living below the Poverty Level in 1999 (geographical distribution)**

Source: U.S. Census Bureau, 2000 Census of Population

## Housing

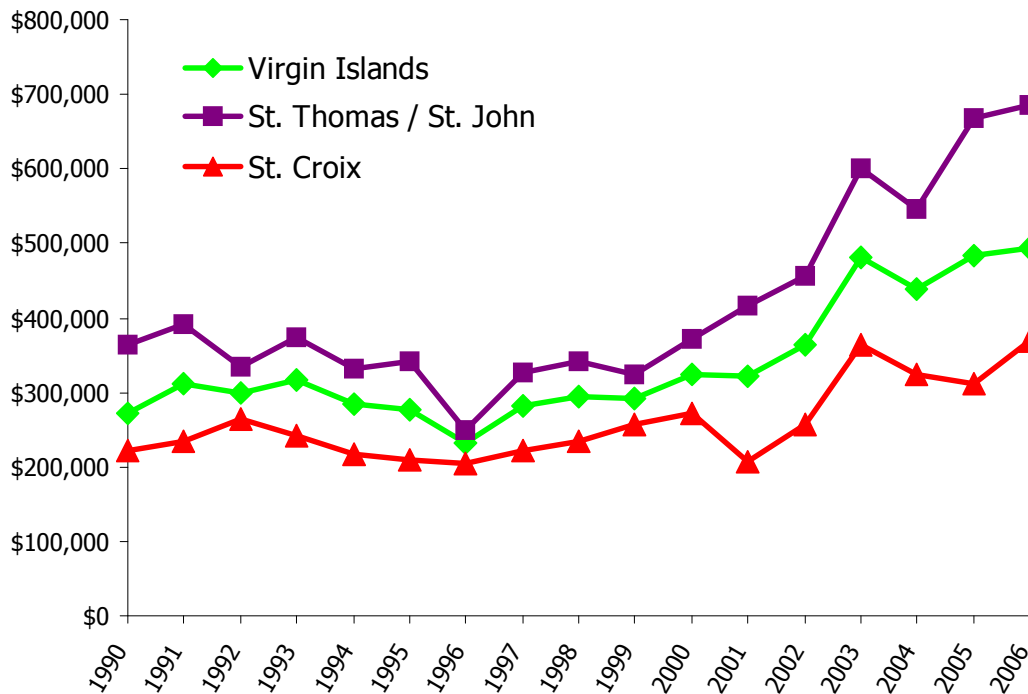
In a recent State of the Territory address, Governor deJongh cited increasing home ownership and improving access to affordable housing as key goals of his administration. Home ownership rates on the islands are far below those of the mainland United States. As reported in the 2000 housing census, 46 percent of occupied housing units are owner occupied, compared with 64 percent for the United States. During the 1990s there was brisk growth in housing development. The 2000 census reports a 27 percent increase in housing units over the 1990 census—a much higher growth rate than the 14 percent growth in housing units for the United States during the same time period. The increased supply of housing is further evidenced by the consistent increase in home sales on the Virgin Islands, with a near even split of sales between St. Thomas/St. John and St. Croix (Figure 15). However, there has been a pronounced decline in home sales on St. Thomas since 2004, although sales on St. Croix have remained steady.



**Figure 15. Number of Homes Sold**

*Source: U.S. Virgin Islands, Bureau of Economic Research*

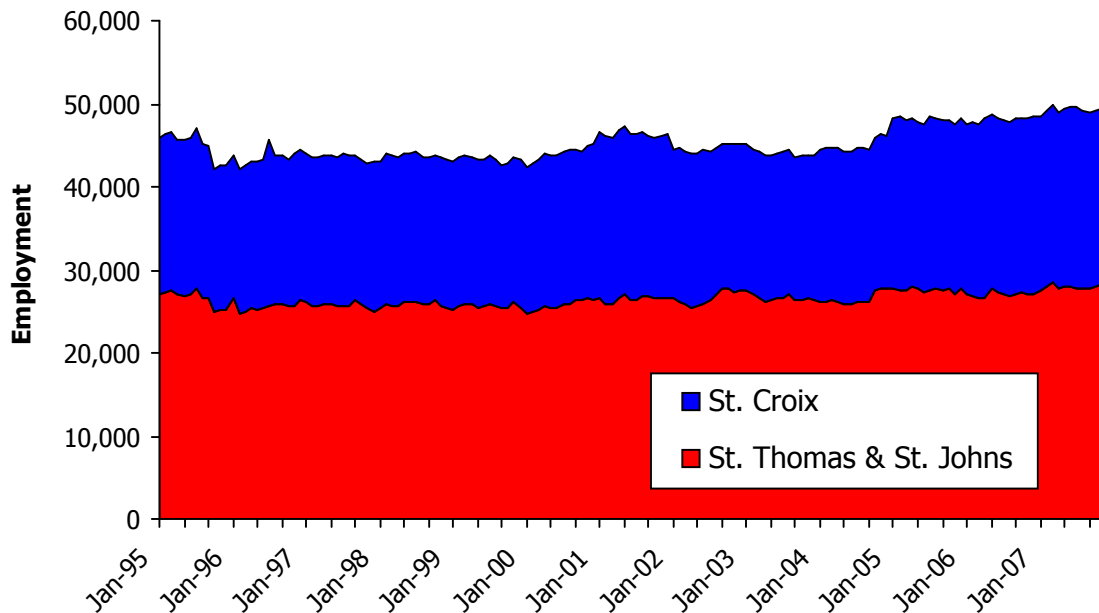
Although the supply of housing has increased, homeownership rates have remained flat—increasing a mere percentage point between 1990 and 2000. Presumably, much of the increased supply of new homes and condominiums has gone to nonresidents and vacationers. Over the past decade, housing costs have accelerated at a far greater pace than resident incomes, putting home ownership beyond the reach of all but a few relatively wealthy islanders (Figure 16). This is particularly true for St. Thomas/St. John, where the average home sale price was almost \$700,000 in 2006, nearly double the average (real) sale price of just six years prior.



**Figure 16. Average Home Sale Price (real dollars, 2006)**  
*Source: U.S. Virgin Islands, Bureau of Economic Research*

## Labor Force and Employment

In 2007, just under 50,000 people in the Virgin Islands were employed (Figure 17). This represents an increase of 2.2 percent from 2006, and an even more substantial average annual growth rate of 3.2 percent in the post recessionary years since 2003. Together, St. Thomas and St. Johns capture just over half of the total Virgin Islands employment base (58 percent), despite having a near even split of the resident population (hence St. Croix's higher unemployment rate). The employment base of St. Croix has expanded more rapidly in recent years, with an annual average growth rate of 5.2 percent since 2003, while the combined St. Thomas/St. John growth rate has been 2.1 percent.

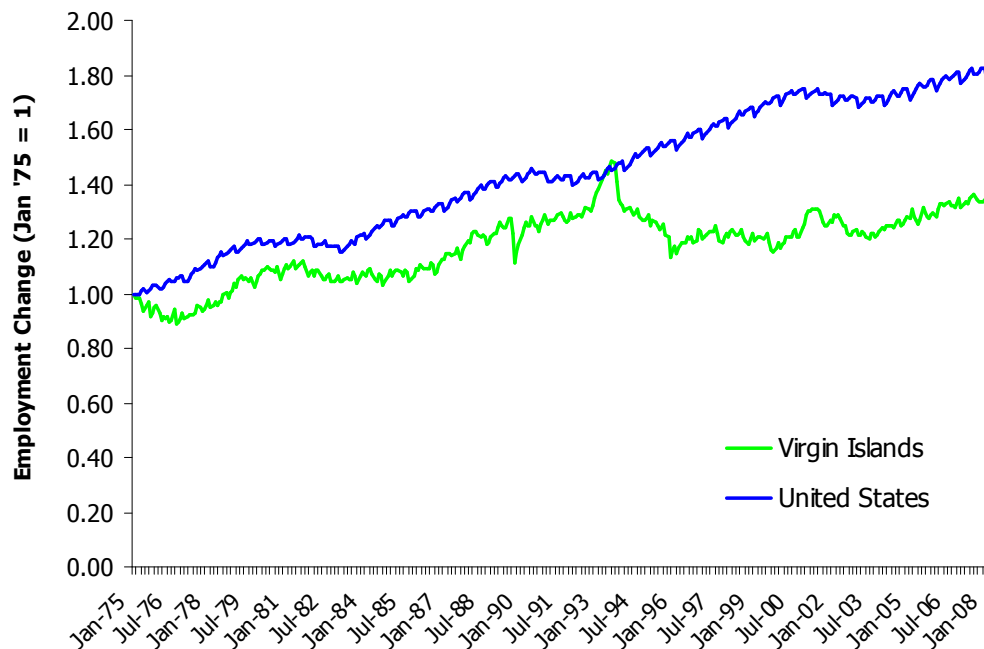


**Figure 17. Total Employment, 1995–2007**

*Source: U.S. Virgin Islands Bureau of Labor Statistics*



Employment growth in the Virgin Islands has historically lagged the United States as a whole, although the territory's economy has shown favorable signs of expansion in recent years. Figure 18 compares long-term change in nonfarm employment in the Virgin Islands with that in the United States. Despite greater volatility, jobs growth in the Virgin Islands kept pace with or exceeded U.S. employment growth during the latter 1980s and early 1990s. From the mid-1990s, employment in the Virgin Islands declined considerably and remained flat, while the U.S. economy boomed on a wave of expansion in the technology sector. Following the recessionary years of the first years of the new millennium, nonfarm employment in the Virgin Islands has grown steadily at an average annual rate of 2.4 percent since 2003, comparing favorably with the U.S. growth of rate of 1.4 percent. While recent trends are favorable, future prospects are uncertain and may hinge on the net balance of employment growth arising from rising oil profits versus a recession-driven slowdown in tourism and construction.



**Figure 18. Change in Nonfarm Employment, Virgin Islands v. United States**

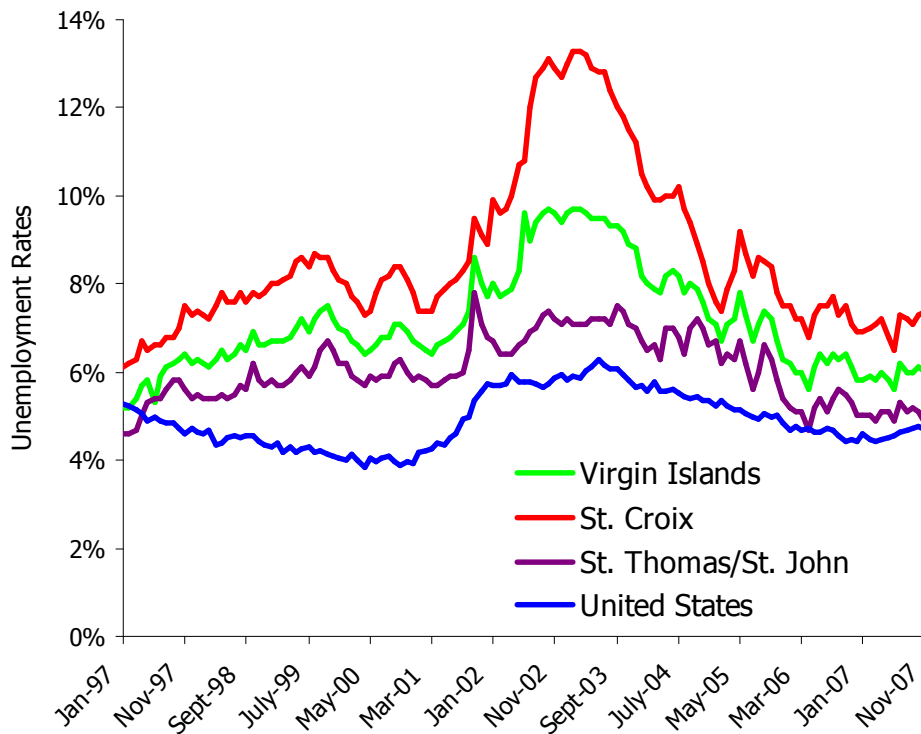
*Source: U.S. Bureau of Labor Statistics, Current Employment Survey (CES)*

The unemployment rate is a commonly used measure of economic health, described as the percentage of people in the labor force who are presently not employed but are actively seeking employment. In the short term, unemployment rates may fluctuate greatly according to seasonal employment trends and business cycles. A persistently high unemployment rate is symptomatic of a chronic lack of demand for labor or related endemic economic maladies.

There are only minor signs of chronic unemployment in the Virgin Islands economy. Since 1997, unemployment rates in the Virgin Islands have been consistently higher than U.S. averages, but

the most recent annual average (2007) of 5.9 percent unemployment is still below the island's ten-year historical average of 7.1 percent. It is also far lower than the 11.2 percent unemployment rate of neighboring Puerto Rico.

Rather than chronic unemployment, recent trends for the Virgin Islands show considerable cyclical and moderate seasonal volatility (Figure 19). Almost every year, unemployment drops and raises with seasonal tourism patterns. On average, over the past ten years, there has been a 1.15 percent difference between monthly highs and lows for unemployment rates within a single year. These seasonal fluctuations tend to be more dramatic during recessionary periods, as evidenced by the peak difference of 2.2 and 2.0 percentage points between high and low intra-year unemployment rates in the recessionary years of 2001 and 2002, respectively. Broader business-cycle fluctuations produce even more dramatic swings in Virgin Islands unemployment. Over the past ten years, the unemployment rate of the Virgin Islands peaked during the winter of 2002, coinciding with the slowdown in the domestic U.S. economy. But the recessionary impact was far worse on the islands. From trough to peak, the largest difference in the U.S. unemployment rate was 2.5 percentage points over the 1997–2007 decade. In the Virgin Islands, the difference was 4.5 percentage points.



