



CORONAVIRUS STATE FISCAL RECOVERY FUND

Promote Puerto Rico: Promotion of Puerto Rico as a Tourist Destination

Program Guidelines

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GOVERNMENT OF PUERTO RICO



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Program Overview

Background

Since March of 2020, Puerto Rico, like most jurisdictions in the United States and countries around the world, has experienced an unprecedented emergency caused by the Coronavirus Disease 2019 (“COVID-19”) pandemic. To slow the spread of the disease and ensure the stability of its healthcare system, the Government of Puerto Rico has implemented measures to address the emergency. On March 12, 2020, the Government of Puerto Rico issued Administrative Bulletin OE-2020-020 through which formally declared a state of emergency due to the imminent impact of the coronavirus in Puerto Rico.

During the state of emergency, Puerto Rico suffered great loss of life and severe economic hardships which have impacted a Commonwealth still reeling from a natural disaster. Puerto Rico lost over 2,500 citizens, tourism dwindled with hotel registrations falling 95% from February to April 2020, and ~460,000 residents of Puerto Rico experienced unemployment, twice the previous number of unemployed individuals. Despite these hardships, Puerto Rico persevered, and with over 2,600,000 doses of COVID-19 vaccines administered, Puerto Rico is positioned to emerge from the COVID-19 pandemic.

To help Puerto Rico emerge from the COVID-19 pandemic, Congress passed the American Rescue Plan Act of 2021 (“ARP Act”), and the President signed it into law on March 11, 2021. To assist state governments with addressing the lingering public health emergency while targeting areas and industries in need of economic development, the ARP Act established the Coronavirus State and Local Fiscal Recovery Fund, which provides \$350 billion in direct assistance to states, territories, counties, metropolitan cities, tribal governments, and non-entitlement units of local governments. As part of the Coronavirus State and Local Fiscal Recovery Fund, Puerto Rico received \$2.47 billion under the Coronavirus State Fiscal Recovery Fund (“CSFRF”).

To ensure the expeditious processing of apportioned funds from the CARES Act, the Government of Puerto Rico established the Disbursement Oversight Committee, consisting of the Secretary of the Department of the Treasury, the Director of the Office of Management and Budget (OGP), and the Executive Director of the Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF). The Committee was created on May 15, 2020, by means of Executive Order No. 2020-040, and on May 7, 2021, by means of Executive Order No. 2021-034, the Governor of Puerto Rico extended the Committee’s oversight to include CSFRF.

Program Description

On August 3, 2021, Governor Pedro Pierluisi announced the Promote Puerto Rico: Promotion of Puerto Rico as a Tourist Destination Program, which makes up to \$50 million in immediate CSFRF funds available to promote Puerto Rico as a tourist destination for residents from the mainland United States as well as other countries.

Puerto Rico’s tourism industry was devastated as a result of the COVID-19 pandemic and subsequent lockdowns. Between March and December 2020, the average hotel and paradores occupancy rate was 27.8% compared to a 66.3% average occupancy rate between March and December 2019.¹ This dramatic decline in tourism led to unprecedented unemployment and economic hardships for many citizens of

¹ Development Bank of Puerto Rico: <http://www.bde.pr.gov/bdesite/PRED.html>

Puerto Rico. As COVID-19 vaccines begin to allow a return to normalcy, Puerto Rico aims to position itself as the premier vacation destination.

Disbursement of Program funds will be subject to the strictest standards to ensure compliance with federal regulations and best practices. Therefore, each request for disbursement will be duly documented and subject to control and audit.

Points of Contact

The Program will be administered by the Coronavirus Relief Fund Disbursement Oversight Committee (Committee) in conjunction with Discover Puerto Rico (DMO) and AAFAF.

Eligibility Criteria

Eligible Recipients must meet all the following criteria:

- Be Discover Puerto Rico-Destination Marketing Organization (DMO);
- Commit to abide by the Program's terms and conditions;
- Agree to return the Program funds, if it is determined that they did not comply with any of the Program eligibility requirements, or if the Program funds were not spent on eligible expenses by December 31, 2024.

