

How the Marine Industry Will Return the U.S. Virgin Islands to its Place as the Caribbean's Premier Tourism Destination

Prepared for: The Virgin Islands Government

Prepared by: Virgin Islands Professional Charter Association, INC.

August 2019

Contents

1. Executive Summary

- 1.1. U.S. Virgin Islands' Tourism and Economic Stability Requires a Refocus on its Marine-Based Industries
- 1.2. Background
- 1.3. Today
- 1.4. Expertise

2. The Problem

3. The Solution 2040 Vision

- 3.1. Immediate: Improved Investment into International Marketing by the Department of Tourism
- 3.2. Short Term: Training and Human Resource Development in the Marine Industry
- 3.3. Long Term: Development of Marine Infrastructure

4. Conclusion

1. Executive Summary

1.1. U.S. Virgin Islands' Tourism and Economic Stability Requires a Refocus on its Marine-Based Industries.

The Marine Industry offers immediate expansion possibilities and has proven to be a strong contributor to the Virgin Islands' economy, as well as a resilient industry to be depended upon following a natural disaster. Revitalization of the Marine Industry lies with bringing awareness of the economic contribution of the industry to the Territory.

Governor Albert Bryan said at the July 2019 Comprehensive Economic Development Strategy (CEDS) meeting: "Tourism is the main business and we have to be extraordinary at it." The answer is to refocus the Virgin Islands economy to include greater emphasis on marine-based industries. This will stimulate tourism and energize the economy in terms of employment and investment.

Recognizing that the Caribbean's unique marine environment is responsible for the largest part of the global tourism market is a given. The draw of the sea, and its attendant activities has brought countless high dollar revenue streams to those island destinations, which in turn has created opportunities for a broad array of Marine Industry programs. Businesses related to the Marine Industry are vast: day and term crewed charter of power and sailing vessels, manufacture and

maintenance of pleasure yachts, marina facilities, recreational and industrial fishing, diving, yacht transportation, dry dock storage, retail outlets, taxi and transportation, on-shore dining, grocery stores, special events, hotels and guest houses, food and beverage and accommodation hospitality vendors.

The private sector is eager to assist the Virgin Islands Government and thereby elevate the Territory to a stronger future. A future in which the marine industries are considered a staple of Gross Domestic Product.

In this document we offer the following immediate, short-term and long-term strategies:

- ❖ Immediate: Improved Investment into International Marketing and Support of Marine Events by the Department of Tourism
- ❖ Short-term: Training and Human Resource Development in the Marine Industry
- ❖ Long-term: Development of Marine Infrastructure
 - Increase revenue stream to DPNR through an effective enforcement team
 - Streamline the process of registering boats in the territory, and applying for or renewing a business license
 - Rejuvenate Charlotte Amalie Waterfront by opening town quay access to vessels
 - Rejuvenation of Benner Bay
 - Improvement of Customs facilities for charter vessels
 - New dock access for charter vessels at Cyril E. King Airport
 - Amend visa requirements for visiting yacht crew
 - Promote the growth of waterfront restaurants on U.S. Virgin Islands' beaches with accessibility to charter vessels and their dinghies
 - Marine Industrial Park with trade school and dry dock to include a state-of-the-art marine haul out facility with vessel tie-down to protect vessels from hurricanes
 - Solutions to marine ecosystem decline
 - Develop the racing yacht and yacht transport industry

1.2. Background

As the U.S. Virgin Islands tourist industry expanded in the mid-twentieth century, so did marine-tourism and consequently marine-related businesses. In the 1980s the Marine Industry became one of the Territory's most successful economic contributors.¹ In 1988, the U.S. Virgin Islands was considered the charter-yacht capital of the world not only for its crewed charter yachts but also for its bare-boats.² "The charter boat sector accounted for one-third of all visitor expenditure received by the transport and allied service sector in 1979 and was equal to the total estimated wages generated in taxi and tour operations exclusive of resident use."³ In the 1980s "the Marine Industry

¹ Tourism in the Caribbean : The Economic Impact. Ottawa, Ont., IDRC, 1982

² Understanding the Economic Impact the Marine Industry has on the Virgin Islands: From the 1980's to the present
Submitted by: Donnie E. Dorsett July 23, 2001

³ U.S. Virgin Islands Department of Commerce 1980

became one of the most successful businesses in the Virgin Islands. The Marine Industry reached its peak during the 1980's. By 1988, gross revenues totaled at \$82.7million.”⁴

Table 25. Summary of charter boat survey results, 1979.^a

Type of excursion	No. of boats	Jobs	Use (days)	Visitors	Purchases (U.S. \$)			
					Hotel	Food & beverage	Maintenance & fuel	Other
Long-term crewed	190	665	150	16796	1259700	2000000	940000	755000
Daysail crewed	15	30	100	6000	—	30000	4500	15000
Long-term noncrewed	189	60	160	21000	525000	1700000	786500	—
Daysail noncrewed	8	3	50	1600	—	—	—	—
Crewed fishing	13	26	140	560	—	60000	110000	—
Crewed diving	9	18	150	10000	—	—	160000	—
Totals	424	802	—	55956	1784700	3790000	2001000	770000

^a Source: USVI Department of Commerce (1980c).

Sport-fishing vessels visited from Puerto Rico, Florida, Bahamas, other Eastern Caribbean, and South America to hunt indigenous blue marlin. “These boats stay on St. Thomas’s East End from June to September each year spending about \$5 million in gas, food, accommodations, and equipment. They also participate in the fishing tournaments including the Atlantic Blue Marlin Open. During the early 1990’s, an average of 50 boats visited or participated in sport-fishing events.”⁵ In 2007 American Yacht Harbor marina manager Chris Petty identified that the benefit of the sport fishing industry is that it is the converse of the rest of the charter yacht season which runs predominantly through the winter: “Our gross revenues are roughly double during the month of July as compared to December. I would estimate that the overall economic impact of the sports fishing fleet per season is \$1.5 million dollars for this marina alone. This does not include all of the ancillary businesses at AYH, Red Hook and East End businesses/hotels that draw revenues from this clientele.”⁶

Why has the U.S. Virgin Islands Marine Industry suffered a decline since the 1980s? In 1990, a 10 percent tax was levied on boats which were brought into the Territory for commercial purposes. Furthermore, a three percent tax was imposed on boating equipment, parts, and supplies.⁷ Since competing neighboring islands required less or no taxes, vessels departed for less burdensome tax berths and the number of vessels registered in the Virgin Islands decreased. Later the “six-pack rule,” a limit on uninspected passenger yachts in U.S. waters - to carry no more than six paying passengers - was implemented as part of the Passenger Vessel Safety Act of 1993. The U.S. Virgin Islands’ Governor John P. de Jongh said “the restriction to six passengers has been a long-outstanding issue that has put us at a competitive disadvantage to the rest of the region and especially with a niche that we know is attracted to our natural resources and all that we have to offer.”⁸ The regulatory changes resulted in non-US jurisdictions (such as the British Virgin Islands) taking advantage of the legal inequity to increase their market share. De Jongh went on to say “The BVI successfully achieved a

