



DRCA Call with FEMA on Puerto Rico Recovery **August 20th, 2020**

FEMA Attendee:

Alex Amparo, FEMA's Federal Disaster Recovery Coordinator for Puerto Rico & the US Virgin Islands

DRCA Attendees:

- Dan Craig, Tidal Basin
- Casey Long, DRCA
- Lisa Miller, DRCA
- Jon Hoyle, Thompson Consulting
- Barton Holmes, Crowder Gulf
- Scott Tezak, Atkins
- John Sullivan, DRC
- Billy Sullivan, SLS
- Christopher Walker, WSP
- Donald Kunish, Tetra Tech

AGENDA:

- 2:00-2:03pm Introductions & Opening Remarks, Casey Long
- 2:03-2:20pm DRCA Member Update on Puerto Rico Recovery
- 428 Implementation, Dan Craig & Donald Kunish
 - PPDR Program & Debris Removal Programs, Jon Hoyle & John Sullivan
- 2:20-2:28pm Briefing on FEMA & COR3 Challenges & Priorities, Alex Amparo
- 2:28-2:30pm Closing Remarks & Next Steps, Dan Craig

The Call Commenced at 2pm

Casey Long: Convened the call, introduced the DRCA members, provided an overview of the agenda and thanked Alex for his continued partnership with DRCA.

Dan Craig: DRCA has members working in Puerto Rico (PR) and the 428 Implementation issue continues as a discussion among vendors in PR. Dan asked, "Alex, where do you see the implementation of 428 going as you work through some of the recovery issues?"

Alex Amparo: Alex replied, "At one point, 428 was the only game in town for PR. The program was being implemented differently than in other places and that has caused complexities. Where you needed locals to work with this program, that resource wasn't there as strongly as in other communities. We have now the 406 option and in projects where there are critical areas, PR has to use the 428 and that allows FEMA to apply the Bipartisan Budget Act. So, we actually have the best of both worlds. Where there are unknowns, we are seeing PR pursuing 406 reimbursement program (i.e. actual costs). With other projects, PR is using 428 and the flexibility it allows. In Bayamon, there were 28 projects and we asked them that by a date certain, they should pick 406 or 428. We thought a majority would steer to 406, but 22 out of 28 followed the 428 program. In discussion with the mayor, the community saw that in the past 8 months we have come to agreements regarding sales and use tax, municipal tax, future price curve implementation, lead and asbestos removal, wind retrofits... all these issues we build into cost estimates with 428 and if used 406 those estimates would have been cut in half. FEMA and PR are learning and there is so much more capacity with 428 and being able to manage projects and have a sense of confidence in these cost estimates."

Alex Amparo: Alex went on to say that when he got to his current position last September, there were 10-15 projects per month obligated. In July 2020, FEMA obligated 525 projects and FEMA is averaging between 400 and 600 projects obligated a month now. Alex commented, "That is significant actually seeing recovery! Look at municipalities that are putting out to bid the projects that have been funded...one community issued an RFP for 100 projects and that leads to folks seeing something constructive. The things we are having to do is explain to the public what FEMA does. We don't build hospitals...we will reimburse it and it's tough to educate the public. Relative to 428, the best thing we can do is have a strong working relationship with the government and Central Office for Recovery, Reconstruction and Resilience (COR3). Absent that, we got caught up in shooting letters to each other. Ottmar Chávez, Executive Director of COR3 and I have agreed that we won't just write letters to each other. He's not going to get a letter from me unless we talked about the issue first. It's a validation as to how we do business."

Dan Craig: Do you see any issues with the estimates from the local municipalities?

Alex Amparo: "There are so many different types of permitting fees and when do they apply as an example. Various communities have different requirements for inspection. We have to track what the costs are... and we use CRC to help create the estimate (and we often use their numbers). Bottom line is that we are not going to send the Project Worksheet (PW) back for \$3,000. We will make up the differences on the other ones. It's been a balance. Issues that come up in the system happen... we are taking a global approach."

Dan Craig: You mentioned 500 PW's recently. Do you see a capacity issue on reconstruction? As you approve more projects online, will there be a capacity issue in labor, materials, etc.?

Alex Amparo: Alex responded, "I'm a capitalist at heart. It will iron itself out over time where there is demand and a going rate (for example a factor of 4 with labor brought into PR), but it may be momentary and someone could say it's not worth it... there are local folks that can bid." Alex then displayed a graph on the screen of the escalation of FEMA projects obligated and stated he is seeing communities going out to bid now for February PW's.

Alex continued, "We have engaged University of PR and trade schools and polytechnic schools to discuss the extra tradesmen needed. Apprenticeships and the economic development agency know what is at stake. There is an equilibrium of \$5 billion a year where the market will stabilize for FEMA funded programs."

