



GOVERNMENT OF PUERTO RICO
PORTS AUTHORITY

REQUEST FOR INFORMATION/INTEREST (RFI)

**FOR PARTIES INTERESTED IN THE ESTABLISHMENT OR EXPANSION OF
OPERATIONS RELATED TO THE UNMANNED AERIAL VEHICLE (UAV)
INDUSTRY IN PUERTO RICO**

Issued by the Puerto Rico Ports Authority on **October 19, 2023**

Response Deadline: **December 22, 2023**

The responses shall be submitted before the deadline via electronic mail to

rpedraza@prpa.pr.gov

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BACKGROUND AND INTRODUCTION

The Puerto Rico Ports Authority (the “Authority” or “PRPA”), a public corporation and governmental instrumentality of the Government of Puerto Rico (“Government”) is issuing this Request for Information/Interest (“RFI”) to seek expressions of interest from researchers, developers, and manufacturers of unmanned aerial vehicles (“UAV” or “drones”) and significant components thereof, as well as drone service providers. The foregoing is intended to evaluate the feasibility of establishing or expanding UAV facilities and operations in Puerto Rico.

In accordance with the faculties granted by Act No. 125 of May 7, 1942, as amended, PRPA oversees all airports and maritime ports in Puerto Rico. Accordingly, PRPA owns and operates nine regional airports.¹ Many of the regional airports have land available for lease and development, including land for non-aeronautical uses². In addition, it should be noted that PRPA has access to industrial parks, e.g., in Mayagüez, Humacao, and Ponce.

The PRPA would greatly appreciate receiving expressions of interest in the use of these lands for projects related to the drone industry.

UAV INDUSTRY OVERVIEW

The UAV industry is growing and evolving rapidly. Current applications of this promising emerging technology range from military weaponry to varied commercial applications in agriculture, mining and resources, construction, energy and utilities, disaster relief, humanitarian relief, search and rescue, fisheries protection, mapping, media and entertainment (including toys), and many other fields. Drones are completely reshaping, revolutionizing, and transforming all of these fields, promoting efficiency gains and safety benefits.

Market researchers and analysts project that the drone industry will grow to over \$50 billion in the United States by 2035. Undeniably, this industry can help drive economic growth. For that reason, it represents an attractive opportunity for Puerto Rico, which seeks to create a robust and resilient future by, *inter alia*, developing its economy and fostering an innovation environment that places the island at the forefront of science and technology. Therefore, the

¹ Antonio (Nery) Juarbe Pol Airport (“ABO”) in the municipality of Arecibo; Antonio Rivera Rodriguez Airport (“VQS”) in the municipality of Vieques; Benjamin Rivera Noriega Airport (“CPX”) in the municipality of Culebra; Dr. Hermenegildo Ortiz Quinones Airport (“X63”) in the municipality of Humacao; Eugenio Marfa de Hostos Airport (“MAZ”) in the municipality of Mayagüez; Fernando Luis Ribas Dominicci Airport (“SIG”) in the municipality of San Juan; Jose Aponte de la Torre Airport (“RVR”) in the municipality of Ceiba; Mercedita Airport (“PSE”) in the municipality of Ponce; and Rafael Hernandez Airport (“BQN”) in the municipality of Aguadilla.

²² The Regional Airports are Free Trade Zones.

Government seeks to explore the possibility of establishing a robust drone industry in Puerto Rico to position the island as an industry leader.

Please note that this RFI has been issued solely for informational and planning purposes and does not represent a competitive process. Its intent is to identify interested parties with the capacity, capability, and resources to establish or expand facilities and operations in Puerto Rico related to the drone industry. No contract will be awarded as a result of this RFI.

A company's response to this RFI—or lack thereof—will have no impact on the evaluation of responses to any subsequent Request for Qualifications (“RFQ”) or Request for Proposals (“RFP”) released by PRPA. It also should be noted that this RFI does not constitute a promise to release an RFP or RFQ in the future. The decision on next steps will be at the sole discretion of PRPA.

PUERTO RICO’S BENEFITS AND ADVANTAGES

Puerto Rico can offer considerable benefits and advantages to drone industry participants. These include, but are not limited to, the following:

I. A Highly Educated Workforce

The Puerto Rican labor force is among the most competitive in the world and has qualified individuals skilled as bilingual and bicultural. Wages in Puerto Rico are, on average, 40% lower than the U.S. national average. The island has over 100 accredited universities and colleges, with over 50% of its university graduates holding STEM degrees -a figure that surpasses the highest STEM graduation rate in mainland U.S. states by sixfold-. According to the World Economic Forum's Global Competitiveness Report, Puerto Rico has the sixth highest availability of scientists and engineers in the world. Moreover, in Latin America and the Caribbean, to which the island serves as a getaway to expand markets and operations, Puerto Rico ranks first in higher education rates.

