



**GOVERNOR OF PUERTO RICO**  
**Ricardo Rosselló Nevares**

April 10, 2018

Hon. Mitch McConnell  
Senate Majority Leader  
United States Senate  
Washington, DC 20515

Hon. Paul Ryan  
Speaker of the House  
United States House of Representatives  
Washington, DC 20515

Hon. Charles Schumer  
Senate Minority Leader  
United States Senate  
Washington, DC 20515

Hon. Nancy Pelosi  
House Minority Leader  
United States House of Representatives  
Washington, DC 20515

Dear Mr. Majority Leader, Mr. Speaker, Mr. Senate Minority Leader and Ms. House Minority Leader,

Please accept this letter as the second monthly report relative to Puerto Rico's Economic and Disaster Recovery Plan, as required by Section 21210 of the Bipartisan Budget Act of 2018, Pub. L. 115-123 (the "Act"). In coordination with Federal Emergency Management Agency ("FEMA"), through the appointed Federal Coordinating Officer, the intent of this letter is to update Congress on the progress in developing the 12 and 24-month Economic and Disaster Recovery Plan.

As we are developing this Recovery Plan (the "Plan"), the Government of Puerto Rico ("GPR"), local government and the citizens of Puerto Rico are in the final stages to fully bring back the basic necessities of day-to-day living. We have made great progress in some areas with over 95% of all power restored and almost 100% of all government supplied water restored.

In my previous letter, I discussed the creation of the Central Recovery and Reconstruction Office ("CRRO") to lead agencies in the coordination, development and execution of the Recovery Plan. A significant activity of the CRRO is the implementation of processes and procedures to manage all recovery funding in a compliant, open and transparent manner. This is consistent with the requirement for the centralized control and oversight of grant funding included in Amendment 5 to the Major Disaster Declaration issued in response to Hurricane Maria (FEMA-4339-DR). In addition, as directed by this amendment, the CRRO has competitively procured third-party experts to support these efforts, to include Deloitte & Touche LLP, to support strategic development and program compliance, ICF Incorporated, LLC to support project development and grants management processing, and CGI Technologies and Solutions Inc. to support data management and to develop a web-based platform to provide information to all stakeholders.

The Act requires Puerto Rico to define priorities, goals and expected outcomes in the key functional areas, which corresponds to the focus areas that were developed in the Build Back Better Plan filed with

Congress in November 2017. Working with FEMA through the National Disaster Recovery Framework (“NDRF”), we have organized our recovery analysis efforts through twelve (12) Sectors (collectively defined below), as follows:

- 1) Capacity Building
- 2) Communications/IT
- 3) Economic Development
- 4) Health & Social Services
- 5) Housing
- 6) Water and Wastewater Infrastructure Resiliency
- 7) Natural and Cultural Resources
- 8) Energy and Power
- 9) Public Buildings
- 10) Transportation
- 11) Municipalities
- 12) Education

We are integrating federal and GPR expertise in each Sector and as needed pulling in other experts from other public and non-public stakeholders including the private sector and not for profit organizations. The general charge of each of these Sectors is to develop a damage and needs assessment and then to develop courses of action and identify potential funding sources. As issues arise that need deeper analysis or may involve more than one Sector, Solution Based Teams will be formed with key stakeholders to develop courses of action that work toward unified outcomes (or end states) and ultimately enable the application of the right resource to the right need. Paramount to this effort is FEMA’s engagement of the Homeland Security Operational Analysis Center (“HOSAC”), a federally funded research and development center operated by the RAND Corporation under contract with DHS to support the overall recovery plan. The plan will be developed with input—including damage and needs assessments, courses of action, and priorities—from a wide variety of partners, a review of key legislation and prior long-term recovery plans, and a review of recovery lessons learned both internationally and from recent U.S. disasters. The GPR is working closely with HSOAC and FEMA in this process through the CRRO, which has embedded GPR officials in every analytical Sector.

