

PFA and ODR Present Trimmed Budgets, Urge Lawmakers to Approve Critical General Fund Support

With a proposed \$26.11 million budget reduced by 21% from last year, the PFA urged senators to approve a \$9 million general fund allocation to avoid disruptions in operations, including \$4 million needed to support ODR's staffing and cash flow.

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Nathan Simmonds, left, and Adrienne Williams-Octalien. By. V.I. LEGISLATURE.

The V.I. Public Finance Authority and Office of Disaster Recovery were among the five entities on Tuesday that filed into the legislative chambers to make their budget case before the Committee on Budget, Appropriations, and Finance. The PFA, led by Nathan Simmonds, presented the committee with a proposed budget of \$26.11 million, slimmed down by 21% from last year's

figures.

The decrease is “due primarily to a decrease in consultancy services and budgeted salaries at 50% within ODR,” said Mr. Simmons. Of the \$26 million, \$9 million is charged to the general fund, \$5 million will come from gross receipt taxes, \$8.21 million from federal reimbursements, \$3.8 million from the PFA’s project fund, and \$100,000 from rental revenue from the Frederiksted Mall.

The PFA expects to spend \$5 million of the general fund allocation on “administration and finance operations,” with the remaining \$4 million going to the Office of Disaster Recovery. “It has now become necessary to request funding from the general fund,” explained Mr. Simmons. He reminded lawmakers that prior to 2022, administrative costs were usually covered by “internal revenue matching funds.” However, “the issuance of the matching fund bonds and the use of the excess revenue for debt service to fund the GERS note” ended that practice.

“If you don’t fund our \$26 million budget, particularly with the \$9 million that we’re asking for, it would severely impact our ability to operate,” Mr. Simmons told Senator Ray Fonseca.

The aforementioned \$4 million general fund request for ODR was considered “seed and float” funding, contributing to the office’s \$12.21 million proposed budget. “The remaining \$8.2 million will be funded by federal reimbursements through FEMA and HUD disaster programs,” explained Mr. Simmons. The overall budget is a \$3.3 million decrease for ODR, “directly attributed to vacancies being budgeted at 50% to closer align with the anticipated schedule of onboarding new staff,” according to ODR Director Adrienne Williams-Octalien.

ODR’s \$4 million request covers payroll, staff training, maintenance, travel, and other operational costs. According to Ms. Williams-Octalien, “seed and float funds are necessary to facilitate drawdowns and provide overarching administrative support for the office’s operations.” ODR is currently experiencing “delays in the approval of federal draws, which can adversely affect cash flow and payroll processing.”

“Authorizing the requested \$4 million ensures that ODR can continue its mission on the pathway to resilience,” said Ms. Williams-Octalien to lawmakers. Funding will allow ODR to build out the Super Project Management Office, cover office rentals and other day-to-day activities. Lawmakers learned that ODR pays \$235,000 annually for three offices across the territory and is “looking for additional office space.”

Senate President Milton Potter was concerned about the large number of vacancies – 41 currently – within ODR, fearful that it could be “impacting ODR’s ability to function optimally.” Critical vacancies include engineers, but Ms. Williams-Octalien said the office has made the necessary adjustments. “We only funded the position at 50% because we know when those positions are really going to be needed throughout the life cycle of these projects,” she explained. Securing additional office space, she said, is critical before hiring new staff. “We have nowhere to put people. We’re advertising but we have to have a lease...that will allow us to go full bore with hiring.”