II. A Local Tax and Economic Incentive Regime

Puerto Rico offers a range of competitive tax incentives for businesses considering expansion or relocation. They are codified in Act No. 60 of July 1, 2019, as amended, known as the “Incentives Code”.

A. Business Benefits (Chapter 1 of Subtitle B of Act 60)³

The Incentives Code establishes the following standard benefits for eligible business for a 15-year period, with the opportunity to extend for an additional 15 years:

³ 13 L.P.R.A., secs. 45031-45035.

- 4% fixed income tax rate;
- tax-free distributions to stockholders or partners;
- 75% exemption on real and personal property taxes; and
- 50% exemption on municipal taxes.

Businesses that qualify as small and medium-sized businesses may be eligible for additional incentives, such as eligibility for up to a 30% credit for the cost of purchasing products manufactured in Puerto Rico.

The standard benefits are available for the following eligible businesses and individuals:

1. Manufacturing Operations (Chapter 6 of Subtitle B of Act 60)⁴

Under this Chapter of the Incentives Code, the standard benefits are available to businesses engaged in manufacturing, such as manufacturers and assemblers of drones and related components. Activities usually covered under manufacturing operations are wide-ranging and include research and development, prototyping, mass production, packaging of a final product, along with the assembly or manufacturing of wiring and components, calibration, and final modifications before the product is packaged and sent for distribution.

In addition to the standard benefits, businesses under a manufacturing operations decree will enjoy the following benefits:

- full exemption from excise and sales and use taxes when acquiring, directly or indirectly, raw materials, machinery and equipment, and accessories required for the manufacturing operations; and
- eligibility for up to a 25% credit for the cost of purchasing products manufactured in Puerto Rico, including parts and accessories, or purchases or uses products converted into commercial articles made of recycled materials, or raw material made of from recycled, recovered, or refit materials.

2. Export of Goods and Services (Chapter 3 of Subtitle B of Act 60)⁵

Under this Chapter of the Incentives Code, the standard benefits are available to businesses that export goods or render services for the benefit of foreign persons. This may include drone industry participants looking to provide goods or services to clients outside Puerto Rico. Services

⁴ 13 L.P.R.A., secs 45551-45581.

⁵ 13 L.P.R.A. secs. 45231-45261.

that can be covered include, without limitations, aerial data collection, mapping and surveying, consultation, custom drone design and production, environmental monitoring, and drone fleet management.

B. Individual Benefits (Chapter 2 of Subtitle B of Act 60)⁶

Companies in the drone industry can leverage individual tax incentives as recruitment tools. Incentives are available for individuals who are considered resident investors and hard to recruit professionals.

1. Individual Resident Investors

These incentives would apply to entrepreneurs or stakeholders in the UAV industry who might be considering relocating to and becoming bona fide residents of Puerto Rico. They include 100% exemption from Puerto Rico income taxes on interest and dividend income and 100% exemption from Puerto Rico income taxes for personal property capital gains for appreciation accrued after becoming a Puerto Rico resident.

2. Hard-to-Recruit Professionals

Businesses looking to hire employees whose specialized talents or skills are indispensable to the success of the business can leverage the *Hard-to-Recruit Professionals* incentive. Any salary and benefits earned by *Hard-to-Recruit Professionals* above \$100,000 will be free from income taxes.

C. Research & Development Credits (Chapter 3 of Subtitle C of Act 60)⁷

The drone industry, like many emerging technology sectors, is in a constant state of evolution, driven by advancements in technology, regulatory changes, and market demand. Research and development (“R&D”) tax credits are focused on supporting entities developing innovative technologies, software, or applications in Puerto Rico. The credit may be granted in an amount of up to 50% of the qualified investment in R&D projects, within the taxable year, in Puerto Rico. The credit will be available for use in two or more installments and may be used to offset 100% of tax liability for the tax year in which the credit is generated, or carried over to subsequent taxable years, until exhausted. This credit may be ceded, sold, or transferred.

D. Strategic Projects (Chapter 1 of Subtitle B of Act 60)⁸

Activities of the drone industry not encompassed within any of the incentive categories mentioned above may be designated a *Strategic Project* if deemed by the Puerto Rico Department

⁶ 13 L.P.R.A. secs 45131-45181.