⁴ Understanding the Economic Impact the Marine Industry has on the Virgin Islands: From the 1980's to the present Submitted by: Donnie E. Dorsett July 23, 2001

⁵ Understanding the Economic Impact the Marine Industry has on the Virgin Islands: From the 1980's to the present Submitted by: Donnie E. Dorsett July 23, 2001

⁶ Letter from Jimmy Loveland, director USVI Open/Atlantic Blue Marlin Tournament, to Commissioner of Tourism October 3, 2007

⁷ Understanding the Economic Impact the Marine Industry has on the Virgin Islands: From the 1980's to the present Submitted by: Donnie E. Dorsett July 23, 2001

⁸ <https://www.the-triton.com/2015/01/six-pack-exemption-means-boon-to-usvi-economy/>

relocation of charter boat companies and crewed charter boats from the USVI, a process that was aided by sensible BVI policies and official indifference to yachting in the USVI.”

In 2006, the British Virgin Islands noted that approximately half the total number of visitors were mainly from the United States and were visiting in order to charter a yacht.⁹ Today it remains the case, as it was then, that “the bulk of the tourism income in the British Virgin Islands is generated by the yacht chartering industry and it should be noted that the Territory has relatively few large hotels compared to other tourism centers in the Caribbean.”¹⁰

The U.S. Virgin Islands yacht charter industry’s economic contribution declined significantly until a bill was passed by Congress in December 2015 exempting uninspected Virgin Islands boats less than 24 meters (78.7 feet) in length from the current limit of six passengers; and, increasing their limit to carry as many as a dozen passengers within the Virgin Islands and to international ports, but not to another port in the United States. U.S. Virgin Islands’ Governor John P. de Jongh said “this is a step toward equity for our charter industry and an economic boost for our maritime industries as a whole”.¹¹

Fortunately, since 2015, the marine charter industry has gradually seen a comeback and just recently NOAA’s Office of Coastal Management stated: “Our in-person meetings and review of local data confirmed that in the U.S. Virgin Islands, most economic activity in the Territory can in some way, whether directly or indirectly, be linked to the ocean...Tourism is the primary driver of local economic activity in the U.S. Virgin Islands, accounting for 60% to 80% of the islands’ GDP. Activities associated with the ENOW marine transportation, ship and boat building and repair, and living resources sectors also provide meaningful employment and generate economic activity throughout the Territory.”¹² However, in recent years the number of visiting sport fishing vessels has seriously waned owing to the British Virgin Islands requirement that those fishing the North and South drop must clear with British Virgin Islands Customs during business hours 9am-4pm. Sport fishing vessels departing from the U.S. Virgin Islands could no longer fish at dawn owing to these limitations, and consequently the number of sport fishing vessels has dramatically depleted since.

1.3. Today

Courtesy of the rapid rebuilding of U.S. Virgin Islands marine infrastructure after the 2017 hurricanes and the Virgin Islands Professional Charter Association’s accomplishments in promoting charter yachts through international representation at the U.S. Virgin Islands Charter Yacht Show, this comeback has continued into 2019. The present challenge is to maintain the boom through promotion of charter yacht tourism, providing workforce training opportunities to help Virgin Islanders and by developing marine infrastructure to support the industry both onshore and at sea. As of mid-2019, major chain hotels remain closed.¹³ In St. Thomas and St. John these include Frenchman’s Reef, Sugar Bay, Caneel Bay, Westin Resort, Island Beachcomber, Ritz Carlton Hotel, Elysian, Bluebeard’s Beach Club, Bluebeard’s Castle, and Flamboyant. In St. Croix, the Carambola and Divi Carina Bay also remained closed. Meanwhile, the marine tourism industry demonstrated

⁹ <http://www.bvi.gov.vg/content/our-economy>

¹⁰ <http://www.bvi.gov.vg/content/our-economy>

¹¹ <https://www.the-triton.com/2015/01/six-pack-exemption-means-boon-to-usvi-economy/>

¹² Quoted from NOAA Office of Coastal Management -Describing the Ocean Economies of the U.S. Virgin Islands and Puerto Rico, August 2016.

¹³ St. Thomas Source, A Year After the Storms: What Hotels Are Open? Which Are Not? What’s Changing by Bill Kossler - October 11, 2018

remarkable resilience after the 2017 hurricanes. This was the quickest tourism sector to recover operations while maintaining employment of nearly all of its captains, crew, marina staff, marine maintenance and marine services staff and by driving business through the airport, taxis, restaurants, supermarkets and beverage distributors. Demonstrating further resiliency by the Marine Industry, the 2018 U.S. Virgin Islands Charter Yacht Show enjoyed the largest attendance in two decades:¹⁴ sixty-five registered vessels and in excess of 100 charter brokers attended.

In 2019 the direct contribution to the U.S. Virgin Islands economy made by 150 week/term charter vessels, 75-day charter, 17 sport-fishing and 55-bareboat charter vessels is estimated at approximately \$45 million annually. This number does not take into consideration the direct contribution to the economy of yacht transportation, marine haul-out and boat yard services or marine vendors, since these statistics are not presently available. One of the largest present-day challenges are the ever-increasing taxes and Customs fees required when a charter vessel visit the British Virgin Islands and its fishing grounds and thus these vessels must find a way to remain in the U.S. Virgin Islands for charter instead.



¹⁴ Dec 30, 2018 - January 2019 Caribbean Compass. Page 2. USVI Charter Show Largest in Over Two Decades.

The direct contribution to the U.S. Virgin Islands economy made by 150 crewed week/term charter vessels, 55 bare-boats, 17 sport-fishing, and 75-day charter vessels:

Food Provisioning = \$1,800; Beverage Provisioning = \$800; Boat cleaners = \$370; Maintenance = \$375; Diesel = \$500; Dockage = \$380; Taxis = \$250; Onshore Dining = \$2,000; Diving / Fishing Rental = \$150; Laundry = \$200; Hotel accommodation = \$1000; USVI Port Authority at Customs = \$25

TOTAL = \$8000 or \$6,200** minus food provisioning for day charter.*

\$8000 per week x 15 weeks chartering for x 150 week/term charter vessels = \$18,000,000*

*\$6,200** per week x 30 weeks chartering for x75 day charter vessels = \$13,950,000*

\$8000 per week x 15 weeks x 55 bare boats (non-crewed) = \$6,600,000*

\$8000 per week x 20 weeks x 17 sport-fishing boats = \$2,720,000*

= \$41,270,000

+ USVI Charter Yacht Show (direct impact during event) = \$1,000,000

+ St. Thomas Yacht Club Regattas & Events (direct impact during event) = \$600,000

+ Sport-fishing tournaments (various) = \$1,000,000

= \$43,870,000

This number does not take into consideration the direct contribution to the economy of yacht transportation, marine haul-out and boat yard services or marine vendors, since these statistics are not presently available.

