United States Senate and House of Representatives

The Honorable Charles Schumer Senate Majority Leader	The Honorable Michael Johnson Speaker of the House	The Honorable Mitch McConnell Senate Minority Leader	The Honorable Hakeem Jeffries House Minority Leader

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

Rebuilding Puerto Rico: A Year of Progress and Compliance in Project Execution

December 1st, 2023

PUERTO RICO PUBLIC-PRIVATE PARTNERSHIPS AUTHORITY

CENTRAL OFFICE FOR RECOVERY, RECONSTRUCTION AND RESILIENCY

AAFAF Puerto Rico Fiscal Agency and Financial Advisory Authority

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Introduction

As required by the Bipartisan Budget Act of 2018 ("BBA") P.L. 115-123, the Government of Puerto Rico ("GPR" or "Commonwealth") hereby submits to the United States Congress the Tenth Congressional Status Report ("Report") to provide 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 Puerto Rico's recovery, including the implementation of the Recovery Plan.[2] COR3, along with the broader GPR, continues to make progress on attaining fiscal transparency and responsibility, as well as implementing significant improvements to achieve the intended programmatic outcomes and moving projects towards completion.

Hurricane María (DR-4339) made landfall in Puerto Rico on September 17, 2017, and damages across the Island were estimated at between $70 and $90 billion. To date, the Federal Government has allocated over $83.8 billion to rebuild Puerto Rico through multiple funding streams.[3] To date, the Federal Government has allocated over $83.8 billion[4] to rebuild Puerto Rico through multiple funding streams.[5] Federal awarding agencies that have allocated funds for rebuilding due to the María disaster include the Federal Emergency Management Agency ("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 $47.3 billion.[6] Appendix A provides updated information on the activities carried out by additional Federal agencies in connection with Puerto Rico's recovery.

This Report primarily focuses on the FEMA funds awarded due to Hurricane María under the Public Assistance ("PA") Program, which operates under Sections 428 and 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act ("Stafford Act")[7], and the Hazard Mitigation Grant Program ("HMGP") under Section 404. Information regarding concurrent disasters like the 2020 Earthquakes (DR-4473), the COVID-19 pandemic (DR-4493), and Hurricane Fiona (DR-4671) can be found in Appendix B. This Report also details the Commonwealth's strategy for advancing reconstruction projects and the road to recovery ahead of us. This administration's main public policy priority is the recovery and reconstruction of Puerto Rico. In pursuance of said commitment, this Report highlights the direct results of the accomplishments and efforts made towards the execution of permanent work projects and the ongoing efforts to achieve the resilience necessary to successfully manage and anticipate future disasters. Likewise, the GPR and COR3 are committed to continue strengthening Subrecipient compliance with Federal and state regulations. As such, this year has been dedicated to further educating and training Subrecipients on programmatic and

[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 on 9/29/2023.
[4] An increase of $1.4 billion since the Ninth Congressional Status Report.
[5] COR3 Transparency Portal, https://www.recovery.pr/en/financial-analysis/financial-summary# accessed on 9/29/2023.
[6] An increase of $1.4 billion since the Ninth Congressional Status Report.
[7] 44 C.F.R. §201.6.

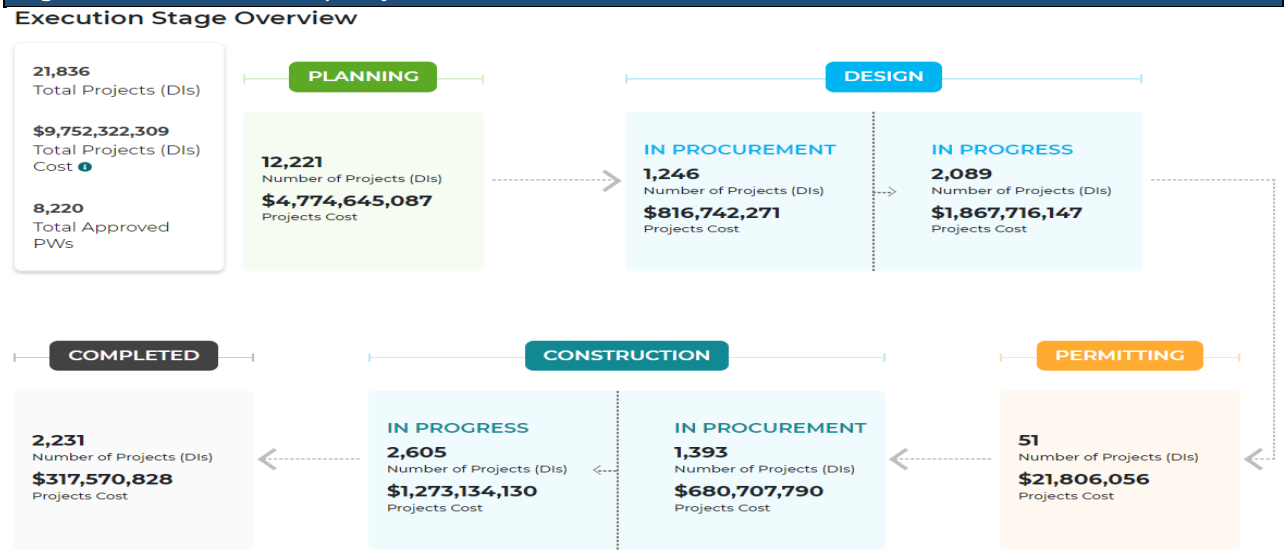
regulatory requirements to ensure the highest level of transparency and compliance in the management of grant funds. To that end, a Compliance Summit was held on June 9, 2023, to integrate Federal and State Entities in efforts to guide officials leading reconstruction projects on compliance matters. Additional events held throughout this reporting period can be found in the Capacity Building Initiatives and Stakeholder Engagements section of this Report. Lastly, the reporting period for this Report ranges from April 1, 2023, through September 30, 2023.[8]

II. Recovery Overview

The road to recovery is long and challenging, but tools and resources are constantly available to Subrecipients to improve their capacity to manage and execute projects. Despite facing numerous challenges, the GPR and COR3 have made continuous efforts to develop and implement sustainable permanent work projects, resulting in the obligation of over 98% of FEMA-approved María disaster funds. As of September 2023, 3,386 Hurricane María-related projects are in the engineering/design and permitting phases ($2.7 billion), and 3,998 projects across the island are in the construction phase ($2 billion). In addition, 12,221 damaged elements for permanent work ($4.8 billion) are in the planning stage, and a total of 2,231 permanent work projects have been completed at a cost of $317 million, up from the 1,502 ($215 million) previously reported in the Ninth Congressional Status Report.

An overview of the execution of permanent work projects by phase is presented in Figure 1.[9] Likewise, Figures 2-5 illustrate the projects in the design phase, procurement for construction phase, construction phase, and completed projects, respectively.

Figure 1: Road to Recovery Project Execution Dashboard[10]



[8] Unless otherwise stated herein, the information contained in this report dates as of September 30, 2023.
[9] The Project Execution Dashboard reflects the data reported by Subrecipients in the last Quarterly Progress Report ("QPR") corresponding to the period between July 1 and September 30, 2023.
[10] The Project Execution Dashboard does not include data pertaining to the FEMA Accelerated Award Strategy ("FAASt").

Figure 2: Road to Recovery Project Execution Dashboard – Design

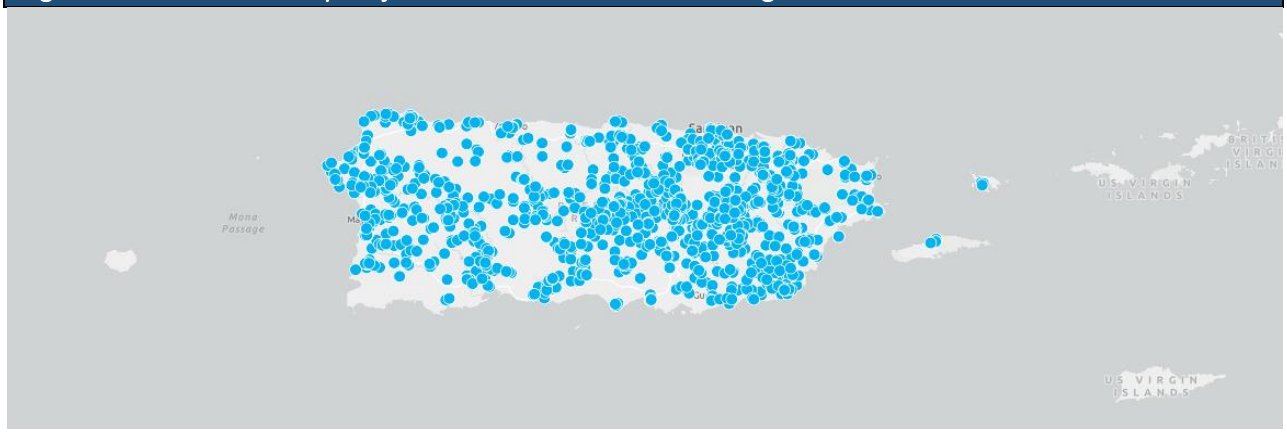


Figure 3: Road to Recovery Project Execution Dashboard – Procurement for Construction

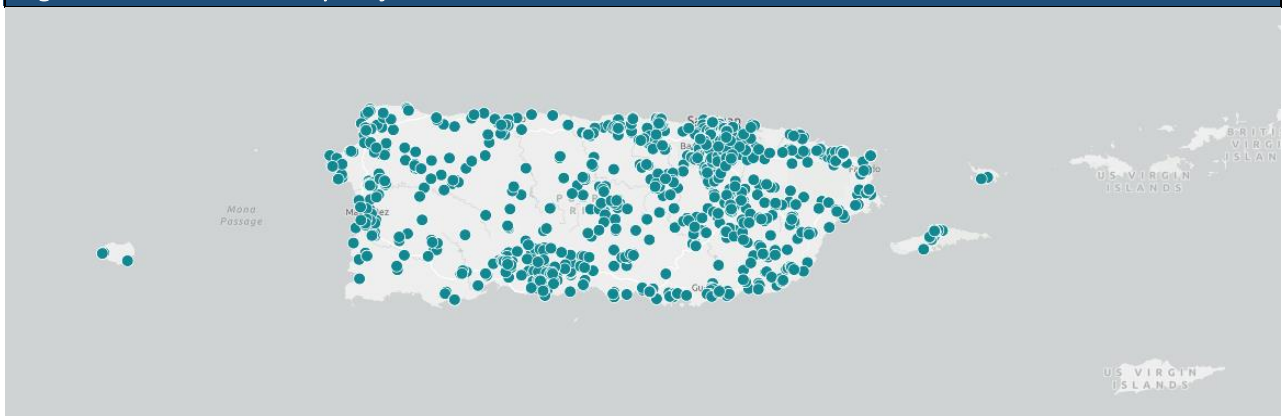


Figure 4: Road to Recovery Project Execution Dashboard – Construction

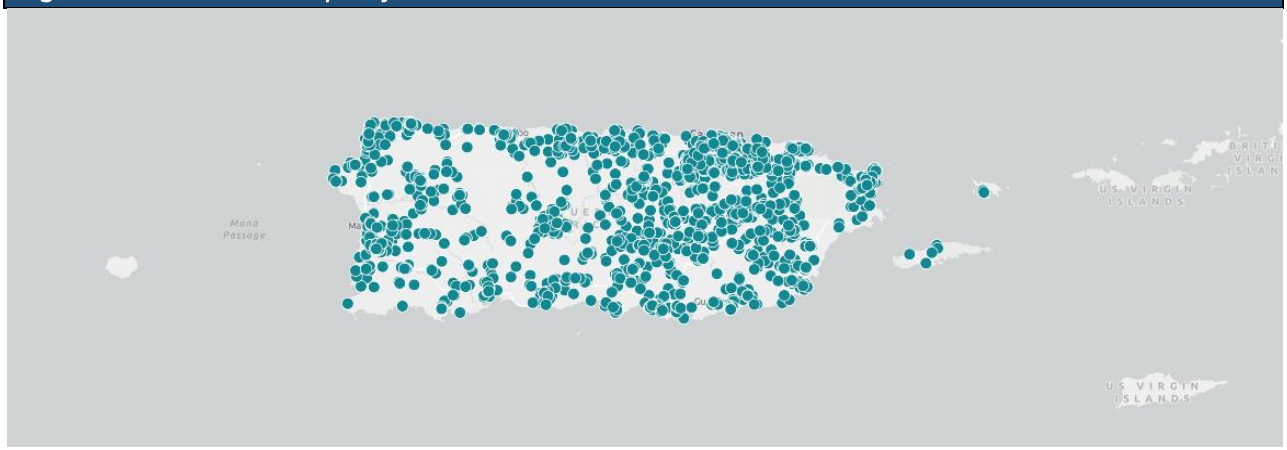
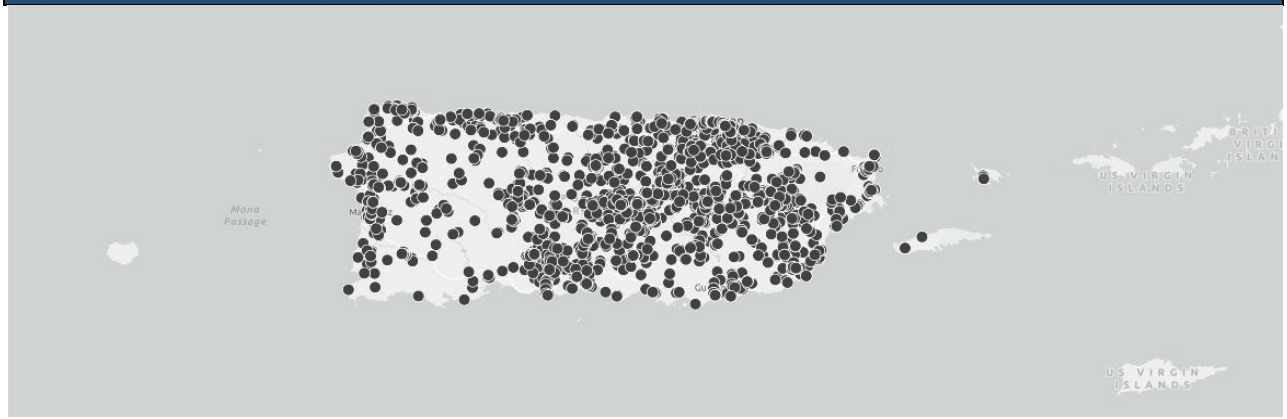


Figure 5: Road to Recovery Project Execution Dashboard – Completed



Additionally, under the FEMA Accelerated Awards Strategy ("FAASt"), FEMA has obligated a Federal share of $9.5 billion to the Puerto Rico Electric Power Authority ("PREPA"), $3.7 billion to the Puerto Rico Aqueduct and Sewer Authority ("PRASA"), $2.1 billion to the Puerto Rico Department of Education ("PRDE"), and $554 million for the Puerto Rico Public Housing Authority ("PRPHA"). These Subrecipients have collectively submitted 554 Scopes of Work ("SOW") for validation by FEMA, and $3.4 billion have already been obligated.[11]

COR3 continues to provide technical assistance and specialized support to Subrecipients through capacity building training events focused on project execution, grant management, procurement, maximizing eligible scopes of work, project management, and compliance with program requirements from project formulation through closeout.

III. COR3 Strategic Goals

In 2021, COR3 outlined eight (8) strategic objectives that serve as the framework for the GPR reconstruction priorities through 2024. These goals were specifically intended to address the needs of Subrecipients during the disaster recovery process while striving for a more efficient, resilient, and streamlined reconstruction. In September 2023, one of these objectives was modified to reflect COR3's overarching mission and vision, as illustrated in Figure 6. Having achieved the original objective related to the progression of the Private Property Debris Removal ("PPDR") Program, the updated goal now emphasizes facilitating fund sourcing for project cost sharing and ancillary purposes.

This Report discusses the policies and efforts that the GPR and COR3 have developed and implemented to achieve the aforementioned strategic goals, including a more efficient system for the disbursement of funds, supporting Subrecipients through project execution stages, and providing technical assistance and project management to advance construction work. Furthermore, it highlights the financial support provided by COR3 and the GPR to address Subrecipients' constraints. It also discusses the policy modification proposals

[11] Data obtained as of September 30, 2023.

presented to FEMA and details the steps taken by both COR3 and the GPR to ensure transparency and efficient communication regarding Puerto Rico's recovery progress.

Figure 6: COR3 Strategic Goals 2021-2024



IV. Recovery Progress for this Reporting Period

Six years after Hurricane María's path through Puerto Rico, COR3 is concentrating its efforts on developing reconstruction projects that promote sustainable economic growth and more resilient infrastructure. Therefore, as Subrecipients of FEMA's PA program, which include State Entities, Municipalities, and Private Non-Profit organizations, focus on project execution, and their permanent work projects advance to the construction phase, COR3 continues to provide technical assistance to advance these projects through the obligation, procurement, and construction phases. This assistance is provided while simultaneously assisting Subrecipients in developing the corresponding SOWs for Hurricane Fiona, which made landfall in September 2022. Several initiatives are currently underway to facilitate project execution and provide management support during project implementation. These initiatives include the FEMA FAASt, the advancement of the Request for Working Capital Advance ("RFCA") Pilot Program, and the HMGP, among other key initiatives.

A. Progress with FEMA Accelerated Awards Strategy

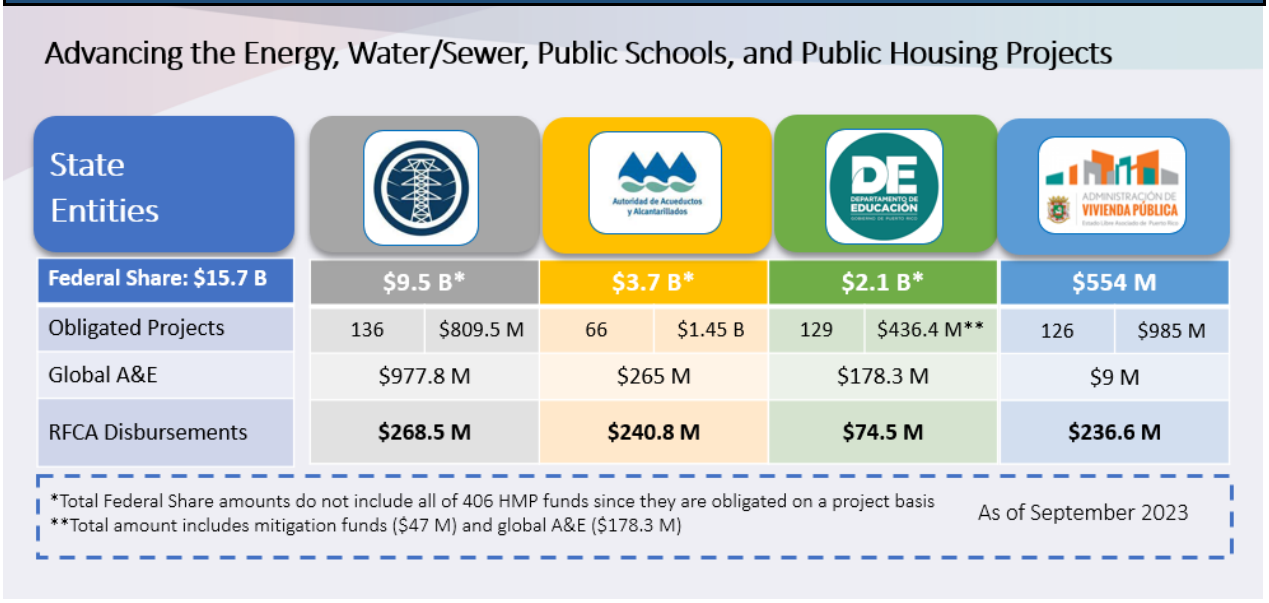
The devastation caused by Hurricane María stands as one of the largest and most complex in FEMA's history. Consequently, recovery efforts in Puerto Rico faced unprecedented challenges, including the lack of technical expertise among applicants during the obligation and design phases of Large Projects, the high

volume of inspections, and the time required to finalize cost estimates for disaster-damaged areas. These challenges provided the opportunity for using a Statistical Sampling Methodology to arrive at fixed cost estimates and to apply FEMA's FAASt to help streamline recovery efforts.

The FAASt mechanism allows applicants to develop a unified Project Worksheet ("PW") that consolidates all their projects' estimated permanent work under a master recovery budget. However, applicants must submit the SOW for each project to ensure compliance with applicable regulations, industry standards, and program requirements. Upon the submission of the SOW, FEMA then conducts a thorough review for compliance with Environmental and Historic Preservation ("EHP") requirements, as well as the proposed hazard mitigation measures under Section 406 of the Stafford Act.[12] FEMA's approval of the SOW is required to initiate any construction work.

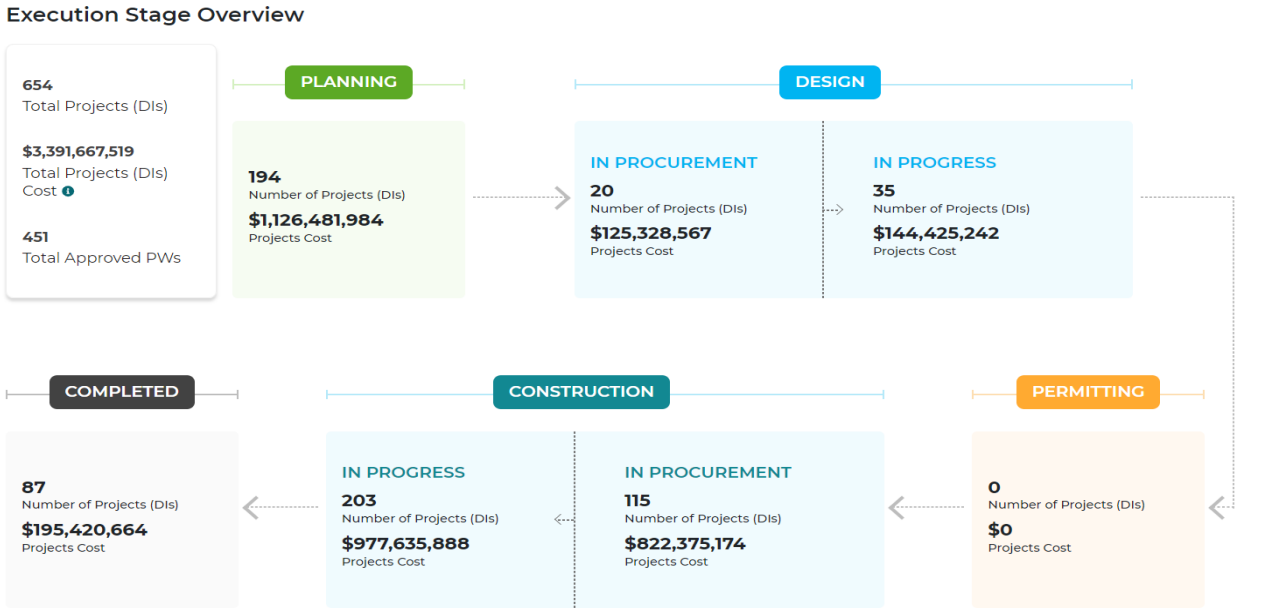
The four State Entities that have projects obligated under FAASt include PREPA, PRASA, the PRDE, and PRPHA, for a total of $15.7 billion obligated for FAASt projects. The obligated funds are distributed as $9.5 billion for the PREPA, $2.1 billion for the PRDE, $554 million for the PRPHA, and $3.7 billion for the PRASA FAASt projects. During this reporting period, these State Entities have made significant progress on their obligated projects under FAASt. Figures 7-9 present an overview of current obligations and the status of the FAASt projects by phase.[13]

Figure 7: DR-4339 FAASt Overview



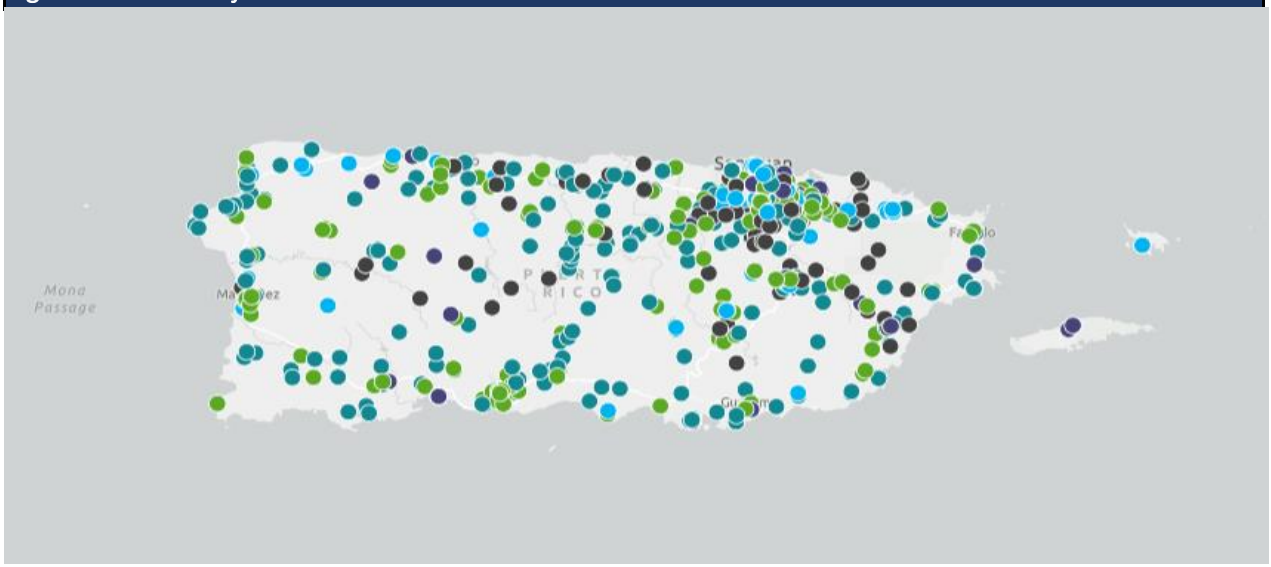
[12] 42 U.S.C. 5172.
[13] The information provided is based on the responses given by the State Entities on a weekly basis. Data obtained as of September 30, 2023.

Figure 8: FAASt Projects Execution Dashboard – Overview



As of September 30, 2023, there are 451 FAASt Approved Projects, representing a total approved amount of $4.9 billion, reflecting an increase of $1 billion from the $3.9 billion previously reported in the Ninth Congressional Status Report. COR3 is fully committed to addressing the challenges faced by Subrecipients and implementing initiatives to facilitate project execution. This is evidenced by the steady progress in the execution of projects and the achievement of a continuous stream of obligations.