⁷ 13 L.P.R.A. secs. 47031.

⁸ 13 L.P.R.A., secs. 45031-45035.

of Economic Development and Commerce (“DDEC”, by its Spanish acronym) to have extraordinary importance for the economy of Puerto Rico (i.e., because they create and maintain a large number of jobs or a lesser number of high-quality jobs, promote new technology, transfer technology business knowledge of are otherwise considered highly meritorious by the executive director and the board of the DDEC).

III. Other Benefits

Act 60 establishes several other incentives for private equity funds, and their investors, who buy and sell securities that are not publicly traded. This may include funds and investors that invest in drone companies that are not publicly traded (Federal Economic Incentives).

A. Foreign Trade Zones (“FTZ”)

Puerto Rico has the largest noncontiguous FTZ system in the U.S. While in an FTZ, merchandise is not subject to U.S. duty or excise tax. Additionally, goods may be exported from the FTZ free of duty and excise tax.

B. Opportunity Zones (“OZ”)

The Federal OZ program was designed to attract private investment into economically distressed areas and offers federal tax incentives to taxpayers who invest capital gains in a business within an OZ. Approximately 98% of Puerto Rico has been designated as an OZ.

IV. Aerospace Cluster

Puerto Rico is a center of high-tech excellence. A manifestation of this is its Aerospace Cluster in western Puerto Rico, near the Eugenio Maria de Hostos Airport (“MAZ”) in the municipality of Mayagüez. Members of the Aerospace Cluster include Axon PR, Essig Research, Florida Turbine Technologies, Honeywell, Infotech Aerospace Service, Lockheed Martin, Boeing, Northrup Grumman, L3Harris, Raytheon, Collins Aerospace, and Amentum and Pratt & Whitney.

In addition to the Aerospace Cluster, western Puerto Rico is home to the Center for Aerospace and Unmanned Systems Engineering, an initiative of the Mayagüez Campus of the University of Puerto Rico and industry partners like NASA and the U.S. Department of Defense to advance UAV fundamental and applied research and education.

V. Available Land

Respondents can refer to **Exhibit I** to find out the available PRPA’s areas the purposes of this RFI.

RESPONSE REQUIREMENTS

Respondents are invited to provide information on the following subjects of interest to PRPA.

- Company Information and Background
 - company's name, address, telephones, and emails
 - Size of business
 - Number of Employees
 - Average annual revenue for the past three (3) years.
- A description of the company's line of business and experience within the drone industry.
- A description of the facilities and operations the company may seek to establish or expand in Puerto Rico.

REQUEST FOR CLARIFICATIONS

Interested parties shall send their questions or request for additional information regarding this RFI to Romel Pedraza, P.E. at rpedraza@prpa.pr.gov on or before **November 9, 2023**. No questions sent after the established date will be answered. The answers will be provided by PRPA, via email, and may be posted on PRPA's website.

SUBMISSION INSTRUCTIONS AND RFI TIMELINE

Interested parties should submit their responses to this RFI via electronic mail to rpedraza@prpa.pr.gov on or before **December 22, 2023**. Physical copies of RFI responses will not be accepted.

Any changes to the dates set forth herein will be issued through an Addendum that may be posted in PRPA's website.

RFI responses must be limited to 15 letter-sized pages (8-1/2" x 11") and include information regarding the topics listed above. No general brochures or generic information will be considered. Interested parties shall not include any proprietary or classified information in their responses to this RFI.

Submission of responses to this RFI is voluntary and PRPA assumes no financial responsibility for costs incurred by the interested parties.

Since this process is an advertisement for seeking information or sources of ideas for planning, no letter of evaluation will be sent to any respondent.

RFI CONTACTS

PRPA has designated the following individuals to serve as the official points of contact for this RFI. They are the only personnel authorized to communicate on behalf of PRPA about this RFI.

Romel Pedraza, P.E.
Assistant Executive Director for Planning, Engineering, and Construction
Puerto Rico Ports Authority
PO Box 362829
San Juan, PR 00936-2829
(787) 729-8715

