

MARCH 13, 2024

**VIRGIN ISLANDS
PORT AUTHORITY**

TESTIMONY

Submitted to the Honorable Javan E. James Sr.
Senator
35th Legislature of the U.S. Virgin Islands

Chairman, Committee on Economic Development
and Agriculture

Presented by:
Mr. Carlton Dowe
Executive Director



Table of Contents

Aviation Projects	2
Rehabilitating CEKA and HERA Airfields	2
Cyril E. King Airport Terminal Parking and Transportation Center	3
Federal Aviation Administration (FAA) Grant-Funded Aviation Projects	3
Financing Airport Improvements via Public/Private Partnership.....	4
Increasing Airlift in the USVI	6
Seaborne Airlines Seaplane Lease Agreement.....	6
Marine Projects.....	7
Ann E. Abramson Marine Facility Improvements	7
Schooner Bay Channel Dredging, Christiansted	7
Opening of Cargo Terminals in Krause Lagoon.....	8
Loredon L. Boynes Sr. Dock, Cruz Bay.....	8
Charlotte Amalie Harbor Dredging	9
VIPA’s Partnership with Royal Caribbean and CTI	9
VIPA’s Partnership with Tropical Shipping and Crowley.....	10
Community Facilities and Other Developments.....	11
Designing a Community Park at Enighed Pond, St. John	11
Fish Markets in St. John and St. Croix	12
Seatrade Cruise Global Convention	12
VIPA Aviation and Marine Five-Year Statistics	13
Conclusion.....	14

Good afternoon Honorable Senator Javan E. James Sr., Chairman of the 35th Legislature's Committee on Economic Development & Agriculture, and to the distinguished members of this Committee and honorable senators in attendance, the legislative staff, and the listening and viewing audience. I am Carlton Dowe, the Executive Director of the Virgin Islands Port Authority – hereinafter referred to as VIPA. Today I will provide an update on the Authority's priority projects – to include the status of ongoing public-private partnership negotiations between VIPA and private entities.

VIPA's Fiscal Year 2024 Capital Projects Improvement Program includes major maintenance and improvements for the territory's airports and all seaports in St. Thomas, St. John, and St. Croix. I will begin by providing an overview of the Authority's active and future aviation projects.

Aviation Projects

Rehabilitating CEKA and HERA Airfields

VIPA received multiple grants from the Federal Aviation Administration (FAA) to remove 58,000 square yards of asphalt from Taxiway A West at the Cyril E. King Airport. The asphalt is being replaced with Portland cement concrete to provide a smoother surface with better durability than asphalt. It will also require less

maintenance. VIPA is also upgrading the existing light-emitting diode (LED) system on the airfield. This project will be completed by the second quarter of 2024.

On St. Croix, Taxiways A and B at HERA are being rehabilitated. We are currently executing Phase 2 of this project, which entails milling and paving along Taxiway A from the west edge of Taxiway B to about 3,740 feet east near the west edge of the terminal's apron. This \$7 million project is expected to be completed in the first quarter of 2024.

Cyril E. King Airport Terminal Parking and Transportation Center

The new multi-level Parking and Transportation Center at the Cyril E. King Airport on St. Thomas is scheduled to partially open in April 2024. Half of the garage will open for paid public parking and ADA-accessible parking spaces. This \$32 million project began in March 2021 and is mostly funded via a \$20 million hurricane recovery grant received in 2018, awarded by the U.S. Economic Development Administration.

Federal Aviation Administration (FAA) Grant-Funded Aviation Projects

VIPA is also currently engaged in the following projects funded by FAA grants:

- CEKA Master Plan
- HERA Master Plan
- HERA Apron Reconstruction (starting April 2024)

- HERA Runway Rehabilitation Design
- CEKA Runway Rehabilitation Design
- CEKA Airfield Drainage Gut Improvements, Environmental Assessment and Conceptual Design
- CEKA Commercial Apron Selective Slab Replacement Design

Christiansted and Frederiksted.

