



**Virgin Islands Legislature
Committee on Health, Hospitals and Human Services
Honorable Senator Ray Fonseca, Chairman
Tuesday March 24, 2026**

**Testimony of
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Good afternoon Honorable Senator Ray Fonseca, Chairman of the Committee on Health, Hospitals and Human Services, Honorable Senators of the Committee on Health, Hospitals and Human Services, other Honorable Senators of the 36th Legislature, Senate Staff, fellow hospital testifiers, and the listening and viewing audience. My name is Darryl A. Smalls, Executive Director of Facilities & Capital Development for the Territorial Hospital Redevelopment Team (THRT), which I serve under the Virgin Islands Government Hospital and Health Facilities Corporation (GHHFC).

As the Executive Director of the THRT, on behalf of the GHHFC, my Team and I have continued to manage and oversee the planning, programmatic design, final design, bidding, project management, construction, procurement and close out for the redevelopment of our Territorial Health Facilities to include the Juan F. Luis Hospital (JFLH), the Roy L. Schneider Hospital (RLSH), the Charlotte Kimelman Cancer Institute (CKCI), and the Myrah Keating Smith Community Health Center (MKSCHC). Equally important, we have been actively engaged in several enabling projects for which the THRT oversees that are essential to the redevelopment of the four facilities.

I come before you today as requested to present to the Committee on Health, Hospitals and Human Services updates regarding the planning, funding, design, and construction progress of the Territory's Hospital rebuilding initiatives. My testimony will include:

1. The current status of the redevelopment of the Roy L Schneider Hospital and the Governor Juan F. Luis Hospital
2. Project timelines, to include milestones, anticipate completion dates
3. Funding sources and the financial status of the projects, federal obligations, local matching requirements, and overall budget projections
4. Procurement processes, contractor selection and project management structure
5. Coordination with federal agencies, including FEMA, and compliance with applicable regulations
6. Risk management strategies and mitigation efforts to ensure timely project delivery

Since I last testified before this Committee on February 25, 2025, there have been significant developments. Our major objectives, while primarily centered on the island of St. Croix, have been the completion of major enabling projects which are vitally important to the eventual demolition and reconstruction of the Governor Juan F. Luis Hospital. To date, we have facilitated the completion of:

1. JFL North (Completed in 2021 at a cost of \$79,168,194.82)
2. CMU Building-Mechanical Building (Completed in 2023 at a cost of \$11,816,194.82)
3. Critical Admin Building (Completed in 2024 at a cost of \$7,200,379.61)

Current active projects include:

1. The 5-acre development is currently underway, with completion expected in May 2026. The project cost to date is \$36,912,037.28. The scope of work entails the development of the leased 5-acre tract of land adjacent to the existing Governor Juan F. Luis Hospital (JFLH) campus. This additional land will accommodate facilities necessary to support hospital operations during the construction of the new JFLH facility. In addition to the structure, the site development will include the installation of more than 200 ADA-compliant parking spaces. The project has moved from early site clearing, grading, and preparing pads to ongoing structural and infrastructure work, with consistent progress throughout.
2. Pre-construction work for the STX Interim Dialysis project has begun, with completion expected by the fourth quarter of 2026 under the current contract. The Notice to Proceed

(NTP) was issued, and a pre-construction site inspection took place yesterday, March 23, 2026.

The value of this project is \$ 8,281,670.85. The work effort, once completed, will accommodate a fully functional Hemodialysis Outpatient Care Center capable of providing comprehensive End-Stage Renal Disease (ESRD) services for up to eighteen (18) patients at a time. In addition to the construction efforts, there are two additional projects that will occur concurrently.

- a. Water Treatment - This contracted project involves providing a comprehensive water treatment solution for the Hemodialysis Center, including filtration, pretreatment, purification, and reverse osmosis (RO) water storage. A qualified contractor will perform the installation concurrently with the ongoing construction activities.
- b. FF&E (Furniture, Fixtures, and Equipment) A solicitation will soon be issued to select a qualified vendor who will procure, deliver, and install the (FF&E) for the Hemodialysis Outpatient Clinical Care Facility. A public solicitation will soon be issued within the next two weeks to select a qualified vendor.

3. The STX Cassava Gardens project is currently underway and is expected to finish by May 2026. The work effort consisted of the buildout of an existing facility to provide offsite administrative offices for all non-clinical support staff while the existing JFLH is demolished. This site will also include warehousing for bulk hospital supplies as well as Nutrition Services storage for both dry and refrigerated foods.

