



CDBG-DR

ELECTRICAL POWER SYSTEM ENHANCEMENTS & IMPROVEMENTS **PROGRAM GUIDELINES**

ENERGY GRID REHABILITATION AND RECONSTRUCTION COST SHARE PROGRAM (ERI)



DEPARTMENT OF

HOUSING

GOVERNMENT OF PUERTO RICO

March 17, 2025

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PUERTO RICO DEPARTMENT OF HOUSING
CDBG-DR ELECTRICAL POWER SYSTEM ENHANCEMENTS & IMPROVEMENTS
PROGRAM GUIDELINES
ENERGY GRID REHABILITATION AND RECONSTRUCTION COST SHARE PROGRAM
VERSION CONTROL

VERSION NUMBER	DATE REVISED	DESCRIPTION OF REVISIONS
1	October 26, 2023	Original Version
2	March 17, 2025	Changes were made to replace the Flexible Match with the Traditional Match approach; modified the National Objectives section to align with the latest changes in the Energy Action Plan; modified the O&M section, removed references to the TCT as per the 89 FR 3942 waiver; and modified environmental-related sections to reflect the adoption of FEMA's REC. All edits are marked in gray.

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1 Overview

Hurricanes Irma and María struck Puerto Rico¹ in September of 2017, and the effect on the electrical power system remains ever present in the daily lives of the Island residents. Power outages are common and unpredictable, electricity prices continue to rise and rolling blackouts due to insufficient generation and faulty substations are common. The impact of the hurricanes on the power system was devastating and led to the longest sustained blackout in modern United States (**U.S.**) history. Energy remains the most critical factor for the Island’s future.

To help address the electrical power system challenges, the U.S. Department of Housing and Urban Development (**HUD**) has allocated \$1.932 billion² to Puerto Rico for energy reliability and resilience activities under the Community Development Block Grant – Disaster Recovery Program (**CDBG-DR Energy**). The Energy Grid Rehabilitation and Reconstruction Cost Share Program (**ER1 Program** or **the Program**), as approved in the Puerto Rico Electrical Power Systems Enhancements and Improvements Action Plan (**Action Plan**),³ is designed to benefit Puerto Rican communities by funding projects that enhance electric system reliability, affordability, and resiliency. The Program’s design will promote the development of a more reliable electrical grid for all Puerto Rico residents, as documented by the Federal Emergency Management Agency (**FEMA**) in its approval of significant recovery funds related to the comprehensive recovery of the Island’s electrical system.

With a budget of five hundred million dollars (\$500,000,000), the ER1 Program aims to maximize the benefit of federal grant programs by leveraging CDBG-DR as the ideal source for the required local match (or “state share”) to other federal funding streams. In particular, the Program targets the state share

¹ Puerto Rico is an archipelago that consists of one (1) main island, two (2) small, inhabited islands, and over 130 smaller islands and cays. Throughout this document, the term Island is used interchangeably with Puerto Rico, and is meant to encompass the entire archipelago of Puerto Rico.

² Federal Register Vol. 86, No. 117 (June 22, 2021), 86 FR 32681. <https://www.govinfo.gov/content/pkg/FR-2021-06-22/pdf/2021-12934.pdf>.

³ The Puerto Rico Electrical Power Systems Enhancements and Improvements Action Plan is available in English and Spanish at: <https://recuperacion.pr.gov/en/action-plans/action-plan-electrical-system-enhancements/> and <https://recuperacion.pr.gov/planes-de-accion/plan-de-accion-optimizacion-del-sistema-electrico/>.

required for FEMA’s Public Assistance (**PA**) allocation for the Puerto Rico Electric Power Authority (**PREPA**) Island-wide FEMA Accelerated Awards Strategy (**FAAST**) Project Worksheet (**PW**). This approach will relieve the financial burden related to the recovery efforts of Puerto Rico’s Electrical Grid and Puerto Rico’s long-term infrastructure resilience needs. Through the matching of funding provided by FEMA, the Program will address critical infrastructure needs, making the Island more adaptable to changing conditions and able to withstand and recover rapidly from disruptions caused by future disasters.

2 Definitions

- **Critical Facilities** – Facilities and infrastructure critical to the population’s health and welfare and of great importance following hazardous events. The term includes facilities and infrastructure tied to community lifelines such as health, energy, food and water, safety, and security, among others. Typical critical facilities include hospitals, fire stations, police stations, gas stations, emergency shelters, water storage and distribution facilities, among others.⁴
- **Electrical Power System** – An interconnected or autonomous set of transmission lines, distribution lines, substations, central power generation stations, other sources of power, distributed energy resources, or enabling technologies and services, such as industry standard billing, accounting information technology, cybersecurity enhancements, microgrids and fuel transfer delivery systems, that are necessary for the provision of reliable, resilient, stable, and cost effective electrical service.⁵
- **Electrical Power System Improvements** – The acquisition, construction, reconstruction, rehabilitation, or installation of facilities, improvements, or other components that are undertaken to extend, upgrade and otherwise enhance and improve the cost-effectiveness, reliability, efficiency, sustainability, or long-term financial viability of the grantee's

⁴ U.S. Federal Emergency Management Agency (FEMA). Fema.gov. Retrieved August 17, 2023, from <https://www.fema.gov/glossary/critical-facility>.

⁵ 86 FR 32681, 32692.

electrical power system. These improvements include activities to increase the electrical power system’s resilience to future disasters and address the impacts of climate change. This definition includes financing public or private acquisition for reconstruction or rehabilitation and of reconstruction or rehabilitation of a privately-owned property.⁶

- **Functional Groupings** – Functional groupings are defined by the Puerto Rico Department of Housing as: 1) transmission and distribution; 2) substations; 3) central power generation; 4) other sources of power, distributed energy, microgrids; and 5) enabling technology.
- **FEMA Accelerated Awards Strategy (FAASt) Project** – Refers to the mechanism created by FEMA, through which it compiled a representative sample of structural damage and, after an analysis, estimated the costs based on the scope of work of eligible structures. The strategy allows critical infrastructure projects to be grouped to expedite recovery work in Puerto Rico.⁷
- **Government** – Refers to the Government of Puerto Rico, its agencies, public corporations, offices, and subdivisions, including municipalities.
- **Governor’s Authorized Representative (GAR)** – Designated by the Governor of Puerto Rico to represent the Government in activities related to the implementation of the Stafford Act and the ongoing disaster, emergency preparedness, response, recovery, and hazard mitigation activities of the Government of Puerto Rico.
- **Low to Moderate Income (LMI)** – Refers to the residents of Puerto Rico below eighty percent (80%) of the Area Median Family Income (**AMFI**) as established by HUD.⁸
- **Operation and Maintenance (O&M) Plan** – A description of the non-CDBG funding sources the subrecipient will use to support the operation

⁶ 86 FR 32681, 32692.

⁷ FEMA Accelerated Awards Strategy (FAASt) Projects Execution. Retrieved August 17, 2023, from <https://recovery.pr.gov/en/road-to-recovery/pa-faast/map>.

⁸ Current income limits for Puerto Rico CDBG-DR purposes only, can be found on the HUD website: <https://www.hudexchange.info/resource/5334/cdbg-income-limits/>.

and maintenance of the electrical power system improvement throughout its useful life.

- **State Hazard Mitigation Officer (SHMO)** – Designated by the GAR as the responsible individual on all matters related to the Hazard Mitigation Activities of the Government.
- **Subrecipient** – An entity that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award.⁹ The eligible Subrecipient for the ER1 Program is the Puerto Rico Electric Power Authority (**PREPA**).

3 Program Description

The ER1 Program is designed to meet the non-federal cost share need of FEMA’s unprecedented PA allocation for PREPA’s Island-wide FAASt PW. Eligible projects under the ER1 Program will be those determined to be eligible under FEMA or the federal agency acting as the primary source of funding to participate in the program. Subject to funding availability, the ER1 Program may also consider the viability of matching non-federal cost shares of other federal grant-in-aid programs related to electrical system improvements and FEMA 406 mitigation projects once architectural and engineering design is completed. The use of ER1 Program funds for this matching strategy maximizes the potential for serving vulnerable populations at a larger scale.

The award of cost share funds will require alignment with FEMA and HUD’s CDBG-DR framework to ensure compliance with regulations under both federal agencies. The Puerto Rico Department of Housing (**PRDOH**) will work closely with the Central Office for Recovery, Reconstruction, and Resiliency (**COR3**), as well as PREPA and/or their authorized representative, to determine project match eligibility and alignment with grant timelines, targeting projects that result in a timely expenditure of funds. PRDOH will also collaborate with COR3 to develop long-term natural hazards resilience strategies and determine how infrastructure investments align with other planned local capital improvements.

⁹ 2 C.F.R. § 200.1.

For the disbursement of PREPA's Island-wide FAASt PW, PRDOH will utilize the Traditional Match approach, which entails providing the non-federal cost share percentage of each individual project found to be eligible.

The necessity for redundant, alternative, and independent power systems remains an unmet need in Puerto Rico. To address it, PRDOH is focusing critical recovery funds to help improve the reliability, affordability, and resilience of Puerto Rico's electrical power system by tackling these needs at a system level, thus impacting large portions of the Island's vulnerable or disadvantaged populations.

4 Roles and Responsibilities

4.1 Central Office for Recovery, Reconstruction, and Resiliency (COR3)

In the aftermath of hurricanes Irma and María, on October 23, 2017, the Government of Puerto Rico established COR3, via Administrative Bulletin Number OE-2017-65, to:

- Identify and ensure that all state, federal, and/or private resources are available to all Government Entities of the Executive Branch (**the Government Entities**);
- Coordinate and channel the recovery and reconstruction efforts of the Government Entities;
- Finance, execute, and effect infrastructure projects related to recovery; and
- Advise the Governor and provide technical assistance to the Government Entities.

COR3 is responsible for developing and implementing robust ethics, compliance, and audit programs to ensure efficient and effective use of available resources and minimize duplication of recovery work. The COR3 Executive Director is also the Governor's Authorized Representative (**GAR**) under the FEMA-State agreements. The consolidation of responsibilities within an entity facilitates a more efficient management of Puerto Rico's recovery efforts, enabling centralized decision-making and streamlined processes.

