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THE VIRGIN ISLANDS
PORT AUTHORITY

TESTIMONY

Presented by
Carlton Dowe, VIPA Executive Director
to the 36th Legislature of the U.S. Virgin Islands
Committee of the Whole

The Honorable Milton E. Potter
Chairperson



November 18, 2025

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

Good **afternoon**, Honorable Senate President Milton Potter, Chairman of the Committee of the Whole, and all senators of the 36th Legislature of the United States Virgin Islands present, along with legislative staff and the listening and viewing audience. I am Carlton Dowe, the Executive Director of the Virgin Islands Port Authority (VIPA). Thank you for the opportunity to present testimony regarding **Bill No. 36-0138**, which will transfer certain parcels of land in the Subbase area from the Government of the Virgin Islands, Department of Property and Procurement to the Virgin Islands Port Authority.

With me today are Mr. Preston Beyer, Director of Engineering; Ms. Ava Penn, Director of Finance and Acting Property Manager; and Jamen Descartes, Senior Engineering Project Manager. I am also accompanied by Mr. Larry Belinsky of Frasca & Associates, VIPA's financial consultants.

We are pleased to have Mr. Kevin Goldstein of Cruise Terminals International (CTI) and Ms. Melissa Morales, Senior Director of Destination Development for the Americas and Caribbean at Royal Caribbean Cruise Lines, who are our development partners for the Crown Bay District

Development Project. Mr. Goldstein and Ms. Morales may introduce other members of their team who are in attendance.

Bill No. 36-0138 has significant potential to positively impact cruise tourism and overall economic development in the Virgin Islands. Allow me to provide some historical background on the properties under discussion:

- **In 1967, the United States of America deeded to the Government of the United States Virgin Islands, 197 acres of real property at No. 35 Estate Nisky No. 6 Southside Quarter St. Thomas.** At that time, No. 35 Estate Nisky No. 6 Southside Quarter St. Thomas was primarily the location of the former submarine base area. The Estate was later renamed from Nisky to Estate Submarine Base.
- **In December 1968, the Ninth Legislature of the U. S. Virgin Islands created the Virgin Islands Port Authority by Act No. 2375.** In Act No. 2405, the Legislature approved the “Appendix list” of real properties that were transferred to the Port Authority by Act No. 2375. This Appendix list included 197 acres of property at No. 35 Estate Nisky No. 6 Southside Quarter (now known as Subbase No. 6 Southside Quarter St. Thomas).

- **In 1970, by Act No. 3075, the legislature directed that any property that was transferred to VIPA and was not needed for marine or aviation activities should be returned to the Government of the Virgin Islands.** The legislation required that the re-transfer of property be documented with appropriate deeds of conveyance. However, these deeds were never recorded, so the records maintained by the Recorder of Deeds still show all 197 acres of the property as belonging to the Port Authority. Over the years, the Virgin Islands Port Authority (VIPA) transferred certain plots in the subbase to the Department of Property and Procurement for commercial purposes. Therefore, any title search in subbase will indicate that VIPA is the record owner of these properties, even though the Department of Property and Procurement has been managing them as part of their commercial land inventory.
- When the Legislature established the Port Authority and turned over the subbase properties to VIPA, it was with the vision that the properties would be used to develop a second port for cruise ships in St. Thomas. The intent was to augment the cruise ship berth in the Port of St. Thomas and to have a cruise ship dock owned by the people

of the Virgin Islands, and not to have the Danish West Indies have exclusive control of the cruise ship market.

- Shortly after the properties were transferred to VIPA, VIPA renovated and converted the two berths built by the U.S. military to civilian use as a cruise ship dock facility at Subbase. That was adequate for the time, to allow St. Thomas to remain competitive in the Caribbean cruise ship industry.
- **In 1987, VIPA constructed the current cruise ship dock to replace the old facility that was built by the U.S. military.**
- **In 2006, VIPA completed the expansion of the existing cruise ship pier and the construction of the Crown Bay Center.** With this new dock and the shopping center built, the aspiration was to accommodate the modern Quantum-class cruise ships. Once again, that action was taken by our predecessors to maintain St. Thomas' competitive edge in the market.

CROWN BAY REDEVELOPMENT PROJECT

We have now reached a pivotal moment in which we must decide whether St. Thomas will remain the leading cruise ship port in the Caribbean.

It is essential that we meet the challenges of accommodating the Icon class ships and the next generation of cruise ships that will sail the Caribbean and Atlantic seas.