Figure 9: FAASt Projects Execution Dashboard – Overview



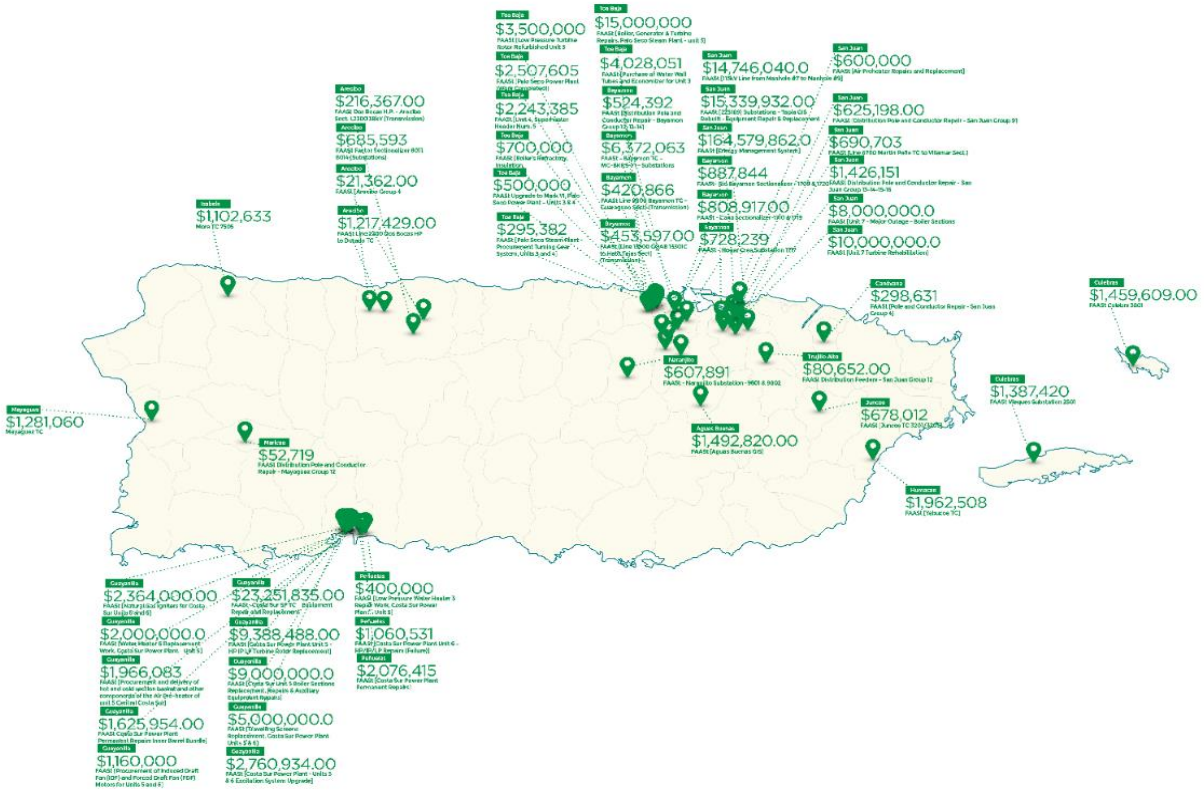
1. Puerto Rico Electric Power Authority

In September 2020, nearly $9.5 billion was obligated to the PREPA to develop permanent work projects that will directly impact 1.5 million residential, commercial, and industrial customers, representing the largest award in FEMA history. LUMA Energy ("LUMA"), the private entity that operates and maintains the transmission and distribution ("T&D") system, has primary responsibility for developing and implementing T&D projects under FAASt.

In January 2023, the GPR announced a public-private partnership with Genera PR for the operation and maintenance of PREPA's generation fleet. Thus, on January 24, 2023, Genera PR, a local subsidiary of multinational New Fortress Energy, was contracted for 10 years, a term consistent with the Integrated Resource Plan, which guarantees the orderly development of the electric grid and renewable energy sources. COR3 is working alongside the Public-Private Partnership Authority ("P3") to ensure compliance with Federal and local regulations and the terms and conditions of the contract.

At present, the PREPA has multiple projects in various stages of completion, including formulation review, design, construction, and closeout. The total amount approved for Energy Recovery is $899.7 million. Figures 10 -12 illustrate PREPA's obligated, under construction, and completed projects.[14]

Figure 10: FAASt Energy Sector – Obligated Projects



[14] Figures 10-12 illustrate data obtained as of September 2023.

Figure 11: FAASt Energy Sector – Projects Under Construction

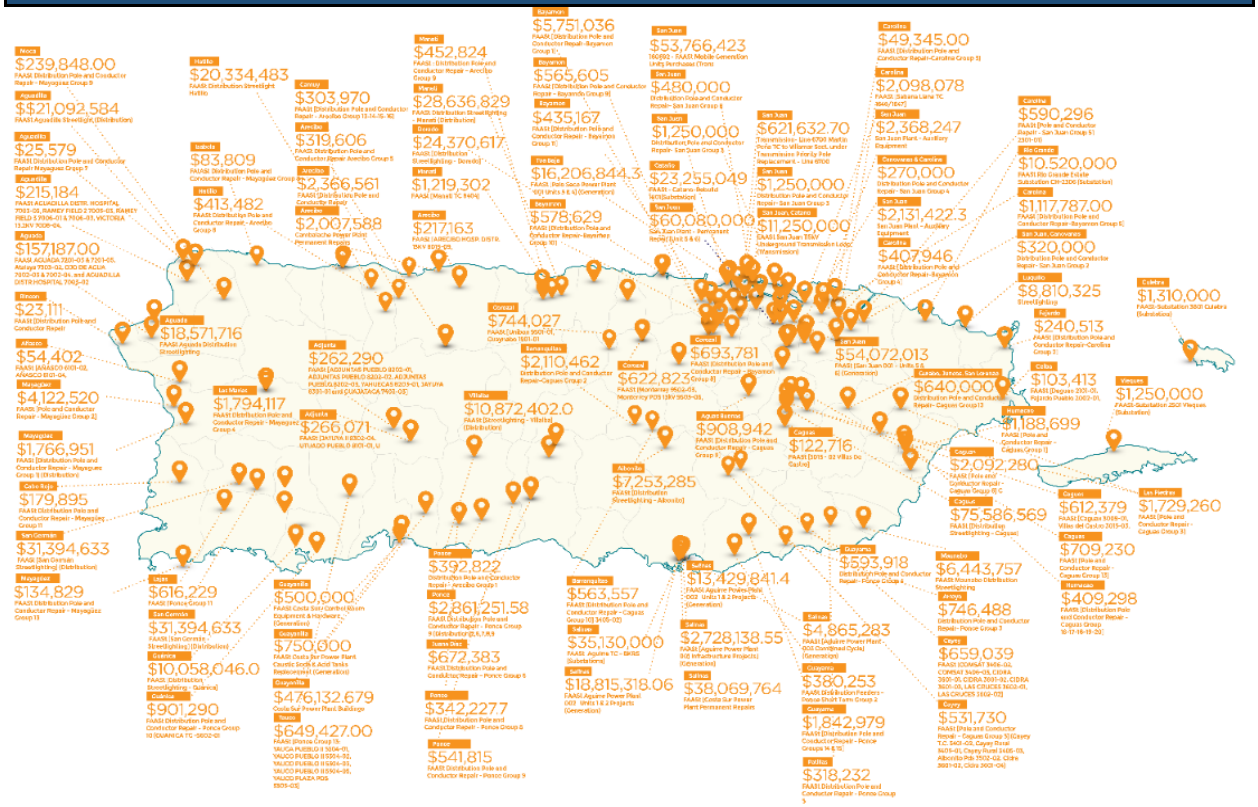


Figure 12: FAASt Energy Sector – Completed Projects



In the aftermath of Hurricane María, PREPA had problems with its private insurance company regarding their damage claim. After entering into negotiations, the parties have reached an agreement for the disbursement of $286 million, with a $25 million reduction as a deductible. It remains to be determined whether the distribution will be divided by assets covered by the policy or disbursed as a blanket cover for the entire PREPA policy.

To address the complexity and magnitude of PREPA's projects on Puerto Rico's infrastructure, several allocations have been designated specifically for aspects regarding power generation, transmission, and distribution. The permanent work projects under FAASt are aimed at rebuilding, enhancing, and improving these systems to achieve energy recovery goals.

As of September 30, 2023:

- The PREPA has 136 obligated projects with a total amount of $809.5 million distributed as follows:
  - 14 Generation Projects amounting to $257.9 million;
  - 107 Transmission and Distribution Projects amounting to $378.9 million; and
  - 15 Substation and Telecommunication Projects amounting to $172.7 million.
- A total of $268.5 million has been disbursed through the RFCA Pilot Program.
- The Global Architecture and Engineering ("A&E") fee approved for the development of architectural and engineering designs ascends to $977.8 million (federal share).
- The Global Equipment and Materials ("E&M") fee approved for the acquisition of long lead items, like transformers, oil circuit breakers, feeders, poles, and major generation unit components, among others, remains at $797.2 million.

Generation: Energy generation projects will improve the reliability and resiliency of the Generation Fleet Infrastructure by reinforcing or replacing major critical components affected by recent natural disasters.

- Update: A total of $286.6 million has been approved for the generation of assets distributed through 14 projects.

Transmission: Projects formulated for energy transmission are designed to improve the reliability and resiliency of 230, 115, and 38 kV transmission line infrastructure by strengthening or replacing critical transmission structures and components.

- Update: 6 projects across the Municipalities of San Juan, Arecibo, Manatí, Vega Baja, Vega Alta, and Bayamón have already been approved, representing approximately $17.7 million.

Distribution: Projects formulated for energy distribution aim to replace damaged overhead and underground distribution lines that have been identified as critical and in need of repair. Distribution projects also focus on minimizing safety hazards associated with critical distribution poles and conductors in need of repair or replacement.

- Update: There are 15 projects in the formulation process totaling approximately $245 million.

- $403.3 million has been approved for distribution assets on 101 projects spread along 66 different Municipalities.
- Four (4) distribution projects have been completed in the regions of Arecibo, Bayamón, and Caguas and are awaiting final inspection.

Substations: These projects are designed to upgrade, modernize, and rebuild damaged transmission and distribution substations, as well as improve long-term system reliability and substation security. Substation projects include the relocation of those affected by flooding, as well as the reinforcement of existing and aging substation infrastructure, including physical security (e.g., locks, fencing, card readers, signage, CCTV, etc.), animal/bird mitigation, vegetation management, and grounding grid repairs.

- Update: $129.8 million has been approved for substation assets on 11 projects located in the Municipalities of Guayanilla, Culebra, Vieques, Cataño, Manatí, Río Grande, Salinas, Bayamón and Naranjito.

Energy Sector Projects Under Formulation

New Substations

- Monacillo Substation | Estimated Project Cost: $92.5 million - The proposed project aims to upgrade the station to industry standards, enhance system resiliency and reliability, and address safety and environmental concerns by replacing damaged circuit breakers and related elements. Additionally, the project involves the construction of a new transmission and distribution center facility (Monacillo Transmission Center) switchyard, adhering to Advisory Based Flood Elevation ("ABFE") Zone A requirements to mitigate flood damage risks. The comprehensive project scope includes designing and installing equipment foundations, conducting a grounding grid system study, adding Spill Prevention, Control, and Countermeasure ("SPCC") measures to transformers, and replacing various components such as fences, lights, poles, eyewash stations, and control house elements.

Advanced Metering Infrastructure ("AMI")

- Meters and Telecommunications Improvements | Estimated Project Cost: $873.8 million - The scope of work for this project consists of the planning, design, procurement, and implementation of a new AMI system infrastructure, including the replacement of meters and telecommunication systems that were damaged by Hurricane María. The project involves replacing and upgrading a total of 1,446,249 meters, including 36,394 metering kWh units and 2,299 legacy Island-wide Two-Way Automatic Communications Systems ("TWACS") kWh meters. The system will be brought up to code and standards with modern metering and communication functionalities. Environmental and historical preservation considerations will be assessed during the design phase and submitted to FEMA for approval, with the assurance that the AMI implementation will not require additional construction or land disturbances beyond PREPA property, focusing instead on the proper disposal of replaced legacy equipment in accordance with LUMA Energy's environmental practices and procedures.

Priority Transmission Line

- Transmission Line from Costa Sur Steam Plant to Cambalache Gas Plant | Estimated Project Cost: $161 million - The 51200 transmission line from Costa Sur Steam Plant to Cambalache Gas Plant is a 230kV line that spans approximately 37.6 miles, primarily through forested and mountainous areas. Structures along this transmission line include aluminum lattice structures, guyed steel poles, and self-supporting steel poles. Both polymer and ceramic insulators support the conductors. The proposed project consists of the repair, restoration, or replacement of damaged elements, as well as functionally interdependent non-damaged elements of the overhead portions of the transmission line, as allowed under FEMA's PA Alternative Procedures (Section 428) Guide for Permanent Work FEMA-4339-DR-PR ("PR PAAP Guide").

Battery Energy Storage

- Battery Energy Storage System ("BESS"): Genera PR proposes to use existing points of interconnections ("POIs") at PREPA's legacy generation facilities to install utility-scale batteries and new peakers. The intent is to place BESS with existing conventional generation, peakers, or base-load on each location to maximize available electricity injection capacity without overloading the existing grid capacity. Genera proposes to install batteries in existing peaker fleet facilities and base-load power plant locations to inject 430 megawatts of active power at the point of interconnection for four (4) hours to cover temporary generation shortfalls caused by a disaster event or start-up (blackstart) fast-generating units. The batteries and peakers will be monitored and controlled both locally and remotely from Genera's control room. This project is currently being developed by the applicant. The Equipment & Materials FAASt PW was amended to involve equipment purchase, which is detailed below.

- Equipment Purchase | Estimated Project Cost: $709 million -This project is currently under review by FEMA and is intended to mitigate the impact on construction timelines by procuring and storing materials prone to shortages or long lead times. A detailed list of such items has been compiled with the intent of managing their storage and use by tracking them at all locations to ensure compliance with FEMA-obligated FAASt funding. The process includes phase-by-phase tracking to prevent the use of designated items at other locations, consistent with previously approved funding guidelines. The next step for this project is to amend the equipment and material PW to include the equipment to be purchased. In the meantime, the detailed SOW will be developed.

Execution Progress on Energy Sector Projects

- The Aguirre Power Plant: The power plant located in the Municipality of Salinas has three (3) generation projects with an obligation of over $29 million. The first project consists of the repair and renovation of Units 1 and 2. The second project involves the installation of a stage two (2) and a stage three (3) gas turbine rotor bucket set for a combined cycle, increasing the power generation

capacity. The third project entails repairing and upgrading the wastewater treatment plant infrastructure to comply with the new 2018 codes. At present, the percentage of completion of these projects is 61%, 79%, and 42%, respectively, representing 61% of work completed among the three projects.

- The Aguirre Transmission Centers Breakers ("BRKS") Substation: This project, located in the Municipality of Salinas with a $39 million obligation, has recently initiated the construction phase. The refurbishment of Aguirre TC is intended to address existing risks and vulnerabilities in the system. The project incorporates advanced technology, including seven 230Kv oil circuit breakers ("OCBs"), one 230Kv gas circuit breaker ("GCB"), ten 115Kv OCBs with GCBs, and one 115Kv GCB at the switchyard. The second phase of this project entails replacing the control room, the autotransformer (115Kv seven 230Kv), and a backup generator for both switchyards. Additional work under this project involves GCB platforms, disconnect switches, line arresters, PT transformers, ground grids, high voltage conductors, secondary control cables, ancillary equipment, and foundations. These repairs and enhancements will improve network protection in case of an incident.

- The San Juan Power Plant: This power plant has three (3) generation projects with an obligation of $94.6 million consisting of the repair and renovation of Units 5 and 6 and Units 7 and 8 of the San Juan auxiliary infrastructure. At present, these projects' completion percentages are 89%, 65%, and 26%, respectively, representing 60% of work completed among the three projects.

- The Palo Seco Power Plant: This power plant located in the Municipality of Toa Baja has four (4) projects with a total obligation of $94.9 million. The first project, with an obligation of $59.7 million, consists of the purchase, delivery, installation, and testing of mobile generator units (also known as "Mega Gens") so that they may be used as a temporary power source while eligible work is performed on transmission lines, generation plants, and other infrastructure. The second project, with an obligation of $2.9 million, consists of replacing the existing tank with a clean demineralized water tank to supply demineralized water to the Mega Gens gas turbine. These two projects have already been completed. The third project, with an obligation of 28.8 million, consists of the repair and renovation of Units 3 and 4 with 41% completion. The fourth project has an obligation of $3.5 million for the repair and renovation of auxiliary infrastructure with 38% completion. The completion percentage of the two remaining projects in the construction phase is 41%.

- The San Juan 115kV Underground Transmission Loop: This project, which has an obligation of $14 million, is intended to provide a highly reliable power route around the San Juan area by repairing the underground loop that connects seven (7) of the most significant TC substations in the Metropolitan area. This includes the repair or replacement of circuit breakers and grid upgrades (protection and control upgrades) to the seven (7) TC substations (Viaducto, Monacillos, Bayamón, Isla Grande, Palo Seco, Martín Peña, and Hato Rey).

- Streetlighting project in the Municipality of San Germán: This project has an obligation of $34.8 million for the repairs of existing lighting components, luminaries, arms, associated hardware, and the installation of new lighting components. In addition, pole replacement work, including the foundations, and the installation or repairs of tranches, are also contemplated. This project is currently in the construction phase with 34% of the work completed.

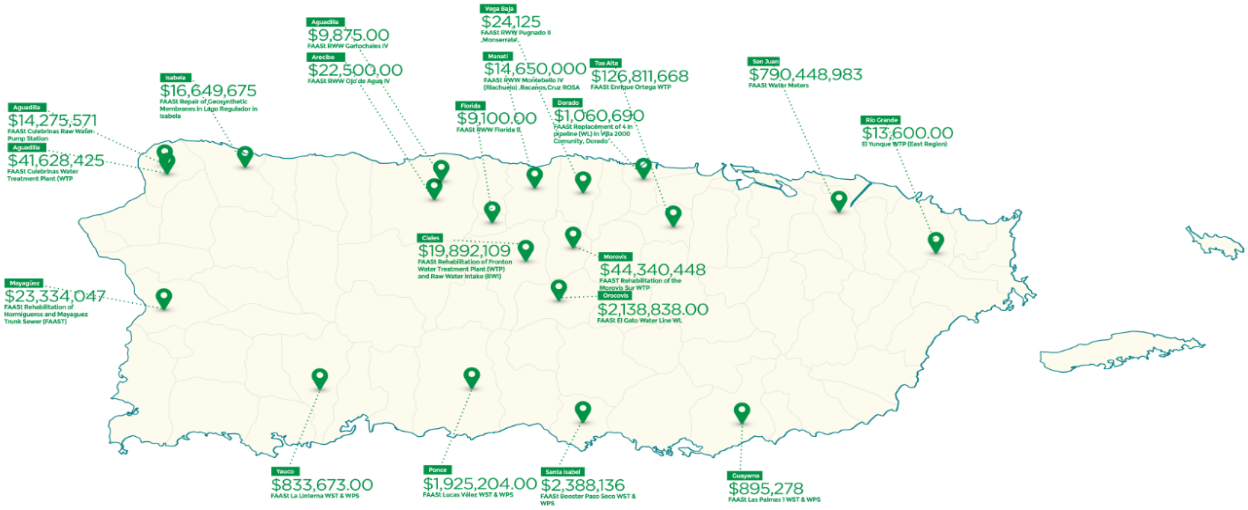
- Streetlighting project in the Municipality of Manatí: This project has an obligation of $28.6 million and involves performing condition assessments, preparing SOWs, performing additional repairs, removing debris and hazardous material for damaged bulbs, and replacing non-LED luminaires with LED luminaires. This project has completed 57% of its construction phase.

- The Río Grande Estate Substation: This substation has an obligation of $7 million for a Section 428 Alternate Procedures project and $4.5 million for a 406 PA Mitigation project, which consists of the demolition and replacement of the control building, perimeter fence, conductors, and 38 kV circuit breaker, among others. Additional repairs, including the retaining wall, feeders, drainage systems, and others, will be made to restore the substation' functionality. This project is part of PREPA's 10-year Infrastructure Plan and is currently in the construction phase with 8% of the work completed.

2. Puerto Rico Aqueduct and Sewer Authority

Multiple PRASA projects have benefited from the FAASt approach through the creation of a master recovery budget. The focus areas for upcoming efforts are part of PRASA's Investment Strategy, which was developed in collaboration with FEMA and COR3 to lay the foundation for a safe, reliable, and efficient water and wastewater treatment system. Figures 13-15 illustrate PRASA's obligated projects, projects under construction, and completed projects in green, orange, and blue, respectively.[15]

Figure 13: FAASt Water Sector - Obligated Projects

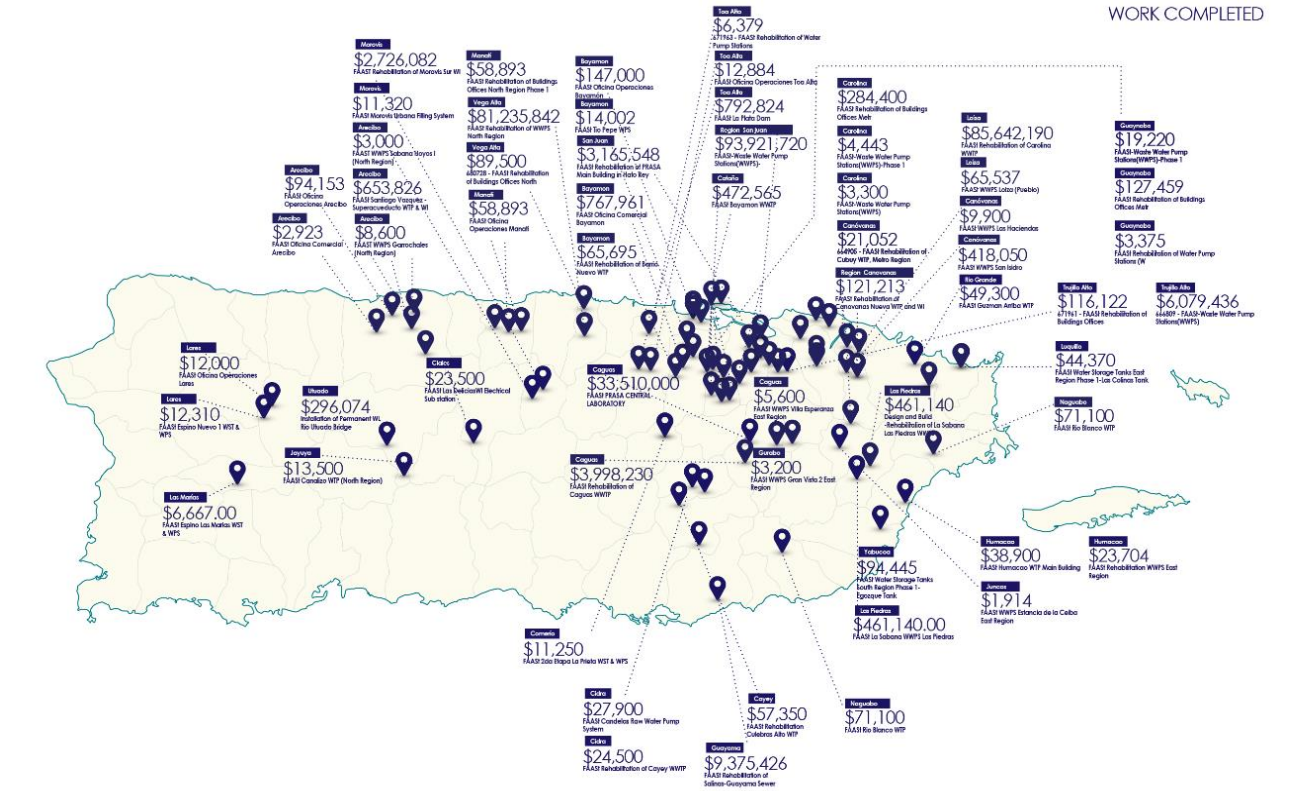


[15] Figures 13-15 illustrate data obtained as of September 2023.

Figure 14: FAASt Water Sector - Projects Under Construction



Figure 15: FAASt Water Sector – Completed Projects



As of September 30, 2023:

- A Global A&E of $265 million (federal share) has been approved for the development of architectural and engineering designs for FAASt projects. These projects are essential for applicants as they enable them to access funds earmarked for the planning and designing phase of water facilities. Currently, there are 111 projects with planning underway or in the design phase.
- There are four (4) projects in the formulation process under the FEMA National Workflow Review Process. These initial projects represent an estimated investment of $44.4 million.
- Additionally, 66 projects have been reviewed and obligated through the National Workflow Review Process, representing an amount of $1.45 billion.
- The disbursement of funds through the RFCA Program amounts to a total of $240.8 million. Some of these projects are outlined below.

Water Sector Projects Under Formulation

- FAASt Water Meters | Estimated Project Cost: $790.4 million - This proposed project involves the replacement of the existing mechanical Water Meter Inventory with Polymer Ultrasonic devices. In addition, PRASA proposes the addition of an AMI. This will be accomplished by using PA funds to replace the damaged portion, approximately 60% (872,596 EA.) of water meters, and 406 HM funds for the vulnerable portion, approximately 40% (582,428 EA.), with the addition of the AMI for 100% of water meters. The implementation of this project is of significant importance as such infrastructure will provide PRASA with an accurate metering of usage per customer served, as well as visibility into failure points (pressure drops) that can be identified by the AMI. This project will provide further efficiencies along with real-time failure-detecting capability.
- Rehabilitation of Vieques Wastewater Treatment Plant ("WWTP") | Estimated Project Cost: $38.6 million - This project seeks to rehabilitate the Vieques WWTP, which has a 0.5 million gallons per day ("MGD") capacity and treats an average raw wastewater flow from commercial and residential areas. The plant is served by 14 different pump stations and is constantly exposed to saltwater spray carried by the wind, which accelerates corrosion at the facility. During Hurricane María, the plant was flooded and lost electrical power. Consequently, PRASA recommends a comprehensive set of enhancements for this WWTP, including the construction of new headwork structures and de-gritting units, the establishment of a new wastewater receiving station, and the conversion of the Martino Pump Station into an influent pump station, along with other significant construction initiatives. This will transform the plant into a state-of-the-art facility compliant with consensus-based codes and standards approved under the PR PAAP Guide. This project is currently under FEMA review in the EHP queue.
- FAASt Replacement of Water Pipelines at West Region Phase 1 | Estimated Project Cost: $18.6 million - This project provides for the replacement of a significant portion of water pipelines in Puerto Rico's western region's service area. PRASA's Water Line System ("WLS") consists of a series of Water Transmission Lines, Water Distribution Lines, and Water Meters Infrastructure located

throughout Puerto Rico's five regional sectors. These WLS suffered widespread damages caused by erosion, flooding, flood-transported debris, wind-driven rain, wind-driven debris, falling and uprooted trees, sediment accumulation, and power interruption, among other damages caused by Hurricane María. The water lines are necessary to deliver the raw water to the Water Treatment Plant ("WTP") and treated potable water from the WTP to consumers. This project will benefit approximately 1,822 families residing in various municipalities of the western region. The proposed project will be executed utilizing the open trench method and is currently under review by FEMA in the EHP queue.

Execution Progress on Previous Reported Projects

- The Carraízo Dredging | $98.5 million –Dredging the Carraízo basin continues to be a priority project, as it is essential to maintain the Lago Loíza Reservoir's water levels and ensure an adequate water supply to the Sergio Cuevas Filtration Plant. This water plant is the second-largest filtration plant in Puerto Rico and supplies about half the population of the San Juan Metropolitan Area.
  - Update: This project has entered the construction phase with 10.92% of the work completed.

- Guayama WWTP | $82.7 million – This complete rehabilitation will revamp the Guayama plant, which treats around 10 million gallons per day and services approximately 31,000 families. The project involves repairing and upgrading all process units, including the intake structure, primary and secondary clarifiers, biological processes, wastewater disinfection, and adding emergency generators for redundancy during atmospheric events. This project, along with the Salinas-Guayama Trunk Sewer and Arroyo-Guayama Trunk sewer rehabilitation projects, will provide more resilient service to the Municipality of Guayama and surrounding areas.
  - Update: This project is currently in the construction phase, with 25.50% of the work completed.

- Camuy Trunk Sewer Rehabilitation | $68 million –Restoration of the trunk pipeline, which will be carried out using the Cured in-Place Pipe restoration process. This project will benefit approximately 7,575 families in the Municipalities of Camuy and Arecibo, and its successful completion will help mitigate potential risks to life and public health by eliminating the danger of contamination to nearby bodies of water.
  - Update: The PRASA has granted the contractors the "Notice to Proceed," authorizing them to initiate the construction phase of this project.

