



CORONAVIRUS STATE FISCAL RECOVERY FUND

Promote Puerto Rico

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 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 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 needs 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 Program, which makes up to \$120 million in immediate CSFRF funds available to promote Puerto Rico as a tourist destination for locals, United States residents and other countries. To accelerate the recovery, the Program allocates funding into five different projects:

- Promotion of Puerto Rico as a Tourism Destination,
- Revitalize Tourist Attractions, Natural Resources, & Balnearios,
- Promote Domestic Tourism
- Fostering Puerto Rico as an Entertainment & Convention Destination and
- Market Puerto Rico as an Investment Destination

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

Points of Contact

The Program will be administered by the Coronavirus Relief Fund Disbursement Oversight Committee (Committee) in conjunction with Compañía de Turismo de Puerto Rico (PRTC), Destination Marketing Organization (DMO), Departamento de Recursos Naturales de Puerto Rico (DRNA), Autoridad del Distrito del Centro de Convenciones de Puerto Rico (PRCDA), Invest Puerto Rico and Departamento de Desarrollo Económico y Comercio (DDEC).

Terminology Overview

Project I: Promotion of Puerto Rico as a Tourism Destination, which makes up to \$50 million in CSFRF funds available to promote Puerto Rico as a tourism destination for residents from mainland United States as well as other countries.

Project II: Revitalize Tourist Attractions, Natural Resources, & Balnearios, which makes up to \$25 million in CSFRF funds available to revitalize tourist attractions like Las Cuevas de Camuy and Balneario Cerro Gordo.

Project III: Promote Domestic Tourism, which makes up to \$20 million in CSFRF funds available to promote Puerto Rico as a tourism destination for residents of Puerto Rico. Including, but not limited to the promotion of public spaces, tourist areas of urban centers with gastronomic offer, crafts and art, recreational areas, parking, and security.

Project IV: Fostering Puerto Rico as an Entertainment & Convention Destination, which makes up to \$10 million in CSFRF funds available to attract conventions and events to Puerto Rico as well as highlight all the entertainment Puerto Rico has to offer.

Project V: Market Puerto Rico as an Investment Destination, which makes up to \$10 million in CSFRF funds available to promote Puerto Rico as an investment opportunity for outside investors as well as attract new businesses to the Island.

Eligibility Criteria

Eligible Applicants must meet all the following criteria:

- Be one of the following:
 - Compañía de Turismo de Puerto Rico (PRTC), Destination Marketing Organization (DMO), Departamento de Recursos Naturales de Puerto Rico (DRNA), Autoridad del Distrito del Centro de Convenciones de Puerto Rico (CCDA), Invest Puerto Rico or Departamento de Desarrollo Económico y Comercio (DDEC).
- Commit to abide by the Program's terms and conditions

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

- 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 will be:

- **Project I:** Promotion of Puerto Rico as a Tourist Destination; allocation \$50,000,000
 - Improve and strengthen the Puerto Rico brand domestically and globally \$17.5M
 - Marketing and communication initiatives aligned with Puerto Rico’s culture using traditional and digital media \$2.5M
 - Implement promotional strategies and tactics to boost the economic growth observed in 2019 and mitigate the negative impact of the pandemic and other challenges \$3M
 - Implement marketing initiatives designed to elevate Puerto Rico’s competitive position and ensure optimal use of available resources \$2.25M
 - Execute targeted marketing to attract new visitors through the development of new geographic markets, the development of market niches, and vertical integration \$11.75M
 - Implement sales and service initiatives to attract commercial tourism for sales meetings, incentives, conventions, and exhibitions (“MICE”) and leisure tourism \$10.5M
 - Reserve \$2.5M
 - Project Administrators: Compañía de Turismo de Puerto Rico (PRTC) and Destination Marketing Organization (DMO)
- **Project II:** Revitalize Tourist Attractions, Natural Resources, & Balnearios; allocation \$30,000,000
 - Parks:
 - Theme parks including Cavernas de Camuy and Zoológico de Mayaguez and others \$3M
 - Parque Ecológico Monte del Estado in Maricao \$1.5M
 - Parque Nacional Julio Enrique Monagas in Bayamón \$1.2M
 - Other Parks and Forests \$6M
 - Reserve \$2.8M
 - Balnearios:
 - La Monserrate in Luquillo \$1.2M
 - Cerro Gordo in Vega Alta \$800K
 - Caña Gorda in Guánica \$1.5
 - Sun Bay in Vieques \$1.3M
 - Boquerón in Cabo Rojo \$5.2M
 - Tres Hermanos in Añasco \$3M
 - Manuel Nolo Morales in Dorado \$2.5M
 - Project Administrators: Compañía de Turismo de Puerto Rico (PRTC) and Departamento de Recursos Naturales de Puerto Rico (DRNA)
- **Project III:** Promote Domestic Tourism; allocation \$20,000,000

- Marketing and Promotion \$8M
- Research and annual marketing study for four years– (local tourism identity) \$800k
- Renovations to air traffic access for domestic and international tourism \$2M
- Reserve for risk management \$1.2M
- Extend Current Programs \$4M
 - Paradores de Puerto Rico
 - Mesones Gastronómicos
 - Agrotourism
 - Ecotourism
 - Ocean tourism
 - Cultural tourism
 - Sport tourism
- Promoting local entertainments events for four years \$4M
- Project Administrator: Compañía de Turismo de Puerto Rico (PRTC)
- **Project VI:** Fostering Puerto Rico as an Entertainment & Convention Destination; allocation \$10,000,000
 - “Top Tier” events in Coliseo de Puerto Rico \$1M
 - Increase Centro de Convenciones brand recognition \$2M
 - Conventions centers promotions \$1M
 - Increase productions of multi-hotel events and other initiatives \$6M
 - Project Administrator: Compañía de Turismo de Puerto Rico (PRTC) and Autoridad del Distrito del Centro de Convenciones de Puerto Rico (CCDA)
- **Project V:** Market Puerto Rico as an Investment Destination; allocation \$10,000,000
 - Market Puerto Rico as a competitive investment jurisdiction for capital investment \$3.5M
 - Increase prospects of companies considering relocation to the island \$1.5
 - Elevate Puerto Rico Competitive assets \$4M
 - Reserve \$1M
 - Project Administrator: Invest Puerto Rico and Departamento de Desarrollo Económico y Comercio (DDEC).

