



THE VIRGIN ISLANDS PORT AUTHORITY TESTIMONY

Presented by **Carlton Dowe, Executive Director**

**36th Legislature of the U.S. Virgin Islands
Committee on Economic Development and Agriculture**

**The Honorable Senator Hubert L. Frederick
Chairman**

MARCH 10, 2025



CONTENTS

ABOUT THE VIRGIN ISLANDS PORT AUTHORITY.....	3
AIRPORTS PUBLIC/PRIVATE PARTNERSHIP (P3)	3
VIPA’s Airport Employees and the P3 Project.....	5
AVIATION PROJECTS	5
CEKA Runway 10–28 Rehabilitation.....	5
CEKA Taxiway A West Reconstruction.....	6
Dale A. Gregory Transportation Center.....	7
HERA Apron Reconstruction	7
New Airport Eateries.....	7
USVI CRUISE PORTS	8
USVI Cruise Ship Traffic Statistics and Projections.	8
Partnership with Royal Caribbean Group	9
Charlotte Amalie Harbor Dredging Project.....	9
Ann E. Abramson Marine Facility	10
MARINE PROJECTS	11
Crown Bay Cargo Port Development	11
Urman V. Fredericks Marine Terminal	11
Loredon L. Boynes Sr. Dock Improvements.....	11
Enighed Pond Community Park, St. John.....	11
Cruz Bay Fishermen Facility	12
Wilfred Allick Port & Transshipment Center Marine Facility	12
Gordon A. Finch Molasses Pier Terminal.....	13
TEAM VIPA AND OUR 2025 EMPLOYEES OF THE YEAR.....	13

VIRGIN ISLANDS PORT AUTHORITY TESTIMONY

Good day, Honorable Hubert L. Frederick, Chairperson of the 36th Legislature's Committee on Economic Development and Agriculture, all senators present, legislative staff, and the listening and viewing audience. I am Carlton Dowe, the Executive Director of the Virgin Islands Port Authority. Thank you for the opportunity to present an overview of the agency's operational performance, infrastructure development projects, and efforts to improve air and seaport facilities of the U.S. Virgin Islands.

ABOUT THE VIRGIN ISLANDS PORT AUTHORITY

The Virgin Islands Port Authority (hereinafter referred to as VIPA) manages the ports and airports in the territory. Our primary objective is to facilitate the efficient movement of goods and passengers while ensuring safe and efficient operations. VIPA also plays a crucial role in the territory's tourism industry and economic growth. We operate two airports and 14 public seaports in the USVI. Additionally, we are responsible for maintaining the harbors in the territory. I will begin today's overview by providing an update about our airports.

AIRPORTS PUBLIC/PRIVATE PARTNERSHIP (P3)

VIPA is embarking on an exciting new Public/Private Partnership (P3) project to modernize the Henry E. Rohlsen Airport (HERA) on St. Croix and the Cyril E. King Airport (CEKA) on St. Thomas. On March 26, 2024, the VIPA Board selected VIports Partners, a consortium consisting of Aecon International Construction Services, Inc (Aecon), Star America Fund II GP, LP (Star) now operating under its official name, "SkyCity VI LLC"

(SkyCity), to partner with the Authority to redevelop and operate both airports. In this arrangement, SkyCity will design finance, build, and operate the airports on behalf of the Virgin Islands Port Authority under a long-term lease agreement. I want to take this opportunity to restate that the territory's airports **are not being privatized**. VIPA will remain the owner of both airports and will continue to receive all federal grants from the Federal Aviation Administration (FAA).

The construction of a new terminal at HERA and the redevelopment of the CEKA terminal will bring state-of-the-art amenities, private investment, efficient airport operations, and long-term maintenance plans to these two important assets. Both terminals will feature passenger boarding bridges and covered stair access to accommodate several types of aircraft using the airport facilities. The designs of both terminals are still in progress. We will provide more information once the ongoing transition process is complete. Throughout the transition phase, the VIPA team is working closely with the consortium to finalize the details of the terminal designs, construction plans, and the specifics of the partnership agreement.

