TESTIMONY

36TH LEGISLATURE OF THE VIRGIN ISLANDS
COMMITTEE ON BUDGET, APPROPRIATIONS AND FINANCE

The West Indian Company Limited
Joseph Boschulte,
President/CEO

TESTIMONY OF THE WEST INDIAN COMPANY LIMITED (WICO)

Before the Committee on Budget, Appropriations and Finance

36th Legislature of the Virgin Islands, FY 2027 Budget Hearing, August 17, 2026

Good morning, Budget, Appropriations and Finance Committee Chairman, Honorable Senator Novelle E. Francis Jr.; Committee Members, Senators of the 36th Legislature of the United States Virgin Islands; legislative staff; members of the media; and everyone joining us today.

I am Joseph Boschulte, President and Chief Executive Officer of the West Indian Company Limited (WICO). Joining me today is Charlene Turnbull, Chief Financial Officer. Pursuant to your invitation, we are pleased to present testimony regarding WICO's Fiscal Year 2027 budget, Fiscal Year 2026 performance, operations, infrastructure initiatives, financial position, industry partnerships, and the outstanding Payment in Lieu of Taxes (PILOT) matter.

Since WICO's last appearance before this body, the Corporation's executive leadership has remained largely unchanged. The primary transition during this period was the retirement of Mark Sabino and the appointment of Desmond Williams as Acting Marine Manager. Governance has also remained stable under the leadership of Chairman Hugo Hodge, Jr., Vice Chairman Vincent Richards, and Secretary Roosevelt David.

Before discussing WICO's operational performance and financial outlook, it is important to recognize the broader environment in which we operate. The global cruise industry continues to demonstrate remarkable resilience, sustained consumer demand, and long-term growth. According to the Cruise Lines International Association's (CLIA) 2026 State of the Cruise Industry Report, global cruise passenger volume reached a record high of 37.2 million in 2025. Nearly 90 percent of past cruisers indicate that they intend to sail again, representing the highest level of repeat demand recorded by CLIA.

The continued growth of the cruise industry is also reflected in significant investments by cruise lines in new vessels, enhanced guest experiences, and expanded destination partnerships. These investments demonstrate confidence in cruising's long-term trajectory and reinforce the importance of destinations like the U.S. Virgin Islands within the global cruise ecosystem.

The Caribbean remains the world's leading cruise region, accounting for approximately 43 percent of global cruise capacity. The region continues to benefit from strong consumer demand, diverse island experiences, and its proximity to major cruise homeports throughout the United States. In 2025, the Caribbean welcomed more than 1.25 million additional cruise visitors compared with the previous year, reinforcing its position as a cornerstone of the global cruise economy.

Beyond passenger volume, cruise tourism continues to generate meaningful economic benefits throughout the Caribbean. Cruise visitors contribute directly to local economies through spending on transportation, dining, retail, excursions, cultural experiences, and services. Cruise travel also serves as an important gateway to future visitation, with many passengers returning to destinations they first experienced on a cruise.

The U.S. Virgin Islands continues to benefit from this broader industry momentum. According to Caribbean Tourism Organization (CTO) data, the Territory recorded 831,690 cruise passenger arrivals during the first quarter of 2026 alone, representing a 68 percent increase over the same period last year and the fastest growth rate among Caribbean destinations.

This performance reflects the strength of the Territory's cruise product, the confidence of our cruise line partners, and the critical role facilities such as WICO play in supporting continued growth within the sector.

The U.S. Virgin Islands continues to receive significant recognition within the cruise and travel industry, reflecting the strength of the Territory's visitor experience and the important role WICO plays as the Territory's premier cruise gateway. In 2026, the Territory earned three major honors from the Caribbean Travel Awards: Caribbean Cruise Destination of the Year, Experiential Destination of the Year, and New Hotel of the Year. These accolades build upon Porthole Magazine's recognition of the U.S. Virgin Islands as its 2025 Cruise Destination of the Year.

As the Territory's premier cruise gateway, WICO remains central to the success of the Virgin Islands tourism economy. Today, WICO accommodates more than 53 percent of the Territory's cruise passenger arrivals and 74 percent of total port calls, underscoring the Corporation's critical role in supporting visitor growth, economic activity, and the continued expansion of the Territory's tourism industry.

