



**Office of the Houston City Controller  
Harvey Recovery Oversight Committee (HROC) Meeting  
February 25, 2019**

**Meeting held at: Controller's Office 8<sup>th</sup> Floor Conference Room**

<b>Committee Members Present:</b>	<b>Members Not in Attendance:</b>
City Controller Chris Brown; Chair	Alexander Obregon, Deputy Controller
Courtney Smith, City Auditor	Christine Lally
Shannan Nobles, Chief Deputy Controller	Representative from Department of Homeland Security, Office of Inspector General
Michael Porier	
Gary Horn	
John Sorrells	

**I. Meeting Called to Order at 10:31 AM.** **by Controller Brown**

**II. Introductions**

- **Controller Brown** welcomed committee members and thanked them for their continued commitment to the committee and the City of Houston.

**III. Committee Review**

- **Controller Brown** reiterated his appreciation for the committee's counsel in recommending the **Controller's Office** decline the City's Housing and Community Development Department's (**HCDD**) requests that we amend internal policies to accommodate expedited control functions for approving disaster-related contracts. **Controller Brown** reinforced the need for additional staffing capacity in the **Controller's Office** to meet the increased demand in certifying disaster-related contracts, and that the **Controller's Office** should seek a portion of funding allocated for administrative costs.
- **Committee Member #1** asked when recovery-related funds will begin to flow from Housing and Urban Development (**HUD**), the Texas General Land Office (**GLO**) to **HCDD**. **Controller Brown** responded contracts are in place, though funds have not been received.
- **City Auditor Smith** mentioned meeting with **HCDD** recently for a risk assessment and stated **HCDD** will seek additional recovery funding.
- **Committee Member #3** asked how much funding would be available for administrative costs. **Controller Brown** indicated roughly 2.5 percent will be available for administrative costs.

- **The committee** acknowledged 2.5 percent is a large sum for administrative costs and agreed the **Controller's Office** should receive a portion of this dedicated allocation. **Controller Brown** agreed and highlighted the importance of maintaining strict oversight during the recovery process.

#### IV. Discussion

- **Controller Brown** introduced the topic of discussion as being the procurement of a \$400mm contract approved by Council for housing purposes. **Chief Deputy Controller Shannan Nobles** acknowledged the contract received significant concern from Council and other stakeholders, specifically with regard to the number of sub-contractors.
- **Committee Member #3** discussed the allocation amounts for each contractor and inquired who the sub-contractors were. **Chief Deputy Controller Nobles** advised the **Controller's Office** would provide a list of the sub-contractors to the committee for review.
- **Controller Brown** indicated the **Controller's Office** simply does not have the staffing capacity to track and monitor each sub-contractor, though reiterated the importance of the Committee opining on vendors that could pose a risk to the City.
- **Controller Brown** also provided a copy of the *Harvey Recovery Survey* distributed by **HCDD** to homeowners and property owners seeking recovery assistance.
- **Chief Deputy Controller Nobles** advised many residents are reluctant to participate in the survey due to lien requirements for rehabilitation assistance totaling more than \$20,000. **Committee Member #3** asked what lien requirements were in place. **Chief Deputy Controller Nobles** advised the **Controller's Office** would follow-up with responsive information regarding lien requirements.
- **Controller Brown** advised one concern is that the Greater Houston area may exhaust the number of contractors available for service once recovery funding begins to flow. **Committee Member #1** advised the availability of contractors is not as concerning as it was immediately following Hurricane Harvey, though likely to become more significant.
- **Controller Brown** advised increased demand for contractor services also increases the potential for fraud and price gouging. **Committee Member #3** reiterated the importance of holding general contractors in compliance by ensuring sub-contractors have the requisite qualifications and are compensated, and also advised the **Controller's Office** look at reporting required by each contractor.
- **Controller Brown** mentioned how some families have used their own funds to pay for repairs and will seek reimbursement of the costs through a city program and asked the Committee for their thoughts. **Committee Member #3** advised reimbursements are acceptable with strong reporting requirements. **Committee Member #2** advised some residents may seek funding for repairs not immediately caused by the effects of Hurricane Harvey.
- **Committee Member #2** advised the survey was redundant. **Committee Member #3** inquired why the survey requested income amounts in various forms. **Controller Brown** indicated this was likely to estimate the number of residents per household and to prioritize needs.

- **Controller Brown** mentioned **HCDD** presented last year on the status of the recovery process and advised the **Controller's Office** will invite them back for a year-two status update to allow for questions by the Committee.
- **Controller Brown** asked the Committee if there were any other actions the **Controller's Office** should take. **Committee Member #3** advised a review of **HCDD's** vendor tracking software should be done, and inquired what criteria was being used by **HCDD** to disallow payments or remittances. **Controller Brown** advised automation of this process is critical and **Committee Member #1** concurred by reiterating the importance of removing human or personal judgement from the equation.
- **Chief Deputy Controller Nobles** mentioned her concern over the lack of oversight of the sub-contractors in the \$400 million contract. **Committee Member #3** advised sub-contractors should have the same oversight required by prime contractors and reiterated that if a sub-contractor is not in compliance, with particular regard to insurance and bonding requirements, the prime should not be held in compliance.
- **Controller Brown** reiterated the importance of keeping contractors and workers safe during the recovery process and ensuring compliance with regard to insurance requirements is one step the **Controller's Office** can do in that effort.
- **Controller Brown** asked the **Committee's** opinion on including legal expenses in the \$400 million contract, and whether the City should expect any legal action. **Committee Members #2 and #3** concurred they would not expect legal action at present, though **Committee Member #3** cautioned any legal expenses could be allocated to ensure compliance.
- **Controller Brown** asked **City Auditor Smith** if the **Controller's Office Audit Division** has the staffing capacity to monitor sub-contractor performance and compliance. **City Auditor Smith** advised there is little capacity, though the Audit Division will continue working diligently.
- **Chief Deputy Controller Nobles** provided members of the Committee a copy of the contract and stated digital copies would be disbursed to each committee member.

## V. Future Meeting Dates

- **Controller Brown** advised the next Committee meeting would take place on May 13, 2019 in City Hall.

## VI. Adjournment

- **Meeting adjourned at 11:16 AM** **by Controller Brown**