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Seventh Congressional Status Report on the Economic and Disaster Recovery Plan of Puerto Rico

“From Obligation to Execution”

January 31st, 2022

PUERTO RICO
**PUBLIC-PRIVATE
PARTNERSHIPS**
AUTHORITY



AAFAF
Puerto Rico Fiscal Agency and
Financial Advisory Authority

CENTRAL OFFICE FOR
**RECOVERY,
RECONSTRUCTION
AND RESILIENCY**



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I. Introduction

As required by the Bipartisan Budget Act of 2018 ("BBA") P.L. 115-123, the Government of Puerto Rico ("GPR") submits to the United States Congress the Seventh Congressional Status Report ("Report") as an update on the status of the implementation of the Economic and Disaster Recovery Plan of Puerto Rico ("Recovery Plan").¹ The Puerto Rico Central Office for Recovery, Reconstruction, and Resiliency ("COR³") was created on October 3, 2017, under Executive Order OE-2017-65, to lead and coordinate the recovery of Puerto Rico, including the implementation of the Recovery Plan.² COR³, along with the broader GPR, has continued to make progress regarding fiscal transparency and responsibility as well as significant improvement towards the intended programmatic outcomes of moving projects towards completion.

Hurricane María made landfall in Puerto Rico on September 17, 2017, and Island-wide damages were estimated in the range of \$70 - \$90 B. To date the Federal Government has allocated over \$76.9B to rebuild Puerto Rico through multiple funding streams.³ Some of the federal awarding agencies with funding allocated to rebuilding from the María disaster include the Federal Emergency Management Administration ("FEMA"), the Department of Health and Human Services ("HHS"), and the Department of Housing and Urban Development ("HUD"), with FEMA topping the list with an allocation of \$40.6 B. Appendix A provides updates on the activities of other federal agencies towards Puerto Rico's recovery. This Report primarily focuses on the FEMA funds awarded for the Public Assistance Program, which operates under Sections 428 and 406 of the Stafford Act, and the Hazard Mitigation Grant Program under Section 404. This Report also details the Commonwealth's strategy towards advancing reconstruction projects through facilitating financing, construction, and procurement for Government Agencies, Municipalities, and Private Non-Profit institutions. The public policy under this administration prioritizes the recovery and reconstruction of Puerto Rico. In pursuance of said commitment, this Report highlights the direct results of the achievements and efforts made towards the execution of permanent work projects. The reporting period for this Report ranges from July 1, 2021, through December 31, 2021.⁴

¹ On August 8, 2018, the GPR submitted the Transformation and Innovation in the Wake of Devastation: An Economic and Disaster Recovery Plan for Puerto Rico ("Recovery Plan") to Congress. As required, updates are submitted every 180 days thereafter.

² As amended by Exec. Order No. 2017-069 (November 10, 2017) and Exec. Order No. 2020-014 (January 31st, 2020).

³ COR³ Transparency Portal, <https://www.recovery.pr/en/financial-analysis/financial-summary#> accessed 12/28/2021.

⁴ Some of the information contained in this Report corresponds to data obtained on January 2022.

Concurrent Disasters

While this Report focuses on the GPR's recovery efforts from Hurricane María, it is important to note that COR³ also manages the recovery from other disasters and emergency declarations that required the use of FEMA's assistance programs. Like the rest of the world, Puerto Rico is still dealing with the impacts from the ongoing COVID-19 Global Pandemic. Additionally, since late 2019 and throughout 2020, Puerto Rico also responded to a series of earthquakes that lasted over six months. In December 2019, a series of earthquakes began to shake the island and on January 16, 2020, after additional 6.4 and 5.9 magnitude earthquakes, the FEMA-DR-4473-PR Major Disaster Declaration was approved. These earthquakes resulted in the intermittent displacement of over 10,000 people, more than 2,000 homes with structural damage, damage to the power grid and the closing of various school buildings. In March of 2020, during the persistent earthquakes and aftershocks, State and Federal disaster declarations were issued for the COVID-19 pandemic (FEMA-DR-4493-PR). These declarations for DR-4473 and DR-4493 enabled the use of various federal funding allocations to mount responses and begin recovery efforts. Both the FEMA Public Assistance ("PA") and Individual Assistance ("IA") Programs were activated in response to the Earthquake Disaster (DR-4473). Also, the Crisis Counseling Program was activated. The purpose of the Crisis Counseling Program is to support individuals and communities in recovering from the psychological effects of disasters. This is achieved through short-term interventions to assist disaster survivors in understanding their current situation and reactions, mitigating stress, promoting the use or development of coping strategies and providing emotional support.⁵

Similarly, multiple federal allocations and programs were enabled to battle the COVID-19 pandemic, including the activation of FEMA programs and over \$2.2 Billion in funding from the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). With the successful implementation of protective measures and the rollout of vaccines, significant progress has been made towards stabilization. Over the past six months nearly 90% of Puerto Rico's population over the age of five has had at least one dose of the vaccine and 80% of the population has been fully vaccinated.⁶ Additionally, 746,322 people over the age of eighteen have reported receiving the booster shot.⁷ COR³ is working with State Agencies, Municipalities, and Private Non-Profit Institutions as they apply for FEMA reimbursements to cover the emergency protective actions taken. Refer to Appendix B for the latest updates on the Earthquake (DR-4473) and COVID-19 (DR-4493) Disasters.

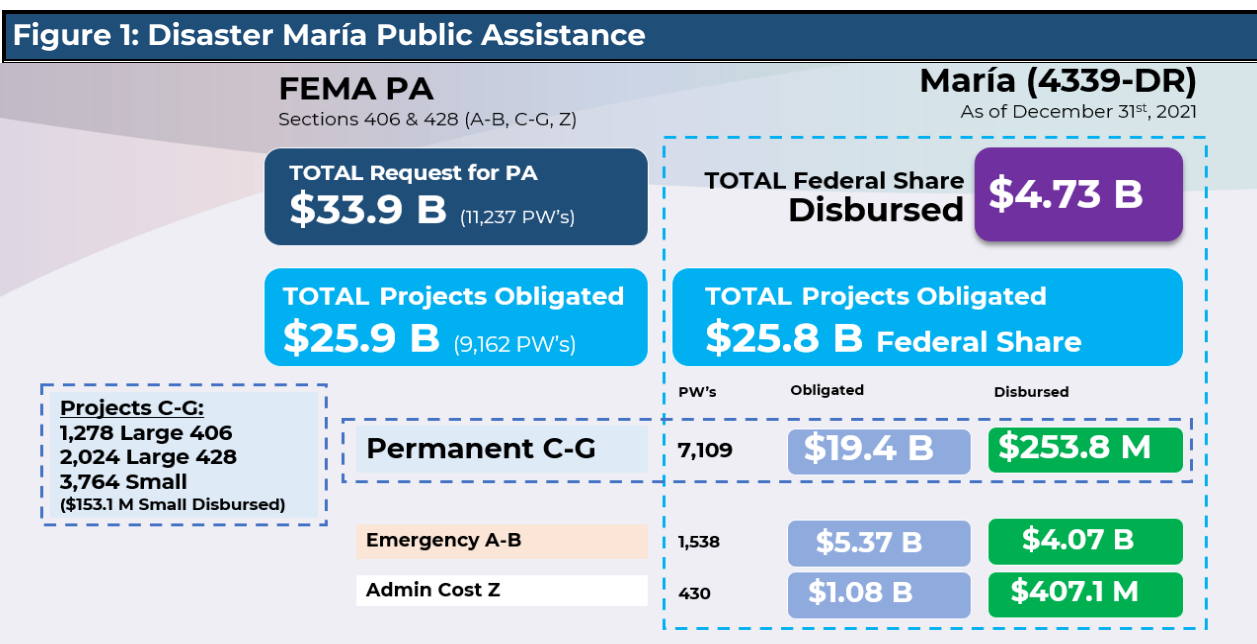
⁵ FEMA, *Crisis Counseling Assistance & Training Program* (Mar. 26, 2020), Microsoft Word - FACT SHEET - Crisis Counseling Program_2020_FINAL.docx (fema.gov).

⁶ PR Department of Health Portal, https://www.salud.gov.pr/estadisticas_v2#vacunacion accessed on 12/31/2021.

⁷ *Id.*

II. Recovery Overview

As a result of the damages caused by Hurricane María, Government Agencies, Municipalities, and Private Non-Profit institutions requested funding for reconstruction through the FEMA PA Program. The total amount of funding requested as of December 31, 2021, is \$33.9B⁸, of which \$25.9B has been obligated (Figure 1)⁹. In the initial years following María, the recovery was focused largely on stabilization, which translated to intense activity towards obligating and completing emergency works projects (Category A– Debris Removal and Category B– Emergency Protective Measures). To date \$5.37B of emergency works have been obligated, of which \$4.07B has disbursed.¹⁰



Four years after the disaster, the GPR has shifted its focus towards permanent work projects. Table 1 illustrates the achieved obligations for all the PA categories for 2020 and 2021.¹¹ This decrease in obligations is due to the fact that the focus is now on the execution phase of permanent work projects.

⁸ COR³ Disaster Recovery System (DRS) accessed on 12/31/2021.

⁹ References throughout this report to the Project Worksheet ("PW") count, shall mean the count of distinct PWs, which FEMA considers for each defined period to count as only one, even if there are multiple obligations within the same project.

¹⁰ Refer to Figure 1.

¹¹ Please note that the amounts reported herein may change in the upcoming reporting periods, as funds continue to be obligated and potential deobligations occur.

Table 1: PA Achieved Obligations				
Project Type	2020		2021	
	PW's	Federal Share	PW's	Federal Share
Category A-B	366	\$ 65.4M	226	\$ 126.2M
Category C-G	4,137	\$ 13.2 B	2,612	\$ 5.6B
TOTAL	4,503	\$13.3 B	2,838	\$5.8 B
Large C-G	1,581	\$ 13.1 B	1,604	\$ 5.6 B
Small C-G	2,556	\$ 108.8 M	1,008	\$ 43.2 M

Permanent work projects serve to rebuild Puerto Rico comprehensively and include the reconstruction of roads and bridges (Category C), water control facilities (Category D), buildings and equipment (Category E), utilities (Category F), and parks and recreation (Category G). To date, 7,109 permanent work projects have been obligated in the amount of \$19.4B with \$253.8M disbursed, as shown in Figure 1.¹²

III. COR³ Strategic Goals and Priorities

To address the needs of subrecipients and all other stakeholders involved in the disaster recovery process, the GPR and COR³ developed eight strategic goals that represent the priorities for 2021 through 2024. These strategic goals, which are detailed below in Figure 2, are the foundation of our vision and approach towards an efficient and resilient reconstruction process. Each of these goals have associated objectives, milestones, and performance metrics that COR³ regularly monitors and reports on the progress made under each goal to ensure transparency and accountability.

For the year 2022, COR³ will prioritize on building efficiencies, optimizing the use of technology, and fostering a culture of accountability. Special emphasis will be placed on efficiencies to maximize resources, eliminate redundancies, and avoid waste. Strategic investments in technology will facilitate the achievement of these efficiencies, while fostering a culture of accountability within COR³ and across subrecipients and contractors.

¹² Refer to [Appendix C](#) for further details on project obligations, formulations, and disbursed requests.

Figure 2: COR³ Strategic Goals 2021-2024



IV. Recovery Progress for this Reporting Period

This Report focuses largely on the groupings of these goals centered around the key petitions made to FEMA regarding Federal policy change requests, the financial support provided by COR³ and the GPR to address subrecipients' financial constraints, the technical assistance and project management support to expedite construction and actively support subrecipients during project implementation, and the communication efforts undertaken by COR³ and the GPR to continuously inform the public on the progress of Puerto Rico's recovery and promote a culture of transparency and accountability in managing federal recovery funds. During this reporting period, significant advances were made in each of these areas, the most relevant of which are summarized below.

A. Federal Policy Change Requests

To address some of the disaster recovery challenges identified throughout the process, the GPR has submitted key petitions to FEMA, that if granted, would have a significant benefit for the reconstruction progress. Some of these key petitions include:

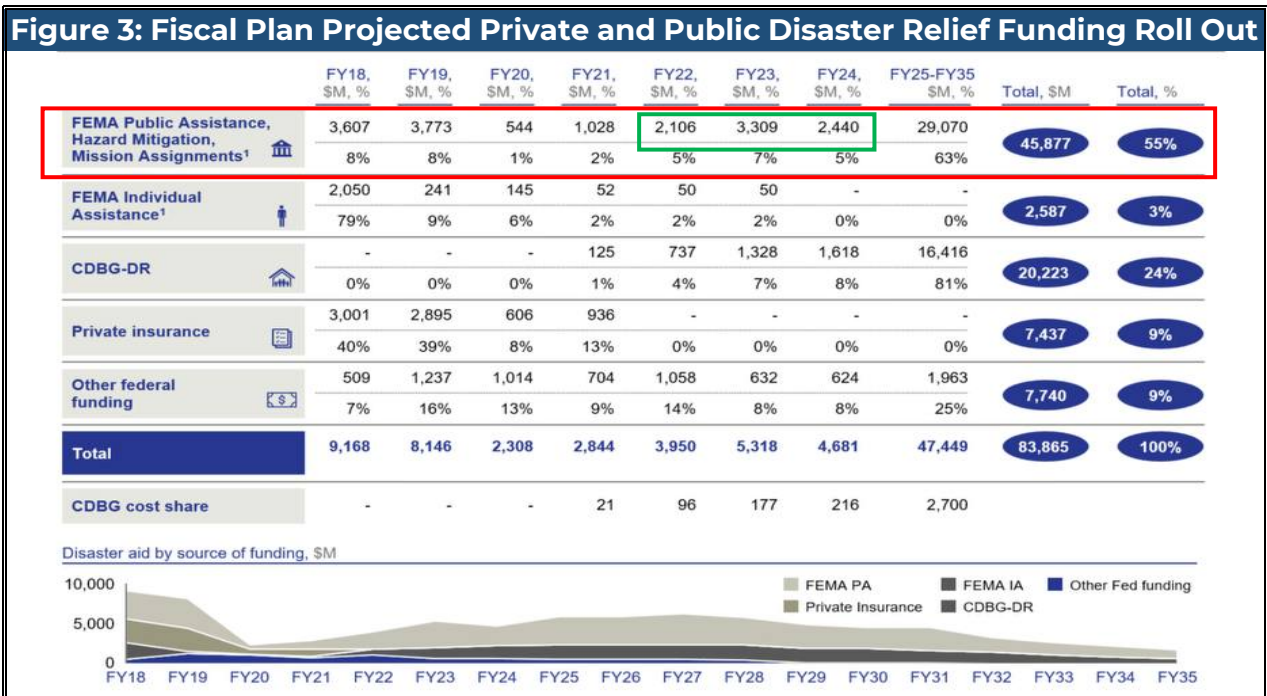
- **Elimination of the 2019 FEMA-State Agreement:** On March 18, 2021, the GPR formally requested the elimination of the 2019 FEMA-State Agreement, also known as the "270 Agreement." The purpose of this petition was to allow for same treatment as other state jurisdictions, i.e., same level of discretion to manage reimbursement process with subrecipients while ensuring compliance. In addition, the termination of this Agreement would have a significant impact towards the overall goals and expectations related to promote impactful reconstruction progress. Specifically, COR³ would be able to process requests for reimbursements and disburse funds to subrecipients in a more efficient manner, all while ensuring compliance with applicable laws and regulations, and minimizing the risk of deobligation. On September 22, 2021, in recognition of GPR's commitment, transparency, and competency with managing disbursements of disaster recovery funds, FEMA granted the request to eliminate the 2019 FEMA-State Agreement. With this new flexibility, COR³ is already making progress towards a more efficient disbursement process.
- **Increase Federal Share for María Disaster Permanent Work:** On November 10, 2021, FEMA denied the GPR's request to extend 100% federal funding for all permanent work categories under the María Disaster Declaration (DR-4339). The GPR's petition would have allowed the Puerto Rico Department of Housing to use CDBG-DR funds for other necessary disaster recovery initiatives, instead of using them for DR-4339 non-federal cost share requirements. COR³ is assessing all available alternatives and remedies to maximize the use of disaster recovery federal funding.
- **Time Extension for Public Assistance Section 428 Fixed Cost Estimates:** On December 28, 2021, FEMA granted the GPR's request for an additional time extension to accept a Fixed Cost Estimate ("FCE") beyond the December 31, 2021, deadline. As a result, applicants that do not accept a FCE by the new deadline of June 30, 2022, or within 30 days of receipt of the FCE, whichever comes first, will automatically revert to Section 406 or standard procedure processing.
- **Time Extension for Hurricane María Emergency Work Closeout Deadline:** On December 1, 2021, COR³ submitted a time extension request to FEMA to extend the December 31, 2021, deadline to submit all closeout packages related to Hurricane María Emergency Work Categories (A & B) project worksheets until December 31st, 2022. This request remains under the review and consideration of FEMA.