4.2 Puerto Rico Department of Housing

PRDOH is designated as the recipient and administrator of all CDBG-DR and CDBG-MIT funds from HUD. PRDOH will work in partnership with COR3 to coordinate efforts to administer the projects' implementation and programmatic oversight.

As the grantee of HUD's funding, PRDOH is responsible for ensuring that any funding distributed to carry out activities under the Program complies with HUD-specific requirements. PRDOH will review all obligated projects identified under COR3's system of record for compliance with PRDOH policies, procedures, and overall HUD eligibility requirements prior to including them under the Traditional Match approach.

4.3 Puerto Rico Electric Power Authority

PREPA is the eligible Subrecipient for the ER1 Program through the FEMA FAASt PW. PREPA owns all the generation, transmission, and distribution assets, while their private partner operators manage the generation and distribution side of the electrical grid system.¹⁰

4.4 Puerto Rico Energy Bureau (PREB)

PREB is the independent and specialized body created by Act No. 57-2014, as amended, 22 LPRA § 1051 *et seq.*, known as the "Puerto Rico Energy Transformation and RELIEF Act", responsible for regulating, monitoring, and enforcing the public energy policy of the Government of Puerto Rico as established by the Department of Economic Development and Commerce's (DEDC) Public Energy Policy Program (PEPP).

PREB serves as an oversight entity for PREPA. Projects obligated under the FEMA FAASt PW must receive PREB approval.

5 National Objective

As detailed in Federal Register Vol. 86, No. 117 (June 22, 2021), 86 FR 32681, at least seventy percent (70%) of the aggregated CDBG-DR Energy funds

¹⁰ At the time of publication of these Guidelines, PREPA is undergoing a restructuring plan. Therefore, PRDOH will continue to evaluate the Subrecipient for eligibility and capacity purposes in case any changes arise from this restructuring process.

allocated for electrical power system enhancements and improvements must benefit Low- to Moderate-Income (**LMI**) persons. All electrical power system improvement activities funded through the ER1 Program must meet either the LMI or the Urgent Need (**UN**) National Objective specified at 24 C.F.R. § 570.483 or otherwise provided for by waiver and alternative requirement as published in 86 FR 32681.

a. Benefit to LMI persons:

- i. Eligible activities will be considered to meet the criteria for activities benefitting LMI persons –area benefit activities at 24 C.F.R. § 570.483(b)(1)– if at grant closeout at least seventy percent (70%) of the funds, not including planning and administrative costs, have been used to:¹¹
 - Provide at least fifty-one percent (51%) of the grantee’s LMI residents with either a subsidized rate for electricity below that charged to other residential ratepayers or a lower rate for electricity than was charged before complete implementation of the CDBG-DR funding electrical power system improvements; or
 - Measurably improve the reliability of the electrical power system in LMI areas that are primarily residential. Measurably improved reliability shall mean a documented decrease in power supply interruptions, excluding planned interruptions and interruptions caused by major events.
 - Projects under this national objective will aim to ensure consistent energy access and reduce service disruptions that disproportionately affect vulnerable populations, thereby contributing to the overall resilience and stability of communities. These criteria may be measured using, among other reliable data, one of the following indexes:

¹¹ 86 FR 32681, 32693.

- System Average Interruption Duration Index (SAIDI)
- System Average Interruption Frequency Index (SAIFI)
- Customer Average Interruption Duration Index (CAIDI)

- ii. To meet the seventy percent (70%) overall LMI benefit requirement, grantees may also use the LMI benefit national objective criteria at 24 C.F.R. § 570.483(b) to the extent that an eligible activity authorized by 86 FR 32681 qualifies under the criteria for that national objective.
- b. Meet an UN:
- i. PRDOH may also use CDBG-DR funds allocated to meet the Urgent Need national objective.
 - Per 86 FR 32681, 32693, the provisions of 24 C.F.R. § 570.483(d) are waived and replaced with the alternative requirement to document how the activity responds to and addresses a disaster-related impact as identified in the Action Plan Unmet Needs Assessment.

Even though projects may qualify under the UN national objective, the seventy percent (70%) LMI target for the allocation must still be met. Additionally, unless PRDOH has received prior approval from HUD, CDBG-DR funds for electrical power system improvements cannot meet the CDBG national objective for the elimination of slums and blight described at 24 C.F.R. § 570.208(b) and 24 C.F.R. § 570.483(c).

6 Eligibility

6.1 Eligible Entities

The Subrecipient must have been accepted into a federal agency's disaster recovery program and determined by the lead federal agency to have eligible projects to participate in the ER1 Program. The eligible Subrecipient for the ER1 Program is PREPA.

6.2 Eligible Use of Funds

The primary objectives of the CDBG-DR Energy allocation are to enhance reliability and rebuild a grid system that serves every user without making it unaffordable for households or hindering future infrastructure repair and improvements. As detailed throughout the Action Plan’s Unmet Needs Assessment and as documented by FEMA, Puerto Rico’s electrical grid must be rebuilt from the ground up. Projects considered for ERI Program funding must first be identified as FEMA-awarded and PREB-approved, as applicable.

The ERI Program Subrecipient will be screened to ensure compliance with eligibility requirements for both CDBG-DR and FEMA. The Subrecipient will be required to provide complete and accurate information regarding the proposed projects and the Program’s eligibility criteria. Failure to disclose accurate and complete information may affect eligibility.

6.3 Eligible Activities

HUD has identified the aggregate of electrical power system improvements to be completed with CDBG-DR Energy funds subject to 86 FR 32681 as critical factors to the region’s long-term recovery from Hurricanes Irma and María and its resilience to future weather events. As per 86 FR 32681, HUD recognizes the broad scope of these activities may limit the grantee’s ability to categorize the CDBG-DR Energy funds into discrete categories of CDBG-eligible activities and to appropriately assign a CDBG national objective to each component of the planned improvements. As such, HUD waived section 105(a) of the Housing and Community Development Act of 1974 (**HCDA**), as amended, 42 U.S.C. § 5305(a), and established an alternative requirement only to the extent necessary to create a new eligible activity, *electrical power system improvements*, which shall be applicable only for the grant funded pursuant to the Electrical Power Systems Enhancements and Improvements Action Plan.

Therefore, eligible activities for the ERI Program include the acquisition, construction, reconstruction, rehabilitation, or installation of facilities, improvements, or other components undertaken to extend, upgrade and otherwise enhance and improve the cost-effectiveness, reliability, efficiency, sustainability, or long-term financial viability of the grantee’s electrical power

system including activities to increase the resilience of the electrical power system to future disasters and to address the impacts of climate change. Eligible activities also include financing public or private acquisitions for reconstruction or rehabilitation and of reconstruction or rehabilitation of a privately-owned property.¹²

6.3.1 Eligible Costs

All Program costs and project estimates must comply with HUD directives and adhere to cost principles at 2 C.F.R. Part 200, Subpart E. In general, eligible costs for this Program include, but are not limited to:

- Staff costs and related expenses required for contract and project management, outreach efforts, and other eligible services related to the completion of the Program.
- Cost of environmental review and/or related studies.
- Cost of required mitigation of hazardous materials.
- Inspection and monitoring costs related to the installed systems.
- Cost of design and engineering services, including costs for any required design or engineering studies or surveys.
- Cost of any required permits.
- Construction costs associated with the direct repair and/or improvements of power generation plants, substations, overhead and underground transmission lines, transmission line towers, above ground and underground distribution substations and lines, enabling technology, and other electrical grid structures.
- Cost of renewable generation equipment, including but not limited to cogeneration systems, photovoltaic panels, wind turbines, hydropower systems, or other renewable energy generation mechanisms, charge controllers, sensors, transfer switches, inverters, metering equipment, balance equipment, safety equipment, batteries, as well as mounting, cabling, and other electrical accessories or incidental expenses required to set up working systems.

¹² 86 FR 32681.

- Cost of mounting and anchoring structures such as racking systems and other structures that provide primary support for the system equipment.
- Cost of installation and commissioning of new structures and systems.
- Design and installation costs of enabling technologies required to improve the reliability and efficiency of the electrical grid.
- Any power grid interconnection costs related to the typical requirements of interconnecting an electrical power system improvement project to the grid.

6.4 Ineligible Activities

Ineligible activities include, but are not limited to:

- Operation and maintenance of the proposed system.
- Operation and maintenance costs of a public utility or the costs of fuel or energy purchase contracts.
- General government expenses required to carry out its regular responsibilities.
- Use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration.
- Income payments.
- Purchase of equipment, **except** as provided at 24 C.F.R. § 570.207:
 - Construction equipment. The purchase of construction equipment is ineligible, but compensation for the use of such equipment through leasing or depreciation pursuant to 24 C.F.R. Part 200, Subpart E, as applicable for an otherwise eligible activity is an eligible use of CDBG funds. However, the purchase of construction equipment for use as part of a solid waste disposal facility is eligible under 24 C.F.R. § 570.201(c).
 - Fire protection equipment. Fire protection equipment is considered for this purpose to be an integral part of a public facility and thus, purchase of such equipment would be eligible under 24 C.F.R. § 570.201(c).
 - Furnishings and personal property. The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property that

is not an integral structural fixture is generally ineligible. CDBG funds may be used, however, to purchase or to pay depreciation in accordance with 2 C.F.R. Part 200, Subpart E, for such items when necessary for use by a recipient or the subrecipient in the administration of activities assisted with CDBG funds, or when eligible as firefighting equipment, or when such items constitute all or part of a public service pursuant to 24. C.F.R. § 570.201(e).

7 Project Evaluation and Selection for Award

PRDOH will evaluate match projects using the criteria included in the following sections. Threshold evaluation criteria are required as a baseline for projects to be considered eligible. Additional evaluation criteria listed below will be used to select or otherwise award a project. The ER1 Program will select projects that maximize the use of the budgeted allocation by functional grouping.