EXHIBIT I

PRPA's Available Facilities for UAV Industry

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EXHIBIT 1

PORTS
AUTHORITY

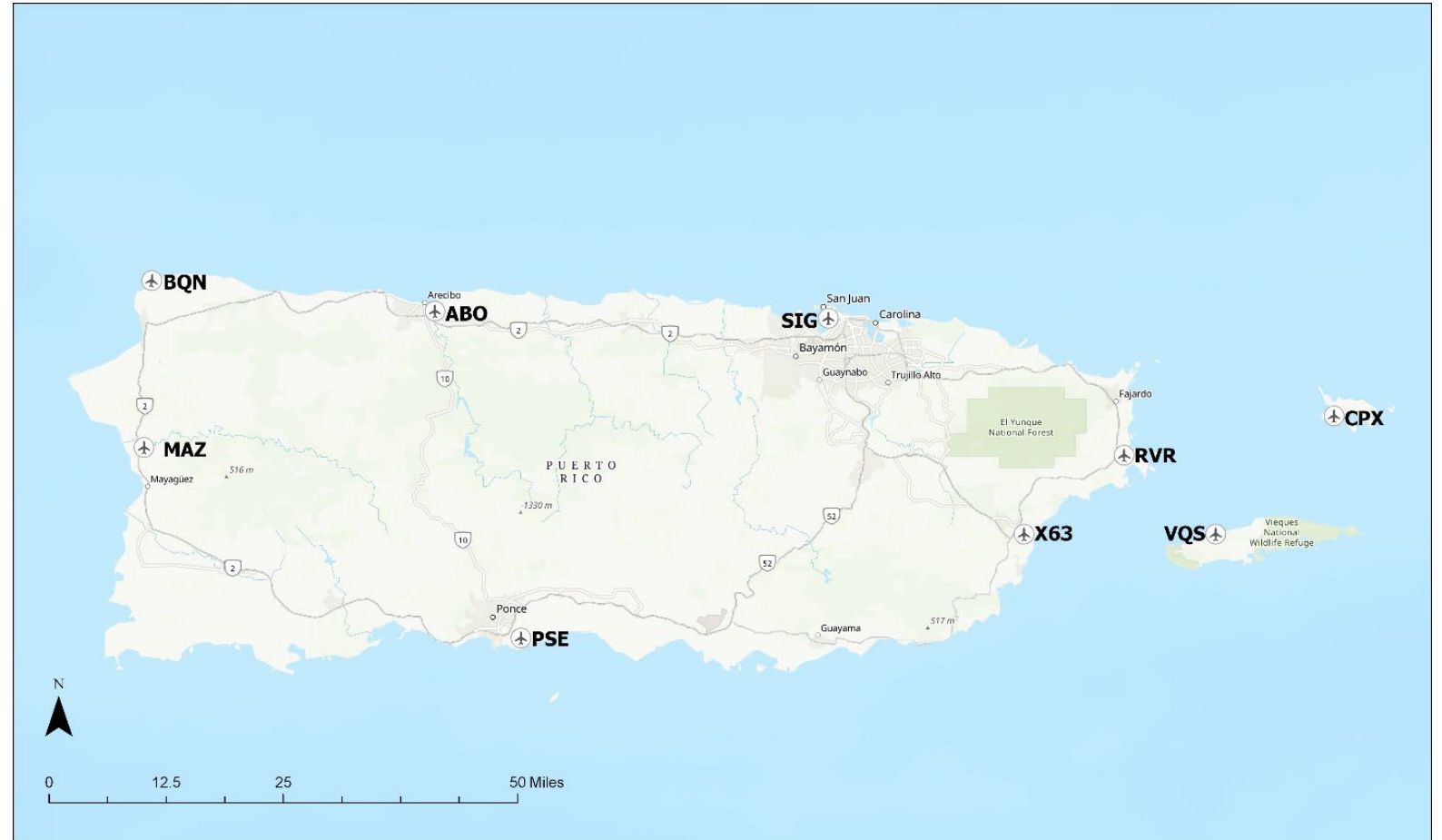


Puerto Rico Ports Authority

By Joel Piza Batiz, Executive Director

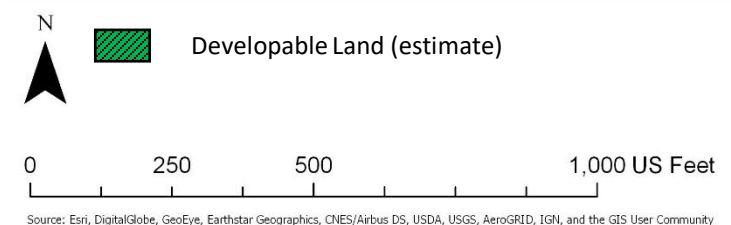
Puerto Rico Regional Airports System


- **ABO**-ANTONIO (NERY) JUARBE POL AIRPORT
- **BQN**-RAFAEL HERNANDEZ INTERNATIONAL AIRPORT
- **CPX**-BENJAMIN RIVERA NORIEGA AIRPORT
- **X63**- DR HERMENEGILDO ORTIZ QUINONEZ AIRPORT
- **MAZ**-EUGENIO MARIA DE HOSTOS AIRPORT
- **PSE**-MERCEDITA INTERNATIONAL AIRPORT
- **RVR**-JOSE APONTE DE LA TORRE AIRPORT
- **SIG**-FERNANDO RIBAS DOMINICCI/ ISLA GRANDE AIRPORT
- **VQS**-ANTONIO RIVERA RODRIGUEZ AIRPORT



