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Dredging Project For Charlotte Amalie Harbor One Step Closer as Lawmakers Approve \$17 Million Appropriation

Vital Funding to Enhance USVI's Cruise Ship Capacity and Tourism Competitiveness

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An aerial view of the WICO Dock in St. Thomas with three cruise ships. The harbor will be dredged to accommodate larger vessels and to maintain current capacity. By. ERNICE GILBERT, V.I. CONSORTIUM

The [spat between](#) the V.I. Port Authority and the West Indian Company seems to be over, as lawmakers this week approved the appropriation of \$17 million for the dredging of the Charlotte Amalie harbor.

Bill 35-0191, sponsored by Senate President Novelle Francis Jr., came before the Committee on Budget, Appropriations and Finance on Tuesday. “It takes ongoing investment for the Virgin Islands to remain competitive [as a] tourist destination,” Mr. Francis said. “Cruise ships are getting bigger and bigger, and in order for the territory to safely receive these vessels and capture the revenue from larger ships and port calls, we must be able to receive the ships.” Warning of the territory losing its competitive edge to other Caribbean destinations which have already embarked on similar projects, Mr. Francis said that critical investments were needed to enhance and protect the USVI’s tourism product.

The measure provides for up to \$17 million to be taken in the current fiscal year's budget from excess funds contained in the gross receipts tax debt service reserve fund. Director of Finance and Administration at the Public Finance Authority, Nathan Simmons, explained that last year, the PFA was informed by Bank of New York Mellon that the reserve fund contained an excess of almost \$17.5 million. In July 2022, the PFA Board of Directors authorized the use of \$17 million from that amount to fund the harbor dredging project, signaling their support for the venture.

Anthony Ottley, president and CEO of WICO, testified in favor of the proposed legislation. “All of our cruise partners agree and they support the necessity of this project,” he said, adding that the primary motive for WICO’s support is safety. “Anyone observing a ship's maneuvering in the harbor will sometimes see some plumes start up from the sea floor by the ship's propulsion system and linger in the turning basin and areas of the channel for more than an hour,” he said, explaining to lawmakers that this is the result of silt and other material building up over time.

“This shallowing continues to threaten existing traffic and if allowed to continue unmitigated, we may lose our current larger class vessels such as the Carnival XL Class, in particular the Carnival Celebration and Mardi Gras,” Mr. Ottley warned.

The \$17 million currently allocated to the project, he said, [pales in comparison](#) to the economic damage that would be done by failing to dredge. “This is our best and possibly our last chance to position ourselves as one of the Caribbean's leading cruise destinations by making our islands more accessible to cruise vessels of any size,” he said.

V.I. Port Authority Executive Director Carlton Dowe noted that the appropriation was necessary because while VIPA and WICO collect a “unified fee that is charged to all cruise ships coming into the port in St. Thomas...the fees collected for our marine tariff have been insufficient to cover significant costs associated with performing major maintenance dredging to the Charlotte Amalie Harbor.”

In the longer term, this issue could be solved by federalizing the harbors. Responding to a question about how to prevent similar periodic requests for the central government to fund dredging, Mr. Dowe explained that “we are one of the few places under this U.S. flag [where] harbors are dredged by the local government.” To federalize the harbors, he said, would mean that money would be appropriated annually via the Army Corps of Engineers to conduct dredging operations. That is how it is done just next door in Puerto Rico, Mr. Dowe remarked.

Now, however, authorities must decide on how to fund the additional costs that would be needed, as it is understood that the dredging project will need more than the \$17 million allocated by this measure. Both VIPA and WICO representatives say that conversations are ongoing with all stakeholders, including the cruise lines, the Governor’s Office, and the PFA. Assuring lawmakers that the sharply-worded [differences of opinions](#) that had previously spilled out into the public domain were behind them, Mr. Ottley said that WICO was “definitely on board on finding

amicable solutions to getting this harbor dredge done.”

Bill 35-0191, which had been requested by the Office of the Governor, was voted on favorably by all members and will now be further considered by the Committee on Rules and Judiciary.

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