B. Financial Support

While the Federal awards provide for most of the GPR's recovery needs, the unique nature of the economic situation in Puerto Rico requires additional measures for successful project completion. Specific challenges exist with respect to financial constraints. These challenges include: subrecipients having limited access to financing for the initiation of projects, time lags in receiving reimbursements for work completed resulting in limited funding for continuity in construction, and an inability or delays to meet the 10% cost share match required for projects obligated under FEMA's PA Program. Recognizing these barriers, COR³ has revised its policies and procedures to streamline the disbursement process, provide additional financing alternatives for subrecipients, among other improvements, all while maintaining the highest degree of compliance and transparency.

Accelerating Disbursements and Advances

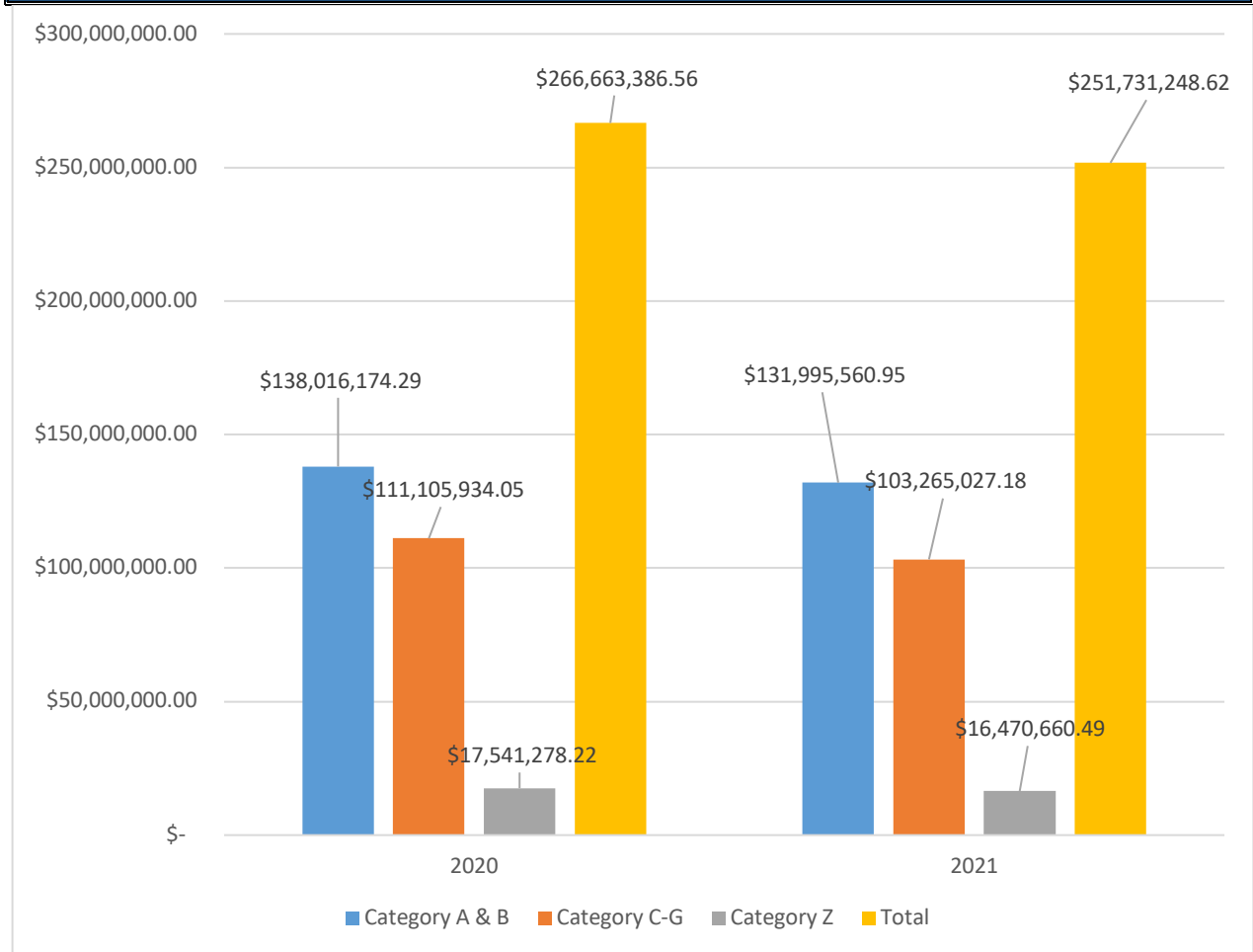
The 2021 Fiscal Plan for Puerto Rico certified by the Financial Oversight & Management Board ("FOMB") projects the amount of disaster recovery funding that should impact Puerto Rico during the next few years.¹³ For the FEMA Public Assistance and Hazard Mitigation Programs, the fiscal plan estimates that \$7.8 billion will be disbursed during FY22, FY23 and FY24. Figure 3 shows the projected private and public disaster relief funding roll out through FY35.



¹³ FINANCIAL OVERSIGHT & MANAGEMENT BOARD FOR PUERTO RICO, 2021 FISCAL PLAN FOR PUERTO RICO: RESTORING GROWTH AND PROSPERITY, www.Oversightboard.pr.gov (last visited on 12/30/2021).

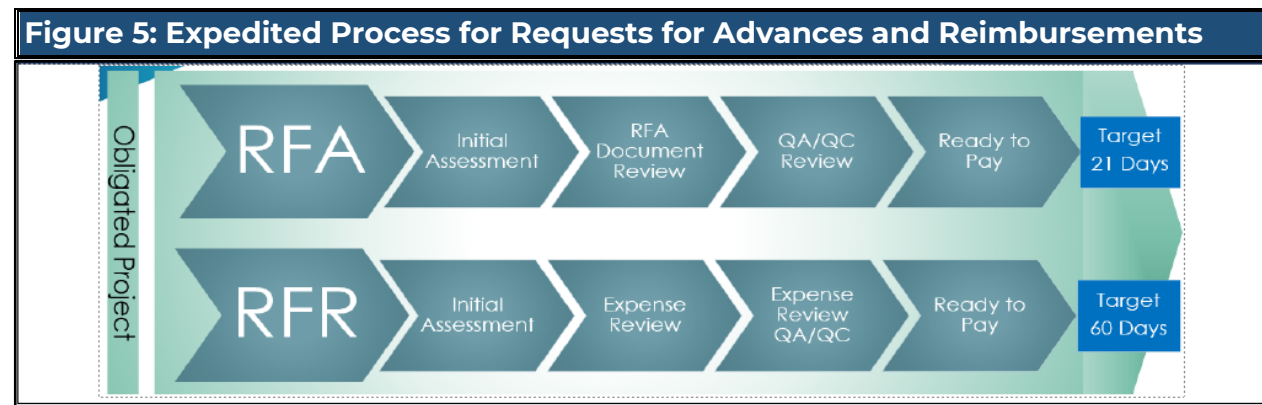
Since assuming full responsibility for disbursements in 2019, COR³ has made significant progress in disbursing Public Assistance funds for obligated projects including emergency work, permanent work, and management costs. Figure 4 shows the disbursements made in calendar years 2020 and 2021 by project category.

Figure 4: Disbursements by Category for Calendar Years 2020 and 2021 (DR-4339)



In an effort to accelerate the disbursement of funds, on June 29, 2021, COR³ published revisions to the Payment and Cash Management Chapter of the Disaster Recovery Federal Funds Management Guide, which transformed the processes around reimbursements and advances. Under the new reimbursement policy, disbursements for reconstruction projects under development by municipalities, government agencies and non-profit organizations will be expedited, significantly reducing the average number of days from 240 to 60 days. Similarly, new processes around requests for advances for immediate expenses will be processed in 21 days rather than 150 days. These changes enable recovery works for all disasters to be completed more efficiently, subject to subrecipients' adherence to the documentation requirements. Figure 5 depicts the expedited process. Nonetheless, as we continue to build

efficiencies into the process, we constantly seek to identify areas of opportunities to maximize the disbursement process.



Process Improvements to Requests for Reimbursements and Requests for Advances

Before the latest policy revisions were implemented, the main challenges delaying the execution of the reconstruction projects were that some disbursements took an average of 88 days to complete. On the other hand, subrecipients could not submit a new request for reimbursement ("RFR") until full payment of the previous RFR was received, which took up to 8 months. There was also a duplication of efforts in the processes, as multiple analysts reviewed a single RFR. As of December 31, 2021, a total of 331 RFRs have been disbursed and 201 are under evaluation (includes all categories). Following the elimination of the 270 Agreement, COR³ is undertaking a review of the current policy to incorporate additional efficiencies and enhancements to the disbursement process, to set a stronger foundation for 2022.

The request for advances ("RFA") process allows funds to be disbursed to subrecipients prior to costs being incurred. However, RFA payments are limited to the minimum amount needed and immediate cash requirements per 2 CFR § 200.305. Thus, it had a lengthy review process, due in-part to the submittal of non-compliant documentation. Additionally, most of the RFAs received were being handled by a third-party contractor. After the policy revisions were implemented, COR³ is now processing, evaluating, and approving all RFAs. By modifying the prior RFA procedure from 150 days to 21 days, COR³ also reduced the steps in the approval process from six to three. Furthermore, over the last six months a total of 60 RFAs have been submitted, of which 41 have been disbursed. Additionally, there are 28 under evaluation. This amount includes all permanent work categories.

Meanwhile, COR³ continues to play an active role in providing subrecipients with hands-on technical assistance in the development and submission of compliant RFAs. During this reporting period, a total of 15 online trainings were held to provide guidance to subrecipients on RFR and RFA policy changes. These training sessions

enabled COR³ to identify subrecipients' difficulties in complying with the established requirements. Moreover, it strengthens COR³'s commitment to expedite Puerto Rico's reconstruction while ensuring federal funds are properly and diligently spent and reimbursed.

Access to Financing: Puerto Rico Revolving Fund

FEMA grant programs require a non-Federal cost share that many Subrecipients, which include GPR agencies, Municipalities, and local non-profit organizations are not able to cover. When executing Federally funded projects there can be a time lag between the need to pay contractors and the availability of Federal funds. This is generally caused by the reimbursable nature of FEMA and HUD programs and could lead to work stoppages and increased costs to account for the potential of delayed payment. To minimize these risks, the GPR has set aside \$750M and created a State Revolving Fund ("Puerto Rico Revolving Fund"). This account, whose guideline required approval by the FOMB, is managed by the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF" by its Spanish acronym) in partnership with COR³ to finance working capital advances and provide the initial liquidity needed to execute permanent work projects. This fund will be replenished through collection of other funding sources (e.g., reimbursements) as they become available. The Puerto Rico Revolving Fund assists with the following five (5) objectives:

1. Providing faster means of liquidity to begin Permanent Recovery Projects.
2. Allowing for the segregation and availability of funds for Puerto Rico's recovery.
3. Assisting with disaster recovery and reconstruction cash flow.
4. Assisting with Subrecipient cash flow concerns.
5. Determining funds are available for project continuity.

Since the program launched:

- 90% of the municipalities interested in obtaining an advance have been trained;
- 36 applications totaling \$14.1M have been submitted and approved by COR³ after the corresponding evaluation;
- FOMB has approved 19 applications for a total of \$1,518,314.00, that are pending disbursement by the Puerto Rico Department of Treasury.

Although progress has been made, we recognize that the implementation of this funding alternative has been challenging. One of the factors contributing to these challenges has been the treatment of this financing mechanism as a loan, therefore mirroring the application requirements and evaluation criteria to those of a conventional loan. In 2022, together with AAFAF and the FOMB, the GPR intends to review the program requirements and identify adjustments to enable the accomplishment of its intended purposes.

Facilitating the Non-Federal Cost Share Match

1. Community Development Block Grant- Disaster Recovery ("CDBG-DR") Cost Share Matching

On January 3rd, 2020, a Memorandum of Understanding ("MOU") was signed by FEMA and HUD to work together to facilitate Puerto Rico's recovery and mitigation activities. This collaboration included joint-guidance on the flexible application of CDBG-DR as cost share for FEMA-funded projects. Since then, the Puerto Rico Department of Housing ("PRDOH"), the administrators of CDBG-DR funds, and COR³ have continued to coordinate on the design, development, and implementation of the FEMA PA Flexible Match Methodology Guidelines ("Guidelines") as published on October 14th, 2020.

Currently, PRDOH and COR³ are in ongoing conversations regarding the implementation of the Guidelines. Both PRDOH and COR³ agreed on proposing a different approach not contemplated on the Guidelines, but consistent with all FEMA PA and CDBG-DR requirements. As a result, on December 29, 2021, COR³ and PRDOH submitted a joint petition to FEMA discussing the implementation procedure of the Disaster Flexible Match ("DFM") approach. The DFM proposes a funding strategy for the FEMA PA Program that eliminates the need for eligible applicants to comply with CDBG-DR requirements under each individual PW to receive its non-federal share, but rather applying for match payments based on the total cost share corresponding to selected FEMA PA projects for a specific disaster, thereby reducing additional administrative burdens to the State and the participating subrecipients/applicants. Leveraged together, COR³'s FEMA PA, and PRDOH's CDBG-DR programs ensure that subrecipients receive the greatest, and most efficient benefit from federal recovery funding while rebuilding in smarter, more resilient ways.

Through the DFM, the GPR would meet the 10% local match requirement for DR-4339-PR on an aggregate level, rather than at a project-by-project level. This approach simplifies program administration by allowing the State to concentrate its non-federal share match spending with CDBG-DR funds on a small number of closely managed projects, rather than funding portions of a much larger number of projects. This policy would shift the match burden from a 10% requirement for every project to a higher percentage requirement for a small number of projects, allowing many others to be funded 100% by FEMA PA. Therefore, these projects will be effectively matched but will not receive any CDBG-DR funds. Refer to [Appendix D](#) for a detailed updated from PRDOH on the Community Development Block Grants.

2. State Cost Share Program (Puerto Rico Office of Management and Budget)

The GPR, through the Puerto Rico Office of Management and Budget ("OGP", for its Spanish acronym), has set aside funds to provide access to Non-Federal Cost Share for obligated permanent work projects for Central Government Agencies, that will eventually be reimbursed by CDBG-DR for the Hurricane María disaster. During this reporting period, seven agencies have received advances under such program, as detailed in Table 2 below.

Table 2: Central Government Agencies with Cost Share Advance Provided by OGP			
Subrecipient	Total PWs	10% Cost Share Value Certified by COR³	Total PWs Value
Department of Justice	3	\$791,300.30	\$7,913,003.11
Department of Correction	4	\$544,335.88	\$5,443,358.94
Department of Transportation and Public Works	63	\$13,711,737.01	\$137,117,370.09
National Guard	8	\$1,416,280.45	\$14,162,804.64
Office of the Governor	10	\$1,618,893.95	\$16,188,939.82
Department of Health	24	\$10,919,353.83	\$109,193,541.36
Department of Environmental and Natural Resources	1	\$620,563.50	\$6,205,634.97
Total	113	\$29,622,464.92	\$295,845,652.93

PW Cash Flow Calculator

As part of COR³'s efforts to provide financial support to subrecipients, specifically on the effective management of resources in the development of reconstruction projects, on October 19, 2021, COR³ launched a Project Worksheet Cash Flow Calculator ("Calculator"). This Calculator was designed to provide estimates tailored to specific financial needs of the project and is now available to subrecipients through the Puerto Rico Disaster Recovery System.

With this tool, subrecipients are able to analyze the availability of funds for the development of their obligated projects under the PA program. Specifically, they can develop a financial plan for the execution of their projects. This will provide visibility on the liquidity options available such as, the Puerto Rico Revolving Fund, requests for costs share match programs, and RFAs, among others. Additionally, this Calculator enables subrecipients to promptly identify any financial challenges or constraints in the execution of their projects, and it also serves as a tool for subrecipients and

contractors to create an invoicing plan throughout project execution. This tool also allows COR³ to anticipate when RFRs will be received, which will provide a better basis for scheduling disbursements.

C. Technical Assistance and Project Management Support

Within the FEMA Public Assistance and Hazard Mitigation Grant Programs there are multiple priority projects that have a high impact on the recovery of the Island regarding infrastructure, public safety, and economic recovery. As such, COR³ is providing technical assistance to subrecipients to advance projects through the obligation, procurement, and construction phases. Multiple initiatives are underway to facilitate their obligation and provide project management support during implementation. These initiatives include the FEMA Accelerated Awards Strategy ("FAAST"), the advancement of the Private Property Debris Removal Program ("PPDR") and the Hazard Mitigation Grant Program ("HMGP"), as well as the Governor's priority projects, which are tracked and monitored through the GPR's Reconstruction Council, and other key initiatives.