**Figure 19. Monthly Unemployment Rates, January 1997–December 2007**

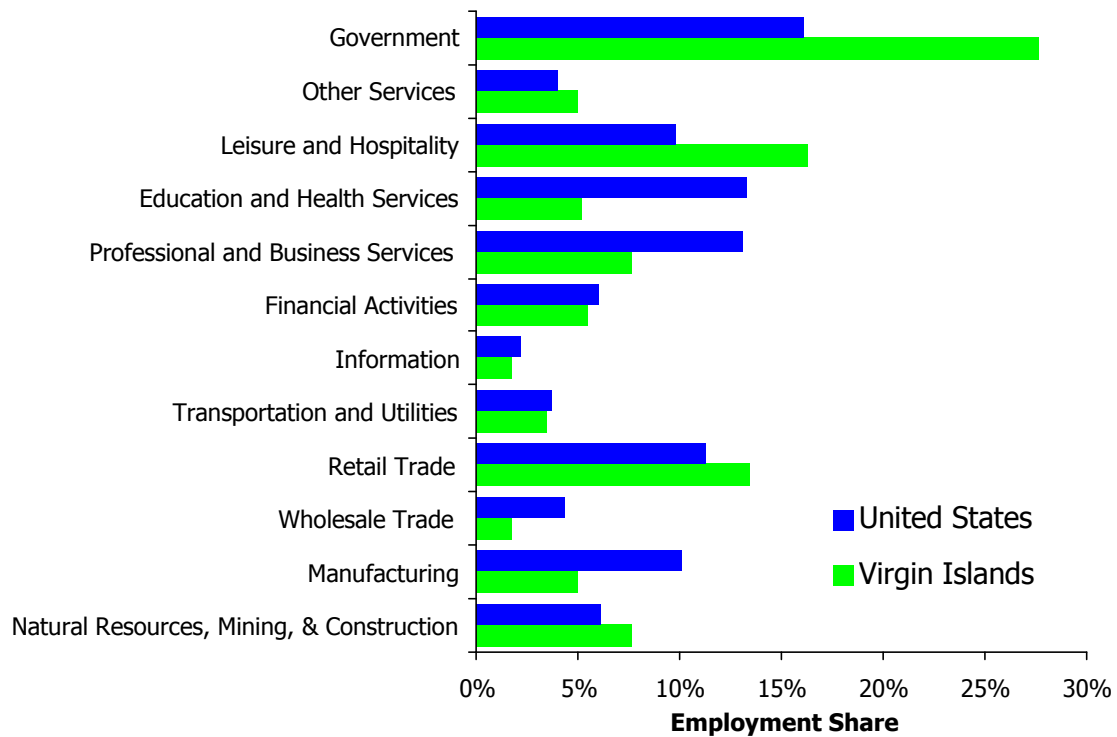
*Source: Virgin Islands Bureau of Labor Statistics and US Bureau of Labor Statistics*

The current recession in the U.S. economy is bound to have a tremendous impact on the demand for labor in the islands. Tourism is very sensitive to macroeconomic conditions; consumers spend less on island vacations when economic conditions at home are grim. The relative isolation of the islands may also make it more vulnerable to shocks. The migration of unemployed workers helps equalize regional unemployment rates, as the jobless seek better job opportunities in wealthier cities. This flow of workers between regions helps explain the consistently low unemployment rates of the continental United States. However, in the Virgin Islands out-migration is more costly and far less feasible given the limited resources of the island's poor families.

### **Industrial Gains and Losses**

The Virgin Islands' economic volatility is due largely to its historic dependency on a few key industries, especially tourism. Figure 20 compares the distribution of employment in the Virgin Islands and the United States by major industry sectors. Government jobs, whether federal, territorial or local, comprise a far greater share of the islands' employment base than is true of the United States as a whole, although this share has declined in recent years. Leisure and hospitality, which are tourism-based industries, also account for a high relative share of the Virgin Islands' economy--nearly 1.7 times the U.S. national share. Other economic sectors include retail, natural resources, construction, and advanced composite manufacturing (oil refineries). Much, if not all, of the employment in these industries is also related to tourism. For example, the sale of retail goods to foreigners and construction of new resorts and vacation homes and condos is attributable to tourism. Using a conservative definition of tourism that restricts it to hotels and lodging places, gift shops, eating and drinking places, and air transportation, the Virgin Islands Bureau of Economic Research estimated the number of people engaged in tourism-related employment to be approximately 8,600 in 2007, or just under 20 percent of total nonfarm employment. That estimate would be much higher if tourism-dependent or supporting activity in construction, government, personal services, water transport, and other sectors were included.

From 2000 to 2007, the Virgin Islands economy added the most jobs (approximately 1,300) in the natural resources, mining, and construction sector (Figure 21). More detailed estimates from the U.S. Bureau of Labor Statistics' quarterly census of employment and wages reveal that nearly all this growth is due to the construction of buildings. The Virgin Islands' Bureau of Economic Research attributes much of these gains specifically to new hotel construction, the upgrade and expansion of roads, housing and seaports, and the development of commercial and residential properties. Expansion in the construction sector is followed by a near tie between leisure and hospitality, education and health services, and professional and business services—each netting approximately 700 new jobs. Retail trade, other services, and financial services also posted notable gains over the past seven years.

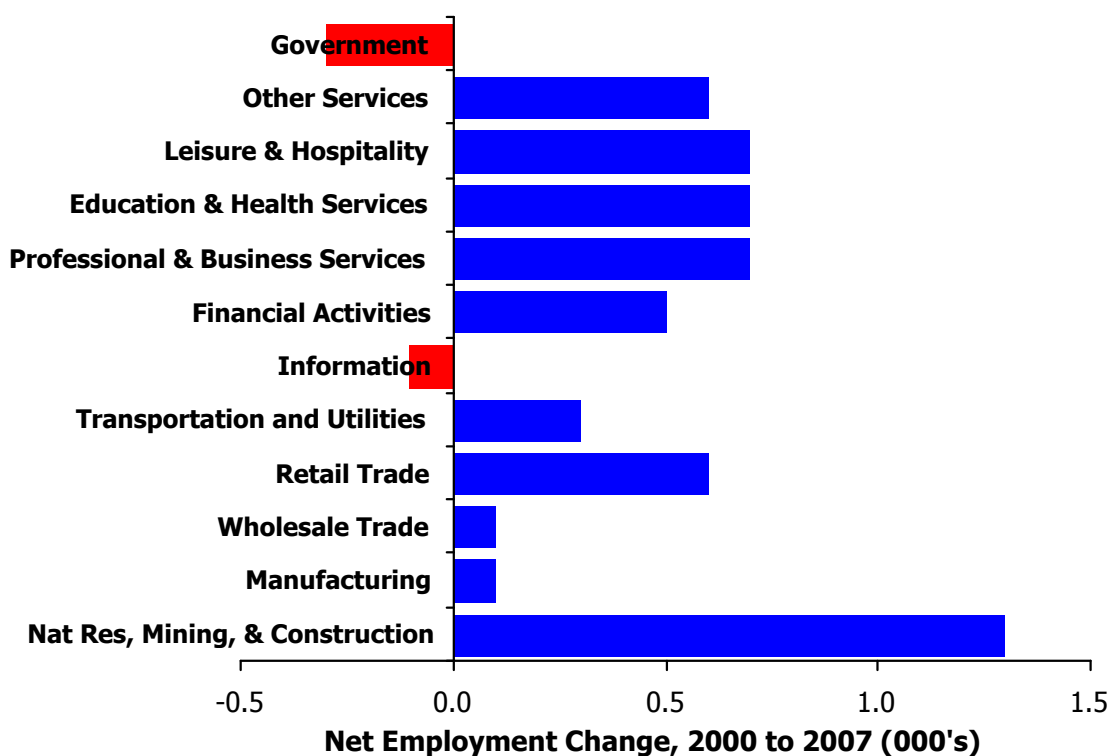


**Figure 20. 2007 Employment Share by Industry Sector, Virgin Islands and United States**

*Source: U.S. Bureau of Labor Statistics, Current Employment Survey (CES)*

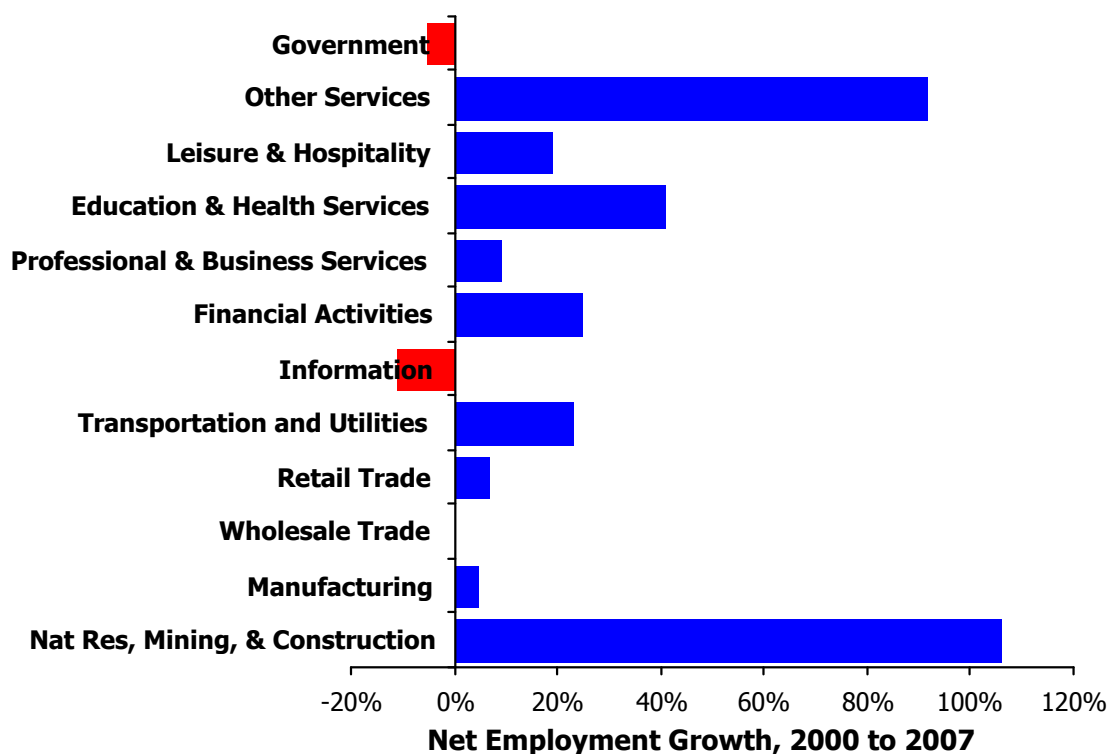
Manufacturing remains a small portion of the Virgin Islands economy, but one of critical importance. The territory's manufacturing activity is based in St. Croix, which is home to a major oil refinery, a watch assembly plant, and a considerable volume of rum exports. The sharp rise in oil prices in the past few years greatly expanded the volume and value of refined petroleum exports to over \$10 billion per year. High oil prices may be both a blessing and a curse to the island economy, balanced between increased revenues from oil exports and the dampening effect of fuel prices on visitor travel and inflated prices for the Islands internal consumption of imported oil and gas. The recent drop in oil prices speaks to the uncertain nature of this industry.

The greatest job losses during the past seven years have been in the government sector, as the Virgin Islands territorial government has substantially reduced its workforce in the early years of the new millennium (Figure 21). It is worth noting that the government sector has expanded slightly in the past two years, adding roughly 400 jobs in both years combined. Although not indicated by Figure 21, the financial sector also suffered job losses in just the past year, largely attributes to the American Job Creation Act 2004, which changed residency requirements and forced a number of Economic Development Commission beneficiaries to close their operations. The Virgin Islands government is hopeful that a recent relaxation in U.S. Treasury residency rules and income source rules may help allay continued uncertainty-related loses.



**Figure 21. Net Change in Employment Shares by Industry Sector, 2000–2007**  
*Source: U.S. Bureau of Labor Statistics, Current Employment Survey (CES)*

During the past seven years, the Virgin Islands' fastest-growing sector has been natural resources, mining, and construction, followed by other services and education and health services (Figure 22). Construction is expected to remain strong in the near future thanks to new capital projects such as the 57,000 square-foot regional library and record center on St. Thomas, affordable housing development, road construction, and several multimillion-dollar private-sector developments, such as the Yacht Haven Grand and Frenchman's Marriott Cove, proposed hotel developments in St. Croix, and new and upgraded sewage, solid waste, and water treatment facilities at the St. Croix oil refinery. Growth in both construction and health services is anticipated to remain strong over the long term if the Virgin Islands can successfully attract a significant retiree population from migrating U.S. baby boomers seeking warmer climates.



**Figure 22. Net Employment Growth Rate by Industry Sector, 2000–2007**

*Source: U.S. Bureau of Labor Statistics, Current Employment Survey (CES)*

Table 1 provides a more detailed industrial profile of the Virgin Islands economy for the 30 largest-emplying industries by three-digit NAICS codes. Some industries, such as petroleum refining, are not included due to suppression of employment information in industries with fewer than two establishments or industries in which a single employer employs over 80 percent of the workers. Again, tourism- and construction-related industries dominate in terms of size; examples include accommodations, food services and drinking places, clothing and clothing accessories stores, construction buildings, and specialty trade contractors. Several advanced services industries also make the list, such as administrative and support services, repair and maintenance, and professional and technical services.



Employment, 2006				Emp Growth '00 to '06			Earnings, 2006		Real Wage Growth '00 to '06		
NAICS	Industry Title	Jobs	Location Quotient	Virgin Islands	United States	Ave per Worker	Ratio, VI to US	Virgin Islands	United States		
721	Accommodation	3,951	6.42	-7%	-2%	\$26,481	108%	18%	5%		
722	Food services and drinking places	2,386	0.76	14%	14%	\$15,148	108%	8%	1%		
561	Administrative and support services	1,695	0.63	19%	3%	\$23,475	82%	14%	9%		
448	Clothing and clothing accessories stores	1,693	3.46	12%	9%	\$26,139	138%	-4%	-6%		
236	Construction of buildings	1,659	2.75	87%	16%	\$35,925	72%	24%	9%		
811	Repair and maintenance	1,545	3.69	46%	-1%	\$54,570	164%	18%	3%		
238	Specialty trade contractors	1,362	0.84	55%	16%	\$44,877	110%	15%	0%		
541	Professional and Technical Services	1,210	0.49	38%	9%	\$48,672	71%	11%	1%		
445	Food and beverage stores	1,157	1.22	24%	-5%	\$16,994	82%	-3%	-1%		
611	Educational services	938	1.26	28%	22%	\$24,034	63%	3%	5%		
522	Credit intermediation and related activities	860	0.87	12%	15%	\$39,794	68%	21%	16%		
531	Real estate	792	1.58	41%	13%	\$41,974	95%	23%	14%		
621	Ambulatory health care services	775	0.43	60%	23%	\$29,683	60%	20%	2%		
452	General merchandise stores	723	0.73	-20%	5%	\$17,456	88%	7%	5%		
424	Merchant wholesalers, nondurable goods	640	0.94	-7%	1%	\$32,052	61%	-2%	5%		
441	Motor vehicle and parts dealers	574	0.89	6%	3%	\$31,642	78%	7%	-2%		
813	Membership associations and organizations	556	1.26	31%	6%	\$25,245	83%	9%	10%		
517	Telecommunications	549	1.68	-15%	-24%	\$48,791	72%	-10%	-3%		
713	Amusements, gambling, and recreation	534	1.14	35%	3%	\$22,137	117%	3%	-4%		
444	Building material and garden supply stores	485	1.09	30%	16%	\$26,768	89%	4%	-1%		
453	Miscellaneous store retailers	431	1.44	-10%	-13%	\$23,472	106%	-3%	-3%		
551	Management of companies and enterprises	418	0.69	-12%	0%	\$40,021	45%	3%	9%		
532	Rental and leasing services	370	1.72	ND	-6%	\$24,300	69%	ND	8%		
483	Water transportation	346	16.82	16%	13%	\$36,910	59%	5%	7%		
481	Air transportation	338	2.08	11%	-21%	\$30,392	56%	4%	-4%		
524	Insurance carriers and related activities	330	0.46	46%	3%	\$47,959	75%	10%	13%		
624	Social assistance	330	0.45	19%	23%	\$17,086	82%	21%	2%		
488	Support activities for transportation	310	1.62	12%	6%	\$22,197	50%	3%	6%		
446	Health and personal care stores	304	0.93	-1%	6%	\$22,728	73%	6%	10%		
623	Nursing and residential care facilities	260	0.27	12%	12%	\$19,749	80%	-3%	5%		

**Table 1. Detailed Private-Sector Industry Summary, Top 30 Employing Industries**

*Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages*

*Note: Due to data suppression in industries dominated by a single employer, some large industries may not be included (e.g., petroleum).*

## **Other Measures of Industrial Strength**

Size is not the only salient measure of industrial strength. Industrial specializations are also important. Location quotients provide a measure of the relative concentration of each industry in the Virgin Islands, measured against the entire U.S. domestic economy. For most states or metropolitan areas, a location quotient of 1.25 is a generally accepted benchmark of significant specialization, but given the Virgin Islands' relative lack of industrial diversity, a slightly higher standard (greater than or equal to 1.5) is warranted. Not surprisingly, accommodations remain near the top of the list of regionally specialized industries, although it is far overshadowed by water transportation, which has more than 16 times its expected employment share. Its strong showing may partly be explained by the fact that the Virgin Islands are islands, whereas much of the benchmark region (the United States) is landlocked. Nevertheless, this natural advantage is certainly pertinent to both the tourism economy and also the commercial movement of goods through the Caribbean. Other significant specializations include repair and maintenance, retail clothing, construction of buildings, air transportation, rental and leasing services, telecommunications, support activities for transportation, and real estate.

