

Request for Federal Assistance
for Disaster Recovery

Build Back Better Puerto Rico

November 2017

Ricardo Rosselló
Governor of Puerto Rico



LETTER FROM THE GOVERNOR



November 13, 2017

The Honorable Donald J. Trump
The President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

I thank you again for your leadership and action on the emergency supplemental package that you signed into law on October 26th, 2017. That package represented a critical first step by your Administration and Congress to address the most immediate emergency needs in Puerto Rico. As you are aware, much more remains to be done in order to stabilize Puerto Rico and set the island on a path to full recovery and reconstruction.

The scale and scope of the catastrophe in Puerto Rico in the aftermath of Hurricane Maria knows no historic precedent. The island-wide devastation presents an extraordinary challenge to the American citizens of Puerto Rico, our local government and to the Federal government. A challenge that I am certain we can overcome together, as the United States is the undeniable world leader in disaster response and the resolve of the people of Puerto Rico is strong.

As you know, the devastation in Puerto Rico has strained resources beyond FEMA's Disaster Relief Fund (DRF) and associated programs. To support the resiliency and mitigation efforts necessary for the reconstruction phase of Puerto Rico, we are calling upon your administration to request an emergency supplemental appropriation bill that addresses our unique unmet needs with strength and expediency.

Specifically, the people of Puerto Rico respectfully request that Congress provide \$30 billion within the FEMA DRF to recover critical infrastructure; \$46 billion to restore housing and economic viability through the Community Development Block Grant - Disaster Recovery (CDBG-DR) program; and \$17.9 billion in other Federal grant programs for long term recovery with the intent to reconstruct a stronger, more resilient Puerto Rico.

In addition, based on the per capita financial impacts of our recovery efforts across the island, consistent with the historical precedents of Hurricanes Andrew and Katrina, Puerto Rico requests Congressional authorization of 100% funding for Stafford Act Programs. With the required use of the Section 428 of the Stafford Act for Permanent Work under FEMA, the overall Public Assistance funding will be capped to the mutually agreed upon estimates. Furthermore, additional funding will be needed through the Community Disaster Loan Program (CDL) to overcome the liquidity needs of the Government of Puerto Rico and our local municipalities. Data on the amounts needed from this funding source will be provided to your Administration and to Congress as soon as it becomes available.

This is a transformative moment in the history of Puerto Rico. We recognize that your leadership, along with that of leaders from both parties, will be essential to our recovery, and the future economic and fiscal health of the island. To that end, we are committed to fully engaging leaders from the private sector and Non-Governmental Organizations in the design and implementation of this rebuilding program. We will Build Back Better, not just in terms of the physical and economic reconstruction of the island, but through a true public-private partnership with a process that is open, transparent and accountable to our community, to the Federal government and the American people, who are showing such tremendous and heartfelt support for our efforts.

With sustained federal assistance and your leadership and support, I am confident that in time the people of Puerto Rico will recover and grow stronger than ever.

Sincerely,

Ricardo Rosselló
Governor of Puerto Rico

EXECUTIVE SUMMARY

Hurricanes Irma and Maria devastated Puerto Rico, bringing sustained winds well in excess of 150 miles per hour, heavy rains, and catastrophic flooding the likes of which the island had never seen before. The storms caused nearly complete devastation, including the catastrophic failure of the Island's power grid, water and wastewater infrastructure, and communications networks. The economy of the island ground to a halt in the face of physical damages, loss of supporting infrastructure, and the absence of power and water. Roads and bridges failed or were blocked by debris across the island, leaving communities stranded and unable to obtain life-saving aid, food, water and medicine for a period of weeks. More than 472,000 housing units were destroyed or experienced major damages, forcing hundreds of thousands of Puerto Ricans to seek refuge in shelters and the homes of family and friends. The agricultural sector was devastated, with near total destruction of the sector's infrastructure and loss of almost 80% of planted crops. Even today, approximately 60% of the island is still without power, and until recently 70% of the potable water is either unavailable or has yet to be certified as safe to drink, hundreds of schools have yet to reopen, and thousands of businesses are closed or have limited operations including the pharma manufacturing industry, which may cause serious shortages of drugs supplies in the US inasmuch as pharmaceutical products made in Puerto Rico account for nearly 10 percent of all drugs consumed by Americans.

