



VIRGIN ISLANDS PORT AUTHORITY

Gateways to the United States Virgin Islands and its Economy

ST. THOMAS/ST. JOHN DISTRICT

8074 Lindbergh Bay, St. Thomas, VI 00802
P.O. Box 301707, St. Thomas, VI 00803
Telephone: (340) 774-1629

ST. CROIX DISTRICT

Henry E. Rohlsen Airport Terminal, St. Croix, VI 00820
P.O. Box 1134, St. Croix VI 00820
Telephone: (340) 778-1012

Website: www.viport.com

Email: info@viport.com

TESTIMONY OF CARLTON DOWE **EXECUTIVE DIRECTOR OF THE VIRGIN ISLANDS PORT AUTHORITY**

November 3, 2025

Good morning, Honorable Novelle E. Francis, Jr., Chairman of the Committee on Budget, Appropriations, and Finance of the 36th Legislature of the Virgin Islands, all senators present, legislative staff, and the listening and viewing audience. I am Carlton Dowe, the Executive Director for the Virgin Islands Port Authority (hereinafter referred to as VIPA). Thank you for the opportunity to present testimony regarding Bill No. 36-0196. This bill includes two appropriations for the Virgin Islands Port Authority (VIPA): the first for \$2 million and the second for \$6 million, totaling \$8 million. These funds will be used to cover some of the non-dredging project costs associated with dredging Charlotte Amalie Harbor in St. Thomas. I intend to provide clarity and background information regarding these two appropriation items.

The first appropriation is \$2 million for the demolition of the former Adelita Cancryn Jr. High School. The demolition of the buildings on that site is critical to VIPA, as it is essential to the dredging of Charlotte Amalie Harbor. As you are aware, in Act No. 8787 (2023), \$17 million was appropriated from the excess funds contained in the Debt Service Reserve Fund (which is held by the V.I. Public Finance Authority) for

the purpose of dredging the Charlotte Amalie Harbor. Although the \$17 million is expected to be insufficient to complete the harbor dredging project, VIPA is appreciative of the appropriation and intends to use its resources to raise the funding to cover the total cost of the project. One of the early challenges of the Charlotte Amalie Harbor dredging project is the disposal site for the material to be removed from the harbor bottom. At the time we took on this project, there was no acceptable dredge disposal site in St. Thomas.

After consideration, our staff determined the most feasible and cost-effective site was to use the Adelita Cancryn Jr. High School as a temporary disposal site for beach-quality material dredged from the harbor. As a part of the permit process, the Coastal Zone Management Commission and the Army Corps of Engineers approved the use of the site for these purposes. However, to use the site, the buildings on the property must be removed. Therefore, since the demolition of the buildings is related to the dredging of the harbor, we requested assistance from the central government to help cover the cost of demolishing the buildings at Cancryn School, so we can immediately commence the dredging of the Charlotte Amalie Harbor project.

VIPA is not sitting and waiting for all the funding to fall into place at one time. Acting in good faith and with assurance of the Governor's assistance, we have started the project by soliciting bids for the demolition of the buildings, a contractor has been

selected, and a contract has been executed to undertake the work. We anticipate demolition starting by December 2025 and the full scope of the project being completed within 10 months.

I have attached a breakdown of the projected demolition costs based on the executed contract. As you will see, the expected cost exceeds the \$2 million appropriation requested. VIPA will use its available resources to cover any additional costs arising from the contract. So to be clear, the \$2 million appropriated in this bill will be used as a significant contribution toward demolishing the buildings on the Cancryn School site, enabling VIPA to temporarily use the site as a disposal site for beach-quality dredged material from Charlotte Amalie Harbor. We intend to make the beach-quality dredged material available to the local community, including hotels, schools, and other residents who need it.

The second appropriation of \$6 million is also related to dredging in Charlotte Amalie Harbor. When VIPA considered dredging the Charlotte Amalie Harbor, it was realized that the \$17 million available from VIPFA was insufficient. Despite inadequate funding, WICO still requires that the entrance channel and turning basin be deepened via dredging to accommodate the larger ships visiting our destination and those planning to visit. As we review the cost to dredge to the depth requested by WICO and its cruise ship partners, we have determined that the dredging will

exceed \$17 million. Therefore, VIPA considered other funding sources to secure the funds needed to complete the dredging.

After discussions internally and with our external financial advisors, VIPA has considered other funding sources to secure the funds needed to complete the dredging. We are considering bank or bond financing but have not made a final decision. This will enable us to dredge Charlotte Amalie Harbor and other harbors that need dredging. To secure this bank or bond financing, we need to demonstrate a source of revenue that can repay the funds. Considering this need, VIPA's Governing Board authorized the increase of the Port Dues charged in VIPA's Marine Tariff by \$3.00 per cruise ship passenger that enters the St. Thomas/St. John district. That is an increase from \$6.84 to \$9.84. This \$3.00 increase will be dedicated exclusively to the dredging needs of the St. Thomas harbors.

The increase in port dues was discussed with the cruise ship companies, as we typically do when fee increases are to be implemented. They understood the importance of the harbor dredging project and were willing to pay the fee increase, on the condition that the revenues collected from the fee be used to dredge the harbors.

The cruise lines' other challenge was that the fee commencement date was

set for April 2025. This commencement date did not align with the cruise line's scheduling, as its rates are published two years in advance. The cruise lines asked if we could delay the collection of the fee for 18 months. However, VIPA could not delay the issuance of the new increase and still maintain our dredging project schedule. VIPA told them the increase in port dues had to proceed on the scheduled April 1, 2025, to reach the target amount needed to start the dredging project. The cruise lines took their concerns to the Governor and the Commissioner of Tourism to find a compromise that would allow VIPA to collect the increase in port dues, which would ensure the dredging project. As a result, it is our understanding that the \$6 million will serve as a bridge to secure the initial dredging costs for VIPA, and thereafter, the cruise ship companies will commence paying the increased port dues.

Since April 2025, we have started issuing invoices and collecting dredging fees from some cruise ship companies. This does not exempt the cruise lines from paying the port dues increase. It contributes to revenue losses during the initial period.

The appropriation of \$6 million covers the dredging fee, which is merged into the port dues charged to cruise ships but is delayed. The appropriation covers the contribution to the dredging revenues and allows the cruise companies to incorporate the charge in the new rate for the new cruise year. The cruise companies are currently being billed the \$3.00 charge but are allowed to pay it later in the cruise

year. As you consider this appropriation, keep in mind that the cruise industry's contribution to the U.S. Virgin Islands is substantial, with tourism accounting for approximately 80% of the territory's GDP and employment. We must be prepared to take bold steps to protect the revenue from that source.

I thank you, Mr. Chairman. My staff and I are available to answer any questions you may have to clarify how this money will be used.

A handwritten signature in blue ink, appearing to read "Carlton Dowe".

Carlton Dowe
Executive Director
Virgin Islands Port Authority