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WICO Dock Dredging Cost of \$17 Million Will be Far Exceeded by Economic Returns for USVI in Multiple Sectors

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The WICO Dock in St. Thomas. By. V.I. CONSORTIUM

Dear Editor, the West Indian Company, Limited would like the opportunity to commend the Public Finance Authority on its recent vote to provide \$17 million in funding to dredge the Charlotte Amalie harbor. This investment will not only ensure that our harbor remains the best in the Caribbean, but the people of the Virgin Islands will undoubtedly see a significant return on investment throughout the community.

First, it is important to understand the immediate need for this dredging. The Charlotte Amalie harbor has not been dredged in over 50 years. Multiple hurricanes and natural erosion have caused

a build-up of silt and other material in the harbor that has caused a reduction in ship traffic and threatened the cruise ships' safety for more than a decade. We are now at the point where the harbor must be dredged to prevent irreparable harm to our Territory's reputation and economy. We cannot afford to delay dredging until we are forced to shut the harbor completely for safety considerations. The immediate economic impact of shutting down our harbor to cruise traffic coming to WICO will far exceed the \$17 million cost of the dredging in losses to taxis, gift stores, restaurants, excursions, and other tourism-dependent businesses, not to mention the loss of jobs, gross receipt taxes and port fees.

Second, it is important to understand how the cruise ship industry is changing and how our Territory can take advantage of these changes. The days of smaller cruise ships that could easily navigate our harbor are rapidly declining as the cruise ship industry is moving toward utilizing larger vessels in the coming years. Our Territory's ability to welcome the largest cruise ships to our world-class harbor is long overdue, and this dredging is the key element to allowing this ability. At the last industry-wide cruise conference earlier this year, cruise line executives informed us that ships will likely operate less on a seasonality basis and utilize weekday homeport operations. This means the industry has experienced so much growth that cruise lines are adjusting schedules away from the traditional Saturday or Sunday turn around or home port days to accommodate demand. This means that our Territory will experience busier beginning and ending of the week call schedules than in previous years, resulting in greater positive impact to our economy. As the cruise industry makes these changes, the Virgin Islands should be able to welcome those ships desiring to enter the Charlotte Amalie harbor – no matter the size, no matter the day of the week - and welcome them safely.

Finally, the economic impact and return on investment that will result from this dredging should not be underestimated. It is rumored that the dredging investment will only result in an additional \$800,000 in gross receipts revenues, assuming WICO is able to accommodate 20 Oasis-Class ship calls it loses every year. What such argument fails to consider is that in order to generate that \$800,000 in gross receipts, the Territory would receive approximately \$18 Million in additional revenues from those visitors annually (20 calls x 5,000 to 6,000 passengers x \$165.00 in passenger spend).

Also, the wider economic impact to our tourism market and economy is important to consider. Cruise tourism is one of the Territory's primary economic drivers because it is the precursor to a large percentage of over-night tourism. If we were forced to close our harbor for lack of dredging, it would cost the Territory several millions of dollars per month in lost revenues from passenger spending, and tens of thousands of new guests getting their first exposure to our islands. There is a direct economic impact of cruise ship business to our Territory in increased money circulating, additional employment, and ultimately less dependency on governmental assistance.

Once again, we thank the Public Finance Authority for making this important investment in our Territory that will surely strengthen the economy for all Virgin Islanders.

Submitted on Thursday by: Anthony A. Ottley, President and CEO of the West Indian Company.