

MINUTES

House Select Committee on Disaster Relief

April 16, 2018

The House Select Committee on Disaster Relief met Monday, April 16, 2018 at 2 p.m. in Room 423 in the Legislative Office Building. Representative John Bell, Chair of the Committee, presided during the meeting. Committee Members present were Representatives Brenden Jones, Jimmy Dixon, John Faircloth, Charles Graham, Pat McElraft, Chuck McGrady, Gregory Murphy MD, Garland Pierce, Donna White and Shelly Willingham. Staff Members present were Susan Sitze, Kristen Harris, Mark White and Kory Goldsmith along with the Committee Clerk, Susan Horne. The Sergeant-at-Arms Assistants that provided assistance during the meeting were Barry Moore, John Gilbert, Bill Riley and Kim Blackman.

The Committee was called to order at 2:02 p.m. Representative McGrady made a motion to approve the minutes from the March 19, 2018 meeting and the motion was adopted (see Attachment A). Chairman Bell gave an overview of what the Committee has reviewed to date and how it will move forward. Today's meeting is a review of housing funds and mitigation efforts, and how we should incorporate these ideas and solutions into recommendations for the Short Session. He reminded the Members that the Committee will terminate when the Short Session convenes (May 16, 2018). Due to the number of questions that have come about during these meetings, the Committee will be making a recommendation (via a letter) to Senator Berger and Speaker Moore that the Joint Legislative Commission on Governmental Operations continue to look into these issues.

The first presentation was given by Nicholas Burk, Assistant Director of the Resiliency Section of the Division of Emergency Management in the N.C. Department of Public Safety. He focused on the Hazard Mitigation Grant Program (funded by FEMA), the CDBG-DR Grant Program (funded by HUD) and actions taken with the funding from the Disaster Recovery Act of 2017. Chairman Bell reminded the Members of three questions they had submitted to the Department to answer (see Attachment B).

Regarding the funds from CDBG-DR, Representative McGrady asked why South Carolina had been able to access funds quicker than North Carolina. Mr. Burk replied no funds have been pulled down from HUD for North Carolina but the process is ongoing. Representative McGrady heard that South Carolina had learned how to access the funds and was able to work through the process at a quicker pace and asked for an explanation. Mr. Burk replied North Carolina hasn't had to work through the process before and the Division created the Resiliency Section to specifically review the process of handling the funds that come from the federal government. Representative McGrady asked if the State needed a better mechanism to move the funds out following disasters. Mr. Burk replied the federal programs are complicated to work through. Representative Jones asked about the RFP procurement of CDBG funds. Mr. Burk said he would follow up with more details but the agency wanted to engage with local partners to create memorandums of agreement for a locally-facilitated program. Representative Jones asked which counties are working with the program. Mr. Burk replied Edgecombe, Cumberland,