- a. FF&E (Furniture, Fixtures, and Equipment) A solicitation will soon be issued to select a qualified vendor who will procure, deliver, and install the (FF&E) for the non-clinical

administrative facility. A public solicitation will soon be issued within the next two weeks to select a qualified vendor.

Similarly, on the island of St. John, we are facilitating the completion of one remaining component essential to the eventual demolition and reconstruction of the MKSCHC.

1. MKS Interim Facility - THRT requested proposals from qualified firms to build a secure concrete structure for water storage tanks, ensuring an uninterrupted domestic water supply for the interim MKSCHC during demolition. Only one bid was received by the deadline of Friday, March 20, 2026, and it will be reviewed during the following week.

Each of these projects, whether completed or nearly done, are essential for vacating the current GJFLH and MKSCHC respective facilities thus enabling the commencement of demolition activities.

In my previous testimony which included an appearance from Adrienne Williams-Octalien, the Director of the Office of Disaster Recovery, this body was provided an update as to the efforts of her office and the Super Project Management Office in spearheading the overall rebuilding efforts across the Territory which includes both of our Territorial Hospitals as well as the project bundling efforts for the island of St. John that included the Myrah Keating Smith Community Health Center. While the initial bundling effort for our hospitals, both the Governor Juan F. Luis Hospital & Medical Center and the Roy L. Schneider Hospital did not materialize; a contractor was selected and is presently under contract for the reconstruction of GJFLH.

Governor Juan F. Luis Hospital

A Notice to Proceed was issued by the Virgin Islands Public Finance Authority to Suffolk for Construction Management Services (CMAR) effective March 3, 2026, for pre-construction services. Pre-construction services are one of the most critical phases that must occur before any physical construction commences. The main objectives are, 1) ensure alignment between the GHHFC, Architect, CMAR, and ODR/Super PMO wherein informed decisions are made, 2) assess project feasibility, and 3) develop a clear plan for execution, including budget, schedule, and risk management. This phase is critically important as it ensures that the project is realistic, cost-effective and most importantly, aligned with the Government Hospitals and Health Facilities Corporations' mission to transform healthcare delivery throughout the United States Virgin Islands.

The kickoff project meeting was held on March 3, 2026, that included the participation of Suffolk, ODR/Super PMO/Jacobs, FLAD and GJFLH/THRT. A regular schedule for Government Hospitals and Health Facilities Corporation Stakeholder Meetings has been set up, guaranteeing that GJFLH/THRT is actively involved in the project delivery process. Our meetings thus far have focused on establishing various milestones which are critical to developing a realistic project budget and construction schedule. Collaboratively, FLAD and GHHFC/GJFLH/THRT are about to embark on design optimization efforts which are essential to ensuring the primary functions of our hospitals, "delivery of quality patient care" are maintained and remain priority #1.

The design and construction documents for the new JFLH were first finalized in December 2024. As considerable time has passed, both construction and construction materials and equipment costs have escalated exponentially. Equally concerning, the global economy due to world events will significantly impact costs. Just this past week, I received notification from both shipping companies of Bunker Surcharge increases that go into effect come April 2026 between the Continental U.S. and the Ports of the U.S. Virgin Islands. We have likewise received information about expected rises in fuel prices within the Territory. Combined, these increases will have significant impacts on our projects Territory wide.

Myrah Keating Smith Community Health Center

A Notice to Proceed was issued by the Virgin Islands Public Finance Authority to Consigli/Benton for Construction Management Services (CMAR) effective October 2, 2025, for pre-construction services. A project kickoff meeting was held on October 6, 2025, that included the participation of Consigli/Benton, ODR/Super PMO/Jacobs, The SmithGroup and SRMC/MKS/THRT. A regular schedule for Government Hospitals and Health Facilities Corporation Stakeholder Meetings has been set up, guaranteeing that SRMC, MKSCHC, and THRT are involved throughout the project delivery process. Weekly meetings, internally to SRMC/MKS/THRT and The SmithGroup, have focused on the programmatic space planning for MKS along with establishing what service lines will be included. A key factor in this decision-making process is finding out what the new MKS will be approved for by our regulatory body, the Centers for Medicaid and Medicare (CMS), as this will directly affect the facility's financial stability. SRMC Leadership, together with THRT and The SmithGroup, will hold an initial meeting with CMS to

clarify and understand all necessary requirements for this determination. After finishing this phase in the coming weeks, we will work together with our construction partners to create a practical project budget and timeline for construction. St. John, due to inherent challenges related to its geographical location and access, logistics, specifically shipping, workforce housing and laydown areas combined with the current global economy will have significant implications to overall project costs. As such, design strategies to include prefabricated components, mechanical and electrical systems, are under consideration which could have a positive impact on the construction schedules.