A vibrant regional economy is often characterized by expanding job opportunities in its largest and most heavily specialized industries. Overall, the Virgin Islands economy appears healthy, with strong jobs growth in many of its key industries and significant losses in only a few. Construction of buildings is growing the fastest, with a growth rate of roughly 87 percent between 2000 and 2006, far exceeding the national rate of 16 percent. Other large and/or specialized industries with recent job growth in excess of the U.S. average include repair and maintenance, specialty trade contractors, air transportation, food and beverage stores, professional and technical services, real estate, and administrative and support services. Among the territory's most highly specialized industries, only accommodations and telecommunications experienced employment decline between 2000 and 2006.

Smaller industries in which recent job growth exceeds national benchmarks may represent emerging industrial specializations. In the Virgin Islands, these include insurance carriers and related activities; ambulatory health care services; amusements, gambling, and recreation; and membership associations and organization. Expansion of the nascent health care industry is of particular importance if the Virgin Islands hope to attract U.S. retirees and provide for the anticipated needs of its own aging workforce.

High wages are another favored indicator of economic health. Higher wages not only translate into a higher standard of living, but may also indicate competitive advantages or higher productivity (especially in the case of manufacturing) that allows workers to command higher pay relative to other areas. Rising wage rates also reflect the local demand for labor and may help identify areas where training and employment services are needed to help meet private-sector demand.

Repair and maintenance is the Virgin Islands' highest-paying industry. The average worker in the repair and maintenance industry earns nearly \$55,000 per year, 64 percent more than the Virgin Islands average. This bodes well, considering the size and continued expansion of this industry, but it may also signify shortages of mechanics and other necessary repair service

professionals. Other high-paying industries are telecommunications, professional and technical services, insurance carriers and related activities, and specialty trade contractors.

Wages in most industries are far below U.S. levels. However, tourism-related industries are notable exceptions. Virgin Islanders working in clothing stores; amusement, gambling, and recreation; accommodations; food services and drinking places; and miscellaneous store retailers all earn more than their stateside counterparts. Outside of tourism-related industries, workers in repair and maintenance and specialty trade contractors also earn substantially more in the Virgin Islands than they do in the United States. There are also several industries in which recent wage growth has been exceeding U.S. wage growth; these include social assistance, ambulatory health care, construction of buildings, repair and maintenance, accommodation, and professional and technical services.

### **Occupational Specializations**

Occupation-based analysis provides another lens through which to understand the composition, growth potential, and weaknesses of the Virgin Islands economy. Whereas industries are defined by the products and services produced, occupations are defined by what people do and the types of knowledge embodied in the skills of the workforce. On the one hand, the occupational profile of a region often mirrors its industrial profile because some occupations are highly specialized to particular industries. On the other hand, many seemingly different industries may require similar types of knowledge and workforce skills. An analysis of occupations reinforces an understanding of the integrated nature of a regional economy and is useful for identifying underlying workforce assets that might be overlooked in conventional analyses of industrial specializations. Occupations are also a more direct measure of labor demand and are suggestive of the specific types of training and educational programs that are needed to fill emerging needs.

Table 2 presents a summary of the results of our analysis of existing and emerging occupational specialties in the Virgin Islands for the 30 occupations with the greatest number of workers in 2006. The data come from the Occupational Employment Survey (OES) of the U.S. Bureau of Labor Statistics, which reports numbers of workers and median wage and salary earnings for highly detailed occupational categories.

The occupational profile of the Virgin Islands is dominated by relatively low-skilled, low-wage positions—particularly those directly associated with the tourism, construction, and maintenance industries. The top five occupations are retail salespersons, security guards, cashiers, janitors and cleaners, and store clerks. Wages generally lag behind the United States. The (weighted) average earnings among the 30 largest occupations are roughly \$25,000 per year, compared with a U.S. average of \$30,000 for the same occupations. There are only four occupations in which workers in the Virgin Islands earn more than their U.S. counterparts: teaching assistants, cooks, managers of food preparation and serving workers, and retail salespersons. Earnings gains have been more favorable, with 16 of the top 30 occupations experiencing real wage growth since 2000 at a faster rate than in the United States and real-dollar declines in only 12. Wage growth has been particularly strong among teaching assistants, managers of construction trades and extraction workers, registered nurses, construction laborers, and elementary school teachers.

Many of these jobs exist in large numbers nearly everywhere because they serve the basic consumption needs of the resident population. Location quotients provide a more revealing

measure of regional occupational specializations. Among occupations hiring more 350 workers, the occupation of security guard is among the specializations attracting the most people – security guards areas more than four times more prevalent on the Virgin Islands than they are in the United States overall. A prevalence of security guards likely reflects contemporary private-sector concern for the safety of resort visitors and workers in the midst of high crime. Other specialized occupations employing large numbers of people are maids and housekeepers, bartenders, construction laborers, maintenance and repair workers, store clerks, managers of construction trades, elementary school teachers, and executive secretaries and administrative assistants.

Recent statistics for the growth of the Virgin Islands' labor force are generally favorable. Between 2000 and 2006, employment growth rates in the Virgin Islands surpassed those in the United States overall in 17 of the islands' 30 largest occupations, with net job losses in only 6. There is evidence of strong demand for workers in the emerging finance and insurance sector, as suggested by a greater than expected growth in the numbers of executive secretaries and administrative assistants, accountants and auditors, and managers of office and administrative workers. There is also greater than expected growth in the number of combined food preparation (i.e., fast-food) workers and food prep and serving managers. Recent growth in the number of registered nurses is a positive development, although the Virgin Islands still face a shortage in this critical occupation, as evidenced by a low location quotient. Other relatively fast-growing occupations include carpenters and those in the OES category of laborers and those who move freight and materials by hand.

SOC	Industry Title	Employment, 2006			Emp Growth '00 to '06			Earnings, 2006			Real Wage Growth '00 to '06		
		Jobs	Location		Virgin Islands	United States	Ratio, VI to US	Ave per Worker	VI to US	Islands	Virgin Islands	United States	
			Quotient	States									
41-2031	Retail Salespersons	2,080	1.64	6%	10%	10%	1.05	\$20,690	1.05	7.2%	7.2%	1.3%	
33-9032	Security Guards	1,250	4.30	16%	-9%	-9%	0.80	\$17,200	0.80	7.0%	7.0%	4.5%	
41-2011	Cashiers	1,170	1.16	-11%	4%	4%	0.93	\$15,560	0.93	-0.2%	-0.2%	-0.6%	
37-2011	Janitors and Cleaners, Except Maids & Housekeeping Cleaners	1,120	1.82	-3%	2%	2%	0.89	\$17,750	0.89	7.7%	7.7%	-0.9%	
43-5081	Stock Clerks and Order Fillers	1,120	2.27	26%	-4%	-4%	0.84	\$17,090	0.84	0.2%	0.2%	-4.2%	
43-9061	Office Clerks, General	1,020	1.16	1%	13%	13%	0.81	\$19,190	0.81	-0.9%	-0.9%	-4.3%	
37-2012	Maids and Housekeeping Cleaners	920	3.53	18%	-5%	-5%	1.00	\$17,590	1.00	0.4%	0.4%	-2.6%	
49-9042	Maintenance and Repair Workers, General	920	2.43	18%	8%	8%	0.72	\$23,080	0.72	5.7%	5.7%	-2.1%	
25-2021	Elementary School Teachers, Except Special Education	860	1.97	6%	7%	7%	0.90	\$41,070	0.90	8.7%	8.7%	-1.9%	
43-6011	Executive Secretaries and Administrative Assistants	850	1.97	42%	9%	9%	0.79	\$29,260	0.79	-7.2%	-7.2%	2.3%	
35-3031	Waiters and Waitresses	840	1.25	6%	15%	15%	0.92	\$13,730	0.92	-6.9%	-6.9%	-5.2%	
47-2061	Construction Laborers	780	2.65	24%	24%	24%	0.89	\$23,340	0.89	12.1%	12.1%	-3.1%	
43-1011	Managers of Office & Admin Support Workers	740	1.89	28%	-3%	-3%	0.87	\$37,900	0.87	6.9%	6.9%	2.1%	
41-1011	Managers of Retail Sales Workers	570	1.77	-2%	-12%	-12%	0.96	\$32,540	0.96	2.7%	2.7%	5.2%	
25-9041	Teacher Assistants	530	1.47	13%	7%	7%	1.17	\$24,350	1.17	22.1%	22.1%	2.1%	
43-3031	Bookkeeping, Accounting, and Auditing Clerks	520	0.97	-7%	12%	12%	0.77	\$23,680	0.77	-5.6%	-5.6%	1.7%	
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	490	0.71	96%	12%	12%	0.83	\$17,650	0.83	-4.9%	-4.9%	-3.7%	
37-3011	Landscaping and Groundskeeping Workers	480	1.79	14%	23%	23%	0.90	\$19,080	0.90	1.4%	1.4%	-0.7%	
29-1111	Registered Nurses	440	0.63	42%	10%	10%	0.81	\$46,530	0.81	12.6%	12.6%	8.4%	
35-2021	Food Preparation Workers	440	1.74	-2%	3%	3%	0.94	\$16,430	0.94	-1.1%	-1.1%	-3.2%	
25-2031	Secondary School Teachers, Except Special & Voc Education	430	1.44	13%	10%	10%	0.81	\$38,640	0.81	-1.9%	-1.9%	-0.2%	
47-2031	Carpenters	430	1.51	34%	15%	15%	0.93	\$34,020	0.93	-3.1%	-3.1%	-4.5%	
11-1021	General and Operations Managers	420	0.87	5%	-25%	-25%	0.83	\$70,430	0.83	2.3%	2.3%	16.0%	
13-2011	Accountants and Auditors	420	1.33	35%	27%	27%	0.69	\$37,610	0.69	-7.3%	-7.3%	6.8%	
35-2014	Cooks, Restaurant	410	1.72	11%	29%	29%	1.11	\$22,630	1.11	-1.7%	-1.7%	-4.3%	
35-3011	Bartenders	390	2.78	22%	28%	28%	0.95	\$15,550	0.95	1.8%	1.8%	-2.1%	
35-1012	Managers of Food Prep & Serving Workers	370	1.66	28%	23%	23%	1.07	\$28,980	1.07	4.1%	4.1%	1.6%	
53-3032	Truck Drivers, Heavy and Tractor-Trailer	370	0.76	19%	6%	6%	0.72	\$25,230	0.72	-11.1%	-11.1%	-5.9%	
47-1011	Managers of Construction Trades & Extraction Workers	360	2.16	0%	15%	15%	1.00	\$53,820	1.00	17.9%	17.9%	2.7%	
35-3021	Combined Food Preparation & Serving Workers, Incl. Fast Food	350	0.49	106%	14%	14%	1.07	\$16,030	1.07	3.2%	3.2%	-5.3%	

**Table 2. Summary Table, Top 30 Employing Occupations**

Source: U.S. Bureau of Labor Statistics, Occupational Employment Survey (OES)

## **SECTION III: Strengths, Weaknesses, Opportunities and Threats**

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**Information from a comprehensive Situation Analysis report prepared by the Council for Information and Planning Alternatives, Inc. and commissioned by the Virgin Islands Economic Development Authority, along with CEDS committee input and other planning documents, an analysis of the Virgin Islands' economic development strengths, weaknesses, opportunities, and threats was conducted, with the following conclusions:**

### **The territory has the following strengths:**

1. Its location is ideal for attracting business from throughout the Caribbean.
2. Its geography and climate are ideal for attracting tourists.
3. While part of the United States (shares language and currency), it has a unique culture.
4. It has a working infrastructure in place and a stable economy
  - fiber-optic and telecommunications link to the rest of the world
  - a robust tax incentive program
5. It has a strong set of economic development organizations in place.

### **The territory has the following weaknesses:**

1. It is a high-cost location in which to operate a business.
2. Its workforce requires additional education and training.
  - the K–12 education is weak
  - the workforce is poorly skilled
3. Its health care system needs extensive improvements
  - a high percentage of the population is uninsured
4. It lacks adequate financial support, particularly for starter businesses.
5. The public does not think of the territory as a business environment.
6. The development process is lengthy, complex, and difficult to understand.

### **The territory can take advantage of the following opportunities:**

1. It can create an economic cluster centered on tourism.
2. It can build on its natural resources to create a high-end tourism sector.
3. It can build its environmental and climatic conditions to develop a green industries sector.
4. It creates an economic cluster centered on its ship repair and maintenance facility.
5. It can revitalize its core amenities to leverage its Danish and British heritage.
6. It can build on the assets of the University to create a research park
7. It can lower business costs by repairing its energy production operations
8. It can help starter industries by offering government-assisted starter loans.
9. It can help maintain the health of its working-age and elderly population by repairing medical facilities and improving care.