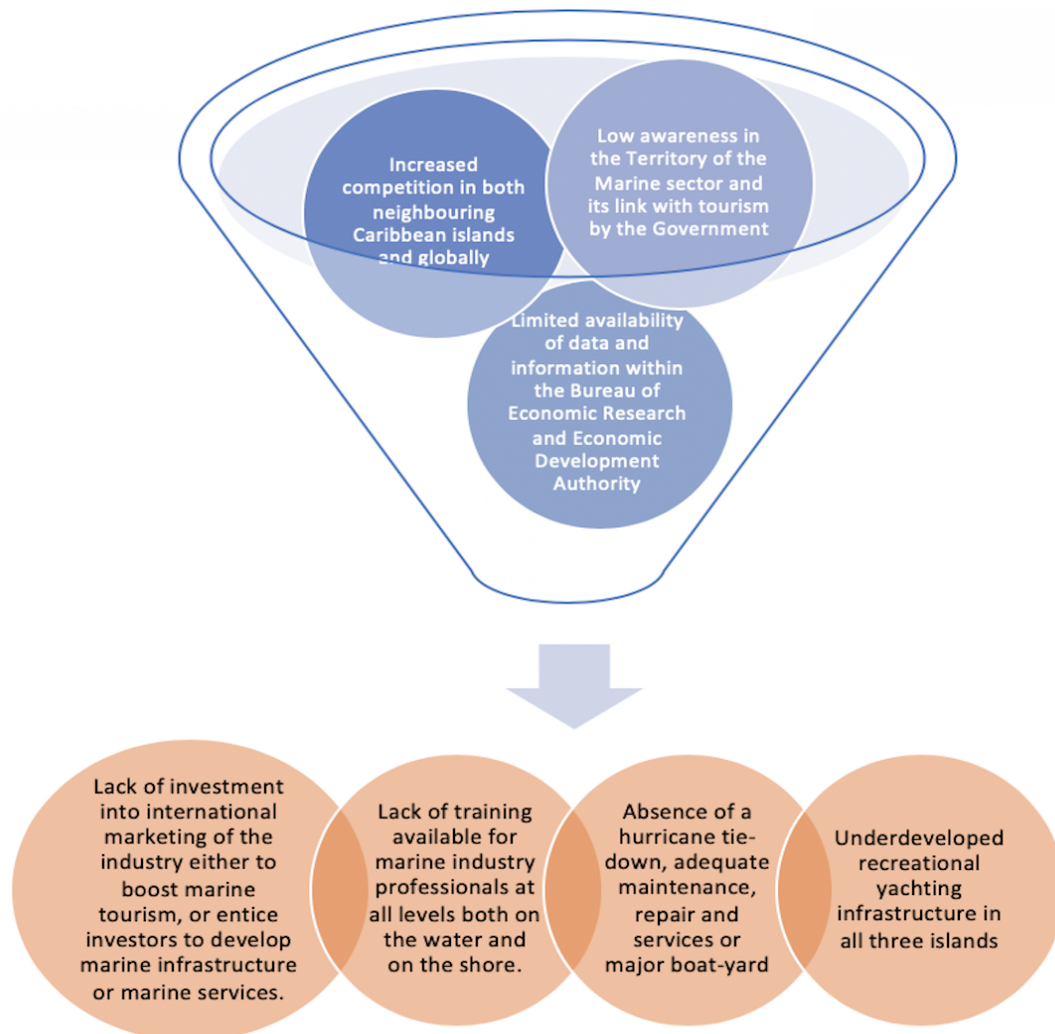
1.4. Expertise

The Virgin Islands Professional Charter Association was founded in order to unify, support and further the capabilities of the local Marine Industry within the U.S. Virgin Islands. By providing training, compliance guidance, community organization and assisting in the development of industry standards, the association seeks to foster the continued growth and strength of the Marine Industry. The association's objective is to represent the US Virgin Island's Marine Industry with one voice, promoting good relationships between marine businesses, marine management companies, clearinghouses, crew, and the people and governments of the U.S. Virgin Islands and the British Virgin Islands while advocating a positive reputation locally and internationally.

VIPCA has an elected board of directors representing various facets of the Marine Industry. The non-profit 501(c)6 association utilizes the expertise of each director to optimize the implementation of the above mission.

This document is written through a combination of external research and internal expertise by Marine Industry professionals, utilizing the collective knowledge to provide one vision for the Territory with a twenty-year plan.

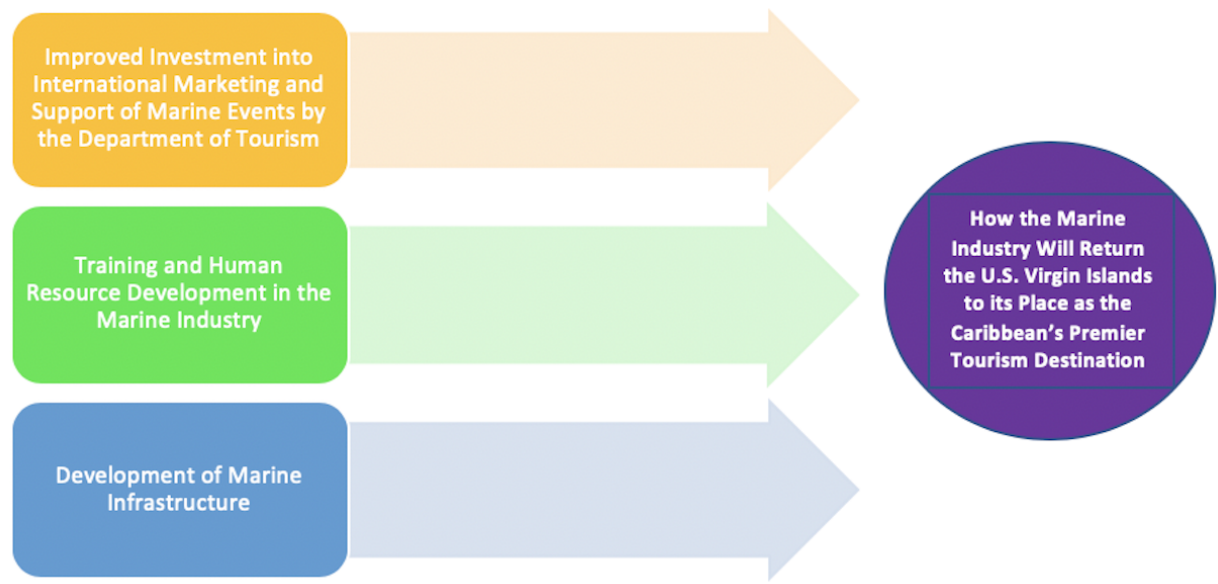
2. The Problem



3. The Solution: A 2040 Vision

“One of the reasons for the lack of awareness of the importance of the marine industry as an economic contributor is the dearth of data and information while a lack of awareness preempts interest in collecting data and information.”¹⁵ In order to support the present boom and further expansion of the Marine Industry VIPCA suggests that the U.S. Virgin Islands Government begin by collecting data and information to support the following proposed developments.

