

Would-be Smugglers developer pulls out

• *Cities gov't's disinterest*

BY LUIS ANDRES HENAO

After two years of planning and more than \$1 million spent in environmental studies, public meetings, and architectural renderings, project managers withdrew from a \$60 million investment deal to develop Smugglers Cove.

Instead, government will now purchase the land in installments, Minister of Education Andrew Fahie announced during the last meeting of the House of Assembly. After the meeting, Mr. Fahie — who is also the representative for district one that includes Smugglers Cove — said he was pleased that the government would buy back the land for the people, but claimed not to know the reasons why the developer had pulled out of the multi-million dollar deal.

The proposed project had been the subject of ongoing protests from environmentalists and other community members.

Reasons

On Monday Harold Lynn, the project developer, said the deal was close to being signed during the former administration but that developers decided to withdraw after waiting for several months for a response from the Virgin Islands Party government.

"I had no choice but to not go through with the purchase. . . . The government changed and didn't seem to be interested with us going with the project," Mr. Lynn said in an interview from his New York office. "We had signed an agreement with the previous administration and we spent almost two years and spent an enormous amount of money meeting the environmental requirements."

The most substantial issue being discussed was the provision of water to Villa Paradiso, Ms. Adams said, adding that government would have continued to work with the developer, but that the timing was not right.

Mr. Lynn requested a response by January's end but the budget was passed four months later. "It was out of the budget cycle," Ms. Adams said. "We were hoping to get funds in the 2008 cycle. So [with] the ultimatum given by the developer to give an answer by the end of January, we were not able to respond because we were not able to have any money budgeted. That's were it ended. . . . We would not have had a problem to continue to work with Mr. Lynn, but the timing was the problem," she said.

According to Ms. Adams, the premier's office is committed to work with the ministry of communications and works to provide the western side of Tortola, including Smugglers, with water lines. "We see it as one of the prime areas where we have homes, the Long

Bay Hotel and other areas, and we recognize that they need a steady water supply."

Asked if the government planned to develop Smugglers, Ms. Adams said "the government would normally purchase the land and then develop a plan of action for the area. Whether that will be done is up in the air."

Opposition

The proposed five-star resort at Smugglers Cove drew criticism during a January 2007 public hearing at the West End Community Centre where more than 24 people opposed the development, or suggested changes to avoid negative environmental impacts.

At the meeting, Mr. Lynn used a slide show to explain the project plans. The proposed Villa Paradiso at Smugglers Cove would have included: 22 villas with pools; a small hotel with 12 suites; a restaurant; a conference centre; and a 250-foot-long dock. At the time, Mr. Lynn said the \$50-\$60 million, 12-acre develop-

ment would meet the territory's need for high-end tourism, create business opportunities for local entrepreneurs, and bring the government \$16 million in taxes over the next 10 years.

But the development trickled down to water.

Agreement

The Smugglers Cove Agreement states that the project would begin once the government installs water lines from Long Bay to Smugglers Cove. "I understand that when the estimates were made for the installation of this water line, the cost was \$4 million," Mr. O'Neal said during a Nov. 27 address. "This money was not provided and the work could not be done." The premier added that in an update of the works the developer informed him that he would wait for "the installation of the water line before he starts the project."

Mr. Lynn said the deal was in its final stage, ready to close before the change of government. "The money

was with our attorneys and we were prepared to close," he said, adding that there were some issues to be resolved, one of them being the water supply. "They had agreed to supply us with water. The NDP government had agreed with it, but before we were going to close, there was an election," he said.

In a Dec. 6, 2007 interview with The BVI Beacon, Opposition Leader Dr. Orlando Smith — who granted preliminary approval of the project in Oct. 2006 — said that during the discussions for the project, "it was agreed that utilities services would be added and it was expected that the Long Bay-Belmont-Smugglers Cove area was going to be provided with water as in the normal course of development." But, because installing the infrastructure was "not an option at the time" his administration decided to provide an alternative. "We gave the developer the option of

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Last year, Mr. Lynn met with Premier Ralph O'Neal to discuss the project, and sent him three letters. "He was noncommittal," Mr. Lynn said about the premier. "He sat there and listened and told me he would get back to me, but he never did."

Rosalie Adams, the premier's permanent secretary, acknowledged that the premier had received at least one of the letters. "I had seen one and a response was drafted. But in that letter, the developer had given an ultimatum to the premier saying that if he had not received a response by the end of January he would withdraw. I don't think that the premier would respond to an ultimatum," Ms. Adams said, adding that when she joined the premier's office in October 2007, all matters had been settled with the developer except for the water supply. However, there were other issues being discussed. "I think they were also asking for additional land and permission to put in a dock, but that particular issue didn't have a favourable review on the stakeholders residence views because they thought it would deter them from getting to the beach," Ms. Adams said.

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putting in a package plan which would cost \$250,000. Alternatively, the development corporation itself, or the government or a private company, can [implement] the packaged plan so that water can be provided for the development," Dr. Smith said.

But after Mr. Lynn's meeting with Premier O'Neal the developer never received a confirmation on the water lines. The only news came from Smiths Gore, the developer's Tortola representative, who informed his development group that government would buy the land.

"I thought it was pretty bad that they never responded to me and then they went around and bought it," Mr. Lynn said. "We had a sale agreement with the seller and it was done. All the money was in the escrow account. We were just a few weeks from closing. I'm sure if the previous government would have stayed in power, I'm sure it would have gone on. ... We did a lot to satisfy the public requirements before we walked away. If the government had lived up to its construction agreement we could have started right away."

In almost two years, the developer spent almost \$1 million in an Environmental Impact Assessment, architectural drawings, and other plans, now filed at Town and Country Planning. Smugglers' registered sellers are listed in land registry records as Belmont Beach Ltd. According to Mr. Lynn, the land was

co-owned by the Romney family. During the budget address, Mr. Fahie announced the purchase of Smugglers Cove for \$6 million, to be paid in installments.

"I spoke to him before the election when he was a representative for West End, and he was very supportive of the project," Mr. Lynn said about Mr. Fahie. "We were all very surprised about the reaction; Smiths Gore was surprised, our developing group was surprised. ... It's very frustrating because the project that we had gotten approval for was very low density and very high scale. For the development projects it was the best that could have been proposed. There were no high-rises."

Although the developers have been working on the project for the past couple of years, the National Parks Trust had recommended making Smugglers into a national

park, according to NPT Director Joseph Abbott-Smith. "The area is definitely important," Mr. Abbott-Smith said Tuesday. "It contains salt ponds and mangroves. It's a site we had advocated for inclusion in the protected area system for years. I'm very happy that they [the government] are encouraging the use of recreation and protection of the site."

Although, Mr. Lynn said he had invested more than \$1 million in the project plans, he consulted with his lawyer and decided not to seek compensation. "We were advised that it would be very difficult because we are dealing with the government," he said. "The truth is that we were going to invest \$60 million in an island that doesn't want us to invest there. ... I had no more interest in developing in the BVI, it was too difficult."

The premier could not be reached for comment as of deadline.