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Halt of Cruise Travel to the USVI Has Been Devastating to Port Authority, WICO Finances

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Until recently, cruises were the fastest growing sector of the travel industry, according to a Cruise Lines International Association [report](#), published Dec. 2019.

Before Covid-19, cruise travel was a major revenue source for the U.S. Virgin Islands, helping sustain a struggling economy and providing a multitude of jobs down the food chain. But the coronavirus-induced shutdown has weighed heavily on the V.I. Port Authority's and the West Indian Company's bottom line.

During a Friday hearing, Port Authority Executive Director Carlton Dowe said V.I.P.A. had lost \$12 million as a result of the halt of cruise travel since March.

"It has been a struggle," Mr. Dowe told the Consortium during a Monday interview. "We've had to really streamline what we have been doing unless it was essential, like police and fire, and we really tried to eliminate hiring unless it will be paid by federal grants."

Mr. Dowe further stated that the Port Authority is projected to lose roughly \$17 million by the end of 2020 as a result of the diminished traffic, both from cruise ships and ferry travel from the British Virgin Islands.

Along with V.I.P.A., WICO's maritime revenues have performed below earnings projection by 37 percent, according to Anthony Ottley, WICO interim CEO and director of property management. WICO also saw a net loss of \$7.8 million for the period ending August 31, 2020, which is \$5.3 million more than forecasted, according to data provided by the company.

Mr. Dowe said the authority must always keep at least six months' worth of revenue in case of unforeseen matters. Because of this, the V.I.P.A. Board in April [authorized](#) Mr. Dowe to use a line of credit the authority has with Banco Popular, which should keep V.I.P.A. afloat until early next year.

Due to the lack of revenue, V.I.P.A. has had to scale back on several of its projects which were not federally funded. "We still have projects moving, but most of those projects would be grant-specific," said Mr. Dowe.

The executive director told the Consortium that he had sent written communication to Delegate to Congress Stacey Plaskett for help in securing funding similar to the CARES Act. "We are currently trying to get such a grant for operational purposes," said Mr. Dowe. Through the CARES Act, the Federal Aviation Administration awarded the Virgin Islands \$38.9 million to maintain the territory's airports. However, the funds can only be used to support aviation operations, meaning V.I.P.A. cannot use any money from the FAA Cares Act grant to fund marine-related operations.

When asked what protocols would be in place to protect both cruise ship passengers and V.I.P.A. employees when the ports reopen, Mr. Dowe said V.I.P.A. expects all its employees working on docks and at the gates to have essential personal protective equipment (PPEs). He added that a meeting took place Monday between himself, Governor Bryan, Department of Tourism, and Royal Caribbean, where they also discussed protocols for the eventual welcoming of cruise travel back to the territory.

Mr. Dowe said both V.I.P.A. and cruise lines are waiting on the Centers of Disease Control and Prevention to establish a universal protocol. In a statement, the CDC said it would continue to work with cruise lines to ensure that all necessary public health procedures are in place before travel recommences.

Until then, Mr. Dowe said V.I.P.A. will work with the Dept. of Health in preparation for when the CDC does roll out the guidelines.

Additionally, Mr. Dowe stated that while it is important to ensure passengers' safety upon arrival to the territory, he said it remains a difficult task to control what happens once passengers leave the port. And, at this juncture, the authority's main priority has been keeping its workforce employed, even as Mr. Dowe remains optimistic that revenues will surge once the pandemic subsides.

"We have just been managing; we are just trying to make sure that our 365 employees continue to get a paycheck. Everything is on the table as to how we go forward and move forward. It's been

tough, the impact has been great on the Port Authority's finances, but I try to be optimistic," he said.

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