¹⁵ Yachting in the Eastern Caribbean Overview 2004, page 22.



3.1. Improved Investment into International Marketing and Support of Marine Events by the Department of Tourism

It is estimated that there are currently 300 charter vessels operating out of the U.S. Virgin Islands as of July 2019, with 150 operating week-long all-inclusive crewed charters (“term charters”), 75 operating as crewed day charters, 55 operating as non-crewed bare-boats, and 17 operating as sport-fishing charters: these collectively contribute to the economy approximately \$45 million annually. The Virgin Islands Government stands to benefit by investing through its Department of Tourism in sponsorship of yachting events, sport-fishing tournaments and regattas and marketing of the marine charter. As part of attracting tourism to these islands, the U.S. Virgin Islands Legislature recently added a special mandate to the U.S. Virgin Islands Department of Tourism to promote watersports and marine related tourism - such as charter boating, sport-fishing, diving and regattas. Governor Bryan has endorsed expanded sports related tourism. Sports travel should be one of the areas targeted in the U.S. Virgin Islands Department of Tourism’s Marketing Plan.

1. The benefits to be accrued from hosting regattas and marine events: the U.S. Virgin Islands Charter Yacht Show with its ROI of 500:1 for the Department of Tourism Sponsorship equaled economic impact to the local economy of upwards of \$12 million in 2018. The St. Thomas International Regatta currently only contributes \$600,000 to the local economy annually but has the potential to contribute millions as it did when it was acclaimed to be the “Crown Jewel of Caribbean racing”¹⁶ and sponsored by Rolex. Governmental monetary sponsorship and support for these events is invaluable.
2. The Virgin Islands Government should place significant consideration into hosting a Superyacht Charter Yacht Show specifically for yachts over 80ft in the period between late November and early December. This event is being called upon by the charter industry since the Antigua Yacht Show organizers are perceived to be outpricing both its visiting charter brokers and exhibiting vessels. The advantages of the U.S. Virgin Islands over Antigua include: its ease of air transport; the appropriate

¹⁶ <https://stthomasinternationalregatta.com>

infrastructure of the platinum rated superyacht marina Yacht Haven Grande; and, the prospect of yacht parts importation for exhibiting vessels to capitalize on preparing for their Caribbean Season from a U.S. Territory with scope for preferable duty rates or duty free.

3. The Department of Tourism's presence at marine tourism trade shows is required (for comparison, the British Virgin Islands' tourism department has a booth annually at both the Annapolis Boat Show and Miami Boat Show).
4. The Department of Tourism should place marine charter adverts in publications including in-flight magazines, touristic magazines, forums that focus on travel to US National Parks and in social media. If the Department of Tourism were to internationally promote the Virgin Islands' natural resource of exquisite cruising grounds and sailing conditions, the returns would be seen directly in an immediate increase of marine tourism.
5. Adverts and promotions need to include recent images and videos of the cruising grounds and charter vessels actively sailing in the U.S. Virgin Islands. In order to achieve the best material, VIPCA proposes a request for Government sponsorship to create a "VI Yachting" promotional video for both day and term charters to be utilized by the Department of Tourism in year round promotions, to be shown at trade shows and at the U.S. Virgin Islands Charter Yacht Show to visiting charter brokers.
6. The Department of Tourism should advocate for the industry with regulatory agencies such as the Department of Planning and Natural Resources - Coastal Zone Management.
7. The July Open, American Yacht Harbor Billfish Tournament, USVI/Open Atlantic Blue Marlin Tournament, Golden Hook Challenge and Harm's Virgin Islands/Puerto Rico Billfish Series. These billfish classics attract amateurs as well as internationally-famed world class anglers. Charlotte Amalie harbor is the perfect spot to access the legendary fishing grounds of the North and South Drop. Anglers come from around the world to fish these waters for trophy blue marlin, yellowfin tuna, blackfin tuna, sailfish, wahoo, and mahi. The sheer number of pelagic game fish in these waters rivals some of the best sport-fishing locations in the world. The Department of Tourism's new Division of Festivals gives an opportunity to spotlight sailing events. In fact, Governor Bryan was quoted in a St. Thomas Source article published on July 15, 2019 when he attended the Bastille Day Kingfish Tournament, as saying the following to include other marine events like annual sailing regattas as well, "It's important to promote all of our festivals in the Virgin Islands. These events are something that locals look forward to, and we need to look more broadly at promoting these as part of our tourism product and what makes our destination special."¹⁷

¹⁷ St. Thomas Source, July 14, 2019

3.2. Training and Human Resource Development in the Marine Industry

Unemployment in the U.S. Virgin Islands peaked October 2017 to the highest it had been in a decade¹⁸. At the same time, the U.S. Virgin Islands saw a boom in marine charter tourism and a very high demand for marine service technicians to repair damages sustained by yachts during hurricanes Irma and Maria. There was and remains a shortage of qualified yacht crew and marine service technicians. As investment in the maritime sector expands, the need for more skilled personnel to service the sector also increases. Current statistics indicate upwards of \$30M in wages for employees in this industry.¹⁹ In 2019 there were 90 marine-related businesses in the U.S. Virgin Islands with employees reporting wages to the Dept of Labor.²⁰ We venture to say these figures are likely to be at least fifty percent less than the actual due to possible inaccuracy of data collection.



Without marine educational opportunities for Virgin Islands' youth, recruitment of yacht crew and technical service personnel will continue to be from the mainland States. A key component of developing the Marine Industry is the provision of adequate training for the workforce in the sector as well as the expansion of the workforce. St. Martin has enjoyed one of the most successful yachting industries in the Caribbean, having taken advantage of the training opportunities provided in other countries through its liberal immigration policies. The St. Martin Maritime School for the West Indies (MSWI)²¹ was established in 2003 to meet the industry's training demands. Since 2003 crew placement from MSWI on yachts participating in St. Martin's booming yachting industry has ever increased as the number of yachts visiting St. Martin to participate in their season and regattas ever grows.