Wayne and Robeson Counties are working through the program. Representative Jones noted his constituents are seeing no action and wanted to know who is responsible. Mr. Burk responded Director Sprayberry is the director of the long-term recovery efforts for the State. Representative Jones noted he sent a letter to the Department and it took 87 days to respond, and asked who is responsible for this failure – does it go to Mr. Sprayberry or the Cooper administration. Mr. Burk replied the process is a team approach and Mr. Sprayberry along with others in the administration are dedicated to the long-term recovery efforts. Regarding a previous meeting attended by herself and homeowners who haven't been able to return to their homes, Representative McElraft asked if these homeowners are waiting for buyouts and how many people are affected by this situation. Mr. Burk replied that people who were affected by the storm have moved out of hotels and many have moved out of trailers. He noted it's hard to determine because many people are living with friends and family but most of these homeowners are waiting for buyout funds. Representative McElraft noted these homeowners were from Lenoir and Wayne Counties and mentioned this frustration is felt throughout the counties that were affected. Mr. Burk mentioned Lenoir and Wayne Counties have very high caseloads and their federal partners are still working with these homeowners. Representative Willingham wondered if 100 homes that have been approved for a buyout are additional homes or part of the original applicants in the Town of Princeville (Edgecombe County). Mr. Burk responded these homes were part of the original applicants and Princeville made adjustments and reopened the process to include 100 homes. Representative Willingham asked which counties were included in the additional \$1 million funding that also included HMGP funding. Mr. Burk replied Bladen, Robeson and Cumberland Counties were included because there was a high population not served by the HMGP funding. He noted these folks were located in the 500 year special flood hazard area. Representative Willingham asked if the contracts would be extended for the coordinators (regional liaison staff) by DPS. Mr. Burk replied the staff is still under contract with Emergency Management and haven't been terminated. Representative Willingham asked why there is a wait time if an application has been approved by the State. According to regulations, Mr. Burk said the State must wait for the award letter from FEMA to release the funds. Representative Graham asked why different models were being used. Mr. Burk replied different models were being used by local governments in the beginning but there was a shift to use a more universal model. Regarding his constituents in Robeson County, Representative Graham said his constituents have many questions and continue to ask him where the funds are, who is controlling the funds, and who is controlling the disbursement of the funds. Mr. Burk replied the funds for Robeson County are still at HUD and will be drawn down through the Department of Commerce once the intake center completes the 8-step process. Representative Graham asked about the funds for the City of Lumberton and Robeson County. Mr. Burk replied Robeson County is eligible for the CDBG DR funds while both the City of Lumberton and Robeson County are eligible for the mitigation grant program. Representative Graham asked when the funds will be released. Mr. Burk responded the funds will be released during late spring into the summer months. Representative Graham asked if the funds will be released at the federal level. Mr. Burk replied the statement was correct – the funds for the hazard mitigation grant program from FEMA and the CDBG DR from HUD are moving from the federal level to the state level. Representative Graham asked if Director Sprayberry was in charge of the disbursement of the funds. Mr. Burk replied he is in charge of the Division and the overall recovery process. Representative Graham asked if Director Sprayberry has any funds that need to be disbursed. To his knowledge, Mr. Burk replied he didn't have any funds that needed to be

disbursed. As a legislator, Representative Graham wanted to know what he should tell his constituents when he returns to his district. Representative Bell told Representative Graham and the Committee Members the intent is to get this situation resolved. Representative Graham noted there isn't a need for 5 or 6 different models – we need the best model that works to get the job done. Representative Bell asked about the company, ESP Associates, PA who was hired through an RFP to help administer the CDBG DR funds, and their experience level in implementing the program. Mr. Burk replied the RFP for CDBG DR is still under review. Representative Bell asked when was the RFP originally issued. Mr. Burke said the RFP was originally issued in January-February, 2018. Representative Bell asked why the agency waited a year to issue an RFP. Gary Thompson, Deputy Assistant Manager with the NC Floodplain Mapping Program in the Division of Emergency Management explained the process and the difference between RFQ's and RFP's. Representative Bell asked if ESP is currently working with the State, their experience level that earned them the RFP and named storms they have worked with. Mr. Thompson replied ESP is currently working with the State and the company qualified through the evaluation process. He couldn't remember which storms ESP had experience working with and he would provide the information to Representative Bell. Mr. Burk noted ESP is a nationally known company. Representative Bell noted through his investigation, ESP has no work experience with any disasters in the country. Representative Bell noted there were qualified companies with experience and didn't understand why the State would hire a company who had zero experience. Mr. Burk noted that one of the subcontractors to ESP for the RFQ is Hagerty Consulting (serving as advisors) which has significant experience with CDBG DR. Regarding \$236 million that was released to the State and noting NC is classified as a "slow spender," Representative Bell voiced his concern that if the funds aren't spent, the State could lose funding and if the State doesn't spend the funds in the right manner, it could have to repay the funds to the federal government. Mr. Burk responded the funding from HUD is rolled out in an effective manner. Representative Bell reiterated Representative Graham's question of why is the State almost 2 years behind with this process. Mr. Burk replied the RFP component is still in process but the RFQ provides the support. Representative Bell asked why the State is almost 2 years behind with the process and the process continues to be drawn out. He said homeowners are calling his office asking these questions. Representative Bell has visited with these homeowners who are being told by FEMA they must move out of the FEMA trailers. Legislative Members are frustrated as well as the homeowners. Representative Bell asked if a Tier 1 impact statement has been submitted to HUD. Mr. Burk replied the impact statement was submitted by their commerce partner for four counties (Edgecombe, Wayne, Robeson and Cumberland). Representative Bell asked about the other counties that were affected. Mr. Burk said the statement hasn't been submitted. Representative Bell asked why the statements haven't been submitted to HUD. Mr. Burk replied he would have to find out and get back to him. Representative Bell asked when were the Tier 1 statements were submitted. Mr. Burk said they were submitted in January 2018. Representative Bell wanted to know if the agency had heard from HUD. Mr. Burk said the agency hasn't heard from HUD. Representative Bell asked why we haven't heard from HUD. Mr. Burk replied HUD is still reviewing the statements submitted. Regarding the disbursement of funds to local governments (HMGP), Representative Dixon asked when the State completed their requests. Mr. Burk replied June, 2017 was when 800 properties were identified and grants were submitted in October, 2017. Regarding Representative McGrady's comments, Representative Dixon asked if Emergency Management contacted South