To be deemed eligible for the ER1 Program, the PWs must have been approved and obligated by FEMA and COR3. Projects selected for funding will be identified in a collaborative effort between COR3, PREPA, and PRDOH. PRDOH reserves the right to adjust final project selection.

The ER1 Program will then proceed to review and validate all HUD-specific information (national objective, eligible activity, target area, beneficiary information, procurement, labor standards, Section 3, etc.) for each project. Any additional information that may be required and is not available in the COR3 file will be requested from PREPA by the ER1 Program to complete the preliminary evaluation for CDBG-DR funding.

The ER1 Program may also request additional information from PREPA if the payment and support documentation available under COR3's DRS Platform and/or supporting documentation that is available from PREPA is determined to be insufficient. If the information provided by COR3 and/or PREPA is insufficient, does not demonstrate full eligibility, or indicate how the project will meet a national objective, then the project will not be eligible for the Program.

Program staff will perform their analysis of each PW and issue a final Review and Recommendation (**R&R**) Report, initially approving the costs submitted

under the PW to justify cost share payments under the evaluated PW. The R&R Report shall serve as the basis for the revision of submitted progress payments under the project.

7.1 Project Evaluation Threshold Criteria

All projects must meet the following threshold criteria to be considered eligible for funding through the ERI Program.

1. **FEMA Eligibility and PREB Approval:** All projects funded under the ERI Program must comply with FEMA PA allocation requirements. In addition, the FAASt PW project scopes will be reviewed and approved by PREB before evaluation by PRDOH for ERI Program funding.
2. **CDBG-DR Energy Eligibility:** PRDOH will review the project scopes to confirm that they meet the criteria stated in the Action Plan and these Guidelines, including the following programmatic requirements:
 - a. Project implements a HUD-eligible activity according to the requirements established for the ERI Program.
 - b. Project meets a HUD National Objective.
 - c. Project addresses an estimated unmet need identified in the Action Plan's Unmet Needs Assessment.
 - d. Project must be feasible and sustainable, with all other funding sources firmly committed, if applicable.

Additional evaluation criteria listed below will be used to select or otherwise award a project as part of the ERI Program.

7.1.1 Additional Evaluation Criteria

Projects will be evaluated based on the direct benefit they may provide to LMI persons, vulnerable populations, and protected classes; their overall impact; their potential to increase reliability, affordability, quality, and durability of electrical infrastructure or to lower electricity rates; the opportunity they provide to maximize the use of the budgeted allocation by functional grouping; and their complexity, feasibility, and readiness for construction.

1. Project Benefits and Impacts across the grid. Recognizing the interdependence of assets and individuals within the grid, PRDOH acknowledges the necessity of identifying and focusing on residential areas for project improvements that will have cascading benefits most keenly experienced by the most vulnerable populations on the Island. Areas of benefit for the ER1 projects should be primarily residential unless the improvement is made to serve a critical facility or other component integral to the functioning of the electrical grid. This will be assessed using data on customer type, if made available by the electrical power grid operator, or by land use. In the latter case, the land use zoning must include residential uses. The Program will also use HUD-provided census data on the number of persons and income within the specified service area to calculate the project's beneficiaries to be impacted by the proposed project. Improvements to substations, generation facilities, and transmission lines have the potential to impact both LMI communities directly and the broader grid across the Island. Therefore, in identifying these populations and the project's effects, the following factors shall be considered:

a. LMI Area of Benefit. As the Program aims to expend seventy percent (70%) of the Program's funds on LMI persons, PRDOH will first evaluate projects based on the direct impacts on LMI populations within the service area of the improved facility or infrastructure. At least fifty-one percent (51%) of the residents within the service area must be LMI. This area shall be determined based on the customer base within the transmission and/or distribution system that is expected to immediately lose power if the facility or infrastructure fails. Where this area is indeterminate due to the grid's interconnectivity, a representative sample of the service area shall be applied.

i. In the Action Plan, PRDOH describes a HUD-compliant methodology for calculating LMI Area of Benefit which provides a deeper and more nuanced understanding of the

community impacts of selected projects. It includes providing more detail about the impacts on vulnerable populations, specifically racially and ethnically concentrated areas of poverty (**R/ECAPs**) and protected classes identified following the methodology proposed for these additional impacts' analysis in the Action Plan Appendix H-1. Each PW to be reviewed for ER1 Program eligibility will have a supplementary package that will provide additional documentation in accordance with the impact analysis described in the Action Plan.

b. Urgent Need and Networked Cascading Impacts. If a project does not meet the LMI National Objective as described above, or is not in a predominantly residential area, it may be determined to be eligible under the Urgent Need National Objective.

The benefits and impacts on different grid elements, including affected circuits and critical nodes such as substations and main transmission lines, are not limited to residential areas. The Unmet Needs Assessment highlights the essential aspects of a complex and interconnected system that goes beyond just energy and shows how numerous projects will have effects that extend beyond specific project impact areas or service boundaries.

PRDOH may consider the scale of networked impacts associated with loss of power from the asset to be improved. Accordingly, PRDOH reserves the right to prioritize projects in non-residential areas that improve grid reliability for critical infrastructure. Projects with areas of impact determined to be less than fifty percent (50%) residential must be in close proximity to critical facilities and demonstrate how they represent a benefit to these facilities. The Unmet Needs Assessment and Action Plan describe various critical facilities that are vital to the health and

security of all populations on the Island, regardless of socioeconomic status. Such facilities include but are not limited to hospitals and critical care facilities, transportation and supply hubs, pharmacies, and/or grocery stores. Projects that qualify under the Urgent Need National Objective will still be evaluated for the remaining criteria detailed below.

- 2. Functional Groupings and Budget Distribution.** In accordance with the Action Plan, the Program may consider distributing the different project types across functional groupings, based on their role and potential impact within the grid system. These groupings are (1) transmission and distribution, (2) substations, (3) central power generation, and (4) enabling technology.

The fungible budget allocations per category are identified in the Energy Action Plan. Variations in the allocation percentages will be calculated as projects are evaluated and finalized.

- 3. Project Complexity, Readiness, and Feasibility.** PRDOH will consider project complexity, feasibility, and readiness for construction. PRDOH may first select projects that will be able to reach completion within the term of the grant agreement.
- a. Proxies for determining project readiness for construction may include the following:
 - i. Number of project sites and complexity;
 - ii. Details of the implementation plan and schedule;
 - iii. Projects that do not necessitate the displacement of individuals or businesses through acquisition in order to be completed;
 - iv. Status of project design; and
 - v. Status of environmental review and level of environmental impact.

8 Project Types and Funding

Different types of projects are expected to be funded during the Program’s implementation. For each scenario, a different path for invoice and payment processing may be established. PRDOH will work with the Subrecipient to make the payment and project processes as efficient as possible. The Program funding process is designed to ensure compliance with HUD CDBG-DR regulations while also reducing administrative burdens for the Subrecipient, who will have their match payments reimbursed directly by PRDOH’s payment processing system. Payment processing will be managed directly between PRDOH and the Subrecipient, facilitating any necessary coordination. All payments will be issued for cost share corresponding to invoices with prior validation by FEMA/COR3.

PRDOH recognizes that it is unlikely that the ER1 Program will be able to fund all eligible projects under the PREPA FAAsT PW. The non-federal costs needed to cover the PREPA FAAsT PW in its entirety substantially surpass the currently available ER1 Program budget. To this end, funding decisions are to be made exclusively on the order in which they are requested through completed Request for Reimbursement (**RFRs**) submitted to FEMA/COR3 and subsequently disbursed, on project readiness, and its compliance with ER1 Program requirements.

8.1 Project Size

When FEMA obligates a PW, it provides funds to an entity to initiate work. To facilitate how FEMA processes and reimburses entities for work, FEMA categorizes the work into two (2) categories, “Small” and “Large” Projects, based on the total dollars provided to the project. The split between the Small and Large categories is determined using the annual Consumer Price Index (**CPI**), resulting in project threshold size varying by year. For example, for Hurricane María, a Small Project is any eligible work, either emergency or permanent, costing up to \$123,100.00. Projects above this threshold are classified as Large Projects.

In most disasters, the majority of FEMA recovery work consists of Small Projects. Large Projects are more expensive and typically more complex to manage.

Small Project funding is based on a cost estimate, whereas Large Project funding is based on actual documented expenses. When FEMA receives a request for reimbursement of a Small Project, it provides the entire federal share as a single reimbursement. For Large Projects FEMA reimburses only for work completed and “interim or progress payments” can be made while work is ongoing.

FEMA does not typically collect the same amount of documentation for Small Projects as for Large Projects. For projects applying for funding from the ER1 Program PRDOH will collect documentation equally for Small and Large Projects to determine eligibility. For Small Projects, PRDOH will work with the Subrecipient to obtain needed items.

8.2 Payments for PREPA FAASt PW Projects

For completed Small Projects, PRDOH expects to issue a single cost share payment upon substantial project completion. For Large, long-term cost-intensive permanent reconstruction projects, PRDOH anticipates that it will issue multiple progress payments following the payment schedule agreed-upon within the corresponding agreement. **Please note that funds will be paid only for work completed and invoiced, and that no advances are allowed.** PRDOH will monitor payment data to provide match payments for such projects on a recurring basis while maintaining constant coordination with COR3 to keep track of the progress of the FEMA-funded reimbursement.

The Subrecipient will receive the federal share from the established COR3 system, and non-Federal share match amount through the PRDOH system of funds distribution. Both agencies will work together to ensure that the Subrecipient complies with the corresponding FEMA and HUD regulations, with PRDOH providing oversight on HUD requirements, and COR3 on FEMA requirements.

Payment processing includes PRDOH program staff conducting a review of submitted documentation to ensure it has enough documentation to support a match payment. PRDOH will then request CDBG-DR Energy funds from HUD using the HUD Disaster Recover Grant Reporting (**DRGR**) system.