The continued increase in cruise activity is translating into meaningful economic benefits for the Territory. According to the most recent Florida-Caribbean Cruise Association (FCCA) and Business Research & Economic Advisors economic impact study covering the 2023–2024 cruise season, the U.S. Virgin Islands ranks second among Caribbean destinations in average passenger spending at $166 per visit, trailing only Panama.

The Territory also ranks third in total annual cruise passenger expenditures and second in employee wages, generating more than $258 million in passenger expenditures and providing $124 million in annual salaries. These figures demonstrate the strength of the U.S. Virgin Islands' cruise product and, most importantly, the meaningful economic impact cruise visitors generate for local businesses, vendors, employees, and communities throughout the Territory.

WICO's financial position continues to strengthen, reflecting disciplined financial management, operational efficiencies, and sustained growth within the cruise sector. These efforts have produced measurable results. During Fiscal Year 2025, WICO generated $9.4 million in revenue, representing a 14 percent increase over the previous year, while simultaneously reducing operating expenses by 4 percent.

These results underscore the Corporation's commitment to responsible stewardship, operational excellence, and long-term financial sustainability.

As Fiscal Year 2026 draws to a close, WICO remains on track to meet its financial projections, with anticipated revenues of $11.7 million while maintaining operating expenses at approximately $6.6 million, of which 48 percent is allocated to personnel. This performance positions the Corporation to maintain a strong financial foundation while continuing to invest in its operational priorities.

For Fiscal Year 2027, WICO's budget, approved by the Board of Directors in July 2026, reflects continued financial growth and responsible fiscal management, with projected revenues of $11.5 million, including Cruise Passenger Revenue of approximately $9.5 million.

Of the total operating budget, 54 percent is allocated to personnel expenses, and 46 percent is dedicated to operational costs, ensuring the Corporation has the necessary resources to maintain efficient port operations, support increased cruise activity, and advance strategic priorities.

The FY2027 budget remains focused on operational excellence, infrastructure needs, and the continued delivery of a world-class experience for cruise partners and visitors. Through disciplined financial management, strategic planning, and continued focus on sustainable revenue growth, WICO is well-positioned to remain financially strong while maximizing its contribution to the Territory's tourism economy.

Looking ahead, WICO anticipates continued growth in cruise activity, with 362 scheduled vessel calls and passenger arrivals projected at 1.2 million, representing an additional four percent increase over Fiscal Year 2026. These projections reinforce WICO's importance as the Territory's primary cruise gateway and position the Corporation for continued long-term growth.

To support this growth, WICO continues to prioritize strategic infrastructure investments that enhance operational capacity, improve efficiency, and create new revenue opportunities.

For Fiscal Year 2027, WICO has identified approximately $1.7 million in capital improvements. The largest of these projects is the modernization of the Corporation's water infrastructure, which will improve operational efficiency while expanding revenue opportunities associated with supplying potable water to cruise ships homeporting in Puerto Rico.

These investments reflect WICO's continued commitment to strengthening critical infrastructure while creating sustainable revenue streams that support the Corporation's long-term financial position.

Demand for berthing space continues to outpace existing capacity. As cruise lines deploy larger vessels and expand Caribbean itineraries, WICO is increasingly forced to decline cruise calls due to limited berth availability. Expanding berthing capacity remains one of the Corporation's most important long-term strategic priorities to ensure the Territory can fully capitalize on continued growth within the global cruise industry.

The future of WICO remains closely aligned with the continued expansion of the global cruise industry. A critical priority moving forward is the successful negotiation of long-term berthing agreements with our cruise line partners. WICO remains committed to cultivating strong relationships with the world's leading cruise operators, including Carnival Cruise Line, Norwegian Cruise Line, Disney Cruise Line, MSC Cruises, Viking Cruises, Virgin Voyages, Holland America Line, Princess Cruises, Cunard, and several luxury cruise brands.

These partnerships are essential to ensuring the Territory remains competitive within the global cruise market while maximizing opportunities for economic growth. As demand continues to increase, WICO remains focused on identifying solutions that address capacity constraints and allow the Territory to accommodate future cruise growth.