- PRASA's Central Laboratory in Caguas | $35 million – Replacement of PRASA's main laboratory, which is a critical facility that provides testing of the potable water distribution system and wastewater collection system. As this facility is essential to the safe delivery of

water supply and wastewater treatment, lack of testing can result in contamination of the water supply, which would be detrimental to the life, health, and safety of the public services.

- **Update**: The construction phase of this project is 97% complete.

- Morovis Sur Water Intake | $2.7 million– Rehabilitation of the water intake that serves the Morovis Sur Water Treatment Plant, which produces an average of 3.2 million gallons per day and supplies the Morovis Southern Ward.
  - **Update:** The construction phase of this project is 96% complete.

- Los Angeles/Loíza Trunk Sewer Rehabilitation | $9.1 million– Reconstruction of a sanitary sewer system, which will be performed using the Cured in-Place Pipe restoration process. This project will provide a service life of at least 50 years to the pipes that carry wastewater to the treatment plants while enabling them to withstand future atmospheric events. Additionally, the proposed restoration project will benefit approximately 15,000 families and businesses in the Municipalities of Carolina and Loíza.
  - **Update**: The construction phase of this project is 45.97% complete.

- Humacao Wastewater Treatment Plant Rehabilitation | $9.7 million – Rehabilitation of the regional wastewater facility, which treats 8.65 million gallons per day and serves approximately 21,000 families in the Municipalities of Humacao, Las Piedras, and Naguabo. The installation of new roofs at the Sanitary Sewerage Plant will significantly impact the final phase of the residual water treatment process by accelerating the drying process. This improvement will increase the operational efficiency of the facility in Humacao.
  - **Update**: Approximately 54% of the construction has already been completed.

3. Puerto Rico Department of Education

The PRDE continues making progress in its ongoing recovery efforts to achieve the full restoration, resiliency, and modernization of the public-school infrastructure, which has suffered extensive damage due to the natural disasters that have impacted the Island. The PRDE is continuously expanding its operations through the support of external consultants and its own staff. The primary focus of this support team is to execute the Recovery Plan ("Plan") that serves as the framework for the complete restoration and modernization of the entire public-school system.

In June 2023, the Plan, which was designed to provide guidelines and recommendations to facilitate informed decision-making, was submitted to the Secretary of Education and has served as the basis for a subsequent implementation plan for the use of resources provided by FEMA. The PRDE is focused on using the funds allocated by FEMA to repair and restore the public-school infrastructure while improving the learning environment for the future leaders of Puerto Rico.

To date, $2.07 billion has been obligated to the PRDE to address damages to more than 5,300 buildings, pavilions, and recreational areas, among other sites, including 1,100 schools. The PRDE continues to prioritize the first 128 schools included in the Plan that have already been approved and obligated by FEMA.

Figures 16 and 17 illustrate the PRDE's obligated projects in green and projects under construction in orange.[16]

Figure 16: FAASt Education Sector - Obligated Projects



[16] Figures 16 and 17 illustrates data obtained as of September 2023.

Figure 17: FAASt Education Sector - Projects Under Construction



As of September 30, 2023:

- There are 129 obligated projects representing a total of $436.4 million, of which approximately $47 million are mitigation funds, and $178.3 million (federal share) correspond to the Global A&E.
- There are 26 projects in the formulation process under the FEMA National Workflow Review Process, representing an estimated total of $184.7 million.
- A total of $74.5 million has been disbursed through the RFCA Program.

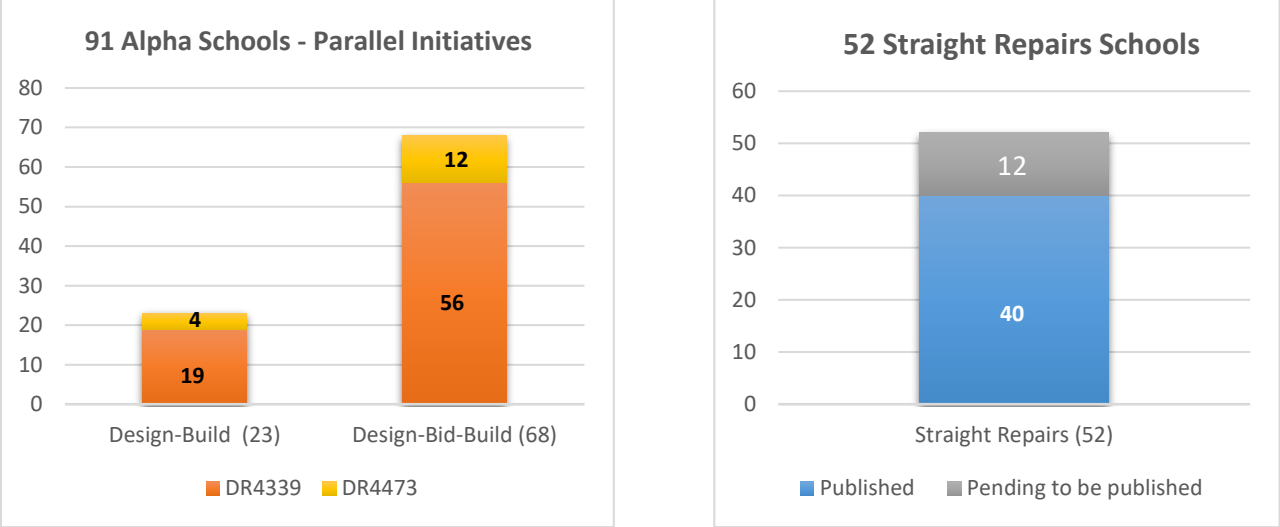
Education Sector Projects under Formulation

Some of the Alpha schools currently in the formulation are described below, along with the estimated project cost and location. The transformation of these schools includes but is not limited to, new code-compliant structural retrofit, doors, windows, electrical distribution systems, water and sewer distribution systems, roof waterproofing systems, accessible ramps and sidewalks compliant with the Americans with Disabilities Act ("ADA"), and the construction of community-accessible spaces.

- Eugenio María de Hostos (middle school) | $22.5 million – Isabela
- José C. Rosario | $29.3 million – Isabela
- Elvira M. Colón | $23.9 million – Santa Isabel
- Germán Rieckenhoff | $31 million – Vieques
- Stella Márquez | $34.7 million – Salinas
- Oscar Rodríguez Rivera (Barahona)| $13.8 million – Morovis
- Escuela Superior Vocacional Manuel Mediavilla | $48.9 million – Humacao
- Ramón María Torres| $26.4 million – San Sebastián
- Francisco Morales| $24 million – Naranjito
- República de Costa Rica | $72.2 million – Caguas

The current critical state of the PRDE's infrastructure due to the impact of natural disasters requires that accelerated, innovative, and non-traditional implementation measures be considered and adopted to execute all necessary reconstruction projects. Accordingly, the PRDE has identified 143 schools as top priority within its Plan to continue implementing all reconstruction initiatives with the assistance and coordination of designated government agencies stakeholders like the Puerto Rico Public Building Authority ("PBA"), the Office for the Improvement of Schools ("OMEP" by its acronym in Spanish), and the Puerto Rico Infrastructure Finance Authority ("AFI" by its acronym in Spanish). Of these 143 schools, 91 are categorized as Alpha schools, further divided into two groups: 23 using the Design-Build method and 68 utilizing the Design-Bid-Build approach.[17] In addition, a total of 52 schools will receive Straight Repairs.[18] Figure 18 shows the distribution of Priority Schools under each approach.[19]

Figure 18: Hurricane María Priority Schools



The PRDE currently has 148 obligated projects under the Earthquake Disaster (DR-4473-PR). Out of these projects, 16 schools were also affected by Hurricane María and have obligated projects under DR-4339-PR. As depicted in Figure 17, these 16 schools are part of the 91 Alpha Schools under the Design-Build and Design-Bid-Build approach. The PRDE plans to address the damages caused by Hurricane María and the Earthquakes simultaneously through different SOWs.

In March 2023, the procurement process for 40 Alpha schools was initiated under the Design-Build approach. In this reporting period, all 40 projects have been published for bid, of which 35 had bid openings, two (2) were awarded, and one (1) switched to the traditional design-bid-build process. However, 49% of

[17] A "Design Bid Build" is the traditional procedure in which the design of a project is prepared prior to the bidding process. Whereas a "Design Build" is the methodology of designing and executing in phases.
[18] Schools under the straight repair category do not require major renovations.

the procurements either did not result in any bids or had to be canceled due to unreasonable cost proposals. The procurement process has posed several challenges at the local Design-Build level. These challenges include limited bidder participation, proposals substantially exceeding cost estimates, and construction companies with limited bonding capacity.

Of the 68 Alpha Schools currently under the Design-Bid-Build approach, ten (10) are new schools, of which seven (7) have an ongoing design process, and the remaining 58 are Transformation Schools, of which 45 have received the Notice to Proceed for the design phase. The procurement process for the construction of Design-Bid-Build schools is expected to begin in the following months with the assistance of AFI.

The PRDE, with the support of COR3, AFI, PBA, and OMEP, has worked on the preparation of bid packages and bid publications in a total of 41 schools under the Straight Repairs initiative. As a result, 13 schools are currently under construction, 16 are currently in the Contract Award process conducted by AFI, and four (4) are still in the bidding process. Below are some of the schools currently under construction, along with the obligated amount, location, and the school identification code.

- Fernando Callejo School | $2.7 million – Manatí (12088).
- CROEC School | $4.2 million – Ceiba (30167).
- Vocational School Cristina (Amada) Martínez Martínez | $3.8 million – Villalba (58503).
- Nicolás Sevilla School | $1.1 million – Toa Alta (71381).
- Juan Quirindongo Morell School | $5.1 million – Vega Baja (75267)
- Dr José N. Gándara | $3 million – Aibonito (20362)
- Factor V | $2.5 million – Arecibo (17780)
- Francisco Roque Muñoz | $1 million – Naranjito (76356)
- José Rojas Cortés| $475,569 – Orocovis (14357)
- Francisco López Cruz | $2.3 million – Naranjito (78956)
- Don Luis Muñoz Marín | $5 million – Ceiba (35907)
- SU Francisco Felicie Martínez| $1.9 million – Vega Alta (76349)
- José Pagán de Jesús | $1.1 million – Vega Alta (18267)

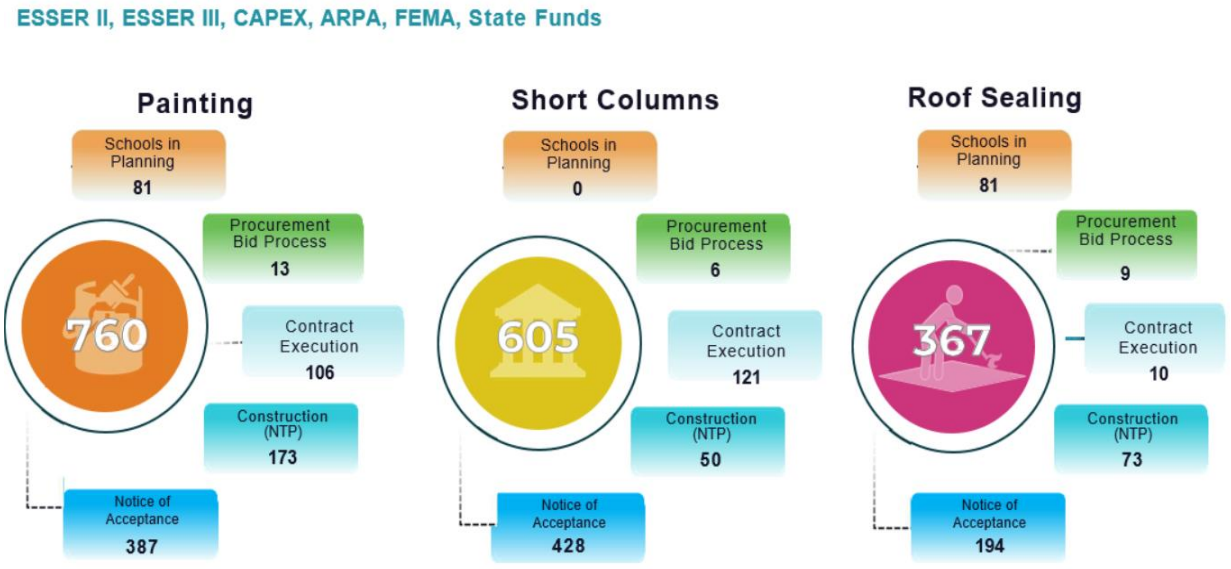
Furthermore, the PRDE obtains additional financial support from several external sources, including the American Rescue Plan Act ("ARPA"), the Elementary and Secondary School Emergency Relief Fund ("ESSER II" & "ESSER III"), Capital Expenditure ("CAPEX"), as well as FEMA and State Funds. Refer to Table 1. These funds have been allocated to perform work such as painting, short columns detailing, and roof sealing, as detailed in Figure 19 below.

Table 1: PRDE Funding Sources

Fund Source	Painting	Short Columns	Roaf Sealing
CapEx	21 Schools	-	4 Schools
Esser II	357 Schools	168 Schools	193 Schools
ARPA	129 Schools	437 Schools	-

Table 1: PRDE Funding Sources			
Fund Source	**Painting**	**Short Columns**	**Roaf Sealing**
Esser III	96 Schools	-	79 Schools
Emergency Auctions	-	2 Schools	-
FEMA	91 Schools	-	90 Schools
State Funds & Others	66 Schools	-	1 School

Figure 19: PRDE Project Execution Overview



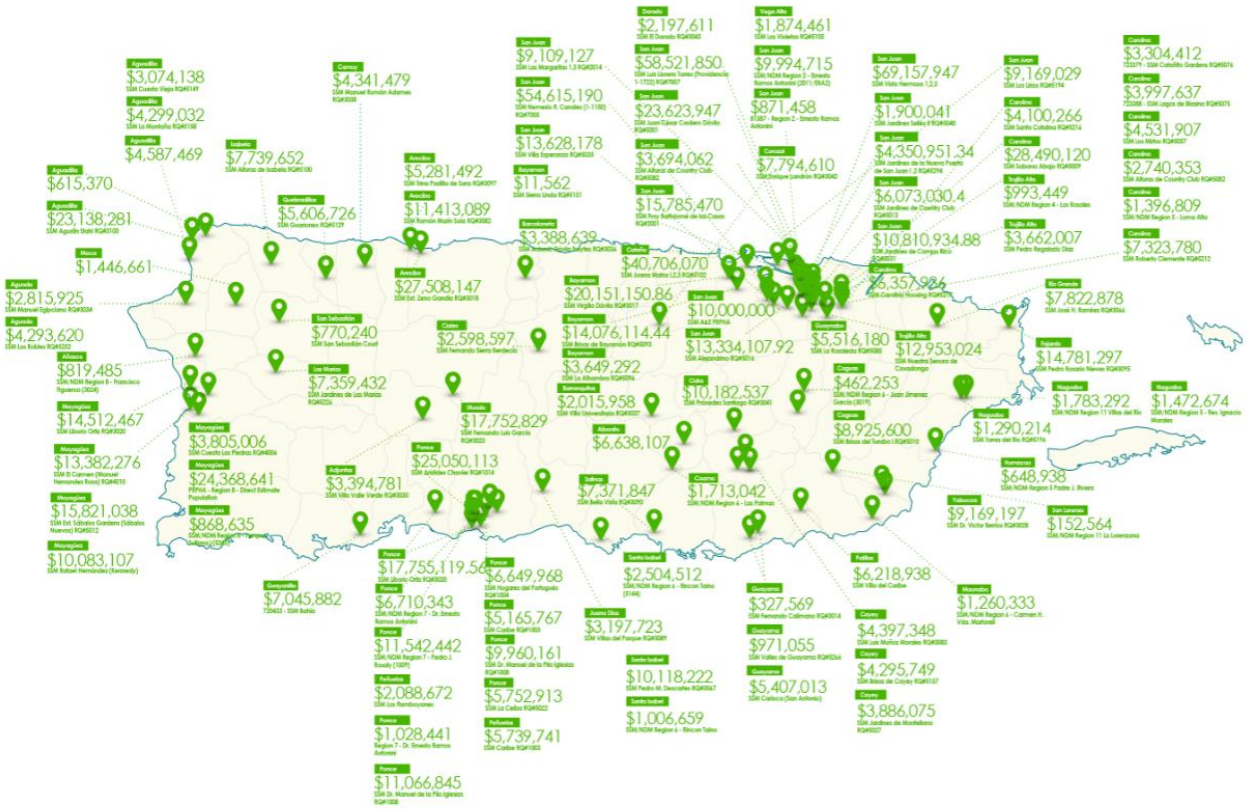
4. Puerto Rico Public Housing Authority

In January 2022, a total amount of $544[20] million was obligated to the PRPHA to address damages to more than 5,800 buildings and recreational areas, among other sites. Consequently, in December 2022, the PRPHA submitted a plan setting the course of action for formulating their projects using the Statistical Sampling Method ("SSM"). This well-designed strategy for developing over 300 projects was formulated between COR3, PRPHA, and FEMA, and has enabled the PRPHA to achieve the milestones outlined in its program.[21] The PRPHA is still in the process of awarding contracts to design a master plan and managing the funds obligated for the execution of its construction schedule. For this reporting period, 126 public housing

[20] In the Ninth Congressional Status Report, the amount listed as the obligated amount to the PRPHA was over $600 million, including $544 of Federal Share and additional local funds.
[21] The Statistical Sampling Method used by the PRPHA for its project formulation operations requires the PRPHA to submit the proposed SOW and cost estimates prior to the use of funding for construction. Unlike the PRDE's SOW development process, FEMA is not involved in working with the 406-Mitigation scope for these projects. However, the PRPHA will evaluate opportunities on a project-by-project basis to determine if mitigation scopes will be sent for FEMA's consideration and approval.

complexes have obligated funds for the renovations and repairs needed due to damages caused by Hurricane María. In addition, a total of $236.6 million has been disbursed through the RFCA program. Figure 20 shows the location and obligated amount of PRPHA's projects in green.[22]

Figure 20: FAASt Public Housing Sector – Obligated Projects



In January 2023, PRPHA informed COR3 of its ongoing challenge with its private insurance company regarding a damage claim litigation that has been active since September 2019. The PRPHA has $2 billion in insurance coverage and has received an advance of nearly $9 million for damages caused by Hurricane María. Since then, the PRPHA has not received insurance funding, while FEMA has made an anticipated insurance reduction of approximately $820 million. Consequently, the PRPHA has encountered growing difficulties in initiating its projects. In March 2023, an arbitration process was initiated to reach an agreement with the insurance company. Throughout this process, both parties submitted cost estimates for a sample of properties that are currently under review.

So far, the only projects that the PRPHA has been able to move toward the execution phase without any issues are the sub-projects obligated by FEMA with SSM funds due to insurance anticipated proceeds being applied to the main projects; therefore, sub-projects are obligated from the main project balance with no additional reductions.

[22] Figure 20 illustrates data obtained as of September 2023.

Mindful of the insurance issue, COR3 and FEMA discussed the possibility of allowing a preliminary allocation so the PRPHA could start the execution of its obligated projects while a resolution of the current arbitration process is reached. As a result of this meeting, some priority projects that were obligated under the National Delivery Model are currently in the implementation phase after FEMA granted a reallocation of PA funds.

As discussed, the PRPHA has faced major challenges in the execution of the procurement process for its projects. One of the main challenges has been the low participation of bidders, with only one proposal received on average per procurement process. The PRPHA has over 200 approved projects that require a similar number of bids, which are being worked through implementation packages that are distributed based on the availability of funds, the complexity of the work required, the location, and need of each project. To address the challenges at hand, the PRPHA is considering several measures, such as gathering feedback from bidders on the procurement process, organizing program briefings, disseminating bid announcements to potential participants, and prioritizing projects that are not required to undergo the design process before bidding.

As of September 30, 2023:

- 126 projects have been obligated under FEMA's SSM Process, representing a total obligated amount of $985.2 million. Of these projects, 23 are mixed projects (SSM Process + FEMA National Workflow Review Process), representing an obligated amount of $171 million, and 103 are solely SSM projects, representing an obligated amount of $814.1 million.
- The Global A&E fee approved for the development of architectural and engineering design ascends to $9 million (federal share).
- There are 18 projects in the formulation process under the FEMA SSM Process, representing an estimated obligated amount of $45.2 million.
- Of the projects currently in formulation, five (5) will be mixed, representing an estimated obligated amount of $14.1 million, and the remaining 13 projects will be formulated using only the SSM Process, representing $31.1 million.
- A total of $236.6 million has been disbursed through the RFCA Pilot Program.

Public Housing Projects Under Formulation

- Public Housing Complex: Jardines de Monte Hatillo | Estimated Project Cost: $25.4 million - Two projects are being formulated for Jardines de Monte Hatillo 1 & 2. The proposed projects involve renovations to recreational areas, over 45 residential buildings, a community center, and an administrative building. This will include exterior preparation and painting, removing and replacing a waterproofing system, and removing lead material. As a result, over 1,500 families in the Municipality of San Juan will benefit from the repairs to these facilities.

- Public Housing Complex: Franklin Delano Roosevelt | Estimated Project Cost: $10.2 million - This proposed project involves the renovation of recreational areas, over 55 residential buildings, and

the administrative building. The Franklin Delano Roosevelt Housing Complex is comprised of several housing complexes, basketball courts, and an administration building. This project will include exterior preparation and painting, removing and replacing a waterproofing system, and removing lead material. As a result, over 1,500 families in the Municipality of Mayaguez will benefit from the repairs to these facilities. This project is currently under formulation, with expectations of obligation in the upcoming months.

Execution Progress on Previously Reported Projects

- Public Housing Complex: Luis Llorens Torres | $106.9 million – These projects include renovations to recreational areas, more than 99 residential buildings, and the administrative building. As a result, over 2,000 families in the Municipality of San Juan will benefit from the repairs to these facilities.
  - Update: During this reporting period, a third project was obligated for the Llorens Torres Youth Center with an obligated amount of $36.3 million. The youth center consists of several housing complexes of 888 apartment units distributed along 61 concrete buildings. This third project will include exterior preparation and painting, the removal and replacement of a waterproofing system, and lead material removal.

- Public Housing Complex: Nemesio R. Canales | $49.1 million – Located in the Municipality of San Juan, these projects consist of reparations to the housing complex buildings, including the administration building and a basketball court. The mitigation measures for this complex are estimated at about $14.2 million and will focus on preventing wind damage and rain filtration on the rooftops.
  - Update: The procurement process for this project has encountered significant challenges, primarily due to limited bidder participation, as explained in the overview of this section. As a result, the project is currently on hold pending re-bidding.

- Public Housing Complex: Arístides Chavier | $22.5 million – Located in the Municipality of Ponce, these projects consist of renovations to the administrative building and 49 residential buildings. The proposed mitigation project will impact nearly 500 families and improve the drainage and roof sealing systems, among other renovations.
  - Update: Likewise, the procurement process for this project has encountered significant challenges, primarily due to limited bidder participation, as explained in the overview of this section. As a result, the project is currently on hold pending re-bidding.

B. Facilitating the Execution of Permanent Work Projects

The execution of permanent work projects focuses on the restoration and reconstruction of the Island's infrastructure following the devastating impact of the catastrophic disasters that have recently affected

Puerto Rico. These projects involve reconstruction and hazard mitigation measures for roads and bridges, public utilities, water control facilities, public buildings, parks, and recreational facilities. Although recovery efforts continue to face challenges such as labor market shortages and rising inflation rates, several strategic permanent work projects have received targeted support from COR3 due to their direct impact on infrastructure, community and health services, and the economy. Listed below are some of these permanent work projects.

- Fernando L. Ribas Dominicci Airport in Isla Grande | $51.7 million – This airport located in Isla Grande has four (4) projects to repair its facilities, including the replacement of hangars, among other improved projects that are currently in the design phase. The completion of these projects will result in stronger and more reliable facilities, which in turn will improve the quality of the services provided to its visitors. These projects will be carried out with a 90% contribution from FEMA, while the remaining 10% will be covered by the CDBG-DR "Non-Federal Match" program.

- San Juan Diagnostic and Treatment Centers ("CDTs" for its Spanish acronym) | $23.3 million – The project consists of repairing damages in six (6) of the main medical diagnosis and treatment facilities in the Municipality of San Juan, including the Belaval CDT, HOARE CDT and Head Start Bahia, Puerto Nuevo CDT, Quevedo CDT, Sabana Llana CDT and San José – Dr. E. Koppisch CDT. The repairs include interior and exterior painting, acoustic ceiling replacement, waterproofing of roofs, sanitation, and the replacement of electrical distribution panels and substations due to water damage. This project is currently under construction and has 5% of the work completed.

- Resi Campus in Río Piedras| $23.7 million – The Resi Campus building is one of the main housing facilities for both local and international students attending the University of Puerto Rico ("UPR") Río Piedras Campus. Constructed in 1961, this housing facility offers affordable prices and is located within the Campus, providing proximity to most of the departments and faculties. Resi Campus has been closed since Hurricane María hit the island. This project consists of a complete restoration of the structure, including the replacement of its electrical and mechanical systems while updating the facilities in accordance with the current regulations on accessibility, means of exit, fire alarms, and fire protection. The project entails replacing doors and windows as well as remodeling all bedroom units and common areas of the building. The existing waterproofing system will be completely removed and replaced by a new system consisting of a combination of three (3) layers of asphalt membranes. The project's first phase will consist of asbestos and lead mitigation prior to the start of renovation work. These hazard mitigation measures will ensure a more resilient building enclosure. By the end of this reporting period, a total of $3.8 million has been disbursed through the RFCA program for A&E and construction. The permitting process for building lifting and hazardous material mitigation began in early September 2023.

- Rafael Hernández Airport in Aguadilla | $9.8 million – The Aguadilla airport has two (2) recovery projects involving the improvement of terminals, hangars, and additional buildings. These projects will be carried out with a 90% contribution from FEMA, and the remaining 10% will be covered by

the CDBG-DR "Non-Federal Match" program. These projects have been recently obligated and are expected to initiate their design phase promptly.

- Isla Grande Pan American Piers I & II | $7.5 million - This project belongs to the Puerto Rico Port Authority and consists of the refurbishment of the facilities that serve cruise ship passengers. The project involves two main components: (1) the exterior envelope and (2) the mechanical/electrical equipment necessary for maintenance at Terminals #1 and #2. Both piers will undergo corrective actions to reinforce structural elements and other replacements/reparations, focusing on restoring them back to their pre-disaster design, function, and capacity within the existing footprint. This project initiated its construction phase in September 2023.

- COSSMA Health Center in San Lorenzo | $6.3 million – This project entails the complete reconstruction of the infrastructure of the COSSMA Health Center in San Lorenzo, which provides primary health services to approximately 3,000 people per month. The previous facility was destroyed by Hurricane María, which prevented it from receiving patients. The project consists of demolishing the existing facility and rebuilding it according to current building codes. The construction phase of this project is 100% complete.

- The Abrahonda Low Water Crossing | $5.7 million – This project, located in the Municipality of San Sebastián, consists of the reconstruction of the previous road that had been washed away by the Guajataca River during Hurricane María with a single-span bridge above flood level to mitigate risks during future events. The completion of this project will benefit the community by providing a direct route from the Guacio ward to workplaces, hospitals, and supermarkets located in the urban center of San Sebastián. The construction phase of this project is 100% complete.

- Sixto Escobar Gym Auditorium | $4.2 million – This project consists of rebuilding the Gym Auditorium located within the Sixto Escobar Stadium in San Juan, which suffered significant damage during Hurricane María. The stadium is a versatile venue that was originally designed for baseball but has since hosted multiple sporting events, such as boxing, basketball, and soccer. The stadium also houses the Puerto Rican Sports Hall of Fame Museum and Library, and its structure was declared a Historical Monument in 2014. The project aims to rebuild a 32,130 square-foot indoor basketball court with bleachers and rubber flooring, as well as a separate building for boxing and a weightlifting room. The project is currently under construction, with 5% of the work completed.