**The territory faces the following threats:**

1. Aruba's developing tourism industry may offer competition in the future.
2. The lack of inexpensive, efficient power will deter growth.
3. The habitual reliance on seasonal and lower-paying jobs will deter companies looking for skilled, competent workers.
4. The spread of retail growth away from core towns and the perception that crime is a problem in downtown areas will cause those areas to decay.

## SECTION IV: The CEDS Subcommittees

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The CEDS committee is subdivided into four subcommittees, each with responsibility for providing guidance on critical issues facing the territory. The subcommittees presented their findings to the full committee on July 7, 2008. Each subcommittee's area of focus, goals, and findings are outlined below.

### The Subcommittee on Economic Development

#### **1. Tourism, Hospitality, and Retail**

*Vision: Develop and promote vibrant and sustainable tourism that provides exceptional experiences for the benefit of our guest and our community.*

**Goal 1. Provide guests with an exceptional experience.**

**Objective 1.** Ensure that from the time guests arrive, during all aspects of their stay, and through to their departure, guests have a positive experience that inspires in them an intention to return.

**Strategy 1.** Improve the arrival experience at all points of arrival – airport, cruise ship docks, and marinas – by offering customer service training and mandating certification with annual renewals.

**Strategy 2.** Improve the transportation experience – cost and infrastructure.

**Strategy 3.** Improve the downtown shopping experience.

**Goal 2. Provide our community with educational opportunities in hospitality and tourism, so as develop and sustain a healthy, capable workforce now and in the future.**

**Objective 1.** Offer certification and degrees at every level of learning.

**Strategy 1.** Offer continuing-education programs with flexible hours.

**Strategy 2.** Offer hospitality management degree programs at the University of the Virgin Islands.

**Strategy 3.** Add tourism-related content to elementary and secondary school curriculums.



**Objective 2.** Provide incentives to those interested in entering the hospitality management field.

**Strategy 1.** Consider the development of student housing at the University of the Virgin Islands that could also be used to house seasonal workers.

**Goal 3. Build a partnership with transportation companies.**

**Objective 1.** Build strong relationships with the various companies that provide guest transportation to our islands to insure that service continues to flourish and grow.

**Strategy 1.** Approach airline, cruise, and marina industry leaders to address existing concerns and challenges that are preventing us from growing.

**Strategy 2.** Approach the existing inter-island carriers to discuss opportunities for increased inter-island lift, with a focus on islands that are feeders from Europe.

**Strategy 3:** Leverage the “No Passport Required” policy with our partners.

**Goal 4. Develop a coordinated marketing strategy for the islands’ arts, heritage, sports, and entertainment industries.**

**Objective 1.** Explore the creation of a collaborative public-private fund and advocacy to market the islands’ arts, heritage, sports, and entertainment industries.

**Strategy 1.** Determine the level of support for the proposed fund.

**Objective 2.** Develop cooperative, branded campaigns for the arts, heritage, sports, and entertainment industries based on existing data and targeted commissioned marketing research.

**Strategy 1.** Promote the U.S. Virgin Islands as a preferred destination for leisure tourism by increasing promotional presence and brand identity to more globally competitive levels that optimizes performance in each major market area.

**Strategy 2.** Create a separate identity for each island destination, emphasizing each island’s unique characteristics, rich culture, and history.

**Strategy 3.** Structure marketing efforts to stimulate demand during shoulder periods (spring and fall).

**Strategy 4.** Promote the U.S. Virgin Islands as a preferred destination for quality sport events and leisure and business tourism by increasing media awareness and brand identity globally.

**Strategy 5.** Develop a comprehensive portfolio of sporting events that (1) generate awareness of the U.S. Virgin Islands brand and establish the territory as the preferred destination for high-profile, quality sports events through national and international media exposure and that (2) attract visitors to the U.S. Virgin Islands as participants and spectators.

**Objective 3.** Build the identity of the islands through urban and community design, public art, and performance programs. In carrying out community development and revitalization programs, consider the aesthetics of landscape, community gateways, gardens, roadways, parks, streetscapes, and downtowns.

**Strategy 1.** Provide and support communication, education, and outreach efforts that are geared toward enhancing all constituencies' understanding of, support for, and participation in tourism.

**Objective 4.** Develop benchmarks to measure, integrate, and document advancements in the arts, heritage, sports, and entertainment industries.

**Strategy 1.** Utilize benchmarks to support efforts to advocate for the natural environment and public recreational areas, tourism investment, tourism-related infrastructure, and tourism support services. These efforts will in turn strengthen the relevant industries, enhance the experience of visitors to the U.S. Virgin Islands, and improve residents' quality of life.

**Strategy 2.** In conducting long-range planning, aim for a strengthened visitor industry that will significantly contribute to the state's economy, benefit the U.S. Virgin Islands' community, and sustain its natural and cultural resources.

**Strategy 3.** Conduct visitor and customer satisfaction surveys to obtain qualitative and quantitative data and information on visitors and to identify visitors' needs for new services and experiences.

**Goal 5. Enhance and promote a wide variety of tourist experiences.**

**Objective 1.** Explore the possibility of developing new tourism products and experiences.

**Strategy 1.** Develop an inventory of sites and nature preserves on the islands.

**Strategy 2.** Develop an inventory of tours, excursions, eating establishments, shopping destinations, and other activities that could enhance the value of the visitor's experience.

**Objective 2.** Explore the possibility of developing education-based tourism.

**Strategy 1.** Integrate tourism marketing objectives with those of the academic and learning communities.

**Strategy 2.** Foster partnerships between the visitor and education communities, for the benefit of both visitors and residents.

**Strategy 3.** Develop programs to attract out-of-territory visitors to the islands for educational purposes.

**Objective 3.** Explore the possibility of developing health and wellness tourism.

**Strategy 1.** Focus on wellness rather than the tertiary-care aspects of health tourism.

**Strategy 2.** Integrate aspects of health tourism into other tourism products.

**Strategy 3.** Create programs that relate complementary medical practices to traditional Western medical care.

**Strategy 4.** Facilitate and develop partnerships between the visitor and health and wellness communities to expand product offerings and visitor attractions.

**Strategy 5.** Establish programs based on telemedicine and dissemination of health care.

**Strategy 6.** Construct a St. Croix bike path.

**Objective 4.** Support and expand the existing eco-tourism industry.

**Strategy 1.** Support programs that help visitors and residents to understand and appreciate the unique environment of the U.S. Virgin Islands.

**Strategy 2.** Support activities that promote sustainability and conservation of the islands' natural resources through conservation programs.

**Strategy 3.** Encourage synergy with the worldwide interest in ecologically responsible and economically sustainable tourism.

**Strategy 4.** Advocate changing laws to encourage capital investments in resources and private lands for eco-tourism product development, thereby reducing pressure on public lands.

**Objective 5.** Support and expand the existing ocean tourism and recreation industry.

**Strategy 1.** Support infrastructure development at small boat harbors and boat ramps to provide improved access, increased capacity, and new facilities, such as pump-out stations.

**Strategy 2.** Support research funding for resource management initiatives.

**Strategy 3.** Provide targeted marketing assistance for environmentally sustainable sector development.

**Objective 6.** Explore the possibility of developing technology-based tourism.

**Strategy 1.** Integrate tourism marketing objectives with those of the local science and technology communities.

**Strategy 2.** Establish partnerships with nonprofits and community organizations designed to leverage territory funding with that of the U.S. federal government and private sectors.

**Strategy 3.** Foster partnerships designed to create visitor attractions around technology venues.

**Strategy 4.** Market existing and emerging visitor centers.

**Strategy 5.** Work with the local science and technology communities to create trade shows, seminars, expositions, and visitor centers that will enhance the islands' business image.

**Strategy 6.** Establish marketing and business attraction programs that will increase tax revenues, thus stimulating job creation and increasing visitor expenditures.

## **2. Construction and Heavy Industry**

*Vision: Develop a diversified and sustainable construction and heavy-industry business sector.*

**Goal 1. Support and expand the existing construction and heavy-industry sector.**

**Objective 1.** Promote and help develop the islands' construction and heavy-industry sector.

**Strategy 1.** Assist firms in implementing sustainable construction practices that will lead to cost savings through reductions in total transportation mileage, energy used during construction, and waste generated during construction.

**Strategy 2.** Encourage firms to provide services that promote or utilize sustainable construction practices.

**Goal 2. Explore opportunities to diversify the existing construction and heavy-industry sector.**

**Objective 1.** Identify an industry cluster involving the islands' construction and heavy-industry firms.

**Strategy 1.** Assist in establishing a cluster as a formal organization that will support joint ventures, strategic alliances, and the development of a highly skilled workforce, leading to new jobs and increased income levels on the islands.

## **3. Industrial Development**

*Vision: Develop a diversified and sustainable industrial development business sector.*

**Goal 1. Support and expand existing industrial sectors, including research and technology, alternative energy, eco-tourism, and other island-based sectors, such as jewelry making and fish farming.**

**Objective 1.** Promote and help further develop the islands' industrial sectors.

**Strategy 1.** Explore the development of a revolving loan fund for industrial firms that are interested in expanding their operations in the U.S. Virgin Islands.

**Strategy 2.** Develop a promotional campaign for industrial businesses in the U.S. Virgin Islands.

**Strategy 3.** Develop value-added spin-off industries from rum distilleries and aquaculture.

**Goal 2. Explore opportunities to diversify existing industrial sectors.**

**Objective 1.** Enhance the aquaculture industry sector.

**Strategy 1.** Support funding for aquaculture research and development and for demonstration projects.

**Strategy 2.** Continue to identify and evaluate market potentials.

**Strategy 3.** Facilitate access to appropriate sites and capital and provide assistance with permitting.

**Strategy 4.** Provide technical extension services, marketing assistance, and training to support the industry.

**Strategy 5.** Facilitate the leasing of harbor land for staging, storage, and hatchery production activities to support offshore aquaculture development.

**4. Manufacturing**

*Vision: Develop a diversified and sustainable manufacturing sector.*

**Goal 1. Support and expand the existing manufacturing sector.**

**Objective 1.** Promote and help further develop the islands' manufacturing sector.

**Strategy 1.** Explore the development of a revolving loan fund for manufacturers that are interested in expanding their operations in the U.S. Virgin Islands.

**Strategy 2.** Work with the U.S. Department of Commerce to take advantage of the federal government's sustainable manufacturing programs, such as the Green Suppliers Network ([www.gsn.gov/](http://www.gsn.gov/)), Building for Environmental and Economic Sustainability (BEES) ([www.bfrl.nist.gov/oae/software/bees/](http://www.bfrl.nist.gov/oae/software/bees/)), the Interagency Network of Enterprise Assistance Providers (INEAP) ([www.ineap.nist.gov/ineap/home.ineap](http://www.ineap.nist.gov/ineap/home.ineap)), and the National Institute of Standards and Technology's Manufacturing Extension Partnership (MEP) ([www.mep.nist.gov/](http://www.mep.nist.gov/)).

**Goal 2. Explore opportunities to diversify the existing manufacturing sector.**

**Objective 1.** Identify industry clusters involving the islands' manufacturing firms.

**Strategy 1.** Assist in establishing industry clusters as formal organizations that will support joint ventures, strategic alliances, and the development of a highly skilled workforce, leading to new jobs and increased income levels on the islands.

**5. Marine and Port Development**

*Vision: Support the islands' ports, marinas, and marine repair facilities, which are the foundation of prosperous marine-related commerce.*

**Goal 1: Provide the highest level of service to commercial and recreational marine vessels.**

**Objective 1.** Upgrade existing port facilities.

**Strategy 1.** Refurbish the STX seaplane dock on St. Croix.

**Strategy 2.** Repair and install range lights and channel lights for STX South Shore port on St. Croix.

**Strategy 3.** Install a roll-on/roll-off ramp at the Gordon Finch facility on St. Croix.

**Strategy 4.** Create additional wharfage at Gordon Finch facility on St. Croix.

**Strategy 5.** Maintenance dredge Cruz Bay Creek channel on St. John.

**Strategy 6.** Extend cruise ship pier at Havensight on St. Thomas.

**Strategy 7.** Extend berthing and apron in the St. Thomas sand fill area.

**Strategy 8.** Develop a federal inspection service facility at Red Hook terminal on St. Thomas.

**Strategy 9.** Develop a schedule for upgrading all existing recreational marine facilities.

**Objective 2.** Develop new commercial port facilities.

**Strategy 1.** Relocate the Gallows Bay commercial port to the Gordon Finch facility on St. Croix.

**Strategy 2.** Develop yacht and ship repair facilities at South Shore STX on St. Croix.

**Objective 3.** Develop new yacht-related facilities.

**Strategy 1.** Support development of mega yacht facilities in Gallows Bay on St. Croix.

**Strategy 2.** Develop marina facilities along the north shore of Estate Richmond on St. Croix.

**Strategy 3.** Support expansion of Island Global Yachting (IGY) facilities on St. Thomas.

## **6. Agricultural Development**

*Vision: Support an agricultural economy that is sustainable.*

**Goal 1. Work with the Cooperative Extension Service and the Agricultural Experiment Station of the University of the Virgin Islands to encourage sustainable agricultural development practices.**

**Objective 1.** Teach farmers and other interested residents about the importance of sustainable agricultural practices.

**Strategy 1.** Disseminate the results of research conducted by the U.S. Virgin Islands Agricultural Experimental Station to the local and regional agricultural community and the public through technical and farmers' bulletins, popular media, and the Cooperative Extension Service as well as through seminars and workshops.

**Strategy 2.** Promote collaborative research and extension outreach programs for alternative agriculture enterprises and sustainable production practices that are appropriate to the needs and interest of local producers.

**Strategy 3.** Seek grant funding to explore opportunities to establish sustainable agricultural practices on the U.S. Virgin Islands (for example, through organizations like Sustainable Agriculture Research and Education, or SARE, [www.sare.org](http://www.sare.org).)

**Objective 2.** Increase the number of farmers selecting alternative crops and/or adopting sustainable agricultural practices on their farms.



**Strategy 1.** Develop awareness among administrators at the Cooperative Extension Service, Agricultural Experiment Station, and USDA-Farm Service Agency of sustainable agriculture concepts so that they can give public support to sustainable agriculture in the U.S. Virgin Islands.

**Strategy 2.** Educate farmers about sustainable agricultural practices, so that they adopt them on their farms.

**Goal 2. Expand and Create New Agribusinesses.**

**Objective 1.** Move toward market-driven agriculture.

**Strategy 1.** Examine the potential for developing cooperative businesses with assistance from the Cooperative Development Services program of the FL/VI Rural Business-Cooperative Service.

**Strategy 2.** Work with the USDA/Christiansted Service Center to develop a marketing and trade strategy for the Virgin Islands' various agricultural products.

**Objective 2.** Identify ways to meet food safety standards.

**Strategy 1.** Together with the USDA/Christiansted Service Center, develop a coordinated approach whereby local agribusinesses can meet food safety standards.

