



CEO'S "Senate" REPORT

August 14, 2025

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Good afternoon, Senator Novelle E. Francis, Jr. Chairman of the Committee on Budget, Appropriations and Finance of the 36th Legislature of the U.S. Virgin Islands; Senator Marvin Blyden Vice Chair; other committee members, other senators present, and other members of the viewing and listening public. I am Charlene Turnbull, Interim CEO of the West Indian Company, Ltd. With me this afternoon is Mr. Mark Sabino, Director of Marine Operations and Cruise Services and Mr. Hugo Hodge, Jr., Finance Chairman of the Board of Directors of WICO. Thank you for the invitation to provide testimony to this committee. My testimony gives a financial overview of WICO both currently and historically highlighting FY26 projections and operating and capital budgets in addition to data analysis of cruise performance regionally and territorially both at a macro and micro level. This testimony puts in context briefly WICO's 113-year journey to where we are today.

HISTORY

The West Indian Company Limited was chartered in 1912 by the Danish government to aid in the economic development of the Danish West Indies. In 1917, the United States Government purchased the Danish West Indies and the only properties not included in the transfer were WICO properties. WICO properties at that time included the Havensight Shopping Mall, Yacht Haven Grande, Estate Catherineberg (Governor's mansion) and Estate Thomas or Liverpool. The Company remained a Danish Company until 1993, when the Government of the US Virgin Islands via the Virgin Islands Public Finance Authority purchased WICO.

WICO's initial responsibilities included maintaining and dredging the Charlotte Amalie harbor, constructing a dock, introducing electricity to downtown Charlotte Amalie, building cottages on St. John, and initiating ferry service between St. Thomas and St. John. It is not until the 1960s that WICO moved its focus over to the cruise industry and is now considered a premiere cruise ship destination and docking facility.

WHO WE ARE

WICO is one of three berthing facilities in the US Virgin Islands. The three (3) berthing facilities are the West Indian Company dock, the Austin Babe Monsanto Facility (Crown Bay, St. Thomas) and the Ann Abrahamson Pier (Frederiksted, St. Croix). The Austin Babe Monsanto facility and the Ann Abramson pier are under the jurisdiction of the Virgin Islands Port Authority and WICO is a subsidiary or component of the Virgin Islands Public Finance Authority.

WICO earns revenue primarily from two sources:

- Cruise Passenger Wharfage Fees and other Marine revenue, which make up approximately 85% of WICO's total revenue.
- Rental of Warehouses and Land, which accounts for 10%.

As the territory's premier cruise ship docking facility, WICO is a key contributor to the U.S. Virgin Islands' economy.

WICO has historically hosted, on average, 60% of the total USVI passengers. FY25 3rd quarter cruise statistics obtained from the Virgin Islands Bureau of Economic Research ("VIBER") show the USVI hosted 1,350,436 passengers and berthed 484 cruise ships. On par with historic trends, WICO hosted 810,750 passengers or 60% of the territory's passengers. Of the 484 USVI berths reported, WICO hosted 246 ships, or 51% of the territory's calls. Although WICO continues to lead the territory in cruise traffic, it is not without the handicap of limited berthing capacity due to the increased size of the ships and depth restrictions along the inner berth of the pier.

INDUSTRY TRENDS/DATA

As a territory, the **USVI cruise ship industry** has not returned to the era of **hosting over 1.9 to 2.1 million passengers** as it did annually during the cruise years of **2013** through **2016**, and **WICO** has yet to return to hosting **1.3M passengers** on average for the same years. In fact, WICO has yet to reach numbers comparable to its banner season of **2004/2005**, which saw **1.7 million** passengers. As previously mentioned, the reduced capacity of our docking facility and the decline in cruise traffic is partly due to the growing size of the ships and increased competition from other islands.

HURRICANES - COVID-19 PANDEMIC YEARS

WICO has been through some trying times with severe losses in cruise traffic because of Hurricanes Irma and Maria. As the Company was still recovering from the economic impact of Hurricane's Irma and Maria on cruise passenger traffic, then comes another hurdle, the COVID-19 pandemic. The pandemic years of **2020 to 2022** resulted in restrictions on cruise traffic and a **18-month pause in cruise activity at WICO**.

		<u>Avg Pax</u>	<u>Tariff</u>
		1,100,000	\$6.80
	<u>FY</u>	<u>Actual Pax</u>	<u>Difference</u>
			<u>Revenue Loss</u>
Hurricanes Irma/Maria	2017	925,149	-174,851
	2018	651,407	-448,593
	Total Revenue Loss - Hurricanes		-\$4,239,419
COVID-19	2020	595,221	-504,779
	2021	2,542	-1,097,458
	2022	355,621	-744,379
	Total Revenue Loss - COVID		-\$15,956,989
	Aggregate Passenger Revenue Loss		-\$20,196,408

The Company went from averaging **1.3M** visits in **years 2013 - 2016** to **875k** visits **in 2018 - 2019** then **to 337k average passengers** during **2020-2022** with **2021** having just **2** calls.

It is in fiscal years **2023** and **2024** that WICO's passenger numbers started trending upward in a meaningful way to approximately **825k** and **989k** respectively but still below historic levels. WICO is projecting 954k passengers for **fiscal Year 2025, a decrease of 45k or 4% when compared to FY2024. The reduction** was primarily *due to the loss of a few ship calls due to maintenance*. However, FY26 shows a major improvement in passenger visits as current projections show a **20% increase** to total anticipated passengers of **1.1 to 1.2 million** passengers.