Needless to say, these numbers do not capture the depth and breadth of the Puerto Ricans' suffering. Power outages and the decimation of cell tower capability prevent regular communication or access to wireless internet services. Damage to roads and bridges and blockages caused by debris continue to render the hardest-hit areas of the island virtually inaccessible. Hospitals operate at a reduced capacity at a time when health services are most needed. Hundreds of thousands of Puerto Ricans are displaced and most children have not yet returned to school. All levels of government, as well as the police and fire departments, are hampered by the destruction of their buildings and infrastructure. The hurricanes also robbed thousands of Puerto Ricans of their livelihoods. Manufacturing, agriculture and tourism, pillars of the Puerto Rican economy, will be devastated for years. And the fabric of Puerto Rico's communities has been torn, as tens of thousands of Puerto Ricans left the island to escape their post-hurricane hardships.

The task ahead is as daunting as it is urgent, and recovery cannot be accomplished unless Puerto Rico receives substantial federal assistance. In this Request for Supplemental Appropriations, Puerto Rico is requesting a total of \$94.4 billion, targeted in the areas where assistance is most needed.

EXECUTIVE SUMMARY

Requested Amount by Category

Housing	\$31,068,532,671
Power Grid and Resiliency	\$17,789,375,000
Health and Healthcare	\$14,946,507,962
Agriculture	\$2,076,500,000
Social Services	\$288,262,193
Economic Development	\$3,194,677,600
Communications Infrastructure	\$1,500,000,000
Roads & Bridges	\$4,497,725,000
Ports and Airports	\$1,345,700,000
Public Building Revitalization	\$153,100,000
Water and Water Control Facilities	\$1,280,822,003
Sanitary Sewer and Storm Drainage	\$1,409,716,413
Education and Schools	\$8,413,208,822
Environment and Natural Resources	\$1,581,050,000
Public Safety & First Response Coordination	\$486,990,571
Long-Term Recovery Management and Coordination	\$9,000,000
Cost Share	\$4,358,445,905
Grand Total:	\$94,399,614,140

EXECUTIVE SUMMARY

Requested Amount by Funding Source

CDBG-DR	\$46,052,313,558
DOL	\$55,000,000
DOT	\$1,696,925,000
EDA	\$228,750,000
EPA	\$300,000
FAA	\$540,000,000
HHS	\$11,364,232,225
HM	\$2,150,000,000
HSGP	\$4,866,000
PA	\$28,237,727,357
SSBG	\$126,000,000
USACE	\$1,830,000,000
USDA	\$2,080,500,000
USFWS	\$33,000,000
Grand Total	\$94,399,614,140

ENSURING TRANSPARENCY AND STRONG FINANCIAL CONTROLS

In the aftermath of Hurricanes Irma and Maria, Puerto Rico recognizes that the commitment of funding from Congress necessitates an equal commitment from Puerto Rico to manage those funds with great efficiency, transparency, and accountability. The Governor and his entire Administration are dedicated to delivering on this promise, and the appropriate organizational structures, controls and processes are being put in place to protect the federal investment in the recovery.

An extraordinary demonstration of this commitment is found in the recent creation of the Central Recovery and Reconstruction Office of Puerto Rico. The need to coordinate across the traditional agencies of government and the commitment to strengthen financial controls and the oversight of the recovery process led the Governor to issue an Executive Order establishing the Office that has been established with all necessary authority, powers and capability to: (a) identify, procure and administer all state, federal and/or private resources for recovery; (b) direct and coordinate efforts and activities of the Government of Puerto Rico related to the recovery; (c) fund and execute recovery and related infrastructure projects; and (d) advise the Governor and provide technical assistance to other entities across the Government related to recovery efforts, as required. This new office will provide the centralized oversight and financial controls that the Government of Puerto Rico and the U.S. taxpayer expect for the recovery effort. It will also ensure the Government can implement reconstruction efforts with efficiency and transparency, and capitalize on opportunities to build back in a manner that makes Puerto Rico better, smarter, stronger, and more resilient.

The operation of this Office will also centralize the recovery procurement activities of the Government so that additional controls can be implemented to ensure those actions will be in full compliance with Federal and state requirements, approached with consistency, occur under the watchful eye of procurement experts, and are consistent with purchasing process best practices. It will ensure that all procurements are performed in a manner that achieve full and open competition and will make public information about procurement decisions available to the public.

Puerto Rico is committed to implementing specialized tools, expanding the use of expert consultants and accounting support, utilizing proven grants management systems to support the program and financial management funding requirements that provide accountability to the island's recovery investment. A program that provides technical assistance to state agencies, municipalities, and other recipients of recovery funds is being implemented to increase awareness of financial and programmatic requirements and to assist with documentation management. Puerto Rico has engaged and is leveraging best practices from states such as Louisiana, New Jersey, New York, and Florida from past disasters. The Government will continue engaging with FEMA and other federal agencies, including with their respective Offices of Inspectors General, as it designs and implements programs and spends resources. Puerto Rico will also be developing and implementing processes, procedures, and protocols designed to manage the significant funding that is expected to be made available in the aftermath of the hurricanes to permit the Government to monitor those implementation efforts, ensure legal, regulatory, and policy compliance and ensure the appropriate use of funds.