Roy L. Schneider Hospital

As I stated earlier in my testimony, the solicitation that included the bundling of both Governor Juan F. Luis and the Roy L. Schneider Hospital did not materialize. A Request for Proposals, RFP 002-2026 STT has been issued as of March 18, 2026, for Construction Manager at Risk (CMAR) services by The Virgin Islands Office of Disaster Recovery, a subsidiary division of the Virgin Islands Public Finance Authority (PFA), and independent instrumentality of the Government of the Virgin Islands for the Roy L. Schneider Hospital. Proposals are due on May 8, 2026.

SRMC/THRT and Page Stantec will spend the next few weeks concentrating on programmatic space planning for the rebuilt Roy L. Schneider Hospital in preparation for selecting a contractor.

Concurrent to the pre-construction activities underway, the Government Hospital's and Health Facilities Corporation recently posted a Request for Proposals for a consultant to provide and implement a Strategic Planning effort, requiring recommendations and assistance in developing Governance and Accounting initiatives to facilitate the on-going transition to a single unified Health System. These strategic planning efforts will create a more efficient HC system for the islands and understandably will have impact on current Program/Facility planning assumptions.

The findings from this endeavor shall influence the subsequent Programming refinements for JFLH, RLSH, MKSCHC and potentially other facilities serving St. Thomas, Croix, and St John, responsive to a singularly managed, integrated Healthcare Delivery System.

Next steps require collaboration between:

1. Strategic Planning,
2. Program & Design, and
3. Preconstruction / Construction

These efforts shall result in coordinated approach, acting synergistically to optimize the Services, Facilities and Operations benefiting the Territory now and for the future of Healthcare Delivery to the Territory.

Charlotte Kimelman Cancer Institute

With the collaborative efforts of our key project partners, Consigli/Benton, Page Stantec, SRMC and THRT, I am pleased to report that we have achieved substantial completion with respect to the construction phase of the CKCI reconstruction project. While we have achieved this monumental milestone, there remain critical components that are essential to opening and are in the process of being completed. These items include the owner supplied items which include FFE,

Minor Medical Equipment, and IT Equipment. A contractor has been chosen to provide and install the FFE, while bids for Minor Medical Equipment are due by March 25, 2026, and IT Equipment bids are expected by April 1, 2026. To date, we have completed the installation of the two major medical components, the Linear Accelerator, and the CT Simulator. Factory representatives have successfully completed all system installation pre-checks. The next steps include Independent QA checks to include the completion of the regulatory requirements to ensure compliance with all standards. Over the coming months, staff will undergo training alongside the equipment manufacturers, both of which are vital for meeting relevant regulatory standards.

To date, the Territorial Hospital Redevelopment Team has successfully completed projects totaling \$103,627,666.77 and is in the process of facilitating the completion of projects totaling more than \$2,266,861,439.03 in hurricane related disaster recovery and COVID-19 efforts. Equally important, the THRT was instrumental in a total FEMA award for both Category B Projects (Temporary) and Category E Projects (Permanent) as well as COVID-19 Projects for a combined total amount of \$ 2,370,489,105.80. A testament to the hard work, tenacity, dedication and commitment of the GHHFC, the Governor Juan F. Luis Hospital, the Schneider Regional Medical Center, and the THRT.

Local Match Funding

Local Match Funding has been one of the greatest challenges faced to date. Immediately after the hurricanes, all projects were to be subjected to 90/10 cost share wherein FEMA funded 90% of project costs and the Territory was responsible for 10%. Shortly thereafter, permanent projects had a cost share of 95/5 but are now awarded at 98/2 cost share. Although HUD funding provides the basis for the local Match, initial project applications have required multiple revisions and resubmissions to align with changing guidance and compliance standards, resulting in extended review and processing periods. Additionally, there has been no definitive timeline provided by the reviewing agencies regarding application approvals. This lack of predictability has made it difficult to effectively plan and sequence submissions, contributing to prolonged project progression.

Collectively, these factors—ongoing revisions and uncertain approval timelines, have significantly contributed to delays in the overall process.

Risk Management

Territorially, almost all projects face similar challenges, consisting of the following phases which require identical competing building trades:

1. Site Preparation - Civil Contractors who are generally responsible for the preparation of the existing site, which includes demolition, site excavation and debris removal along with excavations for new foundations and site utilities. Utility Contractors for installation of electrical and drainage structures.