Neither VIPA nor the Government of the Virgin Islands has the millions of dollars needed to complete this major undertaking. Therefore, we are leaning towards a public-private partnership agreement to modernize and improve the travel experience at our airports.

VIPA's Airport Employees and the P3 Project

VIPA and representatives of SkyCity held several meetings and workshops with our aviation division employees from July through January 2025. These were done in group sessions and individual meetings. Our Human Resources team hosted 401K and GERS workshops and meet-and-greet sessions with SkyCity representatives. VIPA also hired an independent consultant to provide one-on-one guidance and support via scheduled office hours and appointments for any employees with questions about this process. Employees received their offers on February 27, 2025. We expect completion of all employees' offers before the end of this summer.

VIPA plans to complete the financial close of the P3 agreement in the second quarter of 2025, and we anticipate that construction will begin before the end of this year. Both airports will be under construction simultaneously, and the project is projected to be completely operational in five years.

AVIATION PROJECTS

CEKA Runway 10-28 Rehabilitation

We continue to experience regular incidents of runway pavement failure at the Cyril E. King Airport in St. Thomas. The existing runway, which was originally constructed in 1990, was resurfaced in 2011. This extended its lifespan by ten to fifteen years. We are reaching the end of the asphalt's lifecycle, and as a result, we are experiencing regular surface-level pavement failures. These frequent emergency repairs are necessary to ensure the safety of all travelers and require us to shut down CEKA's only runway resulting in diversion of flights

to nearby airports, and delays for all incoming and outgoing flights. While other airports with multiple runways can shut down portions of a runway for repairs, unfortunately, we do not have that luxury at CEKA, which only has one runway. Any runway repair requires a full shutdown of our airport. We apologize for this inconvenience. However, we must use this opportunity to inform the public that **safety is always our priority concerning all airport operations.**

VIPA, like approximately 3,300 airports that fall under the Federal Aviation Administration's (FAA's) purview in the National Plan of Integrated Airport System (NPIAS), received federal funding for major capital projects related to the runway under the FAA's Airport Improvement Program (AIP). We have been working with the FAA to program the necessary funds for the upcoming Runway Rehabilitation project since 2017. The project design is completed and an invitation to bidders was released last week Wednesday, March 5, 2025.

In the meantime, we have engaged a rapid response team to repair pavement failures during normal operating hours. We have also contracted a private company to perform permanent asphalt repairs at night after the airport is closed.

CEKA Taxiway A West Reconstruction

The reconstruction of the western portion of Taxiway Alpha West at the CEKA airfield was completed and opened for traffic in November 2024. This project entailed the removal of 58,000 square yards of 30-year-old asphalt from the taxiway. The asphalt was replaced with Portland cement concrete, providing a smoother surface area, better durability than

asphalt, and requires less maintenance. We have also upgraded the light-emitting diode (LED) system on the taxiway.

Dale A. Gregory Transportation Center

The construction of the second half of the Dale A. Gregory Transportation Center is nearing completion. The first half of this new parking facility has been operational since April 2024, and we anticipate that the second half will be finished by the end of April 2025. This project received partial funding from a \$20 million hurricane recovery grant provided by the U.S. Economic Development Administration. We plan to host a ribbon-cutting ceremony to celebrate the total completion of this project and the significant addition to the airport's infrastructure. The date and time for the ceremony will be announced.

HERA Apron Reconstruction

In April 2024, our contractor began the reconstruction of the cargo apron to the east of the Henry E. Rohlsen Airport Terminal. Phase 1 of the project entailed the demolition and reconstruction of pavement in use for more than 50 years at the airport. Concrete pours started in September 2024 and will continue throughout the majority of 2025. Project completion is anticipated by early 2026.

New Airport Eateries

We are excited to announce the recent openings of new dining options at our airports. Barefoot Buddha has launched a kiosk in the domestic departure lounge, conveniently located near Gate 7. Additionally, at the Rohlsen Airport, the Reef Restaurant now offers a variety of tasty cuisine for travelers departing from St. Croix.

USVI CRUISE PORTS

We will now transition to our cruise ports and provide an update on the Authority's marine projects.