Financing Airport Improvements via Public/Private Partnership

The Virgin Islands Port Authority is currently engaged in negotiations and active projects involving public-private partnerships to improve the territory's airport and marine assets. The public-private partnership financing method is a proven successful method implemented by government agencies across the world to fund major infrastructure projects. P3 projects are developed via the investment of private entities that also absorb the risks involved in construction projects. In all VIPA's P3 arrangements, the Authority remains the owner of its facilities.

VIPA is using the P3 procurement method and engage with a private partner to modernize and upgrade the Henry E. Rohlsen Airport on St. Croix and the Cyril E. King Airport on St. Thomas. This project will bring state-of-the-art amenities, private investments, efficient airport operations, enhanced staff training, increased revenues, and secure long-term maintenance plans to these two important assets. It

is important to note that VIPA will remain the owner of the airports and will be the recipient of any federal grant monies awarded to both airports.

On February 15, 2024, VIPA received multiple compliant proposals in response to its Airports P3 Request for Proposals that was issued in June 2023. The Authority's internal committee will now undertake an evaluation review of the proposals that is expected to last several weeks. After the evaluation process, the evaluation committee will submit its recommended preferred proposer to the Authority's Board of Governors. The Authority will not comment further during the evaluation period.

Frasca & Associates LLC is serving as the P3 financial advisor, Mayer Brown LLP is serving as the P3 legal advisor, the Law Offices of Jennifer Jones and the Law Office of Trudy Fenster are serving as local counsel, The Paslay Group is serving as the P3 technical advisor, and the Public Strategy Group's Virgin Islands office is serving as the communications advisor.

Airports P3 Project Timeline:

- December 28, 2022 - VIPA issued a Request for Qualifications for the P3 project.
- April 20, 2023 – VIPA's Board shortlisted four qualified proposers to participate in a request for proposals process.
- June 29, 2023 - VIPA issued the Request for Proposals to the shortlisted proposers.

- VIPA's staff and our advisors are currently engaging with the shortlisted proposers as part of the RFP process.
- Final proposals were submitted by the February 15, 2024 deadline, and the VIPA Governing Board is expected to make its final selection within 30 to 60 days.

Increasing Airlift in the USVI

VIPA continues to work closely with the Bryan/Roach Administration and the USVI's Department of Tourism to seek additional airlift that will keep our islands connected as well as connect the USVI to the rest of the Caribbean and the world. In 2023, four airlines started new airlift or increased interisland service:

- **Cape Air:** St. Thomas/Nevis eight flights a week started February 2023.
- **Fly the Whale:** St. Croix/St. Thomas daily flights started April 27, 2023.
- **Frontier:** nonstop service between Orlando and St. Croix starting May 2024.
- **Sky High Aviation Dominicana:** Dominican Republic/St. Thomas – twice weekly flights started March 27, 2023, and Dominican Republic/St. Croix - twice weekly flights started December 13, 2023.

Seaborne Airlines Seaplane Lease Agreement

We were asked to provide an update concerning the lease agreement between VIPA and Seaborne Virgin Islands, Inc. The agreement for waterfront space to operate a seaplane operation between St. Thomas and St. Croix will expire in July 2028. The initial term is for 20 years (1998-2018) with a ten-year activated option term 2018-2028. Seaborne is currently operating in its option term.

Marine Projects

Ann E. Abramson Marine Facility Improvements

There are currently two ongoing projects at the cruise ship pier at the Ann E. Abramson Marine Facility in Frederiksted, St. Croix. The reconstruction of the tender landing pier that is used by residents, divers, and excursion companies, and the replacement of the storm protective panels were started in 2023. The blowout panels should be completed by quarter two of this year, and the tender landing pier by the fourth quarter of this year. Other improvements are planned to increase the berthing capacity at the pier, which I will discuss later in this testimony.

Schooner Bay Channel Dredging, Christiansted

VIPA and the US Army Corps of Engineers hosted a joint public meeting on January 9, 2024 in St. Croix to update the community on the status of the Christiansted Harbor Navigation Feasibility Study. The U.S. Army Corps of Engineers Jacksonville District is beginning preparation of an Integrated Feasibility Study and National Environmental Policy Act (NEPA) document to address maneuverability, dimension, and safety concerns in the Schooner Channel and Gallows Bay in the Christiansted Harbor. The Army Corps has taken the lead in this project, and VIPA has signed a cost-sharing agreement with the Corps and will provide documentation and any other assistance and information required to complete the study.