Once HUD provides the CDBG-DR Energy funds for the Program, PRDOH will transfer the funds to the Subrecipient through the PRDOH financial system. In each project's file, PRDOH will maintain a transactional record documenting the amount of CDBG-DR Energy funds requested for each PW along with a voucher or record number that shows that all funds were transferred to the Subrecipient's dedicated CDBG-DR Energy bank account. Transactional records shall include evidence of FEMA fund transfers through COR3's system to the Subrecipient, for each PW.

9 Design and Construction Requirements

9.1 Codes, Laws, and Regulations Compliance

The Subrecipient must utilize the services of a professional architect and/or engineer, licensed to practice in the Commonwealth of Puerto Rico, to design the facilities, if applicable. Improvements must be in accordance with PRDOH, HUD, and FEMA standards, electrical utility requirements, and relevant legal and regulatory standards, as amended from time to time, including those identified by Act No. 17-2019, as amended, known as the "Puerto Rico Energy Public Policy Act", 22 LPRA § 1141 *et seq.*, Section 1235(b) of the Disaster Recovery Reform Act of 2018 (**DRRA**) "Consensus-Based Codes and Standards", Rural Utilities Service (**RUS**) Bulletins for Electric Power, U.S. Environmental Protection Agency (**EPA**) regulations and standards, and, as appropriate, North American Electric Reliability Corporation (**NERC**) standards and guidance.

The Subrecipient must also ensure that all design and construction work comply with the most recent and applicable federal, state, and local codes and regulations, which include but are not limited to the following:

- National Electrical Codes (**NEC**) – the most complete set of electrical code requirements that lead electrical installation in the safest way for property and individuals;
- Institute of Electrical and Electronics Engineers (**IEEE**) Code – commits to the highest standards of integrity, responsible behavior, and ethical and professional conduct;
- National Association of Regulatory Utility Commissioners and National Electrical Codes 2020;

- New construction or alterations of existing structures must comply with the current ADA Standards for Accessible Design (**ADA Standards**), as well as Section 504 requirements and/or the Uniform Federal Accessibility Standards (**UFAS**);
- HUD Minimum Property Standards;
- Occupational Safety and Health Administration (**OSHA**), Puerto Rico Occupational Safety and Health Administration (**PROSHA**), and Puerto Rico Department of Labor and Human Resources (**PRDLHR**) safety provisions and mandates;
- Puerto Rico Building Code, most current approved version;
- Americans with Disabilities Act of 1990, as amended, 42 U.S.C. § 12101, when required;
- Most current approved zoning requirements for Puerto Rico;
- Energy regulations, as applicable to specific projects, including but not limited to PREB’s regulations on interconnection, microgrid development, and electric energy wheeling, among others;¹³
- Environmental regulations, as applicable to specific projects; and
- HUD terms and conditions, as applicable to specific projects.

Construction works will be performed only after obtaining the necessary permits and endorsements in compliance with local, state, or federal requirements, including those required by Regulation No. 9474 of June 16, 2023, known in Spanish as “Reglamento Conjunto Para la Evaluación y Expedición de Permisos Relacionados al Desarrollo, Uso de Terrenos y Operación de Negocios”, of the Puerto Rico Planning Board, or the equivalent regulation in place at the time of construction. New construction or alterations of existing structures will abide by all local design and architectural standards.

The design and construction completed under the ER1 Program must comply with the latest applicable local building codes and regulations. The current Puerto Rico Codes and the International Codes® (**I Codes®**) provide minimum requirements to safeguard the public health, safety and general welfare of the occupants of new and existing buildings and structures. The Puerto Rico Codes

¹³ <https://energia.pr.gov/en/regulations/>.

adopts several codes of the I-Codes family with amendments to conform to Puerto Rico laws and regulations. The adopted codes, which establish minimum requirements for building systems using prescriptive and performance-related provisions, are known and published as follows:

- Puerto Rico Building Code (**PRBC**), as amended from the International Building Code;
- Puerto Rico Mechanical Code (**PRMC**), as amended from the International Mechanical Code® (**IMC**);
- Puerto Rico Plumbing Code (**PRPC**), as amended from the International Plumbing Code® (**IPC**);
- Puerto Rico Fire Code (**PRFC**), as amended from the International Fire Code® (**IFC**);
- Puerto Rico Fuel Gas Code (**PRFGC**), as amended from the International Fuel Gas Code® (**IFGC**);
- Puerto Rico Energy Conservation Code (**PRECC**), as amended from the International Energy Conservation Code® (**IECC**);
- Puerto Rico Existing Building Code (**PREBC**), as amended from the International Existing Building Code® (**IEBC**); and
- Puerto Rico Private Sewage Disposal Code (**PRPSDC**), as amended from the International Private Sewage Disposal Code® (**IPSDC**).

The Codes establish construction and design parameters related to mitigating the impact of catastrophic events, fire prevention, and energy conservation, among others. Historic preservation regulations or recommendations may present exceptions to these requirements as per consultation with the State Historic Preservation Office (**SHPO**).

Other permit requirements include, but are not limited to:

- Demolition Permits issued by the Puerto Rico Permit Management Office (**OGPe**, for its Spanish acronym);
- Construction Permits issued by OGPe;
- General consolidated permits that include erosion and sedimentation control; permit for activities generating non-hazardous solid waste;

permit for emission sources; and permit for the removal and disposition of lead-containing materials, all issued by the Environmental Quality Board through OGPe;

- Local and federal environmental permits, as applicable to specific projects; and
- Regulatory agencies endorsements, including but not limited to, those from PREPA, the Puerto Rico Aqueducts and Sewers Authority (**PRASA**), the Puerto Rico Telecommunications Regulatory Board (**TRB**), SHPO, the *“Instituto de Cultura Puertorriqueña”*, and the Puerto Rico Department of Transportation and Public Works (**DTOP**, for its Spanish acronym).

Other local requirements for construction works include, but are not limited to:

- Construction Stamps as required by Section 11 of Act No. 319 of May 15, 1938, as amended, known as the “Law that Created the College of Engineers and Surveyors of Puerto Rico”, 20 LPRA § 741; and Section 10 of Act No. 96 of July 6, 1978, as amended, known as the “Law that Created the College of Architects of Puerto Rico, 20 LPRA § 760.

Pursuant to 24 C.F.R. § 58.22(a), no financial commitments of federal or non-federal funds shall be made, nor shall construction work begin, before a project obtains an environmental clearance approved or adopted by PRDOH.

10 Long-Term Operation and Maintenance (O&M) Plan

The Subrecipient is solely responsible for the O&M costs for the electrical power system improvements, as CDBG-DR Energy funds cannot be used for these expenses. The Subrecipient must submit evidence acceptable to PRDOH demonstrating that it has planned for the O&M costs throughout the useful life of the electrical power system improvements and, specifically, that it has identified and will have sufficient non-CDBG funding sources available to cover O&M costs. Funding options may include the Subrecipient’s own resources, borrowing authority, or the reallocation of other existing financial resources.

11 Duplication of Benefits (DOB)

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (**Stafford Act**), as amended, 42 U.S.C. § 5155 *et seq.*, prohibits any person, business

concern, or other entity from receiving federal funds for any part of such loss as to which they have received financial assistance under any other program, from private insurance, charitable assistance, or any other source. DOB verification and analysis ensure that program funds compensate subrecipients for damages and needs that have not been addressed by an alternate source, either through funding or assistance. As such, PRDOH must consider disaster recovery aid received by the Program Subrecipient from any other federal, state, local, or other source and determine if any assistance is duplicative. Any assistance determined to be duplicative must be deducted from the Program’s calculation of the Subrecipient’s total need prior to awarding assistance. DOB occurs when financial assistance is received from another source that is provided for the same purpose as the CDBG-DR funds. PRDOH will perform a DOB analysis for each funded project.

The duplication of benefits guidance included in Federal Register Vol. 84, No. 119 (June 20, 2019), 84 FR 28836, updates the duplication of benefits guidance issued in Federal Register Vol. 76, No. 221 (November 16, 2011), 76 FR 71060, for CDBG-DR and CDBG-MIT grants received in response to disasters declared between January 1, 2015, and December 31, 2021. As such, the duplication of benefits policy outlined in these guidelines follows the guidance issued in 84 FR 28836.¹⁴

To be eligible to receive CDBG-DR funds under the Program, the Subrecipient must confirm and provide assurance that efforts will be made to avoid a DOB. PRDOH understands and expects that for some projects funded through this Program other federal forms of funding may be possible and that for each project, PRDOH will need to work with funded entities to determine and address issues surrounding DOB. As part of the project review process and through the life of the grant, the Subrecipient will be required to allow PRDOH to work with COR3, FEMA, the Small Business Administration (**SBA**), the National Flood

¹⁴ The DRRRA provisions, which apply to disasters that occurred from 2016 to 2021, expired on October 5, 2023. Therefore, the determining factor for applying the DRRRA amendment is the date the agreement for loan assistance is awarded (signed by all the required parties, made and entered, and final). Subsidized loans awarded after the amendment sunset date are to be included in the DOB evaluation.

Insurance Program (**NFIP**), USACE, and other applicable entities to address DOB issues.

The Subrecipient will be required to provide support documentation, including award letters, decline letters, and other documentation supporting the amount, sources, and uses of funding received/declined to assist in completing the project. PRDOH may contact other funders and agencies directly to confirm the information submitted by the Subrecipient. When possible, PRDOH will electronically verify disaster recovery assistance received through federally and locally maintained datasets, such as FEMA, NFIP, and SBA disaster loan datasets.

The basic framework for a DOB calculation is:

1. Identify Subrecipient's total need;
2. Identify Total Assistance Available (insurance, FEMA, SBA, etc.);
3. Identify the "Amount of Exclude as Non-duplicative" (Amounts used for a different purpose, or same purpose, but different allowable use);
4. Identify Total DOB Amount (Total Assistance Minus Non-duplicative Exclusions);
5. Calculate Maximum Award (Total Need Minus Total DOB Amount); and
6. Determine the Final Award.