VIPCA aims to develop career awareness for Virgin Islands' youth wishing to pursue the Marine Industry as their career path by speaking annually at all high schools. It is vital that the Virgin Islands Department of Education works with VIPCA to introduce students to the marine education, training and professional development programs available. VIPCA is committed to placing students in internships, apprenticeships, post-secondary training or directly into industry sector jobs.

Current Virgin Islands Marine Training Programs:



- ❖ **Marine Vocational Program (age 9-15) Year-Round Saturdays**
- ❖ **St. Thomas and St. Croix Yacht Clubs (age 13-18) August only**

¹⁸ <https://www.vidolviews.org/gsipub/index.asp?docid=430>

¹⁹ 2018.q1-q3 78000 Virgin Islands Q3 2018, Cell N3424, extrapolated from STATEWIDE scrubbed for Bauza document

²⁰ 2018.q1-q3 78000 Virgin Islands Q3 2018, Cell N3424, extrapolated from STATEWIDE scrubbed for Bauza document

²¹ <https://www.maritimeschool.net>

- ❖ **World Ocean School (age 13-18) November-March aboard**
- ❖ **My Brother's Workshop – Marine (age 16-25) Year-Round**
- ❖ **VIPCA Marine Apprenticeship (age 18-25) July-August**
- ❖ **University of the Virgin Islands (age 18+) (not yet commenced)**

Marine Vocational Program (age 9-15)

The MVP Program, started in 2007 and locally-registered as a not-for-profit in 2015, operates to serve as a vocational institution that provides U.S. Virgin Islands' youth with career paths into the marine/hospitality/tourism industries. MVP programs include learn-to-swim, sailing, small boat handling /operation skills and scuba diving. Current MVP students are also members of the Boys & Girls Club of St. Thomas and St. John.

TOTAL MVP Budget \$25,000 / year (Saturdays only, year-round)

St. Thomas and St. Croix Yacht Clubs (age 13-18)

Allows 22 students between ages 13-18 to sail-train on IC-24s and Hobie Waves. A two-week program Monday-Friday from August 2-6 and August 9-13 with classroom training in the morning from 10am–noon, then sailing from 1-4pm. The Sailing Center will run a Learn to Sail course the first week and an Advanced course the second week at \$600 x 4 students per boat x 3 boats x 2 weeks = \$14,400. Ages 13-14 with 3 Hobie Waves, each with an instructor and approx. 3-4 kids per boat = \$300 per student per week = \$6,000.

TOTAL STYC Budget \$20,400 (two weeks in August)

World Ocean School (age 10-18)

World Ocean School is a 501(c)3 non-profit organization committed to empowering students to become productive, responsible and engaged community members through inspiring experiential education at sea. World Ocean School has been providing rich interdisciplinary educational programs for the Virgin Islands Department of Education on St. Croix since 2006 with curriculum integrated education programs provided for schools starting in the 5th grade. In 2019, World Ocean School launched a Maritime Academy within Central High School, which is a full 2-credit, semester-long program. This Maritime Academy and workforce development training includes a combination of off-campus exploration of the industry, local resources and career pathways, and in-class theory. The curriculum includes remedial math, science, and language skills to build competencies to ensure students are career-ready. Specific maritime topics include boat terminology, the physics of sailing, powerboats and motion, marlinspike seamanship, boating safety, marine weather, marine engines and systems, laws and regulations, and the maritime history of St. Croix and the Caribbean. This program also leverages local St. Croix mariners, and maritime professionals who can speak to their knowledge and passion for the industry. The off-campus programs include a minimum of 60 hours of sailing and maintenance skill development aboard the schooner Roseway. Students are also introduced to local charter companies and yacht manufacturing work with Gold Coast Yachts. Students are introduced to welding and industrial skills, their application in the maritime industry, as

well as sail-making and specialty crafts in the industry. Students are additionally exposed to a major industry on St. Croix: LimeTree Bay Terminals.

World Ocean School Maritime Academy St. Croix: Schooner Roseway \$308,500; St. Croix Program Manager \$65,000; Student; Transportation \$20,000; Administrative Office Facilities \$6,500; STCW Certifications for students \$20,000

World Ocean School Maritime Academy expansion in St. Thomas: Schooner (WOS has one lined up for 2019-20) \$308,500; Dockage \$75,000*; St. Thomas Program Manager \$65,000; Student Transportation \$20,000; VI Administrative Office Facilities \$6,500; STCW Certifications for students \$20,000

TOTAL WOS Maritime Academy Budget \$915,000/year

My Brother's Workshop – Marine (MBWM)

My Brother's Workshop is a Virgin Islands, non-profit, charitable corporation. It was organized to provide hope, faith, and purpose to at-risk and high-risk young people in the U.S. Virgin Islands by offering mentoring, counselling, paid job training, education, and job placement. MBWM offers year-round training with its on-the-shore marine services trade school, for 25-50 students per year, using the My Brother's Workshop facility. As grant money improves, there is the option for a purpose-built facility where waterfront land to be donated or provided. Donated vessels and engines are used to train students in all basic marine maintenance services including antifoul, fiberglass, welding, two and four-stroke outboard maintenance, diesel engine and generator maintenance, hydraulics, plumbing, marine electronics, carpentry and boat rigging. Activities are supervised in a safe designated workshop environment until skills could be used in the field in apprenticeships with active marine maintenance persons in active boat yards.

Advertising \$500; Auto \$500; Office Supplies \$750; CG Insurance \$1,500; D&O Insurance \$1,000; Meals \$150; Health Insurance \$7,500; FICA \$13,000; Wages \$102,500; VIESA \$500; Trainee Support \$19,200; Subcontractors \$1,000; Workman's Comp \$750; Tool Crib \$15,000; Tools Disposable \$1,500; Materials Job Specific \$10,000; Beverages \$250; Professional Fees \$1,000; Rent \$15,000; Utilities \$3,600; Telephone \$1,200; Travel \$2,500

TOTAL MBWM Budget \$200,000/year

VIPCA Marine Apprenticeship

The five-week intensive "Marine Apprenticeship" provides training in the marine charter industry to 10 young adults from St. Thomas and St. John in partnership with Cruise Ship Excursions annually over July-August. A mentorship and scholarship program shall follow these apprentices to careers as captains and crew with VIPCA's continued support of their careers being made successful in the Marine Industry in the U.S. Virgin Islands. The following training is completed:

Swimming \$600; Learn to Sail (IC24 five-day course) \$6,000; Learn to Power Boat and charter op. \$1500; Navigation & Tides \$500; Catamaran Operation \$400; Boat Maintenance & diesel engines \$600; Discover Scuba Diving \$1,100; Yacht Crewing – onboard with passengers; Marina Management; Boating Safety 8hrs \$1,000; Captains School STCW qualification \$10,000; Captains School 100-ton qualification \$10,000; Administration, D&O insurance, rent, \$1,700

TOTAL Marine Apprenticeship Budget \$33,000/year

Marine Science Vocational Educational Facility at the University of the Virgin Islands

“The university (UVI) has one of the best-known Marine Science programs in the nation. However, its focus is on degree-seeking students who enter the workplace at a very high level. In addition to those students, the U.S. Virgin Islands needs individuals who can provide basic services to the Marine Industry, like repairing marine engines and boats. A Marine Science vocational facility could train such individuals and could also eventually provide vocational training to students who want to engage in computer repairs and provide customer service in hospitality and business.”²² Quoted directly from the U.S. Virgin Islands Hurricane Recovery and Resilience Task Force Report 2018, Initiative 20, page 194. UVI was funded in 2018 by the Community Foundation of the Virgin Islands (CFVI) in excess of \$300,000 to build a Marine Vocational program to form a syllabus of captain’s training and certification. It is of paramount importance that this course is enacted.