Progress with FEMA Accelerated Awards Strategy

Major impediments to obligating Large Projects under FEMA's Public Assistance Program center around applicants' lack of technical expertise to make decisions when designing their projects and the need to balance the assumption of risk when developing a large fixed-cost estimate. FEMA and COR³ developed the FEMA Accelerated Awards Strategy ("FAAST") to mitigate these challenges by focusing resources on areas of highest impact and balancing risk.

The Puerto Rico Electric Power Authority, the Puerto Rico Aqueduct and Sewer Authority, and the Puerto Rico Department of Education, each have multiple large projects that would have traditionally been addressed individually. FAST allowed for the development of one project worksheet combining all projects for each applicant's estimated permanent work. This became the master recovery budget for the applicant. After the initial award, applicants are responsible for submitting scopes of work for each project to ensure compliance, use of industry standards, and meet the requirement of obtaining and maintaining insurance. Furthermore, each applicant has funding approved for architectural and engineering designs to develop the scopes of work for the FAST projects ("Global A&E"). Upon the applicant's submission of the scope of work, FEMA reviews the scope of work for compliance with Environmental and Historic Preservation ("EHP") requirements and the proposed hazard mitigation measures under Section 406 of the Stafford Act. FEMA's approval of the scope of work is required for the commencement of any construction work. Figure 6 presents an overview of the status of the FAST projects, as explained below.¹⁴

¹⁴ Data reported for the FAST projects as of January 14, 2022.

Figure 6: FAASt Projects Status: Scopes of Work

	Approved by  PREPA PUERTO RICO ELECTRIC POWER AUTHORITY	Design Phase (A/E)	Submitted to  FEMA	Approved by  FEMA	A/E Completed (Under Construction Bid)	Under Construction
	123 Proj. TD (\$4.1 B) 10 Prog. TD (\$3.2 B) 127 Non-TD (\$1.3 B)	109	2	0	5	0
	N/A	16	12	4	14	3
	N/A	31	6	4	0	1

1. Puerto Rico Electric Power Authority

As a result of the FAASt strategy to award high impact projects, in September 2020 nearly \$9.5 billion (federal share) was obligated to the Puerto Rico Electric Power Authority ("PREPA"), with primary focus on power generation, transmission, and distribution, to move permanent work projects forward in several facilities that provide service to 1.5 million residential, commercial, and industrial clients. This is the largest award in FEMA history. LUMA Energy, the private entity selected to operate and maintain the transmission and distribution ("T&D") system via a Public-Private Partnership competitive process, has the primary responsibility, as PREPA's agent, to develop and implement the T&D projects under this FAASt.

Current status:

- There are 111 projects in the formulation process under the FEMA National Workflow Review Process, 79 of which represent an estimated value of \$1.93B.
- A Global A&E for the amount of \$486,406,842.00 has been approved for the development of architectural and engineering designs.

2. Puerto Rico Aqueduct and Sewer Authority

The Puerto Rico Aqueduct and Sewer Authority ("PRASA") also has multiple projects that have benefitted from this FAASt approach of creating a master recovery budget.

During this reporting period, \$303M (federal share) were obligated for the PRASA conglomeration of projects. Several investment focus areas based on work previously completed by PRASA, as developed by PRASA's team and other stakeholders such as FEMA and COR³, have guided PRASA's investment strategy. These focus areas set the foundation for a safe, reliable, and efficient water and wastewater treatment service.

Current status:

- There are 28 projects in the formulation process under the FEMA National Workflow Review Process. These initial projects represent an estimated investment of \$987.9M.
- A Global A&E of \$294M has been approved for the development of architectural and engineering designs for the FAASt projects.
- 4 projects have been reviewed and approved (obligated) through the National Workflow Review Process, 3 of which are under construction and represent an estimated value of \$35M.

3. Puerto Rico Department of Education

Over \$2 billion were obligated to the Puerto Rico Department of Education ("PRDE") to address damage in over 5,300 buildings, pavilions, recreational areas, and other sites, in over 1,100 schools. In October 2021, PRDE finalized negotiations with the selected contractor responsible for preparing a master plan for the use of the FAASt funds and executed the contract. Thereafter, PRDE has held regular working sessions with its contractor, and is in the process of developing the master plan, which should be finalized by the third quarter of 2022.

Current status:

- There are 37 projects in the formulation process under the FEMA National Workflow Review Process, representing an estimated total of \$17,336,585.44.
- Currently, there are 4 obligated projects representing a total of \$13,836,585.44, one of which is under construction.

Advance and Complete the Private Property Debris Removal Program

The Private Property Debris Removal ("PPDR") and Demolition Program is a program funded under FEMA's Public Assistance grant for the demolition and/or debris removal of residential properties affected by a declared event. PPDR is available to eliminate threats to public health and safety or the economic recovery of a community. In order to be eligible, the individual sites must be evaluated, justified and approved by FEMA. The PPDR process involves six phases, including: property owner consultation, site assessment, eligibility review, permitting, project execution and closeout.

The number of eligible properties for the PPDR program following the María Disaster is 3,410 units. Of these, a total of 600 units have been approved and obligated by FEMA. Currently, only 237 properties have undergone the process towards implementation. Several issues that have contributed to the delays include:

1. Obtaining FEMA approval of Record of Environmental Consideration ("REC") in a more efficient/expeditious manner.
2. Partial demolitions represent over-cost and risks for demolition contractors.
3. Acquire in advance the State Historic Preservation Office ("SHMO") evaluations by FEMA's Environmental and Historic Preservation process for the properties to be considered. This approval is necessary to submit the permit process.

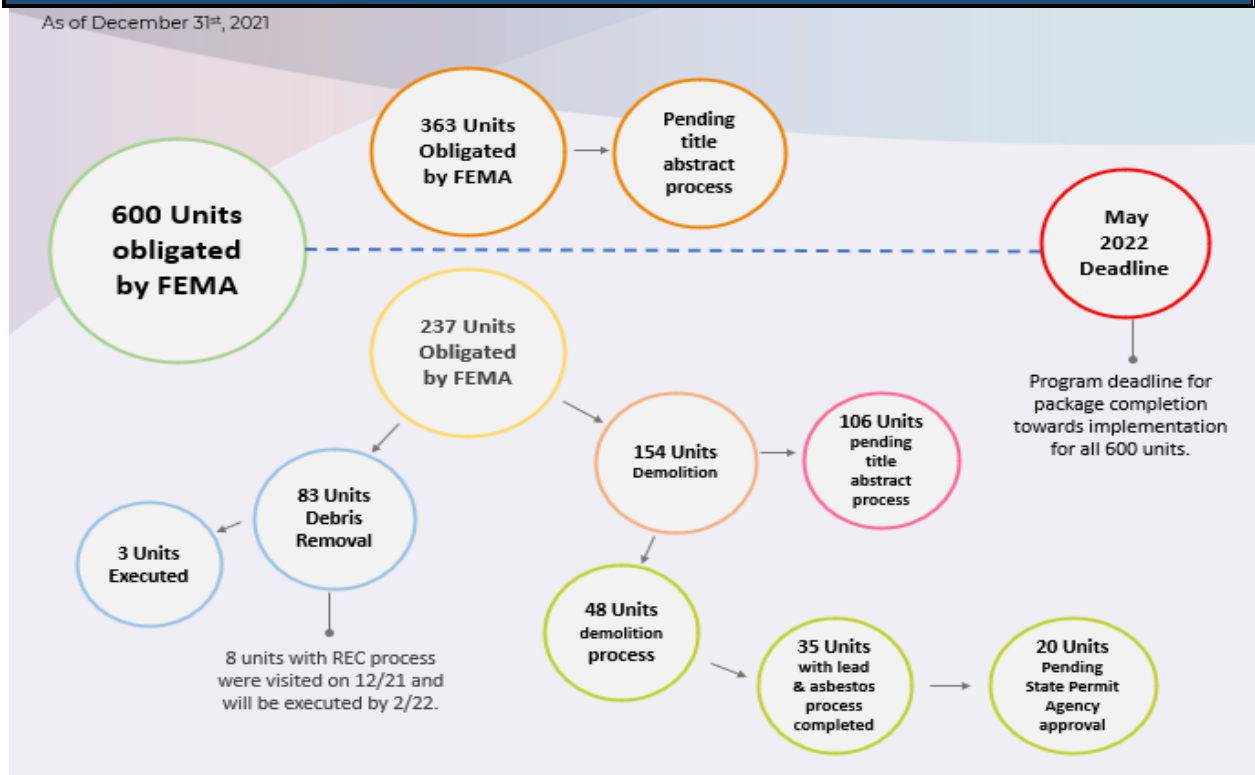
To address these issues COR³ has been working with the Authority for the Financing of the Infrastructure of Puerto Rico ("AFI" by its Spanish acronym) to:

1. Analyze different options to include to the list of properties that cannot complete the process because they do not meet the required parameters.
2. Continue implementation processes aimed at maximizing all stages of the property inspections by May 2022.
3. Properties with partial demolitions are being evaluated case by case.
4. Design a strategic approach to enable project implementation in parallel with FEMA's Environmental and Historic Preservation ("EHP") review.

Within the first round of 237 structures, 83 sites are scheduled for debris removal and 154 for demolition. In response to COR³'s petition, FEMA extended the deadline to complete the demolition and debris removal of all eligible sites until February 15, 2023.¹⁵ Figure 7 presents an overview of the PPDR progress for this reporting period.

¹⁵ This time extension is subject to the conditional requirement that the final list of properties participating in the PPDR and Demolition Program be completed and concluded no later than May 30, 2022.

Figure 7: Private Property Debris Removal Program (DR-4339)



The Governor's Priority Projects

In alignment with the GPR's public policy and commitment towards prioritizing the recovery and reconstruction of Puerto Rico, at a project level, the Reconstruction Council keeps track of the Governor's priority projects, which are expected to have a significant island-wide impact across all sectors. These projects include the extension of highways 5, 10, and 22, improvements to the Aguadilla Airport, the construction of a trauma hospital in San Juan and improvements to the trauma center in Mayaguez, redevelopment of the old naval base Roosevelt Roads, expansion of 5G broadband across the island, improvements to the Port of Ponce, economic development initiatives in Vieques and Culebra, the Bahia Urbana projects, and the Caño Martín Peña initiatives. Figure 8 shows the location of these projects.

Figure 8: Governor's Priority Projects



Since the last reporting period, three infrastructure projects for the redevelopment of old naval base Roosevelt Roads have been announced: the construction of a renewable energy micro grid, for a \$53.8 million investment; the construction of a sanitary water treatment facility, a \$12.6 million investment; and improvements to a potable water plant, with an estimated cost of \$7.2 million. The initial construction phase is expected to start in 2022, with an estimated completion date in 2024.¹⁶ Additionally, the construction of the first oceanographic center in the Caribbean, the Marine Business Research, and Innovation Center, which will be constructed in Roosevelt Roads with an investment of \$16 million, will further improve the base's infrastructure and development. Overall, more than \$100 million will be invested in Roosevelt Roads. These projects will attract further investments, stimulate the local economy and create jobs. Specifically, the renewable energy microgrid is considered to be one of the main components for the development of the naval base and will comply with Puerto Rico's Energy Public Policy. When in operation, this microgrid will generate 75% renewable energy, providing reliable and sustainable energy to the area.

Another of the GPR's top priorities is the extension of Puerto Rico's Highway 10, which is currently in the Request for Qualifications process. This project will extend PR-10 between the municipalities of Utuado and Adjuntas, in the mountainous center part of the island. This extension will shorten the distance between the northern and southern parts of the island and positively impact the thousands of people who transit through that area every day. The project consists of four phases and includes the construction of twenty bridges, that will total 7.5 km, guaranteeing sustainable and safe access to essential services to thousands of Puerto Ricans.¹⁷

Central Government Agencies and Public Corporations

Major awards have been made through the FAASt initiative to some Government Agencies, however, additional key FEMA obligations for permanent work projects have been awarded and are shown in Table 3 below.¹⁸ To advance these and other projects, COR³ not only provides technical assistance during the project formulation phases, but throughout the post-obligation phases as well, with special emphasis on procurement and project management support. Currently, Government Agencies such as the Department of Transportation and Public Works, the Department of Sports and Recreation, the Department of Agriculture, and the Department of Environmental and Natural Resources are in the process of conducting procurement

¹⁶ Press Release, COR³, Governor announces millionaire investment in infrastructure of essential services in Roosevelt Roads (Sept. 7, 2021), [Puerto Rico Disaster Recovery Transparency Portal - COR3](#)

¹⁷ Press Release, COR³, Request for Qualifications begins for one of the Government's Priority Projects: Puerto Rico's Highway 10 Extension (Oct. 4, 2021), [Puerto Rico Disaster Recovery Transparency Portal - COR3](#)

¹⁸ Data as of December 31, 2021.

activities for many of their permanent work projects, including Project Management and Architectural and Engineering services, as well as construction.

Table 3: Key FEMA Obligations Central Government Agencies	
Agency	Obligated Federal Share
University of Puerto Rico	\$419.4 M
Department of Transportation and Public Works	\$321 M
Department of Health	\$99.8 M
Puerto Rico Industrial Development Company	\$163 M
Department of Sports and Recreation	\$84.7 M
Public Building Authority	\$73.3 M
Local Redevelopment Authority for Roosevelt Roads	\$81.8 M
Public Housing Administration	\$26.6 M
Department of Environmental and Natural Resources	\$31.6 M

While COR³ is providing support to all subrecipients, there are some key projects that have received targeted support throughout this reporting period. These permanent work projects are anticipated to impact various sectors through vast improvements in infrastructure resiliency, community and health services, quality of life, and the economy. Some of these projects are already underway, a few of which are highlighted below.

- Vieques CDT Susana Centeno – The replacement of the Vieques medical care facility is the priority project for the Municipality, for which FEMA obligated \$39,569,694.82. Currently, the project is in the procurement phase for the demolition of the facility, and the design is under development.
- Carraizo Dredging - PRASA has submitted for FEMA's review under the FAAS, the Loiza Lake reservoir dredging project. Currently, PRASA, FEMA, and COR³ are jointly working in the development of an Environmental Assessment to comply with FEMA's EHP queue in the National Workflow review process. With an investment of around \$63M, this priority project will impact one of the largest and most critical reservoirs of Puerto Rico which serves as a water source to the Sergio Cuevas Water Treatment Plant. This plant supplies around 90 million gallons of water per day to the metropolitan area and serves a population of approximately 491,663 inhabitants.

- Department of Health Laboratory and Central Offices – The Department of Health ("DOH") project is an original facility constructed in the 1950's that has two floors with a partial basement and subsequent additions. The building includes administrative offices, and essential laboratories for all diseases found in the Commonwealth of Puerto Rico. The project is divided in two phases: Phase 1 for the Design and Construction of the Public Health Laboratory and Phase 2, which consists of the Relocation of Building A. DOH began the RFP process for phase 1 with a preliminary estimated cost of \$21M for the design and construction.
- Flood Control Pump Stations – The Department of Natural and Environmental Resources claimed 13 pump stations with a preliminary cost, under development by FEMA, of approximately \$26M. This project impacts the municipalities of Juana Diaz and Salinas in the south; and the highly dense areas in the municipalities of Cataño, Guaynabo, and San Juan. The claim is intended to address the damages suffered and improve the current infrastructure and condition to prevent damage in future disaster events. COR³ assisted the Department of Natural and Environmental Resources by providing dedicated technical assistance to achieve the delivery of information within the timeframe provided by FEMA.
- Maunabo CDT Facility – This project consists of the reconstruction of the Medical Clinic facility, provider of basic medical services to the community of Maunabo. The Facility consists of a one story building from 1979 which suffered severe damages due to Hurricane Maria. The Department of Health received an obligation of funds for an estimated \$29M for the reconstruction of this facility. After several working sessions in which COR³ provided technical guidance to the subrecipient, the Department of Health was able to issue a Request for Proposals for the design and demolition of the facility, and is currently in the contracting process with the selected proponent.