For more information about DOB, refer to the Duplication of Benefits Policy available in English and Spanish on the CDBG-DR/MIT website at: <https://recuperacion.pr.gov/en/download/duplication-of-benefits-policy/> and <https://recuperacion.pr.gov/download/politica-sobre-la-duplicacion-de-beneficios/>.

12 Environmental Review

Eligible projects under the ER1 Program will adopt FEMA's Environmental Planning and Historic Preservation (**EHP**) review process, as authorized under the Appropriations Act, to comply with the requirements of the National Environmental Policy Act of 1969 (**NEPA**), as amended, 42 U.S.C. § 4321 *et seq.* Applicable EHP requirements, laws, and regulations include the National Historic Preservation Act (**NHPA**), as amended, 54 U.S.C. § 300101 *et seq.*; the

Endangered Species Act (**ESA**), as amended, 16 U.S.C. § 1531 *et seq.*; Executive Order 11988 (Floodplain Management); Executive Order 11990 (Protection of Wetlands); and Executive Order 12898 (Environmental Justice). All projects funded must adhere to floodplain management and flood damage prevention requirements, and must be properly permitted and inspected by the authorities having jurisdiction.

24 C.F.R. § 58.22(a) prohibits the commitment or spending of federal or non-federal funds on any activity that could have an adverse environmental impact or limit the choice of reasonable alternatives prior to completion of an environmental review. Environmental clearance must be obtained for each project prior to the commitment of federal or non-federal funds. For the purposes of the environmental review process, “commitment of funds” includes:

- Execution of a legally binding agreement (such as a property purchase or construction contract);
- Expenditure of CDBG funds;
- Use of non-CDBG funds on actions that would have an adverse impact— e.g., demolition, dredging, filling, excavating; and
- Use of non-CDBG funds on actions that would be “choice limiting”— e.g., acquisition of real property, leasing property, rehabilitation, demolition, construction of buildings or structures, relocating buildings or structures, or conversion of land or buildings/structures.

FEMA conducts an environmental review for each project prior to obligating funds and, for most permanent work projects, before a subrecipient can begin work. For all match payments made by the Program, PRDOH will adopt FEMA’s Records of Environmental Consideration (**REC**). All CDBG-DR Energy projects require an environmental review, and proof of a completed environmental review must be maintained in the project’s file. A copy of the FEMA REC or similar documentation may not initially be included with the project documentation. In these cases, PRDOH will work with COR3 to confirm and obtain the FEMA environmental review.

PRDOH will conduct a brief review of the project scope and environmental review to verify that the environmental review is still applicable to the proposed project. If still applicable, a Request for Release of Funds (**RROF**) will be prepared for inclusion in the project file. If not applicable, a re-evaluation will be required, and PRDOH will work with COR3 to ensure FEMA provides an updated environmental review. No project funds will be committed until PRDOH receives the corresponding Authority to Use Grant Funds (**AUGF**) from HUD.

The Program shall not cover any project scope changes beyond what was approved in the PW by FEMA. If additional work is anticipated, the Subrecipient should immediately seek guidance from PRDOH, FEMA, and COR3. The Subrecipient should not execute any change orders or additional contracts that include work not listed in the approved and obligated PW if the intent is to request CDBG-DR Energy funds as matching funds.

12.1 Unified Federal Review (UFR) process

Section 429 of the Stafford Act, 42 U.S.C. § 5189g, establishes the UFR process. This is an expedited and unified interagency review process to ensure compliance with EHP requirements applicable to disaster recovery projects. The process coordinates EHP reviews to expedite planning and decision-making for disaster recovery projects, thereby improving the assistance provided by the federal government during federally declared disasters.

Under the UFR, the subrecipient's primary responsibility is to provide information and documentation to funding and permitting agencies about proposed projects and their potential impact to natural and cultural resources. Documentation includes any existing EHP-related documents relevant to each proposed project, which may include EHP-related documentation prepared for past or related projects. Additionally, the subrecipient is required to adhere to and implement all applicable conditions and requirements related to funded projects. FEMA is the lead agency for the EHP of FEMA PA projects.

13 Procurement

All procurement transactions for work to be funded by CDBG-DR Energy must be conducted in a manner providing full and open competition and must

comply with FEMA’s procurement requirements. The ER1 Program Subrecipient must provide PRDOH with the necessary records to document they have met FEMA’s procurement requirements, which FEMA may establish and amend from time to time. FEMA procurement standards comply with regulations at 2 C.F.R. § 200.318 to 2 C.F.R. § 200.327. In the event FEMA does not require a cost and price analysis, the Subrecipient must comply with the sections of the CDBG-DR Procurement Manual¹⁵ pertinent to such analysis will apply to the Program.

Objective performances must be ensured and unfair competitive advantages must be avoided (i.e., a contractor involved in the development of a procurement cannot compete for any such procurement).

The ER1 Program Subrecipient must follow the provisions of 2 C.F.R. § 200.318 to 2 C.F.R. § 200.327 and maintain comprehensive records of all acquisition processes. All related records shall be available to PRDOH or state or federal required agencies to effectively carry out monitoring processes of procurement documents when required.

The Subrecipient may be required to prepare and submit to PRDOH a certification of compliance with all applicable procurement regulations. Purchase orders, contracts, and similar documentation resulting from the procurement of goods or services shall be submitted to COR3 and PRDOH before requesting reimbursement or payments of costs incurred to implement Program activities. PRDOH will work directly with COR3 and other applicable agencies to identify the most efficient methodology for administering the Program. To minimize the need for entities to provide the same documentation multiple times, PRDOH, through its relationship with COR3, will access FEMA and Government of Puerto Rico information systems to obtain project documentation.

Further guidance on specifics related to procurement will be included in the executed Subrecipient Agreement.

¹⁵ Procurement Manual for the CDBG-DR, CDBG-MIT, and CDBG State Programs, Regulation 9506 is available in English and Spanish at <https://recuperacion.pr.gov/en/resources/policies/general-policies/> and <https://recuperacion.pr.gov/re-cursos/politicas/politicas-generales/>.

14 Change Orders to Contracts

If additional resources or funding are needed to complete Program work, a request for additional necessary resources and funding shall be submitted to COR3, FEMA, and PRDOH for analysis and approval. Change orders may include, but are not limited to, explanations of type of work and scope to be added or deleted from the contract, the additional time (if any) required for the work, a justification for why the work is necessary, and evidence of any conditions identified that resulted in the request. However, if a project has any scope changes beyond what was approved in the PW, FEMA must approve the change and issue an updated version of the PW in question. Environmental compliance documentation may need to be updated and submitted to HUD for approval. If additional work is anticipated, the Subrecipient should seek guidance from PRDOH immediately.

PRDOH will evaluate all change order requests to determine whether additional resources are necessary and reasonable in order to complete the project. Without prior authorization, any work performed outside of the approved scope of work by means of a change order and incorporated in the approved PW cannot be reimbursable under CDBG-DR Energy and is performed at risk. The Subrecipient shall be responsible for all costs incurred due to activities performed beyond the approved scope of work or beyond the approved resource level without prior authorization by PRDOH through a duly authorized change order.

15 Financial Management

All financial processes and procedures shall be made in accordance with the requirements set forth in the CDBG-DR Financial Policy, to ensure effective and fully compliant cost principles and use of funds, maximizing operational and financial performance, minimizing risk, and providing optimal service.

All Subrecipient invoicing and payments will be managed through PRDOH's Financial Management Systems. Refer to the CDBG-DR Financial Policy available in English and Spanish at <https://recuperacion.pr.gov/en/download/financial-policy/> and <https://recuperacion.pr.gov/download/politica-financiera/>.

15.1 Cost Reasonableness

Federal Register Notice 86 FR 32681, at 32687, requires PRDOH to ensure “that electrical power system improvement costs, including acquisition and construction costs, are reasonable and consistent with market costs at the time and place of the acquisition or construction.” Cost reasonableness is described as the price that a prudent businessperson would pay for an item or service under competitive market conditions, given a reasonable knowledge of the marketplace. The method and degree of analysis may vary depending upon the circumstances surrounding a particular project (e.g., project type, risk, costs). HUD may issue guidance to PRDOH and may require PRDOH to verify cost reasonableness from an independent and qualified third-party architect, civil engineer, or construction manager.

As eligible projects to be funded under the Program are those for which FEMA has already performed a review for cost reasonableness, the ER1 Program will adopt FEMA’s approval of submitted costs included within each PW to be evaluated.

In some cases, PRDOH may wish to perform additional reviews of PW costs to establish the cost reasonableness of the goods and services under the Program by performing one (1) or more of the following analyses:

- Comparison of Proposed Costs Received as Part of a Solicitation Process;
- Comparison of Proposed Prices with Prior Solicitation Processes;
- Comparison of Proposed Prices with Historical Contracts;
- Comparison of Proposed Prices with Independent Cost Estimates; and
- Comparison of Proposed Prices with Prices Obtained through Market Research.

16 Uniform Relocation Act

Activities and projects undertaken with CDBG-DR Energy funds are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (**URA**), as amended, 42 U.S.C. § 4601 *et seq.*, and Section 104(d) of the HCDA, 42 U.S.C. § 5304(d).

Projects funded under the Program which include acquisition activities that result in displacement must comply with all applicable URA regulations for notifying property owners, businesses, and tenants who may be subject to displacement. Persons and entities qualifying as “displaced persons” may be eligible for relocation assistance benefits, which must be accounted for in project budgets.

As a condition of receiving CDBG-DR Energy assistance, the Subrecipient agrees to fully comply with all applicable provisions of the URA and waivers granted by HUD for CDBG-DR Energy activities found at Federal Register Notice 86 FR 32681. For more information on how URA regulations apply, please refer to the Uniform Relocation Assistance Guide and Residential Anti-Displacement and Relocation Assistance Plan available in English and Spanish at <https://recuperacion.pr.gov/en/download/ura-adp-guidelines/> and <https://recuperacion.pr.gov/download/guias-ura-adp/>.