USVI Cruise Ship Traffic Statistics and Projections.

There are approximately **595** cruise ship visits scheduled in Fiscal Year 2025 (October 1, 2024 - September 30, 2025). An eleven percent overall increase in cruise ship passenger traffic is expected with the largest growth in St. Croix, which has 101 scheduled calls in FY25 versus the 57 calls received in FY24. Three years ago, St. Croix received **less than** 40,000 cruise ship passengers. For Fiscal Year 2024, we recorded **144,930** cruise passengers arriving in St. Croix. In Fiscal Year 2025, we anticipate **275,000** passengers. As of January 31, 2025, a total of **104,754** cruise passengers visited St. Croix.

Cruise ships docked in St. Croix and did not pay any fees to VIPA for over two decades. This cost VIPA an annual expense of approximately \$400,000 to operate the facility. This arrangement was not sustainable. The discussions regarding fee increases were challenging and uncomfortable, but they were necessary.

As a result of our negotiations with Royal Caribbean Cruise Line, we implemented a fee of \$5 per passenger for ships berthing in St. Croix, effective October 1, 2016. In January 2023, this fee was increased to \$7. Additionally, during the 2024 calendar year, Royal Caribbean agreed to pay an extra \$5 per passenger, applicable only to their vessels. This additional charge will be used to assist with the infrastructure development at the Ann E.

Abramson Marine Facility's cruise ship pier, enabling it to accommodate Royal Caribbean's Freedom Class, which consists of larger vessels.

Partnership with Royal Caribbean Group

VIPA's partnership with Royal Caribbean Group has already yielded noteworthy results. We have observed an increase in cruise traffic from Royal Caribbean and Celebrity ships. Efforts are underway to enhance the Frederiksted Pier to accommodate Freedom-class ships, with discussions about the possibility of even larger class vessels.

Improvements are planned for the Crown Bay cruise port in St. Thomas, including the construction of a third cruise ship berth. Royal Caribbean, in partnership with Cruise Terminals International (CTI), has signed a Memorandum of Understanding (MOU) with VIPA to undertake a major redevelopment of the Subbase area. This redevelopment will involve the creation of a destination attraction on properties owned by VIPA. These enhancements will make St. Thomas a more appealing destination, providing Royal Caribbean with a strong incentive to retain St. Thomas on its itinerary.

Charlotte Amalie Harbor Dredging Project

Stakeholders in Charlotte Amalie and West Indian Company, Ltd. (WICO) requested that the Charlotte Amalie harbor be dredged deeper in certain areas and for maintenance dredging to be done to remove build-up from run-off into the harbor and natural attrition. Dredging is necessary to accommodate ships that are increasing in size, and to address sediment deposits caused by vessel movement, storms, and landside runoff.

We heard that plea and VIPA started the process by applying for the Army Corp of Engineers Permit several years ago. We are pleased to report that we have issued a public solicitation for a dredging contractor to undertake this project. Responses will be coming in within a week. We hope to select a contractor and commence shortly.

VIPA's Board recently approved an amendment to our marine tariff that allows VIPA to increase the Port Dues by \$3 per passenger. The money will be dedicated to a dredging account to cover the cost of the dredging in addition to the \$17 million that was authorized by the 35th Legislature for the dredging project. The increase was effective as of January 1, 2025. Note that this increase does not apply to cruise ships that berth in St. Croix.

We thank the Bryan/Roach Administration, the Public Finance Authority, and this body for its assistance in providing \$18.4 million in appropriations for this project. We will have an anticipated cost for this project when the bids are received at 3 p.m. on March 13, 2025.

Ann E. Abramson Marine Facility

The south tender landing service pier at the Ann E. Abramson Marine Facility in St. Croix is being replaced and is currently under construction. The service pier is used by tour operators, drivers, and other small vessels. Pile driving and concrete pours have progressed over the last few months. We expect the project to be completed and open for use by May 2025. This project was funded via Act 8447, an appropriation requested by Governor Albert Bryan Jr. from the Legislature of the Virgin Islands.