**Objective 3.** Identify ways to meet environmental standards and/or develop strategies to revise onerous or ineffective regulations.

**Strategy 1.** Local farmers, the Cooperative Extension Service, and the USDA/Christiansted Service Center should work together to identify challenges to meeting existing environmental standards and develop strategies to address those challenges.

**Strategy 2.** Local farmers, the Cooperative Extension Service, and the USDA/Christiansted Service Center should work together with local political representatives to review existing environmental regulations and revise any regulations identified as being onerous or ineffective.

**Objective 4.** Ensure access to state-of-the-art technologies.

**Strategy 1.** Local farmers, the Cooperative Extension Service, and the USDA/Christiansted Service Center should work together to identify state-of-the-art technologies and opportunities to incorporate them into their activities.

**Objective 5.** Ensure access to a well-educated and trained workforce.

**Strategy 1.** Coordinate the activities of the Cooperative Extension Service's 4-H/Family and Consumer Sciences Program and the USDA/Christiansted Service Center with the islands' educational system to incorporate an appreciation for and information about local agribusinesses into the educational curriculum.

**Strategy 2.** Explore the concept of developing a mentoring program similar to North Carolina's Farm Transitions Network, which matches young people who would like to enter agriculture with established farmers in their operations. Established farmers are also provided with counseling and opportunities to sell and lease development rights for income, which lowers the cost of farmland, making it possible for young farmers to transition into those very same operations.

**Objective 6.** Provide incentives for agribusiness through tax and fee structures.

**Strategy 1.** Examine existing tax and fee structures on agribusinesses to identify opportunities to provide incentives to create or expand local agribusinesses.

**Objective 7.** Explore ways to provide adequate financing for new and existing agribusinesses.

**Strategy 1.** Take advantage of funding opportunities provided by the FL/VI Rural Business-Cooperative Service.

**Strategy 2.** Take advantage of funding opportunities provided by the USDA through the Christiansted Service Center.

**Objective 8.** Simplify applications for loans and loan guarantees.

**Strategy 1.** Examine existing applications for opportunities to simplify the information required.

**Strategy 2.** Identify local organizations, such as the Cooperative Extension Service, the Small Business Development Center, the USVI/EDA's Small Business Development Agency, and the USDA/Christiansted Service Center, that are available to assist individuals with filling applications for loans and loan guarantees.

**Goal 3. Preserve and expand agricultural land.**

**Objective 1.** Examine ways to balance lease rents and tenure with private and public landowners' return on assets and support economically viable agricultural enterprises.

**Strategy 1.** Provide tax incentives or benefits to landowners who sell or rent their property to beginning farmers.

**Objective 2.** Examine ways to provide incentives to private and public landowners to keep their land in agriculture.

**Strategy 1.** Determine if preferential tax assessment, which allows jurisdictions to assess agricultural land for property tax purposes at its value in current agricultural uses instead of its full market value for potential urban (developed) uses, is appropriate for the U.S. Virgin Islands.

**Strategy 2.** Determine if agricultural districts, in which enrolled landowners maintain the land in an agricultural use for a specified term in exchange for property tax relief, are appropriate for the U.S. Virgin Islands.

**Strategy 3.** Determine if programs for the purchase of development rights (PDR), in which landowners sell the rights to develop the land, are appropriate for the U.S. Virgin Islands.

**Strategy 4.** Determine if programs for the transfer of development rights (TDR), in which landowners in locally designated "sending areas" negotiate privately to sell development rights to developers, who use them to develop at higher densities in locally designated "receiving areas," are appropriate for the U.S. Virgin Islands.

**Strategy 5.** Create subsidies for new farmers to obtain land for the purpose of growing organic food only.

**Strategy 6.** Allow tax incentives for interest paid to sellers on land contracts to beginning farmers.

**Objective 3.** Identify incentives that will encourage lessees and landowners to be good stewards of their land.

**Strategy 1.** Participate in USDA incentives programs that reward good stewardship of agricultural land (e.g., the Environmental Quality Incentives Program and the Conservation Security Program).

**Objective 4.** Examine ways to provide infrastructure at a reasonable cost.

**Strategy 1.** Implement energy-saving practices for irrigation and road maintenance.

**Goal 4. Provide reasonably priced water for agriculture.**

**Objective 1.** Develop a comprehensive water conservation plan.

**Strategy 1.** The Cooperative Extension Service should coordinate the process of developing a comprehensive water conservation plan for the U.S. Virgin Islands.

**Objective 2.** Maintain and upgrade existing irrigation systems.

**Strategy 1.** Develop an inventory of existing irrigation systems on the U.S. Virgin Islands.

**Strategy 2.** Identify the level of maintenance and upgrade needed for each irrigation system.

**Objective 3.** Develop new water systems for agriculture.

**Strategy 1.** Examine the present and future water needs of local farmers.

**Strategy 2.** Develop an inventory of the current and potential types of water and irrigation systems for agriculture.

**Strategy 3.** Examine ways to provide equitably priced irrigation water to agriculture.

**Objective 4.** Examine ways to increase the recharging of aquifers and to increase retention of surface waters.

**Strategy 1.** Identify locations of aquifers on the U.S. Virgin Islands.

**Strategy 2.** Identify land uses and existing vegetation above and in the vicinity of the aquifers.

**Objective 5.** Develop safe, economical, and reliable ways to recycle wastewater.

**Strategy 1.** Determine risks associated with recycling wastewater.

**Strategy 2.** Once actual risks have been identified, develop methods to reduce them (e.g., find affordable ways to monitor the presence of harmful contaminants in wastewater, such as heavy metals that can accrue in soil and crops; look at farming practices and crops grown to find ways of minimizing risks of infection for farmers and consumers).

**Objective 6.** Restore forested watersheds.

**Strategy 1.** Prepare a watershed restoration and protection plan for the Islands.

**Objective 7.** Encourage water conservation and demand water management.

**Strategy 1.** Educate farmers as to cost-saving practices such as rainwater harvesting, soil moisture monitoring, and sustainable irrigation.

## The Subcommittee on the Workforce, Education, and Social Welfare

### **1. Education**

*Vision: Establish an integrated educational system that provides all students with a rigorous and relevant academic and technical education as the foundation for lifelong learning and talent development within the local and global economy. The vision of the U.S. Virgin Islands Department of Education is to create teaching and learning environments that support the educational needs of 21st-century learners.*

**Goal 1. All students should be able to read, write and do math at grade level.**

**Objective 1.** Provide students with rigorous, relevant curricula and instruction.

**Strategy 1.** Develop a comprehensive K-12 literacy model.

**Strategy 2.** Identify and select diagnostic and formative assessments.

**Strategy 3.** Create and implement writing standards and curricula.

**Strategy 4.** Identify and select intervention materials and programs in literacy and numeracy for all grade levels.

**Strategy 5.** Implement a comprehensive mathematics curriculum.

**Strategy 6.** Hire and train master coaches in numeracy and literacy.

**Strategy 7.** Develop and implement grade-level expectations for core curricula.

**Strategy 8.** Provide professional development for professional and support staff.

**Objective 2.** Make it possible for all ninth-grade students to graduate within four to five years and be ready to attend college and/or begin full-time employment.

**Strategy 1.** Develop career pathways options, including a four-to-five-year career plan, for each incoming ninth grader.

**Strategy 2.** Provide academic support services/programs in math and reading for all incoming or repeating ninth graders performing two or more years below grade level.

**Strategy 3.** Increase AP course offerings and passage rate.

**Strategy 4.** Align and increase service, internships, and work experiences to 16 career pathways and workforce readiness standards.

**Strategy 5.** Identify, select, and implement high school design models that support academic rigor and relevance.

**Strategy 6.** Integrate academic and career and technical education programs.

**Strategy 7.** Create career centers in each secondary and middle/junior high school.

**Objective 3.** Encourage schools and departments to actively engage parents and community members in preparing students to live and compete successfully in a global society.

**Strategy 1.** Develop partnerships with other agencies and departments to identify and provide drug prevention and intervention programs and services.

**Strategy 2.** Collaborate with the University of the Virgin Islands to align career academies and pathways to address areas of critical need.

**Strategy 3.** Increase enrollment in and successful completion of adult basic education (ABE) and English language learners (ELL) programs.

**Strategy 4.** Provide school-based workshops for parents in early literacy, financial aid, etc.

**Strategy 5.** Implement 21st-century community grants programs.

**Strategy 6.** Create an ombudsman/parent-community engagement office.

**Objective 4.** Create safe, orderly environments for teaching and learning.

**Strategy 1.** Develop safety standards for each school and center.

**Strategy 2.** Provide professional development for dealing with hard-to-handle students, creating student support teams, and deescalating crisis issues.

**Strategy 3.** Develop a long-term plan for addressing facility needs.

**Strategy 4.** Develop a comprehensive IT plan that supports instructional and educational functions.

**Strategy 5.** Develop a comprehensive data warehouse.

**Objective 5.** Create programs at the University of the Virgin Islands for critical high-demand occupations.

**Strategy 1.** Create a police academy.

**Strategy 2.** Create an early childhood educators academy.

**Objective 6.** Continue to expand opportunities for higher education and life-long learning.

**Strategy 1.** Make higher education possible for the islands' high school graduates. Community, private, and direct-support educational foundations should convene a summit to develop and implement a resource development plan to ensure that sufficient scholarship funds are secured and made available.

**Strategy 2.** Advance the use of Internet technologies in teaching and learning, including distance-learning technologies.

**Objective 7.** Promote educational partnerships and new approaches to learning that benefit K-12 students.

**Strategy 1.** Increase interest in and awareness of marine career opportunities among the Virgin Islands' youth.

**Strategy 2.** Support the creation and implementation of programs that encourage teachers and students in K-12 to excel in skills and knowledge in areas such as math and science, which are necessary for high performance later in life. Help teachers to be proficient in integrating technology into all curricula.

**Strategy 3.** Collaborate to leverage funding and resources for the greatest impact, involving the greatest number of partners serving the maximum number of students.

## **2. Workforce Development**

*Vision: Foster a dynamic talent development system that develops and sustains a career-driven, adaptable, and technologically literate workforce.*



**Goal 1. Create a skilled workforce and outstanding training and educational opportunities.**

**Objective 1.** Create a talent development system to leverage resources.

**Strategy 1.** Engage stakeholders in strategic partnerships.

**Strategy 2.** Use a regional innovation grant (RIG) to develop a WIRE system.

**Strategy 3.** Market and promote system resources to potential partners (e.g., higher education institutions, local industries, etc.)

**Objective 2.** Build a strong education supply pipeline for in-school youth, out-of-school youth, and adults.

**Strategy 1.** Ensure grade-level literacy through model school or state scholar initiatives.

**Strategy 2.** Add credential and/or certification components to diploma programs.

**Strategy 3.** Market career and technical education.

**Strategy 4.** Facilitate continuous professional development of faculty.

**Strategy 5.** Establish a strategic training fund from available federal, state, and local resources to ensure that the higher education system can offer education and training to the islands' underutilized workers.

**Strategy 6.** Support strategic planning efforts in workforce training and education.

**Objective 3.** Align in-school and adult education with high-wage, high-growth, high-demand (HGHWHD) jobs and post-secondary training opportunities.

**Strategy 1.** Assure graduating students meet entry requirements for post-secondary technical training or education.

**Strategy 2.** Align course offerings with HGHWHD-sector skills.

**Strategy 3.** Add a work readiness component to the overall educational offering.

**Strategy 4.** Offer core curricula focused on universal skills that prepare students for diverse employment and training opportunities.

**Strategy 5.** Create career academies for demand industries (teachers, nurses, law enforcement, hospitality, marine industry, early childhood education).

**Strategy 6.** Establish an apprenticeship council.

**Objective 4.** Remove entry barriers to the talent development system and supply pipeline.

**Strategy 1.** Maximize general education development (GED) programs and accessibility.

**Strategy 2.** Identify and address special needs within the population.

**Strategy 3.** Create an offender workforce development program.

**Strategy 4.** Offer transportation services to eligible low-income residents participating in the federal job access and reverse commute program.

**Objective 5.** Foster incumbent worker training.

**Strategy 1.** Facilitate development of sector career pathways.

**Strategy 2.** Facilitate development of employer competency models.

**Strategy 3.** Offer remedial literacy programs for adults.

**Objective 6.** Collect data on workforce development programs and use it to evaluate the economic effect of the programs.

**Strategy 1.** Expand measurable indicators for evaluation purposes.

**Strategy 2.** Expand agency collaboration for data collection.

**Objective 7.** Create alternative ways to prepare students for post-secondary training or education.

**Strategy 1.** Integrate academic, career, and technical education programs.

**Strategy 2.** Include a work readiness component.

**Strategy 3.** Align programs of study with HGHWDH career paths.

**Strategy 4.** Establish career academies for selected HGHWDH career pathways.

**Strategy 5.** Increase technology-assisted learning opportunities.

**Objective 8.** Institute “youth net” to recapture and rehabilitate out-of-school youth.

**Strategy 1.** Establish a memorandum of understanding (MOU) between agencies to share information on out-of-school youth.

**Strategy 2.** Establish strategies for reengaging out-of-school youth.

**Objective 9.** Increase opportunities for bonding, certified employees, vocational training, and financing.

### **3. Health Care**

*Vision: Develop a sustainable and diversified health care system.*

**Goal 1. Establish a top-notch, affordable health care system.**

**Objective 1.** Provide training for health services workers.

**Strategy 1.** Enhance the existing health care system by (1) expanding hospital and university teaching programs to deliver more trained professionals, (2) instituting insurance and liability reforms, and (3) providing essential health services to all.

**Objective 2.** Support the development of higher-quality services and facilities.

**Strategy 1.** Use technology to enhance coordination of patient care, to deliver information to health care providers, and to measure and report on gaps in care, all of which will improve patient safety.

**Strategy 2.** Create a territory-wide social services council to identify areas in which synergies and efficiencies can be generated to expand or introduce services, enhance overall quality, and reduce duplication and redundancy where appropriate.

**Objective 3.** Support efforts to make health care affordable.

**Strategy 1.** Develop public education programs on personal responsibility and accountability for healthy lifestyle choices, drawing upon available resources that reward positive lifestyle behaviors and penalize negative ones.

#### **4. Housing**

*Vision: Develop a diversified and sustainable housing inventory.*

##### **Goal 1. Support efforts to make housing affordable.**

**Objective 1.** Establish a regional approach to affordable housing that incorporates the use of incentives and financing mechanisms as redevelopment tools for the islands' urbanized areas.

**Strategy 1.** Work with local communities to establish growth incentive zones (GIZ), with the goal of encouraging development within the zones and reducing it outside the zones.