For further guidance please refer to the Guidance published by the U.S. Treasury at <https://home.treasury.gov/policy-issues/cares/state-and-local-governments> and the Frequently Asked Questions published by the U.S. Treasury at https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.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 provision of government services (up to lost revenue). Please visit <http://www.aafaf.pr.gov/covid-19-resource-center/> 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 or form 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; and
- Executive bonuses, debt refinancing, or other expenses that are determined to be unnecessary for continued operations in the COVID-19 environment.
- Any of those not covered in these guidelines

For further guidance please refer to the Guidance published by the U.S. Treasury at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds> and the Frequently Asked Questions published by the U.S. Treasury at <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>.

Process Overview – Project I (Promotion of Puerto Rico as a Tourist Destination)

The following is intended to outline the process by which funds from the CSFRF will be distributed under the Program.

August 3, 2021	Program Announced
November 2021	Funds Advanced
November 2021- Funds Expended	Monthly Use of Funds Reports
December 31,2024	Deadline for Award Funds to be used
January 2025- Until full expenses are audited	Program Audits Use of Funds Compliance and Recovery

Process Overview – Project II (Revitalize Tourist Attractions, Natural Resources, & Balnearios)

The following is intended to outline the process by which funds from the CSFRF will be distributed under the Program.

August 3, 2021	Program Announced
November 2021	Funds Advanced
November 2021 – Funds Expended	Monthly Use of Funds Reports
December 31, 2024	Deadline for Award Funds to be Used
January 2025 – Until full expenses are audited	Program Audits Use of Funds Compliance and Recovery

Process Overview – Project III (Promote Domestic Tourism)

The following is intended to outline the process by which funds from the CSFRF will be distributed under the Program.

August 3, 2021	Program Announced
November 2021	Funds Advanced
November 2021 – Funds Expended	Monthly Use of Funds Reports
December 31, 2024	Deadline for Award Funds to be Used
January 2025 – Until full expenses are audited	Program Audits Use of Funds Compliance and Recovery

Process Overview – Project IV (Fostering Puerto Rico as an Entertainment & Convention Destination)

The following is intended to outline the process by which funds from the CSFRF will be distributed under the Program.

August 3, 2021	Program Announced
October 2021	Funds Advanced
October 2021 – Funds Expended	Monthly Use of Funds Reports
December 31, 2024	Deadline for Award Funds to be Used
January 2025 – Until full expenses are audited	Program Audits Use of Funds Compliance and Recovery

Process Overview – Project V (Market Puerto Rico as an Investment Destination)

The following is intended to outline the process by which funds from the CSFRF will be distributed under the Program.

August 3, 2021	Program Announced
November 2021	Funds Advanced
November 2021 – Funds Expended	Monthly Use of Funds Reports
December 31, 2024	Deadline for Award Funds to be Used
January 2025 – Until full expenses are audited	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: <http://www.aafaf.pr.gov/covid-19-resource-center/>

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 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 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 agrees 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 local residents understand how their governments are using the substantial resources provided by Coronavirus State and Local Fiscal Recovery Funds program. Reports must be submitted electronically to csfrfreporting@aafaf.pr.gov.

Project I: The key output performance indicators:

- Number of advertisement views and interactions
- Monthly change in number of hotel rooms occupied
- Monthly change in number of short-term rental properties occupied
- Monthly change in number of cruise ship passengers
- Monthly change in number of National Park visitors

- Monthly change in the number of arriving airline passengers

The key outcome performance indicators:

- Monthly change in unemployment

Project II: The key output performance indicators:

- Monthly change in number of National Park visitors
- Number of balnearios impacted
- Number of other tourist attractions impacted

The key outcome performance indicators:

- Monthly change in number of arriving airline passengers
- Monthly change in number of tourist attraction visitors

Project III: The key output performance indicators:

- Number of advertisement views and interactions
- Monthly change in number of paradores occupied
- Monthly change in number of National Park visitors
- Monthly revenue change in IVU collected from restaurants

The key outcome performance indicators:

- Monthly change in unemployment

Project IV: The key output performance indicators:

- Number of advertisement views and interactions
- Monthly change in number of hotel rooms occupied in the district and nearby
- Monthly change in the number of events at the convention center
- Monthly change in the number of events in convention entertainment venues

The key outcome performance indicators:

- Monthly change in unemployment

Project V: The key output performance indicators:

- Number of advertisement views and interactions
- Number of businesses impacted
- Number of businesses attracted

The key outcome performance indicators:

- Monthly change in unemployment

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

- On a weekly 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 monthly change in number of hotel rooms occupied.

- On a monthly basis, the Lead Agencies will report the monthly change in number of cruise ship passengers.
- On a monthly basis, the Lead Agencies will report the monthly change in number of National Park visitors, balnerarios and paradores.
- 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 bi-weekly 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.