HSOAC is conducting ongoing engagement with the following partners to gather their input on plan formulation and implementation:

- Other government entities, including PROMESA, the Government Development Bank and related financial agencies, sector-specific councils, commissions and boards (e.g., Area Maritime Security Council, PR Policy Committees), the Office of the Commissioner on Municipal Affairs, and mayoral offices;
- U.S. federal government agencies (e.g., Department of Energy, Federal Transportation Administration, Economic Development Administration, Department of Health and Human Services), including FEMA leads for Emergency Support Functions and Recovery Support Functions;
- Analytic partners including a variety of universities, Centers of Excellence, national laboratories, academics, subject matter experts, and federally funded research and development centers; these analytic partners are performing key analyses or assessments and helping to gather input from the general public;
- Volunteer, faith-based, and community-based organizations including groups of educators, local foundations, and local and national organizations focused on disaster response, recovery, and economic development (e.g., Oxfam, 100 Resilient Cities); and

- Private-sector partners including corporations (e.g., AT&T), national associations (e.g., National Emergency Management Association), philanthropic foundations, and others.

To assist the recovery planning effort, HSOAC has engaged a number of non-profit governmental organizations, including notably the University of Puerto Rico (“UPR”). UPR will provide subject matter experts, help develop and execute workshops for stakeholders, and to conduct community engagement and outreach across the 78 municipalities – including a series of workshops with mayors across Puerto Rico. GPR, FEMA, and other Federal Agencies through the NDRF process will be the decision makers on the goals and objectives that are ultimately incorporated into the plan. Consistent with the principles defined in the NDRF, it is our intent to take a “whole of the community” approach and be strongly influenced by the needs of local government, other community organizations and the private sector. We will continue to engage academic centers of excellence, national labs and Federally Funded Research and Development Centers (“FFRDCs”), and other subject matter experts to help guide the outcomes for GPR’s goals and objectives.

To ensure the recovery plan is as robust as possible, the long-term strategy it presents should capture the damage from the storms and current needs across the Island, both within specific Sectors and for challenges that cut across Sectors. This will result in a Recovery Plan that will lead to a stronger and more resilient Puerto Rico.

The first step in the recovery process is conducting a damage and needs assessment which is ongoing. This damage and needs assessment will help:

- Provide an understanding of Sector status before the 2018 hurricane season;
- Provide an overview of damage from Hurricanes Irma and Maria, based on the best available information at the time of writing;
- Summarize post-storm response operations and/or additional system deterioration;
- Identify priority needs to address in the recovery plan through new courses of action; and
- Highlight key gaps in data and information pertaining to storm damage that could affect the overall analysis.

The current projection is to have at least preliminary data on damage and needs assessments delivered in early May. Courses of action will be developed in parallel using current assessments and maintaining the ability to adjust as data becomes more reliable. All parties are interacting on a daily basis with formal reviews for GPR and FEMA leadership generally scheduled on a bi-weekly basis.

In that regard, we have agreed with FEMA to participate in alternative procedures for all large project funding for Public Assistance Categories C-G pursuant to section 428 of the Stafford Act and are working diligently with FEMA to finalize the program field guidance for implementation of the program. We believe the innovation in this plan will greatly help Puerto Rico in designing the recovery vision highlighted above. Significantly, the Section 428 plan incorporates an aggressive use of Hazard Mitigation funding, both under Section 404 and Section 406 of the Stafford Act the use of the available mitigation funding resources will be key to the overall recovery and resiliency of Puerto Rico. Key to the success of this innovative process will be high quality damage and cost assessments that properly estimate the funding required to complete the projects. The risk of underestimation, especially in the current fiscal climate, is significant to Puerto Rico and it is our intent to develop a very collaborative approach to the damage and cost process through coordination and training.

The overall vision is a Puerto Rico with a sustainable economy as well as recovered and resilient infrastructure built to the highest standards currently available. This coupled with the governmental and

fiscal reforms highlighted in the 2017 and 2018 Fiscal Plan for Puerto Rico, the vision will result in a Puerto Rico that is an economic and social leader in the Caribbean area. GPR, FEMA, and HSOAC are calibrating their solutions to adjust for current and future demographic and economic environment.

Compliance and transparency have been key aspects of our approach to this recovery. We have proactively reached out to FEMA fiscal leaders, HUD field representatives, and the OIG to request their direct involvement in the development of our policies and procedures. We are committed to involving and harnessing the expertise of all key stakeholders as we work together to produce the best outcomes possible for Puerto Rico. Additionally, as indicated above, it is our intent to develop a robust information portal available to the public to keep all stakeholders informed of progress and issues. We are deeply committed to developing an approach that all stakeholders will agree meets the highest standards of compliance and resiliency.

We greatly appreciate the support we have received from FEMA, HUD and other involved federal agencies and look forward to continued full collaboration throughout this recovery.

Sincerely,



Ricardo Rosselló Nevares  
Governor