**Strategy 2.** Establish grant programs to support smart growth efforts.

**Strategy 3.** Link regional housing options to support smart growth development plans, programs, and regulations.

##### **Goal 2. Develop a diverse housing inventory.**

**Objective 1.** Encourage the development or redevelopment of new-owner and rental housing that will attract young professionals, particularly in the territory's urban core communities, and market the existing mid- and high-end housing stock.

**Strategy 1.** Promote a partnership between local mortgage lenders and community-based organizations to expand opportunities for low-income individuals and families to purchase homes without subprime or predatory lending terms.

**Strategy 2.** Prioritize redevelopment of vacant or underutilized sites across the islands over new development.

**Strategy 3.** Regularly study and document instances of predatory and subprime lending and, when necessary, advocate for legal action to end such practices.

**Objective 2.** Support the development of housing to meet the needs of the current and future workforce.

**Strategy 1.** Survey employers to develop a better understanding of their employees' housing needs.

**Strategy 2.** Conduct a study of the impediments to affordable and workforce housing development on the islands and assemble a regional housing plan to guide action and decision making.

**Strategy 3.** Encourage the development of affordable housing near public transportation.

## **5. Public Safety**

*Vision: Address public safety at variety of levels through policy and coordination.*

### **Goal 1. Endorse a regional approach to public safety.**

#### **Objective 1.** Improve coordination of public safety agencies.

**Strategy 1.** Improve interoperable communication systems and implement training and exercise opportunities for emergency responders on the islands.

**Strategy 2.** Support increased collaboration among law enforcement departments to prevent criminal activity from simply moving across municipal lines when one community cracks down.

**Strategy 3.** Maintain a natural hazards mitigation plan for the U.S. Virgin Islands in concert with regional and local officials.

**Strategy 4.** Support public outreach campaigns that paint a truthful and accurate picture of crime throughout the islands.

**Strategy 5.** Advocate sensible union contracts for public safety officers that protect the officers while maximizing public safety.

**Strategy 6.** Advocate for reform in the criminal justice system to reduce the backlog of court cases, so suspects are not free for up to two years between their arrest and trial.

#### **Objective 2.** Advocate for land-use tools that support public safety.

**Strategy 1.** Promote the use of business improvement districts (BIDs) across the islands.

**Strategy 2.** Support and prioritize development and redevelopment projects that build safe, attractive spaces in the urban core.

## **6. Social Welfare**

*Vision: Promote community-wide engagement to produce the highest quality of life and standard of living and sustainable prosperity for all the people of the U.S. Virgin Islands, with attention to how programs and policies bring about social justice.*

**Goal 1. Realize the visions for the territory as outlined in the workforce development and education sections of this portion of the paper.**

**Objective 1.** Increase per capita income, with a particular emphasis on lifting families and individuals out of poverty.

**Strategy 1.** Encourage and support a two-parent family structure, with the possibility of two-income earners where necessary.

**Strategy 2.** Create high-quality, accessible social-service supports for low-income working families.

**Strategy 3.** Make affordable housing available for low- and middle-income families.

**Strategy 4.** Ensure the availability of high-quality early child care options for families with young children.

**Objective 2.** Ensure high-quality accessible child care for all families, particularly those with low incomes.

**Strategy 1.** Support a community-wide public education campaign on the importance of early childhood development and the qualities of excellence in child care centers.

**Strategy 2.** Review and update current rules, regulations, and requirements for licensing child care centers.

**Strategy 3.** Identify what programs and resources are needed to provide training and professional development to child care center staff so that they can meet the upgraded requirements for territory and Head Start funding.

**Strategy 4.** Identify resources that can support child care workers in their pursuit of further professional training as well as incentives for them to pursue that training.

**Strategy 5.** Identify resources and incentives for improvements to physical plants of child care centers.

**Objective 3.** Assure high-quality accessible community health services.

**Strategy 1.** Make housing and comprehensive mental health services available to the homeless population.

**Strategy 2.** Make comprehensive health services available to people living with HIV/AIDS.

**Objective 4.** Provide health insurance to all Virgin Islanders, with a particular focus on children.

**Strategy 1.** Study and quantify existing qualifications and potential barriers to access to the health insurance plans currently available in the U.S. Virgin Islands.

**Strategy 2.** Expand the affordable health insurance options available to employers with small numbers of employees.

**Strategy 3.** Provide incentives for working parents to choose health insurance options that cover their children.

**Objective 5.** Establish a territory-wide network of volunteers to harness the Virgin Islands' human capital potential.

**Strategy 1.** Identify organizations, groups, schools, and faith communities with existing volunteer programs and initiatives.

**Strategy 2.** Identify underutilized and potential volunteers, such as older Virgin Islanders and “disengaged youth” who have dropped out of high school and are unemployed, and identify resources and processes to draw them into a volunteer pool.

**Strategy 3.** Create a comprehensive information management system to connect those in need of assistance with those who provide volunteer services.

**Strategy 4.** Identify financial resources for staff coordination efforts and provide stipends and/or reimburse volunteers for expenses where necessary.

**Objective 6.** Offer Virgin Islands youth a wide range of comprehensive out-of-school activities and programs.

**Strategy 1.** Create a comprehensive database of all after school, weekend, and summer programs offered to Virgin Islands youth, including information on the focus of the program (sports, academic, arts, etc.), number of participants, program hours per

period (week/month/season), staff-to-youth ratio, funding sources, and other relevant information.

**Strategy 2.** Identify barriers to youth participation in quality out-of-school activities (transportation, program fees, location, limited program capacity, etc.)

**Strategy 3.** Identify successful models of current and past youth programs and gaps in current program offerings by geographic location, interest group, program hours, etc.

**Strategy 4.** Identify resources that would make it possible to expand and replicate successful programs and fund new programs to address gaps in youth program offerings.



## **The Subcommittee on Financial and Business Services, Information Technology, and Public Finance**

### **1. Finance, Banking, and Insurance**

*Vision: Develop a diversified and sustainable finance, banking, and insurance sector.*

**Goal 1. Support and expand the existing finance, banking, and insurance sector.**

**Objective 1.** Provide companies in this sector with the most comprehensive and powerful telecommunications infrastructure possible.

**Goal 2. Explore opportunities to diversify the existing finance, banking, and insurance sector.**

**Objective 1.** Encourage entrepreneurs to start businesses on the U.S. Virgin Islands.

**Strategy 1.** With the Small Business Development Center at the University of the Virgin Islands and the USVI/EDA's Small Business Development Agency, develop a strategy to establish a micro- or small-business and entrepreneurship cluster.

**Strategy 2.** Support the efforts of the USVI/EDA's two lending entities: the Government Development Bank and the Small Business Development Agency.

**Strategy 3.** Support the efforts of the USVI/EDA to develop a small-contractor's bonding program and to establish a certified development company (CDC).

### **2. Business Services and Information Technology**

*Vision: Develop a diversified and sustainable business services and information technology sector.*

**Goal 1. Develop the most comprehensive and powerful telecommunications network possible.**

**Objective 1.** Identify funding sources to support improvements to portions of the Islands' telecommunications network in need of assistance.

**Strategy 1.** Work with the FL/VI Rural Business-Cooperative Service to determine if areas identified as needing improvement are eligible for USDA/Rural Development funds (Rural Economic Development loans and grants; REDL/G), which would assist in developing those areas from an economic standpoint, create new job opportunities, and help retain existing employment.

**Strategy 2.** Explore funding opportunities to develop a telecommunications network on the islands through programs like the USDA's Rural Utilities Service, the Small Business Innovative Research program, the Community Connect Grant Program, etc.

**Goal 2. Support and expand the existing business services and information technology sector.**

**Objective 1.** Support an information and related technology cluster.

**Strategy 1.** Work with the University of the Virgin Islands to expand the business services and information technology sector.

**Strategy 2.** Encourage the hospitality industry to embrace the use of technology.

**Strategy 3.** Facilitate the use of information technology as a tool to market products and services in every sector of the economy, to increase productivity, and to determine the quantity and quality of existing and potential high-tech skills in the U.S. Virgin Islands.

**Objective 2.** Develop a coordinated marketing strategy for the industries of the U.S. Virgin Islands.

**Strategy 1.** Coordinate branding of the U.S. Virgin Islands' technology offerings and advantages.

**Strategy 2.** Market the U.S. Virgin Islands to attract subsidiaries of large high-tech companies.

**Goal 3. Explore opportunities to diversify the existing business services and information technology sector.**

**Objective 1.** Support the development of a micro- or small-business and entrepreneurship cluster.

**Strategy 1.** Assist in establishing a cluster as a formal organization that will support joint ventures, strategic alliances, and the development of a highly skilled workforce, leading to new jobs and increased income levels on the islands.

**Objective 2.** Support an energy efficiency cluster and an alternative energy cluster.

**Strategy 1.** Promote the use of technologies that can lead to environmental, energy, and economic sustainability through policy formulation, incentives, and implementation of actions.

**Objective 3.** Encourage the development of a marine science and technology cluster.

**Strategy 1.** Assist in establishing a cluster as a formal organization that will support joint ventures, strategic alliances, and the development of a highly skilled workforce, leading to new jobs and increased income levels on the islands.

### **3. Public Finance**

*Vision: Increase government efficiency.*

#### **Goal 1. Improve administration of the tax system.**

**Objective 1.** Support the new comprehensive property tax reform and assessment system.

**Strategy 1.** Work with the USVI Bureau of Internal Revenue to support this new system.

**Objective 2.** Improve the efficiency and effectiveness of tax collection and administration.

**Strategy 1.** Enhance cooperation between the Bureau of Internal Revenue and the Department of Justice.

**Strategy 2.** Improve the tracking of tax evasion cases.

#### **Goal 2. Improve government operations.**

**Objective 1.** Use public funds efficiently.

**Strategy 1.** Significantly increase government investment in modern information systems that will allow streamlining and automation of personnel, purchasing, and accounting systems, which are currently paper dependent.

**Strategy 2.** Increase use of real-time, online management information systems to allow more purchasing, reimbursement, and budget decisions to be made by front-line department managers.

## **The Subcommittee on Energy, Infrastructure, Environment, and Transportation**

### **1. Environment and Waste Management**

*Vision: Develop a diversified and sustainable environmental and waste management industry.*

**Goal 1.            Aim for an economy that benefits all residents and preserves a healthy natural environment.**

**Objective 1.** Improve wastewater infrastructure.

**Strategy 1.** Increase public education on nonpoint source pollution.

**Objective 2.** Coordinate coastal planning efforts and island decision making to foster a balance between development and the living and nonliving resources of the Virgin Islands.

**Strategy 1.** Obtain input from the Virgin Islands Marine Advisory Service at the University of the Virgin Islands to guide the management of unique natural habitats like the mangrove forests, wetlands, etc.

**Objective 3.** Increase the general public's awareness and understanding of marine resources and marine affairs.

**Strategy 1.** In coordination with the Virgin Islands Marine Advisory Service, educate the public regarding the islands' marine resources.

### **2. Infrastructure, Utilities, and Physical Planning**

*Vision: Develop a diversified and sustainable approach to providing infrastructure, utilities, and physical planning to the people of the U.S. Virgin Islands.*

**Goal 1.            Protect the environment while meeting the energy needs of the residents of the U.S. Virgin Islands for jobs, income, and a growing economy.**

**Objective 1.** Develop dependable, efficient, and economical energy systems capable of meeting the needs of the people.

**Strategy 1.** Promote environmentally responsible applications of the cross section of renewable energy technologies, including biofuels, biomass, geothermal, hydropower, ocean, solar, wind, and renewably based hydrogen.

**Objective 2.** Increase energy self-sufficiency by increasing the percentage of indigenous energy used.

**Strategy 1.** Promote energy-saving technologies (e.g., energy-efficient buildings, appliances, lighting, vehicles, and industrial processes; also cogeneration, district energy, and fuel cells) in all sectors of the economy.

**Objective 3.** Reduce, avoid, or sequester greenhouse gas emissions.

**Strategy 1.** Reduce greenhouse gas emissions to a level consistent with a worldwide goal of global climate stabilization.

**Objective 4.** Encourage end-user energy efficiency.

**Strategy 1.** Where cost effective, design and construction of buildings appropriate to the islands' climate should go beyond the minimum standards of the Model Energy Code.

**Strategy 2.** Continue to evaluate the impact of and improve the rate of compliance with the Model Energy Code.

**Strategy 3.** Continue and expand the islands' government energy efficiency programs.

**Strategy 4.** Increase efforts to improve energy efficiency by expanding government energy performance contracting and alternative financing activities.

**Strategy 5.** Continue energy efficiency market transformation activities.

**Strategy 6.** Continue solid waste reduction and recycling programs.

**Strategy 7.** Support the islands' participation in public-private partnerships and alliances to improve resource efficiency.

**Strategy 8.** Investigate new measures and practices for energy efficiency in buildings.

**Strategy 9.** Continue the transfer of advanced building technologies and the development of design guidelines.

**Strategy 10.** Support energy efficiency programs in federal facilities in the U.S. Virgin Islands.

**Strategy 11.** Continue to support cost-effective demand-side management programs for utilities.

**Objective 5.** Increase renewable energy use.

**Strategy 1.** Encourage research, development, and demonstration projects related to renewable energy sources (geothermal, landfill methane, municipal solid waste, ocean energy, wind, and biomass).

**Strategy 2.** Encourage the development of a renewable portfolio standard and net metering.

**Strategy 3.** Provide results of renewable energy resource assessments to the utilities and potential developers.

### **3. Transportation**

*Vision: Develop, grow, and enhance a transportation system that overcomes natural, geographical, and economic barriers to provide the best combination of value, speed, and efficiency, thereby promoting commerce in the U.S. Virgin Islands.*

**Goal 1. Enhance existing transportation systems.**

**Objective 1.** Develop an integrated surface, air, and water transportation strategy.

**Strategy 1.** Identify the top five barriers to an efficient transportation system.

**Strategy 2.** Enhance the inter-territory transportation system.

**Objective 2.** Maintain and improve the territory's highway system with an emphasis on making better use of existing transportation facilities while seeking to improve safety and reduce traffic congestion, energy consumption, and motor vehicle emissions.

**Strategy 1.** Reduce traffic congestion on roadways suffering from major traffic gridlock.

**Objective 3.** Encourage use of alternatives to automobiles.

**Strategy 1.** Maintain and improve public transportation service by providing a choice of travel modes, reducing highway congestion, improving efficiency, and providing mobility for people who are dependent on public transportation.

**Objective 4.** Improve the air transportation system.

**Strategy 1.** Maintain and expand nonstop affordable jet transportation through the Cyril E. King Airport (STT) on St. Thomas and the Henry E. Rohlsen Airport on St. Croix (STX).

**Strategy 2.** Ensure continued federal funding for airports.

**Objective 5.** Improve the water transportation system.

**Strategy 1.** Develop a St. Croix transshipment center.

**Strategy 2.** Further develop the St. Croix cruise ship industry.

**Objective 6.** Create walkable communities, especially in downtown centers and in congested areas, connecting these areas with commuter parking lots, residential areas, schools, commercial and industrial corridors, and recreation areas.