- Miguel Fuentes Pinet Stadium | $3.7 million – This project involves repairing and improving a community baseball field in the municipality of Loíza. The repairs include restrooms, concrete sidewalks, an aluminum fence, a safety grate, foul netting, a ceiling net, field renovations, a transmission station, a parking stall, and a covered grandstand with bleachers. Phase one of the project is 40% complete, while phases two and three are currently in the bidding process.

- Los Brillones Bridge in Barrio Barrazas | $3.6 million – This project consists of repairing damage to a bridge in Barrio Barrazas, situated in the mountainous area of the Municipality of Carolina, which connects thousands of families to the Municipality's main roads. The new design will include an open bridge in accordance with the new building codes and standards. The construction phase of this project is 40% complete.

- Buena Vista Water Tank | $2.2 million – This project is located in the Buena Vista ward in Humacao and consists of the demolition and subsequent reconstruction of the water tank in accordance with new building codes. The new water tank is designed to withstand 200 mph winds, providing continuity of services, and maintaining a reserve of 350,000 gallons for the benefit of approximately 1,648 families. The construction phase of this project is 100% complete.

Execution Progress on Previously Reported Projects

- ASSMCA: Mental – Drug Rehabilitation Service Administration – The Puerto Rico Mental Health and Anti-Addiction Services Administration ("ASSMCA" for its Spanish acronym), which is the State Entity dedicated to the rehabilitation of mental and drug addiction patients, has several locations across Puerto Rico that were damaged by Hurricane María. Approximately $74.5 million has been obligated toward repairing the different clinics, hospitals, and rehabilitation centers. A total of seven (7) projects targeting critical facilities are pending project formulation and are in A&E analysis with FEMA's Tiger Team for BBA evaluation.[23]
  - Update: The restoration of ASSMCA multi-program facilities and ASSMCA Headquarters under this project are currently in the design phase. The project has received approximately $20.8 million in disbursements.

- Cardiovascular Center of Puerto Rico and the Caribbean – The Cardiovascular Center of Puerto Rico and the Caribbean is the only institution specializing in the treatment of cardiovascular conditions across the Caribbean. This project has a total of $44.3 million obligated for the reconstruction of its main building. Permanent repairs and mitigation measures include replacing and increasing the capacity of the emergency generator system and replacing the ventilation and air conditioning system, among other improvements. The reconstruction of this facility will improve the essential healthcare services provided to the people of Puerto Rico.
  - Update: A total amount of $9.9 million was disbursed through the RFCA Program. These funds are already being used for various repairs, including the installation of energy generators and extractors.

- Tibes Indigenous Ceremonial Center in Ponce – With an obligation of nearly $100,000.00, this project consists of repairs to the exterior area of the museum, the exhibition building, and the

[23] FEMA's Tiger Team is a group of FEMA specialists responsible for working on BBA evaluations.

parking lot, among other installations. The A&E studies have been completed and the project is primed for the design phase.

- Update: A new project version was authorized as a Section 406 Hazard Mitigation project for an estimated amount of $355,046.71. A mitigation proposal is expected to be submitted by the municipality.

- Institute of Puerto Rican Culture for the Caguana Ceremonial Indigenous Center in Utuado – This project has over $1.4 million in obligated funds for the replacement of lighting and the repair of its infrastructure, such as the museum, an auditorium, and the administrative offices. Some of these repairs will focus on fixing rooftops, electrical systems, ceiling fans, two septic tanks, gutters, drainage systems, and benches, among others.
  - Update: The Caguana Ceremonial Indigenous Center has a project obligated under the Earthquake Disaster (DR-4473) that is currently in the A&E phase. Having projects under both disasters (DR-4473 & DR-4339), the structural repairs under DR-4473 must be executed prior to the other repairs under DR-4339.

- Ceremonial Park Cueva del Indio in Las Piedras – This recreation facility has over $72,000.00 in obligated funds for waterproofing the rooftop, wood framing the pavilions, and door repairs.
  - Update: At the end of this reporting period, this recreation facility has over $80,075.83 in obligated funds for the preparation and painting of park building exteriors, the removal and replacement of wood doors, and the renewal of elastomeric roof treatments to ensure structural integrity and aesthetics. Additionally, the project includes the removal and replacement of cyclone fence components, including gates for security and access control purposes. To enhance the facility's amenities, new covered shelters will be installed, including one (1) gazebo and two (2) round gazebos with galvalume roofs and wood frames.

- Road Renovations in Mountain Municipalities – 15 municipalities and over 382,000 residents will benefit from the repair of a system of bridges and roads connected to Puerto Rico's Central Range. With approximately $672 million in obligated funds, these repairs are crucial to ensure the safety and quality of life of the region's residents, improve small business operations, and promote the tourism sector. One of these municipalities is Jayuya, which has $268 million in funds allocated for 123 municipal road projects. Another of the municipalities impacted is Naranjito, which has $36 million obligated for several road projects.
  - Update: An estimated $5.6 million of the $36 million obligated for road projects in Naranjito will be used for mitigation measures.

- Vieques Susana Centeno (CDT) – The replacement of the Vieques medical care facility remains a top-priority project for the Municipality, for which FEMA initially allocated $39.5 million. During previous reporting periods, FEMA authorized an increase in the federal share, bringing the total to $43.5 million, after the Municipality reached an agreement with its insurance company regarding

the damages inflicted on the structure during Hurricane María. So far, $11.3 million has been disbursed, of which more than $10.8 has been received through the RFCA Program.

Moreover, on September 16, 2022, an Improved Project Request was presented to FEMA, which went through the FEMA National Workflow and completed the amendment process on January 12, 2023. The contract to develop the Design and Build for the project was awarded in February 2023.

- Update: The bidding process for project inspection services was conducted and awarded in June 2023. The design is 80% complete and construction is expected to start in October 2023.

- Maunabo (CDT) Facility – This project consists of the replacement of the Maunabo CDT, which is the provider of basic medical services for the community of Maunabo. A total of $32.2 million has been obligated for the replacement of this facility, and approximately $7.3 million has been disbursed through the RFCA Program.
  - Update: By this reporting period, the demolition of the previous structure has been completed and the design phase for the construction of the new building has been submitted and approved by FEMA as an improved project. The next step for this project is to initiate the bidding process.

- Forensic Sciences Institute – The Puerto Rico Forensic Sciences Institute ("FSI") is the only medical examiner's facility in the Island, specializing in medical and toxicology analysis, forensic research, and criminological investigations. Its headquarters, which are in San Juan, were severely damaged by Hurricane María, causing electrical power issues, water leaks, mold, and structural damages that have affected the facility's laboratories. Although the initial obligation amounted to $21.3 million, the obligation was later reduced to $8.5 million after the FSI's private insurance company only disbursed $300,000.00 for the damages caused to the facility, resulting in the FSI filing a lawsuit claiming the full insurance amount. After FEMA's evaluation of the Reasonable Efforts letter for the Insurance Settlement submitted by the FSI, an increase of $11.3 million in costs was approved. As a result, a new project version was obligated in March 2023 with a total obligated amount of $19.9 million.
  - Update: An improved project is being developed to include additional improvements to increase the resiliency of the main building.

- Roosevelt Roads Electric Power Grid – $33.9 million has been obligated for the reconstruction of this electrical power distribution grid. This project, located in the Municipality of Ceiba, consists of improvements to three primary voltage systems, the replacement of over 530 poles, and the rehabilitation of three electrical substations and its associated infrastructure. During the first quarter of 2023, the Local Redevelopment Authority for Roosevelt Roads ("LRA") conducted and awarded a Request for Proposal ("RFP") for the design of this project, and construction is expected to start in 2024.
  - Update: A proposal for hazard mitigation under Section 428 is being formulated to upgrade the power grid.

- Flood Control Pump Stations – These 13 pumping stations, which have an estimated cost of approximately $23.7 million, impact the southern part of the Municipalities of Juana Díaz and Salinas (Southern Flood Control Pump Stations, $4.5 million in obligated funds), and heavily populated areas in the Municipalities of Cataño, Guaynabo (Water Control Facilities, $10 million in obligated funds), and San Juan (Baldorioty / De Diego / Parada 18, $9.2 million in obligated funds). The project is intended to address the damage caused by Hurricane María, improve existing infrastructure, and mitigate damage caused by other disaster events, like Hurricane Fiona.
  - Update: Hydrologic and Hydraulic ("H&H") Studies were completed for all 13 Flood Control Pump Stations. Currently, the Department of Natural and Environmental Resources ("DNER") has awarded contracts for design, and as part of the SOW, designers will evaluate the Mitigation Proposals presented by FEMA.

- Department of Sports and Recreation: CECADER Project – This project, which consists of the repair of a community recreational facility in the Municipality of Aguadilla, is suitable for approximately 12 different sports disciplines. With an obligation of approximately $8.2 million, the project entails significant and necessary improvements to the facility's rental rooms and community center, which was severely affected by Hurricane María.
  - Update: As of this reporting period, phase one of this project, which includes the improvements to the rental rooms of this facility, is approaching completion. The procurement process for the coming phases is expected to commence in the next quarter, between October and December 2023.

- Félix Millán Baseball Park – This project is located in the Municipality of Yabucoa. Built in 1973, the Félix Millán Baseball Park is a stadium for the Double-A Superior Baseball League and home to the Municipality's baseball team, the Azucareros of Yabucoa. The project consists of the demolition of the 50,788 square-foot stadium and construction of a new 70,360 square-feet baseball stadium facility; the new facility will have two (2) levels, with a third level for the broadcast booth and concrete bleachers for 4,200 spectators. It will also have additional features, including a restaurant/lounge for activities and large events. The Municipality, in collaboration with COR3, has received an obligation of $26 million, of which $6.5 million has already been disbursed through the RFCA program.
  - Update: The construction bid was held on June 21, 2023, and construction began on the sixth anniversary of Hurricane María, September 20, 2023.

- La Guancha – Located in the Municipality of Ponce, La Guancha is an entertainment area that includes several facilities such as kiosks, buildings, a boardwalk, an observation tower, several entertainment stages, recreational areas, and parking spaces, all of which were impacted by Hurricane María and the 2020 Earthquakes. Funding for this project was allocated based on the damage caused by Hurricane María ($7.4 million) and the corresponding A&E costs for the Earthquakes ($127 thousand). However, the project was obligated under the Hurricane María

disaster as EHP Not Compliant. Therefore, studies are currently underway to ensure that the project complies with the EHP requirements for both disasters.

- **Update**: This project has been divided into two parts, one being the design phase, which is ongoing, and the other being the construction bid process. After concluding the bidding process, the Municipality is in the process of awarding the contract for the construction phase. For the design phase of this project, the Municipality is expected to submit the method of repair ("MOR") in November, along with the MOR for the Earthquakes disaster for FEMA evaluation.

- Cuartel de Ballajá (Ballajá Barracks) – Built by the Spanish Army between 1854 and 1864, this building is one of the largest and most impressive military structures built by the Spanish Crown in the Americas. This project has an allocated Federal share of $21.4 million to address the damage caused to the structure by the impact of Hurricane María, including the building's interior and exterior areas.
  - **Update**: This project is facing material shortages due to the unavailability of required materials for the construction and restoration of historic buildings in Puerto Rico. Consequently, repairs to doors, windows, and shutters have been delayed, and the new estimated completion date is January 2025. An extension to the Period of Performance ("POP") to repair the remaining damages has been granted until September 20, 2024, but a further extension to 2025 will be required.

- Department of Health Laboratory and Central Offices – The Puerto Rico Department of Health ("PRDOH") intends to convert a two-story facility constructed in the 1950s that currently houses administrative offices and laboratories essential to the study of diseases found in Puerto Rico. The project is divided into two phases: phase one accounts for the design and construction of the Public Health Laboratory, and phase two consists of the relocation of the Central Offices. The PRDOH has initiated the RFP process for phase one, with a preliminary estimated cost of $21 million for its design and construction, and it has already hired an architectural firm to evaluate the additions and repairs to be incorporated into the preliminary design of the new facilities. For phase two, the PRDOH is currently evaluating sites to relocate their Central Offices. Both phases have an obligation of $58.4 million.
  - **Update:** The RFP process for phase one of this project has concluded and the contractors have been issued the "Notice to Proceed" to initiate the design and construction of the Public Health Laboratory. For phase two, the PRDOH is currently in negotiations to acquire a site for the relocation of their Central Offices.

- Santa Isabel Medical Center (CDT) – This project consists of the repair of the Municipality's CDT to restore it back to its pre-disaster design, capacity, and function. The facility, which is the only health institution servicing the Municipality of Santa Isabel, has an obligation of $2.5 million, of which $468,172.00 has been disbursed. As the construction phase is near completion, enhancements to the electrical system and the installation of a generator are underway. Hurricane Fiona reinforced

the urgency of ensuring that all medical centers have electrical generators available in case of an emergency.

- **Update**: This project's original scope of work is 95% completed, but the Municipality is contemplating requesting an improved project version for the remaining 5% allocated for improvements to the electrical system.

- Department of Transportation and Public Works Road Signs Projects – Work is currently underway and is distributed in two (2) projects: the replacement of approximately 114,500 square feet of damaged traffic signs and the installation of road markers in state roads of the Puerto Rico Highway System, owned, operated, and maintained by the Department of Transportation and Public Works ("DTOP" for its Spanish acronym). With a combined obligation of approximately $31 million, the two projects will impact seven regions: San Juan, Arecibo, Aguadilla, Mayagüez, Ponce, Guayama, and Humacao. The installations have already begun, with a total of 60,241.77 linear feet of posts and an area of 25,592.89 square feet of sign plaques installed to date. The procurement process is ongoing.
  - **Update**: The procurement phase is complete, and installations are ongoing, with a total of 130,839 linear feet of posts and an area of 57,162.49 square feet of sign plaques installed to date. A total amount of $7.1 million has been disbursed for this project.

- Vieques Airport – This $5.2 million project of the Puerto Rico Ports Authority ("PRPA") consists of replacing the roof assembly at the Vieques Terminal Building and Air Link Hangar and refurbishing the Aircraft Rescue and Fire Fighting Building's roof, among other critical repairs. These repairs will not only ensure passengers' safety but will also improve the Island's tourism sector. This project is currently in the procurement phase.
  - **Update**: The contract for the project's design is expected to be signed in November 2023.

- Sociedad Española de Auxilio Mutuo y Beneficiencia – The Sociedad Española de Auxilio Mutuo y Beneficiencia is a general hospital located in the Municipality of San Juan. Founded in 1901, it is one of the subordinate organizations under Hospital Auxilio Mutuo, one of the biggest hospitals in the San Juan Metropolitan Area. This Private Non-Profit has a total of $52.7 million obligated, including a permanent work project for several non-historical buildings; among them, a 9-story building, external clinics, and multi-level parking space. This project, for which FEMA originally obligated $8 million, has been versioned to include an additional $12 million for hazard mitigation measures for wind retrofit.
  - **Update:** The Subrecipient has contracted a project management firm and initiated bids for the design and construction of the historic and non-historic sites.

Tables 2-4 provide a detailed breakdown of large projects, classified by permanent work categories and project stage, for Municipalities, State Entities, and Private Non-Profits.

Table 2: Municipalities Sector - Recovery Stages by Category						
Count of Facilities - Project Stage	Permanent Work Category[24]					
	C	D	E	F	G	Total
Construction Completed	267	3	60	10	233	573
Construction in Progress	457	7	256	8	524	1,252
Construction in Procurement	170	-	103	2	307	582
Permitting	3	-	3	-	14	20
Design in Progress	367	3	75	-	212	657
Design for Procurement	236	-	27	1	85	349
Planning	2,316	12	684	5	1,624	4,641
Total	**3,816**	**25**	**1,208**	**26**	**2,999**	**8,074**

Table 3: State Entities - Recovery Stages by Category[25]						
Count of Facilities - Project Stage	Permanent Work Category					
	C	D	E	F	G	Total
Construction Completed	9	-	69	58	24	160
Construction in Progress	18	3	146	207	41	415
Construction in Procurement	-	3	192	69	254	518
Permitting	-	-	-	-	-	-
Design in Progress	441	-	537	49	18	1,045
Design for Procurement	78	10	361	3	67	519
Planning	17	76	2,695	6	574	3,368
Total	**563**	**92**	**4,000**	**392**	**978**	**6,025**

[24] Permanent work categories are as follows: (C) Roads and bridges; (D) Water control facilities; (E) Public buildings and contents; (F) Public utilities; and (G) Parks, recreational, and other facilities.
[25] Table 3 includes data related to FAASt.

Table 4: Private Non-Profits - Recovery Stages by Category						
Count of Facilities - Project Stage	Permanent Work Category					
	C	D	E	F	G	Total
Construction Completed	-	-	123	19	2	144
Construction in Progress	-	-	129	3	-	132
Construction in Procurement	-	-	87	3	-	90
Permitting	-	-	21	2	-	23
Design in Progress	-	-	220	4	7	231
Design for Procurement	-	-	244	-	2	246
Planning	-	-	2,025	10	1	2,036
Total			**2,849**	**41**	**12**	**2,902**

C. Hazard Mitigation Grant Program

1. Overview

The GPR and COR3 are committed to rebuilding a more resilient Puerto Rico by optimizing the use of HMGP funds and providing technical mitigation support throughout each project's obligation, procurement, and construction phases. To this end, COR3 has issued an updated version of its HMGP Administrative Plan, which was submitted for FEMA approval in July 2023. The HMGP Administrative Plan serves as a procedural guideline detailing how COR3 will administer HMGP awards and subawards. This Plan not only assures FEMA that the GPR has the capability to manage the program but also outlines essential procedures for COR3 and the State Hazard Mitigation Officer ("SHMO") to interact with FEMA and the Subrecipients.

As outlined in the HMGP Administrative Plan, COR3 has restructured the HMGP team to better assist Subrecipients in maximizing funding and meeting FEMA milestones and deadlines. This involved consolidating and merging the PA and HMGP Project Development and Grants divisions to create a more streamlined and efficient structure. The goal is to improve communication, collaboration, and productivity while optimizing resource allocation without affecting the nature of each program. This will increase efficiency in HMGP processes by improving visibility into the status of HMGP projects.

As Federal funding provided by FEMA for total HMGP costs, excluding management costs, is limited to 75% of total eligible costs, applicants must provide a non-Federal match to cover the remaining 25% of the project cost for the Non-Federal Share ("NFS") portion. Therefore, to address Subrecipient's lack of funding, the GPR and HUD have agreed to use Community Development Block Grant Mitigation ("CDBG-MIT") funds under the Global Match Strategy to meet the matching requirement. This approach reduces the

administrative burden on Subrecipients and the GPR by providing an opportunity to meet the match requirement through fewer projects while addressing CDBG-specific requirements under distinct projects.

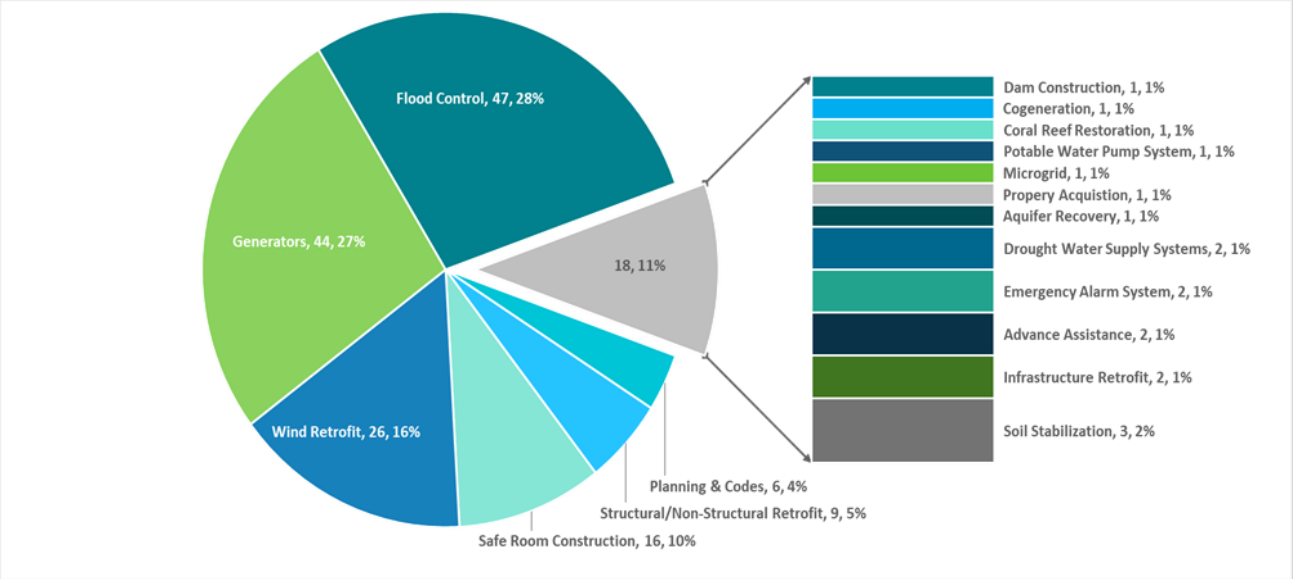
The HMGP is intended to ensure that critical mitigation measures are taken to reduce the risk of loss of life, essential services, and property in future disasters during the reconstruction process following a catastrophic event.[26] To this end, FEMA has awarded $3.99 billion to the GPR under DR-4339 (Hurricane María), which includes $999 million for the NFS portion, implemented under the Global Match Strategy with CDBG-MIT funds. In this reporting period, FEMA has approved 80 projects, representing a total of $368.3 million in obligated funds. These projects can be categorized as follows: 15 projects are in the planning phase, amounting to $13.8 million; 55 projects are in the procurement and design phase, for a total of $318.7 million; and eight (8) projects are in the procurement and construction phase, representing $34.1 million. Additionally, there are two (2) completed projects[27] and 126 projects are currently under FEMA's review. Refer to Figure 21 for an overview of the execution of HMGP permanent work projects.[28] These projects are aimed at developing infrastructure resilience through risk mitigation proposals, thus promoting flooding control, mitigation of climate change effects, such as coastal erosion and landslides, and the use of renewable energy, among others. Figure 22, shown below, includes a breakdown of the mitigation activities approved by FEMA for projects under Hurricane María.

Figure 21: Road to Resilience Dashboard[29]



[26] Stafford Act, 42 U. S. C. 5170c.
[27] In the Ninth Congressional Status Report, the Road to Resilience Dashboard highlighted the completion of four (4) projects. During that time, the Dashboard classified projects as completed if one of their facilities was executed, even if the full scope of the project was not finished. Currently, improvements have been made to this Dashboard, so only projects that have been successfully completed are reported. Consequently, of the total, only two (2) projects met this criterion and are now reported as completed.
[28] The Road to Resilience Dashboard reflects data reported by Subrecipients in the last QPR corresponding to the period between July 1 and September 30, 2023.
[29] Figure 21 includes data related exclusively to Hurricane María, whereas the Road to Resilience Dashboard, available through COR3's Transparency Portal, includes data from multiple disasters.

Figure 22: FEMA Approved Mitigation Activities



2. HMGP Projects

HMGP projects have made significant progress in alignment with the GPR priorities for a more efficient, resilient, and streamlined reconstruction for Puerto Rico as COR3 continues to ensure that HMGP projects are consistent with FEMA's strategic initiatives in environmental justice, climate change adaptation, and nature-based solutions. HMGP projects that have been approved by FEMA include the following.

- PREPA: Luis Muñoz Marín System | $59.7 million – The Luis Muñoz Marín International Airport is the main commercial air transportation hub in Puerto Rico. As such, having the ability to maintain or reinstate operations immediately following a disaster will facilitate recovery efforts and enable efficient transportation of people and equipment to and from Puerto Rico. This project entails the acquisition and installation of seven (7) Prime Power reciprocating Engines of 2 megawatts each and one (1) Diesel Black Start Engine to provide electricity for up to seven (7) days in the event of a grid outage. The first phase of this project consists of design and further studies, while the second phase will concentrate on the acquisition and installation of the equipment. The project's SOW was amended and approved by FEMA in June 2023 to ensure that the minimum completion percentages for the first phase's design specifications were met, and the next step is to engage engineering design services.
  - Phase 1 Amount: $3.7 million
  - Phase 2 Amount: $56 million

- PBA: Seismic Retrofit of Existing Public Schools | $150 million – This project aims to reduce the risk to students, teachers, and other staff and public in school buildings, as well as minimize the risk of

seismic hazard to critical infrastructure. The project SOW includes the assessment, design, and seismically retrofit of up to 55 public schools to mitigate structural and non-structural seismic vulnerabilities in the buildings. The procurement process of this project is currently underway; the evaluation of proposals submitted by the A&E firms for the design work of the project was completed on July 28, 2023, and the contracting process is set to begin shortly. An RFCA of 20% has been approved for this project for a total disbursed of $6.9 million.

- Phase 1 Amount: $34.6 million
- Phase 2 Amount: $115.5 million

- PREPA: Patillas Dam Seismic Retrofit | $558 million – The purpose of this project is to reduce the likelihood of seismic-induced embankment deformations that could result in a dam breach with uncontrolled reservoir spillage that would cause downstream flooding. This project consists of the reconditioning of the Patillas Dam, which will restore the normal reservoir water surface elevations required to meet critical water resources for power generation, agricultural irrigation, and public water supply for 100,000 people in the Island's southeastern region. The first phase of this project involves conducting geological, topographical, and environmental studies, which have already been completed. Currently, 35% of the project design has been completed and the first phase is expected to be done in the following months.
  - Phase 1 Amount: $2.6 million (HMGP funds)
  - Phase 2 Amount: $555.4 million (CDBG-MIT funds)

- PREPA: Simple Gas Turbines |$280.8 million – This project aims to acquire and install seven (7) mobile dual-fuel generators (peakers), four (4) 30 megawatt black-star generators, and 11 1-megawatt start-up generators without voltage reference, along with the necessary infrastructure. The purpose of this project is to improve the resiliency and efficiency of Puerto Rico's electrical grid by optimizing the mitigation efforts. On October 16, 2023, COR3 requested FEMA to move the (7) mobile dual-fuel generators (peakers) along with their respective one (1) megawatt start-up generators from section 406 (HM PA) to section 404 (HMGP). This request has been approved by the Puerto Rico Energy Bureau and is awaiting final approval from FEMA. If granted, both the SOW and project budget will need to be amended and submitted to FEMA for approval.
  - Phase 1 Amount: $ 12.7 million
  - Phase 2 Amount: $ 254.8 million

- PRASA: Bauta – South Region Water Supply System Improvement | $257.4 million – This drought mitigation project aims to increase water supply reliability for the southern region of Puerto Rico. The project proposes the design and construction of a tunnel from the Bauta River in the north basin to the hydrographic basin of the Toa Vaca River in the south. The tunnel will divert water from the Bauta River to a tributary of the Toa Vaca River and feed into the Toa Vaca Reservoir, increasing the safe yield of the Toa Vaca Reservoir from 16 MGD to 29.9 MGD. The project also includes the expansion of the existing Toa Vaca WTP, or the construction of a new WTP, to increase the

treatment capacity from 7.5 MGD to 20.5 MGD and the installation of new transmission pipelines to bring potable water to areas currently supplied by groundwater wells. Once all the improvements mentioned above are implemented, the existing water supply wells will cease operations, allowing 13.02 MGD of water currently extracted by the wells to be used for aquifer restoration. This project is 100% CDBG-MIT funded.