Municipalities

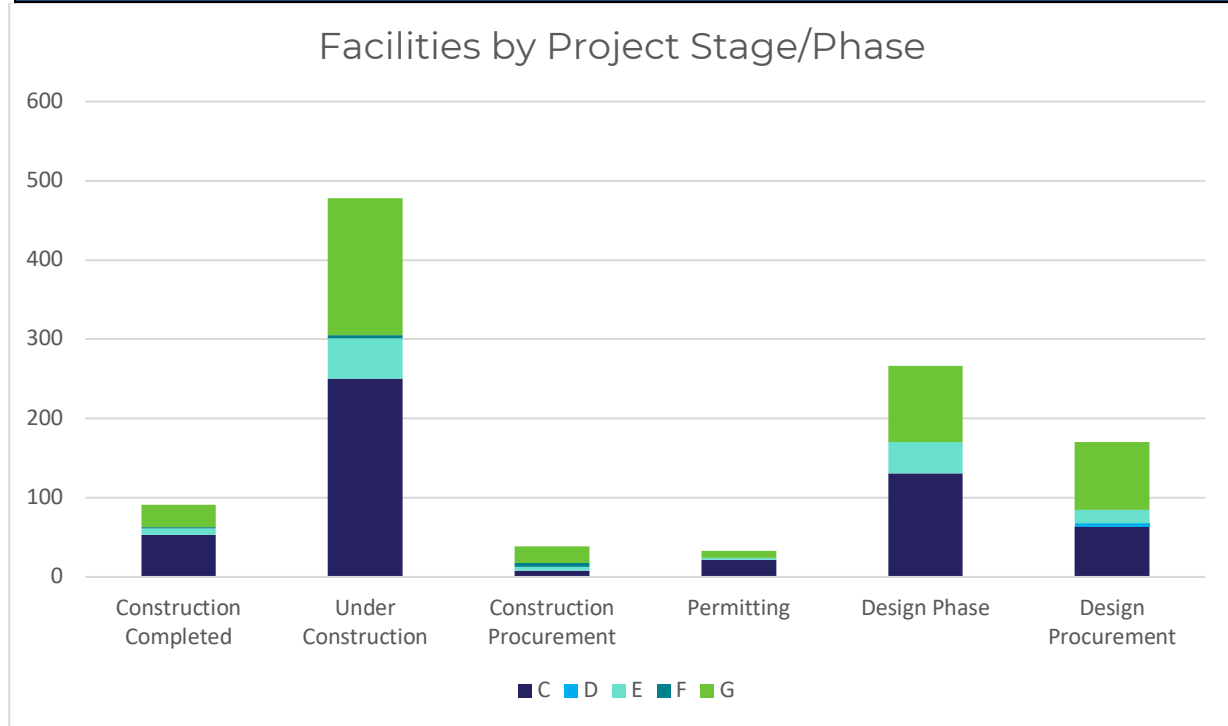
The projects for Municipalities vary greatly from building hospitals, parks and recreational facilities, to repairing roads, bridges, police stations and stadiums. Table 4 shows the total number of active municipalities' permanent work projects and their corresponding stage. Out of the current total of 986 active projects, some of the large projects with ongoing procurements or construction works in progress include:

- A Hospital in Mayagüez with bid published.
- 3 Police Stations under construction in the Municipalities of Trujillo Alto, Vega Baja, and Yauco, and one in Ponce about to start construction.
- 7 Stadiums under construction in the Municipalities of Aguadilla, Arroyo, Caguas, Carolina, Gurabo, Hormigueros, Las Piedras, and Villalba.
- 250 roads and bridges under construction.

Table 4 below presents a detailed breakdown of the municipalities' permanent work projects and the project stage. Similarly, Figure 9 illustrates a graphical representation of said breakdown.

Table 4: Municipalities Sector Recovery Stages by Category						
Count of Facilities - Project Stage	Permanent Work Category					
	C	D	E	F	G	Total
Construction - Completed	53		8	2	28	91
Construction in Progress	250		51	4	173	478
Construction - Contract Awarded/Executed	1		2	5	3	11
Construction - Procurement Completed	3					3
Construction - Bid Published	4		3		18	25
Permitting	22		2		9	33
Design - Completed	4		1		12	17
Design in Progress	127		38		84	249
Design - Contract Awarded/Executed	53		13		53	119
Design - Procurement Completed			1		10	11
Design - Bid Published	11	4	3		22	40
Total	582	4	122	11	412	1,077

Figure 9: Facilities by Project Stage/Phase



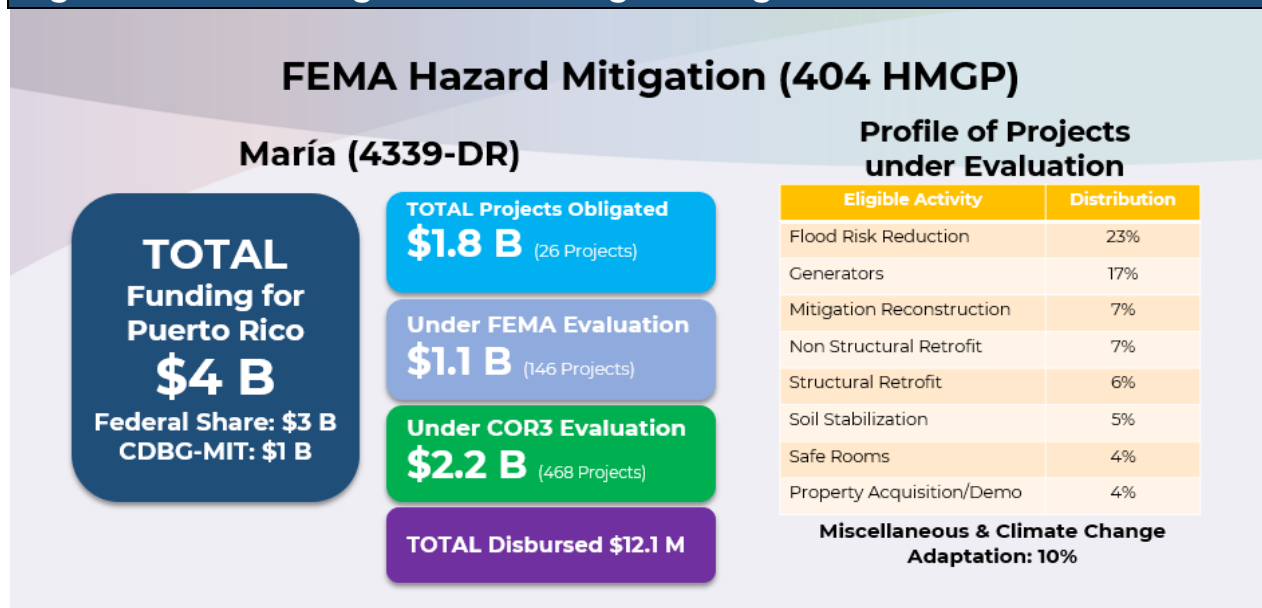
Hazard Mitigation Grant Program

1. Overview

The Hazard Mitigation Grant Program ("HMGP") was authorized by Section 404 of the Stafford Act, 42 U.S.C. 5170c. The program's primary purpose is to ensure that critical mitigation measures to reduce the risk of loss of life and property from future disasters are taken during the reconstruction process following a disaster.

FEMA made available \$3.999B to the GPR under Disaster 4339 (Hurricane María), which includes \$999M for the Non-Federal share portion, implemented under the Global Match Strategy with Community Development Block Grant Mitigation ("CDBG-MIT") funds.

Figure 10: Hazard Mitigation Grant Program Progress

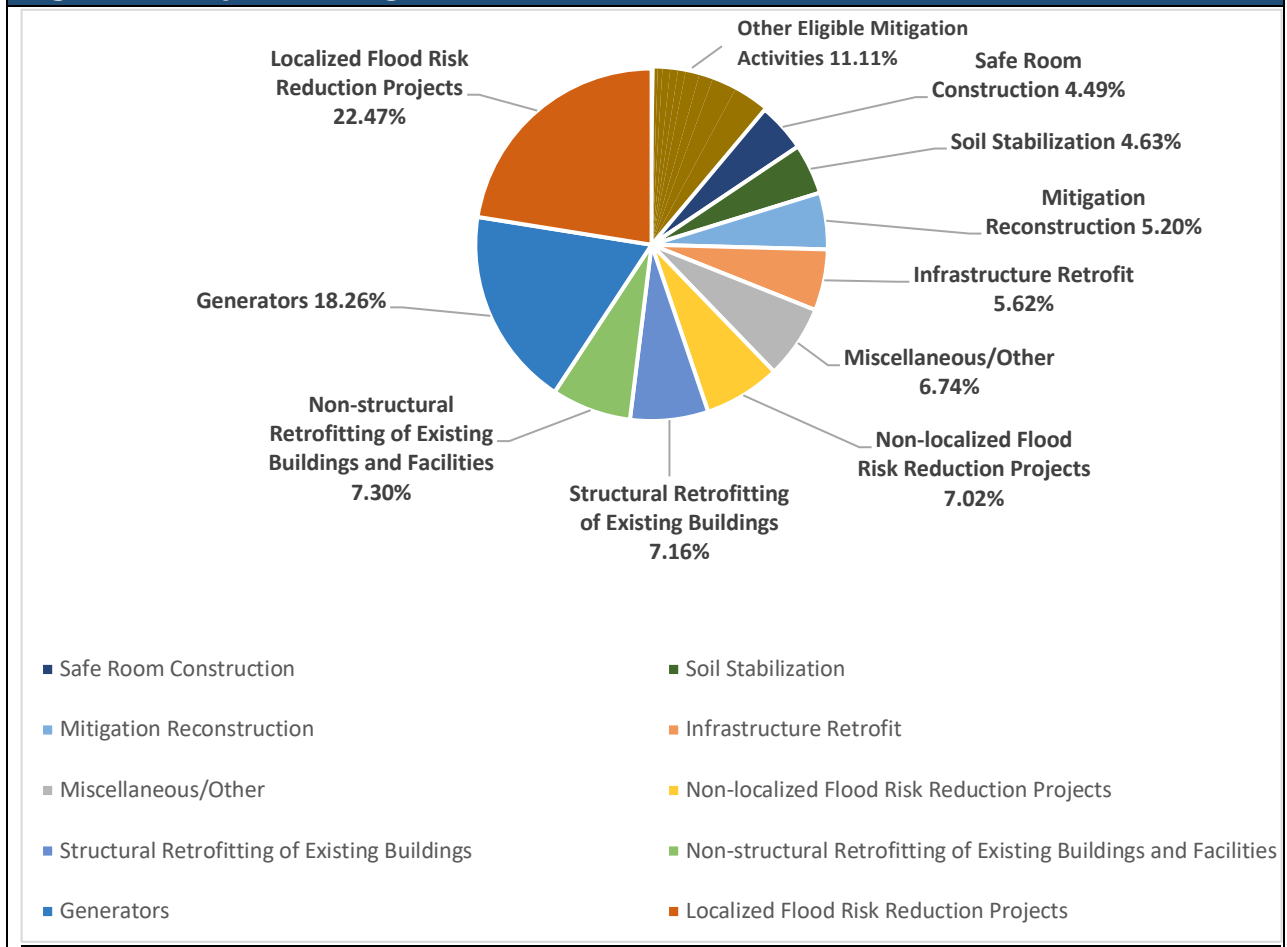


During this reporting period, the GPR submitted 93 projects to FEMA for review and approval under Disaster 4339 (Hurricane Maria). Additionally, 26 projects have been approved by FEMA for a total approved amount of \$1.82M with approximately \$1.15B having been allocated¹⁹. Refer to figure 10 for a more detailed progress on HGMP. The total amount in HMGP project costs that were submitted to FEMA by COR³ since June 30, 2021, is over \$430M, and \$973M for all of 2021.

Currently, the GPR is evaluating approximately 400 projects to assess eligibility and conformity with the HMA Guidance (2015), in order to submit to FEMA. The evaluation process involves communication with sub-applicants through the submission of Requests for Information ("RFI"), emails, calls, and virtual meetings. Once the evaluation process is completed, the proposals are submitted to FEMA for review and evaluation. On October 30, 2021, FEMA granted COR³'s time extension request to submit HMGP projects until April 30, 2022, with two additional options to extend the deadline through October 31, 2022. Currently there is a total amount of \$1B in proposals being evaluated. Figure 11 includes a breakdown of the mitigation activities included in these proposals.

¹⁹ Some projects are being approved in phases; thus, obligated amounts may be less than approved project amounts totals.

Figure 11: Proposed Mitigation Activities



2. HMGP Projects

Additionally, the GPR identified certain projects for development. These include HMGP projects for all 78 municipalities in Puerto Rico, as well as critical projects in the Safety, Energy, and Water sectors, among others. COR³ has also ensured that HMGP projects are aligned with FEMA's strategic initiatives regarding environmental justice, climate change adaptation, and nature-based solutions. Table 5 below, illustrates some of the GPR's HMGP projects submitted to FEMA during this reporting period.

Table 5: HMGP Projects			
Project Name	Sub Recipient	Activity	Amount
Seismic Retrofit of 55 Schools	Public Building Authority	Structural Retrofitting	\$104M
Drainage Improvements – Caño Martin Peña	ENLACE – Caño Martin Peña Inc.	Flood Risk Reduction	\$37M
Loíza Sewer, Drainage, and Pump Station	Municipality of Loíza	Flood Risk Reduction	\$2M
Caguas CoGeneration Project	Menonita Hospital (Caguas)	Backup Power	\$4.8 M

3. Supporting Staff and Coordination with FEMA

To be able to submit all pending proposals to FEMA before the submission deadline, COR³ engaged the services of Innovative Emergency Management, Inc. and DCMC Partners, following a competitive procurement, to support in the process of reviewing and formulating HMGP proposals. Both firms are actively engaged in evaluating proposals, assisting subrecipients, answering RFIs, completing cost benefit analysis, and other aspects of the formulation and review process.

FEMA and HMGP have been holding weekly meetings to coordinate the formulation, submission, and approval of HMGP projects, plan the sprint for the FEMA-established milestone deadlines, and maximize the available funding. As a result of this collaborative effort, each month COR³ submits a new batch of projects for FEMA's approval.

4. Local and State Hazard Mitigation Plans

Local and State mitigation efforts are closely coordinated and integrated for project and planning purposes. For that reason, municipalities in Puerto Rico drafted Local Hazard Mitigation Plans ("Local HMP") as a requirement of the federal Disaster Mitigation Act of 2000, known as the Robert T. Stafford Disaster Relief and Emergency Assistance Act.²⁰ As of November 30, 2021,²¹ the GPR had:

- 75 Current Plans approved by FEMA
 - 18 with Pre-Disaster Mitigation. Local funds or independent contractors, and 60 in Project HMGP 7339-0004.
- 2 are in initial phase and one in final phase of approval.

Meanwhile, in August 2021, FEMA issued its final approval of Puerto Rico's State Hazard Mitigation Plan.

²⁰ 44 C.F.R. §201.6.

²¹ FEMA. Monthly Local Hazard Mitigation Planning Report. December 31st, 2021.

Training Events

As part of COR³'s efforts to provide technical assistance to its subrecipients, a series of training events were held throughout this reporting period to address topics that are critical for the recovery process as we transition from emergency work to permanent work.

The first training event took place in August 24 and 25, 2021, and covered the funding options under Sections 406 and 428 of FEMA's Public Assistance Program. The Governor of Puerto Rico, Pedro R. Pierluisi-Urrutia, welcomed audience members including officials from government agencies, municipalities, and private-non-profit organizations to an event designed to enhance subrecipients' ability to maximize the use of funding available under sections 428 and 406, respectively. The event also featured the participation of the Puerto Rico Secretary of State Omar J. Marrero, and FEMA's Federal Disaster Recovery Coordinator for Puerto Rico José G. Baquero.

COR³ hosted a second training event on November 9 and 10, 2021, focused on procurement. The event, titled *Procurement Process 101: Procuring Goods and Services under a Federal Grant for Disaster Recovery*, welcomed the participation of over 500 officials including municipality mayors, heads of state agencies, executives from private non-profit organizations and the supporting staff working with the reconstruction projects obligated under FEMA's Public Assistance Program. The event also featured the participation of Governor Pierluisi, the Governor's Chief of Staff Noelia García, and Secretary Marrero. Mr. José G. Baquero, along with personnel from the Procurement Disaster Assistance Division of FEMA Region 2 and the Administrator of the Puerto Rico General Services Administration Karla Mercado, also participated in the event. The orientation focused on how to properly carry out procurement processes under applicable laws and regulations, common procurement and contracting mistakes and how to avoid them, as well as the consequences of non-compliant procurements. By hosting this event, COR³ is contributing to fulfilling the administration's commitment to expedite reconstruction projects and ensure they are executed in full compliance with the law to avoid future deobligation of funds to the detriment of the state treasury.²²

D. Communications

Transparency

COR³ is committed to promote fiscal responsibility and transparency in all aspects of the recovery; and to that end, the Transparency Portal (<https://recovery.pr>) allows

²² Press Release, COR³, Officials leading the implementation of reconstruction projects are oriented on procurement and contracting processes (Nov. 11, 2021), Transparency Portal, recovery.pr.

stakeholders visibility into the progress of recovery. Enhancements have been made to the Transparency Portal to improve user experience and provide visibility to the public on the recovery process. The reporting section, financial summaries, contracts, enhanced historical data and visualizations sections have been improved in the system.