WHAT DOES THIS ALL MEAN

It has been an up-hill battle for cruise tourism in the territory and at WICO. Again, I would like to reiterate, we have yet to return to the level of cruise activity once experienced in the territory. Hurricanes IRMA and Maria and the COVID-19 pandemic restrictions resulted in millions of dollars in annual revenue lost. Some of the cruise traffic has been rerouted to other islands and the cruise lines are investing in private island developments in Mexico, the Bahamas and other places. Our Caribbean neighbors are expanding with new facilities and enhancing their port infrastructures, and the cruise lines are creating a curated cruise product with the onset of private island investments that allow the lines full control of the destination and the profits.

With these emerging threats on the horizon, we must pivot and pivot fast. Inaction or slow action is costly and will cost us eventually. We must draw our immediate attention to investing in and improving our facilities and docking infrastructure as well as continued improvements to our excursions and our overall tourism product. Without careful and deliberate attention, the gap between those that are ahead of us will widen and the gap between those that are behind us will eventually shrink. We cannot afford to be comfortable and not continue to improve. WE must remain on the cutting edge of our competitors.

HERE IS WHERE WE ARE AND WHAT WE HAVE ACCOMPLISHED

The USVI and WICO in particular continues to be a leader in the industry.

1. The Caribbean Journal and Porthole magazines voted for St. Thomas as the **“Best Cruise Destination in the Eastern Caribbean”**.

2. The USVI is **ranked #2 in Total Cruise Passenger Visits** – Tourism Economics.

3. The USVI is second (2nd) in **highest average passenger spend** of **\$166**, behind Panama with \$191, and slightly ahead of Saint Maarten with an average spend of \$163.



4. And concurrently, for **Total Caribbean Cruise Tourism Expenditure**, the USVI ranks **#3** in total passenger spend of **\$258M**, behind the **Bahamas** with **\$655M** and **Cozumel** with **\$483M** annually.

5. The USVI is ranked **#4 in total tourism employment** in the Caribbean behind the Bahamas, Dominican Republic and St. Maarten

Looking at these accomplishments, I would like to extend my sincere congratulations to **TEAM WICO** as well as **TEAM USVI**. Tourism truly is a collective effort; the taxi drivers, tour companies, shop attendants, ferry operators, excursion operators and the overall warmth of the people of the Virgin Islands are all contributors to these accomplishments. And I would

be remiss if I omit to congratulate the Office of the Governor, the Senate, the Department of Tourism and the Virgin Islands Port Authority for their contributions.

WICO is still a premiere docking facility and highly regarded in the cruise industry. The US Virgin Islands is still a premiere tourist destination with breathtaking harbor views and world class beaches. There are very few places that boast the amazing wonder of our beautiful Charlotte Amalie harbor. We are truly blessed! We are little, but we pack a big punch!

NEXT STEPS

WICO's FY26 FINANCIAL GOALS – The Bottom Line

Increasing the bottom line is always top priority as we look at our annual budget. As cruise passenger booked calls usually start 18 to 20 months in advance, we usually have a fairly good idea of what our projected revenues would be for the upcoming year(s). In fact, at this point **FY27** has well over 300 calls booked. This is in line with market trends as the Caribbean cruise market is continuing to grow rapidly. The FY27 numbers are expected to remain on the upward trajectory barring unforeseen cancellations due to economic and/or natural phenomena beyond our control.

Our projections for FY26 show a **29% increase** in calls from **281** to **362 ship calls** as well as a **20% increase** in passengers from **954k** to **1.2M** as previously stated. This translates to passenger revenues of approximately \$9.6M and increase of \$1.6M from the previous year.

Simultaneously, WICO continues to manage costs with FY26 showing a small overall increase in costs of 2% or just under \$110k. WICO's three (3) highest cost drivers are Personnel and Insurance costs and Debt Service.

Personnel Costs

WICO has **33** employees with **4 vacant positions**. WICO intends to fill these positions in FY26. Anticipated personnel and fringe costs are expected to increase by approximately **8%** or around **\$220k**.

Insurance Costs

Insurance Costs are primarily driven by Property Insurance which makes up **80%** of total insurance costs. WICO anticipates a **decrease of 7%** for **FY26** which should offset increasing costs in other areas.

Debt Service

Debt Service remains around **\$3.3M** annually.

Operating Profits and Net Income/Net(Loss)

FY26 anticipated net operating results including depreciation are around (\$113k).

FY26 GOALS

WICO is committed to maintaining and improving its docking facility which includes the upcoming Water Pipeline Project. This project will allow WICO to provide water to the ships at all bunkers along the full length of the dock.

The Company is also exploring ideas to increase berthing capacity as well as pursuing “new business” by capitalizing on opportunities for new itineraries. As part of this pursuit for future growth, we are actively pursuing foreign markets or international ships as well as boutique ships to increase berths on off-peak days. Berthing agreements are set to expire shortly, and renegotiations are ongoing.

We anticipate full occupancy of rental spaces by the beginning of FY26, and we are pursuing other leads to diversify our revenue streams. We intend to continue working with the Senate on a resolution to the PILOT conundrum which includes commencing Catherineburg repairs. The PILOT resolution will take a concerted effort by all stakeholders in hopes that a suitable resolution will be realized sooner than later to this growing problem.

We intend to develop the 7-acre Liverpool property, a long overdue, underutilized asset. This property has a beautiful view of the Charlotte Amalie harbor and is near the WICO dock. There is a wide array of potential development projects in view and talks with potential investors are positive and ongoing.

TEAM WICO is extremely optimistic about the upcoming fiscal year and is looking forward to future growth in years to come. We are aware that tough decisions are to be made now, if we are to create the future we desire. ***OUR success is not in isolation.*** We look forward to collaborative efforts with the private and public sectors. ***“Together we can, Together we will”.*** This concludes my testimony and my team, and I am available for any questions you may have.