**Strategy 1.** Maximize pedestrian connections between downtowns and parking lots, residential neighborhoods, commercial and industrial corridors, and recreation areas.

**Strategy 2.** Provide transportation services for the elderly and the disabled, including ramps for wheelchairs, curb cuts, intersection timing, minibuss service, large-print signage, and audiovisual signal crossing cues.

## SECTION V: Evaluation Criteria

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The reality of economic development today is that we live and operate in a worldwide economy in which regions, not individual businesses or municipalities, are the competitive units. Because of this, thinking regionally should be the main consideration in defining economic development needs and goals. This reality is what prompted the USVI to develop this comprehensive economic development strategy (CEDS) for identifying regional trends and conditions and proposing a unified approach to regional economic development goals.

The CEDS Priority Projects List (“the list”) catalogues qualified development projects that seek funding from the Economic Development Administration’s public works program. This program directs funds to economically distressed communities to upgrade their physical infrastructure, to attract new industry, to encourage business expansion, and to generate private-sector jobs and investment. Inclusion on the CEDS Priority Projects list is an EDA prerequisite for funding consideration. Projects demonstrating feasibility, significant community support, and eminent regional value will rank highest on the list and will receive the strongest regional endorsement.

This process provides the EDA with a short list of projects that serve distressed areas, are positioned to move forward quickly, and show promise of sustainable development. EDA then decides which projects to fund.

### **Part 1. Required of All Projects**

In order to be placed on the CEDS Priority Projects List, a project must have community support. The applicant must provide one of the following, which will be accepted as evidence of community support:

- The project is consistent with a master plan, neighborhood plan, community development plan, or other local plan. Please provide a citation and/or copy of the page where the project is cited or an explanation of the project’s consistency with the plan.
- The project has been endorsed or approved by the legislative body of the USVI. Please provide a copy of meeting minutes or a letter of support.
- A local planning or economic development department or entity supports the project. Please provide a letter from the director of the agency showing support for this project.

### **Part 2. Optional Evaluation Points**

All applications that satisfy Part 1’s requirement will be evaluated using the following set of criteria. The scores will be used to rank projects within the Priority Projects List. CEDS staff will



determine if an applicant meets a criterion. The applicant must submit information or evidence as noted:

- The applicant has control of the project site. Site control includes ownership (deed), an option, a purchase or sale agreement, or a lease or other form of agreement with the site owner. The applicant must explain if any of these items are in place and list dates of relevant agreements, land transfer, etc. The applicant does not need to submit copies of the agreements.
- The applicant has received financial commitments to project. Evidence of financial commitments includes a letter of commitment from a lender, a letter of commitment from a public agency to provide funding, or private commitments. To receive a point, the applicant must list commitments and provide a copy of commitment letters.
- The project incorporates environmentally friendly building practices or technologies. To meet this criterion, the applicant must promise to meet at least one standard from a select list of Leadership in Energy & Environmental Design (LEED) standards for new commercial construction and major renovation projects.
- The project does not extend water and sewer infrastructure beyond the existing service area and the project does not entail the extension of a public roadway.
- The project entails redevelopment of a site.

### **Investment Policy Guidelines of the Federal Economic Development Administration**

In its brochure on its investment policy guidelines, the federal Economic Development Administration states that:

Investment applications will be competitively evaluated on their ability to meet or exceed the following investment policy guidelines:

#### **Be market-based and results-driven**

An investment will capitalize on a region's competitive strengths and will positively move a regional economic indicator measured on EDA's Balanced Scorecard, such as: an increased number of higher-skill, higher-wage jobs; increased tax revenue; or increased private-sector investment.

#### **Have strong organizational leadership**

An investment will have strong leadership, relevant project management experience, and a significant commitment of human resources talent to ensure a project's successful execution.

#### **Advance productivity, innovation, and entrepreneurship**

An investment will embrace the principles of entrepreneurship, enhance regional clusters, and leverage and link technology innovators and local universities to the

private sector to create the conditions for greater productivity, innovation, and job creation.

**Look beyond the immediate economic horizon, anticipate economic changes, and diversity the local and regional economy.**

An investment will be part of an overarching, long-term comprehensive economic development strategy that enhances a region's success in achieving a rising standard of living by supporting existing industry clusters, developing emerging new clusters, or attracting new regional economic drivers.

**Demonstrate a high degree of commitment by exhibiting:**

- High levels of local-government or nonprofit matching funds and private-sector leverage.
- Clear and unified leadership and support by local elected officials.
- Strong cooperation between the business sector, relevant regional partners, and local, state, and federal governments.

*Full text of the brochure available online at:*

*[http://www.eda.gov/ImageCache/EDAPublic/documents/pdfdocs2008/2008maybrochure\\_2epdf/v1/2008maybrochure.pdf](http://www.eda.gov/ImageCache/EDAPublic/documents/pdfdocs2008/2008maybrochure_2epdf/v1/2008maybrochure.pdf).*

### PROPOSED CEDS PROJECTS, 2009

Applicant	Rank	Project Title	Project Type	Description	Funding Source	Amount	Environmental Impact	Job Potential
<b>PLANNING</b>								
Marine Industry Council	1	Marine Industrial Park	N/A	Yacht and ship repair infrastructure on St. Croix	USEDA	\$2.5 million	N/A	150
VIPA	2	Richmond Marine Center	I	Commercial & Recreational Port Facility	N/A	\$8 million	N/A	N/A
VIPA	3	HERA Aviation Center	N/A	The HERA Aviation Center (HAC) is a proposed aviation commercial development located at the Henry E. Rohlsen Airport on the island of ST. Croix, USVI. The HAC would be composed of three primary areas--each with great potential for economic growth: Air Cargo hub; Maintenance, repair, and overhaul (MRO) facility; The University of the Virgin Islands aviation program.	N/A	\$102.7 million	N/A	450
<b>DISASTER</b>								
WAPA	1	Fiber/broadband over power line project	N/A	WAPA will diversify its revenue base by using existing power and fiber lines to provide internet service directly to the customer using existing broadband technology.	Grant	\$100 million	N/A	Increase business opportunity in the VI; EDC companies expansion
<b>INFRASTRUCTURE</b>								
VIPA	1	Stalley Bay Marine Terminal	N/A	The Stalley Bay Marine Terminal is a proposed marine cargo facility located on the southeastern coast of St. Thomas, USVI. It is adjacent to government-owned property that is industrial in nature and has the potential for economic growth as more upland areas are developed. The facility will be composed of the following: Stalley Bay dock and apron and access road.	N/A	\$26.3 million	\$20.0 million/yr.	100

Applicant	Rank	Project Title	Project Type	Description	Funding Source	Amount	Environmental Impact	Job Potential
VIPA	2	Gallows Bay Pier	I and PS	Renovation and replacement of entire deck portion. This facility handles cargo transported by small to medium-sized non-contained vessels. Install RO/RO ramp Gordon Finch Facility St. Croix. Additional wharfage Gordon Finch Facility. Relocate Gallows Bay Terminal.	VIPA EDA	\$10 million	\$30 million/yr.	100 positions during construction/ 75 positions each year after that
STT/STJ Chamber of Commerce	3	Charlotte Amalie Revitalization	I	Revitalization of specific areas of the historic town of Charlotte Amalie	Private Sector DPW EDA CDBG	\$1.2 million \$723,000 \$723,000 \$289,000	\$2.9 million	N/A
WAPA	4	40 MW WAPA Branded Solar PV Program	N/A	Provide 20MW on each island of Solar Energy using roof top or ground installation.	VI Grant	\$375 million	Create clean power choices for WAPA customers	140 jobs per district
UVI/WAPA	5	Territory-wide Metropolitan Area Network (MAN)	N/A	There is a need in the Territory for a Metropolitan Area Network (MAN) which will allow the local government agencies, schools and private businesses to easily exchange data and communicate via video.	N/A	\$100 million	N/A	N/A
WMA	6	Water Reclamation Project	N/A	The objective of this project is to install a water distribution system consisting of pumps and pipe lines to transport reclaimed water from the tertiary waste water treatment facility (presently under construction) to sites intended for agricultural production.	WRDA USDA DOI	\$4.0 million	Zero Discharge	10-12 (operations) 1-3 (sales)
<b>OTHER PROJECTS</b>								
VIDEA	1	Revolving Loan Fund Plan (RLF)	N/A	To provide assistance to businesses involved in the cyclical tourism industry, to local contractors, dislocated workers intending to re-establish or expand businesses of their own as a means of retaining skilled workers in the V.I. and to provide an alternate source of financing (in conjunction with other financing institutions) for small businesses offering maximum job opportunities to local residents.	USEDA	\$10.7 million	N/A	N/A

Applicant	Rank	Project Title	Project Type	Description	Funding Source	Amount	Environmental Impact	Job Potential
Private	13	The Country Centre at Estate Charlotte Amalie	N/A	The Country Centre is a commercial real estate venture that includes a series of three buildings. The buildings will be abutted by the Country Marketplace, a public market of 8,750 sq. ft, offering twenty-one shops for retailers selling jewelry, artwork, food products and crafts in an open-air pavilion.	Community Development Corporation/ USEDA Grant	\$19 million	N/A	81

**Definitions:**

DPW-Department of Public Works  
VIPA-Virgin Islands Port Authority  
VIEDA-USVI Economic Development Authority  
EDA-Economic Development Administration  
Local-Virgin Islands Government  
FED-Federal Government  
UVI-University of the Virgin Islands  
I-Infrastructure  
PS-Planning Study  
RL-Revolving Loan

## SECTION VI: Priority Projects with Funding Importance

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This section highlights the projects that have been further developed and are ready for funding. They were divided into three sections (planning, disaster and infrastructure) and are ranked categorically by order of importance.

### **Gordon A. Finch Molasses Pier**

(Ro/Ro dock replacement and general-purpose marine cargo building)

The Gordon A. Finch Molasses Dock Terminal is located on the southern coastline of St. Croix, U.S. Virgin Islands. The facility is being modified to accommodate all the small cargo vessel traffic that currently utilizes the Gallows Bay dock on St. Croix. The modified facility will include:

- Cargo building and offices
- Site development
- Roll-on/Roll-off ramp, bulkhead, and basin

This facility is key to the future economic growth of the island.

## **Cargo Building and Offices**

This facility will meet the administrative needs of both local and federal agencies and will also meet the expanded cargo storage requirements. Total funding investment: \$4.0 million.

- Improves cargo clearance
- Improves safety and security measures
- Alleviates the current congestion in Gallows Bay
- Promotes Growth

### **Site Development**

This facility will meet the current board protection and Coast Guard requirement for security and operations. Total funding investment: \$2.0 million.

- Perimeter fencing and gates
- Self-contained area with its own generator and sewage plant
- Sufficient parking and loading areas
- Secured access points
- Completely paved facility

### **Roll-on/Roll-off Ramp, Bulkhead, and Basin**

This docking facility will be capable of handling estimated future cargo traffic. Total funding investment: \$4.0 million.

- Two island cargo vessels at a time
- Roll-on/roll-off bulk materials
- Lay down area for cargo and bulk materials
- Dredged to accommodate future needs

### **Funding Request**

Preliminary funding request total is \$10.0 million. This include construction of both the cargo building and dock dredging, site work, utilities, and perimeter security.

### **Projected Employment and Economic Impact**

This project would generate an estimated 100 jobs during construction and 75 jobs after completion.

## **Stalley Bay Marine Terminal**

The Stalley Bay Marine Terminal is a proposed marine cargo facility located on the southeastern coast of St. Thomas, U.S. Virgin Islands. It is adjacent to government-owned property that is industrial in nature and has the potential for economic growth as more upland areas are developed. The facility will be composed of the following:

- Stalley Bay dock and apron
- Access road

### **Stalley Bay Dock and Apron**

This cargo dock will handle most of the commercial traffic that goes through the Red Hook dock and will relieve downtown roadways of the congestion caused by trucks carrying bulk materials and equipment from Crown Bay sand fill area, located on the southwestern portion of St. Thomas. Total funding investment: \$24.3 million.

- Alleviates the current congestion in Red Hook
- Eliminates need for bulk cargo and containers to travel through downtown
- Improves operational efficiency
- Improves safety and security measures
- Allows for growth
- Expands marine services

### **Access Road**

This road will connect the terminal facility to the existing public road on the eastern end of the island and will give access to the current upland industrial entities. Total funding investment: \$2.0 million.

- Access for other government entities for development (i.e., VI Waste Management Authority, Department of Public Works, VI Water and Power Authority, etc.)
- Transfer of landfill waste from other islands (St. John and Water Island)
- Movement of bulk material
- Transfer of cement and asphalt to other islands

### **Funding Request**

Preliminary funding request total is \$26.3 million. This includes the access road and utilities, design and construction, and environmental monitoring.

### **Projected Employment and Economic Impact**

The estimated employment would total 100 positions during construction and 50 positions in subsequent years. The estimated economic impact is at least \$20.0 million per year.



## **HERA Aviation Center**

The HERA Aviation Center (HAC) is a proposed aviation commercial development located at the Henry E. Rohlsen Airport (STX) on the island of St. Croix, United States Virgin Islands. The HAC would be composed of three primary areas, each with great potential for economic growth:

- Air cargo hub
- Maintenance, repair, and overhaul (MRO) facility
- The University of the Virgin Islands aviation program

### **Air Cargo Hub**

The proposed regional cargo hub would speed the transport of cargo and mail from the U.S. mainland to the U.S. Virgin Islands, British Virgin Islands, Puerto Rico, and down island and would accommodate large jet aircraft transitioning from the mainland United States and Canada to South America or from the mainland United States, Canada, and Mexico to Africa. Total funding investment: \$10.5 million.

- Excellent location between the mainland United States, South America, and the middle of the Caribbean and ability to create a transshipment and technical stop for large cargo jet aircraft, possibly replacing the Cape Verde Islands as a technical stop.
- Relatively inexpensive jet fuel
- 10,000 foot runway
- U.S. rules and regulations, use of the English language, and local EDA tax benefits
- Would increase attractiveness of manufacturing in St. Croix due vastly improved logistics
- 50,000-square-foot sorting warehouse, 50,000-square-foot ramp, and 100,000-square-foot ramp for large jet aircraft.

### **MRO Facility**

This facility would serve local, regional, and Latin American operators that are currently forced to send aircraft stateside. Total funding investment: \$7.7 million.

- Current strong need for a regional MRO (there are none in the region)
- Has the advantage of being under the jurisdiction of U.S. regulations and receiving local EDA tax benefits
- 40,000-square-foot hangar, 5,000 square feet of office space, and 40,000-square-foot ramp.