COR³ is also working on the establishment of a Procurement Inventory accessible through the Transparency Portal. This Inventory will contain a listing of all outstanding procurements, as well as a catalogue for provider requirements. Subrecipients will be able to publish their competitive procurements directly in the Transparency Portal, as an effort to promote open and full competition to the greatest extent possible. Other enhancements to the Transparency Portal include the creation of an island-wide dashboard illustrating live data on the progress of the reconstruction projects and enabling government entities to share more information for transparency purposes and to benefit the competitive process.

Reporting

FEMA requires subrecipients to submit quarterly progress reports ("QPR") informing the status of all their projects. These reports provide a unique opportunity to collect data from the entire population of subrecipients. Therefore, developing a structured and standardized format for the QPRs was essential to support data processing and gain an accurate understanding of the actual status of each project. On October 2021, COR³ launched a new and improved QPR survey, which requires subrecipients to report more detailed data on the progress of each project, including project phase, expenditures, reimbursement requests, among other critical information. The changes introduced in the QPR survey enable COR³ to identify whether subrecipients have any difficulties in complying with the established requirements or are experiencing undue delays in the execution of their projects. In doing so, new initiatives can be established in alignment with the public policy of the GPR to expedite the reconstruction of the Island's infrastructure.

Meanwhile, COR³ continues to provide regular updates to the public on the progress of the island's recovery efforts. These updates include metrics related to organizational goals and targets. COR³ also provides regular updates to the FOMB, Congress, and Federal, State, and Local government entities. As part of the efforts to continuously inform the public on the progress of the reconstruction, COR³ has held a series of roundtable discussions with different industry sectors, as well as government agencies and other key stakeholders.

Stakeholder Engagements

During this reporting period, the GPR held the Puerto Rico Reconstruction Roundtable Series: Climate Change Event.²³ The purpose of this event was to make available resources through federal funds for the development of risk mitigation projects, as part of the efforts made to prevent and repair the damages caused by climate change affecting Puerto Rico. The roundtable was attended by members of the Climate Change Expert Advisory Committee ("CEACC"), the Puerto Rico Secretary of the Department of Natural Resources, members of the Puerto Rico Department of Housing and AAFAF. Throughout the roundtable event, COR³ shared important information with members of the CEACC. Specifically, information that contributes to the development of projects focused on avoiding future damages associated with variations in climate. In addition, COR³ presented an update on the progress of FEMA's Hazard Mitigation Grant Program. In response to the Governor of Puerto Rico's call to address climate change as a critical issue, COR³ will establish a collaborative agreement with the CEACC to provide the data needed to support various sectors in the development of proposals related to climate change.

As part of our efforts to engage with diverse stakeholders and address long-term sustainable economic development, we have initiated two strategic partnerships. The first one with Puerto Rico's Destination Marketing Organization and Foundation for Puerto Rico to advance our visitor economy. Through this partnership we share information and guidance to identify projects that will have a high-impact in the development of our visitor economy and that could serve as replicable models of transformational development in close collaboration with underserved communities. The second partnership with Invest Puerto Rico, the Puerto Rico Department of Economic Development and Commerce, and the Medical Devices Cluster addresses pilot projects within the manufacturing sector that could benefit from private sector investment in tandem with recovery projects.

On October 6, 2021, COR³'s Executive Director Manuel A. Laboy, participated in a virtual Full Committee Oversight Hearing before the Congress Committee on Natural Resources Office of Insular Affairs ("Hearing"). The Hearing was titled *"Puerto Rico Electric Power Authority (PREPA) Post-Implementation of the LUMA Transmission and Distribution Contract."* During the Hearing, COR³ presented an overview of the devastating effects on Puerto Rico's electric power infrastructure caused by Hurricane María and worsened by the earthquakes. The Committee was also briefed on the status of obligated projects and the next steps for the reconstruction of our power grid.

²³ This event was held on October 26, 2021, at COR³ facilities.

As part of the ongoing collaborations with FEMA, on December 2021, COR³ and FEMA held a work session titled "*Puerto Rico Hurricane María 2022 Outlook.*"²⁴ The objective of this work session was to discuss the accomplishments made in 2021, as well as the goals, projections, and identified challenges for 2022 regarding Disasters 4339 and 4473.²⁵ Participants in this work session included FEMA's Acting Regional Administrator of Region 2 Chad Gorman, Federal Disaster Recovery Coordinator for Puerto Rico José G. Baquero, Deputy Federal Disaster Recovery Coordinator for Puerto Rico Andres García Matino, among other FEMA officials. The event also featured the participation of COR³ Executive Director Manuel A. Laboy, Deputy Director & State Hazard Mitigation Officer Margarita Mosquera and Chief Legal Counsel Nathalia Rivera. Throughout the course of a week, numerous meetings were held to discuss the strategies to achieve the completion of as many permanent work projects as possible, and further advance the GPR's public policy of prioritizing all reconstruction efforts.

Recovery Data

A summary of the recovery status with respect to the funds obligated and disbursed under FEMA's Public Assistance Program is provided in the figures below,²⁶ and reports the data with respect to:

Category - *Emergency Works* projects include Category A – Debris Removal and Category B – Emergency Protective Measures. *Permanent Work* projects include the reconstruction of roads and bridges (Category C), water control facilities (D), buildings and equipment (E), utilities (F), and parks and recreation (G). Administrative Costs are covered in Category Z. Figures 12 and 13 depict the total obligated PWs by category, and the total disbursed requests by category, respectively.

Project Size – *Small Projects* are those with an estimated cost between \$3,100 and \$123,100 (FY 2017). These do not have to meet the same application requirements before approval for reimbursement, reducing the initial administrative burdens and allowing the projects to start sooner. *Large Projects* are those above that threshold. Figure 14 illustrates the total obligated and disbursed requests by project size.

Sectors – The sectors include *Municipalities*, *Infrastructure* (Energy, Transportation, Water, and Public Buildings), and *Community Services* (Education, Health and Social Services, Housing, and Natural and Cultural Resources). Figures 15 and 16 display the obligations and disbursements by Sector.

²⁴ This event took place from December 7th to 10th 2021, at FEMA Region 2 Headquarters in New York City, N.Y.

²⁵ Press Release, COR³ and FEMA Executives meet to establish work plan for the coming year (Dec. 15, 2021), Transparency Portal, recovery.pr.

²⁶ Data reported as of January 11, 2022.

Figure 12: Total Obligated PWs by Category

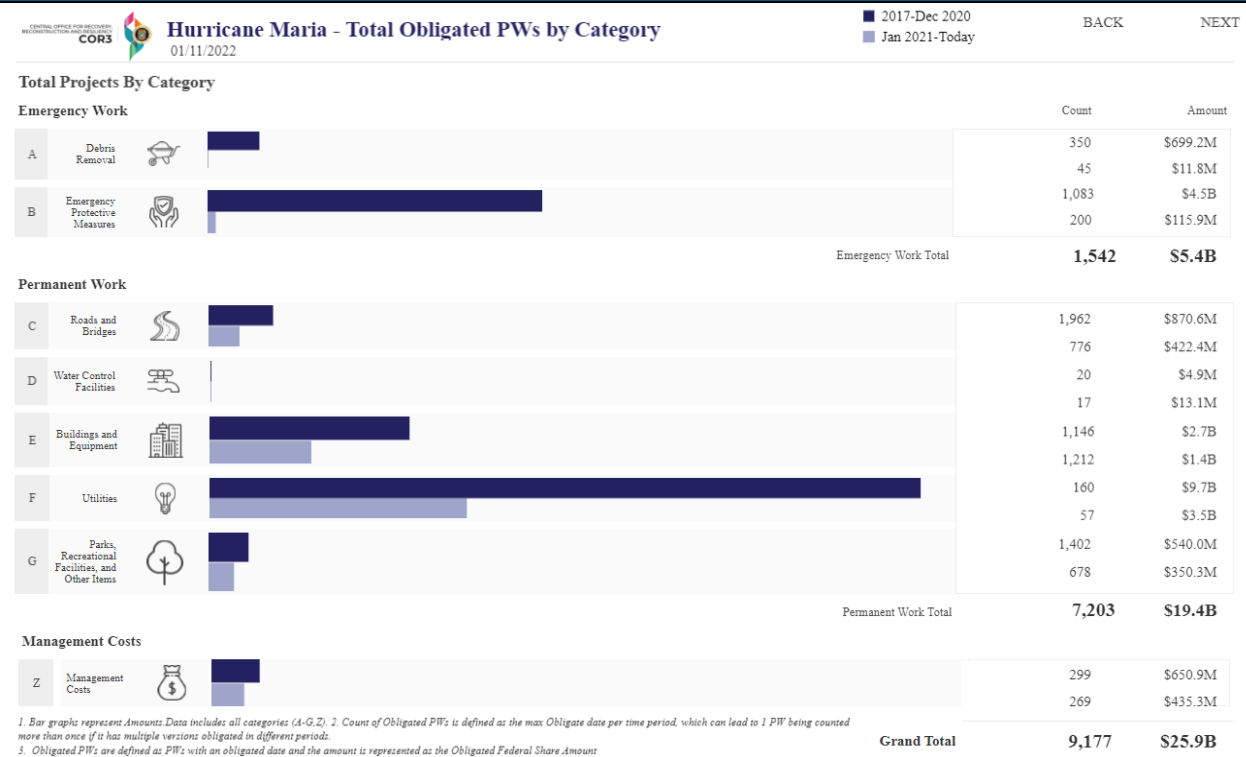


Figure 13: Total Disbursed Requests by Category

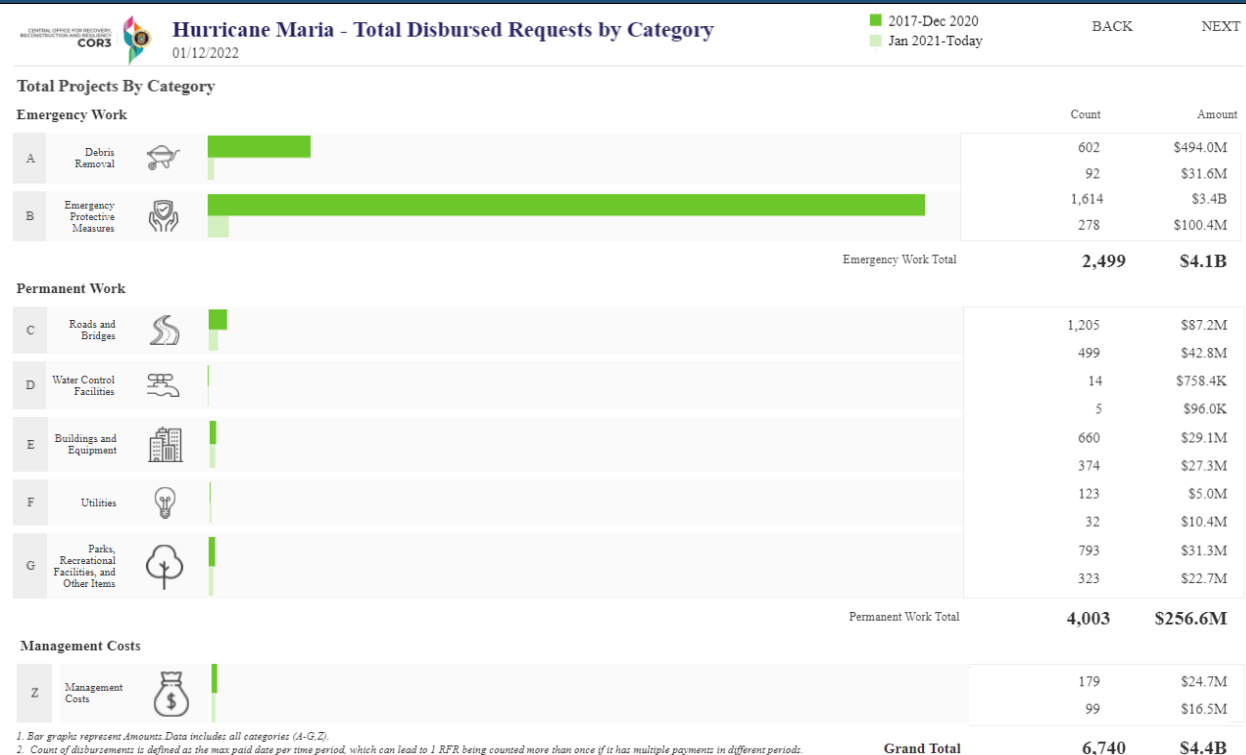
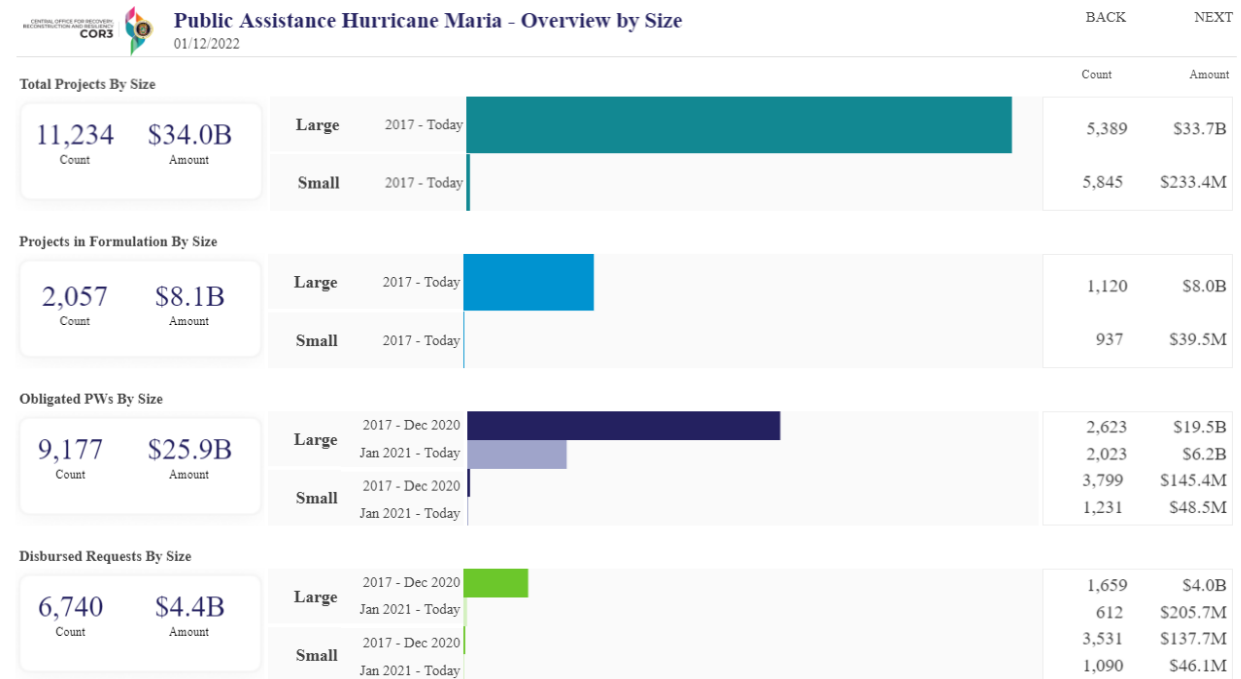
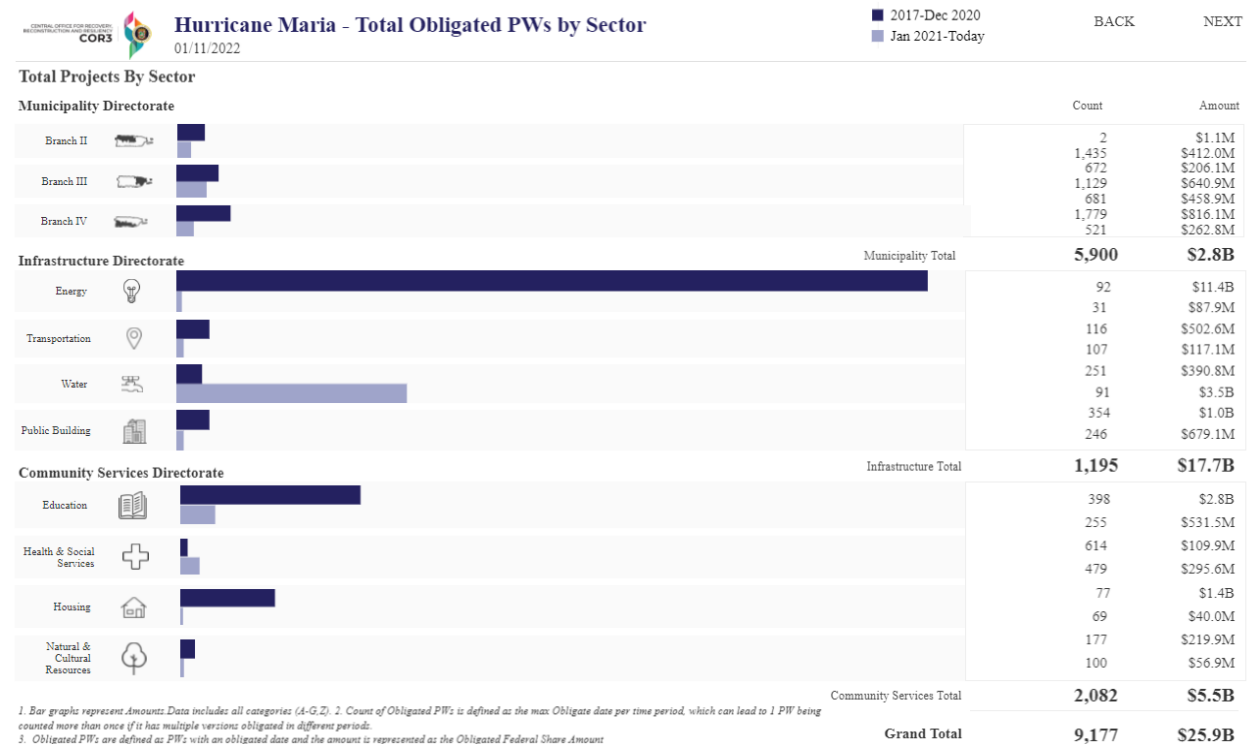