Carolina for advice. Mr. Burk said there were conversations with Hagerty Consulting regarding South Carolina's experience. Representative Dixon asked Representative Jones about the letter submitted to Director Sprayberry and noted the response time took 83 days. He thought this was disturbing and wanted an explanation. Representative McElraft asked if there was information online that shows how many homeowners are out of their homes, FEMA trailers, etc., and the status of progress. She also asked how much had been spent in consulting fees for ESP and Hagerty. Mr. Thompson replied that he would have to check and get back to her with the information. Representative McElraft asked what the consulting fees covered. Mr. Thompson said the fees covered certain services and the completion of reports. Representative Pierce noted the citizens in Robeson County are still hurting and wanted to know when they could expect assistance. Representative Bell noted the Committee Members have been waiting almost 2 years for answers and results but we have more questions than answers. Regarding mental health providers, Representative Willingham asked where the money is being spent and how much has been spent. Mr. Burk said he would provide the information but the overview of case management was provided through the CDBG-DR funding. Representative Jones asked how many projects were submitted for CDBG-DR funds. Mr. Burk said over 1,500 applications were submitted for review through an 8-step process and 500 have completed the first 2 steps. Representative White asked about the 8-step process. Mr. Burk replied #1 is the application intake, #2 is screening for HUD eligibility, #3 is reviewing duplication of benefits, #4 is the environmental review and home inspection, #5 is analyze the previous 4 steps to make an award, #6 and #7 is procuring a contractor for construction repairs, and #8 is allowing the homeowner to move back and providing a certificate of occupancy. Regarding the 500 applicants who have completed #1 and #2, Representative White asked which counties have the most applicants. Mr. Burk responded Edgecombe, Wayne, Robeson and Cumberland have the most applicants. Regarding the 1,500 applicants, Representative White asked when the first application was submitted. Mr. Burk replied the first application was submitted November, 2017 because the process requires a wait time of a year. He noted applicants in Tier 2 counties didn't have as much damage (less affected) as the four counties so they were able to receive funds quicker. Representative White concurred with his statement but wondered if it was a local or state issue and noted the length of time isn't acceptable. Regarding the 8-step process, Representative Bell asked how was the State going to meet the funding deadline. Mr. Burk replied the first reimbursement will go to the four counties and a strike team is focusing on this process. Representative Bell wanted to know why it has taken almost 2 years to get to this point and asked about the roll-out of the funding. Mr. Burk responded the CDBG funds will continue to roll out over time and DRA 17 funds will be completed by October 2018. If the Committee returned August 1, Representative Bell wanted to know if Mr. Burk could say that the individuals in the 8-step process have almost completed the process and are moving along. Mr. Burk responded the agency should be at that place in the process. Representative Bell asked the same question again. Mr. Burk said it was his intention the process would be in the completion process. Representative Bell asked if he would be here on August 1 in which Mr. Burk said he would. Representative Faircloth suggested an ombudsman be put in place to monitor this process. Representative McGrady asked if the environmental impact is under state or federal law. Mr. Burk replied HUD and HMGP programs are required to be under federal law. Representative Dixon asked who administers the 8-step process. Mr. Burk replied the State