17 Property Management and Disposition

PRDOH will comply with regulations governing property management and disposition of real property, equipment, financial obligations, and return of unobligated cash post program closeout. Applicable regulations can be found in 24 C.F.R. § 570.502, 24 C.F.R. § 570.505, 2 C.F.R. § 200.310, 2 C.F.R. § 200.343, 2 C.F.R. § 200.344(b), 2 C.F.R. § 200.344(d)(4), and 24 C.F.R. § 570.489(j).

For any real property acquired in whole or in part with CDBG funds in excess of \$25,000.00, the recipient must control the use of the property in accordance with its intended purpose and take good care of it and may not change the use or planned use of the property without proper notification to affected citizens and allowable time for comment by them. If the property is not a building for general government conduct, the use of the property may be changed with citizen approval if it meets one of the HUD national objectives. If the recipient changes the use of the property, the recipient may either retain or dispose of the property and reimburse its CDBG-DR Program the amount of the current fair market value of the property.

Further details on property management and disposition can be found in the Cross Cutting Guidelines available in English and Spanish at: <https://recuperacion.pr.gov/en/download/cross-cutting-guidelines/> and <https://recuperacion.pr.gov/download/guias-intersectoriales/>.

18 Labor Standards

Projects receiving CDBG-DR Energy funding are required to comply with federal labor standards laws, including Davis-Bacon Act of 1931, as amended, 40 U.S.C. § 3141 *et seq.*, and Related Acts (**DBRA**); Fair Labor Standards Act of 1938 (**FLSA**), as amended, 29 U.S.C. § 201 *et seq.*; Contract Work Hours and Safety Standards Act (**CWHSSA**), as amended, 40 U.S.C. § 3701 *et seq.*; and Copeland Anti-Kickback Act, as amended, 40 U.S.C. § 3145 *et seq.* Together, these laws ensure that workers are paid the appropriate prevailing wage rate and are treated fairly by employers receiving CDBG-DR Energy funding to execute program activities. Each of these laws requires important recordkeeping practices to ensure compliance and allow for accurate and efficient reporting as required by PRDOH.

PRDOH has adopted policies for the CDBG-DR/MIT Programs, which it, subrecipients, and their contractors are required to follow and comply with in the implementation of CDBG-DR Energy funded activities. These policies are available in English and Spanish at <https://recuperacion.pr.gov/en/download/davis-bacon-and-related-acts-policy/> and <https://recuperacion.pr.gov/download/politica-sobre-la-ley-davis-bacon-y-las-leyes-relacionadas/>.

19 Section 3

Projects receiving CDBG-DR Energy funding are required to comply with HUD regulation at 24 C.F.R. Part 75, commonly referred to as the Section 3 Final Rule. Section 3 ensures that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible and consistent with existing federal, Government of Puerto Rico, and local laws and regulations, be directed to low- and very low-income persons, so that they can take part in recovery activities in proximity to work location. Through the program notification process and through technical assistance

workshops, and monitoring protocols, PRDOH will communicate and work with the Subrecipient to ensure that each project adheres to the Section 3 regulations and HUD’s established benchmarks for the percentage of total work hours to be completed by Section 3 Workers and Targeted Section 3 Workers.

For more information about Section 3 refer to the CDBG-DR Section 3 Policy available in English and Spanish at <https://recuperacion.pr.gov/en/download/section-3-policy/> and <https://recuperacion.pr.gov/download/politica-sobre-seccion-3/>.

20 Civil Rights and Non-Discrimination

The CDBG-DR Energy Program shall be implemented in a manner that does not deny any individual the opportunity to participate in, access, or benefit from the Program on a discriminatory basis of any federally or locally designated protected classes. Funded activities shall be designed and implemented in a manner that avoids disproportionate negative impacts on protected classes of people and vulnerable communities, as well as create opportunities to address economic inequities facing communities. PRDOH has adopted several policies to which its subrecipients and all contractors must adhere in the design and implementation of the Program and funded projects.

20.1 Fair Housing & Equal Opportunity Policy (FHEO Policy)

The FHEO Policy establishes requirements and provides guidance for ensuring that CDBG-DR programs do not discriminate against protected classes of people. Included in this policy is a summary of all civil rights-related and anti-discrimination laws, which must be complied with, strategies and requirements for the affirmative marketing of programs to potential participants, the handling of discrimination complaints, equal opportunity employment requirements, communication requirements, recordkeeping requirements, and other information critical for ensuring compliant design and implementation of the CDBG-DR Program.

The FHEO Policy is available in English and Spanish at <https://recuperacion.pr.gov/en/download/fair-housing-and-equal-opportunity-fheo-policy->

[for-cdbg-dr-programs/](#) and <https://recuperacion.pr.gov/download/politica-de-equidad-de-vivien-da-e-igualdad-de-oportunidades-para-los-programas-cdbg-dr/>.

20.2 Section 504, Americans with Disabilities Act, and Equal Employment Opportunity

Projects receiving CDBG-DR Energy funding are required to comply with Section 504 of the Rehabilitation Act of 1973 (**Section 504**), as amended, 29 U.S.C. § 794; Title II of the Americans with Disabilities Act (**ADA**), as amended, 42 U.S.C. § 12132, and Equal Employment Opportunity (**EEO**) requirements in the execution of both infrastructure and job creation or retention activities. Based on the Subrecipient entity type and the project activities, infrastructure and facilities will need to comply with Section 504 and ADA to be physically accessible to persons with disabilities, and employers must comply with employment requirements under these statutes and EEO.

20.3 Reasonable Accommodation Policy

Federally funded programs are required under Section 504 to make reasonable accommodations and modifications for individuals with disabilities. The purpose of Section 504 is to avoid discrimination and ensure these individuals have an equal opportunity to access and enjoy the benefits of the Program. Requests for accommodations (changes to a rule, policy, practice, or service) and reasonable modifications (structural changes to a building or dwelling) most commonly arise in housing programs; however, Section 504 applies to all federally funded programs and activities.

Any person with disability-related needs may submit a request for accommodation or modification to PRDOH, its subrecipients, or contractors involved in the implementation of CDBG-DR programs. PRDOH has established the Reasonable Accommodation Policy to guide individuals on how to submit a non-employment related request, and instruct PRDOH employees, subrecipients, and contractors on how to receive and evaluate reasonable accommodation and modification requests. Any employment-related reasonable accommodation request should be directed to the individual's employer.

PRDOH will ensure that every effort is made to meet the disability-related needs of requesting individuals to the maximum extent feasible, so far as providing the requested accommodations or modifications is considered reasonable.

The Reasonable Accommodation Policy is available in English and Spanish at <https://recuperacion.pr.gov/en/fair-housing/policy-documents/> and <https://recuperacion.pr.gov/fair-housing/politicas-documentos/>.

20.4 Language Access Plan

PRDOH, its subrecipients, and contractors are responsible for complying with the PRDOH Language Access Plan (**LAP**). The purpose of the LAP is to ensure meaningful access to federally assisted programs and activities for persons, who because of national origin are limited in their Spanish or English proficiency. The LAP provides concrete action steps that shall be followed by PRDOH, subrecipients, awardees, and contractors to ensure that appropriate language services and translated vital documents are made available to potential and actual Program participants, as well as in outreach activities.

The CDBG-DR LAP is available in English and Spanish at <https://recuperacion.pr.gov/en/download/plan-de-acceso-al-idioma/> and <https://recuperacion.pr.gov/download/plan-de-acceso-al-idioma/>.

21 Reporting

All entities receiving federal award funds must complete a quarterly report in which they provide an overview on the project's progress to date, compliance with job creation/ retention (if applicable) and include a summary of the progress expected for the next quarter. Additional compliance reporting, including but not limited to, that for Section 3 of the Housing and Urban Development Act of 1968 and Davis Bacon and Related Acts, will be maintained in accordance with the reporting requirements under the CDBG-DR regulations, applicable PRDOH CDBG-DR policies, and executed agreements.

Additional reporting requirements will be detailed in the executed agreement and must be submitted on the agreed-upon schedule. Specific measures related to electrical system improvement activities that may be required for

reporting to PRDOH and HUD include, but are not necessarily limited to, the following:¹⁶

- Percent reduction in loss of service.
- Number of green infrastructure projects constructed.
- Number of fewer outages of critical facilities and utilities.
- Percent decrease in disruption hours to residents and businesses from impacts of storm events.
- Percent reduction in energy costs.
- Number of electrical inspections.
- Percent of area electrical demand generated from facility.
- Percent reduction in number of kWh of electricity consumed on-site.
- Number of Microgrids constructed to sustain critical services during a power outage.
- Percent decrease in number of inaccessible days.
- Percent reduction in kWh used.
- Percent reduction in utility costs.

22 Monitoring

PRDOH is required by regulations and Grant Agreement conditions to monitor each program or activity funded by CDBG-DR awards to ensure compliance with applicable federal requirements and to determine if performance expectations are being achieved. This includes monitoring of CDBG-DR funded activities carried out by awardees, contractors, subrecipients, and PRDOH.

PRDOH must ensure compliance with HUD regulations, which include but are not limited to recordkeeping, administrative and financial management, environmental compliance, citizen participation, conflict of interest, procurement, labor standards, Section 3, Fair Housing, Title VI, Section 504, duplication of benefits, property management, and property acquisition and relocation. PRDOH is required to monitor all programs and projects for

¹⁶ This is not an exhaustive list of the measures that may be applicable to the various project types anticipated to be funded by the ER1 Program and that may require reporting to PRDOH and HUD. Additional applicable/allowable measures/metrics may be identified and reported on throughout the implementation of the program.

conformance with the goals, objectives, and policy set forth in the Action Plan and its Amendments.