Figure 14: Total Obligated and Disbursed Requests by Project Size (Small/Large)



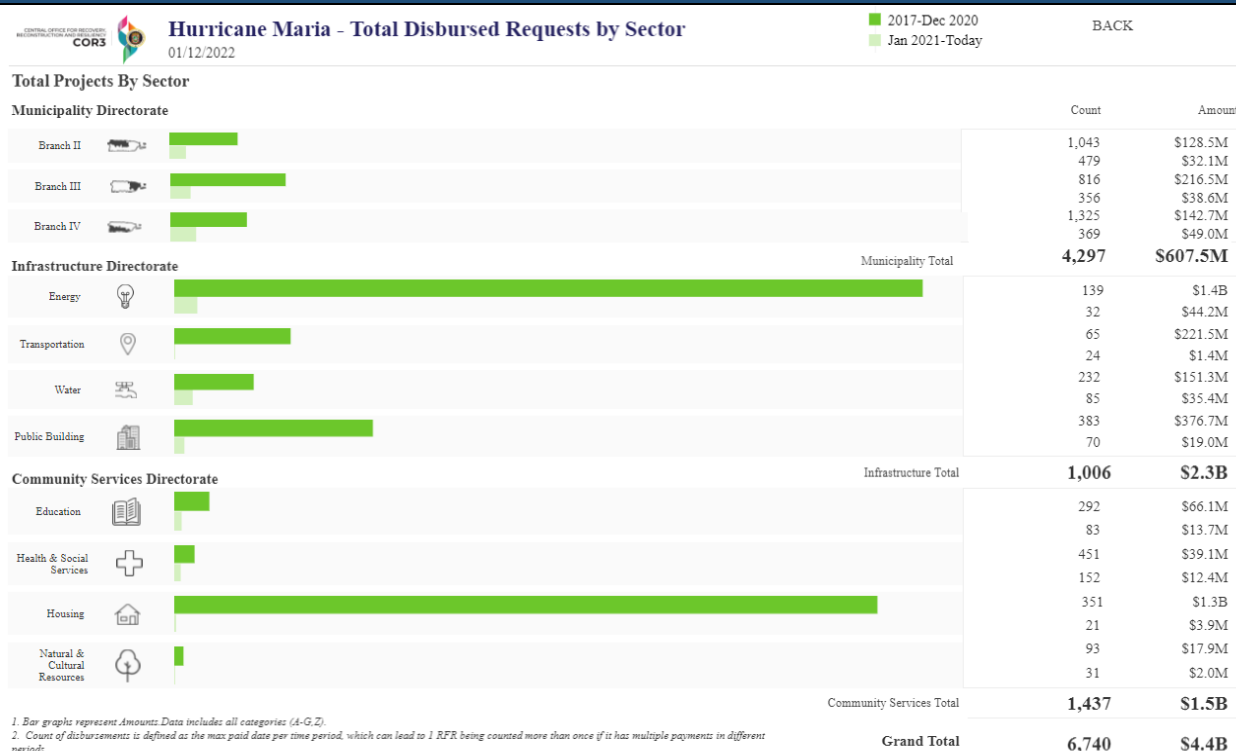
1. Bar graphs represent Amounts. Data includes all categories (A-G,Z). 2. Total Projects is the sum of Projects in Formulation and Obligated PWs. 3. Projects in Formulation are defined as projects without an Obligation date, and the amount is represented by the Best Available Federal Share Cost. 4. Count of Obligated PWs is defined as the max Obligate date per time period, which can lead to 1 PW being counted more than once if it has multiple versions obligated in different periods. 5. Count of disbursements is defined as the max paid date per time period, which can lead to 1 RFR being counted more than once if it has multiple payments in different periods.

Figure 15: Total Obligated PWs by Sector



1. Bar graphs represent Amounts. Data includes all categories (A-G,Z). 2. Count of Obligated PWs is defined as the max Obligate date per time period, which can lead to 1 PW being counted more than once if it has multiple versions obligated in different periods. 3. Obligated PWs are defined as PWs with an obligated date and the amount is represented as the Obligated Federal Share Amount.

Figure 16: Total Disbursed Requests by Sector



V. Conclusion

While simultaneously responding to and recovering from other catastrophic disasters, such as the earthquakes and the COVID-19 pandemic, COR³, GPR agencies, municipalities and the private non-profit sector have still made significant progress advancing the recovery of the María Disaster (DR-4339). During this year, as resources for the response were being spread to ensure the Island's overall recovery, COR³ implemented a new Organizational Structure and Human Capital Plan, which has proven to be most responsive in enabling the organization to advance the strategic goals outlined for Puerto Rico's recovery.

By strengthening its human capital, COR³ was able to design and host two very successful training events offering subrecipients direct technical guidance on the funding alternatives under sections 406 and 428 of FEMA's Public Assistance Program, and the procurement of goods and services with federal funds. Subrecipients also received ongoing trainings on the new Quarterly Progress Report survey questionnaire, and the changes made to COR³'s policies and system improvements to the disbursement process. Furthermore, additional tools and resources are constantly being made available to improve subrecipients' capabilities in managing their projects, such as the Project Worksheet Cashflow Calculator.

The advances and achievements accomplished during this reporting period demonstrate that the focus has shifted from stabilization with emergency work to execution with permanent work projects that serve to rebuild Puerto Rico comprehensively. However, there is still work to be done. For this reason, in 2022, COR³ aims to deliver subrecipient centric service built on a foundation of operational efficiency; promote education, communication, and community outreach initiatives to build multidimensional resiliency; lead cross-sector collaborations to achieve sustainable development; and transform our transparency and compliance efforts to foster a data-centric decision-making culture. With these goals in place, we are moving towards an organized and transparent recovery.

COR³ looks forward to updating Congress on the status of the recovery moving forward, both through this report, as called for in the Bipartisan Budget Act of 2018, and through continued participation in hearings and ongoing communications. With the support of Congress, this collaboration consisting of Federal support, Puerto Rico Management, and local execution brings about the best formula for continued success. COR³ appreciates the support of Congress and will provide additional updates in the next report.



Appendixes

Appendix A: Other Federal Agencies Updates

U.S. Department of Energy

The U.S. Department of Energy ("DOE") supports resilient recovery efforts from Hurricanes Irma and Maria in the Commonwealth of Puerto Rico through an interagency agreement with the Federal Emergency Management Agency ("FEMA"). DOE's subject matter expertise augments planning, operational activities, and capacity building for both local public entities and federal agencies to enhance the impact of FEMA Public Assistance and Housing and Urban Development ("HUD") Department Community Development Block Grant ("CDBG") investments in the Commonwealth.

(I) Technical Assistance & Capacity Building. Since the previous Congressional report, DOE initiated three priority projects in response to technical assistance requests from the Government of Puerto Rico around emerging needs in the energy sector. These are:

- a. Puerto Rico 100% Renewable Energy Study (PR100): This comprehensive two-year study will evaluate pathways to achieving short-term recovery goals, long-term energy resilience, and Puerto Rico's statutory goal of 100% renewable energy by 2050. The study will allow decision makers to identify solutions and strategies to maximize federal recovery investments to achieving these complex goals. PR100 will take place in parallel with urgent investments necessary to repair, rebuild, and harden the electric grid.
- b. Offshore Wind Study: The Puerto Rico Energy Bureau ("PREB") ordered the utility to perform an offshore wind study tailored to Puerto Rico's wind resource and electric grid that evaluates the cost, generation profile, and other characteristics of anchored and floating wind turbine options. The utility requested support from DOE and the National Renewable Energy Laboratory ("NREL") in this analysis given our robust capabilities in this area including in wind resource data creation and modeling, cost, and performance modeling of offshore wind for the US.
- c. San Juan Generation Study: DOE has launched a new study to evaluate renewable alternatives to liquified natural gas ("LNG") power plant in the San Juan area being evaluated under FEMA's Hazard Mitigation Grant Program. The analysis will determine if renewable resources such as solar, wind, or biofuels would result in equal or greater resilience benefits. The study is being led by Sandia National Laboratories ("SNL") and will produce a series of recommendations by March 2022.

(2) Interagency Coordination. Given the size and complexity of recovery efforts, extensive coordination across local and federal entities is crucial for delivering federal assistance for grid recovery, optimize efforts to enhance grid resilience, and maximize effective use of available federal funds. The Energy Technical Coordination Team ("TCT") was established in February 2020 by FEMA and the U.S. Department of Energy ("DOE") as a formal mechanism for coordination among the numerous local and federal entities involved in electricity grid recovery to facilitate decision making and ensure the best use of expertise, solutions, and funds in the implementation of energy recovery activities. Since the last report, the Energy TCT created a new working group to support the Puerto Rico Department of Housing ("PRDOH") in the development of the action plan for implementation of over \$1.9 billion in CDBG-DR allocations for electrical grid enhancements.

United States Army Corps of Engineers – Jacksonville District (SAJ)

Update area of the Bipartisan Budget Act of 2018 (P.L. 115 – 123). Public Law 115-123, Passed 09 February 2018, provides funding and authority for the U.S. Army Corps of Engineers to address impacts caused by Hurricanes Harvey, Irma, and Maria appropriating \$2,562,057,000 for Puerto Rico. The status updates for the SAJ works under this authority are as follows:

- Completed Flood Risk Management Feasibility Reports
 - Rio Guayanilla
 - Rio Culebrinas
 - Rio Grande de Manati at Ciales
 - San Juan Metro Backbay (Water Resources Project, Mr. Mora)
- Completed Drafts Feasibility Reports:
 - Puerto Rico Coastal (Water Resources Project, Mr. Mora)
- Rio Puerto Nuevo Plans and Specifications
 - La Chuleta ~98%
 - Rio Puerto Nuevo Contract 1 ~95%
 - Rio Puerto Nuevo Contract 2 ~98%
 - Rio Puerto Nuevo Contract 3 ~95%
 - Rio Puerto Nuevo Contract 4 ~30%
 - Rio Puerto Nuevo Contract 5A ~60%
 - Rio Puerto Nuevo Contract 5B ~45%
 - Rio Puerto Nuevo Contract 6 ~10%
 - Rio Puerto Nuevo Contract 7 ~0%
- Rio de la Plata Plans and Specifications
 - Rio de la Plata Contract 1 ~90%

- Rio de la Plata Contract 2 ~85%
 - Rio de la Plata Contract 3 ~50%
- Rio Grande de Arecibo Plans and Specifications ~75%
- Approved Validation Report
 - Rio Guanajibo at Mayaguez/Hormigueros
- Completed Draft Validation Report
 - Rio Nigua at Salinas
- Completed construction of the Loiza Shoreline Protection Project

Puerto Rico Silver Jackets Team (USACE Floodplain Management Services – FPMS)

The Puerto Rico Silver Jackets Team ("PR SJ") was established in May 2019 and is led by the COR³ State Mitigation Office ("SHMO") and the Puerto Rico Planning Board ("PRPB"). During this reporting period, the PR SJ Team has met twice to discuss the flood risk management island wide and discussions on natural disasters such as Earthquakes and Tsunamis. The PR SJ Team submitted a FY22 Proposal for Puerto Rico Outreach and Educational Workshops for All Hazards in March 2021 (pending selection). Two other projects are moving forward with FY21 entitled "High Water Marks" (Flood Risk Awareness) in the municipality of Toa Baja (Interagency \$280K – Completed December 2021), and a FY20 Floodplain Manager's Video for the need for Floodplain Managers in Puerto Rico (Interagency \$290K). The PR Silver Jackets Team was honored on December 8, 2021, with a National Webinar by the USACE IWR for being elected by its peers for being USACE Silver Jackets Team of the Year for 2020. Presentations by Mr. Brian Balukonis (USACE PR SJ Coordinator) and Ms. Marieli Alvarez-Ulloa (PR Planning Board) were performed as part of the webinar.²⁷ The PR SJ Team is a great success story in short order.

USACE Jacksonville District Regulatory Division and Antilles Office Regulatory Lead

The Regulatory Division actively participates in working groups led by FEMA. The goal of the Unified Federal Review ("UFR") Working Group is to ensure Hurricanes Irma & Maria recovery activities are conducted in a timely manner and are compliant with resource laws.

USACE Interagency Meetings, Studies, and Initiatives (on-going)

²⁷ Please note the webinar was recorded and is posted on the Silver Jackets website now at <https://silverjackets.nfrmp.us/Resources/Webinars#1033112-silver-jackets-teams-of-the-year-share-lessons-of-success--dec-2021>.

- USACE South Atlantic Coastal Studies ("SACS") updates for Puerto Rico (4-year study to be sent to US Congress. Study cost is \$20 Mil).
- Potential assistance to FEMA/ COR³ and the Puerto Rico Planning Board (PRPB) with USACE to provide Master Planning for the larger Infrastructure Recovery projects due to Hurricane Maria damages and effects. This will involve Training to the PRPB.
- The USACE Jacksonville District's ("SAJ") Executive Office Civilian Leadership, Civil Works Leadership and Project Manager's performed site visits and in office meetings with the Gov't of Puerto Rico's Governor, Secretary of State and Municipality Mayor's over the past six (6) months (July through December 2021). SAJ continued to present the on-going 2018 BBA Supplemental studies and projects on the Island of Puerto Rico. The USACE IS-RSF's also participated in these meetings for the Recovery of Hurricane María continued integration. The meetings were a great success and well received by the Gov't of PR Leadership. There were opportunities to discuss Recovery Projects with one-on-one conversations with the PR Leadership and the USACE IS-RSF's in attendance. (Ongoing).
- USACE IS-RSF's meeting with Puerto Rico Department of Housing ("Vivienda") and Housing and Urban Development for discussions on Housing and Infrastructure projects for the Recovery of Hurricane Maria.
- The IS-RSFs are working with FEMA IRC and FEMA GIS on the GIS Mapping of FEMA PA projects in the footprint areas of USACE Flood Control project in Puerto Nuevo. The Grants Manager pull of Data revealed proposed and obligated PA Projects in the proposed pathway of the future design and construction contracts of the USACE Puerto Nuevo Flood Control Project. This is a significant discovery as there must be collaboration and information sharing in short order between FEMA PA, FEMA IRC, COR³ and the USACE. We must take precautions not to duplicate efforts. A future meeting will be held with COR³, FEMA IRC, FEMA PA and the IS-RSF (TBD). This is an ongoing effort.