Opening of Cargo Terminals in Krause Lagoon

By the second quarter of this year, we anticipate the opening of the cargo terminals at the Gordon A. Finch Molasses Pier and the Wilfred “Bomba” Allick Port and Transshipment Center – more commonly referred to as the Containerport. Both terminals are in Krause Lagoon and are significantly completed.

At the Containerport, a new backup generator is being installed and will allow us to open the facility for seamless operations. The terminal has ten bays – seven of which already have commitments from tenants to occupy. This new facility replaces the old warehouse that was destroyed in the 2017 hurricane.

Additional paving at the Molasses Pier was funded by the Legislature and was completed in February 2024. VIPA is now working with the prospective tenants of the facility to begin the move-in process.

Loredon L. Boynes Sr. Dock, Cruz Bay

By early fall of this year, visitors and residents will have full use of a newly renovated Loredon L. Boynes Dock in Cruz Bay, St. John. Work underway entails resurfacing the dock and adding a canopy to protect travelers from the elements, an addition of a male and female restroom, and adding an electrical room and an emergency power generator. This \$1.5 million project was funded via appropriations

from the Legislature of the Virgin Islands. This project is expected to be complete in June 2024, in time for the St. John Festival season.

Charlotte Amalie Harbor Dredging

VIPA will dredge the entrance channel to Charlotte Amalie Harbor and its turning basin to allow safe entry for vessels entering the harbor and berthing at the West Indian Company (WICO) Dock. This dredging is expected to begin in January 2025, following a competitive, open procurement of contractors, and will take 15 months to complete once all the permits from the U.S. Army Corps of Engineers are in place.

VIPA's Partnership with Royal Caribbean and CTI

VIPA is also engaged in public-private partnership negotiations with Royal Caribbean Group and Cruise Terminals International to improve and further develop our cruise facilities in Crown Bay, St. Thomas, and Frederiksted, St. Croix. Royal Caribbean Group has agreed to pay an additional \$5 per passenger Capital Cost Recovery Charge (CCRC) to fund improvements at VIPA's cruise ports. The CCRC will only be charged to Royal Caribbean and its affiliated cruise ships.

In Crown Bay, VIPA, Royal Caribbean, and CTI are partnering to dredge the existing dock; expand Crown Bay Center; develop a third cruise ship pier and create

landside venues to enhance the visitor's and residents' experience in the Crown Bay District.

In St. Croix, this partnership will fund pre-development costs for VIPA's plans to add improvements and dredge the existing cruise ship pier at the Ann E. Abramson Marine Facility. This will allow the larger Freedom-class cruise ships to berth in Frederiksted. The agreements between VIPA, Royal Caribbean Group and CTI development are expected to be signed by the end of January 2024.

[VIPA's Partnership with Tropical Shipping and Crowley](#)

The public-private partnership model was successfully employed as the Authority sought a method to finance improvements to Crown Bay Sand Fill Cargo Port in St. Thomas and the Wilfred "Bomba" Allick Port and Transshipment Center in St. Croix. In this project, VIPA is in the permitting and design phase of the project which will bring long-needed improvement to the Crown Bay Sand Fill Cargo Port. VIPA partnered with Tropical Shipping and Crowley Shipping to apply for and received a \$21.9 million grant from the U.S. Maritime Administration (MARAD) to improve and modernize the cargo handling and storage infrastructure at the Crown Bay Sand Fill Port on St. Thomas. Tropical and Crowley have contributed over \$5.4 million to the matching funds required for this grant.

In November 2023, MARAD announced that the territory was awarded \$22 million for the enhancement of the Wilfred “Bomba” Allick Port and Transshipment Center in St. Croix, known locally as the Container Port. The funds from this MARAD grant will be used to rehabilitate the bulkhead and concrete apron. The cargo storage areas are also slated for reconstruction. The project also includes security improvements at the port such as lighting, monitoring equipment, fencing, and fire protection.