supports the first 3 steps and local governments support steps 4-8. Once the State completes the first 3 steps, Representative Dixon wanted to know if the State was finished with the process. Mr. Burk said the State continues to oversee the process. Representative Dixon asked when the Resiliency Section was formed. Mr. Burk said it was formed December 1, 2017. Representative Dixon remarked the Resiliency Section is tasked to oversee the process and maintain efficiency with disaster relief in which Mr. Burk said he was correct. Representative Jones asked if Mr. Burk had submitted his resignation effective June 30 in which Mr. Burk said he has. Representative Jones remarked the administration has sent someone who won't be an employee on August 1 so Mr. Burk falsified an earlier statement. Regarding the 8-step process, Representative Graham asked if the federal government designed the process. Mr. Burk responded HUD designed the process and Hagerty designed the implementation of the process. Representative Graham asked who the providers are. Mr. Burk said he wasn't sure who he was talking about. Representative Graham stated he wanted to provide the correct information and be truthful with his constituents who have been affected. Representative Pierce wanted to know why the folks who are living in FEMA trailers are being forced out. Representative Bell responded there is a time clock running on how long people can stay in the FEMA trailers. Representative Dixon asked who the Director is of the Resiliency Section. Mr. Burk responded there is no director; Mr. Sprayberry is the Director of Emergency Management and Burk is the Assistant Director who reports to Sprayberry. Representative White asked if Mr. Burk had been to Robeson County in which he said he had attended the community meetings in Lumberton and Robeson County.

Representative Bell restated he will be sending a letter to Speaker Moore and Senator Berger to request the Committee's investigation of this process to Gov Ops.

Note to the agenda: because of time, the presentation given by Scott Farmer was removed from the agenda.

The second presentation was given by Durwood Stephenson, Director of the US Highway 70 Corridor Commission (see Attachment C). He discussed the situations that occurred during Hurricane Matthew (drowning death and inability to travel). He noted the studies of the three river basins that are ongoing and his personal involvement with the Neuse River Study. The studies are reviewing many issues such as the causes and mitigation strategies of the flooding. Mr. Stephenson discussed the stakeholder meetings and workshops that will help to study and implement future flood mitigation measures. He pointed out the study of the Neuse River Basin by the US Army Corps of Engineers in 1965.

There were no questions from the Committee Members after Mr. Stephenson's presentation.

The third presentation was given by Gary Thompson, Deputy Chief of Risk Management, in the Division of Emergency Management within the NC Department of Public Safety (see Attachment D). He talked about the meetings that have taken place with local governments and

There were no questions from the Committee Members after Mr. Stephenson's presentation.

The third presentation was given by Gary Thompson, Deputy Chief of Risk Management, in the Division of Emergency Management within the NC Department of Public Safety (see Attachment D). He talked about the meetings that have taken place with local governments and the partners involved with the studies (also part of Stephenson's presentation). He discussed the methods used in each study and the mitigation options listed from a master list that was created for review. He noted the advisory meetings that have taken place with final meetings and a forthcoming study report (week of April 25).

There were no questions from the Committee Members after Mr. Thompson's presentation.

The fourth presentation was given by Russell H. Rhodes, Jr., President of the Neuse Sports Shop in Kinston (see Attachment E). He reviewed the comments that were included in the Flood Control Act of 1965 and the flood history of Kinston along the Neuse River. He talked about the histories of Hurricanes Fran and Floyd and his account of the drowned victim from Grifton after Hurricane Floyd. Mr. Rhodes reviewed the timeline of flooding and the measures that businesses, churches and other citizens in Kinston took to combat the flooding. He mentioned the "snag and drag" (or dredge) process of the rivers that would help with the drainage of the rivers when flooding occurs. He reviewed the DOT affect, the economic impact of Hurricane Matthew and what can be done now to prevent these situations in the future.