U.S. Department of Interior

Economic Development Administration

The Puerto Rico Economic Recovery Support Function ("ERSF"), led by Economic Development Administration Representative Juan Bauza, worked with the Government of Puerto Rico, state agencies, municipalities, and non-governments organizations ("NGOs") to upsurge organizational capacity; coordinated federal and non-federal technical assistance ("TA") resources for small business recovery and development activities; and facilitated regional collaboration between Puerto Rico (PR) and U.S. Virgin Islands (USVI) on an integrated Caribbean economic recovery

strategy. From July 2021 through October 2021, the ERSF team accomplished the following:

- Coordinated logistical support for and the participation of federal agencies in the LABF3s Matchmaking Day II, on July 19, 2021. Twenty (20) NGOs presented their projects before federal entities as a practice exercise to obtain feedback and guidance on grant writing.
- Conducted a preliminary assessment of the 3rd sector in PR and USVI. While not a scientific assessment, the research provides insight into the challenges and opportunities that the nonprofit sector perceives. This is critical to the ongoing process of evaluating capacity building efforts, communication strategies, and outreach efforts needed for the future.
- Developed the Grant Tracking Database – Funding Opportunities Matchmaking ("GTD-FOM") tool. The GTD-FOM will provide Puerto Rican NGOs and public institutions with an alternative method to identify federal grants and can be distributed under a broader NGO capacity building strategy led by Titín Foundation.
- Supported the development of the Comprehensive Economic Development Strategy ("CEDS") in Spanish and English submitted by the Government of Puerto Rico (Governor's Office) to the Economic Development Administration for approval of Puerto Rico's first federally recognized Economic Development District (EDD).
- Coordinated and provided TA to Bluetide Puerto Rico, Inc., to identify relevant economic recovery opportunities and networks related to the Ocean Economy Strategic Initiative outlined in the PR Economic Recovery Plan to host the Bluetide Caribbean Summit (Aug 4-6, 2021). This event was attended by the Governors of Puerto Rico and the U.S. Virgin Islands, Secretary of the PR Department of Commerce and Economic Development ("DDEC") Manuel Cidre, and Deputy Secretary Don Graves of the U.S. Department of Commerce, among others. This inaugural event brought together globally recognized experts to identify opportunities for competitive advantage in commercial and conservation activities in the marine ecosystem of PR and the U.S. Caribbean. The Strategic Implementation Plan for Catalyzing a Blue Economy in the US Caribbean was unveiled at this event.
- Provided TA in developing the programmatic objectives of the ECN 10 Bluetide Initiative to strengthen local and regional capacity in coral husbandry and coastal workforce development. Brought Dr. David Gulko, Aquatic Biologist IV and Coral Ecologist at Hawaii's Department of Land and Natural Resources, to facilitate a practitioner-focused Habitat Husbandry Technical Training Workshop as part of the Bluetide Caribbean Summit.

- Organized four training workshops to support private sector enterprises that operate adjacent to the blue economy. Subject matter experts offered these open-to-the-public workshops in collaboration with SBA.
- At the request of FEMA, completed a Puerto Rico construction industry workforce skills gap analysis. Occupational employment data related to the local construction industry workforce was collected by conducting interviews with private sector entities and institutions.

Health and Human Services

The Office of the Assistant Secretary for Preparedness and Response ("ASPR") within the Department of Health and Human Services ("DHHS"), through its Division of Community Mitigation and Recovery has been working hand in hand with COR³ to help the territory recover from Hurricanes Irma and Maria (2017 Hurricane Season).

Hurricane Maria significantly strained the healthcare system of Puerto Rico. It resulted in the loss of capabilities for primary health providers and an oversaturation of demand for scarce hospital-based resources. Further, infrastructure limitations restricted patient access to care. To augment the recovery of regionalized healthcare systems, ASPR created the **Hubs & Spokes Project**. For the reported period, ASPR completed 72 technical assistances to healthcare facilities and conducted 12 Regional Technical Assistances which resulted in a Regional Functional Exercise and the stand-up of one of the most vulnerable healthcare regions in the island and protecting the lives of 1.9M citizens. In doing so, ASPR assisted Puerto Rico to build capacity and support operational effectiveness of healthcare systems aiming to save lives and augment preparedness for future disasters.

Lack of coordination and a holistic vision of children's needs after Hurricane Maria echoed in fragmented and duplicative efforts, unattended needs, and an overburdened school community. Family and community engagement in these efforts were limited or uncoordinated. The **Integrated Services Model Project** enables a more efficient and effective planning and capacity building for wraparound services and the recovery and restoration of the public education system's capabilities among stakeholders. In turn, this will augment the capacity of PRDE to identify recovery needs in future disasters. During the reported period, ASPR, in coordination with PRDE, selected 21 schools for the implementation of the model and successfully implemented the recovery activity in all seven school regions. This activity ensures the representation and inclusion of diverse school communities to gauge effectiveness and results and guarantee equity and recovery of vulnerable populations, which include 1K social workers, 120 parent volunteers, and on average, 6K students in all seven (7) educational regions. Despite challenges presented by COVID, we successfully implemented in 5 schools and started implementation on 10 additional schools.

Other targeted projects include seven (7) projects aimed to capacity building and enhancement of expertise in workforce leading recovery efforts as behavioral health, social services and healthcare systems subject matter experts; five (5) projects aimed to create and disseminate (at the request of the territory) guides, documents and toolkits for emergency planning, response and recovery and the health and social services impacts within those disaster scenarios; and three (3) projects aimed to create capacity for scientific driven data gathering and analysis during preparedness and response of disasters. For the period, we completed 28 implementations reaching 652 health and social services SMEs.

Furthermore, ASPR created a Guide for Compassionate and Empathic Dialog to aid first responders and other targeted leaders in meaningful and successful engagements with stakeholders and implemented four (4) workshops reaching multiple sectors on the island and augmenting capacity for 186 emergency responders and health services SMEs. This resource is also now public and available for distribution nationwide.

Environmental Protection Agency

Background. The U.S. Environmental Protection Agency ("EPA") Region 2, in partnership with the FEMA, advises federal and local partners on sustainable and resiliency practices to maximize benefits from federal disaster recovery funds available to impacted communities, municipalities, and local agencies.

Solid Waste Educational Material – Infographic. EPA worked closely with FEMA, HUD, USDA and the PR Department of Natural and Environmental Resources ("DNER") to develop a solid waste infographic which primary goal is to educate municipalities about the need to incorporate solid waste management into their local hazard mitigation plans and highlights possible funding sources that support planning, construction and operations of solid waste and recycling infrastructure in Puerto Rico.

Disaster Debris, Solid Waste and Sustainable Materials Management TCT. This group gathers DNER, state agencies, and other federal agencies to strategize best practices for preserving landfill capacity and finding alternative uses for materials. DNER 3rd Certification Letter listing facilities able to receive C&D materials and authorized temporary debris management sites was finalized and ensures landfills listed are Resource Conservation and Recovery Act ("RCRA") Subtitle D compliant.

Partnership with Puerto Rico League of Cities for Solid Waste Webinar. EPA partnered with Liga de Ciudades (NGO) to host a session during their virtual conference entitled "Pillars for the development and financing of integrated solid waste management projects". This session consisted of a panel which highlighted the solid waste management infographic guide along with strategies to support the development and financing of solid waste and recycling projects.

State Hazard Mitigation Plan. Strategies provided by EPA were included in Chapter 6 of the Plan, along with detailed analysis (Annex) to complement the mitigation strategies included in the chapter. These strategies incorporated critical recommendations identified for mitigating risk in the areas of solid waste, sustainable materials management, water, and healthy buildings.

DNER-EPA PR Solid Waste Management Grant. On August 12, 2021, EPA awarded additional funds to DNER for revised Phase I grant work plan activities under the \$40M supplemental appropriation grant for solid waste disaster recovery. The revised work plan and funds will allow DNER to hire staff, conduct a waste characterization study, and create a solid waste management plan for Puerto Rico.

Puerto Rico Septic Systems Regulatory Framework Assessment. In December 2021, EPA finalized a technical memorandum assessing local regulations governing septic systems to support building code, planning and environmental protection strategies conducted by Puerto Rico agencies, municipalities, and local stakeholders. The memorandum establishes a baseline of laws, regulations and programs implemented in Puerto Rico, identifies opportunities, and provides recommendations to support local decision making related to septic systems.

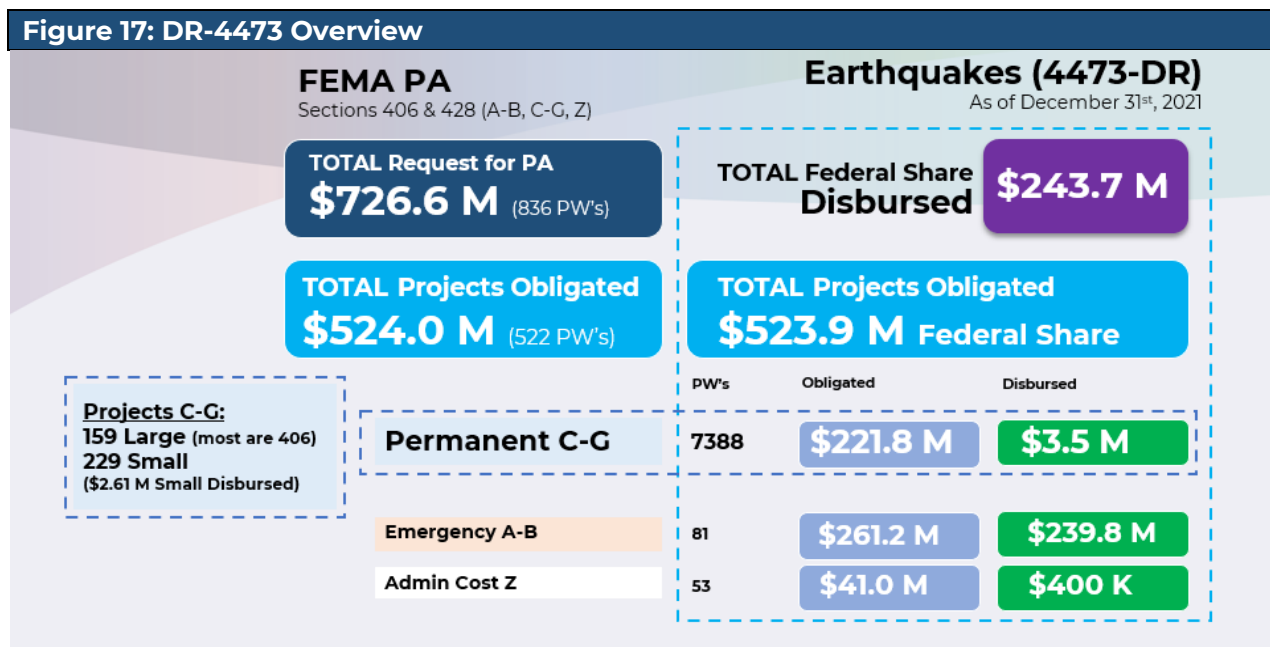
Energy TCT: Under the leadership of DOE, EPA has been participating in finding solutions to address historical challenges and seize the opportunity of available disaster relief funds (\$12.5B) to modernize Puerto Rico's grid and comply with federal clean energy goals and the Commonwealth's renewable energy goals (100% by 2050). Accordingly, EPA participates in various workgroups and provided comments to the draft CDBG-DR Electrical Grid Action Plan.

Appendix B: Concurrent Disasters Update

Puerto Rico DR-4473 Earthquakes Summary Status

As of December 31, 2021, a total of 552 projects were obligated for the DR-4473 totaling \$524 Million. Figure 1 details the obligated and disbursed amounts by category. Given the amount of structural damage assessments needed after an earthquake disaster, most of the completed projects are for Architectural and Engineering (A&E) purposes.

As of November 17, 2021, 157 schools affected by the 2020 earthquakes are eligible to mitigate seismic hazards and perform structural reinforcement, as FEMA has allocated \$163.5 million under Section 406 Hazard Mitigation. Most of the allocated funds will be used to install supports and steel structural reinforcements to protect the buildings in case of future seismic events. Additionally, the Puerto Rico Department of Education was awarded over \$142 million by FEMA for 115 permanent construction projects in the municipalities affected by the earthquakes. Project formulation is still ongoing and only 59 schools have yet to receive obligated funds from FEMA's PA Program. Regarding Architectural and Engineering (A&E) projects, approximately \$680,000 have been disbursed for 21 reconstruction projects. The reconstruction of the schools affected remain one of GPR's top priorities.



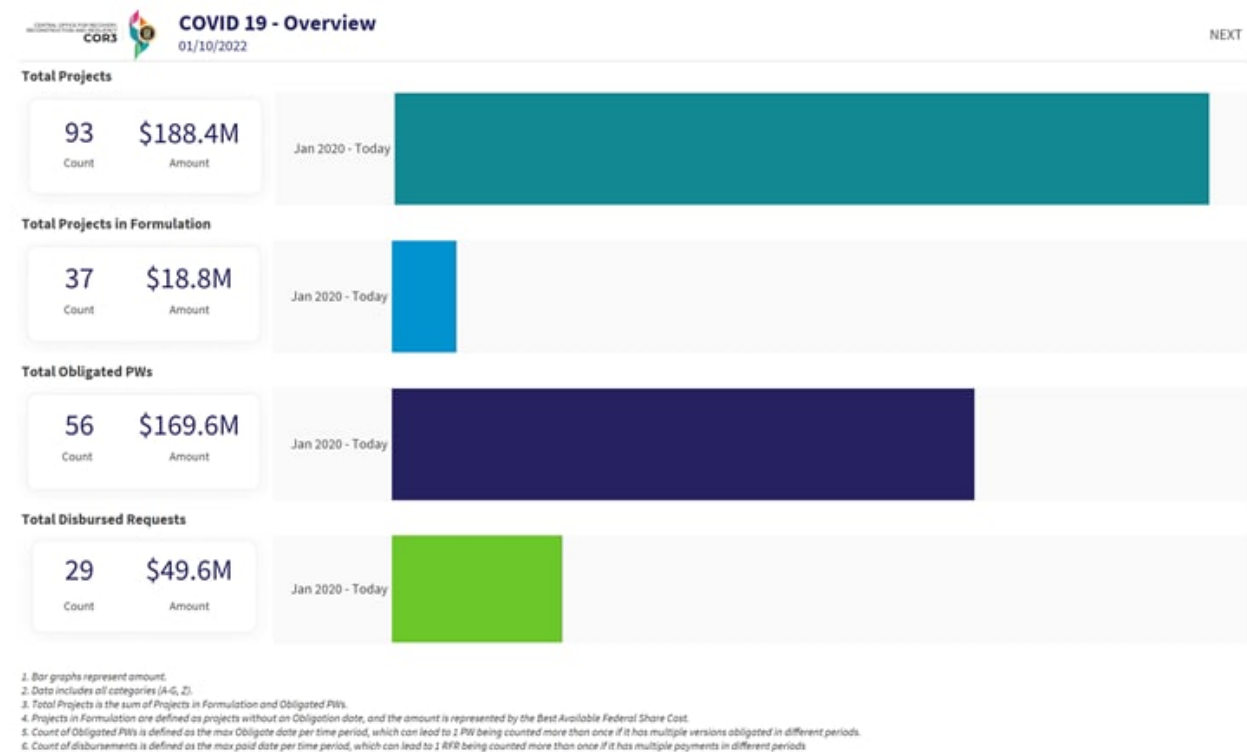
Puerto Rico DR-4493 COVID-19 Summary Status

Puerto Rico Department of Health Update

Puerto Rico started its vaccination process on December 15, 2020, and has, by the date of this report, administered 5,906,876 doses of the COVID-19 vaccine.²⁸ Of these, at least 2,780,446 persons over the age of 5 years old has had at least one dose of the vaccine and 2,483,494 persons has been fully vaccinated. This means that 90% of the population over 5 years old have at least one dose of the vaccine and 80% of the population has completed the vaccination cycle.²⁹ Also, to date, there are 746,322 persons over the age of 18 years old with a booster shot.³⁰

As of January 10, 2022, a total of 93 projects were obligated for the DR-4493 totaling \$188 Million. Of these 93 projects, 37 correspond to the Municipalities (9), Infrastructure (8), and Community Services (20) sectors with projects in Formulation Phase (Figure 2).

Figure 18: DR-4493 Overview



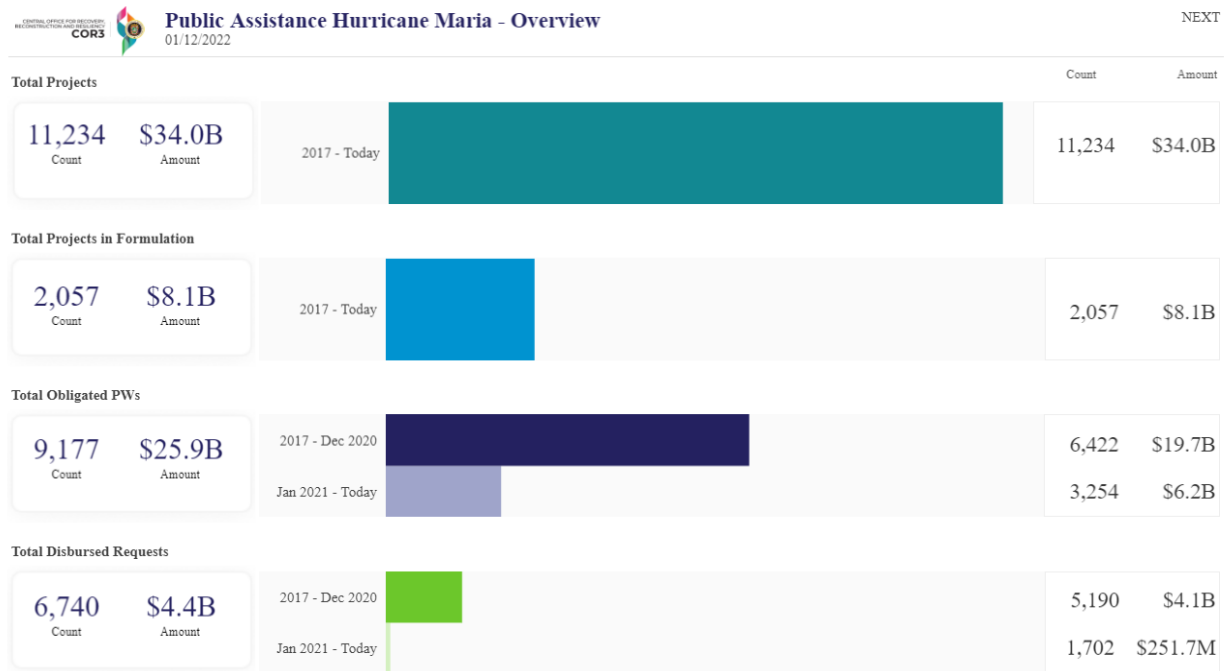
²⁸ PR Department of Health Portal, <https://datos.pr.gov/salud> accessed on 1/10/2022.