- Phase 1 Amount: $26.4 million (CDBG-MIT)
- Phase 2 Amount: $231 million (CDBG-MIT)

- Ponce Padre Noel Storm Water Project | $23.6 million – This mitigation project aims to reduce the risk of flooding in the "Playita" sector of the Municipality of Ponce, preventing life and property loss in future rainfall events. The project proposes the design and construction of a new storm sewer system and pump station. The first phase includes its design and further studies, while the second phase concentrates on its construction and implementation. This project is 100% CDBG-funded.
  - Phase 1 Amount: $1.6 million (CDBG-MIT)
  - Phase 2 Amount: $22 million (CDBG-MIT)

Execution Progress of Previously Reported Projects:

- PRASA: Central-East Region Water Supply System Improvements: El Valenciano | $417.6 million – This project proposes a new on-stream reservoir with a capacity of 12.7 million cubic meters, an expansion of the Valenciano Water Treatment Plant and a new distribution system. This water supply system will link and improve the reliability of the potable water supply of the Municipalities of Las Piedras, Humacao, Juncos, Gurabo, San Lorenzo, and Caguas. It will also provide redundancy and adequate water storage and pumping capacity to transmit water between the Valenciano Water Treatment Plant and these Municipalities, ensuring continuous operation and water supply for the central eastern region of Puerto Rico during drought conditions.
  - Phase 1 Amount: $18.5 million
  - Phase 2 Amount: $399 million
  - Update: An Environmental Assessment ("EA") is currently being conducted by FEMA and the Subrecipient has submitted a request to COR3 to reallocate funds from the first to the second phase to conduct further studies.

- DNER: San Juan Metro Coral Reef Barrier Restoration | $38.6 million –This project contemplates the placement of both artificial coral-like hybrid cement structures and native corals to act as underwater breakwater structures with sea-level rise adaptability. In addition to providing critical habitat for native coastal aquatic species, the coral reefs off the San Juan coast act as a natural barrier against storm surges, protecting the coast from flooding and erosion. The project aims to reduce flooding and protect some 800 structures surrounding the communities of Escambrón, Condado, Ocean Park, and Punta Las Marías. This project will be divided into two phases: phase one

will consist of design and further studies, and phase two will concentrate on construction and implementation.

- Phase 1 Amount: $3 million
- Phase 2 Amount: $35.6 million
- **Update**: The first phase of this project was approved on June 12, 2023, with an obligation of $3 million and includes the acquisition of A&E services, wind and wave analysis, marine subsoil studies, and environmental permits.

- PREPA: Vieques and Culebra Microgrids[30] | $96.7 million – This project consists of designing a new solar-powered microgrid system for the Municipalities of Vieques and Culebra. Phase one of this project, which was approved in March 2023, involves A&E design services, a geotechnical study, and an electrical load assessment, among other preconstruction activities, and phase two will concentrate on construction and implementation. These microgrids aim to increase power generation capabilities and leverage renewable energy through solar panels, enhancing energy resilience and efficiency.
  - Phase 1 Amount: $10.3 million
  - Phase 2 Amount: $86.4 million
  - **Update**: On August 4, 2023, COR3 requested FEMA to transition the project from Section 404 HMGP to Section 406[31] HM to maximize the mitigation efforts and bolster the resiliency of the island Municipalities of Vieques and Culebra[32].

- PREPA: Early Warning System (DAMS) | $100 million – The purpose of this project is to install an Island-wide early warning system for thirty-seven dams so that the potential risk of a dam breach or damage can be properly monitored. The successful implementation of this warning system would alert vulnerable areas within an hour of an emergency by means of an alarm signal, as well as notifying first responders through email.
  - Phase 1 Amount: $5.6 million
  - Phase 2 Amount: $94.5 million
  - **Update:** Over $1.1 million has been disbursed through the RFCA program to complete the design, studies, and permitting for the first phase. The second phase was approved in August 2023, and a kick-off meeting was held in September 2023 to begin construction.

- PRASA: La Plata WTP | $21.3 million **–** Installation of four emergency generators (2,500 kilowatts each) in the Enrique Ortega WTP located at the La Plata Lake Dam. The project will provide backup power to the Raw Water Intake Pump Station, sump pump, dam gate system engine, office building,

[30] In August 2023, a request was submitted to FEMA to transfer this project from 406 (PA Mitigation) to 404 (HMGP 404 Mitigation)., The request is currently pending FEMA's approval.
[31] Section 404 of the Stafford Act aims to provide protection to undamaged parts of a facility or to prevent or reduce damages caused by future disasters. Meanwhile, Section 406 of the Stafford Act allows the application of cost-effective mitigation measures to eligible damage elements during the repair/reconstruction of eligible facilities. Section 406 mitigation funding is part of the PA award.
[32] PREPA Vieques and Culebra Microgrids (Project No. HMGP-4339-0230) Letter to FEMA dated August 3, 2023.

exterior lighting, and security systems. These mitigation measures will preclude loss of power at the WTP and ensure water supply to over 369,000 habitants.

- Phase 1 Amount: $1.4 million (HMGP funds)
- Phase 2 Amount: $19.8 million (CDBG-MIT funds)
- **Update:** SOW modifications have been approved, and a new construction site was chosen due to the 54-inch water pipeline that was discovered on the precious site. Currently, 30% of the design phase is complete, which also includes specialized studies (topographic, geotechnical, biological, and cultural).

- Carolina Downtown Flood Mitigation | $24.5 million – The Municipality of Carolina is proposing a drainage improvement project to mitigate flooding in its downtown area and nearby communities. The project includes the construction of a new detention pond, a surrounding levee, a stormwater pump station, and a storm sewer system connected to the existing downtown storm sewer infrastructure.
  - Phase 1 Amount: $777,400
  - Phase 2 Amount: $23.7 million
  - **Update:** The first phase, which included the design and corresponding studies, was completed during this reporting period. In August 2023, a kick-off meeting was held to initiate procurement and construction activities for the second phase. An RFCA of 25% was approved in September 2023 to initiate construction work.

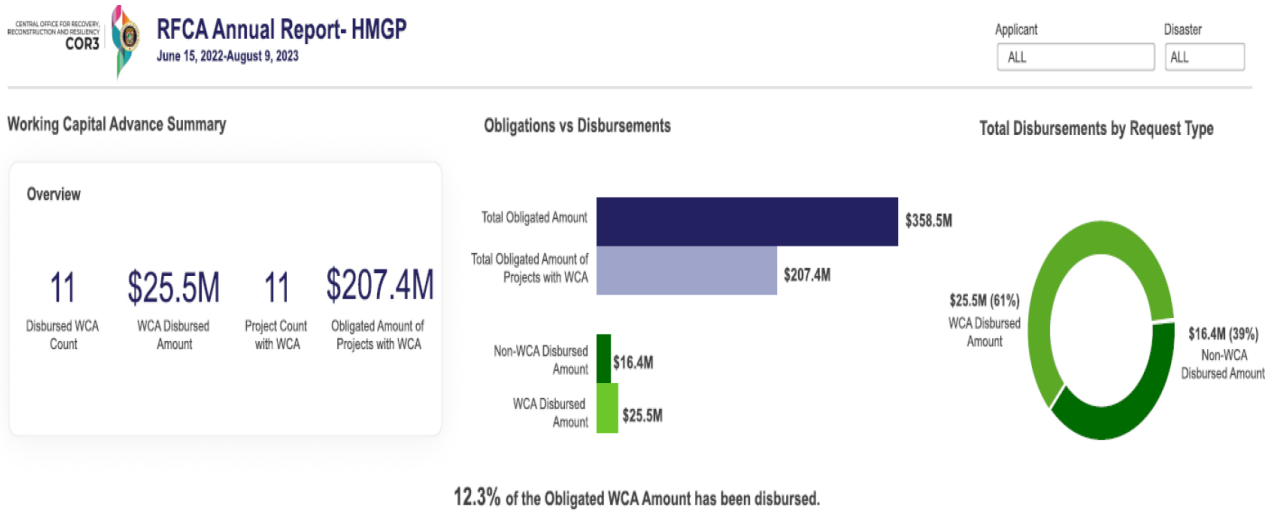
- Puerto Rico Land Administration: Ocean Thermal Energy Conversion Facility | $2.9 million – This proposal aims to reduce Puerto Rico's dependence on fossil fuels and its impact on climate change by constructing an Ocean Thermal Energy Conversion ("OTEC") facility. This project, which is still in the proposal phase, involves building either a 10-megawatt closed-cycle OTEC floating facility off the coast of Yabucoa or a 2.5-megawatt closed-cycle OTEC land-based facility near Lucía Beach in Yabucoa.
  - **Update**: The project remains under FEMA's evaluation and a response to the first Request for Information ("RFI") was submitted on October 13, 2023.

3. Request for Capital Advance Pilot Program

The RFCA program serves as an advance of funds to Subrecipients that lack the necessary liquidity to execute their recovery projects, thus preventing delays in Puerto Rico's recovery. Due to the success of the pilot program, earlier this year, it was extended to all Subrecipients under the HMGP. As a result, over $25.5 million has been disbursed through 11 HMGP projects, which represents 12.3% of the total obligated amount ($207.4 million) for PWs that have an RFCA. This disbursement is categorized by applicant type as follows: approximately $125,800 thousand has been disbursed to projects pertaining to Municipalities, $24.4 million has been disbursed to projects pertaining to State Entities, and $889,600 thousand has been

disbursed to projects pertaining to Private Non-Profits.[33] The figure below illustrates an overview of RFCA funds for HMGP.

Figure 23: RFCA Annual Report - HMGP



4. Staff Support and Coordination with FEMA

Subrecipients continue receiving technical mitigation support from FEMA, COR3, and subject-matter experts so challenges can be addressed, and project execution can efficiently move forward. As a result of providing individual project monitoring, on-site visits, assistance in responding to RFIs, and ongoing meetings with Subrecipients, a more effective evaluation process has been achieved. These collaborative efforts ensure programmatic progress, effective project management, and maximize funding.

5. Local and State Hazard Mitigation Plans

Local and State mitigation efforts are closely coordinated and integrated for project and planning purposes. To that end, all 78 Municipalities in Puerto Rico have Local Hazard Mitigation Plans ("Local HMP") in place and approved by FEMA. The issuance of Local HMPs is required by the Federal Disaster Mitigation Act of 2000, known as the Stafford Act, and the State Hazard Mitigation Plan, which was approved on September 30, 2021. Currently, all Local HMPs are being updated to ensure uniformity, as requested by the Puerto Rico Planning Board ("PRPB").

[33] Data obtained as of August 9, 2023; refer to the First Request for Working Capital Advance Pilot Program Performance and Compliance Monitoring Report, dated August 25, 2023.

D. Federal Policy Petitions

In response to the challenges Puerto Rico has faced during the disaster recovery phase, which have come to light over this reporting period, the GPR has submitted critical requests to FEMA, which, if approved, would significantly benefit the reconstruction efforts and expedite their progress. Below are some of the most important petitions that FEMA has approved or is currently evaluating:

- Request for Adjustment to Cost Estimates Contemplated in the FEMA's FAASt, Section 428 Projects and Project Timeline: In March 2023, the GPR communicated to FEMA on behalf of PRASA and the Puerto Rico Mayor's Federation, the challenges posed by rampant inflation affecting the Island's reconstruction efforts. This issue was previously addressed in an August 2022 session at FEMA Region 2. The substantial damages from Hurricane María led FEMA to develop alternative cost-estimating methods, resulting in the Section 428 fixed-cost estimate program and the FAASt approach, which uses Statistical Sampling Methodology. However, the unforeseen economic impact of the COVID-19 pandemic and the Russian invasion of Ukraine have significantly disrupted supply chains and escalated construction costs. In 2023, persistent inflation and supply chain issues continue, compounded by a workforce shortage threatening Puerto Rico's reconstruction timeline. With construction material and labor costs rising sharply, the fixed-cost agreements for FAASt and 428 projects risk leading to funding shortfalls, potentially jeopardizing the recovery process. Although not all projects have reached the bidding phase, early trends suggest budget increases will be necessary. COR3 plans to engage with all Subrecipients to collect data, analyze bids, and compare them with obligated project amounts, emphasizing the need for FEMA and Congress to make FAASt and 428 projects more flexible and authorize a revision of cost estimates considering the economic situation.

  As part of efforts to address inflation, COR3, in collaboration with AAFAF, conducted an initial study on the impact of rising inflation rates on reconstruction efforts. Consequently, on August 30, 2023, the 428 Cost Overrun Report was published in the COR3 Transparency Portal. For more information on the 428 Cost Overruns Report, please refer to the Transparency section.

- Improved Vieques CDT Project under the Stafford Act Section 428 Alternative Proceeding – Allocation of Funds for Insufficient Liquidity: On June 27, 2023, COR3 received a letter from the Municipality of Vieques addressed to FEMA's Federal Disaster Recovery Coordinator, requesting a review of the funds allocated to the Vieques CDT (Project 6407) and additional funding due to increased construction costs. The Municipality had previously requested extra funds from the FOMB, which approved a transfer of $26.2 million on December 6, 2022, conditioned on FEMA's reevaluation of the award amount. In response, COR3, acting on the Subrecipient's behalf, submitted a request to FEMA for additional funds as required by the FOMB. However, given that under FEMA's PAAP guidelines under Section 428, cap grants are based on fixed-cost estimates and do not permit adjustments post-obligation, there is no assurance of FEMA's approval for more

funds. Despite this, COR3 pledges to continue engaging with FEMA on PAAP enhancements and to seek any additional feasible funding for the Subrecipient.

- Post-Fixed Cost Estimate Obligation - Hazard Mitigation Approach - Change Request (DR-4339): Subrecipients have raised several concerns regarding the single change restriction in FEMA's PR PAAP Guide on Hazard Mitigation SOWs. FEMA's PR PAAP Guide allows Subrecipients to modify a 406-Hazard Mitigation SOW only if the Subrecipient can agree with FEMA and COR3 on the initial proposal cost estimates. After the project is obligated, the 406-Hazard Mitigation SOW may only be modified or added to once if a Hazard Mitigation proposal was not included in the original fixed cost offer.

  Noting that Subrecipients have faced challenges with projects that have multiple damages, on June 21, 2023, the GPR requested FEMA to revise the PR PAAP Guide and FEMA's FAASt Post-fixed Cost Estimate Obligation SOP (Part E: Hazard Mitigation Approach), to allow multiple changes to the 406-Hazard Mitigation SOW proposals for Section 428 projects.

- Management of Closeout Process for Section 428 Projects with Cost Underruns: On July 31, 2023, the GPR requested FEMA to provide comprehensive guidelines for effectively managing the closeout pertaining to Section 428 PWs. Specifically, the GPR sought further clarification on the documentation required for the submission of a closeout package for completed Section 428 PWs exhibiting cost underruns, whether attributed to excess funding or fund sharing.

- FEMA National Environmental Policy Act and PRDOH Coordination for Combined Funds Projects: On February 15, 2023, the GPR sent a communication to FEMA Region 2 regarding the FEMA National Environmental Policy Act ("NEPA") and related coordination with PRDOH for Combined Funds Projects. In a response dated April 20, 2023, FEMA agreed to let the PRDOH Permits and Environmental Compliance Division ("P&EC") lead the environmental and historic compliance reviews for projects predominantly funded by the CDBG-DR City Revitalization Program. FEMA's EHP teams, both regional and local, have been coordinating with COR3-EHP, HUD's Office of Environment and Energy, and PRDOH-P&EC on this matter. Collaborative efforts will continue to improve compliance procedures and strategies.

- Time Extension for Hurricane María Permanent Work Projects POPs: In the aftermath of Hurricane Fiona, on September 24, 2022, the GPR sought approval for a blanket extension for all Hurricane María permanent work projects. On September 26, 2022, FEMA granted a six-month blanket extension, extending the POP to March 20, 2023. Concurrently, FEMA has been reviewing individual time extension requests for each applicant and continues to do so. Meanwhile, COR3 has been diligently handling time extension requests for Subrecipients with POPs set to end on September 20, 2023.

- Request for Extension of Recipient Deadline to Submit Closeout Packages: As a result of the passing of Hurricane Fiona in September 2022, all the applicants' recovery and routine grant management efforts got delayed. For that reason, on June 1, 2023, the GPR requested an extension regarding the Recipient's deadline for submitting closeout packages related to Hurricane María's (FEMA-4339-DR-PR) emergency categories PWs.

- Indirect Costs under PA Management Costs Interim Policy Clarification Request: The GPR sought clarification from FEMA about indirect costs under the Management Cost Interim Policy, specifically questioning whether the policy requires indirect costs to be linked to an approved/eligible project and if it's permissible to submit all costs as indirect. In a response received on August 25, 2023, FEMA clarified that activities eligible for management cost encompass those associated with formulating eligible PA projects and obtaining reimbursement. However, activities linked to ineligible projects cannot be claimed under the management cost contribution.

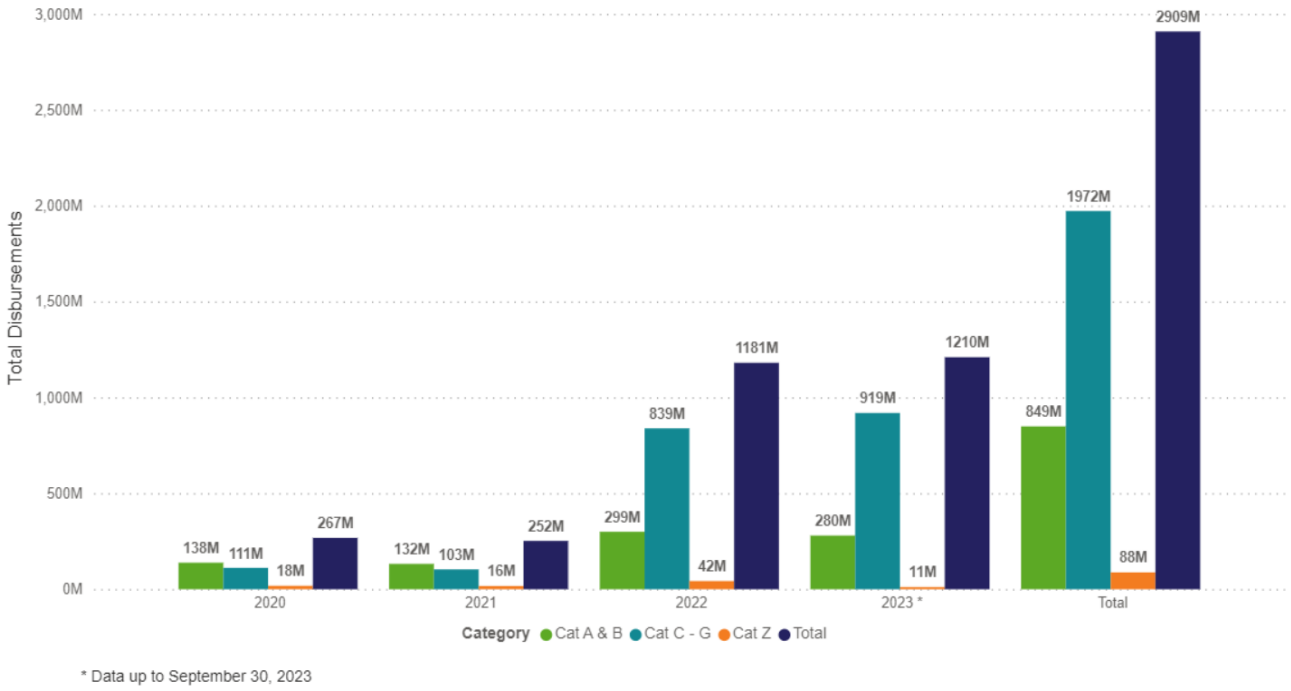
- Request for the Stabilization of the Puerto Rico Electric System: Following the damages caused by Hurricane Fiona, the GPR requested FEMA assistance to stabilize the Island's energy system through FEMA's Mission Assignment ("MA") Program. In November 2022, the Puerto Rico Electric System Stabilization Task Force was established, involving the Department of Energy ("DOE"), the Environmental Protection Agency ("EPA"), and the U.S. Army Corps of Engineers. This task force aimed to undertake short-term actions to temporarily increase generation capacity and enhance the transmission and distribution systems. In the meantime, the GPR and COR3 are moving forward on long-term improvements to power plant upgrades and significant renewable energy initiatives.

  Accordingly, in March 2023, three electric generators, totaling 150 megawatts, were delivered and designated for installation at the Palo Seco Thermoelectric Power Plant, ensuring grid stability for the upcoming hurricane season. As part of the temporary generation update, the San Juan plant has already been connected to the grid to provide an additional 200 megawatts to the 150 megawatts generated by the Palo Seco plant, as mentioned above. The commissioning of 200 megawatts to the San Juan plant completes DOE's goal of providing a total capacity of 350 megawatts (150 megawatts from the Palo Seco plant and 200 megawatts from the San Juan plant). The San Juan plant's temporary generation was connected to the grid on September 26, 2023, and temporary generation is intended to provide 350 megawatts until March 2024. The GPR is in ongoing communication with FEMA regarding the acquisition of additional equipment. Additionally, it has requested an extension to the deadline for the MA Program, which is currently set for March 15, 2024. The request is to extend the deadline to December 2024.

E. Financial Support

After assuming full responsibility for disbursements in 2019, COR3 has made significant progress in disbursing PA funds for obligated projects, including emergency work, permanent work, and management costs. Figure 24 provides a breakdown of the disbursements made in calendar years 2020 through 2023[34] by project category.

Figure 24: Disbursements by Category for Calendar Years 2020 - 2023 (DR-4339)



In the early years following Hurricane María, recovery efforts were primarily focused on stabilization, which resulted in concentrated activity toward obligating and completing emergency works projects. To date, a total of 476 emergency projects have been officially closed, and 774 are pending FEMA's closeout validation. This achievement is directly related to the decrease in disbursements made in 2022 ($299 million) and 2023 ($280 million) for emergency projects. Refer to Figure 24 for more details.

As such, six years after the disaster, the GPR continues to focus on the execution of permanent work projects aimed to comprehensively rebuild Puerto Rico, including the reconstruction of roads and bridges, water control facilities, buildings and equipment, utilities, and parks and recreation. The steady pace of disbursements made to permanent work projects in 2021 ($103 million), 2022 ($839 million), and 2023 ($919 million) have provided Subrecipients with the financial resources to initiate their projects, which is COR3 and the GPR' overarching goal, expediting fund disbursement, and facilitating project execution.

[34] Calendar year 2023 includes data as of September 30, 2023.

In furtherance of the progress that has already been made managing Federal recovery funds, the GPR and COR3 continue to seek innovative ways to streamline the disbursement process and incorporate additional efficiencies and enhancements to lay a stronger foundation for the coming years. Nevertheless, specific challenges coexist with respect to Subrecipients' financial capacity, given the unique nature of the economic situation in Puerto Rico, which includes shortages in the labor market, inflation, and lack of materials. Additional challenges include, but are not limited to, Subrecipients' limited access to adequate financing to initiate projects, delays in receiving reimbursements for work completed, which in turn limits the funding available to secure the continuation of construction works, and the inability to meet the 10% cost share match required for projects obligated under FEMA's PA Program.

Figures 25 and 26 below show the total dollar amount of the funds requested by Subrecipients and actual funds disbursed each month in this reporting period.

Figure 25: Average Total Requested Amount by Month (2023)

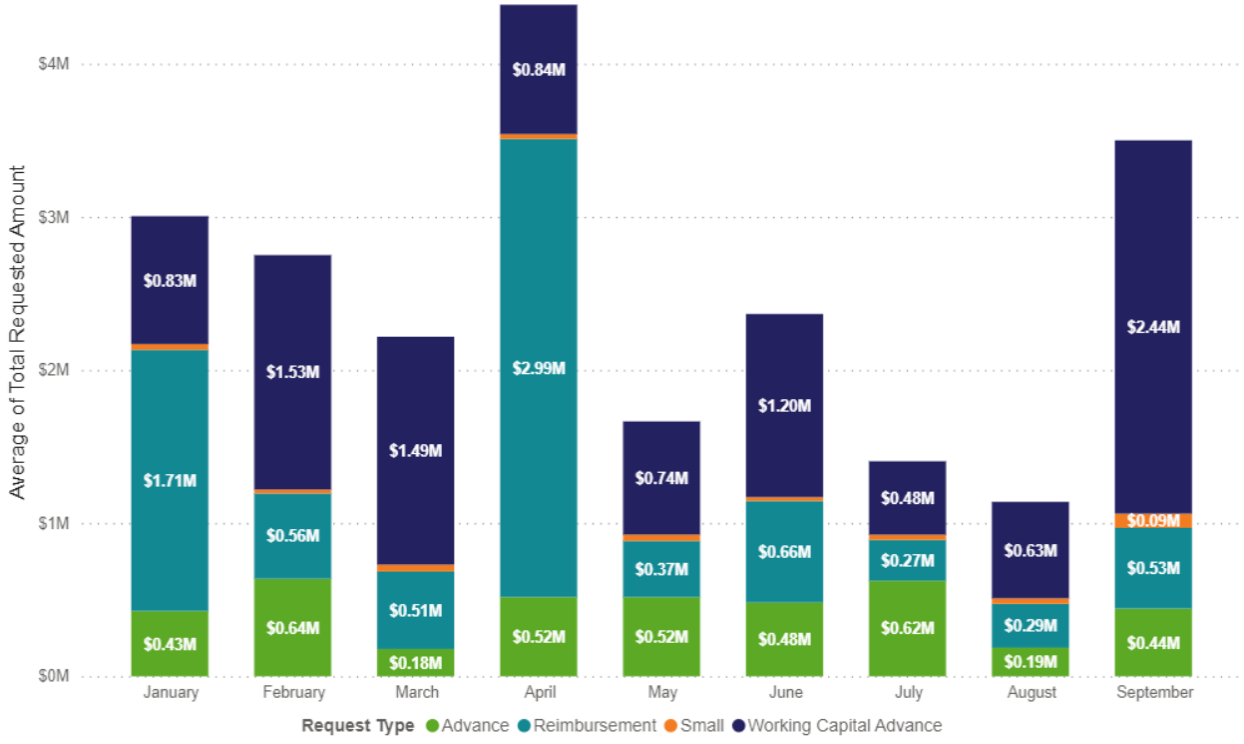
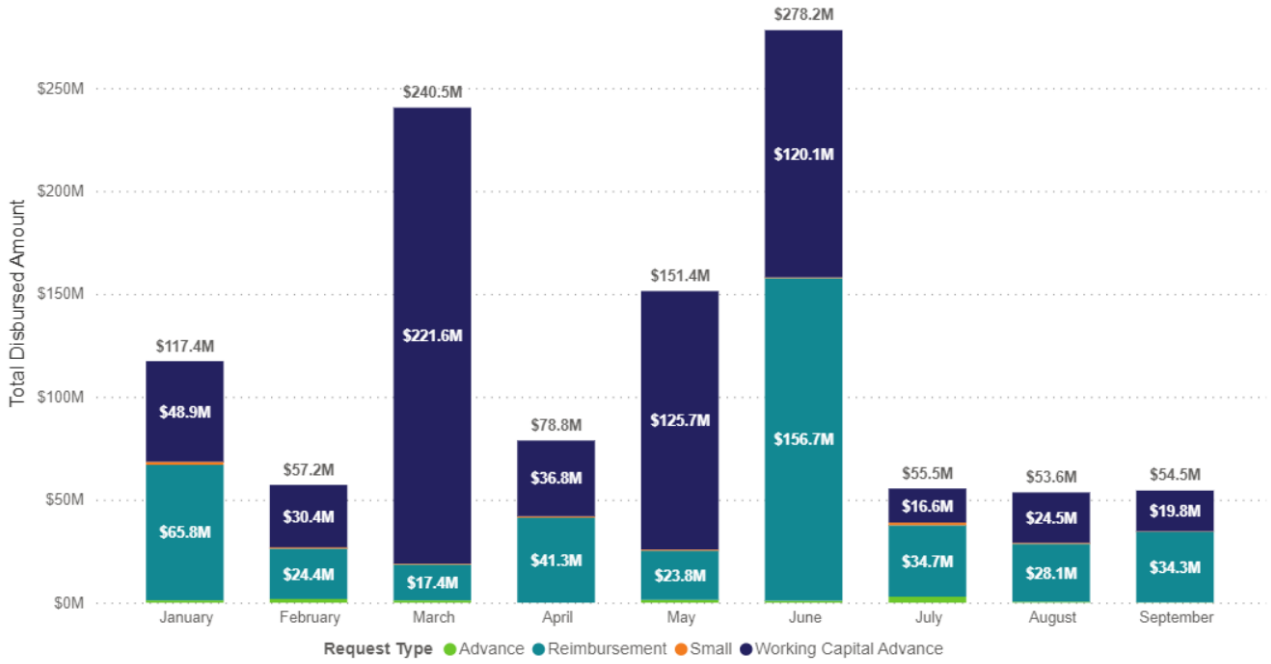


Figure 26: Average Total Disbursed by Month (2023)



COR3 continues to work on improving its processes and policies to make disbursement procedures more efficient and offer additional financing alternatives to Subrecipients. Additionally, it remains committed on prioritizing transparency and fiscal responsibility by adhering to applicable regulations and highlighting important aspects of the recovery process to the public. To this end, COR3 has submitted a series of reports emphasizing ongoing financial challenges Subrecipients face while outlining efforts and alternatives to address them. Throughout this reporting period, COR3 submitted a total of three (3) reports:

1. First Request for Working Capital Advance Pilot Program Performance and Compliance Monitoring Report

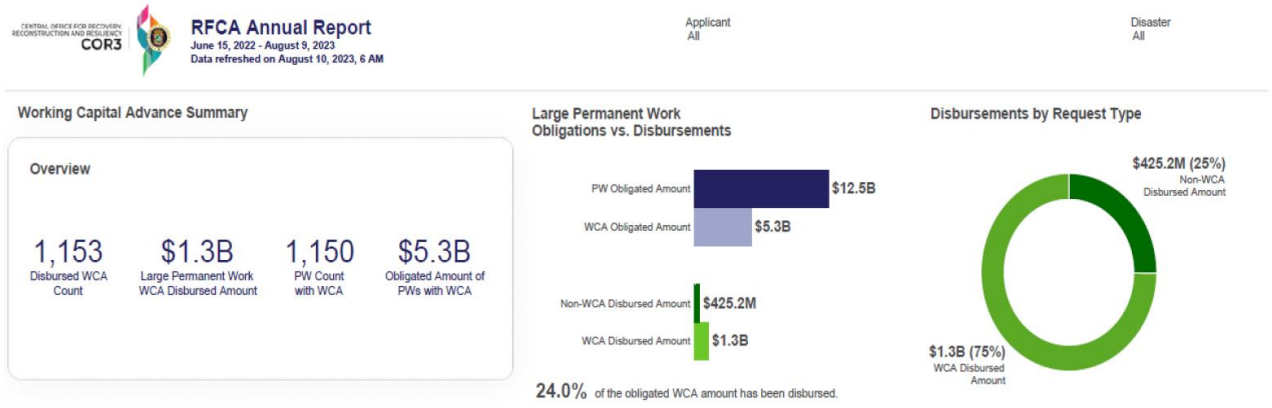
The RFCA program provides alternative funding options to Subrecipients facing liquidity constraints while encouraging them to submit the entirety of the supporting documentation. By participating in the program, Subrecipients can access funds that can be used to meet their immediate cash flow needs without resorting to traditional payment requests, such as Requests for Reimbursement ("RFRs") and Requests for Advance ("RFAs"). Ultimately, the RFCA program supports the financial stability of Subrecipients and facilitates reconstruction efforts.