Regarding drainage ditches not being maintained in Robeson County, Representative Graham asked Mr. Thompson what can be done. Mr. Thompson said drainage ditches were discussed at meetings but they aren't considered to be a major source of flooding. Emergency Management is identifying the ditches that need cleaning, and funding is being provided to communities to maintain the ditches. Representative Graham asked when he could get an answer. Mr. Thompson said he would review each area to see where the ditches have been cleaned and let him know. Representative McElraft asked if DOT is ditching the roads when they build/raise the roads. Mr. Thompson replied that ditching the road helps to control local flooding but it doesn't help during big storms such as Matthew. Representative McElraft asked about the backup in the creeks that is caused by beavers. Mr. Thompson replied the problem and impact that beavers have caused is being looked at. Regarding prevention, Representative Murphy asked why we aren't taking into account the study that was done in 1965 instead of trying to reinvent the wheel. Mr. Thompson replied Emergency Management has reviewed the study to see if it is feasible to build today and what impact it would have. The areas that were proposed to build these structures have been developed, and the cost would be substantially higher – the Division is looking at broader options. Representative Murphy asked could the Division complete any of the recommended projects that were listed in the 1965 study or does the General Assembly need to appropriate funds. Mr. Thompson said the Mitigation Section in the Division is working with communities that include buyouts and elevations, and will talk with the Section to see what funding is currently available. Representative Murphy remarked the State is doing a poor job in taking care of its citizens and it needs to change its preventive measures. Regarding risk management, Representative White asked for assistance for a community in her district that was flooded due to railroad ties falling in creeks. Mr. Thompson said he would have this situation addressed if the location was provided. Mr. Stephenson noted a business in Smithfield that was flooded also because of the size of the railroad culvert.

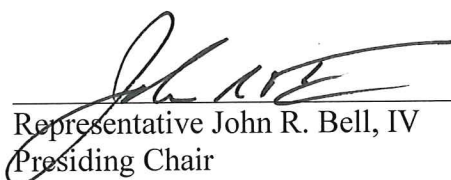
Representative McGrady asked about the studies in which Mr. Thompson said the studies complement each other – NCSU has taken the information and were looking into further options in the affected areas. Regarding the report, Representative McGrady noted the results/ recommendations will be made public and referred to the General Assembly for action. He asked Mr. Thompson what he expected to be in the report. Mr. Thompson said he expects the recommendations will be listed with a cost ratio, the impact to homes, planning cost and the benefit cost ratio. Representative McGrady noted the problem is getting the funds where they are needed and asked how the funding will be delivered. Mr. Thompson said the buyout and elevation funds are already in place so the Division looks for funding sources. Representative McGrady noted his frustration with the continued occurrence and the duplication of cost.

The last presentation was Braxton Davis, Director of Coastal Management with the NC Department of Environmental Quality (see Attachment F). He gave an overview of their Division and reviewed the hurricanes that have affected North Carolina since the 1990's. He talked about coastal hazards and related issues the Division deals with. Mr. Davis reviewed the mini-grant program, and land use planning and management grants. He noted the importance of interagency coordination along with non-profits and environmental organizations.

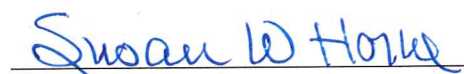
Representative McElraft noted the towns along with FEMA (only if there is a named storm) are paying for beach nourishment along the coast. Representative McGrady encouraged state agencies and the non-profits be included in this process, and noted that mapping in the mountains is needed (referred to Hurricane Ivan in 2004 in the mountains).

Representative Bell thanked the presenters and staff. He noted there will be another committee meeting before Session convenes.

The Committee adjourned at 4:26 p.m.



Representative John R. Bell, IV
Presiding Chair



Susan W. Horne
Committee Clerk