Airports Roles

Airport	Category:	Role
CPX-Benjamin Rivera Noriega Airport	Primary / Commercial / General Aviation	Receives scheduled air carrier service with more than 10,000 passengers annually and private general aviation.
MAZ-Eugenio Maria de Hostos Airport	Non-primary Commercial Service / General Aviation	Airports that support regional economies with interstate and some long-distance flying and have high levels of activity, including some jets and multiengine propeller aircraft. Receives scheduled air carrier service with 2,500 to 9,999 passengers annually.
PSE-Mercedita International Airport	Primary Nonhub Commercial Services	Airports that support regional economies with commercial flights from MCO/JFK. Receives scheduled air carrier service with more than 10,000 passengers annually.
RVR-Jose Aponte de la Torre Airport	Non-hub Primary / Commercial / General Aviation	Commercial services to: VQS/CPX. Receives scheduled air carrier service with more than 10,000 passengers annually. PRPA is seeking Commercial space activity.
X63- Dr Hermenegildo Ortiz Quinones Airport	General Aviation	Fulfils role as a community airport providing a means for private general aviation activity. Noncommercial aviation operations
SIG-Fernando Ribas Dominicci/ Isla Grande Airport	Non-primary Commercial Service	Commercial services from/to: VQS/CPX. Receives scheduled air carrier service with more than 10,000 passengers annually. Flight school
ABO-Antonio (Nery) Juarbe Pol Airport	General Aviation	Fulfils role as a community airport providing a means for private general aviation activity
BQN-Rafael Hernandez International Airport	Primary Commercial Service	Used as refueling stopover by Lufthansa Cargo, Cargo Lux and Martin Air for flights from/to South America and Europe. Support regional economies with commercial flights from MCO/JFK. Cargo / Receives scheduled air carrier service with more than 10,000 passengers annually. Runway full reconstruction scheduled for 2022.
VQS-Antonio Rivera Rodriguez Airport	Non-primary Commercial Service	Commercial services from/to: SJU/VQS/CPX. Receives scheduled air carrier service with more than 10,000 passengers annual and private general aviation.




 Developable Land (estimate)

Humacao Regional Airport (X63)





 Developable Area (estimate)

0 375 750 1,500 US Feet

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

Eugenio Maria de Hostos Airport (MAZ)



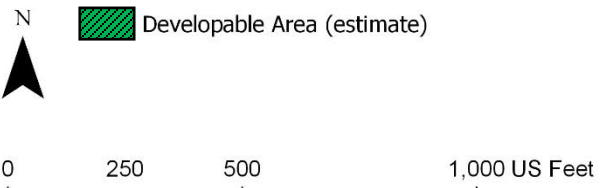



Developable land

Mercedita International Airport (PSE)

0 750 1,500 3,000 US Feet





 Developable Area (estimate)

Antonio (Nery) Juarbe Pol Airport (ABO)



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community



N

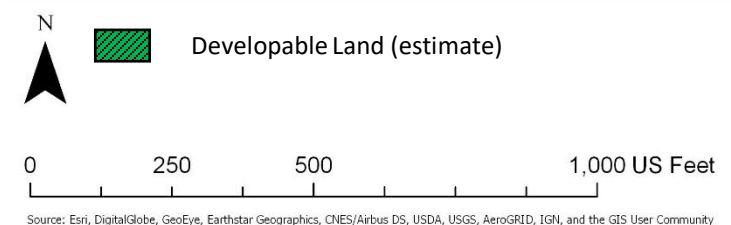
 Developable Area (estimate)


Rafael Hernandez International Airport (BQN)



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community





 Developable Land (estimate)

Humacao Regional Airport (X63)





 Developable Area (estimate)


Jose Aponte de la Torre Airport (RVR)

0 1,250 2,500 5,000 US Feet

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community





 Developable Area (estimate)

Fernando Ribas Dominicci / Isla Grande Airport (SIG)



0 500 1,000 2,000 US Feet





Antonio Rivera Rodriguez Airport (VQS)



0 375 750 1,500 US Feet

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