The Fiscal Year 2027 cruise schedule includes five first-time calls to the WICO dock: Carnival Festivale, Carnival Firenze, Explora III, Norwegian Aura, and Seven Seas Prestige. These new calls reflect the continued expansion of WICO's cruise line partnerships and demonstrate the confidence cruise operators have in the U.S. Virgin Islands as a premier Caribbean destination.

WICO also remains actively engaged with key industry organizations and global cruise industry forums, including the Florida-Caribbean Cruise Association (FCCA), Cruise Lines International Association (CLIA), the Caribbean Tourism Organization (CTO), and Seatrade Cruise Global.

Through active participation in these organizations, WICO strengthens strategic relationships, monitors emerging industry trends, expands regional collaboration, and advances opportunities that enhance the long-term competitiveness and growth of the U.S. Virgin Islands' cruise sector.

As discussed in previous testimony, WICO remains committed to working collaboratively with the Legislature to reach a long-term resolution regarding the Payment in Lieu of Taxes (PILOT) program that addresses both existing obligations and future assessments. Consistent with that commitment, WICO made a $100,000 PILOT payment for Fiscal Year 2026.

At the local level, WICO remains focused on revitalizing the Havensight area to enhance the visitor experience, improve operational efficiency, and create new economic opportunities. The continued transformation of Havensight remains an important component of strengthening the Territory's tourism product and ensuring the area continues to serve as a welcoming gateway for cruise visitors.

Current infrastructure priorities include continued upgrades to the Corporation's water distribution system. WICO is also advancing the lease of approximately 13 acres, including the Liverpool property, the Tank Yard, and the western portion of the WICO property, which was approved by the Board of Directors in April 2026.

Together, these initiatives represent significant investments in modernization, infrastructure improvements, and future economic development opportunities within the Havensight area.

In closing, WICO remains committed to responsible financial stewardship, operational excellence, and strategic investments that strengthen the U.S. Virgin Islands' position as one of the Caribbean's premier cruise destinations.

As the global cruise industry continues to grow, WICO is well-positioned to capitalize on new opportunities while delivering lasting economic benefits for the people of the Virgin Islands.

Through continued partnership, innovation, and investment, the Corporation will remain focused on supporting a thriving cruise industry that benefits businesses, residents, and communities throughout the Territory.

We appreciate the continued partnership of this Legislature, our cruise line partners, and the dedicated employees of the West Indian Company Limited, whose commitment and professionalism make these achievements possible.

Thank you for the opportunity to present today's testimony. We welcome any questions you may have.

APPENDIX

Personnel, FY 2026

Current Staff	**33**
Current Openings	**2**

Budget Summary, FY2027

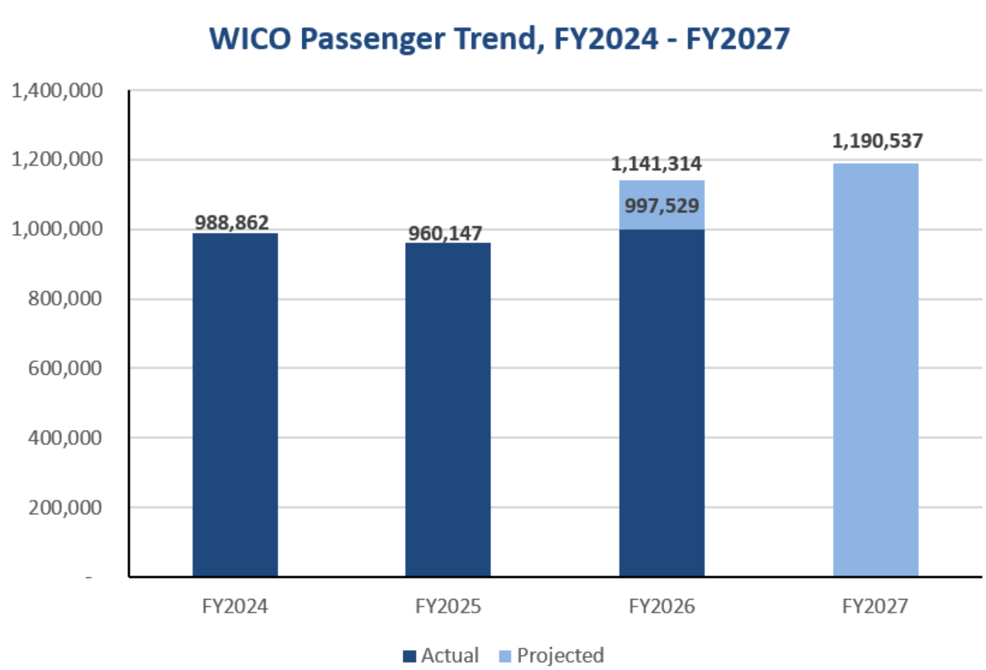
Metric	Projected	% Change
Total Revenue	11,524,163	-1.7%
Total Expenses	6,860,868	3.7%
Depreciation	1,608,688	-14.6%
Operating Expenditures w/ Depreciation	8,469,556	-0.4%
Operating Income	3,054,607	-5.3%
Interest Exp	3,305,6945	5.4%
Interest Inc- Bond	224,000	-18.99%
Other Income/ (exp(s))	-715,724	0%