### **University of the Virgin Islands Aviation Program**

Create an aviation program for pilots, mechanics, and managers at the University of the Virgin Islands to develop a strong base of aviation professionals. Total funding investment: \$9.2 million.

- There is a great interest in aviation and need, in the Caribbean, for pilots, mechanics, and management, yet the region lacks any true university-level professional programs. The closest school is Embry Riddle Aeronautical University in Florida.

- Would greatly boost the university's regional and national standing and create a true professional avenue for local talent, making it possible to hire locally and regionally instead of importing talent from stateside.
- 40,000 square-foot hangar, 40,000-square-foot ramp, and 10,000 square feet of office and classroom space.

**Funding Request**

Preliminary funding requests total \$32.4 million and \$70.3 million, when \$37.9 million in necessary infrastructure development work, including connecting taxiways, site and utility preparation, storm water management, engineering and architectural design, planning and permitting, construction management, and a planning contingency margin. It is likely that the funding total would also include local participation from the government, operators, and FAA AIP funding.

**Projected Employment and Economic Impact**

The project would create 450 jobs; 300 for the air cargo hub, 100 for the MRO facility, and 50 for the University of the Virgin Islands aviation program. It would also bring in 100 students. The estimated economic impact is at least \$100 million per year.

## **Solar Panel Program**

### **Initiative**

Using industry proven technology, SunEdison proposes to deliver a turn-key distributed solar program. In this partnership program, SunEdison will finance, install, own, operate, monitor and maintain photovoltaic power plants located within WAPA service territory, and WAPA will enter into a long term purchase agreement with SunEdison for the electricity produced. WAPA will pay only for electricity, not for solar equipment.

If this program is adopted, WAPA will take a regional leadership position in deploying renewable energy systems for utility customers. The program would also meet the needs of any solar requirements at the lowest possible cost and in a manner preferred by customers. SunEdison's focus is on WAPA's key concerns of minimizing cost and efficient delivery. The program will consist of two parts expected to run in parallel: Part 1, a program of on-site commercial generation totaling 25 MW of solar generation, and Part 2 - 15MW of larger direct substation or solar feeder plants.

### **Benefits**

The WAPA Branded Solar Program will provide the utility and its customers a long term, reliable solar energy supply with no capital investment or upfront payments from WAPA or its ratepayers. Within the program, WAPA will enter into long-term fixed price contracts with its customers and charge a pre-established per kWh rate for the on-site solar electricity. WAPA will then enter into a back-to-back solar energy supply contract with SunEdison to provide the kWh in the customer's contract. The WAPA-SunEdison contract has a buyout clause should WAPA wish to fully rate base any of the systems<sup>3</sup>. SunEdison proposes to begin installations in 2009 with the full solar complement operational by 2012.

The program will create new clean power choices for WAPA customers while bringing nearly 250+ new jobs to the community. With deployment proceeding through 2014, SunEdison will have WAPA's solar energy capacity online in time to meet or exceed any upcoming renewable energy portfolio requirements.

The SunEdison Utility Branded Solar Program was designed to minimize costs, retain options for future ownership of generation by WAPA, create a consistent WAPA brand, develop a new revenue generation source for WAPA, provide for a hedge against volatility, and offer competitively priced green energy choices for ratepayers.

### **Funding Request**

The Authority would elect to do an outright purchase of 40 MW – 20 MW per island at an approximate cost of \$375,000,000.

### **Projected Employment and Economic Impact**

The estimated employment would total 140 jobs on each island. Energy Cost to the customer will drastically reduced, thus encouraging industries and others to do business in the islands.

## **Territory-wide Metropolitan Area Network (MAN) to Accommodate Fiber to the Home/Business (FTTX)**

### **Initiative**

There is a need in the Territory for a Metropolitan Area Network (MAN) which will allow the local government agencies, schools and private businesses to easily exchange data and communicate via video.

This network would tie all the public and private networks on island together using fiber. Local Internet Service Providers (ISP) such as AT&T, Choice Communication, Ackley Communications etc., would all be able to connect and offer Internet Service to connected sites within the MAN. Institutions such as The University of the Virgin Island will be able to acquire the bandwidth necessary to connect to Internet 2 and make their library archive available to all public/private schools via this network.

A network of this magnitude will allow local school to communicate reliably with each other and gain access to library archives hosted locally.

### **Fiber Backbone installation**

Fiber would be strung throughout the territory. The main means of deployment would be aerial fiber installation but underground conduits will be utilized when available. The ultimate goal is to fully underground this network to provide survivability. Preliminary cost \$47,000,000.

### **Distribution Points Hardware Installation**

The Authorities Sub Station will house the major components with cabinets strategically placed throughout the islands. Preliminary funding is \$53,250,000.

### **Projected Employment and Economical Impact**

Additional incentive for potential EDC Companies to locate in the territory, Existing EDC Companies will have high bandwidth to provide real-time stock market connectivity, reliable connectivity to subsidiaries throughout the world. It will allow the university to acquire the bandwidth necessary to implement Internet 2 and enhance their distance learning capabilities.

Hotels will be able to sell applications that could only be delivered through high bandwidth such as Video on Demand. Connected home users will have access to these applications while having the potential of hosting an Internet company from their home or business.

Finally, reliable internet service providing bundled voice, data and video services over a fiber infrastructure that will meet the future bandwidth demands of the territory is a smart investment. Although expensive, the implementation cost could be greatly reduced by utilizing in-house staff to install the fiber, spreading out the installation over a number of years, tapping into Federal Grants for connecting schools and using a portion of the funds generated to maintain and expand the network.

### **Funding Request**

The estimated cost for this project is \$100,250,000.

## Wastewater Reclamation Project, St. Croix

We respectfully request \$4 million for an essential wastewater reclamation project, which is needed to address one of the major problems hindering agriculture in the Territory — the lack of water for irrigation and other non-potable uses. The new Anguilla wastewater treatment facility on St. Croix is designed to provide “tertiary treatment” of wastewater (*i.e.*, treated wastewater capable of reuse for at least irrigation and/or agricultural purposes). The wastewater treated at Anguilla currently is discharged into the Caribbean Sea through an 8,000-foot outfall, even though the treated water could be reused for irrigation or other agricultural purposes if the Government had the resources to develop a conveyance, storage, and distribution system for such reuse.

The project also is required to comply with the Settlement Agreement entered into in *Pugh v. Turnbull*, Civ. No. 2005/149/G/B, filed in the U.S. District Court for the Virgin Islands, and the related case filed in the Superior Court of the Virgin Islands (Civil No. SX-05-CU-497). That Settlement Agreement requires the GVI to construct additional storage and distribution systems as necessary to make “re-use” water readily available for land-based irrigation and other non-human consumption applications. Further, the GVI must use best efforts to identify, encourage, and support applications for “re-use” water from interested parties, including farmers, hotels, golf courses, and other entities which may have need for “re-use” water to be produced by the Anguilla Wastewater Treatment Plant (WWTP).

The Waste Management Authority estimates that it would cost approximately \$4 million for facility upgrades at Anguilla and to construct and install the pumps, piping, and storage tanks necessary to allow distribution of up to 4 million gallons per day of such reclaimed wastewater.

## **Revolving Loan Fund Plan (RLF)**

The Virgin Islands Economic Development Authority (VIDEA) is a semi-autonomous governmental agency responsible for the promotion and enhancement of the economic development of the U.S. Virgin Islands. The Economic Development Authority is the economic development arm of government which houses within it five distinct agencies. The Economic Development Commission and the Enterprise Zone Commission offers tax incentives to encourage business development through gainful employment and community rehabilitation. The Industrial Development Park Corporation and the Tax Increment Finance division offer location based incentives to establish plant facilities within the Territory. The Government Development Bank (GDB) offers financial and technical assistance to the local business community by providing access to capital for small and medium size businesses. The members of the Governing Board of the VIEDA, with ultimate responsibility for the Revolving Loan Fund (RLF), sit on the GDB Board. The proposed RLF will be situated within VIEDA and will be managed and administered by the GDB.

The GDB will be responsible for loan packaging, administration and monitoring of all RLF loans. GDB has a staff of seven with offices on both St. Croix and St. Thomas and administers a loan portfolio totaling approximately \$9 million in several funds. The GDB has been in operation for 10 years and has proven track record in helping the growth of small business in the Territory thereby providing new employment and capital formation.

The VIEDA is requesting a grant in the amount of \$10.75 million. It will provide much needed financing to assist small businesses as follows:

### **Cyclical industry revolving Line of Credit, \$5 million**

The tourism industry is a highly cyclical industry in the Territory, where revolving lines of credit are necessary to support a need for an infusion of capital to purchase inventory and other working capital requirements. Repayment will come from cash flow provided during the season - November to April. It will assist in the retention of business in the Virgin Islands and will impact hundreds of small and medium sized businesses in the territory with a population of approximately One Hundred Ten Thousand (110) residents.

### **Performance bonding, \$5 million**

Small local contractors continue to be challenged by their inability to secure performance bonding for local projects. With the requested funds, the VIEDA seeks to provide performance bonding to small local contractors who do not have the where it all to obtain it. This will allow them to compete with larger establish companies which have significant financial resources. The ability to participate in the projects will assist in encouraging their growth. We will impact approximately twenty (20) local contractors and an equal number of sub-contractors.

### **Administrative, \$750,000**

This sum will assist in the administration of the RLF.

The V.I. Government has been covering all expenses for staffing and operations and has provided nearly all the capitalization for its various loan programs. GBD's primary mandate

under its enabling legislation (Title 29, V.I.C. §902) is to provide financial resources including but not limited to loan guarantees, medium and long term credit and equity infusion to and maintain the economic stability of small, minority, medium and large. Additionally, the mandate requires the agency to assist these entities to grow into mainstream commercial banking customers.

**A. Goals and Objectives:**

1. Assistance to businesses involved in the cyclical tourism industry.
2. Provide performance bonding opportunities to local contractors.
3. Special assistance to dislocated workers intending to re-establish or expand businesses of their own as a means of retaining skilled workers in the V.I.
4. Provide an alternate source of financing (in conjunction with other financing institutions) for small businesses offering maximum job opportunities to local residents.

**B. Identification of the Virgin Islands Financing Problems:**

1. Within the past decade, the Virgin Islands have lost three major banking institutions and two local banks which have negatively impacted financing opportunities particularly for small businesses. Consequently,
  - i. There is a lack of adequate private financial services to foster broad based local economic development.
  - ii. Commercial loans, as in other Caribbean areas, are concentrated in commercial services and export activities for few large firms.
  - iii. Comparisons with U.S. mainland and Puerto Rico financial markets indicate that, exclusive of commercial banks, the U.S. Virgin Islands lacks adequate financing for local small business development and growth.

**C. Targeting Criteria:**

1. Assistance to “dislocated workers” with the best prospect for establishing their own businesses.
2. EDC eligible businesses offering best prospects for long term job growth.
3. Small, particularly minority owned businesses.
4. Small Virgin Islands businesses that foster the Territory’s economic development goals and the best prospect for job creation.

**D. Standards to Achieve Other Economic Objectives: The RLF will strive to achieve other economic objectives as follows:**

1. Increased Tax Revenues; to expand government’s revenue base. One advantage the Virgin Islands have in this regard is that it collects and retains individual and corporate income taxes, so each job created has a substantial impact on revenues.
2. Minority Business Development. Minorities represent approximately 85% of the population but do not participate in local business activities in proportion to their numbers. While the RLF first priority is to stimulate new jobs and investment

which will ultimately benefit the population in general, emphasis will also be given to encouraging minority enterprise development in particular.

The foregoing support VIEDA's request of \$10.75 million to be infused in the local economy directly.



## SECTION VII: Performance Measures and Evaluation: CEDS Process and Products

The performance measures and evaluation are used to assess the progress of the CEDS program in meeting its goals and objectives. The table below lists the items on which the program is judged and the manner in which it is judged.

Performance Measures and Evaluation: CEDS Process and Products	Not addressed	Partially addressed	Fully addressed	Performance Measure (Number, dollars or description)
	Level of Completion			
<b>CEDS Process</b>				
Number of substate-jurisdiction members actively participating (of the total eligible to participate) in the USVI CEDS program				
Increase committee and staff support with relevant experience				
Increase number of committee members				
Increase diversity of committee members				
Increase number of stakeholder participants in public meetings and workshops				
Increase diversity of stakeholder participants in public meetings and workshops				
Document input from public meetings and workshops				
Increase transparency of CEDS process				
Expansion of techniques employed for dispersal of information (radio, TV, print, web)				
Assess and share impact of input in decision making				
Creation of CEDS report and yearly evaluations				
Publication and dissemination of report and evaluations				

<b>Projects</b>				
Number of economic development initiatives from the CEDS process that lead to public and private investment and jobs				
Number of grants written				
Number of grants received				
U.S. public dollar investment in CEDS-related programs				
V.I. public dollar investment in CEDS-related programs				
U.S private dollar investment in CEDS-related programs				
V.I. private dollar investment in CEDS-related programs				
International private dollar investment in CEDS-related programs				
Increase number of jobs				
Increase median wage				
Expansion of job types				
Increase number of higher-wage jobs				
Increase tax base and standard of living (education, roads, clean water, safety)				
Increase number of entrepreneurial venture start-ups				
Enhance and expand connections between the private sector, the local university and technology innovators				

## **CONCLUSION**

As this report is being written, the Nation is facing its most dramatic economic crisis since 1982. For the USVI, with its heavy reliance on tourism, a small downturn in the economy can have dramatic consequences. On the other hand, with the coming of a new federal administration, there is a strong possibility that an economic stimulus package will be developed that strongly emphasizes job growth and infrastructure development. This Comprehensive Economic Development Strategy clearly places the USVI in a position to capture its share of the stimulus package in a planned manner that will benefit the citizens of the Islands for years to come. With defined goals and objectives, a transparent, continuous planning process in place and a clear list of projects in place, the USVI are clearly prepared to turn this crisis into an opportunity.

A careful read of this CEDs document will show that the USVI, after much thought, wide scale citizen input and detailed analysis has prepared a document that will guide the USVI's economic development for the next five years. The report is the result of surveys, data analysis, interviews and extensive public participation from virtually all sectors of island life. It reflects on the specific planning, infrastructure and workforce needs of the island as it is today and will be tomorrow. It recognizes the importance of tourism and the need to create a tourism cluster. But it also notes that jobs in this industry are largely unskilled and that the tourism industry must reflect on the point that Cuba may well be a powerful competitor. It recognizes that the Islands are strategically located to capture international and Caribbean based airfreight and passenger traffic but cannot do so without new facilities. It notes that its farming practice is quite limited but that there is growth potential in its organic products. It has a culture marked with great creativity that is largely untapped. In short, the USVI has immense assets, strong leadership and a commitment to make the USVI the economic centerpiece of the Caribbean.



**Government of the United States Virgin Islands  
Comprehensive Economic Development Strategy**

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