3.3. Development of Marine Infrastructure

The U.S. Virgin Islands Port Authority [VIPA] and Department of Planning and Natural Resources (DPNR) should invest into marine infrastructure, and enable the private sector to do similarly, in order for the Territory to be competitive with tourism in neighboring islands and to better serve the yachting industry. Without improved marine infrastructure charter yachts will continue to relocate with their tourist dollars to the British Virgin Islands where they are better catered to. Wikipedia even states that “the British Virgin Islands are known as one of the world’s greatest sailing destinations, and charter sailboats are a very popular way to visit less accessible islands”²³ whereas the U.S. Virgin Islands “...are a starting point for private yacht charters to the neighboring British Virgin Islands”.

VIPCA has partnered with the Department of Planning & Natural Resources, Division of Coastal Zone Management (DPNR-CZM) for an Economic Development Authority (EDA) grant for \$840,000 to install 170 moorings out of a 200-mooring permit in various bays of the US Virgin Islands. The moorings will reduce anchoring near ecologically important coral reefs and sea grasses, as well as organize the bays to appeal for transient vessels. VIPCA looks forward to more projects for marine infrastructure development which could be awarded funding by EDA or other grant sources. Listed below are plans for development which the Government should support and invest in:

3.3.1. Increase revenue stream to DPNR through effective enforcement

PROBLEM: Various revenue streams - which could be reinvested into the protection of natural resources and development of marine infrastructure are currently under-collected by the DPNR. Vessel registration, anchor permits, mooring permits, etc. are being underpaid due to confusion by yachts as to how, when and where to do so. DPNR fee paying is a lengthy and confusing process. Furthermore, DPNR enforcement has inadequate manpower to maintain necessary vigilance in its inspections of vessels on the water, and therefore may not have the capacity to verify that all vessels are U.S. Virgin Islands’ regulations compliant and up-to-date on payments and fees.

SOLUTION: Increase funding and staffing for DPNR enforcement in order to: improve vigilance and frequency of on-the-water vessel inspections; to verify that all applicable vessels are U.S. Virgin

²² USVI Hurricane Recovery and Resilience Task Force Report 2018, Initiative 20, page 194.

²³ https://en.wikipedia.org/wiki/British_Virgin_Islands

Islands registered with payments to-date; and to collect appropriate fees for both anchor and private mooring permits. Example: enforce the current regulation that a vessel may not remain on any public transient mooring for more than 14 nights. The key to getting cooperation from boats based in the U.S. Virgin Islands and outside of the Territory is to make it a straight-forward process for owners and management companies to register boats. In addition, requiring a notarized power of attorney for anyone other than an owner is overly restrictive. If possible, this process should be able to be completed online to ensure compliance by all vessels and consequently increased revenue for DPNR.

3.3.2. The local government must streamline the process of registering boats in the territory, and applying for or renewing a business license

PROBLEM: The process of applying for and renewing vessel registration with anchor permits and potential mooring permits is presently complicated and lengthy. Many vessels fail to renew these annual payments as a result. Furthermore, the renewal of a business license is also unstreamlined with communication unnecessarily lengthy requiring phone calls between the Dept of Licensing (DOL) and Internal Revenue Bureau (IRB).

SOLUTION: Streamline the process of applying or renewing yacht registration, anchor and mooring permits and a business license by combining them into a single payment online with a government-sanctioned "marine business registration website". This could also provide access for the upload of IRB's tax clearance letter required to demonstrate correct payment of gross receipts and income taxes.

3.3.3. Rejuvenate Charlotte Amalie Waterfront by opening town quay access to vessels.

PROBLEM: Currently in the U.S. Virgin Islands there is a shortage of dockage options for transient yachts and dinghies (an open vessel under 25'). The marinas have limited berths and there is a missed opportunity presently for the use of Charlotte Amalie's waterfront with its proximity to town. With adequate security in place, yachts would berth there - as they did in earlier times - in order to make purchases for groceries, marine or other retail items, or to engage in recreational activities offered ashore.



Image: Charlotte Amalie circa 1960, public town quay.

SOLUTION: The downtown waterfront should welcome yachts seeking short-term dockage by providing a town quay, free from exposed rebar and with secure regularly spaced cleats. The government would be able to impose a reasonable charge per night per foot of vessel (as has been done historically, see photo circa 1960). This has the opportunity to entice visiting yachts and others seeking short term dockage in the downtown harbor area for groceries, marine services, retail and recreation. If charter yachts were to make use of the area for provisioning and securing services between charters along a quay, it would not only assist the yachts in their contribution to our local economy through purchases made and for berth payments, but would additionally promote the charter yacht industry to cruise ship customers and would underscore options available to those desiring a water-based vacation.

In addition to dockage along the waterfront quay, the creation of a safe, secure and functional dinghy dock would benefit yachts on moorings in the Charlotte Amalie harbor or local bays of Water Island and promote visitors to the areas and monies spent in stores.

3.3.4. Rejuvenation of Benner Bay

PROBLEM: Benner Bay St. Thomas has become a derelict Marine Development Zone that represents the squandered and antiquated assets of the Virgin Islands. The value of the natural resources, including being an important hurricane protection area, present in this area is devalued through mismanagement of development strategies and lack of cohesion amongst landowners, business owners, government agencies, and investors. What should be the shining star of the Virgin Islands' marine infrastructure has slowly transformed into a collection of run-down buildings and docks, and unhealthy waterways.

SOLUTION: A comprehensive Development Strategy for the Community of Frydenhoj and Benner Bay. VIPCA recommends that the Governor tour the bay, dedicates funding to remove the remaining derelict vessels (which were not removed post- hurricane Irma since they were wrecked prior to 2017) and incentivizes investors to develop the St Thomas East End Reserve (STEER) with ecologically safe marine developments including marine services, upgraded marinas, accommodation and retail akin to Philipsburg and Simpson Bay, St. Maarten.