Finally, Puerto Rico is planning to create a Recovery Transparency Portal that will track the status of recovery and provide information to the public about how and where funds are being used. This will provide transparency related to the recovery effort, and will support a regimen and culture of accountability.

DISASTER SUMMARY

Hurricanes Irma and Maria dealt a devastating blow to Puerto Rico, resulting in the largest and most complex disaster response and recovery effort in U.S. history. Hurricane Irma skirted the northern coast of the Island from September 6-7, 2017 as a Category 5 storm, causing significant flooding, regional power and water outages, and other significant impacts. Before response operations had even concluded however, an even more devastating Hurricane Maria slammed into Puerto Rico on September 20, making a direct strike as a strong Category 4 storm and causing widespread devastation and destruction the likes of which the island has never seen.

Maria represented a “worst case scenario” for Puerto Rico, tracking east-to-west across the island and leaving no one and no thing untouched. Within a matter of hours, 100% of Puerto Rico’s population, economy, critical infrastructure, social service network, healthcare system, and even the government became casualties of the storm. All power was lost across the Island as a direct result of the catastrophic failure of the Puerto Rico Electric Power Authority’s (PREPA’s) transmission and distribution infrastructure to the point that experts estimate it could take as long as a year to bring even temporary power back to all Island households and businesses. This produced a cascading effect that impacted critical infrastructure and services that relied on power to operate (such as airports, seaports, hospitals, water systems, communications networks, hotels, traffic and street lights, etc.), plunged homes and businesses across the Island into darkness, and caused a devastating blow to Puerto Rico’s fragile economy – an impact that continues to be felt throughout the island even today and that is expected to last for many years.

The powerful winds, storm surge and localized flooding from Hurricane Maria caused significant damage or even complete destruction of over 472,000 housing units across Puerto Rico. This has forced hundreds of thousands of island residents to seek shelter in hotels, with friends and family or in congregate shelters. The magnitude of housing losses produced a housing emergency throughout the island due to the insufficient remaining housing stock to shelter all of those who have lost or have been forced out of their homes. This reality, added to the power and water outages, forced tens of thousands of Puerto Rico residents to flee to the continental United States, further impacting the island’s ability to recovery and rebuild its communities and economy.

In addition, both storms also created a severe threat to public health and safety – a condition that continues to this day. Hurricane Maria produced more than 6.2 million cubic yards of both vegetative and construction and demolition debris across Puerto Rico, impacting transportation, restricting access to hard-hit areas, and creating an environment that is ideal for rodent infestation and the spread of disease. Nearly all of the water and wastewater treatment plants in Puerto Rico were rendered inoperable, resulting in the release of millions of gallons of untreated waste into the environment. Furthermore, many hospitals and primary care facilities were forced to close, nursing homes were left without power or resources, the social service “safety net” fell apart, and basic resources such as clean and potable water, food and medicine became scarce and turned the emergency on the island into a humanitarian crisis.

DISASTER SUMMARY

More than six weeks after Hurricane Maria struck the island, both Puerto Rico and its federal counterparts remain heavily focused on response activities to protect public health and safety and meet basic needs. In fact, the Irma and Maria disasters represent the longest period of joint federal and state life saving and sustaining response operations to a natural disaster in U.S. history. But there is light at the end of the tunnel. Emergency assistance is having an impact, and the provision of generators and temporary work is beginning to stabilize conditions on the island.

As the focus turns from response to recovery, the scale of the devastation also provides Puerto Rico and the United States Government with an unprecedented opportunity to rebuild portions of the island's infrastructure, housing, and economy in a way that makes Puerto Rico stronger, smarter, safer, better, and more resilient than before. Due to the unparalleled and widespread devastation, the disaster recovery period in Puerto Rico represents a chance to "begin again" and rethink the design of major components of the Island's critical infrastructure, invest in the quality and survivability of its housing stock and public buildings, and restructure, modernize and reform how it delivers basic services to its residents. Puerto Rico can also improve its resiliency and sustainability to protect the federal and state investment in the recovery and produce benefits for the island's residents for generations to come. To achieve these goals, however, the people of Puerto Rico will need assistance above and beyond that available from FEMA. This is the basis for this Request for Supplemental Appropriations.