Tropical Shipping assisted VIPA in the development of the grant application, providing much of the technical information that was required. Tropical is committed to assisting us with technical and financial requirements that may be needed for the project. This assistance from Tropical Shipping is capsulated in a public-private agreement with the Port Authority. Tropical Shipping will benefit by ensuring that the Container Port will be suitable for their long-term commitment to continue their operations in the U.S. Virgin Islands. They will also receive concessions in the leasing of land used for their operations.

Community Facilities and Other Developments

Designing a Community Park at Enighed Pond, St. John

VIPA and its marine architectural and engineering consultant, Moffatt & Nichol, are currently developing the schematic design for a community park at

Enighed Pond, St. John. VIPA will host a public meeting in St. John during the first quarter of this year to re-brief the community on the project and provide a status update. The funding for the design phase of this project is funded by a \$400,000 appropriation from the Legislature of the U.S. Virgin Islands. Once the schematic design is complete, VIPA will have a better understanding of a cost estimate to seek funding for the construction of the new community park.

Fish Markets in St. John and St. Croix

The design for a state-of-the-art fish market to be built in Cruz Bay is in progress. VIPA's marine architectural and engineering consultant, Moffatt and Nichol, is preparing a design that meets the needs expressed during meetings with local fishermen. The design and construction of this project is funded via a \$920,000 appropriation from the Legislature of the Virgin Islands.

VIPA is also assisting the Department of Planning and Natural Resources on these projects and will only be producing the designs for the facilities. Moffatt and Nichol is also designing fisheries to be built on Government-owned properties in St. Croix.

Seatrade Cruise Global Convention

Representatives from the Virgin Islands Port Authority, the West Indian Company Limited (WICO), the Department of Tourism and Havensight Mall (GERS)

are collaborating to promote the U.S. Virgin Islands at the annual Seatrade Cruise Global Convention. The USVI will be represented at booth number 1441 at the convention, which is scheduled for April 8-11, 2024 at the Miami Beach Convention Center in Miami Beach, Florida.

Seatrade, organized by the Florida-Caribbean Cruise Association (F-CCA) is the largest international gathering of cruise line owners, port authorities, operators, and suppliers. It is where the industry's leaders gather to discuss the global future of cruising. Over 1,800 executives from 100 cruise line brands and 600+ exhibitors will be participating at this year's event. USVI and port officials use this excellent opportunity to network with influential leaders in the cruise and shipping industry worldwide, and to invite them to increase their calls to our ports. The USVI's exhibit on the convention's show floor is used to promote and market the islands to an international audience of attendees that includes travel agents, social and digital marketers, bloggers, travel writers and local USVI media.

VIPA Aviation and Marine Five-Year Statistics

Lastly, I have included the most current aviation and marine travel statistics for your information. According to the data collected, traffic to the territory is trending to meet or exceed our fiscal year 2023 totals.

Aviation Passengers by Fiscal Year	2019	2020	2021	2022	2023	2024*
STT	604,266	407,521	681,201	766,328	706,378	164,285
STX	229,193	139,595	199,890	208,855	198,678	50,941
TOTAL	833,459	547,116	881,091	975,183	905,056	215,226

Cruise Calls by Fiscal Year	2019	2020	2021	2022	2023	2024*
STT	492	303	20	333	429	111
STJ	22	25	1	17	20	9
STX	35	17	3	35	69	13
TOTAL	549	345	24	385	518	133

Cruise Passengers by Fiscal Year	2019	2020	2021	2022	2023	2024*
STT	1,629,473	859,149	27,725	790,026	1,512,487	368,317
STJ	2,374	4,414	0	3,059	5,514	3,756
STX	78,640	38,190	3,841	59,864	177,000	34,448
TOTAL	1,710,487	901,753	31,566	852,949	1,695,001	406,521

VIPA's fiscal year is October 1 - September 30.

*FY 2024's statistics are through December 31, 2023.

Conclusion

Honorable Senator James, this completes my testimony. My staff and I will remain present to answer any questions that you may have regarding this testimony and the progress VIPA has made to maintain and upgrade the territory's public aviation and marine infrastructure.