On August 25, 2023, COR3 submitted a report to FEMA that compiles updated information about the status of the RFCA program and documents the proactive efforts undergone by the GPR and COR3 to implement and incentivize Subrecipients' compliance with 2 CFR 200.305 (Federal Payment) and programmatic

requirements. The report covers the period from June 15, 2022, to August 9, 2023, and primarily focuses on FEMA funds allocated under the PA Program, although it includes information related to the RFCA for HMGP.

This report also highlights the direct results of the achievements and efforts made since the implementation of the RFCA program on June 15, 2022. As such, over 132 Subrecipients have been able to receive funds for the execution of permanent work projects under PA. Additionally, $5.3 billion has been obligated, of which $1.3 billion has been disbursed through 1,150 PWs, representing approximately 24% of the total obligated amount. Although most of the disbursed funding has been allocated to projects pertaining to Hurricane María (DR-4339), $ 1.3 billion for 1,143 PWs, $6 million have been disbursed for Earthquakes (DR-4473) projects (9 PWs), and approximately $405,500 for one (1) PW related to Hurricane Fiona (DR-4671). Figure 27 illustrates an overview of the PA program's obligations and disbursements pertaining to RFCA.

Figure 27: RFCA Annual Report Overview



The significant success achieved by the RFCA program, which has already advanced $1.1 billion towards project execution and benefitted over 141 Subrecipients [35] (132 under FEMA's PA program and 9 Subrecipients under HMGP), is further evidence of the GPR's ability to effectively manage Puerto Rico's recovery and reconstruction process through the transparent and efficient administration of Federal funds earmarked for these efforts while implementing groundbreaking solutions to address the mounting challenges faced by Subrecipients.

Furthermore, the GPR and COR3's Grant and Compliance Divisions have been leading additional initiatives to assist Subrecipients in complying with RFCA programmatic requirements. Particularly, COR3's Grants Division has identified common obstacles that Subrecipients face after applying to the RFCA program. Most of the Subrecipients that received capital advances without submitting RFRs have had difficulties with the timeframe provided to advance construction, successfully complete the bidding and awarding process, and receive invoices. Although Subrecipients were aware of the compliance requirements for the RFCA, they

[35] In the Ninth Congressional Status Report, 906 Subrecipients were reported to have received funds through the RFCA Pilot Program. This quantity was incorrect as it should have indicated a total of 99.

found it difficult to submit RFRs for validation because their procurement processes had not been completed. However, since the program provides a Status Report alternative[36], Subrecipients focused their efforts, with the assistance of COR3, on completing the Status Report prior to submitting an RFR for validation. Communication with the Subrecipients has been key to making this effort a success. Through several meetings held with these Subrecipients, COR3 was directly involved in providing the necessary technical assistance. In addition, subject matter experts continue to provide specialized trainings to Subrecipients focused on RFCA compliance requirements. After each meeting, the Grants and Compliance Divisions schedule follow-up meetings to maintain updated reports on the Subrecipients' progress and provide additional technical support. The GPR appreciates FEMA's assistance and collaboration in the implementation of this program and looks forward to FEMA's continued support in facilitating Puerto Rico's recovery.

Additional policy revisions to the Disaster Recovery Federal Funds Management Guide, Chapter 7- Payment and Cash Management ("Version 4.0 of Chapter 7") are undergoing, so amendments towards improving Subrecipient compliance with programmatic requirements are being included. Thus, the updated chapter will further ensure the efficient and effective use of funds and mitigate the risk of noncompliance, enhancing the Subrecipients' ability to maintain the highest standards of grant management while advancing the execution of their projects.

2. Cost Share Report

FEMA grant programs require a NFS that many Subrecipients, including the GPR's State Entities, Municipalities, and local Private Non-Profit organizations, are not able to cover[37]. To minimize the risk of project applications not being approved due to a lack of NFS funds, the GPR and COR3 continue to prioritize the identification and earmarking of additional funding alternatives for Subrecipients so matching requirements can be met while maintaining a streamlined reconstruction process. As such, through programs like PRDOH's CDBG-DR and CDBG-MIT, Subrecipients can concentrate their efforts on project execution without the burden of finding external sources for the NFS. Although these funding alternatives have bolstered project execution, COR3 recognizes that the entirety of the required NFS amount is not always covered by these programs, nor is it applicable to all disasters.

[36] If a Subrecipient does not submit an RFR within the required timeframe, along with all the required supporting documentation necessary to validate the advance, the Subrecipient must instead submit, within 180 days after receipt of the capital advance, a detailed Status Report, which must include the schedule of the procurement and construction process, the status of the procurement process, the status of the project, including supporting documentation, the actual costs incurred on the project and copy of contracts, invoices and receipts supporting such costs, and an estimated timeframe, if applicable. However, the Status Report may be required by COR3 at any time after the disbursement of the advance.

[37] The assistance FEMA provides through its programs is ordinarily subject to a cost share. As stated in Title 2 of the Code of Federal Regulations, 2 CFR §200.29, cost sharing or matching means the portion of project costs not paid by Federal funds unless otherwise authorized by Federal statute. Under FEMA programs, Applicants are responsible for covering the remaining portion of project costs not paid for by Federal funds.

To address this challenge, on September 22, 2023, COR3 submitted the Cost Share Report to the Puerto Rico Office of Management and Budget ("PROMB"). This report contains updated information on the status and projections of the cost share amounts that the GPR must provide to FEMA for the following major disaster declarations: DR-4339 (Hurricane María), DR-4473 (Earthquakes), DR-4493 (COVID-19), and DR-4671 (Hurricane Fiona). This Report also keeps track of the Subrecipient's cost share necessities and provides a comprehensive overview of current available funding. Tables 5 and 6 summarize the current and projected obligations discussed in this report regarding the PA and HMGP programs pertaining to Hurricane María. As shown below, the PA NFS projected amount to be covered is $1.7 billion, while the HMGP NFS requires an estimated total of $245 million.[38] As a result, the GPR and COR3 are actively exploring new and innovative methods to develop NFS programs that can help Subrecipients comply with the cost share requirement and maintain a consistent pace toward achieving the desired reconstruction goals.

Table 5: Current and Projected Obligations – Public Assistance

Disaster	Total FEMA Obligation	Projected Obligations	Total	Required Cost Share	Projected Cost Share	Total	Identified Cost Share Funds	Non-Federal Share to cover
4339	$33.7B	$9.8B	$43.5B	$2.7B	$981M	$3.7B	$2B	**$1.7B**

Table 6: Current and Projected Obligations – Hazard Mitigation

Disaster	Total FEMA Obligation	Projected Obligations	Total	Required Cost Share	Projected Cost Share	Total	Identified Cost Share Funds	Non-Federal Share to cover
4339	$2.4B	$979M	$3.5B	$945M	$245M	$1.1B	$945M	**$245M**

3. Recoupment Report

On September 22, 2023, COR3 submitted a Recoupment Report to the PROMB. This comprehensive report encloses the latest data pertaining to the amounts owed to COR3 and FEMA by several Subrecipients. These amounts arise from excess disbursements of FEMA disaster funds disbursed through COR3 during the management of previous and current disasters. Additionally, the report delineates the proactive measures implemented by COR3 to recoup these sums in compliance with applicable regulatory requirements. The Recoupment Report is an essential resource for the effective administration of disaster funds, and its issuance to the PROMB marks a significant milestone in the ongoing endeavour to ensure that these funds are used in a responsible and accountable manner.

To effectively recover the amounts owed to COR3 due to the disbursement of improper payments, COR3 has revised its policies to implement improvements and modifications to the recoupment process, aiming to increase the efficiency and effectiveness of its recoupment efforts, reinforce payment integrity, and prevent the risk of improper and unknown payments. To this end, every legally available means has been adopted to recoup funding, thereby ensuring that all debts owed to both COR3 and FEMA are effectively

[38] Projected data obtained as of September 2023.

recovered. Furthermore, a Recoupment of Improper Payments SOP was developed to establish a uniform framework for the recoupment of FEMA PA and HMGP funds passed through COR3.

Presently, a total amount of $29.2 million has been recouped by COR3 and transferred to FEMA to cover amounts owed by fifty-six (56) Subrecipients pertaining to Hurricane María. As such, fifty-six (56) Subrecipients, distributed among twenty-two (22) Municipalities, twenty (20) State Entities, and fourteen (14) Private Non-Profit organizations have transferred to FEMA the sums of $5.9 million, $22.8 million, and $437,569, respectively.

4. Access to Financing: Puerto Rico Revolving Fund

Since the launch of the Puerto Rico Revolving Fund Program, 78% ($7.4 million) of the disbursed funds have been returned or repaid. This is due to the availability of new funding alternatives like the RFCA program. Unlike the Revolving Fund Program, the RFCA Pilot Program doesn't require several reviews prior to approval and is not considered as a loan. As of today:

- 100% of the Municipalities interested in obtaining an advance have been trained.
- Three (3) Municipalities have participated in the Revolving Fund, though no additional requests have been submitted.
- 15 out of a total of 19 advance payments disbursed have been returned or repaid.

5. Facilitating the Non-Federal Cost Share Match

I. Community Development Block Grant - Disaster Recovery ("CDBG-DR") and CDBG-Mitigation ("CDBG-MIT") Cost Share Matching

On January 3, 2020, FEMA and HUD signed a Memorandum of Understanding ("MOU") to work together to facilitate Puerto Rico's recovery and mitigation activities, particularly focusing on a flexible match concept, which allows the applicant to apply its CDBG-DR funding to different facilities or sites as cost sharing for a specific PA project. Thereafter, the PRDOH, the CDBG-DR grantee, and COR3 worked closely on coordinating the design, development, and implementation of the FEMA PA Flexible Match Methodology Guidelines ("Guidelines") published on October 14, 2020.

As explained in previous reports, both COR3 and PRDOH have jointly requested that FEMA implement the Disaster Flexible Match ("DFM") approach. This flexible match procedure would be based on a disaster's total obligation rather than at a project-by-project level, which is administratively burdensome. However, after FEMA denied COR3 and PRDOH's petition,[39] a letter of reconsideration was sent on August 12, 2022. Unfortunately, in December 2022, FEMA reiterated its rejection of implementing a DFM approach.[40]

[39] The DFM petition was issued on December 29, 2021, and denied on March 4, 2022.
[40] Refer to Appendix D for a detailed update from PRDOH on the CDBG funds and programs.

In March 2023, FEMA issued the FEMA-4339-DR-PR Accelerated Award Strategy/Statistical Sampling Methodology ("FAASt/SSM") Post-Fixed Cost Estimate Obligation SOP Part F - Flexible Match Implementation for PREPA, PRASA, and the PRDE.

Currently, there are several allocations earmarked specifically to cover the NFS to support Subrecipients in meeting cost share requirements. As of today, PRDOH has in place the Non-Federal Match Program with a total of $868.5 million, the HMGP Match Set Aside Program with $1 billion, and the Energy Grid Rehabilitation and Reconstruction Cost Share Program ("ER1") with $500 million for energy projects. Since one of the major obstacles among Subrecipients is covering the NFS, the GPR and COR3 are constantly seeking innovative ways to develop NFS programs and identify state funds or other sources of funding to compensate for the NFS that are not covered by the abovementioned programs. This will help to maintain a steady pace towards achieving the desired milestones in the reconstruction process.

II. State Cost Share Program (PROMB)

The GPR, through the PROMB, has set aside state funds to provide access to NFS 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, 12 agencies received advances under this program, as detailed in Table 7 below.

Table 7: 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	4	$840,531.26	$8,405,312.76
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	34	$11,832,497.39	$118,324,977.12
Department of Environmental and Natural Resources	114	$9,432,618.66	$94,326,726.43
Department of Education	136	$61,617,473.03[41]	$246,469,893.46
ASSMCA	11	$1,289,485.46	$12,894,854.60
Department of Housing	4	$164,682.52	$1,646,825.21

[41] The PRDE cost share amount represents 25%.

Table 7: 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 Sports and Recreation	24	$8,897,323.04	$88,973,230.53
Department of Agriculture	29	$2,037,845.18	$20,378,451.80
Total	**441**	**$113,403,703.88**	**$764,332,745.40**

6. Parametric Insurance

As a condition of receiving FEMA PA funding, eligible Subrecipients must obtain and maintain insurance coverage at least equal to the eligible amount for the hazard specified for a permanent facility receiving Federal assistance. This condition is referred to as FEMA's Obtain and Maintain ("O&M") insurance requirement. The purpose of the O&M requirement is to protect against future losses and applies to permanent work funding for buildings, contents, equipment, and vehicles. If a Subrecipient fails to comply with this regulation, FEMA can deny or de-obligate assistance in the current disaster and deny future assistance for that facility.

The GPR recognized the importance of complying with the insurance requirements set forth in Section 311 of the Stafford Act. However, traditional indemnity insurance was insufficient to meet FEMA's O&M requirements or maintain coverage levels exceeding $2 billion. As a solution, FEMA approved the GPR's proposed Hybrid Indemnity and Parametric Insurance Plan, which supplements the existing insurance budgeted premiums and allows Puerto Rico's State Entities to overcome insurance challenges while enhancing protection from future disasters.[42] This program also assumes an annual issuance for wind and earthquake risks on a multi-year basis that accumulates coverage over time. This ensures the availability of financial resources for recovery and uninterrupted operations in the face of unforeseen events.

On July 7, 2023, COR3 submitted a formal request to the Puerto Rico Insurance Commissioner Office ("ICO") to obtain the Insurance Commissioner Certification for the GPR's State Entities included in the Hybrid Indemnity and Parametric Insurance Plan. In September 2023, the ICO had multiple meetings with local insurance brokers to obtain current insurance policies for State Entities included in the Parametric Insurance Plan. At present, COR3 is awaiting an official determination on the Insurance Commissioner Certification.

F. Capacity Building Initiatives and Stakeholder Engagements

1. Capacity Building Initiatives

[42] State Entities included can be found on the Financial Oversight & Management Board for Puerto Rico, 2022 Fiscal Plan for Puerto Rico: Restoring Growth and Prosperity (https://oversightboard.pr.gov/fiscal-plans-2/).

In fulfilling our responsibility to provide technical support and specialized assistance to our Subrecipients, it is imperative for COR3 to understand the complexities and challenges faced by Subrecipients throughout the Federal grant lifecycle. Guided by this understanding, COR3 has developed and implemented several strategic efforts aimed at benefiting our Subrecipients. Below are some of the most noteworthy initiatives that have taken place during the current reporting period.

- Compliance Summit – On June 9, 2023, COR3 held the Compliance Summit 2023 event with the purpose of integrating Federal and State Entities in efforts to guide officials leading reconstruction projects on compliance with regulations governing the use of FEMA funds. The event consisted of various presentations on topics such as Compliance Subrecipient Management and Monitoring; VAYGo Compliance; Fraud, Waste, and Abuse; O&M Requirements; Integrity in Contracting; Compliance with the Puerto Rico Comptroller Office; the Puerto Rico Office of the Inspector General ("PROIG"); Compliance with QPRs; RFRs and RFAs, Procurement and Closeout; and Environmental Justice Compliance. Speakers included officials from the Department of Homeland Security- Office of the Inspector General ("DHS-OIG"), PROIG, the Federal Bureau of Investigation ("FBI"), and the Office of the Comptroller, among other government entities. As part of the event, a new Collaborative Agreement between COR3 and PROIG was announced[43].

- HMGP Sprint Event- Launched on June 27, 2023, this two-day workshop was designed to train Subrecipients on the intricacies of the HMGP process. COR3 presented the critical topics, while FEMA provided the necessary resources. The main goal of this workshop was to acquaint Subrecipients with updated methodologies and tools vital to project progression. Topics included FEMA's Hazard Mitigation Assistance ("HMA") Program and Policy updates, QPRs, Small Projects, and the Closeout process.

- Puerto Rico Mitigation Consultation – This two-day meeting was organized to strengthen the collaborative relationship between FEMA and Puerto Rico concerning mitigation initiatives. The main objective was to discern progress and advancements in achieving mitigation objectives while identifying accomplishments and obstacles. Rather than focusing solely on the state's mitigation plan or specific actions, the consultation emphasized the broader scope of the mitigation program. Several Puerto Rico State Entities were extended invitations to collaborate with FEMA Region 2, co-designing roles and tasks that promote risk mitigation. Among the guests were the PRPB, the PREPA, the Puerto Rico Emergency Management Bureau ("PREMB"), COR3, and FEMA.

- Build Puerto Rico, Reconstruction Summit – On August 29, 2023, COR3 held the Build Puerto Rico, Reconstruction Summit at the Puerto Rico Convention Center. The event was of significant magnitude, successfully attracting participation from a wide range of sectors, including State Entity leaders, Private Non-Profit personnel, contractors, and other key stakeholders. Its purpose was to highlight the Island's reconstruction progress and provide an overview of the construction sector on

[43] Refer to the Intergovernmental Efforts section for more information on the Collaborative Agreement between COR3 and PROIG.

the plan to execute major permanent work projects to modernize Puerto Rico's critical infrastructure. The event addressed issues related to municipal resilience projects, housing reconstruction, critical school infrastructure, and road infrastructure, as well as the modernization of the water and sewage system, the role of Non-Profit organizations in reconstruction projects, the transformation of the electrical grid, funding opportunities available for permanent work projects, the impact of inflation on the reconstruction process and initiatives to boost the workforce, among other key areas. The Governor of Puerto Rico, the Honorable Pedro Pierluisi, participated as the moderator of the Puerto Rico's Critical Infrastructure Transformation is Underway panel, which consisted of a conversation between the Governor and several government officials on the progress of Puerto Rico's reconstruction, the course of execution plans for priority projects, and the permanent work projects necessary for socioeconomic development. Likewise, additional lectures included the Development of Permanent Works, The Effect of Inflation on Reconstruction, and Promoting Labor in Reconstruction. Among the government entities that participated were the PRDOH, PRASA, PREPA, DTOP, the PRDE, the Industrial Development Company ("PRIDCO"), the Highway and Transportation Authority ("ACT"), the Department of Labor and Human Resources ("DTRH"), PRPA, and PRDOH, as well as FEMA and leaders of the different economic sectors and professional unions.

- Insurance Commissioner Certification – To underscore the importance of insurance requirements in the reconstruction process, a Collaboration Agreement was established between the Puerto Rico ICO and COR3. This collaboration will facilitate the implementation of FEMA's O&M program and assist Subrecipients under FEMA's PA Program to comply with the corresponding insurance coverage requirements. Through this collaborative agreement, FEMA PA Subrecipients who have made the necessary efforts and having exhausted all available resources, are unable to reasonably obtain or maintain the level of insurance coverage required by FEMA, will be able to apply for the Insurance Commissioner's Certification. This could represent more than 4,000 reconstruction projects valued at over $24 billion.

- Build Puerto Rico *Llega a Ti* – As part of COR3's commitment to expand engagement and communication with Subrecipients throughout the Island, we have instituted the "Build Puerto Rico Llega a Ti" initiative. The campaign consists of capacity-building seminars scheduled to be held throughout the Island. Particular emphasis is being placed on ensuring participation from Subrecipients designated as moderate or high risk and who would benefit the most from additional capacity-building exercises and technical support. This effort comprises a series of comprehensive workshops to provide an overview of the engagements and subject matter expertise of COR3 divisions such as Legal Affairs, Compliance, Grant Management, Project Development, Closeout, and the Project Management Office ("PMO"). The first sessions were held in the Municipalities of Fajardo and Ponce, and upcoming engagements are scheduled to be held in other prominent regions, such as Mayagüez, and Bayamón, with the expectation to further expand throughout the island.

- Request for Working Capital Advance Training – As part of COR3's commitment to provide technical support to Subrecipients, a specialized team has been established to ensure compliance with RFCA program requirements. A structured and comprehensive training/workshop session has been specially designed to provide clarity on the program's specific objectives, advantages, and governing guidelines and ensure that Subrecipients are fully prepared to meet the program's essential criteria.

- Non-Governmental Organizations Procurement and Policies Initiative – The Non-Governmental Organizations Procurement and Policies Initiative is a collaborative effort between COR3 and the FEMA Region II- Caribbean Area Office ("CAO") Individual Assistance ("IA") Voluntary Agency Liaison ("VAL") to develop and provide direct individualized technical assistance to Private Non-Profits for DR-4339 (Hurricane María), DR-4473 (Earthquakes), and DR-4671 (Fiona). This initiative will provide tailored support and individualized technical assistance to Private Non-Profits facing challenges in complying with policy requirements for the PA procurement process, enabling them to meet the eligibility criteria and request funds for their PA projects. As such, it will provide guidance to enable Subrecipients to develop and establish their own policies, which will subsequently enable them to successfully submit their RFCA applications. An estimated disbursement of approximately $240 million is anticipated because of this initiative, which is expected to be implemented in October/November 2023.

2. Intergovernmental Efforts

COR3 is firmly collaborating with numerous state and Federal government partners to advance the ongoing reconstruction process. This concerted effort is intended to address the wide range of prevailing challenges faced by our Subrecipients.

- Puerto Rico Economic Dialogue: In December 2022, a collaborative initiative led by the United States Department of Commerce ("USDOC") was launched between the GPR and numerous Federal agencies to drive the island's economic growth. This collaborative effort has resulted in several data-driven projects that aim to positively impact Puerto Rico's economic landscape.

  At the heart of these initiatives is a thorough evaluation process in which careful steps are being taken to assess the feasibility of integrating two essential data components into the existing COR3 Transparency Portal. These components comprise Community Resiliency Data ("CRE") and social vulnerability indicators. The intention behind this prospective integration is to design a robust platform that offers a visualization of the distribution of recovery and American Rescue Plan Act ("ARPA") funding across the Island.

  Additionally, COR3 is currently engaged in discussions about a potential collaboration on "The Opportunity Project." This endeavor is envisioned as a sprint-based technological and data accelerator designed with the primary objective of fostering cross-sectoral collaboration between various stakeholders, including government agencies and communities.

- **DOE:** Under an interagency MOU with the DOE, COR3 is currently collaborating on initiatives to promote resilient recovery. One such initiative is the PR100 Energy Analysis, a joint effort between the DOE, the Department of Homeland Security ("DHS"), FEMA, and the GPR to bolster Puerto Rico's grid resilience and transition to 100% renewable energy. This two-year study, launched on February 2, 2022, and entitled "PR100", provides a comprehensive analysis of stakeholder-driven pathways to Puerto Rico's clean energy future, as required by the 2050 100% Renewable Energy goals of Act 17-2019, while allowing for community involvement. In January 2023, the DOE and FEMA released PR100's one-year progress report and hosted a webinar in which Secretary Jennifer Granholm, FEMA Administrator Deanne Criswell, and Puerto Rico Governor Pedro Pierluisi provided updates on future goals for grid modernization on the Island, outlining their shared commitment to building resilient infrastructure and creating clean energy solutions. The final report is expected in December 2023. For more information on "PR100", refer to Appendix A. Secretary Jennifer Granholm, in addition to her collaboration with the PR100 initiative, is actively leading the support efforts for the reconstruction of Puerto Rico's electrical infrastructure.

- **Puerto Rico DTRH:** The Government of Puerto Rico, through the DTRH, has undertaken a series of initiatives with the specific objective of amplifying the labor force within the construction sector. These initiatives include:
  - **Expanding Workforce Participation:** To expand labor participation, specific efforts are being channeled toward integrating segments of the population that traditionally have lower engagement rates. These groups include women, ex-convicts, beneficiaries of social assistance programs, individuals with functional diversity, and young and senior citizens. Among the efforts included to expand workforce participation are a needs assessment[44] and an Economic Study carried out by the GPR. Likewise, the GPR is diligently assessing several factors that may potentially contribute to labor shortages. Through this economic study, a series of strategies are being formulated to address and mitigate these challenges.