Program monitoring serves to identify risks, deficiencies, and remedies related to programs, projects, and subrecipients. The objectives of the program monitoring include:

- Determine if activities are being carried out as described in the CDBG-DR Energy Action Plan;
- Determine if activities are being carried out in a timely manner;
- Determine if costs charged to the Program and projects are eligible under applicable laws and CDBG regulations and if are reasonable in light of the services or products delivered;
- Determine if activities are being conducted with adequate control over the program and financial performance, and in a way that minimizes opportunities for waste, mismanagement, fraud, and abuse;
- If subrecipients are utilized, determine if the activities are being carried out in conformance with the subrecipient agreement;
- Assist in resolving compliance problems through discussion, negotiation, technical assistance, and training;
- Provide adequate follow-up measures to ensure that performance and compliance deficiencies are corrected and not repeated;
- Comply with the monitoring requirements of 24 C.F.R. § 570.501(b) and 2 C.F.R. § 200.328, if applicable;
- Determine if any conflict of interest exist in the operation of the CDBG-DR Program per 24 C.F.R. § 570.611; and
- Ensure that required records are maintained to demonstrate compliance with applicable regulations.

The Monitoring Manual for the CDBG-DR/MIT Programs is available in English and Spanish at <https://recuperacion.pr.gov/en/download/monitoring-manual/> and <https://recupe-racion.pr.gov/download/manual-de-monitoreo/>.

23 Closeout

The closeout process is designed to ensure that all CDBG-DR Energy funded activities are completed, and funds are spent in accordance with the agreement, program guidelines, and state and federal requirements. Closeout is the process by which it is determined that all CDBG-DR Energy program costs have been fully expended and were reasonable and necessary, the work has been completed in accordance with all applicable laws and regulations, and all responsibilities of PRDOH and the Subrecipient have been completed in accordance with the terms and conditions of the Agreement. This process certifies that the CDBG-DR Energy funded activities described in the CDBG-DR Energy Action Plan and the Program Guidelines have benefited the persons affected by the hurricanes and/or disaster recovery activities.

The CDBG-DR Closeout Policy is available in English and Spanish at <https://recuperacion.pr.gov/en/download/closeout-policy/> and <https://recuperacion.pr.gov/download/politica-de-cierre/>.

23.1 Project Closeout

Project closeout is the process by which PRDOH determines that the total project costs incurred are eligible, the approved SOW has been completed, and all Subrecipient responsibilities have been completed in accordance with the terms and conditions of the executed agreement and applicable laws and regulations. In addition, during project closeout the five percent (5%) management cost evaluation is made to determine the eligible total amount. A project cannot be closed out until all incurred costs have been presented with all necessary documentation for justification, all activities in the approved SOW have been completed, and the National Objective has been met.

Given that the ERI Program provides the match for FEMA PA projects, project closeout will occur in coordination with COR3 and FEMA. PRDOH will work with COR3 to develop processes that show which funded projects have no future work and that no audit or open issues remain. PRDOH will solely determine if all the requirements for a specific project have been completed and if project closeout should occur.

For instances where one Subrecipient Agreement includes multiple projects, each individual project will be closed out upon its individual completion. The agreement cannot be closed out until all projects contained therein are closed. Ultimately, the ER1 Program as a whole will be closed out only after the Subrecipient Agreement is closed.

Project closeout will begin when:

- PRDOH and COR3 have certified that all approved project SOW included in the specific PW has been completed and no future work will take place;
- All project expenses, except closeout costs, if any, have been paid by PRDOH/COR3;
- COR3 has certified that the federal share for the project has been paid and that no more FEMA federal share funds for the project will be provided;
- Any responsibilities detailed in an Interagency or Subrecipient Agreement or other binding agreements with PRDOH/COR3, including agreements the Subrecipient has with FEMA, have been fulfilled;
- All monitoring or audit findings have been cleared, whether with HUD or FEMA;
- A final inspection has occurred;
- All necessary EHP, studies, permits, endorsements, and consultations have been accomplished/completed; and
- A CDBG-DR National Objective has been documented.

Project closeout consists of:

- A closeout request, with applicable project documents attached, submitted to PRDOH/COR3 for review;
- PRDOH/COR3 review of closeout documents and resolution of any outstanding issues;
- A project closeout letter/memo is placed in the projects file with the Federal Financial Report and final progress report;
- A final HUD quarterly narrative report submitted to reflect the project's status;
- An updated project in HUD's DRGR system;

- Reconciliation and, when necessary, return of any unused funds to the program through a budget amendment;
- PRDOH coordinates the closeout process with COR3;
- When all requirements for a project closeout have been completed, COR3 submits project closeout information to FEMA for approval; and
- COR3/FEMA confirms the five percent (5%) management cost closeout.

23.2 Program Closeout

Program closeout is the process by which PRDOH determines that all activities within the Program has been successfully completed in accordance with the terms and conditions of the Subrecipient Agreement, program policies, and applicable local and federal laws and regulations. A program is deemed complete upon final review and/or inspection by PRDOH and, when applicable, the submission of proof that all agreed upon performance indicators have been reported as well as performance milestones met.

General requirements for Program Closeout are as follows:

- All milestones have been met and deliverables submitted, each in accordance with the requirements of this Program;
- All forms and reports required throughout the entirety of the Program have been duly completed and executed by the appropriate parties;
- All CDBG-DR Energy funds used have been properly accounted for and reconciled with payments made to the Subrecipient;
- All payments have been issued to the Subrecipient;
- All permits required for construction work have been properly closed-out with the pertinent governmental entities;
- Other requirements for closeout as established in the Subrecipient Agreement and other contracts have been met.

Outreach will be made to the Subrecipient if any additional information is necessary to close out the Program. Once all levels of quality control review are passed, the Subrecipient will receive a CDBG-DR Energy Final Notice, and its individual contracts will be placed in a closeout complete status.

24 Recapture

Instances may arise where a subrecipient must return all or part of the awarded funding to the Program. The Program is responsible for recapturing duplicative funds, funds awarded to subrecipients who become non-compliant, as well as funds from subrecipients that have been identified as potential overpayments. All subrecipient files will be reviewed and reconciled for accuracy to ensure subrecipients are compliant with Program requirements and federal guidelines.

Once it has been determined that a subrecipient must return funds to the CDBG-DR Energy grant, the subrecipient must repay the funds in a timely manner. All repayments shall be repaid in full as one lump sum amount. All funds recovered through recapture will be tracked in the Yardi Voyager system and returned to the CDBG-DR Energy account or U.S. Treasury, if the CDBG-DR Energy grant has been closed out.

More information about the PRDOH CDBG-DR/MIT Recapture of Funds Policy is available in English and Spanish at <https://recuperacion.pr.gov/en/download/recapture-of-funds-policy/> and <https://recuperacion.pr.gov/download/politica-de-recaptura-de-fondos/>.

25 General Provisions

25.1 Program Guidelines Scope

This document sets forth the policy governing the Program. These Program Guidelines are intended to aid and provide Program activity guidance in Program implementation and closeout and should not be construed as exhaustive instructions. All Program activities must comply with the policies hereby stated. In addition, all Program staff must adhere to established Program procedures and all federal and state laws and regulations in effect, as applicable, in the execution of Program activities.

However, PRDOH reserves the faculty to authorize, in its sole discretion, the granting of Program benefits to any subrecipient, only when exceptional circumstances, not contemplated in these Guidelines, justify it. Such faculty will be exercised on a case-by-case basis in compliance with local, state, and

federal requirements. PRDOH is in no way obligated to grant the Program benefits in said cases.

25.2 Program Guidelines Amendments

PRDOH reserves the right to modify the policies established in these Guidelines if the Program Guidelines, as written, do not reflect the intended policy or cause procedures to be impracticable, among any other circumstances. If an amended version of these Guidelines is approved, the amended version fully supersedes all other previous versions and should be used as the basis for the evaluation of all situations encountered in the implementation and/or continuance of the Program from the date of its issuance, that is, the date that appears on the cover of these Guidelines. Each version of the Program Guidelines will contain a detailed version control log that outlines any substantive amendment, inclusions and/or changes.

25.3 Extension Deadlines

The Program could extend deadlines on a case-by-case basis. The Program may decline to extend a deadline if such extension will jeopardize the Program's completion schedule or the schedule of an individual project. The previous statement strictly applies to Program deadlines or established Program terms. Under no circumstances does the faculty to extend deadlines apply to the established terms of time in these Guidelines or any applicable federal or state law or regulation.

25.4 Established Periods of Time

Unless otherwise specified, all established periods of time addressed in this, and all CDBG-DR and CDBG-MIT Program Guidelines will be considered calendar days. On this matter, PRDOH, as grantee, will follow Rule 68.1 of the Rules of Civil Procedure of Puerto Rico, 32 LPRA Ap. V, R. 68.1.

25.5 Written Notifications

All determinations made by the Program will be notified in writing. If a subrecipient believes that any determination was made without being written, the subrecipient may request that such decision be made in writing and duly substantiated.

25.6 Conflict of Interest

As stated in the Federal Register Vol. 86, No. 117 (June 22, 2021), 86 FR 32681, 32691, federal regulations require that State grantees, in the direct Grant administration and means of carrying out eligible activities, be responsible with program administrative requirements, including those established in 24 C.F.R. § 570.489(h) related to conflicts of interest.

Several federal and state conflict of interest laws can govern CDBG-DR/MIT assisted activities. Therefore, PRDOH has enacted the Conflict of Interest and Standards of Conduct Policy (**COI Policy**) in conformity with the following applicable federal and state regulations:

- HUD conflict of interest regulations, 24 C.F.R. § 570.611;
- The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200 at § 200.112 and § 200.318 (c)(1);
- Puerto Rico Department of Housing Organic Act, Act 97 of June 10, 1972, as amended, 3 LPRA § 441 *et seq.*;
- The Anti-Corruption Code for the New Puerto Rico, Act No. 2-2018, as amended, 3 LPRA § 1881 *et seq.*; and
- The Puerto Rico Government Ethics Office Organic Act, Act 1-2012, as amended, 3 LPRA § 1854 *et seq.*

The COI Policy outlines PRDOH’s responsibility, in its role as grantee, to identify, evaluate, disclose, and manage apparent, potential, or actual conflicts of interest related to CDBG-DR/MIT funded projects, activities and/or operations. In accordance with 24 C.F.R. § 570.489, the COI Policy also includes standards of conduct governing employees engaged in the award or administration of contracts.