The passage of Bill No. 36-0138 will be transformative because it allows us to transform the former submarine base and industrial enclave into a modern cruise ship destination, built on the other wonderful attributes offered by St. Thomas. This was the dream of the leaders on whose shoulders we stand, and we now have the right partners to help us achieve this dream. This planned project will solidify St. Thomas in the cruise ship industry for generations to come.

Bill No. 36-0138 aims to transfer specific parcels of property from the Department of Property and Procurement to the Port Authority, thereby establishing the Virgin Islands Port Authority (VIPA) as the official record owner. Given that we are about to engage in a transaction involving hundreds of millions of dollars, it is crucial that the chain of titles is accurately recorded with the Recorder of Deeds. This attention to detail is in the best interests of all parties involved in the project. While we may embrace the idea of “one government,” those making the investment need a clear understanding of property ownership.

All the properties in Bill No. 36-0138 are in the Subbase Crown Bay area. VIPA has requested these parcels primarily for incorporation into the “Crown Bay Redevelopment Project.” This bill identifies three groups of properties. First, there are parcels that are undeniably owned by the Virgin Islands Port Authority (VIPA). However, since 1969, these parcels have been divided into separate lots, and we need confirmation that VIPA owns each individual property. With the passage of Act No. 3075, which authorized the retransfer of certain properties to the central government, the Recorder of Deeds should document that all properties involved in the Crown Bay District Redevelopment Project are properly owned by VIPA.

The second group of parcels comprises properties that have been under the control and jurisdiction of the Department of Property and Procurement by virtue of Act No. 3075.

The third group of parcels consists of filled land under the current Crown Bay Center and the submerged land seaward of it. This group also includes the submerged land occupied by the existing dock and the submerged land to the south on which the third berth will be built.

We aim to develop these properties together as a single project, transforming the Subbase area into an exciting new tourist attraction. The development will include a new Crown Bay Village at the Austin “Babe” Monsanto Marine Facility, a day resort for cruise passengers, other visitors to the island, and the public, as well as, most importantly, a third berth for cruise ships arriving in St. Thomas.

This new attraction will help position the Port of St. Thomas as the premier cruise ship destination in the Caribbean, offering fresh activities for passengers. Additionally, this development will create new overnight guest experiences in St. Thomas. Our goal is to transform the Subbase area from a decaying industrial zone into a modern, vibrant visitor attraction center.

In 2019, the Virgin Islands Port Authority (VIPA) received a proposal from Royal Caribbean Cruises, Ltd. (hereinafter, Royal Caribbean Group) to develop the Austin Babe Monsanto Marine Terminal and Crown Bay Center into an upgraded, modern facility focused on tourism. This proposal included plans for a new water-based day resort and the construction of a third berth for cruise ships at the Austin Babe Monsanto Marine Terminal (ABM).

VIPA's Board of Governors reviewed the proposal and authorized me, as the Executive Director, to initiate negotiations with the Royal Caribbean Group regarding this project. Since 2020, we have been actively negotiating the redevelopment of Crown Bay. Over the past five years, Royal Caribbean has consistently maintained its interest in the project. Several partners have been presented alongside Royal Caribbean, and the specific development activities have been reiterated multiple times. Ultimately, Royal Caribbean has remained a committed partner throughout this process, and the changes we have encountered have been a result of the extended duration of the negotiations.

In 2023, we were introduced to iCON Infrastructure (iCON), an international company specializing in infrastructure financing and development. iCON is now partnering with Royal Caribbean Group to develop several projects in the United States, Europe, and the Caribbean, including VIPA's Crown Bay Development Project.

iCON has played a pivotal role in the ongoing negotiations through its joint venture, Cruise Terminals International (CTI). We have been in discussions with CTI since 2023, and the negotiations have been lengthy and detailed. As these discussions are still in progress, I am unable to share

specific details of the agreement at this time. However, we anticipate that an agreement will be finalized before the end of the year.

The passage of Bill No. 36-0138 is crucial to completing the agreement and initiating this project.

~~*I will now invite our partners to provide more details about the project.*~~

THE PARCELS TO BE TRANSFERRED

Directly across the street from the Crown Bay Center in Subbase, several parcels of land are owned and controlled by the Virgin Islands Port Authority (VIPA). This includes the VI Police Department (VIPD) Academy, which does not generate revenue for VIPA. The buildings that once housed Island Laundries are located on Parcels 164, 165, 153, and 116. These parcels have been under the control of the Department of Property and Procurement (DP&P).