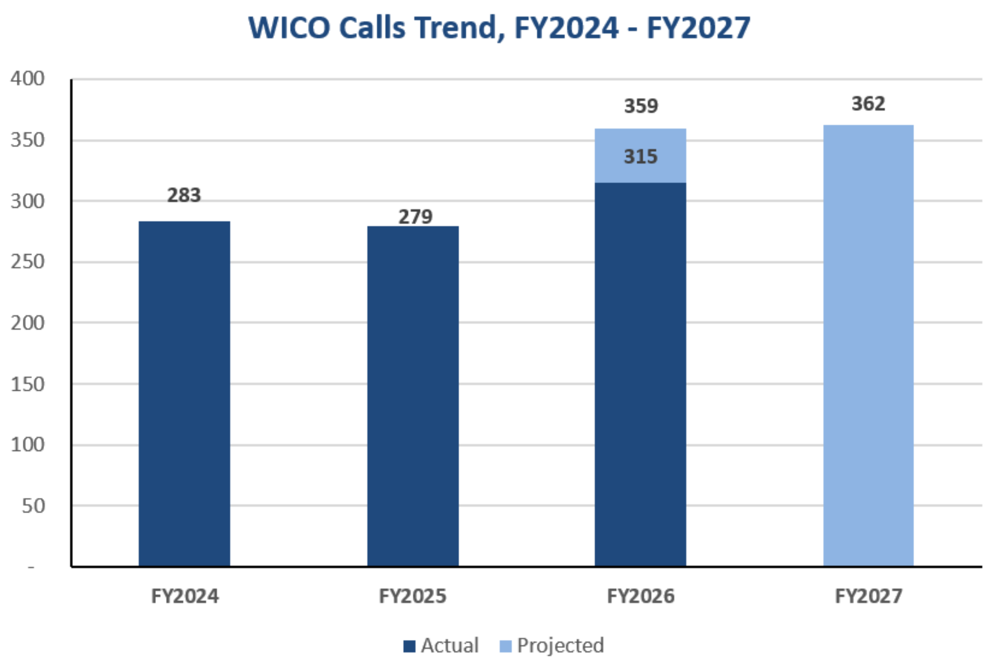
NET INCOME	-742,361	35.4%
EBITDA	4,648,021	-8.72%
CASH RESTRICTED	8,651,107	–
CASH UNRESTRICTED	2,699,275	–

Revenue & Operating Expenses YOY Comparison, FY2025 - FY2027

Metric	FY2025	FY2026 Projections	FY2027 Projections
Revenue	$9.4M (+14% vs FY2024)	*$11.7M (17.5% vs FY2025)*	*$11.5 (-1.8% vs FY2026)*
Operating Expenses	$6.2M (-6% vs FY2024)	*$6.6M (5.65 vs FY2025)*	*$6.8M (3.7% FY2026)*

4-Year Passenger Trend (FY2024 - FY2027)




WICO Calls Trend, FY2024 - FY2027
400
350
300
250
200
150
100
50
-
283
279
359
315
362
FY2024
FY2025
FY2026
FY2027
Actual
Projected