Image: Simpson Bay, St. Marten - yachts from all over the Caribbean flock here for marine services

3.3.5. Improvement of Customs facilities for charter vessels

Allocation of budget to rebuild (with an extension) the facility in Cruz Bay, St. John, the continued building of the new Customs facility in Red Hook, the new development of a dock and Customs facility at Cyril E. King Airport, St. Thomas as well as the potential development of a Customs facility at Coral Bay, St. John.

Cruz Bay, St. John - the dockage facilities for the terminal in the creek at Cruz Bay are small and inadequate. It can take 30 minutes of circling among other circling boats in order to even get to the dock plus another 30 minutes in line waiting to clear customs. This is very detrimental to the experience of a tourist on a day or week charter boat. By increasing both the size and staffing of the facility to accommodate "rush" hours as well as an extension of the dock would be advantageous. Virgin Islands Port Authority fees should not be charged at Customs docks since they discourage home-based yachts from clearing back in, and transient yachts from visiting the U.S. Virgin Islands at all.

Red Hook, St. Thomas - There is no dock for either a dinghy or yacht clearing customs. With the new facility currently being built, it would be advisable to provide a dock for charter vessels adjacent to the new facility, or collaborate with American Yacht Harbor to manage a dock designated as a secure arrivals dock

Coral Bay, St. John - Tourism is being lost at the east end of St. John despite its proximity to the British Virgin Islands. Were there to be a facility to clear customs in Coral Bay, it would open up the South coast of St John for visitation from charter vessels returning from British Virgin Islands with a designated area for transient moorings. Introducing a customs-exclusive dinghy dock or larger temporary berthing for vessels clearing in and with easy access to groceries and other services would be advisable.

LONG TERM SOLUTION: Extend the Customs and Border Protection ROAM app (currently for private boats only) for use by charter yachts.

3.3.6. *New dock access for charter vessels at Cyril E. King Airport*

PROBLEM: Currently many charter yacht clients who land at Cyril E. King Airport convey directly to the East End to embark before relocating to the British Virgin Islands for the majority of their charter.

SOLUTION: Request Virgin Islands Port Authority (VIPA) to build a dock at the new airport for use by not only commercial ferries but also for use by commercial recreational and private vessels. A dedicated Customs and Border Protection facility at the airport would significantly open up the south coast of St. Thomas to charter tourism. Immediate access to Lindberg bay, with scope for another waterfront beach bar with dinghy access, would provide a reason for tourists to dedicate extra days of charter to being within the U.S. Virgin Islands as well as to profit Charlotte Amalie by visitation of its retail as well as food and beverage businesses.

3.3.7. *Amend visa requirements for visiting yacht crew*

PROBLEM: The U.S. Virgin Islands battles with United States visa requirements which prevent it from hosting a competitive international Regatta since non-VISA holders are prohibited from arriving by private boat or plane to the Territory. This not only stymies water-oriented regattas but also marinas and villa rentals. The VISA Waiver Program is not suitable for yacht crew.

SOLUTION 2: A petition to Congress to “demand” that boats built for pleasure and yacht racing be exempted from these VISA requirements.

3.3.8. *Promote the growth of waterfront restaurants on U.S. Virgin Islands beaches with accessibility to charter vessels and their dinghies.*

PROBLEM: There are not enough destinations made accessible with beach access for charter vessels in the U.S. Virgin Islands with waterfront restaurants and bars. Recently ‘Abi’s Beach Bar’ in Frenchman Bay closed, and the new floating restaurant ‘Lime Out’ in Hanson Bay is struggling to receive permission from DPNR for a commercial mooring permit. Honeymoon and Heidi’s in Water Island prohibit stern-to anchoring and Maho Crossroads in St. John is inside the National Park and therefore anchoring and beach access is also prohibited.

SOLUTION: Offer incentives to private business that invest capital in water driven businesses. The Pizza Pi boat in Christmas Cove is a perfect example of a success story. Through collaboration with DPNR, determine possible sites for waterfront or floating bar/restaurants which could be promoted for incentivization to culturally sensitive investors. Vessup Bay, Brewers Bay and Lindberg Bay are examples of St. Thomas bays which could be explored for waterfront restaurants with beach access made for vessels with either a dinghy dock or stern anchor option. The Willy T in the British Virgin Islands is a world-renowned destination for boaters to visit and enjoy food, beverages and music. Of the existing waterfront beach bars, it is important to have access for charter vessels to Cruz Bay, Honeymoon Beach, and Water Island in order to retain the charter industry within the U.S. Virgin Islands. If more food and beverage establishments were to be accessible from the water by charter vessels, the U.S. Virgin Islands would retain more business and tourism dollars. Instead, the U.S. Virgin Islands is missing out on a large majority of business and dollars that are currently being spent while out and about in the British Virgin Islands during a typical term charter.

3.3.9. *Marine Industrial Park with trade school and dry dock to include a state-of-the-art marine haul out facility with vessel tie-down to protect vessels from hurricanes*

PROBLEM: The U.S. Virgin Islands are not competing with other Caribbean nations when it comes to Marine Services and Haul-out Facilities. As a result, marine trade businesses are in steep decline. Interest in the Marine Industry is no longer a focal point for Virgin Islanders. The U.S. Virgin Islands Hurricane Recovery and Resilience Task Force Report states that “In the last decade, the U.S. Virgin Islands’ economy has shifted toward services away from manufacturing. In the decade to come, it will shift again—certainly quite heavily toward construction in the next 2-3 years as the Territory rebuilds, as well as to some energy occupations as the U.S. Virgin Islands modernizes and updates its grid, and possibly to new manufacturing jobs, whether in old industries like petroleum refining or in emerging clusters like boatbuilding...”²⁴

SOLUTION: Build a new state-of-the-art haul-out facility (potentially in St. Croix) that plans for the future, protects the existing marine charter businesses and the environment, creates immediate job opportunities, and redirects the growth of the Marine Industry as a beacon of stability and direction. It is stated in the U.S. Virgin Islands Hurricane Recovery and Resilience Task Force 2018 in Initiative 7, page 214, that the Territory must “Invest in infrastructure to protect marine vessels in future storms”... “Hundreds of boats were destroyed in the Territory following the storms, resulting in extensive environmental and economic loss and diversion of emergency repair funds to removing vessels. Part of the reason: The Territory does not have sufficient mooring or on-land storage facilities to get boats safely out of the water, making this sector non-resilient in future storms.”²⁵

It is paramount that the following is enacted: “The Department of Planning and Natural Resources (DPNR) will update water use plans for the Territory to accommodate transient vessels and work with local nonprofits to develop mooring infrastructure. Subject to availability of funding, the Port Authority and DPNR will partner with private boat storage operators to establish boatyards and public ramps that can help remove vessels from the water prior to storms and service the charter boat economy.”²⁶