To the west of the former Island Laundries building is **Parcel No. 86**, home to Import Supply, a business that sells generators and generator parts.

Parcel 86 has also been under the control of the Government of the Virgin Islands.

There is a metal building in this area that is owned and managed by VIPA. Over the years, it has been leased to various automotive-related businesses, building supply companies, and cabinet manufacturers. VIPA has engaged in discussions with the owners of these businesses and has offered financial assistance upon their vacating the premises. We **intend to provide** financial support to tenants in good standing and have also offered relocation opportunities to some of them. VIPA owns Parcel No. 36 Estate Nisky, where we plan to construct a warehouse facility to accommodate the tenants of the E building in Subbase. We are currently in the design phase for that project and expect the new warehouse to be ready for occupancy before the demolition of the E building begins.

The next parcel heading south is Parcel 70A Subbase, which is under the control of the Government of the Virgin Islands. Until recently, this parcel was leased by Bryan's Electric, Inc., but they have since surrendered the lease. This property is located at the corner across from the school lunch program warehouse.

Adjacent to Bryan's Electric are several other parcels: 70B (Rem), 70B-1, 70B-2, and 70B-4. These parcels extend eastward to the VIPA fence line, in front of the Department of Property and Procurement (DP&P). By transferring these properties to the Virgin Islands Port Authority (VIPA), we can integrate them into our project and effectively enclose the project area from the sea to the highway. This transfer presents a natural and logical reconnection of the properties. As part of our discussions with DP&P, we have committed to designating an exclusive parking area for DP&P and other agencies located in the DP&P building. This parking area will be separated from the project's general parking area.

Parcel 181 is situated south of the Crown Bay Center and is currently occupied by Island Tri-Corp, doing business as Subbase Dry Dock, Inc. Subbase Dry Dock holds leases for areas from both the Virgin Islands Port Authority (VIPA) and the Department of Property and Procurement. We plan to consolidate these two separate parcels to develop a third berth for docking cruise ships. VIPA acknowledges that the services provided by Subbase Dry Dock are essential to the marine industry in the Virgin Islands and the region. Therefore, once the transfer is completed in accordance with this Bill, VIPA

intends to make the necessary accommodation for the relocation of that business.

Sections 3(A) & 3 (B) of the bill transfers the filled lands and submerged lands. The filled lands are the parcels of land under the Crown Bay Center, and some of the lands under the Supreme Court and the buildings west of the Court. According to the surveyor, when those parcels were filled in, some areas were not assigned a designated OLG or DPW number. Therefore, the Bill refers to those parcels as “Unmapped properties.” The process of registering those parcels with an OLG number has begun, and they will be considered mapped properties at that time. Furthermore, the area where the third berth will be built is also an Unmapped properties area. That area will also have to be registered with the request for an OLG number. The area is currently unmapped because it is in the harbor waters.

After consulting with the financiers' lawyers, it was decided that the original description of the Unmapped parcels needed greater precision. Therefore, when it comes to the description of the unmapped areas we have used, we have used more precise language, with assistance from the surveyor preparing surveys for these areas, in Section 3 (A) & (B). **Section**

3 (B) transfers the filled lands under the Crown Bay Center and the submerged area eastward of the shoreline. These parcels were a portion of Parcel 161 Submarine Base. VIPA received CZM permits to fill and occupy Parcel 161, which enabled the registration of individual parcels covering the Crown Bay Center. These parcels with OLG numbers are included in Section 1 of the Bill, but they are considered filled land.

VIPA has a lease to occupy those parcels from the Department of Property and Procurement. Upon passing this bill, Section 3 will render the lease null and void. **Section 3 (A)** transfers the submerged land in the unmapped area where the third berth will be located. This language was tightened up with the input from the project surveyor. These two provisions with this precise language are particularly important to the bankability of this project.

The properties identified in Bill No. 36-0138 will all be included in this project. When we started discussions with Royal Caribbean, we considered leasing those properties for the project from the Department of P&P, but as negotiations progressed and the title status was discovered, the complications of having two different owners of the project properties became increasingly apparent. The project financiers expressed concerns

that the need for owner's assurances and necessary subordinations will become difficult if VIPA cannot speak and make decisions regarding the entire project properties, which will affect financing and project operations. Thus, we request the consolidation of the properties identified in the Bill, as this will make negotiations more effective and the project financing more bankable.

