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WICO Cruise Ship Dilemma: Bigger Ships, Fewer Passengers

WICO faces revenue challenges as larger cruise ships limit berthing capacity

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The West Indian Company Dock in St. Thomas, USVI. By. ERNICE GILBERT, V.I. CONSORTIUM

The advent of larger cruise ships making port calls in the USVI does not necessarily mean more money in the pockets of the West Indian Company. That's the unfortunate reality WICO's Director of Marine Cruise Services, Mark Sabino, shared with the Committee on Budget Appropriations and Finance on Tuesday.

Detailing the current difficulties, he told lawmakers that WICO could previously berth three 1,000-foot-long ships at a time, with a total average capacity of 15,000 passengers combined. With WICO collecting passenger fees of \$7.80 per person, the company could bring in as much as \$117,000 under those conditions per call. However, with new ships being built to lengths of 1,200 feet, WICO is facing a challenge. WICO's dock, which is 3,300 feet, will only be able to accommodate two of the larger class ships at a time, accounting for an average gap of 75 feet between each ship.

“Even though the ships might be carrying up to 6,000 passengers each, that's 12,000 passengers; less than the 15,000 we had before” when three full ships are in port, Mr. Sabino noted. That's a total head tax collection of \$93,600. In the instances where ships are unable to be berthed at WICO's dock, the company directs them to Crown Bay. In fact, Norwegian Epic, a “massive ship” by Mr. Sabino's description, must be redirected to Crown Bay. “The reason we can't accommodate it at WICO is because we have the Carnival Excel on the dock at 1,150 feet,” he told lawmakers.

Mr. Sabino summed up the situation by telling committee members that “the reality is that the size of the ships is forcing us to end up with a reduction in [the] count.” Committee Chair Senator Donna Frett-Gregory, however, believes that the redirection of cruise ships to Crown Bay could still result in income generation for WICO.

But how? WICO CEO Anthony Ottley quickly responded to Ms. Frett-Gregory's query. “They receive the entire head tax.” That prompted the senator to wonder whether WICO had “considered negotiating with your sister operation as to what can you benefit,” particularly as WICO is essentially directing revenue to VIPA.

Although WICO's inability to accommodate the larger class of ships did not seem to provide them with any leverage with which to negotiate a revenue-sharing plan, Ms. Frett-Gregory insisted that “there should be some agreement.”

WICO's inability to berth ships is having dire implications for the already strained entity. “With your historical performance, you need an agreement for diversion,” she suggested. Mr. Sabino's suggestion, however, was that St. Thomas instead needed another dock.

The committee chair made it clear that the people of the St. Thomas/St. John district “would determine whether they are interested in another dock and how that will work.” Traffic associated with cruise tourism, she pointed out, is already a major sticking point.

Meanwhile, Senator Novelle Francis shared a slightly different opinion, noting that though ships are redirected, the money collected through the head tax by VIPA is not being lost to another Caribbean island. “I'd hate for it to leave the message that it was a total loss, but rather that there's a shared benefit as a result of the creation of Crown Bay,” he said.

Mr. Ottley, who clarified that he did not intend to suggest such, nevertheless did not shy away from saying that WICO would welcome “some sort of compensation from sharing [ships] within St. Thomas, or the Virgin Islands.”

Major dredging of the harbor is also necessary to facilitate larger ships, thus having a positive impact on revenues. A collaborative project between WICO and VIPA is [currently in the works](#) — the first major dredging in St. Thomas in 30 years. According to Mr. Sabino, maintenance dredging should occur every 7-8 years. Surveys currently show that the harbor is “closing”, which would have a significant negative impact on large ship traffic if not addressed with urgency.