  - **Job Fairs:**
    - The DTRH Employment Service (funded by the United States Department of Labor Employment and Training Administration ("ETA") through the Wagner-Peyser Act, part of the Workforce Innovation and Opportunity Act ("WIOA") Unified Workforce Development System) has been collaborating with the private sector and other State Entities, such as COR3, to coordinate job fairs aimed at recruiting talent for the construction sector. Other State Entities, such as the Puerto Rico Department of Economic Development and Commerce (mainly through the WIOA Title I programs and Registered Apprenticeships), PRDOH (through CDBG-DR grants to Non-Profits to create workforce development programs for construction trades), and the PRDE (through their vocational schools), as well as the private sector itself, have been tasked with providing

[44] An exhaustive survey and inventory analysis are in progress to ascertain the needs in the reconstruction and construction sectors.

qualification and requalification programs for construction-related trades and occupations.

- The DTRH, during the Build Puerto Rico Reconstruction Summit, considering the need for recruiting experienced workers for the labor market to advance the execution of reconstruction projects, held a job fair for qualified workers in the construction sector, as well as professionals in various disciplines like engineers, architects, project managers, accountants, electricians, plumbers, bricklayers, and draftsmen, among others.

- Labor Recruitment and Occupational Safety and Health Administration Training: On June 20, 2023, COR3 signed an extension to a Collaborative Agreement with the DTRH to promote labor recruitment and train employers, as well as workers in the construction sector through the Occupational Safety and Health Administration of Puerto Rico ("OSHA").

  Under the terms of this Collaborative Agreement, COR3 is committed to providing the DTRH with pertinent information on reconstruction projects financed by FEMA's PA and HMGP. The primary objective is to promote employment opportunities within the construction industry and to develop skills while ensuring compliance with occupational safety standards. To achieve these goals, a series of training courses, seminars, job fairs, and other coordinated events will be organized in the coming months.

- H-2B Visa: The DTRH has been promoting available tools such as the H-2B Visa, while the GPR has been lobbying for modifications, exceptions, or new visa programs that may apply to Puerto Rico to address the reconstruction process while recognizing the public policy challenges these alternatives present at the Federal level. The GPR is also evaluating other alternatives to ensure that we have an adequate labor supply of local construction workers by leveraging workforce development alternatives and bringing in contractors and workers from the mainland if necessary.

- Pilot Program for Labor Project Agreements: To help attract potential workers to the construction industry and ensure the reconstruction process is ongoing, the GPR enacted Executive Order Number OE-2022-014, which increased the minimum wage applicable to construction workers working on Federally funded reconstruction projects from the Executive Branch of the GPR ($15 per hour for journeymen and $11 per hour for apprentices). The DTRH is tasked with regulating and enforcing the provisions of OE-2022-014 and has developed a Pilot Program mandating a Project Labor Agreement for a group of reconstruction projects. With the assistance of representatives from the Laborers' International Union of North America ("LiUNA") and other labor unions, the DTRH has promulgated a Project Labor Agreement that encompasses a highly competitive wage scale, comprehensive benefits, and ensures a safe workplace. This Pilot Program is set to commence at the end of this year.

- **Temporary Protected Status ("TPS")**: The DTRH and the Immigration Clinic of the University of Puerto Rico School of Law are planning an event to offer advice to migrants who qualify for TPS and wish to apply for a work permit. This event has significant potential for the construction sector, presenting an excellent opportunity for growth and workforce development.

- **Office of the Inspector General:** In an effort to further prevent, detect, and correct instances of fraud, waste, abuse, and misuse of Federal reconstruction funds, COR3 and the PROIG signed an agreement to improve monitoring and oversight processes in the use and distribution of Federal funds allocated to the Island related to recovery and reconstruction efforts. The objective is to monitor the effective and efficient use of public, state, or Federal funds, ensure compliance with applicable rules and regulations, and combat any fraud, waste, abuse, corruption, and inefficiency in these entities' administration of programs and operations. The agreement was formalized during the Compliance Summit 2023 event on June 9, 2023.

- **Office of the Comptroller of Puerto Rico:** To continue joining efforts with the entities in charge of ensuring compliance with laws and regulations in the procurement process, COR3 and the Office of the Comptroller of Puerto Rico ("OCPR") signed a Collaborative Agreement on July 10, 2023. This agreement enables the exchange of information between both government agencies. The MOU was enacted to ensure that funds from FEMA-subsidized programs are correctly and legally administered in accordance with programmatic requirements, strengthening the oversight function performed by the COR3 Compliance division. Such a partnership aids in the proactive prevention and thorough investigation of potential cases of fraud, waste, abuse, corruption, and inefficiency in the administration of programs and operations of government entities.

- **Puerto Rico Science, Technology and Research Trust and the Caribbean Center for Rising Seas:** COR3 maintains a collaborative relationship with these entities to deliberate on active projects under the HMGP. These discussions concentrate on advancing mitigation and climate adaptation efforts, especially in coastal regions and other areas susceptible to flooding.

3. Transparency

To enhance and improve COR3's internal controls and optimize the service provided to Subrecipients, COR3 has been diligently developing additional SOPs for all divisions. During this reporting period, nine (9) SOPs were revised, developed, and implemented, addressing topics such as Working Capital Advance, Improved and Alternate Projects, Closeout Validation, and Recoupment of Improper Payments. Furthermore, the ongoing newsletter initiative continues to provide Subrecipients with updated and relevant information. Additionally, complete and extensive revisions to the policies set forth in COR3's Disaster Recovery Federal Funds Management Guide are currently underway.

As such, in the ongoing effort to improve internal processes, COR3 has undertaken a comprehensive review and update of Chapter 14-Fraud, Waste, and Abuse Tool, Initial Analysis Complaint and Preventive Measures, which presides over the evaluation of complaints regarding potential misuse of FEMA funds. The revised policy includes additional methods to report instances of fraud, waste, and abuse ("FWA") of funds, as well as enhanced preventive measures to safeguard the use of said funds. Furthermore, it outlines the procedure following the evaluation of the complaint's validity. Upon assessing the validity of a complaint concerning FWA, COR3 then forwards the case to the appropriate state or Federal authorities. This referral process has been streamlined due to recent partnerships with PROIG and OCPR, and ongoing discussions with the FBI will further solidify collaborative efforts to manage FWA complaints effectively and efficiently. Moreover, rigorous FWA processes and strategies supported by a team specifically trained in the management and evaluation of fraud complaints have been revised and executed. In close collaboration with Federal authorities, COR3 is diligently ensuring the proper use of recovery funds. As a result of these efforts, the number of complaints and detected instances of FWA has significantly increased.

I. Special Reports

Pursuant to the reporting obligations mandated to COR3 as the pass-through entity ("PTE") and Recipient of FEMA's PA and HM Programs, COR3 has submitted several comprehensive reports intended to highlight the proactive measures undertaken by the GPR in relation to different programs and initiatives instituted by COR3. Some of these reports (First Request for Working Capital Advance Pilot Program Performance and Compliance Monitoring Report, Recoupment Report, and Cost Share Report) were previously described in the Financial Support section. Nonetheless, an additional report is detailed below.

- 428 Cost Overruns Report: Earlier this year, COR3 became aware of Subrecipients' concerns about their capped Section 428 PA projects. Many Subrecipients reported that construction bids from their RFP processes are significantly higher than FEMA's Section 428 Fixed Cost Estimate ("FCE") obligations. This results in cost overruns that overburden project budgets and timelines, causing Subrecipients to worry about lack of funds to complete their projects.

  On August 30, 2023, recognizing the pressing concerns raised by our Subrecipients, COR3, in collaboration with its advisors, presented an in-depth report that addresses the critical data and insights that underscore the Subrecipients' genuine apprehensions. It details how Section 428 projects obligated between 2019 and 2021 are currently incurring costs more than those initially projected by FEMA, based on the cost escalation factor and the Future Price Forecast ("FPF").

II. VAYGo

The GPR and COR3 have continued collaborating with FEMA to respond to its grant payment validation process, known as Validate as You Go ("VAYGo"). Through VAYGo, FEMA selects a sample of disbursements made during a given fiscal year ("FY") and assesses that 100% of the supporting documentation required to

validate each disbursement is available and in compliance with applicable laws. This FEMA process responds to the Payment Integrity Information Act of 2019 and ensures COR3 has an additional avenue to conduct further Subrecipient monitoring.

In April 2022, FEMA decided to pause further testing of VAYGo samples. During this pause, COR3 focused on strengthening the VAYGo team to prepare for future testing, focusing on its recruitment efforts to welcome additional personnel to increase its testing capacity. Likewise, reference material and complementary internal policies and procedures are being developed to further enhance the VAYGo process.

In a letter dated August 9, 2022, COR3 was informed that FEMA would resume the VAYGo process. In this letter, FEMA also apprised COR3 of new tools that had been developed, such as a VAYGo Guide and several factsheets, which the COR3 VAYGo team proceeded to carefully review in preparation for the upcoming FY2021 VAYGo testing, which was expected to begin in January 2023. However, to this date, COR3 has not received the VAYGo sample from FEMA.

While expecting the upcoming FY2021 sample, COR3 is also awaiting the results of the Remediation Phase for the FY2018 sample, which ended on March 3, 2023. Likewise, for the FY2019 sample, COR3 is waiting for the results of FEMA's ongoing efforts to resolve PREPA's questioned costs. During the period covered in this Report, FEMA has provided COR3 with updates on its progress in validating these costs and its intent to provide COR3 with a list identifying the remaining questioned costs upon completion of the PREPA review. FEMA and COR3 will then develop a plan to address any remaining questioned costs.

For the FY2020 sample, as stated in previous reports, FEMA reviewed 59 transactions representing a total amount of $529.3 million, including disbursements for multiple disasters and Subrecipients. Following the Initial and Remediation Phases, on July 7, 2023, COR3 received a Notice of Potential Debt Letter from FEMA identifying the remaining questioned total of $14.6 thousand. The outstanding value shows that approximately 99.99% of the reviewed transactions were duly validated and remediated, demonstrating that COR3 has adequate internal controls to ensure that Federal funds are disbursed in accordance with applicable standards and regulations.

III. Closeout

During this reporting period, COR3 achieved another significant milestone by successfully closing all emergency projects (Categories A and B) related to Hurricane María. Therefore, 476[45] projects have been officially closed (an increase of 151 projects compared to the last reporting period), 774 have been submitted to FEMA for closeout and are awaiting FEMA's validation, 173 projects are currently under COR3's evaluation, and 153 projects are awaiting the initiation of the closeout process. Additionally, substantial headway is being

[45] The number of closed projects is higher, but only 476 projects have received formal notice of closure from FEMA.

made to close Hurricane María's permanent work projects (Categories C-G). During this period, COR3 successfully closed 25 projects, submitted 60 to FEMA, and currently has 20 projects under evaluation.

Furthermore, additional noteworthy milestones have been met during this reporting period, involving the closeout of various projects associated with disasters such as DR-4473 (Earthquakes), DR-4493 (COVID), and DR-4671 (Hurricane Fiona). Here's a summary of the achievements in these areas:

- For DR-4473 (Earthquakes) Emergency Projects (Categories A and B):
  - Nine (9) projects have been submitted to FEMA for closeout, pending FEMA's validation.
  - 18 projects are currently under COR3's evaluation.
  - 82 projects are awaiting the initiation of the closeout process.

- For DR-4473 (Earthquakes) Permanent Work Projects (Categories C-G):
  - One (1) project has been closed.
  - One (1) project has been submitted to FEMA for closeout.

- For DR-4493 (COVID): One (1) project has been submitted for closeout.

- For DR-4671 (Hurricane Fiona): Three (3) projects have been submitted to FEMA for closeout.

These achievements underscore the GPR and COR3's unwavering commitment to maintaining transparency in the management of Federal funds and ensuring compliance with all applicable requirements. We are immensely proud of the progress made during this reporting period and remain steadfast in our overarching mission.

In addition, substantial advancements have been achieved through extensive field visits aimed at successfully concluding permanent projects during the most recent reporting period. The COR3 Closeout team has conducted a total of 193 field visits dedicated to these permanent projects, marking significant progress in their closeout efforts. Notably, 31 of these visits were conducted within this specific reporting period, demonstrating the team's dedication and efficacy. Furthermore, 46 permanent projects have been identified and deemed potentially ready for closeout and are currently undergoing inspection by COR3's Closeout team. These projects represent a significant step forward towards achieving the closeout goals for this reporting period. COR3 maintains its commitment to this meticulous process, ensuring projects are closed with the utmost adherence to high-quality standards and compliance. Through this proactive approach, dedication to efficient project management and responsible fund allocation and project closure has been steadfast.

Moreover, the Closeout division has been actively collaborating with other COR3 divisions to improve and enhance its policies and procedures. This collaborative effort is aimed towards continuous improvement and adaptation to the evolving challenges encountered throughout the course of the recovery process. By continually customizing our approach and bolstering our policies, we are poised to enhance the efficiency

and effectiveness of project closeout initiatives, ensuring that we meet our objectives in a comprehensive and systematic manner.

Our main goal for this and future periods is to ensure the effective closure of projects within the Emergency Categories related to events DR-4473, DR-4493, and DR-4671. Simultaneously, we will focus on streamlining the management of event-level applicant closures, prioritizing those applicants who are ready to carry out this process efficiently and successfully.

IV. Transparency Portal

COR3 maintains an unwavering commitment to upholding and maintaining the highest level of transparency throughout the recovery process. In pursuance of this commitment, the Transparency Portal is continually being improved on both its core content and its analytical dashboards to streamline access to pertinent data that provides insight into the ongoing progress of the recovery efforts. An overview of the latest improvements can be found in detail below.

- Content Pages:
  - **Hurricane Fiona Content Page:** A dedicated page highlighting Hurricane Fiona was added to the Disasters section, providing comprehensive information about the event. Among the information provided is a timeline with specifics of when Fiona made landfall, disaster declaration, and disaster declaration amendments.
  - **Build Puerto Rico Content Page**: In response to the Build Puerto Rico event held in August, a temporary content page was created on the portal to provide details and relevant event updates. The second phase of this effort, which includes a more elaborate page showcasing the different events that took place across the island, will be published in October.

- Dashboard Updates:
  - **Road to Resilience Map**: A map was included on the Road to Resilience dashboard during phase 1 of this effort. This addition improved the visual representation of resilience-related data.
  - **Facility Information on Road to Resilience Table**: Phase two of the Road to Resilience effort involved incorporating facility-level information into the Road to Resilience table. This improvement enhanced the granularity of the data presented.
  - **Stage Updates on Road to Recovery and FAASt Dashboards**: The stages in the Road to Recovery ("R2R") and FAASt dashboards were updated to align with the stages in the Road to Resilience dashboard. This adjustment ensured consistency in project status reporting.
  - **Location Filter in FAASt and Road to Resilience Dashboards**: To aid users in locating projects by Municipality, a location filter was added to the FAASt and Road to Resilience

dashboards. This enhancement streamlined the search process and promoted a unified user experience.

- Fiona Road to Recovery Dashboard: A dedicated dashboard was created to showcase Hurricane Fiona's QPR data. This dashboard provides the public with insight into the progress of PA projects, featuring tools such as a workflow, a table, and a map for detailed project analysis.
- E&M and A&E Approved Data on FAASt Dashboards: Approved data for E&M and A&E projects will be added to the FAASt Dashboard's Approved PWs section, enhancing transparency. The functionality is pending final approval for implementation.

- Additional enhancements include:
  - Search Functionality Improvements: The Transparency Portal's search functionality was revisited, enhancing search capabilities. These improvements have made it easier for users to discover information within the portal, improving overall usability.
  - Multipin Update in Maps: The multi-pin functionality, already available in dashboard maps, was expanded to the interactive damage map and the Reconstruction map. This expansion simplified the display of multiple damage points and RFPs within the same location.
  - RFCA Data in Disbursement Funds on Table View: A tooltip was added to the total disbursements in the PA Table View, displaying the amount of funds originating from the RFCA fund. This update provides greater financial transparency.

These improvements have collectively enhanced user experience, data transparency, and accessibility of information on the portal, contributing to a more informative and user-friendly platform for the public.

V. Conclusion

As discussed throughout this report, significant progress has been made on the successful execution of permanent work projects, once again demonstrating the GPR's unwavering dedication to advancing reconstruction efforts and rebuilding our Island. Despite the numerous challenges that Puerto Rico continues to face, such as labor market shortages, inflation, material shortages, and financial obstacles, COR3 and the GPR remain committed to developing sustainable infrastructure capable to withstand future events. Our commitment and ability to act are the main driving forces behind our efforts to build and ensure resiliency on multiple fronts and advance Puerto Rico's recovery. To this end, COR3 continues to empower Subrecipients by providing capacity building on programmatic and regulatory requirements, enabling them to ensure the highest level of transparency and compliance in managing grant funds.

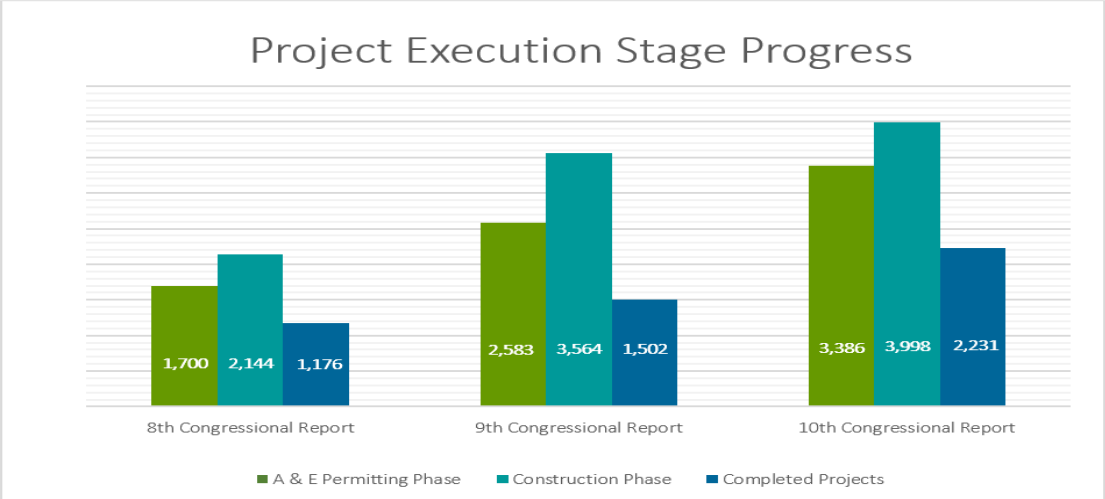
Throughout this year, several initiatives were implemented to further promote a culture of compliance, advance project execution, and facilitate collaboration between Federal and State Entities to guide officials leading reconstruction projects on compliance matters. Given the GPR and COR3's dedication on compliance issues, two high-impact events were carried out during this reporting period; the Compliance Summit and the Build Puerto Rico: Reconstruction Summit. These gatherings were strategically designed to enhance

Puerto Rico's recovery efforts while adhering to programmatic requirements. Likewise, the events received contributions from key Federal and State entities with extensive and specialized subject-matter expertise, including the FBI, FEMA, DHS-OIG, and PROIG, among others. Moreover, intergovernmental partnerships were also established through MOUs with PROIG and the OCPR to improve Subrecipient's compliance with applicable laws. Additionally, the successful implementation of the FWA tool has strengthened the transparency and fiscal responsibility of all Subrecipients, ensuring the proper use of recovery funds.

While ensuring and enhancing Subrecipients' capabilities regarding compliance requirements, the GPR and COR3 continue to work simultaneously with Subrecipients to advance the execution of permanent work. This ongoing collaboration has resulted in a steady increase in the amount of permanent work projects that have entered different execution stages.

Figure 28 shows the number of projects in each phase of execution from previous and current Congressional Reports, including A&E and permitting, construction, and completed phases. As shown below, projects in A&E, as well as permitting phases, have increased, progressing from 1,700 (8th Congressional Report) to 2,583 (9th Congressional Report) and further to 3,386 (10th Congressional Report). Similarly, projects in construction phase have seen an increase, ranging from 2,144 in the 8th Congressional Report, 3,564 in the 9th, and 3,998 in the 10th. Finally, the number of completed projects has also increased steadily, with 1,176 in the 8th Congressional Report, 1,502 in the 9th, and 2,231 in the 10th. These results reflect the progress made towards achieving sustainable infrastructure development while strengthening multidimensional community resilience.

Figure 28: Road to Recovery Project Execution[46]



To achieve the desired milestones in the reconstruction process, it is imperative that we remain steadfast in our commitment to provide consistent and comprehensive support and technical assistance to our Subrecipients. By doing so, we will be able to empower Subrecipients to identify new opportunities, develop

[46] The Road to Recovery Project Execution Dashboard does not include data pertaining to FAASt.

and implement more efficient practices, and strengthen their ability to successfully execute projects in full compliance with all applicable requirements.

The progress made during this reporting period confirms the GPR's capacity to effectively oversee Puerto Rico's recovery and rebuilding process, ensuring the transparent and efficient management of Federal funds allocated to these efforts.

We look forward to updating Congress on the recovery status moving forward, both through this Report, as called for in the Bipartisan Budget Act of 2018, and continued participation in ongoing hearings and communications. We deeply appreciate the support of Congress and look forward to sustained collaboration in advancing Puerto Rico's recovery as we continue to power through the execution of reconstruction projects.

Appendixes

Appendix A: Other Federal Agencies Updates

U.S. Department of Energy

The DOE supports resilient recovery efforts from Hurricanes Irma and María in Puerto Rico through an interagency agreement with 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 and HUD investments in the Commonwealth. The list below outlines progress and new initiatives across (1) technical assistance and capacity building efforts and (2) interagency coordination.

(1) Technical Assistance and Capacity Building

a. **Puerto Rico 100% Renewable Energy Study (PR100):** The study will define pathways for Puerto Rico to reach its renewable energy goals (100 percent renewable by 2050), ensure energy system resilience against extreme weather events, and improve energy justice. This multi-phased, integrated analysis includes eleven distinct tasks across six National Laboratories. DOE, in coordination with the National Renewable Energy Laboratory ("NREL"), hosted three PR100 Advisory Group meetings to discuss modeling results. The executive summary and final modeling results will be presented to Advisory Group members and Steering Committee members by the end of 2023.

b. **Technical Assistance to the Puerto Rico Department of Housing (PRDOH):** DOE is providing technical assistance to PRDOH in the implementation of the Electrical Systems Enhancements Action Plan, consisting of $1.9 billion in funding from CDBG-DR. DOE's Technical Assistance focused on the program guidelines for the Electrical Power Reliability and Resilience Program ("ER2") to ensure the program addresses unmet recovery needs in vulnerable areas and that program design is informed by best practices. DOE and NREL representatives held a hybrid workshop with PRDOH and HORNE LLP to clarify and reach a consensus on ER2 competitive application requirements (prioritization, desired outcomes, and HUD requirements) and finalization of the methodology and scoring criteria. Also, as requested by PRDOH, DOE, and the National Laboratories, assisted in revising the Centro Médico Microgrid proposal.

   i. **FEMA 404 Application Package Review:** COR3, in partnership with the PREPA and Luma Energy, is developing application packages for the FEMA 404 Hazard Mitigation Grant Program.

   ii. **Supporting Transmission and Distribution Recovery Investment Decisions in Puerto Rico:** This project evaluates candidate grid investments in transmission, distribution, and microgrids, with integrated analysis tailored to the problem of grid resilience planning across Puerto Rico. This task will include a feasibility study using the SmartGridz AC Optimal Power Flow to demonstrate its potential use as system conditions vary. During this period, the Pacific Northwest National Laboratory ("PNNL")

and the Sandia National Laboratory ("SNL") led training with Luma Energy employees on tools for assisting systems and emergency planning. Follow-up meetings to discuss tool improvements will continue until the end of 2023.

(2) Interagency Coordination

a. **The Energy Technical Coordination Team ("TCT"):** This team was established in February 2020 by FEMA and 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. The Energy TCT continues to meet quarterly, with more regular topic-specific working group meetings. During this period, DOE initiated the Brownfields Redevelopment Working Group to enable the development of renewable energy systems on pre-impacted land.

b. **Puerto Rico Grid Recovery and Modernization Team:** DOE continues to provide situational awareness and subject matter expertise to its federal partners through participation in various interagency meetings. DOE met on three occasions with other federal agencies, including FEMA and HUD, to discuss progress on advancing recovery projects and renewable energy procurement.

U.S. Department of Interior

The Interagency Reimbursable Work Agreement, "IRWA" between DOI and FEMA, was finalized in June 2023. Hence, these initiatives will not be included in this report.

Economic Development Administration

During the previous reporting periods, the Economic Development Administration ("EDA") led the Economic Recovery Support Function ("ERSF") for disaster declaration DR-4339-PR through an interagency agreement with FEMA. The ERSF provided economic development assistance supporting long-term community economic recovery and resilience. However, this effort has now concluded since the Interagency Reimbursable Work Agreement "IRWA" between EDA and FEMA was finalized in May 2023. Therefore, these initiatives will not be included in this report.

Appendix B: Concurrent Disasters Update

Although this Report primarily discusses the GPR's recovery efforts after Hurricane María, it is important to note that COR3 also manages the recovery and reconstruction process from other emergencies and disasters where FEMA assistance is needed. Currently, COR3 supports local governments, State Entities, and Non-Profit organizations in submitting FEMA reimbursement requests for emergency protection measures. Below are the latest updates on the Fiona (DR-4671-PR), Earthquake (DR-4473-PR), and COVID-19 (DR-4493-PR) disasters.

Puerto Rico DR-4671-PR | Hurricane Fiona Summary Status

Hurricane Fiona struck Puerto Rico on September 21, 2022, as a Category One Hurricane, causing severe destruction across the Island. President Joseph R. Biden approved a Major Disaster Declaration (DR-4671-PR) on September 21, 2022, which was subsequently revised to cover funding for permanent work projects (Categories C-G) under the PA program for most municipalities. Since the disaster declaration a year ago, Puerto Rico has received more than $1.1 billion in Federal funds to aid in its recovery. As of September 13, 2023, FEMA's Individual Assistance Program has provided more than $646 million to support nearly 740,000 households. To assist underserved communities in the recovery efforts of Hurricane Fiona, FEMA has launched Enhanced Applicant Services, an equity-based outreach program. Through this survivor-centric effort, over $14.7 million in disaster assistance has been approved for those who may have been deemed ineligible.[47]

Additionally, the National Flood Insurance Program ("NFIP") has paid approximately $4.2 million, which represents 100% percent of claims.[48] As of April 12, 2023, FEMA had completed more than 851 site inspections, while over 12,300 facilities and infrastructure items had been submitted to FEMA for review. These correspond to 5,783 items from municipalities, 5,926 from State Entities, and 624 from Private Non-Profit organizations.[49]

Furthermore, on July 12, 2023, COR3 and the Mental Health and Anti-Addiction Services Administration ("MHAASA") entered an MOU to establish the specific tasks and processes to be carried out to run the Crisis Counseling Program ("CCP") in compliance with FEMA requirements. The CCP is a short-term disaster relief grant funded by FEMA as a supplemental assistance program to support mental health assistance and training activities in presidentially declared major disaster areas. It applies to states, U.S. territories, and Federally recognized tribes that support community-based outreach, immediate crisis counseling, and other mental health services to survivors of natural and human-caused disasters.

[47] FEMA Press Release, One Year After: Hurricane Fiona Survivors Awarded Over $646 Million in Disaster Assistance (September 13, 2023).
[48] FEMA Press Release, More than $1.1 Billion in Federal Assistance due to Hurricane Fiona (September 18, 2023).
[49] FEMA Press Release, Site Inspections Move Along Steadily for Hurricane Fiona (April 12, 2023).