MARINE PROJECTS

Crown Bay Cargo Port Development

VIPA executed a grant agreement with the United States Maritime Administration (MARAD) for the Crown Bay Cargo Terminal Improvements project in January 2024. This project, supported by VIPA's private sector partners Tropical Shipping and Crowley Construction Company, will enable VIPA to repave, replace, and upgrade the aging port infrastructure at the Crown Bay Sandfill Marine Facility. VIPA's consultants are currently wrapping up the 90% design package with the expectation that the construction project will be put out to bid by May 2025.

Urman V. Fredericks Marine Terminal

We have completed several recent upgrades at this facility. Maintenance dredging at the Noel Boynes Car Ferry Dock in Red Hook was completed in December 2023. The restrooms at this facility were completely renovated. The entrance and facility road at this facility will also be repaved in the upcoming months.

Loredon L. Boynes Sr. Dock Improvements

The improvements to the Boynes Dock in Cruz Bay, St. John will be completed by the summer of 2025. The project entailed resurfacing the pier, installing a canopy adjacent to the existing terminal, and adding a male and female restroom for use by the ferry passengers. It is funded via appropriations from the St. John Capital Improvement Fund via Acts 8644 and 8401.

Enighed Pond Community Park, St. John

VIPA has engaged the residents of St. John to develop ideas and a concept for a multi-purpose facility for community gatherings and cultural events in St. John. The park will

be built on VIPA-owned land at Enighed Pond in Cruz Bay. VIPA and our consultants have completed the necessary geotechnical investigations for the future community park and are working on ground improvements as a part of the Schematic Design phase. VIPA conducted a community meeting to reintroduce the project to the public and discussed the next steps of the process. The Legislature of the Virgin Islands appropriated \$400,000 for the facility's design via Act 8473 and recently appropriated \$10 million to construct this facility via Act 8920.

Cruz Bay Fishermen Facility

The Legislature has appropriated funds via Act 8515 to build a fishermen's facility at the Victor Sewer Marine Facility (The Creek) in Cruz Bay St. John. VIPA and our consultants are working on the design development package and are preparing to put the full design package out to bid in mid-to-late 2025.

Wilfred Allick Port & Transshipment Center Marine Facility

MARAD has selected VIPA to receive a grant award for the reconstruction and modernization of the Wilfred "Bomba" Allick Port Marine Facility in St. Croix. Tropical Shipping collaborated with VIPA to apply for the grant. We are working through the pre-award National Environmental Policy Act (NEPA) process and had expected the award of this grant in mid-2025, however, we continue to coordinate with MARAD to work towards grant execution.

Gordon A. Finch Molasses Pier Terminal

The final punch list items at this facility are completed and VIPA has received its certificate of occupancy. As of March 1st, our Property Management team is coordinating the move-in process with our tenants.

TEAM VIPA AND OUR 2025 EMPLOYEES OF THE YEAR

Lastly, but most importantly, I want to take a moment to acknowledge the dedicated employees of the Virgin Islands Port Authority. Their unwavering commitment and tireless efforts play a vital role in ensuring the smooth operation of our ports and the efficient transportation of goods and services. Each day, their hard work contributes to the Authority's growth and progress, fostering economic development and enhancing the quality of life for our community. Their professionalism and passion drive the agency's success and innovation.

I commend our 2025 Employees of the Year, who have demonstrated exceptional commitment to public service. **Mrs. Charlotte Plaskett** from the Marine Division in the St. Thomas/St. John District is well-respected by her coworkers for her effective management of the division's administrative functions. She is also praised for providing the resources needed to complete tasks efficiently. **Mr. Kensley Ducreay** of the Information Technology department in St. Croix is acknowledged for being dependable, knowledgeable, and consistently helpful as he assists employees with their technology needs. We thank both honorees for their continued service and dedication to the Authority and our community.

Chairman Frederick, this concludes my testimony. Thank you once again for the opportunity to present this overview to this group and the public. It is important to keep our

community and stakeholders informed about the challenges we face and the progress we are making as we work to develop the territory's port infrastructure and enhance the travel experience. My team and I are prepared to answer any questions you may have regarding the information presented.