OVERVIEW OF PUERTO RICO AND RECONSTRUCTION APPROACH

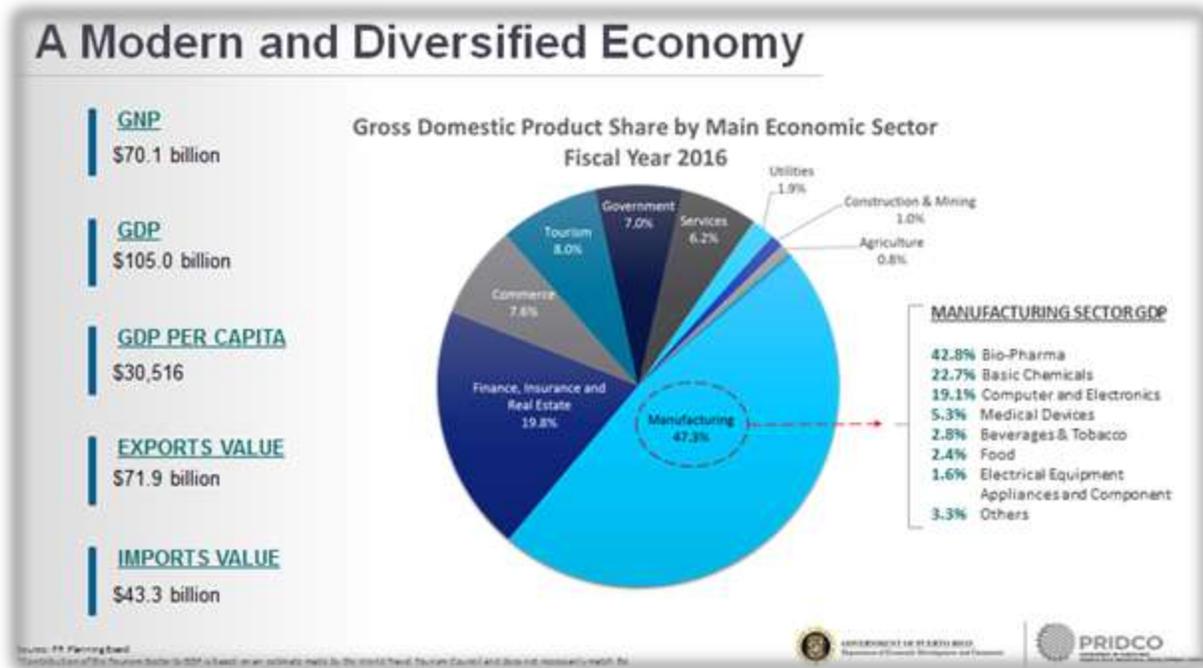
Puerto Rico is a territory of the United States located in the Caribbean approximately 1,030 miles southeast of Miami, FL. Puerto Rico has an area of approximately 3,500 square miles and a population estimated at 3.41 million by the United States Census Bureau as of July 1, 2016.

Puerto Rico, one of the largest economies in the Caribbean, offers a stable legal and regulatory framework where major U.S. and foreign multi-national corporations have historically operated, benefiting from its favorable investment environment. The economy includes a sophisticated financial system, has a high concentration of pharmaceutical and life sciences manufacturing, biotechnology, medical devices, agriculture, rum, aerospace, and electronics and contains strong consumer, retail and service sectors.

KEY PUERTO RICO FACTS 2016	
Population	3.41 million
Land Area	8,959 sq. km
Currency	US Dollar (USD)
Language	Spanish, English
GDP Per Capita (USD, Current terms)	\$30,516

However, the Government of Puerto Rico, its agencies, public corporations and instrumentalities (the “Government”) are currently facing the unprecedented devastation caused by Hurricanes Irma and Maria. In addition, the Government had embarked on profound fiscal adjustments that limits the amount of reconstruction funds from its own government sources.

OVERVIEW OF PUERTO RICO AND RECONSTRUCTION APPROACH



The Government of Puerto Rico has a strong foundation to effectively receive and deploy infrastructure funds and capital. The devastation of Hurricanes Irma and Maria places the highest level of urgency on the need to effectively fund and invest in critical infrastructure. For this, the Government's aligned policies to encourage infrastructure investment together with coordinated Federal efforts conform a solid foundation for infrastructure reconstruction. Puerto Rico's strong Private Public Partnership ("P3") framework, one of the most comprehensive in the U.S., together with close inter-agency coordination, and effective and transparent funds monitoring promises to be a powerful combination to accelerate and deliver transformative reconstruction in Puerto Rico's infrastructure. In fact, no other state has offered innovative infrastructure delivery tools such as P3s to be part of the entire 'tool box' to fund, invest, deliver and monitor infrastructure reconstruction like Puerto Rico is proposing.

Hurricanes Irma and Maria represented a devastating blow to Puerto Rico. However, the Government is committed to maximize funding opportunities and have a comprehensive foundation which will effectively and efficiently deploy, fund, invest in, and execute much needed infrastructure projects.