As part of COR3's commitment to provide further visibility to the recovery process, the Road to Recovery Project Execution Dashboard was created and implemented on COR3's Transparency Portal to reflect the progress of both large and small permanent work projects related to Hurricane Fiona.[50] The information published on this digital tool corresponds to data provided by Subrecipients through the QPRs. Figure 29 presents an overview of the execution of permanent work by phases.[51]

Figure 29: DR-4671 Execution Stage Overview



Federal Policy Petitions

- Request to Implement the Disaster Case Management Program: On October 24, 2022, the GPR addressed a letter of intent to FEMA requesting the implementation of the Disaster Case Management ("DCM") Program for the Hurricane Fiona disaster. The DCM program is a temporary process in which a disaster case manager collaborates with affected individuals to develop and implement a personalized recovery plan. This collaborative approach gives the affected individual a consistent point of contact to facilitate access to a wide range of available resources. The primary objective of the DCM program is to help individuals and families navigate the recovery process by connecting them with resources to meet their needs resulting from the disaster. The DCM program

[50] For more information, please refer to: https://recovery.pr.gov/en/road-to-recovery/pa-qpr-fiona/map.
[51] The Road to Recovery Project Execution Dashboard reflects data reported by Subrecipients in the QPR corresponding to the period of April 1, 2023, through June 30, 2023.

has been approved for the recovery process under Hurricane Fiona and is currently being implemented through September 21, 2024. The first quarterly report was submitted on July 26, 2023.

- Applicability of Cost Estimating Format to Projects Below the $1 million Threshold: In August 2022, FEMA increased the threshold for projects eligible for the PA program to $1 million. That means that projects with a cost of less than $1 million shall be classified as small projects, while those that reach or exceed $1 million shall be classified as large projects. Subsequently, in January 2023, FEMA released the Public Assistance Simplified Procedures (FEMA Policy FP-104-23-001), updating the guidelines for small projects within the PA Program. This policy aims to streamline the application process for small project funding under the PA Program, thus simplifying its implementation and supporting a prompt recovery for applicants.[52]

  The GPR recognizes that raising the threshold limit to $1 million reduces the administrative burden on government entities and Private Non-Profit organizations. However, the Damage Inventory ("DI") and projects below this threshold might face challenges due to their complexities and costs, which are only adequately addressed when using the Cost Estimating Format ("CEF"). The CEF takes into account the detailed elements and potential hidden costs typical of larger projects. In addition, for a single DI to be eligible under FEMA's Consolidated Resource Center[53] ("CRC") to apply the CEF, it will need to be equal to or higher than $1 million. Since there is no clear guidance as to when the CRC should apply the CEF to a small DI or a small project that falls below the $1M threshold, cost estimates could be less accurate and inconsistent, leading to budgetary problems. Consequently, on September 18, 2023, the GPR requested FEMA to clarify the FEMA Policy FP-104-23-001 procedures on when the CRC applies the CEF and to request the application of the CEF to projects exceeding $139,800 to enhance cost accuracy and minimize financial risks.

- Consolidation into a single award for Disasters María (DR-4339-PR) and Fiona (DR-4671-PR): To consolidate both disasters, Section 428 Public Assistance Program Alternative Procedures ("PAAP") (42 U.S.C. 5189f) of the Stafford Act would need to be amended to allow obligated projects with agreed fixed cost estimates to be versioned to include damages caused by Hurricane Fiona. In addition, it was requested that Section 428 PAAP obligated under Hurricane María be amended to allow versions to accommodate any impacts due to inflation, construction material cost increases, and labor shortages.

- 100% Federal Cost Share: The GPR has requested a 100% Federal cost share to be applied to all consolidated María and Fiona permanent work projects, which would facilitate the repairs necessary

[52] Public Assistance Simplified Procedures (FEMA Policy FP-104-23-001), page 1 (January 6, 2023).
[53] FEMA's Consolidated Resource Center focuses in developing project scopes and costs while validating compliance with all Public Assistance program regulations and requirements.

to improve Puerto Rico's electrical grid. However, FEMA denied this request back in November 2021, claiming that Federal regulation does not contemplate such a recommendation.

- Roads, bridges, and highways: An extension of the BBA and Section 406 of the Stafford Act to include as critical services, Puerto Rico's transportation services, including the repairs to roads, bridges, and highways, all of which have been devasted by Hurricanes María and Fiona.

- Disaster Flexible Match: Implementation of FEMA's DFM program to ease administrative burdens and avoid challenges related to the projected grant deadlines of its PA Program. The DFM Program will allow the non-Federal cost share to be based on a percentage of a disaster's overall obligation instead of on a per-project basis.

Puerto Rico DR-4473-PR | Earthquakes Summary Status

In December 2019, Puerto Rico was hit by a series of earthquakes that lasted more than six (6) months. After two (2) powerful earthquakes with magnitudes of 6.4 and 5.9, respectively, on January 16, 2020, a Major Disaster Declaration (DR-4473-PR) was approved. These earthquakes displaced more than 10,000 people at some points, damaged over 2,000 homes, severely affected the power grid, and caused the closure of several school buildings.

As of September 30, 2023, a total of 40 projects have been completed for DR-4473-PR, totaling $12.3 million. Figure 30[54] provides a detailed breakdown of the execution stage by phases. Among the most significant projects is the FEMA allocation to ASSMCA for about $2.6 million to repair their Men's Rehabilitation Centre facilities in Ponce. Additionally, around $944,000 thousand will cover ASSMCA's amphitheater in said municipality.[55] Another outstanding project is the restoration of several museums in Ponce, with an allocation of $379,000 thousand to preserve historical treasures.[56]

To date, there are 785 obligated projects under DR-4473-PR, of which 602 correspond to permanent work, 109 are emergency category projects, and 74 are administrative cost projects. Additionally, a total of $401.8 million has been disbursed. Figure 31 provides a detailed breakdown of the obligated and disbursed amounts by category.[57]

[54] The Execution Stage Overview reflects the data reported by subrecipients in the last QPR corresponding to the period of July 1, 2023, through September 30, 2023.
[55] FEMA Press release, Nearly $80 Million from FEMA To Address Mental Health in Puerto Rico (May 21, 2023).
[56] FEMA Press release, Museums Will Be Restored to Preserve Puerto Rican History and Culture (May 11, 2023).
[57] Data obtained as of September 30, 2023.

Figure 30: DR-4473 Execution Stage Overview

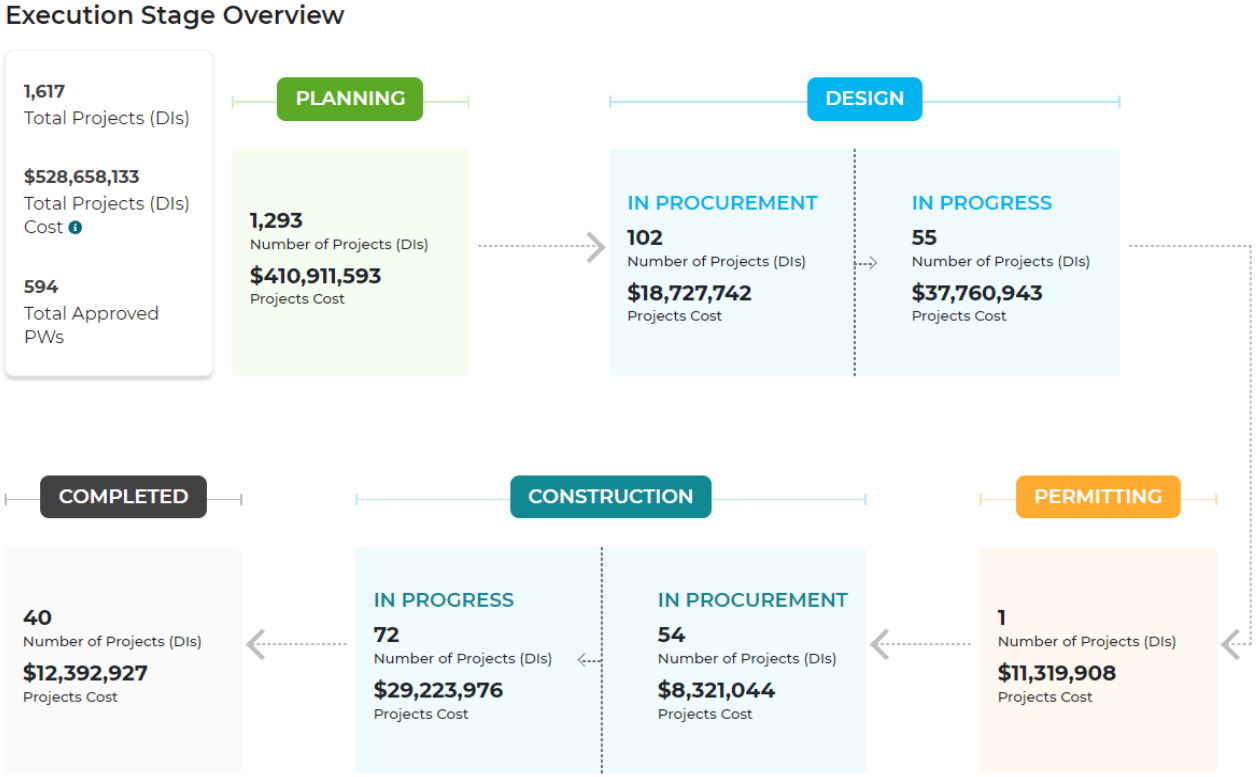
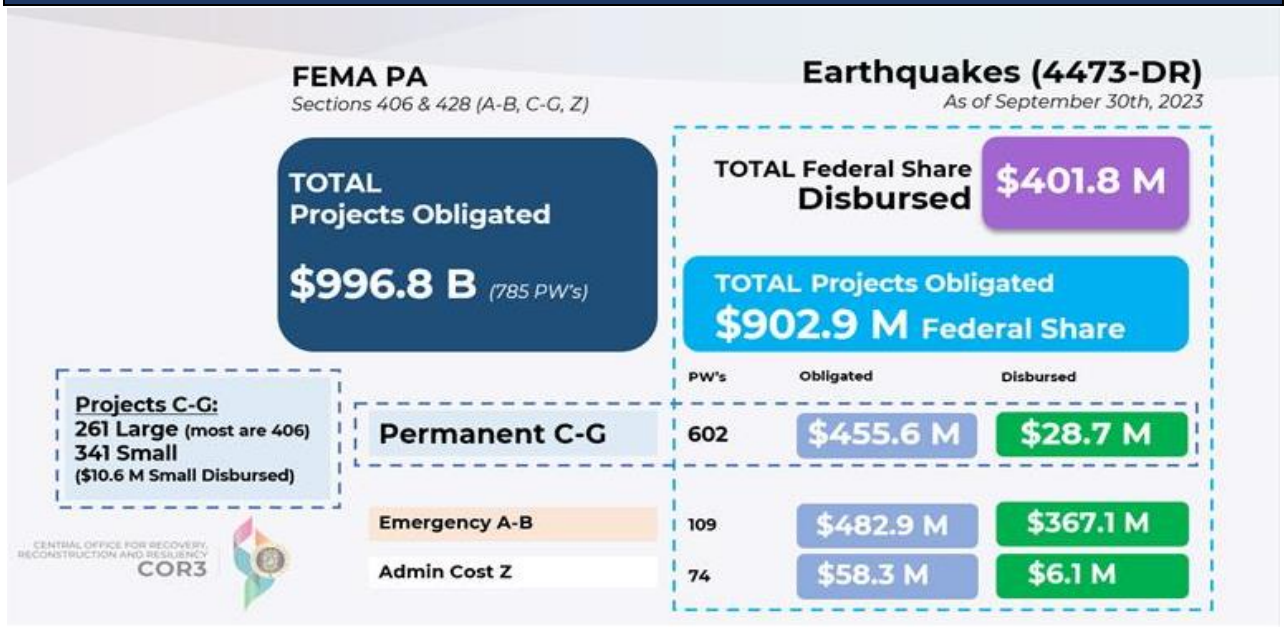


Figure 31: DR-4473 Overview



Puerto Rico DR-4493-PR | Covid-19 Summary Status

As of June 2023, 65% of the projects under DR-4493-PR have been obligated, while 70% of funds have been disbursed.[58] Figure 32 shows the project formulation overview. As shown in the figure below, 115 emergency category projects are distributed as follows: 19 municipal projects, 40 State Entity projects, and 56 private Non-Profit projects. One of COR3's priorities for the coming periods is the simplification of post-obligation processes pertaining to disbursement and closeout.

Figure 32: DR-4493 Project Formulation Overview (Including Cat Z)



Category	Project Count	Federal Obligation	Amount Disbursed
Emergency Work – CAT B	115	$ 184,937,244.68	$ 135,881,179.14
Administrative Cost – CAT Z	16	$ 7,960,754.38	$ 850,498.38
Total Obligations – CAT B & Z	131	$ 192,897,999.06	$ 136,731,677.52
Central Recovery and Reconstruction Office – COR3 CAT Z	1	$ 4,675,212.54	$ 2,174,011.88
Total Obligated Amount	**132**	**$ 197,573,211.60**	**$ 138,905,689.40**

[58] The execution period for DR-4493-PR (COVID-19) has been closed.

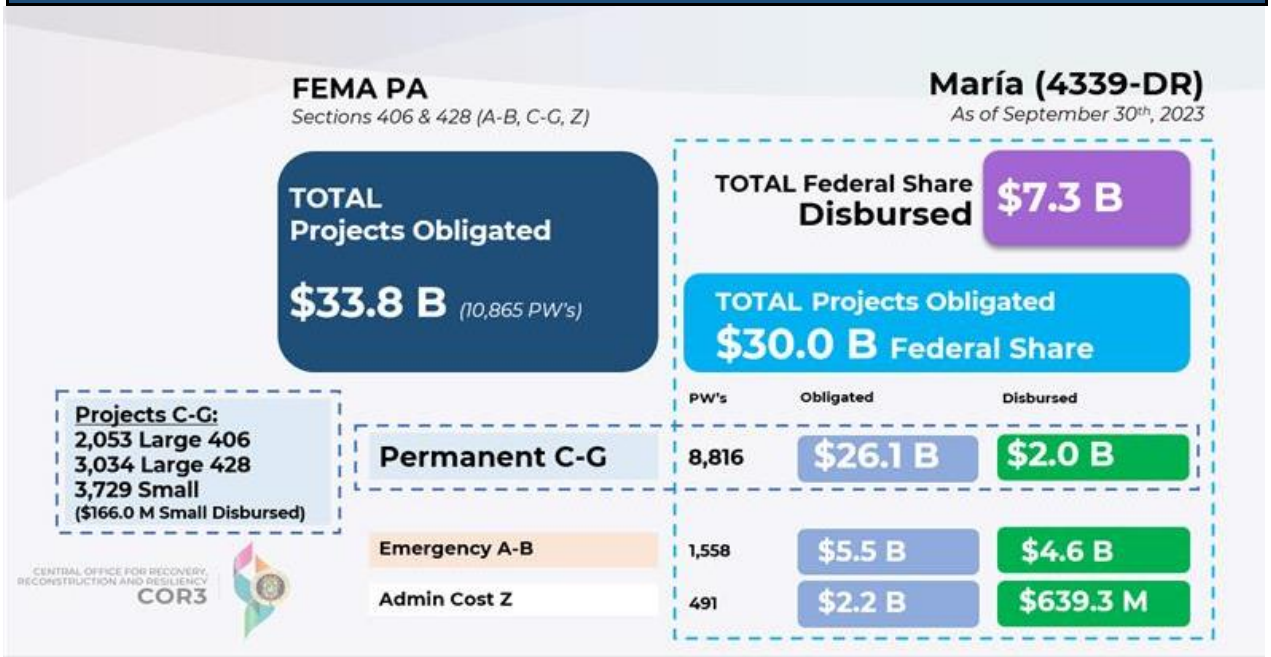
Appendix C: Public Assistance Hurricane María Data Overview

Recovery Overview

As a result of the damages caused by Hurricane María, State Entities, Municipalities, and Private Non-Profit institutions applied for reconstruction funding through the FEMA PA Program. The total amount of obligated projects is $33.8 billion, of which $7.3 billion has been disbursed (Figure 33).[59] With most of the emergency work completed and in the closeout process (Category A– Debris Removal and Category B– Emergency Protective Measures), Puerto Rico's disaster response continues to prioritize the execution of permanent work projects. To date, $5.5 billion of emergency work has been obligated, with $4.6 billion already disbursed.[60] As of September 30, 2023, 8,816 permanent work projects have been obligated in the amount of $26.1 billion, with $2.0 billion disbursed, as shown in Figure 33.

Furthermore, Table 8 provides a comprehensive breakdown of allocations, total obligations, and disbursements for the PA, HMGP, and IA programs since 2017.[61]

Figure 33: Disaster María Public Assistance



[59] For this period, the data shows a reduction in small projects compared to the previous reporting period. Some of the obligated small projects increased their amount and extended their scope of work, thus exceeding the threshold and converting to large projects. Furthermore, the emergency category projects also reflect a reduction due to between April 1st to September 30 since two (2) projects were de-obligated and an additional project was obligated.
[60] Refer to Figure 31.
[61] COR3 Transparency Portal, https://recovery.pr.gov/en/financial-analysis/financial-summary accessed on 11/30/2023.

Table 8: DR-4339 Program Disbursements			
Fund	**Allocated**	**Obligated**	**Disbursed**
Public Assistance	$31,655,546,098	$31,655,546,098	$7,446,935,688
Individual Assistance	$2,499,330,880	$2,499,330,880	$2,530,021,149
Hazard Mitigation Grant Program	$2,998,722,283	$2,246,921,255	$54,306,010

Central Government Agencies and Public Corporations

State Entities have received significant awards through the FAASt initiative. As such, COR3 provides technical assistance during the project formulation and post-obligation phases to facilitate the execution of these and other projects. This effort focuses on procurement and project management support to ensure successful project completion. Table 8 illustrates the allocation of significant FEMA obligations for permanent work projects.

Table 9: Key FEMA Obligations - Central Government Agencies	
Agency	**Obligated Federal Share**
University of Puerto Rico	$814.2 M
Department of Transportation and Public Works	$627.8 M
Department of Health	$152.3 M
Puerto Rico Industrial Development Company	$234.0 M
Department of Sports and Recreation	$124.0 M
Public Building Authority[62]	$101.1 M
Local Redevelopment Authority for Roosevelt Roads	$95.8 M
Public Housing Administration	$1.3 B
Department of Environmental and Natural Resources	$140.4 M

[62] The obligated amount for the Public Building Authority has decreased since the Ninth Congressional Status Report due to finalizing the reconciliation process for the closeout of two (2) emergency projects.

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 María, PRDOH, as the designated CDBG-DR Grantee, has been fully committed to the recovery of the Island. Through the establishment of 20 programs designed to provide grant opportunities to citizens, small businesses, Municipalities, agencies, and non-governmental organizations, PRDOH has successfully disbursed CDBG-DR funds, creating a significant impact on the local housing, infrastructure, economic, and planning sectors. CDBG-DR Programs such as the Home Repair, Reconstruction or Relocation ("R3") Program continue to assist families in need of home repairs or reconstruction, as well as providing relocation assistance to eligible homeowners located in hazardous zones. At the moment, the R3 Program has a total of 571 homes in preconstruction, 903 homes in construction, and completed 5,786 home repair and reconstruction projects. The R3 Program has also provided a total of 3,017 vouchers to families in need of relocation. A total of 8,803 participants have been assisted through the R3 Program, providing a safe and secure home. Another housing program helping Puerto Ricans is the Homebuyer Assistance Program, which grants up to a maximum of $55,000 to support homebuyers with the purchase of a new or existing property. This program has served a total of 7,499 families and will continue to increase the level of homeownership in impacted communities and contribute to the long-term sustainability and viability of communities across the Island.

In the economy sector, the Small Business Financing ("SBF") Program has impacted microenterprises and small businesses by providing recovery grants up to a maximum of $150,000 to cover working capital and equipment. The SBF Program has provided a total of 3,861 grant awards to support the restart of operations and investment in growth opportunities of small businesses. Furthermore, the Re-grow PR Urban-Rural Agriculture ("Re-Grow") Program assists small and medium agricultural businesses by offering grant awards that range from $25,000 to $150,000 to address the impacts on the agriculture sector. A total of 1,228 grants have been awarded to agriculture businesses to continue supporting and expanding island-wide food security, as well as improving and expanding agricultural production related to economic revitalization and the development of activities.

On May 23, 2023, PRDOH published the 11th Amendment to the CDBG-DR Action Plan (Nonsubstantial), which reallocated the remaining funds in the Tourism and Business Marketing ("TBM") Program to the Non-Federal Match Program ("NFMP"). Subsequently, PRDOH also published the 12th Amendment to the CDBG-DR Action Plan (Nonsubstantial) on August 3, 2023, to reallocate funds into the Community Energy and Water Resilience Installations ("CEWRI") Program to address the increased need for assistance to the R3 relocation applicants being added to the program's pipeline, as well as to the CDBG-DR Gap to Low Income Housing Tax Credits ("LIHTC") Program to balance the needs of renters and homeowners in Puerto Rico while increasing the available inventory of affordable housing.

Continued collaboration efforts between COR3 and PRDOH have resulted in executing a new MOU signed on September 8, 2023. This MOU formalizes the relationship between the two agencies and includes administrative costs for activities associated with the successful implementation of the NFMP. The NFMP has accomplished Subrecipient Agreements with all 78 municipalities, 44 Puerto Rico State Entities, and 21 Private Non-Profit organizations. Additionally, HUD approved PRDOH's request to waive the prohibition on buildings for the general conduct of government at 42 U.S.C. 5305(a)(2) and associated regulations at 24 CFR 570.207(a) to permit Puerto Rico to carry out the construction, reconstruction, and rehabilitation of public improvements or facilities on buildings for the general conduct of government within the NFMP and the Community Revitalization ("CRP") programs, subject to some requirements and prohibitions. These projects will benefit low-and-moderate-income persons by strengthening the infrastructures that provide services to the people of Puerto Rico.

PRDOH has led ongoing conversations with HUD to discuss PR Faith Based Organization Waiver request of 24 CFR 5.109(e) and (j) to facilitate Puerto Rico's use of a portion of CDBG-DR grant funds to reimburse recovery costs of faith-based organizations' facilities that provide essential services and support to communities in the wake of disaster. PRDOH is awaiting additional compliance guidance. Coordination efforts between COR3 and PRDOH have resulted in FEMA's approval of Part F- Flexible Match Implementation SOP on March 20, 2023. Currently, PRDOH and COR3 have led ongoing discussions on the project selection evaluation criteria under the recent FEMA Flexible Match SOP. Based on this joint coordination effort, both PRDOH and COR3 will be selecting potential projects to be evaluated for Flexible Match implementation.

Community Development Block Grants - Mitigation (CDBG-MIT)

On January 27, 2020, Puerto Rico received the largest CDBG-MIT allocation of all HUD's grantees. This grant has been allocated through the Federal Register Notice 85 FR 4676, issued specifically to perform mitigation activities for the benefit of the people of Puerto Rico. In May 2021, PRDOH and HUD signed the Grant Agreement that secures Puerto Rico's access to the $8.285 billion in mitigation funds. Through the CDBG-MIT Action Plan, PRDOH established nine (9) programs, three (3) subprograms, and two (2) set-asides to address housing, infrastructure, and planning mitigation needs that will reduce disaster risks and future losses.

On June 13, 2023, HUD approved the 2nd Amendment to the CDBG-MIT Action Plan (Substantial), which included the following infrastructure-covered projects: the Patillas Dam Seismic Retrofit Covered Project and the South Region Water Supply System Improvement (Bauta) Covered Project. The purpose of the Patillas Dam Seismic Retrofit Covered Project is to reduce the probability of seismic-induced embankment deformations that could result in a dam breach with an uncontrolled release of the reservoir, causing downstream flooding. This Covered Project will help prevent a catastrophic loss of the embankment, as well as reduce the flooding risk for the communities located in Patillas. The proposed Bauta Covered Project contemplates the construction of a tunnel between the Bauta River and the Toa Vaca watershed

basin, the expansion of the Toa Vaca water treatment plant, and the installation of water distribution pipelines.

Throughout this year, PRDOH has continued to launch several CDBG-MIT Programs, such as the Planning and Capacity Building ("PCB") Program and the two (2) subprograms under the Community Energy and Water Resilience Installations Program: Incentive Program ("CEWRI-IP") and Community Installations Program ("CEWRI-CI"). On August 10, 2023, the CEWRI-IP Program, also publicly known as the Solar Incentive Program, conducted a round of ticket distribution for eligible applicants with a household income of up to 200% of Area Median Family Income ("AMFI") to be able to apply to the program. The purpose of the CEWRI-IP Program is to incentivize eligible households to acquire a photovoltaic system with a storage battery or only a storage battery for those applicants who already have a photovoltaic system in their homes, promoting energy resiliency for the well-being of all Puerto Rican families. In the CEWRI-IP round, PRDOH issued a total of 5,577 tickets, from which a total of 776 potential applicants have already submitted their applications for the program to begin the intake review process.

Community Development Block Grants - Earthquakes and Tropical Storm Isaías (CDBG-DR Earthquakes & Storm)

On January 6, 2021, HUD published the Federal Register Notice Vol. 86, No. 3 (January 6, 2021), 86 FR 569, which allocated a total of a total of $36.4 million in funds for the recovery of the 2019-2020 Earthquakes. One year after this publication, HUD published the Federal Register Notice Vol. 87, No. 23 (February 3, 2022), 87 FR 6364, which allocated a total of $184.6 million in CDBG-DR funds to Puerto Rico for major disaster declarations DR-4773-PR (2019-2020 Earthquakes Sequence) and DR-4560-PR (Tropical Storm Isaías). As part of the requirements established in 87 FR 6364, PRDOH amended the Action Plan to specify how PRDOH will distribute this new allocation of $184.6 million in CDBG-DR funds granted by HUD to assist low- and moderate-income residences affected by the 2019-2020 Earthquakes and Tropical Storm Isaías. On April 10, 2023, PRDOH received from HUD the approval of the 1st Amendment to the CDBG-DR Action Plan in Response to the 2019-2020 Earthquakes and 2020 Tropical Storm Isaías (Substantial). This substantial amendment modified the unmet needs assessment to include Tropical Storm Isaías as per 87 FR 6364, as well as the expansion of the most impacted and distressed ("MID") area. This amendment also incorporated modifications to the Home Seismic Rehabilitation and Reconstruction Program, which was renamed to the R3 Program. These changes included the addition of the Southern Consortium for Management and Administration of Federal Earthquake Damage Funds from January 2020 ("ConSur", for its Spanish acronym) as a program Subrecipient and the inclusion of relocation as an eligibility activity, among other programmatic changes.

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

On June 22, 2021, PRDOH was granted an allocation of $1.9 billion of CDBG-DR funds for the enhancement or improvement of the electrical power systems in Puerto Rico. On the Federal Register Notice 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 federal members of this group include the USDOE, FEMA, the EPA, the Government Accountability Office ("GAO"), and others. On August 15, 2023, the ER2 Program began the competitive projects application period, which is scheduled to close on November 13, 2023. The ER2 Program is intended to aid public and private strategic projects that create electrical system reliability and resilience. The program will serve the needs of communities by funding projects that are not currently anticipated to be funded from other federal or local sources. One example is the Puerto Rico Medical Services ("ASEM") -Centro Médico Microgrid project. This project will allow the island's primary medical and hospital center to operate off the grid in the case of a future disaster. Additionally, the Energy Grid Rehabilitation and Reconstruction Cost Share ("ER1") Program is currently in its planning phase and is scheduled to launch by the end of the year. The ER1 Program aims to relieve the financial burden related to the recovery efforts of Puerto Rico's electrical grid and long-term infrastructure resilience needs. Through the matching of funding provided by other Federal agencies, critical infrastructure needs will be addressed, making the Island more adaptable to changing conditions and able to withstand and recover rapidly from disruptions caused by future disasters.