

**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD  
FOR PUERTO RICO**



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Executive Director

**BY ELECTRONIC MAIL**

May 19, 2020

Ms. Iris Santos Díaz  
Executive Director  
Office of Management and Budget  
Government of Puerto Rico

**Re: FOMB Response to 2020-20982 Reapportionment Request**

Dear Ms. Santos Díaz,

This letter is in response to a budgetary reprogramming request submitted by the Department of Housing (“DH”) through the Office of Management and Budget (“OMB”) to the Financial Oversight and Management Board (“FOMB”) in the amount of \$50M from the fiscal year 2020 cost share reserve to fund reconstruction and revitalization projects for five municipalities in the Southwest region of the Island.

After review and pursuant to FOMB’s authority, FOMB approves the use of \$9 million requested for the required first steps of demolition and debris removal, which are a prerequisite for redevelopment of the Southwestern region. We urge you to determine what incremental efforts of this type are necessary in other municipalities (e.g. Ponce and Yauco) that have suffered from the earthquakes, and that these incremental requests be submitted for FOMB approval as soon as possible.

<b>Municipality</b>	<b>Amount</b>
Guánica	\$ 4,176,000
Guayanilla	1,000,000
Peñuelas	3,824,000
<b>Total</b>	<b>\$ 9,000,000</b>

These projects are FEMA reimbursable in a 75/25 percent cost share, so it is important to ensure all documentation, procurement and other federal reimbursement requirements are ensured in the process.

Ms. Santos Díaz

May 19, 2020

Page 2 of 2

Beyond the first steps of demolition and debris removal, FOMB believes the next step should be the development of an integrated and comprehensive plan for the long-term economic reconstruction of the Southwest region focusing on rebuilding with resiliency, taking into account the changes in the economy in a post-COVID world, the patterns of migration from the area, the potentially permanent risks to populations from the earthquakes and erosion after the hurricane and much more. This plan, of course, should be coordinated to some extent with FEMA and other relevant agencies. If helpful, we suggest a meeting with the affected municipalities, COR3, and FEMA, to outline a path forward. We are prepared to work with you, to the extent necessary, to develop such a plan and a management mechanism, if you do not intend to use COR3 to manage the redevelopment of the region.

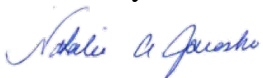
This transaction will be recognized as an Intra-Governmental transfer request as presented in the table below. The approved amount considered does not modify the Commonwealth's total budgetary spending amount. OMB should communicate to the Department of the Treasury the availability of said funds, as well as notify the agency of their granted access to the balances. The transfers should be completed at a cost object level in Appendix A as included.

General Fund (GF)			Transfers 000's			
Request	Decision	Agency	From		To	
			OpEX	Payroll	OpEX	Payroll
20982	Partial	Assignments under custody of OMB (017)	\$ (9,000)			
		Department of Housing (DH-078)			\$ 9,000	

Furthermore, OMB should allocate the above-mentioned amounts to the appropriate PRIFAS accounts and communicate to the agency their current budgetary allocations by cost object.

We look forward to continuing our work together for the benefit of the people of Puerto Rico.

Sincerely,



Natalie A. Jaresko

CC: Mr. Omar Marrero Díaz

## Appendix A: Reapportionments tables

Included is the budgetary transfers to be completed by OMB. The agency should notify the governmental agencies of the approval of petitions, the completion of budgetary transfers and their available budgetary resources as allocated after the transfers.

### **General Fund Transfers:**

<b>2020-20982 Assignments under custody of OMB (017)</b>					
<b>Cost Code</b>	<b>Cost Object</b>	<b>Certified FY20 Budget (\$000's)</b>	<b>FY20 Budget As Is (\$000's)</b>	<b>FY20 Requested Transfer (\$000's)</b>	<b>Revised FY20 Budget (\$ 000's)</b>
<b>82</b>	<b>Total Federal Fund Matching</b>	<b>100,000</b>	<b>92,500</b>	<b>(9,000)</b>	<b>83,500</b>
82	i.Cost of share of public assistance	100,000	92,500	(9,000)	83,500

<b>2020-20982 Department of Housing</b>					
<b>Cost Code</b>	<b>Cost Object</b>	<b>Certified FY20 Budget (\$000's)</b>	<b>FY20 Budget As Is (\$000's)</b>	<b>FY20 Requested Transfer (\$000's)</b>	<b>Revised FY20 Budget (\$ 000's)</b>
<b>700</b>	<b>Total Other</b>	<b>-</b>	<b>-</b>	<b>9,000</b>	<b>9,000</b>