Allowable Expenditures

Allowable expenses under this award must be for the following strategic priorities:

- Strategic Priority 1- Enhance and strengthen the destination brand domestically and globally.
 - Digital marketing initiatives include but are not limited to, creation and distribution of original episodic content through connected TV services like Netflix, Amazon & Hulu; national cable marketing initiatives; leveraging target right influences to reach conscientious travelers and develop content that will generate conversation and drive buzz among the press, and international brand expansion and audience development.
- Strategic Priority 2- Execute marketing and communications aligned with Puerto Rico's organic culture of inclusivity, diversity, and equity.
 - Industry engagement strategy includes research to better understand the needs of various audiences including those facing accessibility challenges, partner up with minority-targeted as well as minority-owned media partners to demonstrate the Island values while staying true to the brand.
 - Initiatives to leverage US diaspora as critical stakeholders to serve as destination advocates and Puerto Rico's most passionate ambassadors.
 - Translation of www.discoverpuertorico.com website into Spanish as well as the creation of a Spanish marketing program.
- Strategic Priority 3- Implement promotional strategies and tactics to further the growth and economic momentum seen in 2019 and counteract the negative impact of various threats, specially COVID-19.

- Marketing incentives to promote municipalities outside of San Juan, including a creative messaging strategy that reflects the diversity of the island as well as individual regional content hubs, landing pages, website articles, and human-interest stories.
- Maintaining digital dominance against raising competitors including the investment to build a future-proofed digital strategy that can withstand a changing consumer privacy landscape; and the development of first-party consumer data.
- High-value international markets initiatives including partnerships with airlines, airports, and multicenter to promote Puerto Rico as a year-round destination.
- Strategic Priority 4- Active marketing initiatives designed to elevate Puerto Rico’s competitive position and ensure optimal use of available resources.
 - Providing digital assistance to the island small business & digital ambassadors trained and directed by the DMO.
 - DMO will go to every corner of the island to help local municipalities improve their global digital footprint across online platforms like Google, Facebook, and Yelp.
 - Marketing initiatives to maximize PR exposure and competitive advantage against other destinations.
- Strategic Priority 5- Execute targeted marketing to attract new visitors through new geographic market development, niche market development, and vertical integration.
 - Marketing initiatives to target a “responsible traveler”.
 - Including costs related to public relations, marketing campaigns, strategic events, partnership opportunities with brands that reach niche audiences, out-of-home advertising, and geo-fencing to target specific audiences.
- Strategic Priority 6- Deploy sales and services initiatives that propel the recent growth in MICE and leisure travel trade sales.
 - Marketing initiatives to elevate Puerto Rico’s reputation for MICE events (world-class destination for meetings, incentives, conferencing, and exhibitions).
 - Costs related to sales, strategic alliances, promotional events, trade shows, road shows, FAM Trips and site inspections, promotions, and business development.
- Necessary expenses related to supporting and administrating DMO initiatives to assist the impacted tourism industry.
- Strategic Priorities #1- #5 maximum allocation \$37,800,000, strategic priority #6 maximum allocation \$10,000,000 and program support and administration maximum allocation \$2,200,000.
- Expenses necessarily incurred due to the public health emergency concerning the Coronavirus Disease 2019 (COVID-19).
- Expenses related to ensuring that the promotional activities detailed in the proposal comply with the CDC COVID-19 guidelines.
- Expenses incurred during the period that begins on March 3, 2021, and ends on December 31, 2024.

For further guidance please refer to the Guidance published by the U.S. Treasury at <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf> and the Frequently Asked Questions published by the U.S. Treasury at <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>.

Other CSFRF Programs

In addition to the Program detailed above, the Governor allocated funds for additional programs to address the public health emergency, ensure continuity of government services, address negative economic impact, provide premium pay, invest in water, sewer, and broadband infrastructure, and provide for the provision of government services (up to lost revenue). Please visit <https://www.aafaf.pr.gov/coronavirus-state-and-local-fiscal-recovery-funds/> for additional information about these programs.

Ineligible Expenditures

Ineligible expenses will be determined by the Committee, the U.S. Department of the Treasury, the Office of Inspector General (OIG), and other regulatory bodies, and under this award include, but are not limited to:

- Necessary expenses that have been covered or reimbursed, or that will be covered in the future, by other state or federal programs, including funds received through the CARES Act, ARP Act, or FEMA;
- Deposits into any pension funds;
- Offsetting a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation during the covered period that reduces any tax;
- Executive bonuses, debt refinancing, or other expenses that are determined to be unnecessary for continued operations in the COVID-19 environment;
- and
- Activities and initiatives that are not listed in the allowable expenditures section.

For further guidance please refer to the Guidance published by the U.S. Treasury at <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf> and the Frequently Asked Questions published by the U.S. Treasury at <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>.