As defined in the COI Policy, a conflict of interest is a situation in which any person who is a public servant, employee, agent, consultant, officer, or elected official or appointed official of the PRDOH, or of any designated public agencies, or of subrecipients that are receiving funds under the CDBG-DR Program may obtain a financial or personal interest or benefit that is or could be reasonably incompatible with the public interest, either for themselves, or with those whom

they have business, or an organization which employs or is about to employ any of the parties indicated herein, or a member of their family unit during their tenure or for two (2) years after.

Such conflicts of interests will not be tolerated by PRDOH. Program officials, their employees, agents, and/or designees are subject to state ethics laws and regulations, including, but not limited to Act No. 1-2012 regarding their conduct in the administration, granting of awards and program activities.

According to Act No. 1-2012, no public servant shall intervene, either directly or indirectly, in any matter in which they have a conflict of interests that may result in their benefit. No public servant shall intervene, directly or indirectly, in any matter in which any member of their family unit, relative, partner, or housemate has a conflict of interest that may result in benefit for any of the abovementioned. In the case that any of the abovementioned relationships have ended during the two (2) years preceding the appointment of the public servant, they shall not intervene, either directly or indirectly, in any matter related to them until two (2) years have elapsed after their appointment. This prohibition shall remain in effect insofar as the beneficial ties with the public servant exist. Once the beneficial ties end, the public servant shall not intervene, either directly or indirectly, in such matter until two (2) years have elapsed.

The above conflict of interest statement does not necessarily preclude PRDOH Program officials, their employees, agents, and/or designees from receiving assistance from the Program. On a case-by-case basis, PRDOH Program officials, their employees, agents, and/or designees may still be eligible to apply and to receive assistance from the Program if they meet all Program eligibility criteria as stated in these Guidelines, and requirements set forth in the COI Policy. PRDOH Program officials, their employees, agents, and/or designees should disclose their relationship with PRDOH at the time of their application.

The COI Policy and all CDBG-DR and CDBG-MIT Program policies are available in English and Spanish at <https://recuperacion.pr.gov/en/download/conflict-of-interest-and-standards-of-conduct-policy/> and <https://recuperacion.pr.gov/download/politica-de-conflictos-de-interes-y-estandares-de-conducta/>.

25.7 Citizen Engagement and Participation

Throughout the duration of the grant, all citizen comments on PRDOH’s published Action Plan, any substantial amendments to the Action Plan, performance reports and/or other issues related to the general administration of CDBG-DR/MIT funds, including all programs funded by this grant, are welcomed.

Citizen comments may be submitted through any of the following means:

Via phone: 1-833-234-CDBG or 1-833-234-2324 (TTY: 787-522-5950)
Attention hours Monday through Friday from 8:00am-5:00pm

Via email at: infoCDBG@vivienda.pr.gov

Online at: <https://recuperacion.pr.gov/en/contact-us/contact/>
(English)

<https://recuperacion.pr.gov/contactanos/contacto/>
(Spanish)

In writing at: Puerto Rico CDBG-DR Program
P.O. Box 21365
San Juan, PR 00928-1365

The Citizen Participation Plan and all CDBG-DR/MIT Program policies, are available in English and Spanish at <https://recuperacion.pr.gov/en/citizen-participation/> and <https://recuperacion.pr.gov/participacion-ciudadana/>. For more information on how to contact PRDOH, please refer to <https://recuperacion.pr.gov/welcome/index.html>.

25.8 Citizen Complaints

As part of addressing Puerto Rico’s long-term recovery needs, citizen complaints on any issues related to the general administration of CDBG-

DR/MIT funds are welcome throughout the duration of the grant. It is PRDOH's responsibility, as grantee, to ensure that all complaints are dealt with promptly and consistently and at a minimum, to provide a timely, substantive written response to every **written** complaint within **fifteen (15) business days**, where practicable. See 24 C.F.R. § 91.115(h) and 24 C.F.R. § 570.486(a)(7).

Citizens who wish to submit formal complaints related to CDBG-DR/MIT funded activities may do so through any of the following means:

Via e-mail at: CDBGResponde@vivienda.pr.gov

Online at: <https://recuperacion.pr.gov/en/contact-us/complaints/>
(English)

<https://recuperacion.pr.gov/contactanos/quejas/>
(Spanish)

In writing at: Puerto Rico CDBG-DR Program
Attn: **Public and Community Affairs Division** – Complaints
P.O. Box 21365
San Juan, PR 00928-1365

Although formal complaints are required to be submitted in writing, complaints may also be received verbally and by other means necessary, as applicable, when PRDOH determines that the citizen's particular circumstances do not allow the complainant to submit a written complaint. However, in these instances, PRDOH shall convert these complaints into written form. These alternate methods include, but are not limited to:

Via telephone: * 1-833-234-CDBG or 1-833-234-2324 (TTY: 787-522-5950)

In-person at: * PRDOH Headquarters Office or Program-Specific Intake Centers

*Attention hours: Monday – Friday from 8:00 a.m. to 5:00 p.m.

The Citizen Complaints Policy and all CDBG-DR/MIT Program policies are available in English and Spanish at <https://recuperacion.pr.gov/en/resources/policies/general-policies/> and <https://recuperacion.pr.gov/recursos/politicas/politicas-generales/>.

25.9 Anti-Fraud, Waste, Abuse, or Mismanagement

PRDOH, as grantee, is committed to the responsible management of CDBG-DR/MIT funds by being a good advocate of the resources while maintaining a comprehensive policy for preventing, detecting, reporting, and rectifying fraud, waste, abuse, or mismanagement.

Pursuant to 86 FR 32681, PRDOH implements adequate measures to detect and prevent fraud, waste, abuse, or mismanagement in all programs administered with CDBG-DR/MIT funds as well as encourages any individual who is aware or suspects any kind of conduct or activity that may be considered an act of fraud, waste, abuse, or mismanagement, regarding the CDBG-DR/MIT Program, to report such acts to the CDBG-DR/MIT Internal Audit Office, directly to the Office of Inspector General (**OIG**) at HUD, or any local or federal law enforcement agency.

The Anti-Fraud, Waste, Abuse, or Mismanagement Policy (**AFWAM Policy**) is established to prevent, detect, and report any acts, or suspected acts, of fraud, waste, abuse, or mismanagement of CDBG-DR/MIT funds. This Policy applies to any allegations or irregularities, either known or suspected, that could be considered acts of fraud, waste, abuse, or mismanagement, involving any citizen, previous, current, or potential applicant, beneficiary, consultant, contractor, employee, partner, provider, subrecipient, supplier, and/or vendor under the CDBG-DR/MIT Program.

REPORT FRAUD, WASTE, ABUSE, OR MISMANAGEMENT TO PRDOH CDBG-DR/MIT	
CDBG-DR/MIT Hotline	787-274-2135 (English/Spanish/TTY)
Postal Mail	Puerto Rico Department of Housing CDBG-DR/MIT Internal Audit Office

	P.O. BOX 21355 San Juan, PR 00928-1355
Email	hotlineCDBG@vivienda.pr.gov
Online	Filling out the AFWAM Submission Form available in English and Spanish at https://recuperacion.pr.gov/app/cdbgdrpublic/Fraud or https://recuperacion.pr.gov/app/cdbgdrpublic/Fraud?culture-es-ES
In person	Request a meeting with the Deputy Audit Director of the CDBG-DR/MIT Internal Audit Office located at PRDOH’s Headquarters at 606 Barbosa Avenue, Building Juan C. Cordero Davila, Río Piedras, PR 00918.

REPORT FRAUD, WASTE, ABUSE, OR MISMANAGEMENT DIRECTLY TO HUD OIG	
HUD OIG Hotline	1-800-347-3735 (Toll-Free) 787-766-5868 (Spanish)
Postal Mail	HUD Office of Inspector General (OIG) Hotline 451 7th Street SW Washington, D.C. 20410
Email	HOTLINE@hudoig.gov
Online	https://www.hudoig.gov/hotline

The AFWAM Policy and all CDBG-DR/MIT Program policies are available in English and Spanish at <https://recuperacion.pr.gov/en/resources/policies/general-policies/> and <https://recuperacion.pr.gov/recursos/politicas/politicas-generales/>.

25.10 Related Laws & Regulations

These Guidelines refer to how the provisions of certain laws apply to the Program. However, other related laws may exist which are not included in these Guidelines. This does not negate or preclude the Program from applying the provisions of those laws, nor an applicant from receiving services, when

applicable. Moreover, PRDOH can enact, or may have enacted, regulations that address how the laws mentioned in these Guidelines are managed. If there are any discrepancies between these Guidelines and the laws and/or regulations mentioned in them, then the latter will prevail over the Guidelines. If at any time the laws and/or the applicable regulations mentioned in the Guidelines are amended, the new provisions will apply to the Program without the need to amend these Guidelines.

25.11 Cross-Cutting Guidelines

Some federal and local requirements apply to all programs funded by CDBG-DR/MIT. The Cross-Cutting Guidelines cover topics such as: financial management; environmental review; labor standards; acquisition; relocation; civil rights; fair housing; drug free workplace; timely distribution of funds; personally identifiable information; record retention; among others. The requirements described in the above referenced Cross-Cutting Guidelines apply to all programs described in PRDOH's CDBG-DR and CDBG-MIT Action Plans and any subsequent amendments.

The Cross-Cutting Guidelines and all CDBG-DR/MIT Program policies are available in English and Spanish at <https://recuperacion.pr.gov/en/resources/policies/general-policies/> and <https://recuperacion.pr.gov/recursos/politicas/politicas-generales/>.

26 Program Oversight

Nothing contained within these Guidelines is intended to limit the role of PRDOH, HUD, and/or corresponding authorities from exercising oversight and monitoring activities of the Program.

27 Severability Clause

If any provision of these guidelines, or the application thereof to any person, partnership, corporation, or circumstance, is deemed invalid, illegal, or incapable of being enforced to any extent by a competent court, the remainder of these Guidelines and the application of such provisions will not be affected. All valid applications of these Guidelines shall be severed from any application deemed invalid, leaving the valid applications in full force.

END OF PROGRAM GUIDELINES