- Industry Safety - all commercial vessels in the U.S. Virgin Islands need somewhere safe to shelter from natural disasters. With protected operations and businesses, then economic production from natural disasters will have greater resiliency against natural disasters.
- Environmental Safety - shorelines, reefs, bays, and beaches should no longer bear the burden of sunken vessels, contaminants, and clean-up operations post Tropical Storm Events.
- Economic Production - boatyard and haul out maintenance can be one of the single largest expenses that a marine business incurs. Currently, all large operations are going to other Caribbean nations for these services and expenditures. (e.g. the Virgin Islands-based charter company ‘Charter Caribe’ spends nearly \$500,000.00 per year in off-season (hurricane season) on yacht storage and maintenance either in Puerto Rico, the British Virgin Islands or Grenada. There are over 250 yacht operators in the Virgin Islands, spending an average of \$40,000 per year in annual maintenance which equates to \$8 million dollars annually that could be spent in the U.S. Virgin Islands. Were the Virgin Islands to have a marine industrial park, visiting yachts

²⁴ USVI Hurricane Recovery and Resilience Task Force Report 2018, Initiative 3, page 212

²⁵ Initiative 7, page 214, USVI Hurricane Recovery and Resilience Task Force 2018

²⁶ Initiative 7, page 214, USVI Hurricane Recovery and Resilience Task Force 2018

from other cruising areas would also be willing to come to the U.S. Virgin Islands for yacht repair and maintenance.

- **Jobs Creation** - An example is Clarkes Court Boatyard in Grenada, a medium-sized operation. They have 27 employees and house over 14 contractors in their yard which provide marine services. Those contractors employ over 150 people. There are accommodations built for customers using the yard in addition to multiple restaurants. The opportunity is enormous.
- **Trade School** - A major haul-out facility would drive the success of a Trade School and give Virgin Islanders a new opportunity to stay and enjoy their islands.

3.3.10. Solutions to marine ecosystem decline

PROBLEM: The Virgin Islands' single greatest asset is our natural environment, and yet its surrounding waters are being contaminated by harmful chemicals and waste.

SOLUTION:

- Regulate the sale and importation of all sunscreens, lotions and lip balms that are not reef safe. Subsidize and or lift import taxes on all biodegradable and marine friendly alternative products which would allow small businesses to make the switch. Hawaii has a successful model.²⁷
- Complete a ban of single use plastics including Styrofoam for foodservice operations. Canada has a successful model.²⁸
- Improve recycling and trash collection initiatives by introducing more drop-off facilities and collection services for residences, boaters and commercial operations.
- Enforce a law for marine pump out of black water including mobile pump out in busy harbors and dockside pump out services. Turkey has a successful model.
- Investigate the viability of the Blue bonds with the Nature Conservancy global initiative to protect the marine environment²⁹

3.3.11. Develop the racing yacht and yacht transport industry:

There is an international circuit of racing yachts which participate in regattas in both the Mediterranean and the Caribbean. Subbase in St. Thomas has the capability and capacity to take delivery of these premier racing yachts. The U.S. Virgin Islands could profit from embracing its opportunity to be the capital of racing yacht transportation by challenging and actively competing with the other Caribbean islands who work hard to market to this industry (namely Antigua, St. Maarten and Grenada).

PROBLEM: The yacht transport industry in the U.S. Virgin Islands is presently hindered by the need to dredge Subbase's harbor and by the fact that yacht transportation operations are not prioritized on the dock amongst a busy cruise ship schedule. Further the U.S. Virgin Islands no longer hosts a major international regatta which caters to grand prix yachts; for instance, the St. Thomas

²⁷ <https://www.hawaii.com/blog/reef-safe-sunscreen/>

²⁸ <https://www.nytimes.com/2019/06/10/world/canada/single-use-plastic-ban.html>

²⁹ <https://www.nature.org/en-us/what-we-do/our-insights/perspectives/an-audacious-plan-to-save-the-worlds-oceans/>

International Regatta has shrunk to become a regional - rather than international - “club” regatta. The international Caribbean regattas of Barbados, St. Baths, Antigua, St. Maarten and Grenada drive racing yacht transportation to those islands instead.

SOLUTION: Grow the yacht transport industry by dredging the harbor, giving yacht transportation priority time on the dock. In addition, subsidize the expense of the docks, guard services, and yacht hauling.

4. Conclusion

The U.S. Virgin Islands’ Marine Industry is falling behind that of neighboring Caribbean islands, and even the rest of the world. The Territory’s gifts of ocean-based offerings with its ease of travel should mean that the Marine Industry should be thriving, yet despite a recent apparent boom in the number of home-based charter yachts, these vessels relocate both for charter and for maintenance to other islands. Even yacht crew and technical service personnel are recruited from the U.S. mainland or overseas.

The marine tourism product including crewed yacht charter, sport-fishing and bareboat charter, must be strengthened in the Virgin Islands to leverage its most important tourism attracting asset; ready access to the sea. If at present these charter vessels directly contribute approximately \$45 million annually to the economy whilst the industry is not at its full potential, then the economic contribution could be expected to more than double were the strategies in this document to be enacted (*not taking into consideration the yacht transportation, marine haul-out and boat yard services or marine vendors, which could significantly further increase the direct contribution to the economy*). It is vital for the Territory’s tourism to continue to compete internationally, and the marine service industries similarly must be strengthened to support the marine tourism product. By starting with an immediate investment into international marketing by the Department of Tourism we shall see more yachts and therefore a demand for more marine services. As the number of yachts in the Territory increases, increasing numbers of skilled captains and marine service technicians will need to be sourced from within the Virgin Islands, which requires training facilities to be developed here in the Virgin Islands. The development of marine infrastructure is also paramount to supporting the Marine Industry’s continued growth and success.

We ask that the Government act now in its role as a facilitator, to create an appropriate enabling environment for the private sector to continue and increase investments in the sector.

In the Comprehensive Economic Development Strategy (CEDS) 2009 Report, Subcommittee on Economic Development for Tourism, Hospitality and Retail (1. Goal 5, Objective 5) it is stated that there is a vision to “... develop and promote vibrant and sustainable tourism that provides exceptional experiences for the benefit of our guest and our community.... Support and expand the existing ocean tourism and recreation industry.”³⁰ Why, ten years later, are we asking the same questions? If “Tourism is the main business and we have to be extraordinary at it”³¹, let’s get to work, starting with the Marine Industry.

³⁰ <https://www.doi.gov/sites/doi.gov/files/migrated/oia/reports/upload/USVI-CEDS-2009-2.pdf>

³¹ Governor Albert Bryan said at the July 2019 Comprehensive Economic Development Strategy (CEDS) Meeting