Process Overview

The following is intended to outline the process by which funds from the CSFRF will be distributed under the Program. Funds will be distributed *quarterly* according to DMO's achievement, and estimates of spending amounts included in DMOs proposal. This allows both monitoring and the opportunity to re-evaluate the project.

August 3, 2021	Program Announced
December 2021	Quarterly Distribution of Funds Begin
December 2021 – Funds Expended	Bi-weekly Use of Funds & Monthly Performance Reports
December 31, 2024	Deadline for Award Funds to be Used
January 2025 – February 2025	Program Audits Use of Funds Compliance and Recovery

Requests

Requests will be submitted electronically using the Agency Request for Funding process along with the request processing portal (<http://ogp.pr.gov/Pages/Procesamiento-de-Planteamientos.aspx>) administered by the Puerto Rico OGP. Applicants should submit requests under the PP Form-CSFRF Fund Request. Upon submission, Applicants will receive a confirmation via electronic mail.

More information on forms, documents, and eligibility can be found on the web at: <https://www.aafaf.pr.gov/coronavirus-state-and-local-fiscal-recovery-funds/>

Evaluation

For all requests, decisions will be evaluated for completeness and eligibility, and final determinations will be made by representatives of AAFAF. Each Request will be evaluated, and Program funds will be allocated using a standard of necessity.

The Disbursement Oversight Committee will approve final funding award decisions.

Award and Funding

Requestors will be notified via electronic mail of funding decisions. Subsequent funding opportunities (including expansion of eligible institutions and use of funds) will be determined based upon the availability of funds remaining after completion of initial awards.

Compliance

Any government entity receiving funds must adhere to the Uniform Guidance, 2 C.F.R § 200 (“Uniform Guidance”). This Uniform Guidance outlines the “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”. Recipients and their personnel are responsible for reviewing, understanding, and applying the complete underlying legislation and guiding documents. For complete details on 2 CFR 200, visit the Electronic Code of Federal Regulations at https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl. Topics included in the Uniform Guidance include, but are not limited to:

- Procurement standards and requirements
- Contract cost and price principles
- Bonding requirements
- Document retention and auditing provisions

Any government and non-government entity receiving Program funds will be required to retain use of funds records and supporting documentation for a period of five (5) years. Furthermore, by accepting CSFRF funds, government and non-government entities are required to certify proper and legal use of the funds and agree to cooperate in any audit proceedings requested by the Government of Puerto Rico or other governing entity responsible for the compliant use of Program funds.

Reporting Requirements

On an annual basis, the Government of Puerto Rico is required to submit a performance report detailing the progress and impact of the use of CSFRF funds. This Recovery Plan Performance Report will include descriptions of the projects funded and information on the performance indicators and objectives of each award, helping residents understand how their governments are using the substantial resources provided by Coronavirus State and Local Fiscal Recovery Funds program.

The key output performance indicators for this Program include:

- Number of advertisement views and interactions
- Monthly change in website visitors and social media insights
- Monthly change in the number of hotel rooms occupied

- Monthly change in the number of short-term rental properties occupied
- Monthly change in the number of cruise ship arrivals
- Monthly change of length of stay and revenue
- Monthly change in the number of National Park visitors
- Monthly change in the number of arriving airline passengers

The key outcome performance indicators for this Program include:

- Monthly change in unemployment
- Monthly change in GDS sales and conversion rate
- Monthly change in MICE activities

To ensure timely reporting, the Government of Puerto Rico requires the Lead Agency to adhere to the following reporting frequency:

- On a quarterly basis, the Puerto Rico Department of Treasury will provide a summary of all program disbursements to date.
- On a monthly basis, the Lead Agencies will report the number of advertisement views and interactions.
- On a monthly basis, the Lead Agencies will report the number of website visitors and social media insights
- On a monthly basis, the Lead Agencies will report the monthly change in the number of hotel rooms occupied.
- On a monthly basis, the Lead Agencies will report the monthly change in the number of cruise ship passengers.
- On a monthly basis, the Lead Agencies will report the monthly change in the number of National Park visitors.
- On a monthly basis, the Lead Agencies will report the monthly change in the number of arriving airline passengers.

To ensure timely reporting, the Government of Puerto Rico requires the Recipients to adhere to the following reporting frequency:

- On a monthly basis, the Recipients will be required to submit monthly financial reports using the reporting template provided by the program. Upon program close, recipients will be required to submit a comprehensive final financial reconciliation report detailing the use of program funds.

As reporting needs may change over time, the Program reserves the right to request additional data from the Lead Agency or Recipients at any time. Further disbursement of funds will be subject to compliance with reporting requirements.