Don Kunish: Under full disclosure, I am working for COR3 in support of Puerto Rico recovery. There has been a noticeable difference in the projects moving through the system. The graph where FEMA is moving projects is impressive and the deadline of "end of the year" is looming. Don asked, "how do we speed up the 428 process?" We can do bigger and better things with 428 than repair and replace with 406.

Alex Amparo: "We can't accept the applicant will have the request in the queue for 100 days. If the applicant is holding out for a specific issue, then we have to recognize that the national model can track each step and we know how many go to the CRC and how many go in EHP and we can't use these terms that we used before (i.e. "it's being held up in EHP") because EHP has a 7 day turnaround now. We need to be mindful of the subrecipient, the grantee and FEMA. 428 projects have a 2020-year end deadline and it is an ambitious deadline and just enough to push to reverse engineer as much as we can. If we have 600 more projects to go, then the deadline is 12.31.20 to get to agreement on fixed cost estimates and not just the delivery model."

John Sullivan: With PPDR, we are one of the contractors and Jon Hoyle from Thompson is doing the monitoring and it has been slow... Alex asked which storm John was referring to and he clarified he was speaking about Maria PPDR. There was a solicitation that came out and that was strictly for the EQ. The Maria PPDR is a challenge and we are doing some small work and doing some debris removal in the parks. We have equipment, local subs, and have even added more equipment from the mainland, but it's not moving like we expected it. Everyone blames FEMA and we are your

biggest advocate. It's not FEMA with the issue. We like to talk with FEMA and ask how we can help our clients? How do we get around the roadblock?

Alex Amparo: We have approved PPDR for the EQ and it's moving. We had to get some funding and get it going. The difference is that 9 months ago I was going to deny the program and there was no documentation and an estimate of 15,000 homes to be leveled. And, it was a windshield survey and not a home-by-home granular analysis. At the time, we were past two years for an emergency protective measure. You should check with Department of Transportation and Public Works (DTOP) to make sure they got an extension for debris. DTOP was asked how much work had been done and I think PPDR for Maria got off on the wrong foot quickly. I am not sure who from the PR government supported DR... but after our discussion about the 15k, we did a review and set some criteria and that number moved to 3k or so. We then had an auditable program. So, PPDR for Maria got off on the wrong foot and for two years it was on the wrong foot. But now I think it's on the right track. Debris removal was launched in 6 months. Like many of us, Puerto Ricans are impatient and want to see some things move. COR3 is running and in the next couple weeks it should be better.

John Sullivan: We keep assets and folks on the ground in PR and at some point, we have to say to client that we have to stop waiting. With DTOP, there are hazardous trees and yes, there still are 3k+ properties that need something done and we are ready to go just like we have been in the past year.

Alex Amparo: If we ever go through this again, let's get the right documentation. Every applicant has a responsibility to protect life, property and safety... Had I seen them actively work this debris removal, I would extend the program. The premise of the program is that you can only do something if there is a presidential declaration and get reimbursed for it. We approved the park system and short-term time extension.

John Sullivan: In DTOP's defense, they ran out of money and there's a PR law that states they can't spend money they don't have. We stopped three times along the way. Alex, now that you are here, we appreciate you clearing the hurdles. There were some predecessors that didn't have your sense of urgency. DTOP needed assurance from FEMA that reimbursement would help.

John Hoyle: We appreciate John Sullivan's comments and have worked on the list of 15,000 to 3,000 houses. We are hoping to be a part of the solution.

Alex Amparo: PPDR got off on the wrong foot so it was hard to justify extensions. And we saw barrier after barrier to move forward with the project as it was. This is advice you provide your clients... when there is a fair partner across the table that is a good thing. I want to see those old houses come down but not 15k of those.

Casey Long: Alex, we're working on quite a few things right now with FEMA Headquarters in DC and would be happy to share them with you. We recently submitted white papers on Debris Management and Disaster Housing and are actively discussing our policy recommendations with Keith Turi & Tod Wells in Recovery. Our members have heard from their clients that state and local governments are sitting on hundreds of millions of dollars in federal COVID-19 funding because they are concerned to spend it for fear of funding streams, eligibility and reimbursement issues. To help, our members also scoured through 1000's of questions they have received over the last few months from states, cities, counties, schools, 1st responders, hospitals etc. on Federal COVID-19 funding to identify the most commonly asked questions by application type. We submitted a letter to FEMA requesting answers to these reimbursement questions and recommended that FEMA issue new guidance ASAP to address these concerns. DRCA is actively engaged with FEMA and would welcome the opportunity to work with you on these policy issues as well.

Alex Amparo: If I ever get back to FEMA Recovery, one thing I never got done is debris monitoring. I want to pay more to remove the debris than pay someone to watch it being removed. I want to avoid paying 30% in monitoring to avoid 10% waste. I know an entire industry has developed around this, but I think it's too much.

Dan Craig: Thanks for your time. Stay safe.

Alex Amparo: I'm not here forever... and will see you in DC sometime soon.

Call concluded at 2:33 pm