The third group of parcels in the bill consists of filled and submerged lands under the Crown Bay Center, the existing docks, and the area eastward. While these lands (unmapped lands) are covered by a Commercial Lease Agreement, approved by the legislature in 1985 and the CZM permits that authorized the filling and occupying of the submerged land, it is necessary for us to change the relationship to get the project financed. In the bill, we request that the filled land and submerged land be transferred to VIPA in fee simple. That will make VIPA the owner of the filled and submerged land. Be reminded that VIPA is an instrumentality of the Government of the Virgin Islands, and subject to the legislature and the Governor, in land transactions.

As a result, no rental or annual fees will need to be paid for the use of the filled and submerged lands covered by this project. Because the project

is in the best interest of the people of the Virgin Islands and will be an economic benefit to the U.S. Virgin Islands for the term of the project, which is forty (40) years, the usual CZM fees will be waived for the term of the project. In exchange for the waiver of fees and the release of the Commercial Lease, VIPA, together with its partners, will pay \$7 million into the St. Thomas Capital Improvement Fund. This money will be paid to the government once the deeds are all prepared and ready for recording.

This request to transfer these properties is in keeping with the spirit and the vision of the previous Legislatures when VIPA was created. In T. 29 V.I.C. §561, the Legislature indicated that from time to time, as the need arises, the government should convey property to VIPA to assist VIPA to conduct the purposes for which it was created. Section 561 says:

(a) For the purpose of aiding the Authority in carrying out the purposes of this chapter, the Governor of the Virgin Islands with the approval of the Legislature, may at the request of the Authority and upon such terms as shall be determined—

(1)convey, or lease any interest of the Government in any property or grant easements, licenses or any rights or privileges therein to the Authority;

This is what we are seeking to have done by this Bill No. 36-0138.

This project is crucial to the U.S. Virgin Islands' economy and to our sustainable future in the tourism market. It assures this territory a preeminent place in the tourism and cruise ship industry for years to come. We consider this a generational shift that keeps this territory from lagging behind the industry and keeps us at the forefront as a desirable destination. We cannot do this without transferring these underperforming properties to VIPA for inclusion in the project.

I am confident that everyone here understands the vital role that tourism, especially cruise tourism, plays in the Virgin Islands' economy. It is important to note that tourism accounts for more than 50 percent of this territory's GDP, which is quite significant. We must take the necessary steps to preserve our competitive edge in this sector.

Since 2017, Royal Caribbean has brought almost one million passengers to the U.S. Virgin Islands. **Over the past five years, they have increased the number of passengers visiting St. Croix fivefold.** Royal is committed to continuing this trend by bringing even more visitors to our shores, particularly to St. Croix. **In St. Thomas, Royal Caribbean has brought more passengers to our port than the top three other cruise lines combined.** This highlights that Royal Caribbean is a valuable partner

for the Virgin Islands Port Authority (VIPA) and the people of the Virgin Islands.

The project in Crown Bay has a budget of over **\$200** million designated for its development. We anticipate a corresponding increase in the number of passengers arriving in St. Thomas. We are guided by the principle that when the tide rises, all boats rise with it. Therefore, we are committed to ensuring that our residents benefit from the economic opportunities this project generates.

We have negotiated protections for existing tenants at Crown Bay Center, ensuring that their leases will be honored for their full terms once we take over the center. Additionally, we have made provisions for future opportunities for new vendors to access the redeveloped Crown Bay Village, as well as for other business opportunities for various products and services. We have been sensitive to the businesses that may be disrupted by this project, and those in good standing have been offered financial assistance for relocation or the retirement of their businesses.

Moreover, we expect CTI and its operational partners to fully provide job opportunities for residents, as required by law.

Before concluding, I would like to reemphasize how important this development is, not only for the Port Authority or for the Government of the Virgin Islands. Most importantly, it will benefit the residents of our community and those directly affected by the cruise industry, including our tour and excursion companies, hundreds of taxi drivers, and the owners and employees of restaurants and merchants whose livelihoods depend on our decisions.

Adding a third cruise ship berth will increase our cruise passenger numbers from 1 million to 1.5 million annually. This significant increase will enhance our economy's revenue. The tourism industry is advancing rapidly, and we cannot afford to delay. The Caribbean and the rest of the world are not waiting for the U.S. Virgin Islands. The time to act and propel ourselves into the future is now.

Mr. Chairman, I thank you again for this opportunity to testify, and my staff and I will be available to answer any questions the committee members may have.