²⁹ PR Department of Health Portal, https://www.salud.gov.pr/estadisticas_v2#vacunacion accessed on 12/31/2021.

³⁰ *Id.*

Appendix C: Public Assistance Hurricane María Data Overview

Figure 19: DR-4339 Overview



1. Bar graphs represent Amounts. Data includes all categories (A-G,Z). 2. Total Projects is the sum of Projects in Formulation and Obligated PWs. 3. Projects in Formulation are defined as projects without an Obligation date, and the amount is represented by the Best Available Federal Share Cost. 4. Count of Obligated PWs is defined as the max Obligate date per time period, which can lead to 1 PW being counted more than once if it has multiple versions obligated in different periods. 5. Count of disbursements is defined as the max paid date per time period, which can lead to 1 RFR being counted more than once if it has multiple payments in different periods.

Figure 20: Overview by Size (Small/Large)

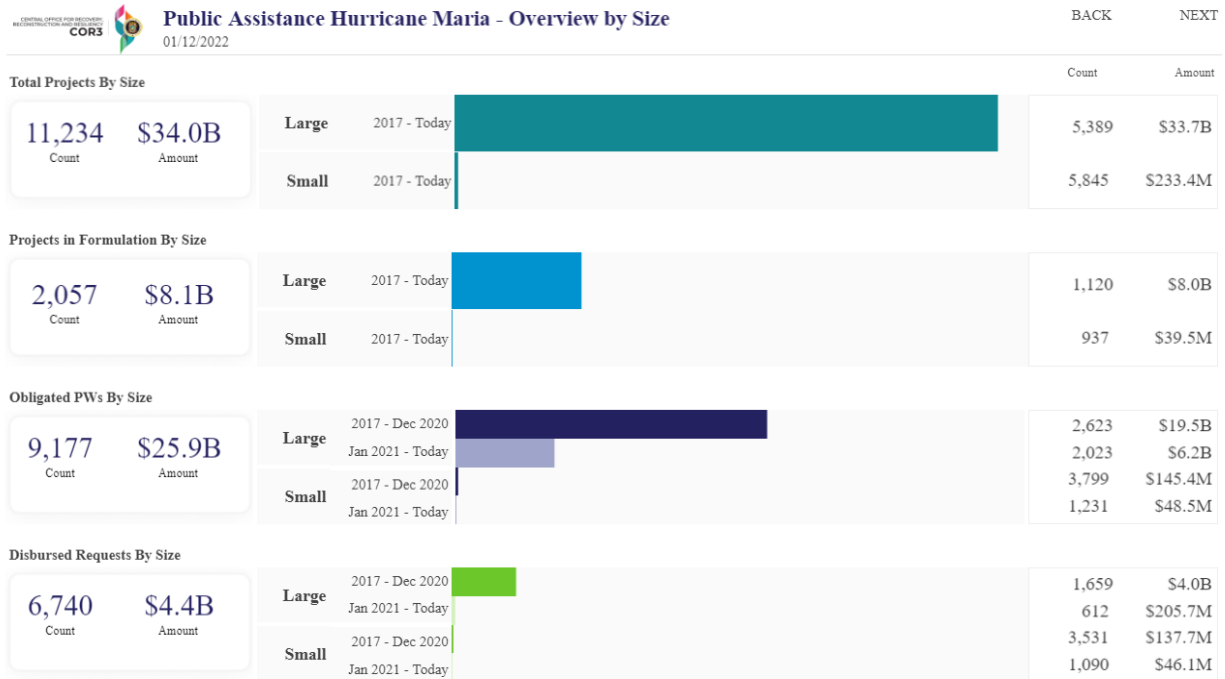


Figure 21: Total Projects by Category

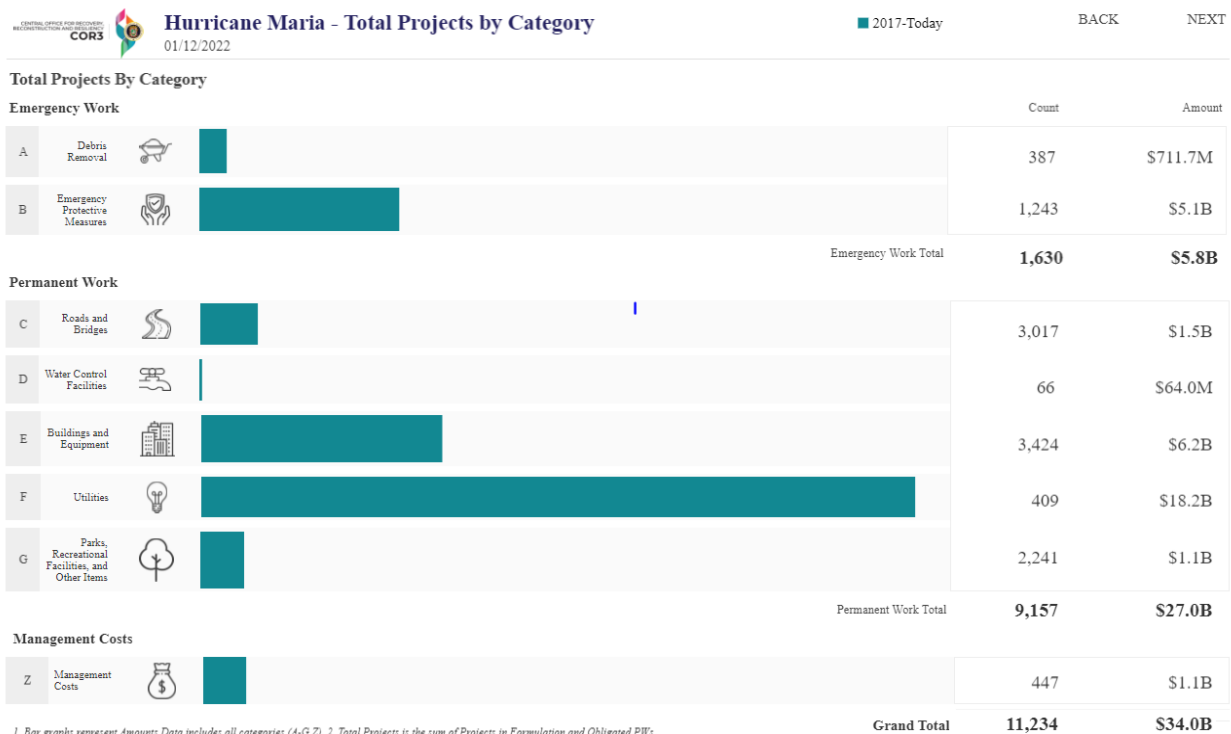
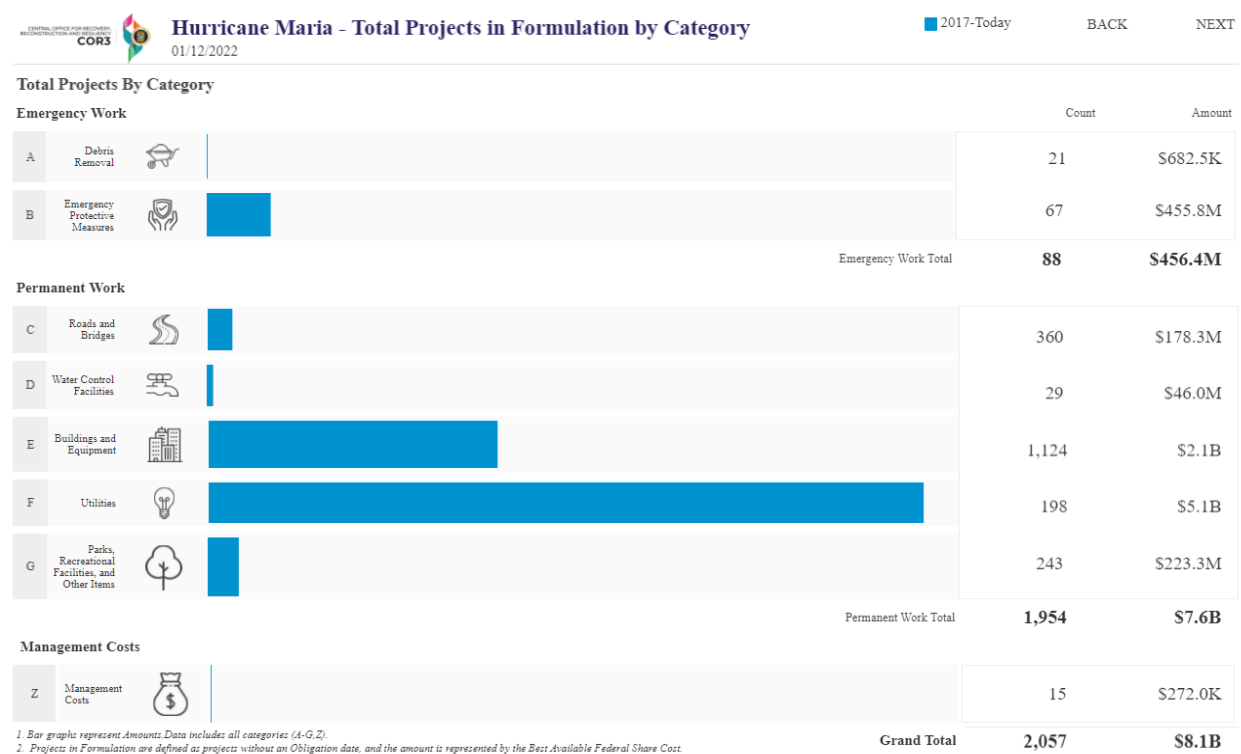


Figure 22: Total Projects in Formulation by Category



Appendix D: Puerto Rico Department of Housing Community Development Block Grants Updates

Community Development Block Grants – Disaster Recovery (CDBG-DR)

After the devastation caused by hurricanes Irma and Maria, the Puerto Rico Department of Housing ("PRDOH"), as the designated CDBG-DR Grantee, has been fully committed with the recovery of the Island. Through the establishment of twenty (20) programs designed to provide grant opportunities to citizens, small businesses, municipalities, agencies, and non-governmental organizations, PRDOH has successfully disbursed the CDBG-DR funds creating a significant impact on the local housing, infrastructure, economic, and planning sectors. Throughout this year, PRDOH has continued to promote existing programs through outreach strategies, which have approached eligible applicants with unmet recovery needs. PRDOH also secured access to the totality of the \$8.2B in CDBG-DR funds from the second allocation through the signature of the second amendment grant agreement. This amendment also removed and modified grant conditions, which granted PRDOH the necessary changes to streamline and enhance the disbursement of CDBG-DR funds. With access to the complete funding budgeted in the Action Plan and the elimination of hurdles, PRDOH has been able to implement the disaster recovery programs that the people of Puerto Rico direly need. Puerto Rico was also allocated an additional \$277.8M in CDBG-DR funding through the unmet infrastructure needs grant agreement, executed on July 7, 2021.

On November 5, 2021, PRDOH received the approval of the Action Plan Amendment 7 (Substantial) to create a new housing program, the Blue Roof Repair ("BRR") Program. The program is focused on providing municipalities with the resources to develop single-family housing solutions sufficient to provide intermediate or long-term assistance to make damaged homes with blue roofs (blue tarps) sufficient for occupancy.

PRDOH and COR³ continue working on the coordination of the design, development, and implementation phase of the FEMA PA Flexible Match methodology, following the HUD/FEMA guidelines that were published on October 14, 2020 (the "Guidelines"). Currently, PRDOH and COR³ are in ongoing conversations with HUD/FEMA regarding the implementation of the Guidelines, both PRDOH and COR³ agreed on proposing HUD/FEMA a different approach not contemplated on the Guidelines, but consistent with all FEMA PA and CDBG-DR requirements. The proposed approach is similar to the Flexible Match Concept with the difference being that instead of focusing on selecting projects or sites within a Project Worksheet, the proposed approach would

focus on combining multiple Project Worksheets. PRDOH and COR³ continue to hold meetings with FEMA and HUD to discuss and propose additional innovative approaches aligned with FEMA and HUD requirements.

Community Development Block Grants – Mitigation (CDBG-MIT)

Puerto Rico received the largest CDBG-MIT allocation out of all HUD's grantees. This substantial grant has been allocated in the Federal Register Notice 85 FR 4676 written specifically for the Government of Puerto Rico to contain increased compliance measures based on HUD's assessed areas of grant management risk reduction. On March 26, 2021, HUD sent the *"Allocations, Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Mitigation Grantees; Commonwealth of Puerto Rico Allocation"* letter to PRDOH that amended, and removed, many Grant Conditions established in said Federal Register Notice. On May 2021, PRDOH and HUD signed the Grant Agreement that secures Puerto Rico's access to the \$8.285B in mitigation funds. Subsequently, additional HUD official correspondence was received on June 17, 2021, where PRDOH was informed of the successful compliance of grant condition II.B.2. on Community Engagement Risk, indicating that PRDOH has met the requirement. Recent HUD correspondence on September 2, 2021, informs PRDOH of the remaining conditions' deadline extensions, granting PRDOH additional time to meet them. PRDOH has continued to provide status updates and coordinate with HUD through scheduled monthly meetings with the Community Planning and Development Office in Puerto Rico.

PRDOH has been continuously updating the publicly available information on the website to inform the citizens and interested stakeholders of the programs under CDBG-MIT, best practices on mitigation, and next steps once programs are launched. Other public outreach and stakeholder engagement efforts have included meetings with key stakeholders, presentations to eligible entities, site visits to potential communities to be impacted, broadcast of television program dedicated to mitigation, development of informational videos, social media publications, meetings with the Citizen Advisory Committee and the Climate Change Experts and Advisory Committee, email notifications to registered entities and citizens, and working sessions with partner state agencies. The CDBG-MIT Action Plan contains nine (9) programs, three (3) subprograms, and two (2) set asides, which are currently in the pre-implementation phase. PRDOH is in the process of growing the mitigation team by hiring additional personnel and technical staff who will implement the mitigation programs.

Community Development Block Grants – Earthquakes (CDBG-DR Earthquakes)

PRDOH was approved on September 23, 2021, the Action Plan for CDBG-DR funds allocated with the purpose of helping in the long-term recovery from the disasters caused by the 2019-2020 earthquakes. The allocation of \$36.4M will mainly be distributed for the recovery of the following municipalities located in southern Puerto Rico: Ponce, Guayanilla, Yauco, and Guánica. These funds will primarily address the unmet housing recovery needs of the most impacted municipalities identified by HUD. On November 1, 2021, PRDOH also received an additional allocation of \$184.6M of CDBG-DR funds for low- and moderate-income residences affected by the earthquakes and tropical storm Isais as part of the administration's commitment to improve disaster recovery and build long-term resilience to natural disasters with a focus on climate change's impacts.

Community Development Block Grants – Electrical System Enhancements (CDBG-DR Energy)

On June 22, 2021, PRDOH was granted an allocation of \$1.9B of CDBG-DR funds for the improvement of the electrical power systems in Puerto Rico. In the 86 FR 32681, the Energy Technical Coordination Team ("TCT"), a group composed of federal agencies was established by HUD to provide guidance to PRDOH with the development and implementation of the Action Plan. Some of the members of this group include the USDOE, FEMA, EPA, Government Accountability Office ("GAO"), and more. Since July 2021 PRDOH has not only met with the federal agencies, but also convened meetings with various stakeholders such as municipalities, non-profit organizations, academic institutions, and local government agencies to assist with the development of the plan for the enhancement of the electrical system. Additionally, PRDOH celebrated two public hearings as part of the efforts to identify the critical unmet energy needs. On November 8, 2021, a draft Action Plan was published on the CDBG-DR website for the public comment period to receive the recommendations, proposals, and comments to support the development of the plan. In 2022 PRDOH will continue the evaluation of the plan with the collaboration of the federal agencies and stakeholders to guarantee a resilient optimization of the Island's energy grid and will submit the plan to HUD in accordance with established deadlines.