2. Foundation Work – Is the structural base for all new construction that focuses on below grade concrete structures which ensures the stability and support for all subsequent Construction Phases.
3. Structural Framework – This provides the shape and support for the eventual building which starts with the structural steel components to support walls, floors, and roof structure.
4. Roofing and Exterior Wall Systems – This phase facilitates a watertight building envelope to include the roof, exterior walls, and windows.
5. Mechanical, Electrical and Plumbing (MEP) Systems – MEP Systems are critical to the building’s functionality to include climate control or a/c systems, electrical distribution, and both domestic and wastewater systems.
6. Insulation and Drywall – The installation of these systems is essential to energy efficiency, soundproofing, walls, and ceiling.
7. Interior Finishes – The installation of these systems to include paint, flooring, cabinetry/millwork, and fixtures creates the aesthetics and functional elements of a building.
8. Exterior Landscaping and Outdoor Features - The installation of these systems to include landscaping, parking areas, signage and exterior lighting are the final touches that enhance the beauty of newly constructed facilities.

I note these universal phases for a few reasons.

1. Although the Territory has access to highly qualified contractors capable of delivering many necessary services, the primary challenge lies in securing sufficient workforce and equipment to execute these tasks concurrently across three separate islands.
2. These projects require significant resources, both human and financial, to undertake this herculean task along with logistical coordination for procurement, shipping, staging and eventual installation. Equally challenging is the fact most, if not all, construction materials are required to be obtained from outside the Territory.
3. Timely payments to the Construction Managers at Risk (CMAR) who in turn must facilitate timely payment to its sub-contractors. These sub-contractors are tasked with sourcing the components needed for their specific responsibilities and ensuring that both their employees and vendors remain satisfied. Due to the magnitude of these projects, sub-contractors could face challenges with business continuity while awaiting receipt of payments for work performed.

To address the workforce challenge, there are models that been developed by the Territory's consultants who have estimated that the workforce required to undertake all the Territorial Projects simultaneously will require and an additional Five Thousand (5000) workers encompassing the multiple trades to that which already exists here combined on all three islands. Compounding the workforce challenge, workforce housing for the workers who must be brought to the Territory at varying intervals during the construction phases is also a challenge that must be addressed. Identifying suitable and safe locations on each island, providing utilities (WAPA/VIWMA) to those sites once identified and other logistical challenges such as transportation to and from the sites are all in various stages of consideration.

The CMAR and the Super PMO, responsible for managing procurement, shipping, and staging logistics, are currently creating project schedules and planning the sequence of operations. Their goal is to pinpoint potential challenges early and implement strategies to address them.

Addressing timely payment to our contractors is paramount and will always be a priority to successfully deliver our projects on schedule and within budget. Through the unified project management system that has been instituted by VIODR, each stakeholder; to include the contractor of record, the Architect of Record, the Owner, the Super PMO and the PFA, the payment processing system is streamlined to facilitate prompt payments to mitigate concerns that we have historically experienced. It will be important to monitor this streamlined process at every stage, from contractors to sub-contractors.

On a similar path to timely vendor payments, as a Territory, we must remain vigilant and ensure our sub-contractor community are engaged and are included throughout this construction process. As a former contractor myself, I continue to hear concerns raised of inclusion. I actively promote participation among local contractors in job fairs and preconstruction meetings organized by the respective CMARs. Each CMAR has presented themselves to the community at their hosted events, seeking to engage local businesses in these opportunities.

Since our projects are still in development, it is too early to detail specific risk management strategies. I can, however, assure this body that the discussions are ongoing and remain a priority as we move forward with developing our projects.

The THRT, Territorial Board, and Executive Leadership Teams from JFLH and SRMC are collaborating to establish unified standards so that medical and clinical programs remain consistent at all facilities. This is vitally important for the sustainability, resiliency, operability, and maintenance of these major investments. Once completed, our facilities will be state-of-the-art healthcare facilities for the people of the Virgin Islands. Our residents deserve no less.

In conclusion, I extend my sincere appreciation to the Board of the Government Hospital's and Health Facilities Corporation, the Executive Leadership Team of JFLH and SRMC, all hospital employees, and our many public and private supporters for their recognition and support of the Territorial Hospital Redevelopment Team's efforts. And to the consummate professionals of the Territorial Hospital Redevelopment Team, I thank you.

This concludes my presentation. I will remain available to answer questions you may have at the appropriate time.